



# The F.B. Heron Foundation

## Mission:

The F.B. Heron Foundation was created in 1992 with the mission of helping people and communities to help themselves.

## Website:

[www.heronfdn.org](http://www.heronfdn.org)

## Total Assets as of 12/31/05:

\$279.9 million

## Mission-Related Investments as of 12/31/05:

Total PRIs: \$19.1 million

Other MRIs: \$49.7 million

Total MRIs: \$68.8 million

## Grantmaking in 2005:

Number of grantees: 172

Total grants paid: \$11.7 million

Grants for General Support: 77%

## First-time Grant Range:

\$25,000–\$50,000

## Annual Grant Range:

\$25,000–\$125,000

## PRI Range:

\$250,000–\$1,000,000

## Market-Rate Deposits:

\$100,000 per depository institution

(may be higher if depository is a member of the Certificate of Deposit Account Registry Service™ network)

## Market-Rate Mission-Related Investments:

Up to \$2.5 million per investment

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# A Letter from the President

This year's annual report is presented in two sections. The document that follows this letter summarizes Heron's work during 2005 and, as always, seeks to demonstrate the increasing alignment of the Foundation's assets—including market-rate investments—with mission. At the end of the year, Heron had more than 24% of its assets at work for mission. Adding in grants, over 28% of assets are now deployed for mission.

The companion essay, "Core Support," explains the Heron Foundation's rationale and approach to its grantmaking. Written by John Weiler, a Senior Program Officer at Heron, the essay presents our belief that "core support grants enable nonprofits to advance the mission of foundations while promoting a more effective, accountable, and transparent nonprofit sector." It also highlights several case studies from grantees who clearly demonstrate with specific

examples the value of flexible dollars to seize the opportunities before them.

The past year was one of immense adversity for our friends and colleagues in the Gulf Coast—and their challenges have not diminished. Heron's grantees and investees in the region—communities devastated by the hurricanes and communities receiving significant numbers of displaced residents—have performed with remarkable creativity and resiliency. I would like to thank Heron's Board of Directors for its prompt approval of a pool of grant dollars to assist the organizations with whom we have had relationships over the years. Because of that rapid response, Heron was able to make its first set of relief and recovery grants within three days of Katrina's devastation. I also want to acknowledge the continuing work of the New York Regional Association of Grantmakers Task Force on Gulf Coast

Recovery to keep the issues front and center for the philanthropic community. A Resource Guide produced by the Task Force is available at [www.nyrag.org](http://www.nyrag.org). For many of the people and communities we care about, the recovery is just beginning.

As always, I want to acknowledge the Foundation's partners—the grantees and investees—who do the actual work to build wealth and assets for low-income people and communities. I also want to thank the Foundation's directors for setting a high standard for Heron's work and for being supportive of the staff's efforts.



Sharon B. King  
President



In 2005, 77% of Heron's grants dollars were general support. Please see this year's companion booklet for an essay on "Core Support." Among our grantees who received general support grants are *Lenders for Community Development* in California (left), *Coastal Enterprises* in Maine (top right), and *Fifth Ward* in Houston, TX (bottom right).

# Program Guidelines

## MISSION

**The F.B. Heron Foundation was created in 1992 with the mission of helping people and communities to help themselves.**

### AREAS OF PROGRAM INTEREST

To advance its mission, the Foundation supports organizations that help *low-income people to create and preserve wealth to help them take control of their lives*. The Foundation makes grants to and investments in programs in urban and rural communities in the U.S. engaged in the following wealth-creation strategies noted below. Please see “Where the Foundation Funds,” below, for a list of Heron’s geographic concentrations.

- ▶ advancing **home ownership**;
- ▶ supporting **enterprise development**;
- ▶ reducing the barriers to full participation in the economy by providing quality **child care**;
- ▶ increasing **access to capital**;
- ▶ employing **comprehensive community development** approaches with a strong focus on the wealth-creation strategies.

Details on these five program areas are provided in the section titled “Wealth-Creation Strategies.” In addition to its grantmaking, the Foundation makes other kinds of investments to support these program areas, and seeks to accelerate the level of its assets invested to support the mission. A fuller description of the Foundation’s mission-related investing program can be found below in the section “Types of Support Provided by the Foundation.”

### ASSESSING IMPACT

The Foundation regards an organization’s ability to improve and demonstrate its impact on the lives of low-income people and communities to be of paramount interest, and to be a reflection of that organization’s sound management and accountability. To be considered for support, applicants must have a clear commitment to and track record of using data to improve programs and impact. In addition, the Foundation supports peer networks, trade associations, and technical assistance providers that help practitioners working in the Foundation’s core areas to improve approaches and methods for assessing impact.

### WEALTH-CREATION STRATEGIES



#### HOME OWNERSHIP

A family’s home provides a stable place in which to form a healthy environment. A home also often represents a family’s primary asset, and serves as a base upon which to build additional assets. Furthermore, communities with a high percentage of owner-occupied homes are generally safer, economically stronger, and characterized by a more engaged citizenry.

The Foundation will consider support for organizations working to increase home ownership in low- and moderate-income urban and rural communities. The Foundation is interested in organizations that develop and/or finance new or rehabilitated owner-occupied homes, including self-help housing; that assist people with affordable mortgages; or that provide pre- and post-mortgage counseling to first-time home buyers. As in all program areas, the Foundation will give priority to organizations that can demonstrate results,

including the number of low-income families that acquire and retain their homes, and show an increase in home-ownership rates within low-income communities.



#### ENTERPRISE DEVELOPMENT

Small business ownership can be an important means of building wealth and economic security within a family, as well as providing employment opportunities and other benefits for low- and moderate-income communities. The Foundation prefers to support enterprise development programs that benefit many community members, or that are part of a comprehensive community development strategy.

The Foundation supports organizations that: provide technical assistance and financing for small businesses, help to build networks and markets for entrepreneurs in distressed rural and urban communities, strengthen worker-owned enterprises and cooperatives, or foster commercial real estate development. *Please note that the Foundation does not support microenterprise development as a stand-alone strategy.*



#### CHILD CARE

Access to quality, affordable child care is a vital concern for low-income, working parents, and reduces the barriers keeping families from full participation in the economy. Child care is an intangible asset that helps people be productive at their jobs, secure in the knowledge that their children are in a safe, caring environment that fosters learning. It is also a critical part of a community’s infrastructure as it supports the ability of people to work and businesses to prosper.

The Foundation will consider support for citywide, state or regional efforts that increase the availability of affordable, preschool child care in underserved areas and that help preschool programs to meet or exceed quality standards as set by the National Association for the Education of Young Children, the National Association for Family Child Care, or Head Start.



#### ACCESS TO CAPITAL

Sustained access to capital is critical for individuals, families, and communities to build assets, create wealth,

and achieve prosperity.

The Foundation will consider supporting efforts to broaden the adaptation of private market financing mechanisms, or to promote community reinvestment to accelerate wealth creation for low-income families. In addition, the Foundation funds opportunities to help low-income people to build savings, and efforts to combat practices or conditions that deplete assets (e.g., threaten home ownership) of low-income families.

Through its access to capital strategy, the Foundation will also consider support for community development financial institutions (CDFIs) that serve low-income communities. CDFIs seeking the Foundation's support must have as their core work financing home ownership, business enterprise or commercial real estate development that creates jobs, or quality and affordable child care. The Foundation also funds practitioner associations that promulgate best practices, especially those helping CDFIs to track the social impact of their investments.



#### COMPREHENSIVE COMMUNITY DEVELOPMENT

Fundamental and lasting transformation of low-income

communities requires integrated, comprehensive approaches rather than single-faceted solutions. Holistic community development programs build healthy neighborhoods and help residents create wealth and preserve their assets. Recognizing that families and communities need support in a variety of interrelated areas, the Foundation funds comprehensive community development organizations built around a strong core of the wealth-creation strategies on which the Foundation focuses—i.e., home ownership, enterprise development, quality and affordable child care, and access to capital. The Foundation gives priority to programs that are tracking the impact of their comprehensive approaches on increasing wealth in low-income families and communities.

