

NeighborWorks®
AMERICA



Annual Report 2008

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Mission

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





Thomas J. Curry



Kenneth D. Wade

From the Board Chairman and CEO

This year the environment in which we work changed dramatically. The nation's housing crisis is unprecedented. Families are losing their homes to foreclosure in record numbers, communities are challenged by the ever-increasing number of vacant houses and rising demand for government services, while local and state budgets face steep shortfalls. The downturn in the housing market also has resulted in a deep contraction in the national and global economy.

The magnitude of the crisis demands a multi-faceted response that draws on the strengths and assets of organizations and institutions from across the public and private sectors. As a result of our strong track record in foreclosure intervention, NeighborWorks® America was named the administrator of a new program created by Congress, the National Foreclosure Mitigation Counseling Program (NFMC). The NFMC program, which ultimately more than tripled the corporation's resources, was designed to dramatically increase the availability of foreclosure prevention counseling for struggling homeowners. A central requirement of the authorizing legislation was that NeighborWorks® make the first grant awards within 60 days of the program's enactment. We are tremendously proud to have achieved that goal, demonstrating that the guiding principles of the corporation's 1978 authorizing legislation – flexibility and responsiveness – still hold true after three decades.

We took on the responsibility of administering the NFMC program while also expanding the corporation's work in foreclosure intervention and community stabilization. NeighborWorks® launched a new Web site (www.stablecommunities.org), which serves as an online, interactive information hub for nonprofit organizations and private and public-sector partners working to stabilize and revitalize communities in the wake of foreclosure. We also joined with Enterprise Community Partners, the Local Initiatives Support Corporation and the Housing Partnership Network to found the National Community Stabilization Trust, an independent nonprofit organization that facilitates the transfer of foreclosed and abandoned property from financial institutions to states and localities to promote productive property re-use and neighborhood stability.

Although the foreclosure crisis took center stage, we worked hard to maintain our core programs and services, which provide quality, affordable homes to low-income families, strengthen neighborhoods and advance capacity in the community development field. We also launched an ambitious healthy, sustainable communities agenda, which included expanding our environmentally focused course curriculum, awarding grants to nonprofit organizations committed to sustainable housing and creating a more efficient, sustainable corporate environment.

As always, our partners played a key role in this success. We are grateful for the continued support of public and private partners, and we pledge to continue to work tirelessly to achieve our vision that America will be a nation of vibrant communities all are proud to call home.

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

Kenneth D. Wade
Chief Executive Officer
NeighborWorks® America



2008 Highlights

Addressing Foreclosure

Ad Council Campaign

- ▶ Ad Council Foreclosure Prevention Campaign reached 100 million individuals
- ▶ Generated \$74 million in donated advertising

Training

- ▶ More than 6,100 training certificates in foreclosure counseling awarded
- ▶ *Foreclosure Basics* e-learning course launched; nearly 1,000 practitioners earned certificates of completion.

National Foreclosure Mitigation Counseling Program

- ▶ NeighborWorks® called on to administer \$360 million foreclosure mitigation counseling program
- ▶ \$130 million in grants of initial \$180 million allocation awarded in 60 days
- ▶ \$308 million in total grants awarded to 38 state housing financing agencies, 17 HUD-approved counseling intermediaries and 103 local NeighborWorks® organizations to provide foreclosure counseling
- ▶ \$25.1 million in grants to provide foreclosure legal assistance.
- ▶ NFMC clients served are 52 percent minority – African American (29 percent), Hispanic (20 percent), Asian or Pacific Islander (2 percent), and two or more ethnicities (1 percent)

Community Stabilization

Provided the following resources to help nonprofit community development organizations and their public and private partners stabilize their communities in the aftermath of the foreclosure crisis:

- ▶ A Web site, www.StableCommunities.org, to give practitioners instant access to the latest news and research, information on upcoming events, case studies and best practices
- ▶ Training related to community stabilization
- ▶ Publications
- ▶ Workshops

- ▶ The National Community Stabilization Trust, a partnership among NeighborWorks® America, Enterprise Community Partners, the Housing Partnership Network, LISC and the National Urban League to assist local community stabilization efforts. The goal of the NCST is to facilitate the efficient transfer of REO properties from servicers to local programs and to provide flexible financing to support the acquisition and rehabilitation of these properties.
- ▶ Grants

Building Skills

- ▶ 18,500 training certificates awarded to community development professionals from 3,500 organizations around the country

Leveraging Investment

- ▶ \$66.6 million in expendable and capital grants to network organizations; \$2 million in training grants
- ▶ \$3.7 billion in public and private investments generated by NeighborWorks® network organizations in FY 2008

Green Agenda for Healthy, Sustainable Communities

- ▶ Launched “Think Green, Act Green” Agenda
- ▶ Reduced paper consumption by 20 percent
- ▶ Reduced employee travel by 5 percent
- ▶ Conducted energy management trainings for 35 organizations
- ▶ Supported 15 NeighborWorks® organizations with grants for community-driven green projects
- ▶ Expanded Green and Health Course curriculum
- ▶ Awarded \$530,000 in grants to 43 NeighborWorks® organizations to support environmentally conscious housing rehabilitation
- ▶ Employed electronic systems for several training operations, reducing paper use by nearly 100 percent

Multifamily

- ▶ The NeighborWorks® network developed or preserved more than 8,800 rental homes in 2008, increasing the number of families served to more than 68,000.

The NeighborWorks® Story:

Comprehensive Approaches, Targeted Results

For more than three decades, NeighborWorks® America and the NeighborWorks® system have opened doors to sustainable homeownership for low- and moderate-income families through innovative approaches that maximize benefits and minimize risks to borrowers, lenders and communities. Our 30 years of experience working through a network of excellence – 235 independently managed nonprofit organizations – indicates that successful, long-term homeownership begins with quality financial education. This includes pre-purchase housing counseling and financial fitness education that help families develop sound money management skills, incorporate strategies for improving the borrower's credit rating and encourage the selection of responsible mortgage products.

Utilizing an approach that would help families buy and maintain their home over the long-term, we developed a continuum of strategies to provide consumers with the tools, capacity and options to make good choices about their homeownership decisions, financing products and maintaining their homes. We pioneered the Full-Cycle LendingSM approach, which combines affordable, flexible loan products with education that helps new owners manage their mortgage obligations, preserve the value of their homes, and avoid predatory refinancing and other traps. We developed the first homeowner curriculum on predatory lending as well as a comprehensive training and certification program for foreclosure counselors, working with our affiliated community development organizations to provide opportunities targeted to their local needs. Our results clearly demonstrate the wisdom of our approach: loans assisted by NeighborWorks® consistently have a significantly lower default rate than subprime loans.

Long before the subprime mortgage crisis began sweeping across communities coast to coast, we expanded the scope and availability of our programs to anticipate the growing need. In 2005, we launched the NeighborWorks® Center for Foreclosure Solutions – an unprecedented partnership among leading nonprofit organizations as well as state, local and federal agencies and members of the mortgage lending and servicing sectors. Based on a model developed by our Chicago affiliate, the Center was the first comprehensive national foreclosure prevention initiative, combining a public outreach campaign, counseling, research and partnerships with local and national action to address foreclosure's causes and effects.

Through the Center for Foreclosure Solutions, NeighborWorks® took an increasingly visible role in the fight against foreclosure, such as: (1) partnering with the Ad Council to create a national public service awareness advertising campaign; (2) speaking out in public forums against predatory lending and other risky prac-

tices; (3) convening an industry-wide group to set standards for foreclosure counselors; and (4) working with network organizations to customize solutions to meet local needs. In winter 2007, Congress tapped NeighborWorks® America to administer the National Foreclosure Mitigation Counseling program, which so far, has awarded more than \$330 million in grants to qualifying organizations. More than \$130 million was awarded within 60 days of the initial \$180 million allocation.

Meeting the Next Challenge

Entering 2009, NeighborWorks® again is leading the way toward the next critical priority – restoring the vitality of communities and families in the aftermath of the crisis through innovative strategies and practices that stabilize communities. Backed by our history of success and commitment to creating opportunities for people to live in affordable homes, improve their lives and strengthen their communities, NeighborWorks® America remains a persuasive and credible advocate for the power of the American Dream.

The NeighborWorks® System

The NeighborWorks® system has proved to be an efficient and effective model for marshaling public and private resources to provide affordable housing opportunities and revitalize communities. With mechanisms in place for collaboration and feedback, the system also provides a highly responsive infrastructure for identifying emerging issues and applying the collective experience of hundreds of partners to develop innovative solutions that easily can be brought to scale or customized locally. The system consists of three interlocking components: NeighborWorks® America, the NeighborWorks® network, and 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 community-based revitalization efforts nationwide.

The corporation has eight district offices around the country and provides grants, programmatic support and training scholarships to the NeighborWorks® network of excellence. The more than 235 community-based organizations meet revitalization and affordable housing priorities articulated by local resident leaders and are organizations under each districts' umbrella.

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



In 2005, NeighborWorks® America expanded its homeownership expertise to include foreclosure prevention – creating the NeighborWorks® Center for Foreclosure Solutions. This represented an unprecedented partnership among leading nonprofit organizations as well as state, local and federal agencies and members of the mortgage lending and servicing sectors.

Since then, NeighborWorks® has continued to play a key role in fighting foreclosure. The organization was named by Congress in the FY 2008 Consolidated Appropriation Act to administer the National Foreclosure Mitigation Program, a \$360 million program aimed at increasing the availability of foreclosure counseling services around the country.

Going Green

NeighborWorks® is committed to leadership in equitable, green and sustainable practices to create ecologically friendly and affordable places to live and work. This includes “greening” the day-to-day of our corporate operations and a focus on green training for the NeighborWorks® network and community development field to assure the benefits of environmental development reach all of the nation’s cities and towns.

NeighborWorks® Network

NeighborWorks® delivers most of its programs and services through NeighborWorks® network, more than 235 independent, community-based organizations in more than 4,400 communities nationwide. More than one-third of these organizations serve rural communities.

In 2008, NeighborWorks® organizations generated more than \$3.7 billion in public and private investments and helped more than

218,000 low- and moderate-income families purchase homes; improve previously-purchased homes; or secure safe, decent rental housing.

Related Capital Corporations

NHSA

Neighborhood Housing Services of America (NHSA) provides loan products and services to the NeighborWorks® network. NHSA uses NeighborWorks® America grant support for credit enhancements to secure private-sector capital from socially responsive investors to purchase first and second mortgages from NeighborWorks® organizations and their lending partners.

NHSA’s subsidiary, Just Price Solutions, delivers Web-based technology supporting NHSA’s safe, responsible loan products with groundbreaking alternative credit underwriting (BestFIT) and optional back-office loan processing.

In 2008, NHSA

- ▼ Purchased and originated loans totaling \$50 million.

- ▼ Rolled out the BestFIT e-commerce foreclosure prevention loan counseling platform, which was featured in a PBS NOW documentary on subprime solutions. Nearly 300 loan counselors started using the system as a tool to help families avoid foreclosure.

NHSA-CDFI

Neighborhood Housing Services of America-Community Development Financial Institution (NHSA-CDFI) serves as a direct lender to the NeighborWorks® network. NHSA-CDFI provides financing for the development of single-family and multifamily affordable housing. In FY 2008, NHSA-CDFI closed \$35 million in loans, a 14 percent increase over FY 2007. This included

31 loans to 25 NeighborWorks® organizations, financing 912 units of affordable housing.

NHSA-CDFI also launched a number of new initiatives to better position the corporation to meet future challenges and opportunities, such as:

- ✔ An effort to identify, evaluate and recommend new capital structures;
- ✔ Staffing reallocation to better position NHSA-CDFI with the capacity to immediately absorb loan volume and financial integrity at the \$50 million annual activity level; and
- ✔ An effort to enhance internal audit and credit/risk management systems to sustain this level of activity.

Since its inception in FY 2001, NHSA-CDFI has closed 190 loans to 87 NeighborWorks® organizations, originating \$140 million in direct lending, facilitating \$586 million in additional resources, producing 6,500 units of affordable housing and totaling \$726 million in development.

NeighborWorks® Capital

NeighborWorks® Capital is a national certified Community Development Financial Institution (CDFI) that is providing critical early stage project financing to more than 235 NeighborWorks® member organizations engaged in the development of various real estate development projects across the country including single and multifamily affordable housing and commercial projects.

NeighborWorks® Capital's affordable loan products include short-term (up to three years) unsecured loans up to \$200,000 for predevelopment and secured loans up to \$1.5 million for interim development uses including acquisition. Its

current loan portfolio is dispersed across all eight districts in rural (49 percent), urban (31 percent) and suburban (20 percent) communities. The loans support real estate projects comprised of 61 percent rental housing, 32 percent for-sale housing and 7 percent commercial.

In 2008, NeighborWorks® Capital:

- ✔ Supported the development or preservation of 501 housing units, 84 percent of which are affordable to residents earning less than 80 percent of area median income;
- ✔ Originated \$3.85 million in predevelopment financing in support of 11 real estate development projects and committed \$5.1 million in organizational loans to three organizations;
- ✔ Integrated a \$2.3 million portfolio of 11 predevelopment loans to rural NeighborWorks® organizations;
- ✔ Raised and renewed \$9.5 million in loan capital from the philanthropic and financial sectors.