In addition, the Foundation supports technical assistance providers and practitioner networks or associations that assist community development organizations engaged in relevant wealth-creation strategies to build management and program capacity, and to improve and demonstrate impact.

#### WHERE THE FOUNDATION FUNDS

The Heron Foundation concentrates the majority of our grants in the areas listed below. We will also continue to support organizations with a national focus and, in some cases, regional focus where those organizations are advancing solutions that have broad application for the Foundation's selected wealth creation strategies. Our mission-related investments, however, will not be restricted geographically, but will remain nationwide in scope.

- ▶ Appalachia
- ▶ California
- ▶ Chicago
- ▶ Kansas City
- ▶ Michigan
- ▶ Minneapolis/St. Paul
- ▶ Mississippi Delta
- ▶ New Jersey
- ▶ New York City
- ▶ North Carolina
- ▶ Texas
- ▶ Washington, D.C.

#### TYPES OF ORGANIZATIONS SUPPORTED WITH GRANTS AND INVESTMENTS

Believing that the leaders who are an integral part of a community are in the best position to identify, understand and address its needs, challenges, and strengths, the Foundation prefers to support *direct-service, community-based organizations and enterprises*.

Organizations should have a track record that documents the effects and impact of the wealth-creation strategies described above.

The Foundation recognizes that the particular challenges faced by *people with disabilities* can inhibit the pursuit of asset accumulation and wealth creation. People with disabilities are much less likely, for example, to own a home or business. The Foundation will give priority to organizations that actively incorporate people with disabilities as beneficiaries of the wealth-creation strategies on which the Foundation is focused.

The Foundation also funds entities that provide *financial or technical assistance* to organizations implementing wealth-creation strategies with preference given to those that help community-based organizations to design and implement systems that track results and improve impact. The Foundation will also consider support for a modest number of research and policy efforts that complement the direct-service efforts funded by the Foundation.

The Foundation will give priority to organizations that:

- ▶ advance the mission of helping people and communities to help themselves, helping people to improve their lives through strategies consistent with the Foundation's core wealth-creation strategies;
- ▶ are committed to accountability, including improving and demonstrating the tangible and lasting impact of its efforts;
- ▶ regularly set objectives that advance its mission and demonstrate progress in achieving them;
- ▶ have program and management resources in place to advance the objectives, and demonstrate consistent high performance in terms of actual outputs, outcomes and impact.
- ▶ have staff and board leadership that reflect the communities served, and regularly assess performance results with the organization's governance board, using this process to advance organizational development;
- ▶ demonstrate fiscal integrity, including the performance of annual independent audits, and have funding from other private funders or investors; and
- ▶ demonstrate leadership in its field or in its market area.

## TYPES OF SUPPORT PROVIDED BY THE FOUNDATION

### GRANTS

We consistently hear from the groups with whom the Foundation works that *general support* is highly valuable in helping an organization to conduct its business, set and modify objectives and strategies, and plan and innovate. If a strong core of an organization's work is consistent with the Foundation's funding strategies, and if the organization assesses its impact, is well-managed, and meets the other criteria specified above, the Foundation prefers to make general support grants.

When circumstances warrant, the Foundation will also consider supporting specific programs or projects; organizational capacity building, especially efforts to assess impact or to strengthen administrative and fiscal management practices; and other emerging opportunities within the Foundation's wealth-creation framework.

Support for an organization new to the Foundation typically begins with a one-year grant. If renewal funding is approved, two-year grants are provided in most cases, although the second year of support is always conditioned upon the Foundation's receipt and approval of progress reports and future plans.

Please note that the Foundation does not make grants to endowments, capital construction campaigns, or individuals.

### MISSION-RELATED INVESTING

In addition to grants, the Foundation seeks to accelerate the level of its assets invested in efforts with strong financial and social returns. Mission-related investments may take the following forms:

- ▶ **Program-related investments**, typically low-interest senior or subordinated loans or equity-like investments to nonprofit or for-profit organizations whose work closely corresponds with the Foundation's programmatic interests;
- ▶ **Market-rate insured deposits** in low-income designated credit unions or community development banks;
- ▶ **Other mission-related investments** including, but not limited to, private equity and fixed-income securities offering a risk-adjusted market rate of return with substantial social benefits to low-income families and communities.

When reviewing a potential mission-related investment, Foundation staff conduct a comprehensive review of the prospective investee's program achievements, governance, management and program competencies, financial health, and future plans in order to judge its ability to meet the terms of the investment. As is the case with any investor, the Foundation will balance the risks of a given investment against its potential financial and social returns.

Please note that program-related investments (PRIs) are only made where the proceeds will be used to support an organization's direct charitable activities. PRIs will not be made, for example, to support endowments. In most cases, PRIs are made to organizations that also receive grant support from the Foundation.



# Application Procedure and Review Process

**The Foundation strives to treat its grantees, investees, and applicants—our “customers”—with courtesy and respect. To ensure that our communications are clear and timely, specific timelines for responses are provided below.**

We prefer that all first-time applicants submit a one- or two-page letter of inquiry by mail or fax rather than calling. Current grantees or investees should contact their program officer prior to submitting a proposal for renewed support.

Please do not send videotapes.

It will be helpful if your letter of inquiry includes the following information:

- ▶ **Basic organizational information**—a brief statement of your organization's mission, leadership, contact information, and a copy of your tax determination letter;
- ▶ **Program information**—a brief description of the population and the community served, major program emphases and accomplishments, summary data that demonstrate program impact, and future objectives;
- ▶ **Funding information**—the total dollar amount, duration, and type of support (i.e. grant and/or investment) requested; your total organization budget; and other *major* funding sources, including amounts of approved grants from private (philanthropic and corporate) sources.

There are no formal application deadlines. Staff will review your letter of inquiry and notify you within one week of receipt whether your request is declined or is undergoing review by a program officer, whose name and direct phone number will be supplied to you. If your letter is under review, staff will contact you within four weeks of assignment to a program officer to let you know whether the Foundation is requesting a full proposal.

Once the full proposal is received, staff may research your request through telephone inquiries, meetings, and a site visit. Staff may also wish to speak with your colleagues, board members, or outside experts. If a formal grant recommendation goes forward to the Foundation's leadership, applicants should ordinarily expect a decision no later than four months from the date that the Foundation received the full proposal.

In all cases, staff will be in communication with you throughout the review process, and you should feel free to contact Foundation staff with any questions or comments that you may have. The Foundation's board of directors prefers that all inquiries be directed to staff, as noted below. An applicant who is acquainted with a board member should note the association in the inquiry letter, and staff will bring the application to the attention of the board.

All letters of inquiry should be directed by mail or fax to:

Mary Jo Mullan  
Vice President, Programs  
The F.B. Heron Foundation  
100 Broadway, 17th Floor  
New York, NY 10005

by fax: 212-404-1805  
[www.heronfdn.org](http://www.heronfdn.org)

The process for *mission-related investment applications* is similar in many respects. An initial request for a mission-related investment may be in the form of a letter of inquiry with a proposed term sheet or private offering memorandum. Please submit the request to:

Luther M. Ragin, Jr.,  
Vice President, Investments  
The F.B. Heron Foundation  
100 Broadway, 17th Floor  
New York, NY 10005

by fax: 212-404-1805; or  
by e-mail: [lragin@heronfdn.org](mailto:lragin@heronfdn.org)

Staff will normally inform you within four weeks of receipt of the inquiry whether further review will be undertaken, and what additional information will be required.

We thank you for your interest in  
The F.B. Heron Foundation.