Protecting Families from Foreclosure

As the foreclosure crisis continued to escalate, NeighborWorks® America and its network of more than 235 organizations were hard at work implementing programs to reduce its impact on families and communities. To address the need for foreclosure prevention assistance in some of America's hardest hit communities, our "first response" initiatives connected homeowners at risk of foreclosure with immediate and affordable high quality counseling, trained and certified thousands of counselors to meet local needs and partnered with government agencies and lenders to explore strategies to keep distressed borrowers in their homes.

▼ NeighborWorks® Training Division offered more than 20 courses for beginning and advanced-level counselors; provided professional certification in foreclosure intervention and three related content areas. More than 6,100 certificates in foreclosure counseling were awarded to participants from nonprofits around the country.

Increasing Capacity through New Technology Tools

▼ Online Learning Center launched with Foreclosure Basics as the first course. To date, more than 1,150 practitioners from HUD-approved housing counseling organizations, state Housing Finance Agencies, municipalities and other government agencies have completed the online foreclosure intervention counseling course.

▼ Increased foreclosure counseling data collection and tracking through CounselorMax™, with the development and release of a new web-based Loss Mitigation and Default Counseling module. CounselorMax™, NeighborWorks® America's recently acquired client management technology, helped more than 750 coun-





seling organizations deliver high quality services efficiently and effectively for a full range of homeownership counseling services.

Setting High Standards for Counselors

Promoted the adoption of the National Industry Standards for Homeownership Education and Counseling, targeting counseling practitioners and business stakeholders to benefit consumers seeking services. Introduced National Industry Foreclosure Counseling Standards to address the specific nuances and skills necessary in the delivery and performance of counseling services. More than 1,300 organizations under the National Foreclosure Mitigation Counseling program agreed to adhere to these National Industry Standards.

Partnering with Industry and Government Leaders on Solutions

▼ **Ad Council Partnership/HOPE Helpline** – Continued with new urgency in delivering strong foreclosure prevention message to more than 100 million people in FY 2008. “Nothing is worse than doing nothing” ads encourage delinquent borrowers at risk of defaulting on their mortgage to call the Homeowner’s HOPE™ hotline to receive immediate foreclosure assistance. During FY 2008, nearly 76,000 total TV ads were broadcast. Nearly 16,500 ads were broadcast over local Hispanic TV stations and more than 8,000 in Spanish. More than 5,000 African-American radio stations carried the ads.

▼ **Congressional Participation in Outreach to Homeowners** – Congressional leaders seeking help for homeowners facing foreclosure turned to a trusted, reliable, national resource – NeighborWorks® America – to partner with on developing local solutions for their constituencies. NeighborWorks® and Congressional leaders in some states hardest hit by the foreclosure crisis helped reach out to families in efforts to help them keep their homes. Alaska, California, Florida, Georgia, Maryland, New York, Ohio, South Carolina and Wisconsin were some of the states that featured foreclosure-related events with congressional participation.

▼ **NeighborWorks® Participation in Statewide Foreclosure Partnerships** – NeighborWorks® worked collaboratively with a number of statewide coalitions – convening meetings, providing guidance on the creation of local policy and assisting local communities to respond to homeowners in financial distress. From Arizona to Wisconsin, statewide coalitions are providing foreclosure intervention services and information. Homeownership preservation workshops, counselor/servicer summits, roundtable discussions, place-based foreclosure counselor trainings, realtor and mortgage broker foreclosure trainings, and informational sessions provided an overview of the events that were held to address the foreclosure crisis.



We awarded more than
\$300 million
to HUD-approved
intermediaries, state housing
finance agencies and
NeighborWorks® organizations
to provide foreclosure
counseling to distressed
homeowners.



▼ **HOPE NOW Alliance Events** – As a founding member of the HOPE NOW Alliance of housing counselors, mortgage servicers and mortgage market participants, NeighborWorks® America managed a national series of homeowner preservation workshops. The workshops provided a rare opportunity for homeowners that are delinquent on their loans or foresee the probability of becoming delinquent, to meet face-to-face with their servicer and a housing counselor to identify and develop sustainable solutions to maintaining homeownership. In FY 2008, the HOPE NOW Alliance held 29 events in 17 states, reaching more than 20,000 borrowers.

On the Front Line

Preventing Foreclosure, One Family at a Time

Angella Davidson, Foreclosure Counselor, NHS of East Flatbush, Brooklyn, New York

Angella Davidson is the foreclosure coordinator for Neighborhood Housing Services of East Flatbush in Brooklyn, N.Y. Every day, she counsels homeowners who are facing the terrifying prospect of losing their homes to foreclosure.

Angella tells the story of one customer who was eight months behind on her mortgage payments. Her interest rate was 13 percent, and her servicer refused to work with her. “I initiated a phone call to the servicer, and they were not very receptive,” Angella said. She kept pushing, and presented the lender with actual monthly payment figures that she was proposing, showing exactly how it could work.

“I finally got a call back,” she said. “The lender was willing to reinstate her loan, and they even went beyond what I asked for and lowered her interest rate to 4 percent.” NHS stays in touch with customers for six months after a mortgage work-out, and this homeowner is back on track and staying current.

The work is rewarding, but it takes an emotional toll. “It is something you take home with you. It never leaves you,” says Angella. “You watch the news at home and it’s right there in your face.” But she keeps at it every day. “You feel good when someone comes in and they’re four or five months behind, even a year behind, and you figure out how you can help this person.”

According to Angella, persistence is key when approaching servicers. She offers this advice to other foreclosure prevention counselors: “Never stop trying; be persistent and professional.” She adds, “Sometimes you talk to someone who doesn’t want to cooperate. Be persistent. Don’t take ‘no’ for an answer. Pick up the phone again tomorrow or the next day and you might get a different person who is willing to work with you.”



Assisting Communities through Long-Term Responses

As the NeighborWorks® system mobilized to contain the spread of the foreclosure crisis, we also looked toward the next great challenge: protecting our communities from its toll. Every foreclosed home costs thousands of dollars in lower property values, lost taxes, high crime rates and other expenses.

More than 2 million homes were vacant in 2008. Millions more homes may be abandoned by 2012 – many of those concentrated in the low-income and minority neighborhoods most vulnerable to economic downturns and targeted by lending practices that lead to foreclosure. The impact threatens to overwhelm local available resources and undermine decades of community development efforts.

Building on our robust infrastructure and lessons learned about effective property reclamation and recovery, NeighborWorks® is working with our local affiliates and national partners to create new strategies, mechanisms and resources to protect neighborhoods and families, and to retain the affordability of foreclosed properties.

✔ **Stable Communities.org.** This Web site was launched as a new online information resource for nonprofit organizations and their public and private partners working to stabilize communities. This online resource provides opportunities to: learn new strategies, interact with peers, obtain the latest information about best practices, view information on upcoming training and events, review research and data about how communities have been impacted by foreclosure and obtain examples of innovative programs. The Web site is supported in part by the Federal Reserve Board of Governors.

✔ **National Community Stabilization Trust:** NeighborWorks® America joined with Enterprise Community Partners, the Housing Partnership Network, and LISC to create the National Community Stabilization Trust to stem the decline of communities with high proportions of foreclosed properties. The Trust will collaborate with nonprofits, and state and local governments to connect servicers and investors holding real estate-owned properties with local organizations and coalitions so that properties can be rehabilitated and made available for sale and for rent to low- and moderate-income families.

✔ **Partnership with the Federal Reserve.** This partnership helps local communities to assess the effects of foreclosure and tailor responses. We developed training and analytical tools that help local communities to return vacant properties back into productive use through affordable sales to families.



NeighborWorks® is working to create new strategies, mechanisms and resources to protect neighborhoods and families, and to retain the affordability of foreclosed properties.

Strengthening Communities through Sustainable Homeownership Opportunities

Just as communities suffer under the impact of foreclosure, they share in the economic and social benefits when families successfully own and maintain their homes over the long term.

In 2008, NeighborWorks® continued the important work of making homeownership affordable, accessible and sustainable for thousands of low- and moderate-income families, drawing on the lessons learned over more than three decades of documented success. Operating through our local network, NeighborWorks® Home Ownership Programs have helped homeowners make informed purchasing decisions, maintain their properties and build financial equity while contributing to the safety and vitality of their communities.

Expanding Access to Homeownership

- NeighborWorks® homeownership efforts created nearly 14,000 new homeowners
- NeighborWorks® organizations preserved more than 14,000 homes.

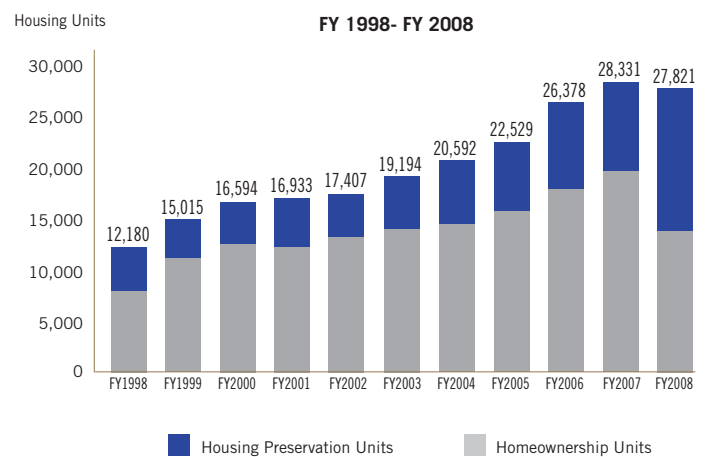
Homeowner Education as a Powerful Defense Against Foreclosure

Objective homeowner education before shopping for a home or a loan is the buyer's best defense against delinquency and foreclosure. NeighborWorks® offers quality homebuyer education as part of our Full-Cycle LendingSM approach, which combines loan products and services with counseling before and after purchase.

NeighborWorks® organizations provided nearly 100,000 families with pre- and post-purchase counseling, helping families remain in their homes over the long term.

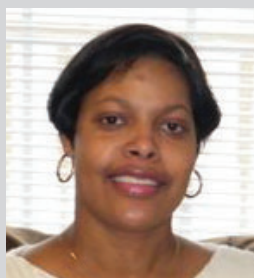
Mortgages made to low-income homeowners who participated in homeownership education programs through NeighborWorks® organizations show a foreclosure start rate that is 20 times better than that for subprime borrowers, and three times better than the prime mortgage market.

NeighborWorks® Organizations' Annual Trend in New Homeowners Created and Preserved



One-Stop Shopping for Homeownership

More than 100 NeighborWorks® HomeOwnership Centers across the country provide a comprehensive array of resources and services to help consumers shop for, purchase, rehabilitate, insure and maintain a home.



Section 8 to Homeownership Profile Maria Garcia

Maria Garcia and her young son lived in a tiny, two-bedroom apartment in public housing in Springfield, Massachusetts, when she learned about an opportunity to own her own home through the Section 8 program. She worked hard to get her credit qualifications for homeownership. She was referred to Springfield Neighborhood Housing Services, whose exemplary Section-8-to-homeownership program revitalizes some of the most distressed neighborhoods in the city and sells the rehabilitated homes to Section 8 families. Maria met with Cecilia Carelock, a loan processor at Springfield NHS, who worked with her every step of the way. Cecilia showed her the available houses for which she qualified. "She told me to pick one, and that would be my house," Maria recalls. When the home was completed, Maria and her son were overjoyed.

She and her son can now spread out in a two-story home with three bedrooms and one-and-a-half bathrooms. "We have a living room, eat-in kitchen, and a huge yard," she says. "It's a dream come true."



Meeting the Demand for Quality Rental Homes

Economic conditions have increased the demand for decent rental housing while reducing available funds for acquiring rental properties and maintaining them in good condition. NeighborWorks® National Real Estate Programs works with 197 member organizations to expand the supply of quality rental housing for low- and moderate-income families by developing, owning and managing affordable multifamily properties and by supporting strong portfolio performance and asset management systems.

In 2008, NeighborWorks® organizations owned or managed more than 68,000 high-quality affordable rental housing units, including more than 3,400 new and 3,839 newly preserved units. Many of the properties in the program offer special resident services that support families in their communities.

Percentage of Populations Served in Multifamily Housing

A survey of NWOs demonstrates that NeighborWorks® rental housing is clearly assisting underserved populations:

- ▶ 67 percent of tenants were minorities
- ▶ 92 percent were low-income
- ▶ 21 percent were over age 65
- ▶ 48 percent were families with children, with 36 percent comprised of single-parent households.

Asset Management Clinics and Portfolio Strengthening

NeighborWorks® America provides a comprehensive set of asset management services to the affordable housing industry. A primary tool in that effort is the annual asset management clinics. These clinics allow asset management staff, executive directors and NWO board members the opportunity to take a detailed look at the performance of individual properties and the overall portfolios to better understand profitability. This enables stakeholders to set benchmarks for monitoring the properties' success, the health of the portfolio and the relationship between the operation and the health of the overall organization. This supports improved operations, and efficiencies that are put in place positively impact properties and portfolios.



In addition to the annual clinics, NeighborWorks® collects property performance data from owners in the NeighborWorks® network and monitors that data to design specific performance improvement measures as needed.

Portfolio Strengthening grants and Portfolio Strengthening clinics are additional performance improving tools used when groups require more specific assistance and funding to improve the performance of their portfolio.