## THE F.B. HERON FOUNDATION

Assets as of 12/31/05:	\$279.9 million
First-time Grant Range:	\$25,000–\$50,000
Annual Grant Range:	\$25,000–\$125,000
PRI Range:	\$250,000–\$1,000,000
Market-Rate Deposits:	\$100,000 per depository institution*
Market-Rate Mission-Related Investments:	Up to \$2.5 million per investment

\* may be higher if depository is a member of the Certificate of Deposit Account Registry Service™ network

# Programs At-A-Glance

The F.B. Heron Foundation was created in 1992 with the mission of helping people and communities to help themselves. The Foundation makes grants to and investments in organizations in rural and urban communities in the United States engaged in the wealth-creation strategies noted below. We particularly seek organizations with a clear commitment to and track record of using data to improve impact.

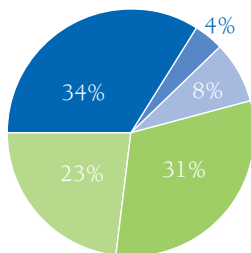
## QUICK FACTS

- ▶ **Website:**  
www.heronfdn.org
- ▶ **Total Assets as of 12/31/05:**  
\$279.9 million
- ▶ **Grantmaking in 2005:**  
Number of grantees: 172  
Total grants paid: \$11.7 million  
Grants for General Support: 77%
- ▶ **First-time Grant Range:**  
\$25,000–\$50,000
- ▶ **Annual Grant Range:**  
\$25,000–\$125,000
- ▶ **Mission-Related Investments as of 12/31/05:**  
Total PRIs: \$19.1 million  
Other MRIs: \$49.7 million  
Total MRIs: \$68.8 million

## WHERE THE FOUNDATION FUNDS

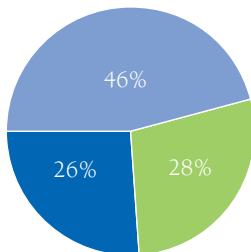
- ▶ The Heron Foundation concentrates the majority of our grants in the areas listed here. We will also continue to support organizations with a national focus and, in some cases, regional focus where those organizations are advancing solutions that have broad application for the Foundation's selected wealth-creation strategies. Our mission-related investments, however, will not be restricted geographically, but will remain nationwide in scope.

## 2005 NET CHARITABLE DISTRIBUTIONS BY PROGRAM AREA



Combined Charitable Distribution	Grants	Net PRIs
Home Ownership	24%	10%
Enterprise Development	12%	-8%
Child Care	8%	0%
Access to Capital	21%	10%
Comp. Comm. Dev.	30%	-7%
Total	95%	5%

## 2005 NET CHARITABLE DISTRIBUTIONS BY POPULATION SERVED



Combined Charitable Distribution	Grants	Net PRIs
Urban	39%	7%
Rural	23%	5%
Both Urban & Rural	33%	-7%
Total	95%	5%

## AREAS IDENTIFIED FOR HERON SUPPORT

- |               |                        |                    |
|---------------|------------------------|--------------------|
| ▶ Appalachia  | ▶ Michigan             | ▶ New York City    |
| ▶ California  | ▶ Minneapolis/St. Paul | ▶ North Carolina   |
| ▶ Chicago     | ▶ Mississippi Delta    | ▶ Texas            |
| ▶ Kansas City | ▶ New Jersey           | ▶ Washington, D.C. |



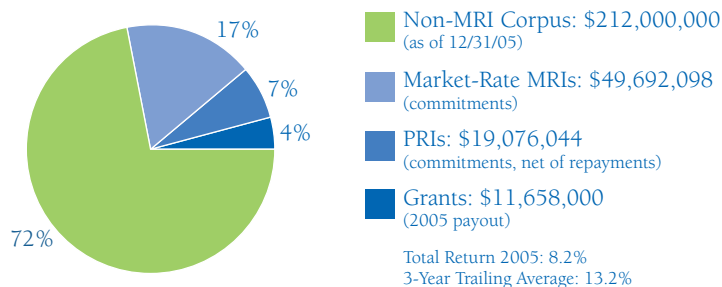
# Mission-Related Investments

The goal of mission-related investing at the F.B. Heron Foundation is to put the assets of the Foundation to work to increase wealth-creation opportunities for low-income people and communities in the United States. We particularly seek opportunities that leverage our resources with those of other investors.

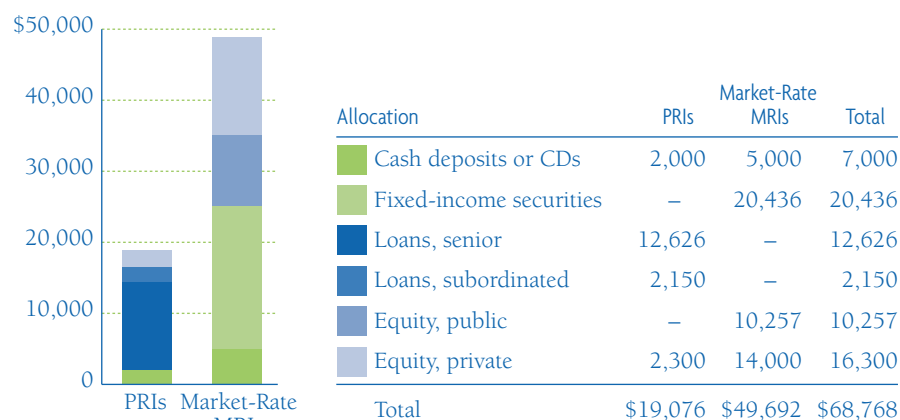
## QUICK FACTS

- ▶ The Foundation's total investment return ranks in the second quartile of the Russell/Mellon Foundation Universe for 2005.
- ▶ The use of 24% of the Foundation's assets for mission (28% including grants) places it in the top tier of private foundations and "socially motivated" institutional investors.
- ▶ The Foundation makes mission-related investments across a range of asset classes (deposits, fixed income securities, senior and subordinated loans, preferred and common stock, and private equity) and targeted rates of return (below market and market-rate). Approximately 73% of the Foundation's mission-related investments are market-rate.
- ▶ Performance benchmarks have been established for each asset class in the Foundation's mission-related portfolio. For example, the benchmark for deposits is the Merrill Lynch 91-day T-Bill Index. The benchmark for fixed-income securities is the Lehman Brothers Aggregate Bond Index. The benchmark for public equity is the S&P 500. The benchmark for private equity is the Russell 3000 plus 3%. For program-related investments (PRIs), the benchmark is the long-term inflation rate plus 1%. The Foundation seeks to meet or exceed the performance benchmarks for each asset class.
- ▶ The Foundation has PRIs outstanding of \$19.1MM (net of repayments) and market-rate, mission-related investments (MRIs) of \$49.7MM, including \$5MM in insured deposits in community development banks and credit unions.

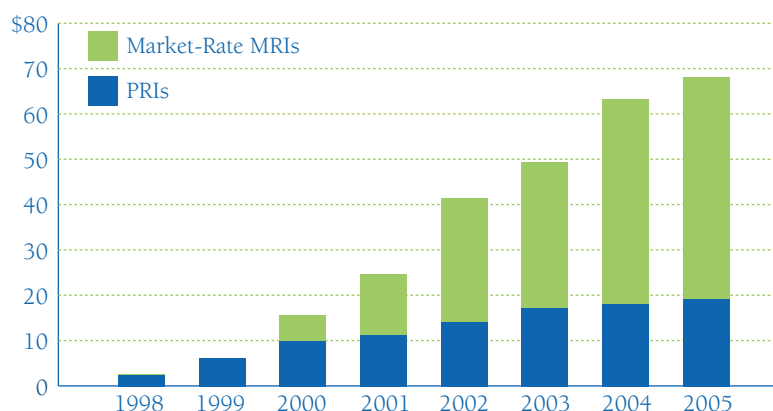
## OVERALL ASSET DEPLOYMENT



## MISSION-RELATED INVESTMENTS ASSET ALLOCATION (\$ in thousands)



## GROWTH IN MISSION-RELATED INVESTMENT PORTFOLIO, 1998-2005 (\$ in millions)





## HOME OWNERSHIP

### DuPage Homeownership Center, Inc. (DHOC)

More than 500 people attended DHOC's annual free home buyer's fair, in Chicago, participating in workshops on budgeting, credit, home financing and shopping for a home. Heron supports DHOC with general support grants in its mission to increase accessibility to and preserve home ownership, with an emphasis on serving first-time home buyers and low- and moderate-income persons.