Strength Matters

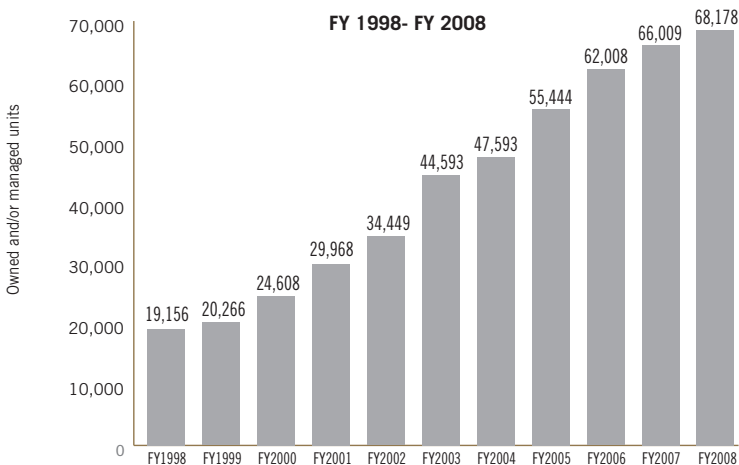
National Real Estate Programs continues its national leadership role in the STRENGTH MATTERS™ collaborative, which is generously supported by the MacArthur Foundation. The collaborative unites NeighborWorks® America with Housing Partnership Network (HPN) and Stewards of Affordable Housing for the Future (SAHF) in the development of a robust set of resources that support increases in productivity and profitability of real estate development lines of business.





NeighborWorks® America provides the most comprehensive set of asset management services to the affordable housing industry.

NeighborWorks® Organizations' Owned and/or Managed Rental Units



Over the past 20 years, nonprofit organizations have grown substantially – often owning portfolios of thousands of apartment homes. With this growth, both their demand for capital and the resulting need for sophisticated financial management capacity have increased. This capacity is essential for successful management of both large and small portfolios, and of successful development and preservation of thousands of units all while maintaining rents at levels lower-income families can afford.

To expand the sources of private capital available to these organizations, increased financial reporting consistency is essential. Heretofore no source of industry guidance has existed for auditors and chief financial officers in this nonprofit sector.

STRENGTH MATTERS™ has filled this void. STRENGTH MATTERS™ teams are comprised of CFOs, CEOs, auditors and lenders. STRENGTH MATTERS™ is building a data warehouse to allow the comparison of property performance across thousands of properties. Using the data warehouse, detailed financial data can be compared across time and across comparable properties. In addition, they are providing long-needed industry guidance on financial reporting standards (audited financial statement and internal reporting). The resulting consistency in financial reporting will open the door to additional private capital.

Supporting Residents

NeighborWorks® continues to effectively engage network members in developing resident services programs, such as after-school programs, financial education programs and employment training partnerships at their properties. We support the training of staff and provide data tools to allow for more effective management and service delivery. NeighborWorks® is directing additional studies to show the impact of resident services and the benefits of the services on property operations.



Resident Services Profile

AHC Resident Services **Hiba Elnour**

In addition to homeownership and affordable rental opportunities, AHC, Inc., in Arlington, Virginia, provides an array of social services for its residents through six community learning centers. The centers offer after-school programs for elementary school children; tutoring for teens; counseling and mentoring to help teens prepare for life after high school; adult programs with classes in English, parenting and financial management; and senior activities to keep seniors active and engaged.

The community learning centers utilize volunteers to support the staff in providing some of these services. One such volunteer was teenager Hiba Elnour, whose family had come to the U.S. from Sudan just before she was born in 1990. Hiba began tutoring younger children when she was 14 years old, encouraged by a friend who was also volunteering. She took to it immediately. Eventually, she became a beneficiary of the group's services herself, getting help with her own homework from Mythereyi Bhargavan, an adult volunteer. According to Joy Rambert, senior resident services manager, "Hiba was exceptional. She won the award for Most Diligent Student for three years."

The relationship between Hiba and her mentor endured through Hiba's high school years. With guidance from Ms. Bhargavan, she was able to use resources at the learning center to find scholarship money for college. Hiba is now a freshman at Grinnell College in Iowa, with plans to major in sociology and Spanish. She wants to become a pediatrician, a goal she attributes to her work with children at the learning center. "The experience helped me work with different types of people. It helped me academically and helped me find scholarships and other educational opportunities."

The relationship had a significant impact on Hiba's future. "She introduced me to other people, helped me network with people in my career field, gave me educational advice and life advice," says Hiba. "We built a relationship beyond just tutoring."

Success Measures **Making a Difference in Communities**

Measuring Impact

Community development organizations have an interest in building stronger communities. Success Measures® is a participatory evaluation program that enables community development organizations to document their outcomes and measure impact to inform the type of programmatic changes needed to strengthen communities. As the foreclosure crisis and economic downturn continue, community development organizations are challenged to ensure that their efforts lead to positive outcomes.

Community Housing Partners, Christiansburg, Virginia

Community Housing Partners (CHP), a NeighborWorks® member providing an array of affordable housing and development services in Virginia, Florida, North Carolina and Kentucky, used Success Measures to integrate outcome measurement into its programs. As the owner and/or operator of 4,600 rental units in its multifamily portfolio, this organization chose to undertake both program- and community-level analyses in order to better understand and convey the effectiveness of their efforts. For example, CHP looked at the program and community impacts of the purchase, rehab and operation of five affordable rental properties in a target community in Yorktown, Virginia.



In terms of community impacts, CHP was able to demonstrate a positive change in the property values of single-family homes in neighborhoods adjacent to these apartment communities over a three-year period after the acquisition and rehab. They also conducted an assessment of the housing quality in the surrounding community and calculated a significant level of local economic impact from the renovation and first year operation of the properties. In addition, CHP interviewed neighborhood residents, local officials, nonprofit partners and others using a tool that documented positive changes in perceptions about the community. On the program side, they conducted a survey of the tenants in all of their properties to document tenants' satisfaction with the quality of their housing, property maintenance and management services, neighborhood safety and their households' use of resident services.



CHP plans to incorporate the Success Measures approach into its business strategy as one of its core management tools. "The Success Measures tools that we selected are helping us quantify the impact that we are having in the communities that we serve and the programs that we deliver," said Orlando Artze, CHP's chief operating officer. "Success Measures will give us the ability to better communicate that impact to our stakeholders and help us make better decisions about how we allocate our resources." Artze added. As it embarks on a second year of implementation of its outcome evaluation, the group will be integrating baseline data collection at all its newly acquired properties in order to measure change at the community level over time. Community Housing Partners will also continue rigorous outcome analysis at the program level to further inform and enhance program delivery.

“Think Green, Act Green”:

Advancing a Sustainable Future

Building on the experience and efforts of Green within its network, NeighborWorks® launched a comprehensive corporate effort to green its business operations, the services provided by the NeighborWorks® network and the engagement with the community. This Think Green, Act Green agenda further advances NeighborWorks® America’s long-standing leadership and commitment to create healthy, sustainable and affordable communities.

To reduce the environmental impact of its operations and help communities to do the same, NeighborWorks® has committed to the following goals:

- ▼ Reducing NeighborWorks® carbon footprint by 10 percent in the next three years by reducing travel, increasing inefficiencies and leveraging technology.
- ▼ Being the premiere trainer of green to the community development industry.
- ▼ Delivering sustainability benefits to 100,000 low- to moderate-income households by 2011 through green homebuyer education and counseling; building and rehabilitating healthier, more energy efficient homes; and improving rental properties to be more energy efficient and environmentally sensitive.
- ▼ Advancing the community development industry dialogue on how to deliver sustainable community outcomes and using our Community Building and Organizing platform to engage at least 50 local communities across the country on how to be greener communities.

Setting a Green Example

NeighborWorks® America conducted a Green Office Audit of corporate and district offices to define our carbon footprint and developed an initial game plan to improve our greenhouse gas emissions. A few examples of our actions follow:

- ▼ Reduced paper consumption by more than 20 percent.
- ▼ Reduced employee travel by more than 5 percent.
- ▼ Replaced bottled water with water coolers in each conference room.
- ▼ Leveraged technology to share documents and reduce email.

Supporting Green Improvement for the Operations of NeighborWorks® Organizations

NeighborWorks® provided grants to 20 network organizations to conduct green office audits. These audits informed the organizations about their key environmental impacts resulting from their business operations and helped them develop sustainability action plans. The results have been compiled into a manual and course to be shared with the network and the community development field.

Initial results from this effort are evident by action taken by Neighborhood Development Services (NDS), a NeighborWorks® organization in Ravenna, Ohio. As a result of their audit, NDS took steps to lessen their environmental impact, including moving to a four-day work week to reduce gasoline usage. NDS then had some of its employees become certified as sustainability auditors and conduct audits for other organizations in their community, helping them understand how to reduce their carbon footprint.

Spurring Green Action in NeighborWorks® Communities

In support of community-based efforts to take green action in local communities, NeighborWorks® developed a training course for community organizers to learn methods and practices for organizing green community projects. NeighborWorks® stimulated community work by supporting 15 organizations with grants for community-driven green projects – from developing rain gardens at schools to teaching children about water conservation to recycling programs to pest control projects.

Expanding Green Education

We expanded our Green & Healthy Course curriculum and established a new certificate in Green Building and Healthy





We awarded \$530,000 in grants to 43 nonprofit organizations around the country to support environmentally conscious housing rehabilitation.

Housing. We held our first green symposium, titled “Go Green Now” to get more nonprofit developers focused on this important endeavor.

NeighborWorks® also conducted four energy management trainings for 35 organizations with an aggregate rental property portfolio of more than 11,000 housing units to instruct on how to evaluate energy consumption among their properties and develop strategies to reduce consumption and retrofit buildings.

NeighborWorks® incorporated green education within its Realizing the American Dream homebuyer education manual with an emphasis on energy efficiency, water conservation and healthy living environments.

Advancing Green Building and Housing Rehabilitation

We awarded \$530,000 in grants to 43 nonprofit organizations around the country to support environmentally conscious housing rehabilitation, new construction and business retooling. The grants were supported in part by a contribution to NeighborWorks® America from The Home Depot Foundation.

Grants to 15 organizations supported more than 1,000 units of new construction or rehabilitated housing as well as the addition of green elements in the rehabilitation of more than 500 existing owner-occupied homes. In New Orleans, we supported the advancement of the greening of housing rehabilitation. The program encourages the introduction of “green” premium specifications during the rehab work, which offer energy efficiency, water conservation and indoor air quality improvements.

Creating a Greener Training Environment

NeighborWorks® took extensive steps to improve its training activities and reflect the importance of green, including:

- ✔ Ensuring that green, energy-conservation practices (e.g. recycling, re-use and low-water-use efforts) are employed by all of the hotels at which training institutes are held;
- ✔ Using course binders made of cardboard from recycled fibers, eliminating the use of more than 18,000 vinyl binders per year;
- ✔ Conducting electronic marketing and registration to reduce paper use;
- ✔ Re-using boxes and packing material for shipments;
- ✔ Launching an e-learning platform to reduce attendee travel to get basic course instruction; and
- ✔ Employing electronic systems for processing classroom and audio-visual set-ups and electronic course updates, reducing paper/fax use by nearly 100 percent.

Promoting Green Jobs

As an initial effort to inform the community development field about new green businesses, NeighborWorks® sponsored publication of a model business plan for a rebuilding and deconstruction business based on the successful The Rebuilding Center of Our United Villages in Portland, Oregon. The business plan describes the mission, strategy and operation of this building material recycling and deconstruction business. The publication is available to all.



Supporting Community-Based Recovery of Gulf Coast Communities



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Over the past three years, NeighborWorks® has worked with more than 30 partners throughout the Gulf Coast region to help advance financial counseling efforts for homeowners and residents, to provide training to improve the skills and leadership of the staff in these organizations, and to award grants to increase the capabilities of these organizations and to advance housing developments. So far, NeighborWorks® has invested more than \$20 million in support of the regional recovery.



6/19/08

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Help Association, Inc.

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Kenneth D. Wade

Kenneth D. Wade, Chief Executive Officer
NeighborWorks® America

Power of 10 Highlights

- ▶ 31 strategic partnerships
- ▶ More than 100 communities served
- ▶ 1400 community leaders trained
- ▶ 3400+ units completed/rehabbed or under construction
- ▶ \$265 million invested in units completed or under construction



Our work in the Gulf helped over 240,000 families

NeighborWorks® effort has been rooted in helping communities rebuild from the neighborhood up, on the belief that communities thrive when residents are engaged. In communities hardest hit by the Gulf Coast hurricanes, NeighborWorks® partner organizations have been pioneering innovative approaches, drawing on the power of community engagement to restore vital family and neighborhood connections.

Strengthening Resident Leadership in the Gulf Coast Region

To help residents deal with some of the daunting challenges of rebuilding their communities and to stimulate locally important projects, NeighborWorks® America held the Gulf Coast Community Leadership Institute (CLI) in June. More than 300 emerging Gulf Coast community, resident and volunteer leaders from a variety of grassroots and nonprofit organizations convened in New Orleans for training and leadership development. At the CLI, each team prepared an action plan to address a priority community issue and was supported with a small grant to start the project.

NeighborWorks® also provided funding and technical assistance to ten grassroots organizations in Mississippi and Louisiana in support of their work in community building and organizing and in helping residents gain vital skills to strengthen their communities.