## GRANTS

### AAFE Community Development Fund, Inc.

[www.aafe.org](http://www.aafe.org)

New York, NY \$45,000

General support for affordable home ownership. *Second payment of a two-year \$90,000 grant approved in 2004.*

### Affordable Housing Corporation of Lake County

Gurnee, IL \$10,000

General support to provide counseling and financial assistance to low-income residents to enable them to become or remain homeowners.

### Affordable Housing Resources, Inc.

[www.ahrhousing.org](http://www.ahrhousing.org)

Nashville, TN \$25,000

General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

### Asociacion Campesina Lazaro Cardenas, Inc.

[www.aclc.org](http://www.aclc.org)

Stockton, CA \$35,000

General support for affordable home ownership.

### Bridge Housing Corporation

[www.bridgehousing.com](http://www.bridgehousing.com)

San Francisco, CA \$60,000

For the Homeownership Initiative which includes housing development, mortgage assistance, education, and counseling for low- and moderate-income people. *First payment of a two-year \$120,000 grant approved in 2005.*

### Burlington Community Land Trust, Inc.

[www.bclt.net](http://www.bclt.net)

Burlington, VT \$30,000

General support for affordable home ownership.

### Cabrillo Economic Development Corporation

[www.cabrilloedc.org](http://www.cabrilloedc.org)

Saticoy, CA \$75,000

General support to increase affordable home ownership for low- and moderate-income people. *First payment of a two-year \$150,000 grant approved in 2005.*

### Cleveland Housing Network, Inc.

[www.chnnet.com](http://www.chnnet.com)

Cleveland, OH \$75,000

General support to increase home ownership and self-sufficiency among low-income families citywide. *First payment of a two-year \$150,000 grant approved in 2005.*

### Community Development Corporation of Brownsville, Inc.

[www.cdcb.org](http://www.cdcb.org)

Brownsville, TX \$35,000

General support for the development of home-ownership opportunities in the lower Rio Grande Valley of Texas. *Second payment of a two-year \$70,000 grant approved in 2004.*

### Community Housing Works

[www.chworks.org](http://www.chworks.org)

San Diego, CA \$35,000

For the Homeownership Center.

### DuPage Homeownership Center, Inc.

[www.dhdc.org](http://www.dhdc.org)

Wheaton, IL \$20,000

General support to provide counseling and financial assistance to low-income residents to enable them to become or remain homeowners.

### Easter Seals Southern California, Inc.

[www.essc.org](http://www.essc.org)

Van Nuys, CA \$25,000

For the Home Select Program which assists people with disabilities to become homeowners.

### Enterprise Community Partners, Inc.

[www.enterprisecommunity.org](http://www.enterprisecommunity.org)

Baltimore, MD \$50,000

To support efforts to increase home-ownership opportunities on Native American Reservation in the West. *First payment of a two-year \$100,000 grant approved in 2005.*

### Federation of Appalachian Housing Enterprises, Inc.

[www.fahc.org](http://www.fahc.org)

Berea, KY \$180,000

General support for the construction and rehabilitation of quality housing for low-income Appalachian families. *First and second payments of grant approved in 2005.*

### Genesis Housing Development Corporation

[www.geneshdhc.org](http://www.geneshdhc.org)

Chicago, IL \$25,000

General support for the development of affordable housing for sale in the Bronzeville area of Chicago. *First payment of a two-year \$50,000 grant approved in 2005.*

### Genesis Housing Development Corporation

[www.geneshdhc.org](http://www.geneshdhc.org)

Chicago, IL \$27,000

Project support for the pre-development of home-ownership opportunities in the Bronzeville neighborhood. *Full payment of a 18-month \$27,000 grant approved in 2005.*

### Greater Minnesota Housing Fund

[www.gmhfc.com](http://www.gmhfc.com)

St. Paul, MN \$100,000

General support to advance home-ownership opportunities in low-income Minnesota communities. *First payment of a two-year \$200,000 grant approved in 2005.*

### HomeSight

[www.homesightwa.org](http://www.homesightwa.org)

Seattle, WA \$40,000

General support to expand home-ownership opportunities in Seattle and the Puget Sound region.

**Mercy Housing California**

Mercy Housing's Affordable Homeownership Program includes an important self-help housing approach, and helping first-time home buyers. By developing and financing quality and affordable housing, Mercy Housing changes the lives of individuals and families and revitalizes distressed neighborhoods.

**Homewise, Inc.**

[www.homewise.org](http://www.homewise.org)

Santa Fe, NM \$50,000  
General support to promote home-ownership opportunities for low-income families in northern New Mexico. *Second payment of a two-year \$100,000 grant approved in 2004.*

**Housing Assistance Council**

[www.ruralhome.org](http://www.ruralhome.org)

Washington, DC \$200,000  
General support for technical assistance and financing for rural home-ownership programs in low-income communities. *First and second payments of grant approved in 2005.*

**Inner City Christian Federation**

[www.iccf.org](http://www.iccf.org)

Grand Rapids, MI \$60,000  
General support to increase home ownership and community stability in the central core of Grand Rapids. *First payment of a two-year \$120,000 grant approved in 2005.*

**Interfaith Housing Alliance, Inc.**

[www.interfaithhousing.org](http://www.interfaithhousing.org)

Frederick, MD \$50,000  
General support to develop affordable self-help housing for low- and moderate-income individuals and families.

**Knox Housing Partnership, Inc.**

[www.khp.org](http://www.khp.org)

Knoxville, TN \$15,000  
General support for home ownership and neighborhood-revitalization efforts. *Third payment of a two-year \$70,000 grant approved in 2003.*

**Lake County Sponsors**

[www.lakecountyunited.org](http://www.lakecountyunited.org)

Libertyville, IL \$25,000  
General support for efforts to increase affordable home ownership in the Chicago region.

**Latin United Community Housing Association**

[www.lucha.org](http://www.lucha.org)

Chicago, IL \$30,000  
General support to provide counseling, training, loans, and home repairs to neighborhood residents to enable them to become or remain homeowners. *Second payment of a two-year \$60,000 grant approved in 2004.*

**Local Initiatives Support Corporation**

[www.liscnet.org/mid\\_south/](http://www.liscnet.org/mid_south/)

Greenville, MS \$110,000  
To support Mid South Delta LISC's work with local CDCs to develop affordable home-ownership opportunities in the Delta. *First and second payments of grant approved in 2005.*

**Local Initiatives Support Corporation**

[www.lisc.org](http://www.lisc.org)

Detroit, MI \$50,000  
To support the Coalition for a Detroit Land Bank.

**Manna, Inc.**

[www.mannadc.org](http://www.mannadc.org)

Washington, DC \$75,000  
General support for Manna's work to create home-ownership opportunities for low-income families in Washington, DC. *First payment of a two-year \$150,000 grant approved in 2005.*

**McAllen Affordable Homes, Inc.**

[www.mcallenaffordablehomes.com](http://www.mcallenaffordablehomes.com)

McAllen, TX \$60,000  
Support for creating affordable home-ownership opportunities in the city of McAllen and Hidalgo County, Texas. *First payment of a two-year \$120,000 grant approved in 2005.*

**Mercy Housing California**

[www.mercyhousing.org](http://www.mercyhousing.org)

San Francisco, CA \$150,000  
To support the Affordable Homeownership Program which includes a major self-help housing component. *First and second payments of grant approved in 2005.*

**National American Indian Housing Council**

[www.naihc.net](http://www.naihc.net)

Washington, DC \$150,000  
General support for its work to promote home ownership in Indian Country. *First and second payments of grant approved in 2005.*

**Navajo Partnership for Housing, Inc.**

[www.navajopartnershipforhousing.org](http://www.navajopartnershipforhousing.org)

Gallup, NM \$50,000  
General support to expand home-ownership opportunities on the Navajo Nation.

**NCALL Research Fund, Inc.**

[www.ncall.org](http://www.ncall.org)

Dover, DE \$50,000  
General support.

**Neighborhood Housing Services of Chicago, Inc.**

[www.nhschicago.org](http://www.nhschicago.org)

Chicago, IL \$100,000  
General support to provide counseling, training, and loans for home ownership, and foreclosure prevention for low-income residents. *First payment of a two-year \$200,000 grant approved in 2005.*

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

[www.nhsnola.org](http://www.nhsnola.org)

New Orleans, LA \$25,000  
General support to provide training, financial support, and construction management to assist low-income residents to become or remain homeowners. *Second payment of a two-year \$50,000 grant approved in 2004.*

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

[www.nhsnyc.org](http://www.nhsnyc.org)

New York, NY \$250,000  
General support to assist low-income people to become homeowners and maintain their homes. *First and second payments of grant approved in 2005.*



**Bridge Housing Corporation**

Heron supports Bridge with grants and a program-related investment (PRI). The PRI is for pre-development capital for affordable home-ownership projects in California. Bridge has developed over 11,000 high-quality, affordable homes for working families and seniors.

**Neighborhood Housing Services, Inc. of Great Falls**

[www.nhsgf.org](http://www.nhsgf.org)

Great Falls, MT \$35,000  
General support to provide home-ownership opportunities in the city of Great Falls and throughout Montana. Second payment of a two-year \$70,000 grant approved in 2004.

**New Orleans Neighborhood Development Foundation**

[www.ndf-neworleans.com](http://www.ndf-neworleans.com)

New Orleans, LA \$25,000  
To provide general support of home-ownership counseling in the New Orleans area. First payment of a two-year \$50,000 grant approved in 2005.

**Peoples' Self-Help Housing Corporation**

[www.pshhc.org](http://www.pshhc.org)

San Luis Obispo, CA \$60,000  
General support to develop home-ownership among low-income people. First payment of a two-year \$120,000 grant approved in 2005.

**Proyecto Azteca**

[www.proyectoazteca.org](http://www.proyectoazteca.org)

San Juan, TX \$50,000  
General support for self-help housing construction in the Rio Grande Valley of Texas. First payment of a two-year \$100,000 grant approved in 2005.

**Rural Collaborative, Inc.**

[www.shelterthewest.org](http://www.shelterthewest.org)

Portland, OR \$50,000  
General support for technical assistance and financing to housing and community development organizations in the High Plains and rural Northwest. Second payment of a two-year \$115,000 grant approved in 2004.

**Sacramento Neighborhood Housing Services, Inc.**

[www.sacnhs.org](http://www.sacnhs.org)

Sacramento, CA \$50,000  
General support for home-ownership opportunities for low-income people. Second payment of a two-year \$100,000 grant approved in 2004.

**Saint Joseph's Carpenter Society**

[www.sjcs.camden.org](http://www.sjcs.camden.org)

Camden, NJ \$60,000  
General support to assist low-income people to become homeowners.

**Santee Lynches Affordable Housing and Community Development Corp.**

[www.communitydevelopmentsc.org/members/santeelynches](http://www.communitydevelopmentsc.org/members/santeelynches)

Sumter, SC \$30,000  
General support to promote home ownership and home retention for low-income families in four rural South Carolina counties. Second payment of a two-year \$60,000 grant approved in 2004.

**Self-Help Enterprises**

[www.selfhelpenterprises.org](http://www.selfhelpenterprises.org)

Visalia, CA \$50,000  
General support for affordable home ownership through self-help housing for farmworker families in rural California. Second payment of a two-year \$100,000 grant approved in 2004.

**United Cerebral Palsy Association of Texas, Inc.**

[www.ucptexas.org](http://www.ucptexas.org)

Austin, TX \$20,000  
Support for the Home of Your Own program that provides downpayment assistance and home buyer counseling to people with disabilities.

\$10,000

General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

**PROGRAM-RELATED INVESTMENTS****Affordable Housing Resources, Inc.**

[www.ahrhousing.org](http://www.ahrhousing.org)

Nashville, TN  
Senior loan to provide pre-development capital for affordable home-ownership projects. \$400,000 4-year senior loan approved in 2004.

**Bridge Housing Corporation**

[www.bridgehousing.com](http://www.bridgehousing.com)

San Francisco, CA  
Senior loan to provide pre-development capital for affordable home-ownership projects. \$500,000 7-year senior loan approved and disbursed in 2005.

**Coastal Enterprises, Inc.**

[www.ceimaine.org](http://www.ceimaine.org)

Wiscasset, ME  
Senior loan to expand the capacity of the Lease-Purchase Homeownership Program. \$500,000 5-year senior loan approved and disbursed in 2005.

**Connecticut Housing Investment Fund, Inc.**

[www.chif.org](http://www.chif.org)

Hartford, CT  
Senior loan to support affordable home-ownership lending. \$250,000 3-year senior loan approved in 2003.

**Federation of Appalachian Housing Enterprises, Inc.**

[www.fahe.org](http://www.fahe.org)

Berea, KY  
Senior loan for the Development Loan Fund to provide pre-development, construction, and bridge financing for home-ownership projects. \$500,000 6-year senior loan approved in 2004.

**Housing Assistance Council**

[www.ruralhome.org](http://www.ruralhome.org)

Washington, DC  
Senior loan for the Rural Housing Loan Fund to finance pre-development activities of non-profit, self-help, and other low-income home-ownership providers. \$750,000 6-year senior loan approved in 2003.

**Manna, Inc.**

[www.mannadc.org](http://www.mannadc.org)

Washington, DC  
Senior loan to provide pre-development capital for affordable home-ownership programs. \$500,000 4-year senior loan approved in 2004.



**Self-Help Enterprises (SHE)**

With general support grants since 1994 and a program-related investment (PRI) since 2004, SHE helps farm laborers and other low-income families in rural California to own affordable housing. Since its founding, SHE has helped over 5,000 families to become first-time homeowners.

**McAllen Affordable Homes, Inc.**

[www.mcallenaffordablehomes.com](http://www.mcallenaffordablehomes.com)

McAllen, TX

Senior loan to provide pre-development capital for home-ownership opportunities. \$500,000 6-year senior loan approved in 2005. \$250,000 disbursed in 2005, with an unfunded commitment at year end of \$250,000.

**Mercy Housing, Inc.**

[www.mercyhousing.org](http://www.mercyhousing.org)

Denver, CO

Senior loan to support the Women's Homeownership Initiative. \$400,000 9-year senior loan approved in 2000.

**New York Acquisition Fund, LLC**

New York, NY

Subordinated loan to support acquisition financing for affordable rental and home-ownership projects. \$1,000,000 10-year subordinated loan approved in 2005 for disbursement in 2006.

**Self-Help Enterprises**

[www.selfhelpenterprises.org](http://www.selfhelpenterprises.org)

Visalia, CA

Senior loan to finance the construction of self-help home ownership. \$500,000 6-year senior loan approved in 2004 and disbursed in 2005.

**Sustained Excellence Alliance Corporation**

Bethesda, MD

Senior loan to provide pre-development capital for ten nonprofit affordable home-ownership developers. \$500,000 5-year senior loan approved in 2002.