East Biloxi Volunteer Effort

Seventeen staff members from NeighborWorks® district offices and headquarters in Washington, D.C., volunteered their time to help build houses in the area. During the 2008 NeighborWorks® Week, NeighborWorks® America partnered with the East Biloxi Coordination and Redevelopment Agency on a volunteer project to landscape and paint a home in East Biloxi, Mississippi. This effort was just one small part of NeighborWorks® America's overall Gulf Coast Recovery Effort, which provides technical as-

sistance and grants to nonprofits in the region that are building and rehabilitating homes.

Counseling and Homebuyer Education

Residents trying to recover and rebuild continued to need counseling support to help them understand the housing programs and the financial requirements for rebuilding or buying a home. NeighborWorks® continued to support its partners providing these services. Counselors at these agencies assisted more than 9,000 households in 2008.

Make it Right Partnership

Brad Pitt's Make It Right Foundation in New Orleans recognized that a community was about homes and people. While they set out to build environmentally sound homes for Lower Ninth Ward residents, Make It Right also focused on making sure the residents would know their homes and be educated about the process of homeownership. They realized that a well-educated and counseled homeowner was a key to long-term success. Make It Right partnered with NeighborWorks® America to help them achieve this goal because of our expertise in homebuyer education that made us uniquely qualified to provide those services to area residents.

NeighborWorks® developed an education approach that is customized to meet the specific needs of Make It Right's households, including financial fitness, homebuyer education and "green living" components.

In FY 2008 NeighborWorks® and Make It Right counseled 16 mortgage-ready homebuyers for the Make It Right program and placed six of those into their new LEED platinum homes in time for the holidays. NeighborWorks® America produced

a video about this partnership, which is available on the NeighborWorks® America's YouTube channel, <http://www.youtube.com/user/NeighborWorksAmerica>.

Advancing Green in the Housing Rehabilitation Sector

Recognizing the enormous opportunity to turn each housing rehabilitation into a modern energy efficient and healthy home, NeighborWorks®, in conjunction with the Clinton Climate Initiative(CCI), Global Green and Enterprise Community Partners, conducted a workshop with six leading nonprofit builders and rehabbers of housing in New Orleans to understand the opportunities and issues around introducing green elements to the rehabilitation of homes in New Orleans. The workshop identified an issue around having a common green specification for these homes that could be used with contractors and home material suppliers. NeighborWorks®, CCI, and Enterprise have subsequently brought in a specialist to help the organizations develop a common specification and deliver training to contractors and city personnel on this specification.

Supporting Partners in the Gulf Region

All along the Gulf Coast, partners have been achieving substantial results. Here are just a few of the results of NeighborWorks® partners:

▼ In Biloxi, Mississippi, Visions of Hope's youth development projects provide financial literacy education, offer Individual Development Accounts with matching funds up to \$500, and require performing 100 hours of community service.

▼ International Relief & Development/Gulf Coast Community Service Center in Gulfport, Mississippi, manages a YouthBuild program that provides 31 low-income out-of-school youth ages 16-24 with GED preparation, job training in housing construction and community service opportunities.

▼ The United Houma Nation Indian Tribe in Matthews, Louisiana, runs several youth development programs, including summer camps for elementary school children and teens, and various youth development activities throughout the year. Support from NeighborWorks® enabled them to obtain professional radio documentary training and launch a youth media team.

Hoops for Homes Profile Chris Chopin

Recognizing that teachers play an important role in the recovery of families and communities, the NBA's New Orleans Hornets partnered with Neighborhood Housing Services (NHS) of New Orleans, Louisiana Disaster Recovery Foundation, NeighborWorks® America and The Salvation Army on a Hoops for Homes Teachers Initiative. The program provides up to \$25,000 to teachers in the New Orleans metropolitan area who lack adequate funds to complete repairs on their homes after Hurricanes Katrina and Rita.

The program provides funds to help homeowners close the gap between insurance and other compensation, and the actual cost of repairing the homes. It is administered by NHS of New Orleans.

One beneficiary of the program is eighth grade teacher Chris Chopin. He, his wife and two daughters evacuated New Orleans before Hurricane Katrina hit and returned two weeks later to find that their house had sustained major damage. Insurance covered the bottom half of house but not the top, so the old moldy kitchen cabinets were crumbling. One bedroom was totally devastated.

His school was so severely damaged it was unable to reopen, so Chris lost his job. He took a job working with computers, but it wasn't enough. "I was making \$98 a week," he said. "My wife wasn't working because she had just had a baby." The family lived in a trailer for one year, as they watched their credit card balances grow steeper and steeper.

Chris learned about Hoops for Homes from the school's principal. His family was approved for a \$25,000 grant and was able to complete all the repairs to restore their home. The contractor doing the work even covered the cost of repairs that exceeded the \$25,000.

"It would have been impossible to rebuild without this grant," said Chris. "We couldn't take a big loan on top of all the credit card bills." After the work was completed, he said it was "like being a child at Christmas. The kitchen is no longer held up by two-by-fours."

The school eventually reopened and the Chopin family started to recover. They've had another baby. "We have our house back, better than ever, and life is good," said Chris. "Now we can stay and serve our community."





Building Excellence and Capacity

NeighborWorks® continues to assist nonprofits, municipalities and communities prepare to address the increasingly complex and daunting challenges they face. In 2008, we developed and delivered more innovative and responsive training programs than ever to improve the skills, knowledge and tools of community residents and the professional staff of organizations throughout the country.

Training Certificates

Nearly 19,000 training certificates were awarded to affordable housing and community development professionals from more than 3,500 organizations and municipalities in such areas as affordable housing development, neighborhood and community revitalization, construction and production management, community economic development and homeownership and community lending. The number of training certificates awarded in FY 2008 represented an increase of 38 percent from the previous year.

Continuing to Meet the Need for Quality Homeownership Education and Counseling

In 2008, the NeighborWorks® Center for Homeownership Education and Counseling continued to meet the need among housing counselors for state-of-the-art training, certification, continuing education and tools. By offering more classes than ever at our Training Institutes and smaller local and regional training offerings nationwide, more than 10,000 training certificates were awarded to counselors and educators from all 50 states, the District of Columbia and Puerto Rico. NeighborWorks® also developed and offered new tools to improve the efficiency and effectiveness of counseling organizations' work, and the National Industry Standards for Homeownership Education and Counseling, with a new set of foreclosure mitigation counseling standards, were adopted by more than 300 organizations.

Under a cooperative agreement with the Department of Housing and Urban Development, NeighborWorks® provided training and certification in homeownership education and counseling to HUD-approved counselors through Training Institutes and place-based trainings. In 2008, HUD's funding provided over 1,000 scholarships to HUD-approved nonprofit agencies – and helped leverage the over 10,000 training certificates to housing counselors nationwide.

Expanding Training Opportunities

▼ As more families began facing foreclosure, the need for additional capacity to help families in crisis was apparent. In response, NeighborWorks® America dramatically increased its training in foreclosure mitigation counseling, resulting in more than 6,100 certificates to foreclosure counselors from thousands of nonprofit organizations around the country. In addition, NeighborWorks® launched its first e-learning course, Foreclosure Basics, for counselors new to foreclosure mitigation. Within five months of its launch, nearly 1,000 individuals successfully completed the e-course and earned their certificates.

In collaboration with the Department of Housing and Urban Development, NeighborWorks® launched a new effort to provide training and mentoring on affordable housing finance to individuals from Historically Black Colleges and Universities that are undertaking development projects for low- and moderate-income communities.

▼ In collaboration with the Department of Justice, NeighborWorks® provided more than 200 resident leaders of Weed and Seed sites training in leadership, program sustainability, youth development and community building.

▼ In addition to the Training Institutes, NeighborWorks® America conducted 220 local and regional “place-based trainings”

around the country, providing greater access to NeighborWorks® courses than ever before.

▼ NeighborWorks® hosted two Community Leadership Institutes (CLIs) in 2008, providing community leaders with training, opportunities for learning from peers, and project planning that they take back for implementation in their communities. More than 300 leaders from a variety of Gulf Coast grassroots nonprofit organizations participated in a special Gulf Coast CLI in New Orleans in June. Then, in October, NeighborWorks® America hosted its first ever national CLI in San Jose, California, bringing together nearly 900 resident leaders from all over the country for three days of learning and action planning.

NTI Profile Craig Murphy, Columbus Housing Partnership

The NeighborWorks® Training Institute (NTI) has helped thousands of housing and community development professionals gain expertise needed to advance their careers through knowledge, skills, certification and networking opportunities.

Craig Murphy of Columbus Housing Partnership (CHP) in Columbus, Ohio, is a shining example of the growth that is possible through this training. Craig credits the NTI for his well-rounded knowledge and approach to community development. He has worked as a grassroots community organizer and is now director of a successful five-person development department managing a multi-million-dollar real estate portfolio.

After spending a year as an AmeriCorps Promise Fellow doing community organizing, Craig went to work for the Enterprise Foundation (now Enterprise Community Partners), where he began learning about real estate development. During that time, Enterprise sponsored his attendance at a year’s worth of NTIs, and he earned his Housing Development Manager certificate. “I learned a lot in the classes, but the networking was just as valuable,” he said.

Craig joined Columbus Housing Partnership, charged with creating Homeport, a new division of the development department at CHP that focuses on revitalization of communities through for-sale housing development. Homeport focuses its ef-

orts by acquiring a critical mass of property, redeveloping the entire area and working with neighborhood residents to rebuild the social infrastructure that was lost from years of disinvestment.

“I had an interest in the concepts of real estate development,” said Craig. “But this certificate covered such a broad array of specialty topics, and they did a good job of diving down into each of those.” Craig appreciated the ability to ask questions, and even to send follow-up emails to the instructors later. “I really used it for the framework for the job of development director,” he said.

Craig is particularly proud of the North of Broad development that involves buying houses and lots one at a time, slowly and methodically redeveloping an area in a comprehensive way. “This is the most difficult, yet rewarding project,” he says. “It involves all the aspects of my training – community building, neighborhood safety, social infrastructure, as well as all the complicated financing arrangements and technical real estate and development aspects.” The 40-unit project is having a noticeable impact, improving an entire street, and recently received the 2009 Ohio Martin Luther King Jr. Community Building Award.

“My training at the NTIs was valuable, critical, accessible and affordable,” he said. “I was not an economics or finance guy. If I had not had that training, it would have taken years for me to get where I am.”



Partners and Supporters



NeighborWorks® America receives a direct annual appropriation from Congress and private-sector support. We are grateful for this support and acknowledgment of our professional stewardship of funds entrusted to us. In this section, NeighborWorks® America graciously acknowledges public- and private-sector organizations and institutions that supported our efforts and partnered with us in 2008 to create opportunities for people to live in affordable homes, improve their lives and strengthen their communities. As the financial landscape encountered severe challenges this year, the generosity of our many partners and supporters enabled us to respond to the affordable housing needs of families and communities. From providing resources to help us respond quickly to the foreclosure crisis and its aftermath, to expanding and advancing our Green agenda, contributors on the following pages help us maintain our commitment to underserved communities. Through the generous support of our programmatic efforts and initiatives, as well as direct contributions to local NeighborWorks® organizations, our supporters and partners have helped us create a nation of vibrant communities all are proud to call home.

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Success Measures at NeighborWorks® America

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 Hyde Foundation
 IBM Employee Services Center
 Illinois FAIR Plan Association
 Imperial Capital Bank
 Independence Blue Cross
 Independence Community Foundation