**FIXED INCOME SECURITIES****Boynton Beach (Florida) Community Redevelopment Agency**

Tax Increment Revenue Bonds

Taxable Series 2005B

Rating: AAA

To finance affordable workforce housing for low- and moderate-income individuals and families.

**Colorado Housing and Finance Authority**

Single Family Mortgage Bonds

2005 Series B-1B

Rating: AAA

To finance single-family residences for low- and moderate-income families, including low-interest loans to persons with disabilities.

**Connecticut Housing Finance Authority**

Housing Mortgage Finance Program Bonds

2004 Sub-Series D-3, Federally Taxable

Rating: AAA

To finance first-time home buyer program for low- and moderate-income families.

**Delaware State Housing Authority**

Senior Single-Family Mortgage Revenue Bonds

2003 Series B

Sub-Series B-2 (Taxable)

Rating: AA-/Aa3

To finance mortgages for low- and moderate-income families in targeted areas.

**Habitat for Humanity International, Inc.**

Linda Mae Bonds

Series 2001-1 & 2002-1 & 2003-1

Rating: Not Rated

To finance the construction of self-help homes for low-income families through various affiliates.

**Housing Finance Authority of Pinellas County, Florida**

Single Family Housing Revenue

2004 Series A-2 (Taxable)

Rating: AAA

To finance low-rate and assisted mortgages for low- and moderate-income first-time home buyers in Pinellas, Pasco and Polk Counties, Florida

**Texas Department of Housing and Community Affairs**

Taxable Junior Lien Single-Family

Mortgage Revenue Bonds

Series 2002A

Rating: AA

To provide down payment and affordable home mortgage assistance to low-income, first-time home buyers.

**Utah Housing Corporation**

Single-Family Mortgage Bonds

2005 Series D-3

Rating: AAA

To finance down payment assistance and mortgage loans for first-time, low-income home buyers under the FirstHomePlus Program.

**Virginia Housing Development Authority**

Commonwealth Mortgage Bonds

Pass-Through Certificates

2002 Series D & 2004 Series B

Rating: AAA

To provide 100% loan-to-value mortgages to low- and moderate-income home buyers.

**Targeted Mortgage-Backed Securities**

Pools consist of loans to low- and moderate-income borrowers to purchase single-family housing in 15 states.

**Fannie Mae Pool 696281A**

Rating: AAA

**Freddie Mac Pool A13278**

Rating: AAA

**Freddie Mac Pool A19761**

Rating: AAA

**Freddie Mac Pool B30919F**

Rating: AAA

**Freddie Mac Pool C48098F**

Rating: AAA

**Freddie Mac Pool C74732**

Rating: AAA

**Freddie Mac Pool C76858F**

Rating: AAA

**MARKET-RATE PRIVATE EQUITY****Genesis Workforce Housing Fund**

New York, NY

Commitment to a private real estate partnership to develop for-sale and rental "workforce" housing in low- and moderate-income neighborhoods of Los Angeles County and other densely populated urban areas in Southern California. \$1,500,000 investment approved in 2004.

**ShoreBank Enterprise Group Pacific (SEP)**

After a local mill declared bankruptcy, the community with the help of SEP took ownership to form Willapa Bay Hardwoods, a community-owned alder mill in coastal Oregon. Heron supports SEP with general support grants and a program-related investment (PRI).

**GRANTS****Affiliated Tribes of Northwest Indians Economic Development Corp.**

[www.atniedc.com](http://www.atniedc.com)

Edmonds, WA \$20,000  
General support to provide access to capital and technical assistance for tribal enterprise development in six northwestern states. Second payment of a two-year \$80,000 grant approved in 2004.

**alt.Consulting**

[www.altconsulting.org](http://www.altconsulting.org)

Pine Bluff, AR \$40,000  
General support to provide technical assistance to business owners and municipalities in the Delta. Second payment of a two-year \$80,000 grant approved in 2004.

**Appalachian Center for Economic Networks, Inc.**

[www.acenetworks.org](http://www.acenetworks.org)

Athens, OH \$80,000  
General support to expand opportunities for business ownership and employment through network- and sector-based strategies.

**Cascadia Revolving Fund**

[www.cascadiafund.org](http://www.cascadiafund.org)

Seattle, WA \$50,000  
General support to provide financing and technical assistance to small businesses in Washington and Oregon. Second payment of a two-year \$100,000 grant approved in 2004.

**CHARO Community Development Corporation**

[www.charocorp.com](http://www.charocorp.com)

Los Angeles, CA \$35,000  
General support to develop small businesses and entrepreneurs, particularly in the Latino community.

**Corporation for Enterprise Development (CFED)**

[www.cfed.org](http://www.cfed.org)

Washington, DC \$125,000  
General support to promote enterprise development and asset-building in low-income communities. First payment of a two-year \$250,000 grant approved in 2005.

**Enterprise Corporation of the Delta**

[www.ecd.org](http://www.ecd.org)

Jackson, MS \$125,000  
General support to improve access to capital that finances the creation and expansion of commercial enterprises and home ownership in the Delta. Second payment of a two-year \$250,000 grant approved in 2004.

\$25,000

General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

**Kent State University Foundation, Inc./ Ohio Employee Ownership Center**

[www.kent.edu/oeoc](http://www.kent.edu/oeoc)

Kent, OH \$100,000  
General support of the Ohio Employee Ownership Center to provide outreach, information, and technical assistance to employees and business owners on employee ownership. First and second payments of grant approved in 2005.

**Loyola University**

[www.marketumbrella.org](http://www.marketumbrella.org)

New Orleans, LA \$100,000  
General support to the Economics Institute to initiate and promote ecologically sound economic development for small-scale farmers and producers. First and second payments of grant approved in 2005

\$25,000

General support for relief, recovery and rebuilding efforts related to Hurricanes Katrina and Rita.

**Montana Community Development Corporation**

[www.mtcdc.org](http://www.mtcdc.org)

Missoula, MT \$100,000  
General support for technical assistance and financing to new and expanding businesses in Montana. Second payment of a two-year \$100,000 grant approved in 2004 and full payment of a one-year \$50,000 grant approved in 2005.

**Neighborhood Development Center, Inc.**

[www.ndc-mn.org](http://www.ndc-mn.org)

St. Paul, MN \$65,000  
General support to provide training, working capital, and incubator facilities to entrepreneurs and commercial real estate development in the inner cities of Saint Paul and Minneapolis. First payment of a two-year \$130,000 grant approved in 2005.

**New Mexico Community Development Loan Fund**

[www.nmcdlf.org](http://www.nmcdlf.org)

Albuquerque, NM \$50,000  
General support to provide access to capital and technical assistance to help low-income communities develop affordable housing and small businesses.

**The Oregon Native American Business and Entrepreneurial Network**

[www.onaben.org](http://www.onaben.org)

Tigard, OR \$25,000  
To provide technical assistance and training in small business development among Native Americans in collaboration with northwestern tribes.

**Paraprofessional Healthcare Institute, Inc.**

[www.paraprofessional.org](http://www.paraprofessional.org)

Bronx, NY \$125,000  
General support to expand and strengthen worker-owned enterprises in the home health care industry. Second payment of a two-year \$250,000 grant approved in 2004.



### Valley Economic Development Center (VEDC)

*As a client, this company, Arc Light FX, benefits from VEDC's technical assistance, financing and training programs for small businesses. VEDC receives a general support from Heron for its enterprise development efforts.*



#### PeopleFund

[www.peoplefund.org](http://www.peoplefund.org)

Austin, TX \$50,000  
To support commercial enterprise development in Austin. *Second payment of a two-year \$100,000 grant approved in 2004.*

#### The Progress Fund

[www.progressfund.org](http://www.progressfund.org)

Dawson, PA \$45,000  
General support to provide financing and technical assistance to small businesses in rural Appalachian communities in Pennsylvania, West Virginia, and south-eastern Ohio.