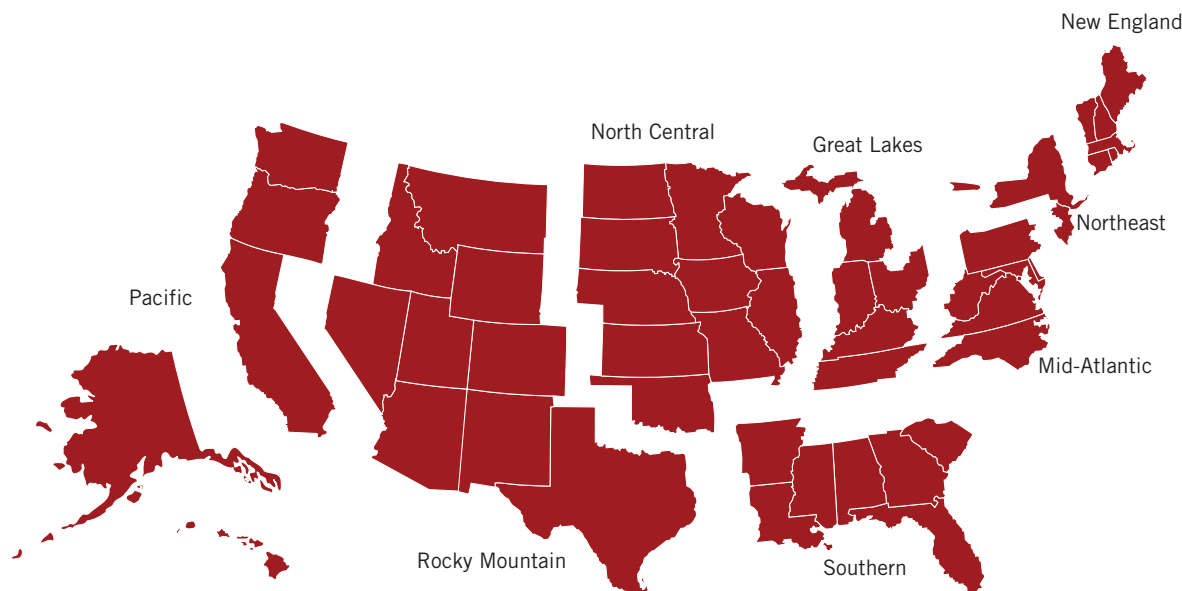
ING Direct
 Inland Northwest Community Foundation
 Interaudi Bank
 Interfaith Communities
 Interline Brands
 Investors Savings Bank, F.S.B.
 Iowa West Foundation
 Jane's Trust
 Janey Fund Charitable Foundation
 Jenjo Foundation
 Jim Click Automotive Group
 Joe C Davis Foundation
 John & Helen Murphey Foundation
 John H. & Ethel G. Noble Trust c/o Deutsche Bank Americas Foundation
 John H. Sykes Foundation, Inc.
 Johnson Bank
 JP Morgan Chase
 JR Weston, Inc.
 Junior League of Austin
 Kaiser Permanente
 Kansas Coalition for School Readiness
 Kentucky Housing Corporation
 Key Bank
 Key Foundation
 Kimball Office Supply
 Kinsman Foundation
 KLE Foundation
 Kraft Foods, Inc.
 Kramer Levin Naftalis & Frankel
 Kresge Foundation
 Kropik, Papuga & Shaw
 Lakes Region United Way
 Larimer County
 Larry and Kayleen Ferguson
 LaSalle Bank
 Leahey & Johnson, P.C.
 Lehman Brothers Bank, FSB
 Leonard and Helen Stulman Charitable Foundation
 Leonard C. and Mildred F. Ferguson Foundation
 Liberty Mutual Insurance
 Living Cities
 LL Bean
 Local Initiative Support Corporation (LISC)
 Louisiana Disaster Recovery Foundation
 Loveland CDBG Rehab
 Loveland Housing Services
 Lowes Foundation
 Lucas Count Dept. of Jobs and Family Services
 Ludwig Family Foundation
 Lyndhurst Foundation
 M & T Bank
 M & T Charitable Foundation
 MA Department of Housing and Community Development
 MA Department of Mental Health
 MA Institute of Technology / COPC Grant
 MA Office of the Attorney General
 Mabel Louise Riley Foundation
 Madeline G Von Weber Trust
 Maine Community Action Association (Keep Me Warm Program)
 Management and Marketing Associates
 Margaret C. Clark
 Marion I. and Henry J. Knott Foundation
 Marquette National Bank
 Marty Miller
 Mary Erickson Community Housing
 Mary Kay Ash Charitable Foundation
 Mary Reynolds Babcock Foundation
 Mass Housing Partnership
 Massachusetts Cultural Council
 Massachusetts Environmental Trust
 Massachusetts Housing Finance Agency
 Massachusetts Housing Partnership Fund
 Massachusetts Technology Collaborative
 Mazon: A Jewish Response to Hunger
 MB Financial Bank
 McCormick Tribune Foundation
 MD Anderson
 MDC, Inc.
 Mellon Bank
 Memorial Hospital and Health Systems, Inc.
 Mendo Mill
 Merck Family Foundation
 Merrill Lynch
 Merrimack County Savings Bank
 MetLife Foundation
 Metro United Way
 Meyer Memorial Trust Fund
 Michael and Susan Dell Foundation
 Mid America Savings Bank,
 Midwest Bank and Trust Company
 Mifflin Memorial Fund
 Mill Yard Estates
 Miller Foundation
 Milton & Tamar Maltz Family Foundation
 Minnesota Housing Finance Agency
 Minnesota Housing Partnership
 Mission Woodworking, LLC
 Mizuho Corporate Bank, Ltd.
 Monsanto Company
 Montgomery County Community Foundation
 Morgan Stanley Bank
 Morris County Board of Chosen Freeholders
 Mortgage Guaranty Insurance Corporation
 Mountain West Bank
 Mueller Family Fund
 Municipal Credit Union
 Murdock Trust
 Natelli Communities, LLC
 National City Bank
 National Community Development Institute
 National Community Reinvestment Coalition
 National Council of La Raza
 National Equity Fund
 National Penn Bank
 Nationwide Mutual Insurance Company & Foundation
 Neal Family Foundation
 Nebraska Investment Finance Authority
 NEFAR
 Neighborhood Housing Services of Asheville
 Neighborhood Partners Fund
 Neighborhood Partnership Fund/CHDO
 Neighborhoods Now
 New Castle County
 New Community Church
 New Hampshire Charitable Foundation
 New Mexico Community Foundation
 New Mexico Mortgage Finance Authority
 New Orleans Hornets
 NewAlliance Foundation
 NH Community Development Finance Authority
 NIKE
 Norcliffe Foundation
 Nordstrom Bank
 Norman J. Stupp Foundation
 North Carolina Community Development Initiative
 North Houston Bank
 Northeast Bank
 Northern Illinois Community Foundation
 Northern Ohio Golf Charities
 Northern Trust Bank
 Northfield Savings Bank
 Northfork Bank/Capital One
 Northland Foundation
 Northshore Community Foundation
 Northwest Area Foundation
 Northwestern Mutual
 NRP Group Holdings
 Oakland Private Industry Council
 Ocwen Loan Servicing LLC
 Ohio Capital Corporation for Housing
 Ohio Department of Development, OCS
 Oiver Trust
 On Point Credit Union
 Oregon Community Foundation
 Ottertail
 Otto Bremer Foundation
 Pacific Gas & Electric Co
 Pacific Steel and Recycling, Pacolet Milliken Enterprises, Inc.
 Park Federal Savings Bank
 Park Foundation
 Park National Bank & Trust of Chicago
 Parker Foundation
 Paul and Edith Babson Foundation
 Paul G. Allen Foundation
 Payne Lake Community Partners
 Payne Phalen CDC
 People's United Bank and Foundation
 Perpetual Trust for Charitable Giving
 Philadelphia Foundation
 Pinellas County
 Pittsburgh Foundation

PJMorgan Chase
 Planned Gifts
 PNC Bank N.A.
 PNC Foundation
 Polk Bros. Foundation
 Polk County
 Poplar Foundation
 Portland Development Commission
 Portland Metropolitan Association of Realtors
 Poway Advised Fund
 Price Charities
 Prime Health Foundation
 Proctor & Gamble
 Project Redwood
 Promontory Financial Group, LLC
 Provident Bank
 Providers Resource Clearinghouse
 Provo City Corporation
 Quantum Foundation
 Rancho Santa Fe Foundation
 Rapoport Family Foundation
 RBC Capital Markets
 RBC Centura Grant
 Reach Foundation
 Real Estate Title Co.
 Realtors Charitable Foundation
 Red Capital Mortgage
 Regions Bank
 Republic Bank & Trust Company
 Retirement Research Foundation
 Reznick Group, PC
 RI Foundation
 RI Housing
 Richard and Susan Smith Family
 Richard King Mellon Foundation
 Riley Foundation
 RiverBranch Foundation
 Roberta Thall
 Rockford Homes
 Rockwell Fund Inc.
 Rocky Mountain Power
 Roman Catholic Archdiocese of
 Kansas City in Kansas
 Ronald McDonald House
 Roslyn Savings Bank
 Roslyn Savings Foundation
 Rotary Club of Nashville
 Roxbury Trust Fund Committee
 Royal Bank of Scotland
 Rural Local Independent Support Corporation
 Ruth Brown Foundation
 Sailors' Snug Harbor of Boston
 Salvation Army
 San Diego Association of Realtors
 San Jacinto Holdings, L.P.
 Sandler O'Neil
 Santander Bank
 Santreece Foundation
 Scholastic Inc.
 Schreiber Foods
 Security National Bank
 Security Service Federal Credit Union
 SEEDCO, New York
 Seedlings Foundation
 Selby & Richard McRae Foundation
 Side by Side Foundation
 Sierra Health Foundation
 Silicon Valley Community Foundation
 Skillman Foundation
 Slope Electric Cooperative
 Soda Foundation
 South Dakota Community Foundation
 South Shore Savings Bank
 Sovereign Bank, FSB
 Speer Trust, New Castle Presbytery
 St Johns Church
 St. Dominic Hospital
 St. Joseph's Hospital Foundation
 St. Lawrence Arts Council
 St. Louis Cardinals
 State Farm Mutual Automobile
 State of MN (HECAT)
 State Street Foundation, Inc.
 Steans Family Foundation
 Stevens Foundation
 Stewardship Council
 Stockman Bank
 Strategic Grant Partners
 Stroock & Stroock & Lavan
 Suburban Federal Savings Bank
 Sugarloaf Women's Club Tour of Home
 SunTrust Bank
 Surdna Foundation
 TCF Bank
 TCF Foundation
 TD Banknorth
 TD Banknorth Charitable Foundation
 Team Up for Youth
 TechSoup
 Telos Foundation
 Tennessee Dept of Mental Health &
 Developmental Disabilities
 Tennessee Housing Development Agency
 The Bank of New York Mellon
 The Baupost Group, LLC
 The Bond Buyer
 The Boston Foundation
 The California Endowment
 The Campbell Foundation
 The Chicago Community Trust
 The Collins Foundation
 The Community Foundation for Greater New Haven
 The Community Foundation of Herkimer &
 Oneida Counties, Inc.
 The Development Training Institute Inc.
 The Doseff Family Foundation
 The Drescher Foundation
 The Ford Family Foundation
 The Hagedorn Foundation
 The Hyams Foundation
 The Jim and Carol Trawick Foundation
 The John M. Simpson Foundation
 The Key Foundation
 The Linden Foundation
 The Mervin Bovaird Foundation
 The Northern Trust Company
 The Philanthropic Initiative, Inc.
 The Pott Foundation
 The Presbytery of Elizabeth
 The Private Bank
 The Prudential Foundation
 The Richard H. Driehaus Foundation
 The Samuel Pardoe Foundation
 The San Diego Foundation
 The San Francisco Foundation
 The Simmons Foundation
 The Tread Mill
 The Trio Foundation
 The USAA Foundation
 The Weinberg Foundation
 The Wellness Foundation
 The Wolman Family Foundation
 Thomas Lee Capital
 Thrivent
 Tillitson Foundation
 TMS/Braemer Foundation
 Tompkins Trust Company
 Topfer Family Foundation
 Town of North Smithfield
 Travelers Insurance
 Trident United Way
 TSI Holding Company
 Tucson Electric Power Co
 Tulsa Children's Coalition
 Turner Foundation
 Tyler Little Foundation
 U. S. Trust Company
 U.S. Bank
 UBS Bank
 Umpqua Bank
 Union Bank & Trust Company
 Union Bank of California
 Union Bank of California Foundation
 Union for Reform Judaism
 Union Pacific Railroad
 Union Savings Bank
 United Airlines
 United Community Services of Johnson County
 United Illuminating
 United Planning Organization
 United States Department of Agriculture
 United Way Capital Area
 United Way of America
 United Way of Androscoggin County
 United Way of Asheville and Buncombe County

United Way of Elkhart County
United Way of Greater New Orleans
United Way of Larimer County
United Way of Massachusetts Bay & Merrimack Valley
United Way of Metropolitan Atlanta
United Way of Northwestern Illinois
United Way of Orange County
United Way of San Diego
United Way of Southeast Michigan
United Way of the Bay Area
United Way of the Mid-South
University Area CDC
University of Pennsylvania
UPS Foundation Inc
US Bank Inc.
US Cellular
USAA Bank
USAA Educational Foundation
USAA Federal Savings Bank
USAA Insurance
Utah Department of Transportation
Valley National Bank
Vermont Community Foundation
Vermont Housing Finance Agency
Vermont Mutual Insurance Company
VHDA
Victoria Foundation
Vineyard Bank
Virginia Department of Education
Volk Company
W.K. Kellogg Foundation
Wachovia Bank
Wachovia Regional Foundation
Wallick Properties Midwest, LLC
Walmart
Walmart Foundation
Walter & Elise Haas, Sr.
Walter and Elise Haas Fund
Walter S. Johnson Foundation
Washington Area Womens Foundation
Washington Corporation
Washington Mutual Bank
Washington Mutual Regional Foundation
Waste Management, Inc.
WCA Foundation
Webster Bank
Weinberg Foundation
Well Fargo Bank, N.A.
Wells Fargo Home Foundation
Wells Fargo Home Mortgage
West Center City Initiative
West Virginia Affordable Housing Trust Fund
West Virginia Development Office
West Virginia Housing Development Fund
WestBeth Entertainment
Western Maine Health Corporation
Whiting Turner Development Corporation

Whitney National Bank
William Penn Foundation
William T. Kemper Foundation
Wilmington Housing Partnership
Winn Residential
Wisconsin Public Service Corporation
Wolfe Associates, Inc.
Women's foundation of Greater Kansas City
Woods Family Foundation
World Changers
World Financial Network National Bank
Wright-Patt Credit Union
Wyandotte Health Foundation
Xcel Energy Foundation
Xerox Corporation
Y & H Soda Foundation
Z Smith Reynolds Foundation
Zeppa Foundation
Zions Bank

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 3/1/09)