#### Rural Advancement Foundation International—USA

[www.rafiusa.org](http://www.rafiusa.org)

Pittsboro, NC \$50,000  
Support for efforts to help North Carolina's farmers preserve and improve the earning power of their farms. *First payment of a two-year \$100,000 grant approved in 2005.*

\$10,000  
General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

#### ShoreBank Enterprise Group Cleveland

[www.shorebankcleveland.com](http://www.shorebankcleveland.com)

Cleveland, OH \$150,000  
To provide financing, commercial space, workforce development, and technical assistance to small businesses on Cleveland's upper east side. *First and second payments of grant approved in 2005*

#### ShoreBank Enterprise Group Pacific

[www.sbpac.com](http://www.sbpac.com)

Ilwaco, WA \$75,000  
General support to provide financing and technical assistance for small business development in low-income, coastal regions of the Pacific Northwest. *Second payment of a two-year \$150,000 grant approved in 2004.*

#### Valley Economic Development Center, Inc.

[www.vedc.org](http://www.vedc.org)

Van Nuys, CA \$50,000  
General support for technical assistance, financing and training programs for small businesses, and to establish a credit union in Pacomia.

#### Women's Action to Gain Economic Security

[www.wagescooperatives.org](http://www.wagescooperatives.org)

Oakland, CA \$35,000  
General support for cooperatively owned businesses in the Bay Area.

### PROGRAM-RELATED INVESTMENTS

#### Adena Ventures, LP

[www.adenaventures.com](http://www.adenaventures.com)

Athens, OH  
Limited partnership interest in a community development venture capital fund to promote business development in central Appalachia. *\$350,000 10-year limited partnership interest approved in 2000.*

#### East Bay Asian Local Development Corporation

[www.ebaldc.com](http://www.ebaldc.com)

Oakland, CA  
Senior loan to finance the development of commercial real estate and to create and preserve jobs for low-income people in Oakland. *\$300,000 7-year senior loan approved in 2000.*

#### East Bay Asian Local Development Corporation

[www.ebaldc.com](http://www.ebaldc.com)

Oakland, CA  
Senior loan to finance the development of commercial real estate and to create and preserve jobs for low-income people in Oakland. *\$100,000 6-year senior loan approved in 2000.*

#### Greyston Foundation, Inc.

[www.greyston.org](http://www.greyston.org)

Yonkers, NY  
Senior loan to establish a debt service reserve account for the construction of a new bakery employing "hard-to-employ" individuals. *\$250,000 9-year senior loan approved in 2000.*

#### Jacobs Center for Neighborhood Innovation

[www.JacobsCenter.org](http://www.JacobsCenter.org)

San Diego, CA  
Senior loan for the development of Phase I of Market Creek Plaza as part of the revitalization of the Diamond neighborhoods of San Diego. *\$500,000 7-year guaranteed senior loan approved in 2002.*

#### Meritus Ventures LP

*London, KY*

Limited partnership interest in Rural Business Investment Company serving the Appalachian Region. *\$500,000 10-year limited partnership interest approved in 2005 for disbursement in 2006.*

#### New Mexico Community Development Loan Fund

[www.nmcdlf.org](http://www.nmcdlf.org)

Albuquerque, NM  
Senior loan for enterprise development, home ownership, and community lending in the low-income communities of New Mexico. *\$300,000 5-year senior loan approved in 2001.*

#### Penn Venture Partners, LP

[www.pennventures.com](http://www.pennventures.com)

Harrisburg, PA  
Limited partnership interest in a community development venture capital fund to promote business development in central Pennsylvania. *\$250,000 10-year limited partnership interest approved in 2002.*





### East Bay Asian Local Development Corporation (EBALDC)

EBALDC's Eastlake Revitalization Initiative received helpful assistance from volunteers for their neighborhood clean-up project. EBALDC receives general support grants and two program-related investments (PRIs) from Heron for their work in comprehensive community development including commercial real estate development.



### PeopleFund

[www.peoplefund.org](http://www.peoplefund.org)

Austin, TX

Senior loan to provide capital for small business and nonprofit facility lending in the low-income neighborhoods of Austin. \$250,000 6-year senior loan approved in 2002.

### The Reinvestment Fund, Inc.

[www.trfund.com](http://www.trfund.com)

Philadelphia, PA

Senior loan to finance enterprise development in low- and moderate-income communities. \$500,000 7-year senior loan approved in 2002.

### Self-Help Ventures Fund

[www.self-help.org](http://www.self-help.org)

Durham, NC

Senior loan to finance commercial and community facility loans to small businesses and nonprofits in low-wealth communities of North Carolina. \$1,000,000 8-year senior loan approved in 2003.

### ShoreBank Enterprise Group Pacific

[www.sbpac.com](http://www.sbpac.com)

Ilwaco, WA

Senior loan to finance business and community development financing throughout coastal Washington and Oregon. \$250,000 4-year senior loan approved in 2004 and disbursed in 2005.

### SJF Ventures II, L.P.

[www.sjfund.com](http://www.sjfund.com)

Durham, NC

Limited partnership interest in a community development venture capital fund investing in growing businesses in the eastern United States. \$500,000 10-year limited partnership approved in 2004.

### The Southern Appalachian Fund, LP

[www.southappfund.com](http://www.southappfund.com)

London, KY

Limited partnership interest in a community development venture capital fund to promote business development in southern Appalachia. \$400,000 10-year limited partnership interest in a community development venture capital fund approved in 2002.

### FIXED INCOME SECURITIES

#### Alabama Incentives Financing Authority

*Taxable Special Obligation Bonds*

*Series 1999-B*

Rating: AAA

To provide quality workforce development for Alabama's emerging automobile industry.

#### Arkansas Development Finance Authority

*Economic Development Revenue Bonds*

*ADFA and ADED Guaranty Programs—*

*Taxable 2005 Series A*

Rating: A

To finance industrial facilities for two manufacturing companies in rural Arkansas.

#### Arkansas Development Finance Authority

*Economic Development Revenue Bonds*

*ADFA and ADED Guaranty Programs—*

*Taxable 2002 Series B*

Rating: AAA

To finance industrial facilities for five manufacturing companies in rural Arkansas.

#### Commonwealth of Pennsylvania

**Financing Authority**

*Revenue Bonds, Series B of 2005*

Rating: AAA

To assist local communities develop "shovel-ready" sites to accommodate expanding businesses in areas of high unemployment, declining population or significant inventory of brownfields or vacant housing.

#### Kirkwood Community College

**(Merged Area X), State of Iowa**

*Taxable Industrial New Jobs Training*

*Certificates*

*Series 2002-1A & 2002-1B*

Rating: AA-/Aa3

To provide quality workforce development for the unemployed, underemployed and welfare-to-work population in the State of Iowa.

### United States Small Business

**Administration Pool #507190**

Rating: AAA

To purchase loans to California small and minority-owned businesses located in low- and moderate-income communities under the SBA Section 7(a) Loan Guaranty Program.

### MARKET-RATE PRIVATE EQUITY

#### Bay Area Equity Fund I, LP

San Francisco, CA

Commitment to a private equity fund to make investments primarily in mid-to-late stage growth companies located, or willing to locate in or near one of 46 designated low- and moderate-income neighborhoods in the nine-county Bay Area of Northern California. \$1,000,000 investment approved in 2002.

#### ICV Partners, LP

[www.icvcapital.com](http://www.icvcapital.com)

New York, NY

Commitment to a private equity fund established principally to invest in small- and middle-market companies that serve, operate in, hire from, or seek to expand into America's inner cities. \$2,500,000 investment approved in 2000.

#### Yucaipa Corporate Initiatives Fund I, LP

Los Angeles, CA

Commitment to a private equity fund established to invest in corporate partnerships that relocate to or expand their operations in underserved rural and urban communities throughout the United States. \$2,500,000 investment approved in 2003.