Alabama

Community Action Partnership of North Alabama,
Decatur

Community Service Programs of West Alabama,
Inc., *Tuscaloosa*

Neighborhood Housing Services of Birmingham,
Inc., *North Birmingham*

Alaska

NeighborWorks® Anchorage, *Anchorage*

Fairbanks Neighborhood Housing Services, Inc.,
Fairbanks

Arizona

Comite de Bien Estar, Inc., *San Luis*

Neighborhood Housing Services of Phoenix, Inc.,
Phoenix

Neighborhood Housing Services of Southwestern
Maricopa County, Inc., *Avondale*

The Primavera Foundation, Inc., *Tucson*

Arkansas

Argenta Community Development Corporation,
North Little Rock

Arkansas Land and Farm Development Corporation,
Brinkley

Universal Housing Development Corporation,
Russellville

California

Cabrillo Economic Development Corp., *Ventura*

Chinatown Community Development Center,
San Francisco

Coachella Valley Housing Coalition, *Indio*

Community Housing Development Corporation of
North Richmond, *Richmond*

Community HousingWorks, *Escondido*

LINC Housing Corporation, *Long Beach*

Los Angeles Neighborhood Housing Services, Inc.,
Los Angeles

Neighborhood Housing Services of Orange County,
Inc., *Anaheim*

Neighborhood Housing Services of the Inland
Empire, Inc., *San Bernardino*

Neighborhood Housing Services Silicon Valley,
San Jose

Neighborhood Partnership Housing Services,
Ontario

NeighborWorks® HomeOwnership Center
Sacramento Region, *Sacramento*

Pasadena Neighborhood Housing Services, Inc.,
Pasadena

Richmond (CA) Neighborhood Housing Services,
Inc., *Richmond*

Rural Communities Housing Development
Corporation, *Ukiah*

Sacramento Mutual Housing Association, Inc.,
Sacramento

NeighborWorks® HomeOwnership Center

Sacramento Region, *Sacramento*

Self-Help Enterprises, *Visalia*

South County Housing, *Gilroy*

The Unity Council, *Oakland*

Vallejo Neighborhood Housing Services, Inc., *Vallejo*

Colorado

Colorado Rural Housing Development Corporation,
Westminster

Housing Resources of Western Colorado,
Grand Junction

Neighbor to Neighbor, Inc., *Fort Collins*

NeighborWorks® of Pueblo, *Pueblo*

Rocky Mountain Communities, *Denver*

Thistle Community Housing, *Boulder*

Tri-County Housing & Community Development
Corporation, *Fowler*

Connecticut

Mutual Housing Association of Greater Hartford,
Inc., *Hartford*

Mutual Housing Association of Southwestern
Connecticut, Inc., *Stamford*

Neighborhood Housing Services of New Britain,
Inc., *New Britain*

Neighborhood Housing Services of New Haven, Inc.,
New Haven

Neighborhood Housing Services of Waterbury, Inc.,
Waterbury

NeighborWorks® New Horizons, *New Haven*

Delaware

Interfaith Community Housing of Delaware, Inc.,
Wilmington

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

District of Columbia

Manna, Inc., *Washington, D.C.*

Marshall Heights Community Development
Organization, Inc., *Washington, D.C.*

Florida

Centro Campesino Farmworker Center, Inc.,
Florida City

Clearwater Neighborhood Housing Services, Inc.,
Clearwater

Corporation to Develop Communities of Tampa,
Tampa

Housing Partnership of Northeast Florida, Inc.,
Jacksonville

Housing Partnership, Inc., *Riviera Beach*

Neighborhood Housing & Development Corporation,
Gainesville

Neighborhood Housing Services of South Florida,
Inc., *Miami*

Orlando Neighborhood Improvement Corp., *Orlando*

Georgia

Cobb Housing, Inc., *Marietta*

DASH for LaGrange, Inc., *LaGrange*

Historic District Development Corporation, *Atlanta*

NeighborWorks® Columbus (GA), *Columbus*

Reynoldstown Revitalization Corporation, *Atlanta*

The IMPACT! Group, *Duluth*

Hawaii

Hawaii HomeOwnership Center, *Honolulu*

Mutual Housing Association of Hawaii, Inc.,
Honolulu

Idaho

Neighborhood Housing Services, Inc., *Boise*

Pocatello Neighborhood Housing Services, Inc.,
Pocatello

Illinois

Joseph Corporation of Illinois, Inc., *Aurora*

Mid Central Community Action, *Bloomington*

Neighborhood Housing Services of Chicago, Inc.,
Chicago

Neighborhood Housing Services of Freeport, Inc.,
Freeport

Indiana

LaCasa, Inc., *Goshen*

Pathfinder Services, Inc., *Huntington*

South Bend Heritage Foundation, *South Bend*

Iowa

Community Housing Initiatives, *Spencer*

Neighborhood Finance Corporation, *Des Moines*

Kansas

CHWC, Inc., *Kansas City*

Community Housing Services of Wichita/Sedgwick
County, *Wichita*

El Centro, Inc., *Kansas City*

Kentucky

Community Ventures Corporation, *Lexington*

Federation of Appalachian Housing Enterprises,
Berea

Frontier Housing, Inc., *Morehead*

New Directions Housing Corporation, *Louisville*

The Housing Partnership, Inc., *Louisville*

Louisiana

Neighborhood Housing Services of New Orleans,
Inc., *New Orleans*

Providence Community Housing, *New Orleans*

Southern Mutual Help Association, *New Iberia*

Maine

Avesta Housing Development Corporation, *Portland*

Community Concepts, Inc., *South Paris*

Kennebec Valley Community Action Program

Housing Services, *Waterville*

Maryland

Cumberland Neighborhood Housing Services, Inc.,
Cumberland

Maryland *(continued)*

Interfaith Housing Alliance, Inc., *Frederick*
Montgomery Housing Partnership, Inc.,
Silver Spring
Neighborhood Housing Services of Baltimore, Inc.,
Baltimore
Salisbury Neighborhood Housing Services, Inc.,
Salisbury
St. Ambrose Housing Aid Center, *Baltimore*

Massachusetts

Cambridge Neighborhood Apartment & Housing
Services, Inc., *Cambridge*
Chelsea Neighborhood Developers, Inc., *Chelsea*
Coalition for a Better Acre, *Lowell*
Codman Square Neighborhood Development Corp.,
Dorchester
HAP, Inc., *Springfield*
Lawrence CommunityWorks, Inc., *Lawrence*
Madison Park Development Corporation, *Roxbury*
Neighborhood Housing Services of the South Shore,
Inc., *Quincy*
Neighborhood of Affordable Housing, Inc.,
East Boston
Nuestra Comunidad Development Corp., *Roxbury*
Oak Hill Community Development Corp., *Worcester*
Springfield Neighborhood Housing Services, Inc.,
Springfield
Twin Cities Community Development Corp.,
Fitchburg
Urban Edge Housing Corporation, *Roxbury*

Michigan

Lighthouse Communities, Inc., *Grand Rapids*
Lighthouse of Oakland County, *Pontiac*
Neighborhood Renewal Services of Saginaw, Inc.,
Saginaw
Neighborhoods Inc. of Battle Creek, *Battle Creek*
Southwest Solutions, *Detroit*

Minnesota

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

Mississippi

East Biloxi Coordination, Relief and Redevelopment
Agency, *Biloxi*
Enterprise Corporation of the Delta, *Jackson*
Quitman County Development Organization, Inc.,
Marks
Voice of Calvary Ministries, *Jackson*

Missouri

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

Montana

Montana HomeOwnership Network, *Great Falls*
NeighborWorks® Great Falls, *Great Falls*

Nebraska

NeighborWorks® Lincoln, *Lincoln*
NeighborWorks® Northeast Nebraska, *Norfolk*
New Community Development Corporation, *Omaha*

Nevada

Neighborhood Housing Services of Southern
Nevada, Inc., *North Las Vegas*

New Hampshire

Affordable Housing Education and Development,
Inc., *Littleton*
CATCH Neighborhood Housing, *Concord*
Laconia Area Community Land Trust, Inc., *Laconia*
Neighborhood Housing Services of Greater Nashua,
Inc., *Nashua*
NeighborWorks® Greater Manchester, *Manchester*

New Jersey

Brand New Day, Inc., *Elizabeth*
Housing and Neighborhood Development Services,
Inc., *Orange*
Housing Partnership for Morris County, *Dover*

New Mexico

Homewise, Inc., *Santa Fe*
Navajo Partnership for Housing, Inc., *Gallup*
Tierra del Sol Housing Corporation, *Anthony*

New York

Arbor Development, *Bath*
Asian Americans for Equality, Inc., *New York*
Chautauqua Home Rehabilitation and Improvement
Corporation, *Mayville*
Community Development Corporation of
Long Island, Inc., *Centereach*
Home Headquarters, Inc., *Syracuse*
Housing Assistance Program of Essex County, Inc.,
Elizabethtown
Housing Resources of Columbia County, Inc.,
Hudson
Hudson River Housing, Inc., *Poughkeepsie*
Ithaca Neighborhood Housing Services, Inc., *Ithaca*
Neighborhood Housing Services of Bedford-
Stuyvesant, Inc., *Brooklyn*
Neighborhood Housing Services of East Flatbush,
Inc., *Brooklyn*

Neighborhood Housing Services of Jamaica, Inc.,
Jamaica

Neighborhood Housing Services of New York City,
Inc., *New York*

Neighborhood Housing Services of North Bronx,
Inc., *Bronx*

Neighborhood Housing Services of Northern
Queens, Inc., *Woodside*

Neighborhood Housing Services of South Buffalo,
Inc., *Buffalo*

Neighborhood Housing Services of Staten Island,
Inc., *Staten Island*

NeighborWorks® Home Resources, *Olean*

NeighborWorks® Rochester, *Rochester*

Niagara Falls Neighborhood Housing Services, Inc.,
Niagara Falls

Opportunities for Chenango, Inc., *Norwich*

Rural Opportunities, Inc., *Rochester*

Rural Ulster Preservation Company, Inc., *Kingston*

St. Lawrence County Housing Council, Inc., *Canton*

Syracuse Model Neighborhood Corporation,
Syracuse

Troy Rehabilitation & Improvement Program, Inc.,
Troy

UNHS NeighborWorks® HomeOwnership Center,
Utica

West Side Neighborhood Housing Services, Inc.,
Buffalo

North Carolina

Charlotte-Mecklenburg Housing Partnership, Inc.,
Charlotte

DHIC, Inc., *Raleigh*

Durham Community Land Trustees, *Durham*

Mountain Housing Opportunities, Inc., *Asheville*

Neighborhood Housing Services of Asheville,
North Carolina, Inc., *Asheville*

North Dakota

CommunityWorks North Dakota, *Bismarck*

Ohio

Columbus Housing Partnership, Inc., *Columbus*

East Akron Neighborhood Development Corporation
Inc., *Akron*

Home Ownership Center of Greater Cincinnati, Inc.,
The, *Cincinnati*

Neighborhood Development Services, *Ravenna*

Neighborhood Housing Partnership of Greater
Springfield, Inc., *Springfield*

Neighborhood Housing Services of Greater
Cleveland, Inc., *Cleveland*

Neighborhood Housing Services of Hamilton, Inc.,
Hamilton

Neighborhood Housing Services of Toledo, Inc.,
Toledo

St. Mary Development Corporation, *Dayton*

Oklahoma

Community Action Project of Tulsa County, *Tulsa*
Little Dixie Community Action Agency, *Hugo*
Neighborhood Housing Services of Oklahoma City, Inc., *Oklahoma City*

Oregon

NeighborImpact, *Redmond*
Portland Housing Center, *Portland*
Umpqua CDC, *Roseburg*
Willamette Neighborhood Housing Services, *Corvallis*

Pennsylvania

Neighborhood Housing Services of Lackawanna County, *Scranton*
Neighborhood Housing Services of Reading, Inc., *Reading*
Neighborhood Housing Services of the Lehigh Valley, Inc., *Allentown*
NeighborWorks® Western Pennsylvania, *Pittsburgh*
New Kensington Community Development Corporation, *Philadelphia*
The Partnership CDC, *Philadelphia*

Puerto Rico

Ponce Neighborhood Housing Services, Inc., *Ponce*
San Juan Neighborhood Housing Services, Inc., *Santurce*

Rhode Island

CommunityWorks Rhode Island, *Providence*
NeighborWorks® Blackstone River Valley, *Woonsocket*
West Elmwood Housing Development Corp., *Providence*

South Carolina

Family Services, Inc., *North Charleston*
Spartanburg Housing Development Corporation, *Spartanburg*

South Dakota

NeighborWorks® Dakota Home Resources, *Deadwood*
Northeast South Dakota Community Action Program, *Sisseton*

Tennessee

Affordable Housing Resources, Inc., *Nashville*
Chattanooga Neighborhood Enterprise, Inc., *Chattanooga*
Knox Housing Partnership, Inc., *Knoxville*
United Housing, Inc., *Memphis*

Texas

Affordable Homes of South Texas, Inc., *McAllen*
Alamo Area Mutual Housing Association, Inc., *San Antonio*
Amigos Del Valle, Inc., *Mission*

Avenue Community Development Corporation, *Houston*
BCL of Texas, *Austin/Dallas*
Fifth Ward Community Redevelopment Corporation, *Houston*
Foundation Communities, *Austin*
Laredo-Webb Neighborhood Housing Services, Inc., *Laredo*
Neighborhood Housing Services of Dimmit County, Inc., *Carrizo Springs*
Neighborhood Housing Services of San Antonio, Inc., *San Antonio*
NeighborWorks® Waco, *Waco*
Nueces County Community Action Agency, *Corpus Christi*
Tejano Center for Community Concerns, *Houston*

Utah

Neighborhood Housing Services of Provo, Inc., *Provo*
NeighborWorks® Salt Lake, *Salt Lake City*

Vermont

Central Vermont Community Land Trust, Inc., *Barre*
Champlain Housing Trust, *Burlington*
Gilman Housing Trust, Inc., *Lyndonville*
NeighborWorks® of Western Vermont, *West Rutland*
Rockingham Area Community Land Trust, Inc., *Springfield*

Virginia

AHC Inc., *Arlington*
Community Housing Partners Corporation, *Christiansburg*
NeighborWorks® Resource Group, *Richmond*

Washington

Central Area Development Association, *Seattle*
Community Frameworks, *Spokane*
HomeSight, *Seattle*
NeighborWorks® of Grays Harbor County, *Aberdeen*

West Virginia

CommunityWorks in West Virginia, Inc., *Charleston*
Fairmont Community Development Partnership, Inc., *Fairmont*
HomeOwnership Center, Inc., *Elkins*

Wisconsin

Housing Resources, Inc., *Milwaukee*
Neighborhood Housing Services of Beloit, Inc., *Beloit*
Neighborhood Housing Services of Richland County, Inc., *Richland Center*
Neighborhood Housing Services of Southeast Wisconsin, Inc., *Racine*
NeighborWorks® Green Bay, *Green Bay*
Select Milwaukee, Inc., *Milwaukee*

Wyoming

Wyoming Housing Network, *Casper*



Michael L. Forster

Letter from the CFO

Fiscal Year 2008 witnessed major transitions in the housing and financial markets that significantly impacted the overall financial performance of NeighborWorks® America. As widely reported, major stock indices fell precipitously by nearly 40 percent across the board, with portfolio balances losing significant value as the market turmoil and the erosion of mortgage-backed securities catalyzed widespread economic downturns in almost every major sector. However, a resulting component of the federal government's direct response to the housing crisis manifested in two supplemental appropriations totaling \$360 million for foreclosure mitigation counseling that were appropriated to NeighborWorks® America.

In sum, the corporation received \$119.8 million in base funding for core programmatic activities in the Consolidated Appropriations Act of 2008 (Public Law 110-161), and additional (supplemental) funding totaling \$180 million for foreclosure mitigation counseling activities. Subsequently, the Housing and Economic Recovery Act of 2008 (Public Law 110-289) which was passed by Congress in July of 2008, provided an additional \$180 million to continue the National Foreclosure Mitigation Counseling (NFMC) program. Collectively, these three appropriations provided almost \$480 million of resources to the corporation, more than tripling the financial accounting threshold for federal resources during the prior fiscal year.

As a result of the significant federal funding, the corporation's FY 2008 financial statements include significant variances compared to the prior year. The Statements of Financial Position measures total assets at \$320 million for 2008 versus \$19 million for 2007. This increase was led by the significant volume of cash on-hand at year-end for the foreclosure counseling program (\$293 million). The Statement of Activities illustrates the corporate impact of the foreclosure mitigation counseling program as revenue from congressional appropriations grew by 120 percent from \$116.8 million in FY 2007 to \$257.5 million in FY 2008. Grant-making activity naturally saw the largest impact within expenses during FY 2008 growing almost 175 percent from \$77.6 million to \$213 million year over year, driven by \$130 million committed for foreclosure mitigation counseling.

Non-appropriated revenue performance was the best in history with resources topping \$24.5 million, factoring at more than 20 percent of the core appropriation (\$119.8 million). New umbrella initiatives anchored this performance as corporate partners solidified their support for program activities ranging from foreclosure prevention to community stabilization to sustainable "green" building. And finally for FY 2008, the corporation's commitment to performance (both operationally and financially) is highlighted by the functional ratio of full cost program services (combined grant, direct program and indirect program expenses) (\$272.4 million) compared to total expenses (\$277.6 million). Strong performance (approximately 98 percent) in this ratio is one method of underscoring the organization's commitment to comprehensive service delivery and financial accountability at all levels.

As FY 2008 ended, the corporation was well into processing grant applications for an additional round of foreclosure counseling funding that would hit early in FY 2009. Responding to the call and stepping up with solid performance in 2008 undoubtedly bodes well for continued strong performance in the coming year. As the nation's housing and economic challenges continue, the NeighborWorks® America leadership team and the corporation's employees reaffirm our commitment to the President and Congress, corporate partners, network organizations and the many local communities we serve, that there is responsible and unwavering stewardship over all corporate resources.

Michael L. Forster
Chief Financial Officer
NeighborWorks® America

**Neighborhood Reinvestment
Corporation
(d.b.a. NeighborWorks[®] America)**



**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, 2008 and 2007

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 statement of financial position of the **Neighborhood Reinvestment Corporation (d.b.a. NeighborWorks® America)** (the Corporation) as of September 30, 2008 and 2007, 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 the 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, 2008 and 2007, 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, 2009 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 audits.

Our audits were 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 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. The information in the statements of functional expenses is presented for purposes of additional analysis 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

Bethesda, Maryland
January 16, 2009

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

<i>September 30,</i>	2008	2007
Assets		
Current assets		
Cash and cash equivalents	\$ 303,642,957	\$ 7,840,593
Receivables:		
Contributions receivable, net	3,105,332	1,379,762
Grant and contract receivables	1,449,765	1,151,709
Other receivables - net of allowance for doubtful accounts of \$22,122 in 2008 and 2007	2,546,435	325,090
Travel advances	8,703	3,601
Prepaid expenses and other assets	470,912	348,838
Total current assets	311,224,104	11,049,593
Noncurrent assets		
Contributions receivable, net of current portion	-	50,000
Cash held for long term investments	3,500,000	3,500,000
Property and equipment, net	5,304,615	4,497,982
Total noncurrent assets	8,804,615	8,047,982
Total assets	\$ 320,028,719	\$ 19,097,575
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 7,653,513	\$ 4,660,537
Grant commitments - foreclosure prevention	70,117,731	-
Deferred revenue:		
Foreclosure prevention	222,347,951	-
Others	235,300	199,578
Total current liabilities	300,354,495	4,860,115
Noncurrent liabilities		
Accounts payable and accrued expenses	500,000	500,000
Deferred rent liability	1,722,718	1,925,542
Total noncurrent liabilities	2,222,718	2,425,542
Total liabilities	302,577,213	7,285,657
Commitments and contingencies		
Net assets		
Unrestricted net assets	7,881,529	3,502,686
Temporarily restricted net assets	6,069,977	4,809,232
Permanently restricted net assets	3,500,000	3,500,000
Total net assets	17,451,506	11,811,918
Total liabilities and net assets	\$ 320,028,719	\$ 19,097,575

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

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

Year ended September 30,

2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support				
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
Investment 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)	-	-
Total revenue, gains, and other support	133,913,820	390,293	-	134,304,113
Expenses				
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
Total expenses	133,533,478	-	-	133,533,478
Change in net assets	380,342	390,293	-	770,635
Net assets, beginning of year	3,122,344	4,418,939	3,500,000	11,041,283
Net assets, end of year	\$ 3,502,686	\$ 4,809,232	\$ 3,500,000	\$ 11,811,918

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

Year ended September 30,

2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support				
Congressional appropriation	\$ 257,452,049	\$ -	\$ -	\$ 257,452,049
Contributions	4,901,254	6,157,324	-	11,058,578
Grants and contracts	7,817,909	-	-	7,817,909
Training registration fees	3,020,716	-	-	3,020,716
Investment income	2,468,574	140,073	-	2,608,647
Other income	1,314,532	-	-	1,314,532
Net assets released from restrictions:				
Satisfaction of program and time restrictions	5,036,652	(5,036,652)	-	-
Total revenue, gains, and other support	282,011,686	1,260,745	-	283,272,431
Expenses				
Grants and grant commitments	212,946,317	-	-	212,946,317
Personnel	31,830,545	-	-	31,830,545
Professional services	12,882,949	-	-	12,882,949
Other operating costs	7,533,457	-	-	7,533,457
Occupancy	4,641,533	-	-	4,641,533
Travel	3,366,021	-	-	3,366,021
Conferences and workshops	3,015,897	-	-	3,015,897
Depreciation and amortization	1,416,124	-	-	1,416,124
Total expenses	277,632,843	-	-	277,632,843
Change in net assets	4,378,843	1,260,745	-	5,639,588
Net assets, beginning of year	3,502,686	4,809,232	3,500,000	11,811,918
Net assets, end of year	\$ 7,881,529	\$ 6,069,977	\$ 3,500,000	\$ 17,451,506

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

<i>Years ended September 30,</i>	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 5,639,588	\$ 770,635
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of discount on contributions receivable	(17,324)	(32,928)
Depreciation and amortization	1,416,124	1,002,242
Loss on disposal of property and equipment	2,371	7,148
(Increase) decrease in assets		
Receivables:		
Contributions receivable	(1,658,246)	729,345
Grant and contract receivables	(298,056)	600,374
Other receivables	(2,221,345)	40,707
Travel advances	(5,102)	2,103
Prepaid expenses and other assets	(122,074)	93,868
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	2,992,976	(1,067,528)
Grant commitments - foreclosure prevention	70,117,731	-
Deferred revenue:		
Foreclosure prevention	222,347,951	-
Others	35,722	83,838
Deferred rent liability	(202,824)	(139,163)
Net cash provided by operating activities	298,027,492	2,090,641
Cash flows from investing activities		
Proceeds from sale of investments	55,944,000	53,915,196
Purchases of investments	(55,944,000)	(53,915,196)
Purchases of property and equipment	(2,225,128)	(1,292,665)
Net cash used in investing activities	(2,225,128)	(1,292,665)
Increase in cash and cash equivalents	295,802,364	797,976
Cash and cash equivalents, beginning of year	7,840,593	7,042,617
Cash and cash equivalents, end of year	\$ 303,642,957	\$ 7,840,593

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, 2008 and 2007

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.

In response to the nationwide subprime foreclosure crisis, a new legislation authorized \$180 million for a National Foreclosure Mitigation Counseling (NFMC) Program. The legislation was signed on December 26, 2007. Congress selected NeighborWorks® America (as authorized by the Neighborhood Reinvestment Corporation Act, 42 U.S.C. 8101-8107) to administer the National Foreclosure Mitigation Counseling Program. Further, on July 30, 2008, in response to the nationwide foreclosure crisis, The Housing and Economic Recovery Act of 2008 (Public Law 110-289) appropriated \$180 million to NeighborWorks® America for continuation of the NFMC Program.

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 fair value. 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 cash held for long term investments in the statements of financial position.

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks[®] America)
Notes to Financial Statements
September 30, 2008 and 2007

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

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.

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, 2008 and 2007 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, 2008 and 2007 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.

Cash Held for Long Term Investments

The permanently restricted investments are carried at fair market value. At September 30, 2008 and 2007, the permanently restricted funds are held in a cash account.

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.

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

Notes to Financial Statements September 30, 2008 and 2007

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

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 cash held for long term investments held at creditworthy financial institutions. At September 30, 2008 and 2007 substantially all of the Corporation's cash and cash equivalents and cash held for long-term investments was held at one financial institution, in accounts over FDIC limits. Credit risk with respect to contributions receivable is limited because the Corporation deals with a large number of donors over a wide geographic area.

Grant Commitments – foreclosure prevention

Grant commitments are the committed but unpaid balances to grantees for the National Foreclosure Mitigation Counseling Program. These amounts will be paid on achieving certain goals under the program.

Deferred Revenue

Deferred revenue consists of training registration fees and uncommitted grants of the National Foreclosure Mitigation Counseling Program under congressional appropriation. Training registration fees received in advance and not yet earned are deferred to the applicable period. Congressional appropriations for the National Foreclosure Mitigation Counseling Program, received but not yet awarded to sub-recipients, are deferred to the period to which the awards will be made.

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.

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks® America)
Notes to Financial Statements
September 30, 2008 and 2007

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

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 and the related expenses have been incurred.

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.

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, 91% and 87% in 2008 and 2007, respectively, 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

On July 2006, the 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 derecognized in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the statements of financial position; and provides transition and interim period guidance, among other provisions. FIN 48 is effective for fiscal years beginning after December 15, 2008. 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, and 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.

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks® America)
Notes to Financial Statements
September 30, 2008 and 2007

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

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 Corporation 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.

On August 6, 2008, the Financial Accounting Standards Board (FASB) issued FSP FAS No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP). The FSP provides guidance on the net asset classification of donor-restricted endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This FSP also requires enhanced disclosures by all not-for-profit organizations that have endowments (whether donor restricted or not). The FSP takes effect for fiscal years ending after December 15, 2008 with early adoption permitted. The Corporation's endowment net assets are reported in accordance with UPMIFA, therefore management expects enhanced disclosures to be the only impact of FSP FAS No. 117-1.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the current year presentation.

Note 3. Contributions Receivable

Contributions receivable consist of the following:

<u>September 30,</u>	<u>2008</u>	<u>2007</u>
Unconditional contributions receivable		
before unamortized discount	\$ 3,105,332	\$ 1,447,086
Less: unamortized discount	-	(17,324)
	<u>\$ 3,105,332</u>	<u>\$ 1,429,762</u>

Discount rates ranged from 2.63% to 5.04%. There were no conditional promises to give at September 30, 2008 and 2007.

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks® America)
Notes to Financial Statements
September 30, 2008 and 2007

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, 2008 and 2007 amounted to \$8,250,000 and \$8,000,000, respectively.

Note 5. Property and Equipment

Property and equipment consists of the following:

<i>September 30,</i>	2008	2007
Computer and software equipment	\$ 8,241,061	\$ 6,125,732
Furniture and fixtures	3,857,102	3,804,095
Leasehold improvements	3,260,261	3,211,530
	15,358,424	13,141,357
Less: accumulated depreciation and amortization	(10,053,809)	(8,643,375)
	\$ 5,304,615	\$ 4,497,982

Depreciation and amortization expense for the years ended September 30, 2008 and 2007 was \$1,416,124 and \$1,002,242, 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>	
2009	\$ 3,799,603
2010	3,650,218
2011	3,339,032
2012	2,980,279
2013	2,710,615
Thereafter	70,281
	\$ 16,550,028

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks® America)
Notes to Financial Statements
September 30, 2008 and 2007

Note 6. Commitments and Contingencies - (continued)

Rent expense for the years ended September 30, 2008 and 2007 amounted to \$4,641,533 and \$4,481,126, respectively.

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, 2008, 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, 2008 and 2007

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets consists of the following:

	2008	2007
NeighborWorks® Center for Homeownership, Education and Counseling(NCHEC)	\$ 2,029,954	\$ 859,366
National Homeownership Programs (NHOP)(Previously known as Campaign for Homeownership)	1,289,866	560,863
Preserving Home Ownership(REO/HOPE NOW)	767,200	-
Center for Foreclosure Solutions	717,570	1,566,851
Healthy Home Training/Going Green Initiative	595,742	185,421
Endowment Funds Scholarships	234,512	391,273
Success Measures	128,030	158,212
Multi-Family Initiative	118,851	221,568
Native American Community Development Program	91,595	340,895
Rural Initiative	64,388	80,599
National Insurance Services	23,000	4,132
Gulf Rebuilding/Disaster Relief	9,269	40,052
Technology Initiative(CMX)	-	400,000
	\$ 6,069,977	\$ 4,809,232

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 2008 and 2007. 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, 2008 and 2007

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, 2008 and 2007:

<i>September 30,</i>	2008	2007
Program Services:		
Capacity Building	\$ 62,735,383	\$ 55,922,089
National Foreclosure Mitigation Counseling (NFMC)	138,527,341	-
Preserving Affordable Housing	34,459,000	33,902,000
Organizational Assessment	4,990,530	5,544,129
Training and Informing	23,415,658	26,237,994
Secondary Market	8,250,000	8,000,000
Total program services	272,377,912	129,606,212
Supporting Services:		
General and Administrative	4,321,756	3,600,728
Resource Development	933,175	326,538
Total supporting services	5,254,931	3,927,266
Total expenses	\$ 277,632,843	\$ 133,533,478

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.

National Foreclosure Mitigation Counseling (NFMC)

The NFMC program is designed to provide mortgage foreclosure mitigation assistance primarily to states and areas with high rates of defaults and foreclosures primarily in the subprime housing market. The Corporation, through the state housing finance agencies (HFAs), HUD-approved housing counseling intermediaries, and community-based NeighborWorks, provides invaluable, free assistance to families at risk of losing their homes, helping clients to understand the complex foreclosure process and identifying possible courses of action to allow them to make informed decisions and take necessary actions.

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks® America)
Notes to Financial Statements
September 30, 2008 and 2007

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

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.

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) 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 10 percent of expenditures. These expenses include the offices of the executive director, the chief operating officer, the chief financial officer and the general counsel as well as the finance, information management, public policy and legislative affairs, human resources, and administrative services units.

Neighborhood Reinvestment Corporation
(d.b.a. NeighborWorks® America)
Notes to Financial Statements
September 30, 2008 and 2007

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

Resource Development

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

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.

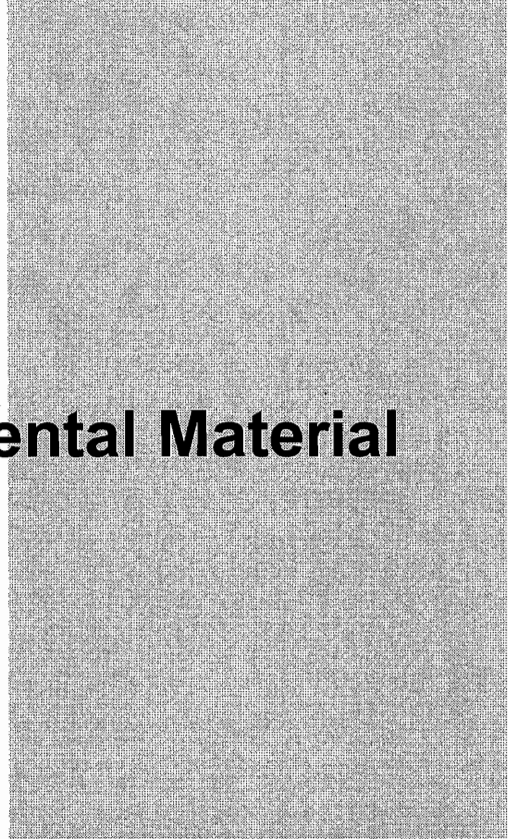
Total pension expense for fiscal years 2008 and 2007 amounted to \$2,720,365 and \$2,528,195, respectively.

Note 11. Subsequent Event

As per the Recapture and De-obligation Procedure of the NFMC program, in the event that counseling demand falls short of the goals projected in the Grantee's application and Grant Agreement or in the event that the Grantee does not comply with the terms and conditions of the grant, as outlined in the Final Funding Announcement, Notice of Intent to Award Funds, and Grant Agreement, NeighborWorks® may recapture funds already distributed to the Grantee and/or rescind its obligation to distribute un-disbursed awarded funds to the Grantee.

Pursuant to this procedure, subsequent to year end, some organizations have voluntarily returned funds or requested to be de-obligated. Further, several organizations have requested for a time extension to expend funds. The Corporation is in the process of determining the amount of funds to be de-obligated under this procedure.

Supplemental Material



Neighborhood Reinvestment Corporation
 (d.b.a. NeighborWorks® America)
Statement of Functional Expenses
 Year ended September 30, 2008

	Program Services							Supporting Services			2008 Total
	Capacity Building	National Foreclosure Mitigation Counseling	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	\$ 34,956,755	\$ 131,603,831	\$ 34,459,000	\$ -	\$ 3,676,731	\$ 8,250,000	\$ 212,946,317	\$ -	\$ -	\$ -	\$ 212,946,317
Personnel	12,980,716	1,810,704	-	2,662,929	5,031,642	-	22,485,991	8,730,642	613,912	9,344,554	31,830,545
Professional services	4,154,880	2,489,282	-	389,584	4,947,567	-	11,981,313	897,137	4,499	901,636	12,882,949
Other operating costs	1,121,922	1,081,160	-	83,165	2,912,416	-	5,198,663	2,329,762	5,032	2,334,794	7,533,457
Occupancy	1,422,120	86,034	-	269,029	1,386,706	-	3,163,889	1,477,644	-	1,477,644	4,641,533
Travel	1,436,292	111,589	-	256,154	1,113,477	-	2,917,512	444,269	4,240	448,509	3,366,021
Conferences and workshops	237,111	448,424	-	11,492	1,856,405	-	2,553,432	460,865	1,600	462,465	3,015,897
Depreciation and amortization	-	-	-	-	-	-	-	1,416,124	-	1,416,124	1,416,124
Total expenses	56,309,796	137,631,024	34,459,000	3,672,353	20,924,944	8,250,000	261,247,117	15,756,443	629,283	16,385,726	277,632,843
Overhead allocation	6,425,587	896,317	-	1,318,177	2,490,714	-	11,130,795	(11,434,687)	303,892	(11,130,795)	-
Total expenses, after overhead allocation	\$ 62,735,383	\$ 138,527,341	\$ 34,459,000	\$ 4,990,530	\$ 23,415,658	\$ 8,250,000	\$ 272,377,912	\$ 4,321,756	\$ 933,175	\$ 5,254,931	\$ 277,632,843

See independent auditor's report.

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

	Program Services										Supporting Services	
	Capacity Building	National Foreclosure Mitigation Counseling	Preserving Affordable Housing	Organizational Assessment	Training and Informing	Secondary Market	Total Program Services	General and Administrative	Resource Development	Total Supporting Services	2007 Total	
Grants and grant commitments	\$ 31,719,951	\$ -	\$ 33,902,000	\$ -	\$ 4,016,079	\$ 8,000,000	\$ 77,638,030	\$ -	\$ -	\$ -	\$ 77,638,030	
Personnel	11,178,734	-	-	3,033,857	6,479,202	-	20,691,793	7,400,323	163,705	7,564,028	28,255,821	
Professional services	3,890,212	-	-	311,369	5,192,469	-	9,394,050	1,039,088	23,935	1,063,023	10,457,073	
Other operating costs	943,035	-	-	130,557	3,184,014	-	4,257,606	2,537,679	26,459	2,564,138	6,821,744	
Occupancy	1,341,138	-	-	338,220	1,411,123	-	3,090,481	1,390,645	-	1,390,645	4,481,126	
Travel	1,134,764	-	-	237,400	963,323	-	2,335,487	276,464	15,945	292,409	2,627,896	
Conferences and workshops	275,000	-	-	16,537	1,839,189	-	2,130,726	101,980	16,840	118,820	2,249,546	
Depreciation and amortization	-	-	-	-	-	-	-	1,002,242	-	1,002,242	1,002,242	
Total expenses	50,482,834	-	33,902,000	4,067,940	23,085,399	8,000,000	119,538,173	13,748,421	246,884	13,995,305	133,533,478	
Overhead allocation	5,439,255	-	-	1,476,189	3,152,595	-	10,068,039	(10,147,693)	79,654	(10,068,039)	-	
Total expenses, after overhead allocation	\$ 55,922,089	\$ -	\$ 33,902,000	\$ 5,544,129	\$ 26,237,994	\$ 8,000,000	\$ 129,606,212	\$ 3,600,728	\$ 326,538	\$ 3,927,266	\$ 133,533,478	

See independent auditors' report.

**Schedule of Expenditures
of Federal Awards**



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

Year ended September 30, 2008


<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® National Foreclosure Mitigation Counseling Program		
Appropriation 1	14.110-161	\$ 136,562,236
Appropriation 2	14.110-289	1,089,813
Total - NeighborWorks® National Foreclosure Mitigation Counseling Program		137,652,049
Congressional Appropriation - NeighborWorks® System Program		
U.S. Department of Housing and Urban Development	14.110-161	119,800,000
Housing Counseling Program	14.169	2,052,943
U.S. Department of Housing and Urban Development	14.316	1,924,609
Housing Counseling Training Program	14.316	1,924,609
U.S. Department of Justice	16.595	335,262
NeighborWorks® Weed and Seed Training and Technical Assistance	16.595	335,262
U.S. Department of Agriculture	10.446	38,933
NeighborWorks® Rural Community Development	10.446	38,933
Total Expenditures of Federal Awards		\$ 261,803,796

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:

Program Title	Federal CFDA/ Public Law Number	Amount Provided to Subrecipients
NeighborWorks® National Foreclosure Mitigation Counseling Program	14.110-161	\$ 130,438,408
NeighborWorks® System Program	14.110-161	\$ 75,277,727
Housing Counseling Program	14.169	\$ 1,399,771



**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, 2008, and have issued our report thereon dated January 16, 2009. 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 the 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 Board of Directors, 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, 2009

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 each of its major federal programs for the year ended September 30, 2008. The Corporation's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended September 30, 2008.



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 a 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 Corporation's 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 Board of Directors, 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

Certified Public Accountants

Bethesda, Maryland
January 16, 2009

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

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X 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 X no

Identification of major programs:

<u>CFDA/Public Law Number</u>	<u>Name of Federal Program or Cluster</u>
14.110-161/14.110-289	NeighborWorks® National Foreclosure Mitigation Counseling Program
14.110-161	NeighborWorks® System Program

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

Auditee qualified as low-risk auditee? X yes _____ no

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

Section II - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for Federal awards (as defined in section .510(a) of the Circular) that are required to be reported.

Section IV – Prior Year Audit Findings

There were no findings and questioned costs for Federal awards (as defined in section .510(a) of the Circular) that were required to be reported for the prior year.

The 2008 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 Housing Services of America-Community Development Financial Institution and NeighborWorks® Capital.

If you would like additional copies of the 2008 Annual Report, please contact Leslee Hunter at (202) 220-2431, e-mail lhunter@nw.org. This report also is available at 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.

Photo Credits

The photos of families, individuals and architectural details throughout the 2008 Annual Report were taken in selected NeighborWorks® communities across the country. These images, viewed as a whole, convey the diversity and texture of the urban, suburban and rural communities served by the NeighborWorks® system.

Gregory Miller Photography, pages 2, 4, 13, 29; Ron White, pages 6 (top), 7 (3rd down), 31; Thistle Community Housing, pages 7(top), 18; Springfield NHS, page 15; Champlain Housing Trust, page 17; Hiba Elnour, page 19; Community Housing Partners, page 20-21; Foundation Communities, page 23; Lee Celano, page 25; Houma Youth Media Team, page 27 (top & right); Chris Chopin, page 28; Gils Clement, page 29.

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