**Kidango, Inc.**

Preschool children from Kidango's Arbuckle Center in San Jose enjoy their artful creations. Kidango receives general support for its accredited early-child care programs helping children from low-income families.

**GRANTS****Associated Early Care and Education, Inc.**

[www.associatedearlycareandeducation.org](http://www.associatedearlycareandeducation.org)  
Boston, MA \$75,000

General support to expand the number of nationally accredited programs serving low-income children in the metropolitan Boston area. *Second payment of a two-year \$150,000 grant approved in 2004.*

**Child Care Resources**

[www.childcareresources.org](http://www.childcareresources.org)  
Missoula, MT \$25,000

To support efforts to increase the number of nationally accredited family child care and center-based programs in southwestern Montana. *Second payment of a two-year \$50,000 grant approved in 2004.*

**Child Care Resources**

[www.childcare.org](http://www.childcare.org)  
Seattle, WA \$40,000

General support to expand the number of nationally accredited child care programs and provide training and technical assistance to providers serving low-income children in Seattle and King County.

**Development Corporation for Children**

[www.dcc-corner.com](http://www.dcc-corner.com)  
Minneapolis, MN \$25,000

General support to provide financing and technical assistance to enhance the quality of child centers in Minnesota and the region.

**Down East Partnership for Children**

[www.depc.org](http://www.depc.org)  
Rocky Mount, NC \$100,000

To provide child care scholarships to low-income parents who work or attend school in Nash and Edgecombe counties and to assist local child care centers and family homes achieve the highest levels of accreditation. *First and second payments of grant approved in 2005.*

**Easter Seals, Inc.**

[www.easter-seals.org](http://www.easter-seals.org)  
Chicago, IL \$100,000

To support the Easter Seals Child Development Network in promoting inclusionary child services and national accreditation among its affiliates across the country. *First payment of a two-year \$200,000 grant approved in 2005.*

**The Family Conservancy**

[www.thefamilyconservancy.org](http://www.thefamilyconservancy.org)  
Kansas City, KS \$125,000

To help community-based child care centers in Kansas City achieve national quality care accreditation. *First payment of a two-year \$250,000 grant approved in 2005.*

**Kidango, Inc.**

[www.kidango.org](http://www.kidango.org)  
Fremont, CA \$50,000

General support for its early care and education programs for children from low-income families.

**National Association for the Education of Young Children**

[www.naeyc.org](http://www.naeyc.org)  
Washington, DC \$150,000

To enhance national accreditation standards for child care. *First and second payments of grant approved in 2005.*

**Nova Southeastern University, Inc./**

**Family Center of Tampa Bay**  
[www.nova.edu/cwis/familycenter/fctampa/index.html](http://www.nova.edu/cwis/familycenter/fctampa/index.html)

Tampa, FL \$30,000  
Project support for the Family Center of Tampa Bay to promote national accreditation among child care center and home-based child care in Tampa Bay, Florida.

**Partnership for Quality Child Care**

[www.earlystars.com](http://www.earlystars.com)  
Chicago, IL \$100,000

General support to increase the number of nationally accredited child care centers serving low-income children and communities.

**The Sheltering Arms**

[www.shelteringarmsforkids.com](http://www.shelteringarmsforkids.com)  
Atlanta, GA \$100,000

General support for nationally accredited, high-quality child care for low-income families in the Atlanta metropolitan area.

**Suwannee Valley Community Coordinated Child Care, Inc.**

[www.sv4cs.org](http://www.sv4cs.org)  
Lake City, FL \$35,000

General support for accredited child care and Head Start programs, and technical assistance for accreditation in rural northern Florida. *First payment of a two-year \$70,000 grant approved in 2005.*

**United Way of New York City**

[www.unitedwaynyc.org](http://www.unitedwaynyc.org)  
New York, NY \$50,000

For the Quality New York child care initiative. *First payment of a two-year \$100,000 grant approved in 2005.*

**PROGRAM-RELATED INVESTMENTS****Community Loan Fund of New Jersey**

[www.njclf.com](http://www.njclf.com)  
Trenton, NJ  
Senior loan to finance development of center-based and family child care. \$500,000 8-year senior loan approved in 2003.

**Low Income Investment Fund**

[www.liifund.org](http://www.liifund.org)  
San Francisco, CA  
Senior loan to finance development of center-based and family child care. \$500,000 9-year senior loan approved in 2000.

**Boston Community Capital (BCC)**

BCC provided financing for 89 live/work studios like this one in the Fort Point neighborhood of Boston owned by sculptor Tim Murdoch. Heron has supported BCC since 2000 with grants and a program-related investment as it finances affordable housing, child-care facilities, and other important community services.

**GRANTS****Appalachian Regional Commission**

[www.arc.gov](http://www.arc.gov)

Washington, DC \$25,000  
To support the Rural Development Venture Capital Initiative.

**The Aspen Institute, Inc.**

[www.aspeninstitute.org](http://www.aspeninstitute.org)

Washington, DC \$100,000  
To advance a working model of how the development finance field can achieve scale, thereby increasing the flow of financial resources to low-income communities. *First and second payments of grant approved in 2005*

**Boston Community Capital**

[www.bostoncommunitycapital.org](http://www.bostoncommunitycapital.org)

Boston, MA \$100,000  
General support to increase access to capital for affordable housing, community facilities, and business start-ups and expansions to benefit low-income residents and communities. *Second payment of a two-year \$200,000 grant approved in 2004.*

**California Reinvestment Committee**

[www.calreinvest.org](http://www.calreinvest.org)

San Francisco, CA \$35,000  
General support to help low-income communities in California use the Community Reinvestment Act and related strategies to gain access to capital. *First payment of a two-year \$70,000 grant approved in 2005.*

**Community Economic Development****Association of Michigan**

[www.cedam.info](http://www.cedam.info)

Lansing, MI \$20,000  
To support the Michigan Community Reinvestment Coalition.

**Community Loan Fund of New Jersey**

[www.njclf.com](http://www.njclf.com)

Trenton, NJ \$75,000  
General support for access to capital and technical assistance for affordable housing, child care facilities expansions, and business start-ups and expansions for low-income residents of New Jersey. *First payment of a two-year \$150,000 grant approved in 2005.*

**The Community Reinvestment Association of North Carolina**

[www.cra-nc.org](http://www.cra-nc.org)

Durham, NC \$100,000  
To build and protect wealth for low-income residents by improving the services and changing the practices of North Carolina financial institutions. *First and second payments of grant approved in 2005.*

**Community Reinvestment Fund, Inc.**

[www.crfusa.com](http://www.crfusa.com)

Minneapolis, MN \$200,000  
Project support to prepare a business plan and offering memorandum for an upcoming capital campaign.

**Demos:****A Network for Ideas and Action, Ltd.**

[www.demos-usa.org](http://www.demos-usa.org)

New York, NY \$40,000  
Project support for the Economic Opportunity Program's policy research on the relationship between consumer debt and asset building. *First payment of a two-year \$80,000 grant approved in 2005.*

**Earned Asset Resource Network, Inc.**

[www.sfearn.org](http://www.sfearn.org)

San Francisco, CA \$50,000  
General support for Individual Development Accounts and other asset building programs for low-income people. *Second payment of a two-year \$100,000 grant approved in 2004.*

**First Nations Development Institute**

[www.firstnations.org](http://www.firstnations.org)

Fredericksburg, VA \$50,000  
General support for grantmaking, technical assistance, and research programs to help tribes and indigenous peoples control and develop their assets. *Second payment of a two-year \$100,000 grant approved in 2004.*

**First Nations Oweesta Corporation**

[www.oweesta.org](http://www.oweesta.org)

Rapid City, SD \$100,000  
General support to assist tribes and tribal communities through loans, investments, technical assistance, training, and financial literacy education. *First and second payments of grant approved in 2005.*

**Innovest Strategic Value Advisors, Inc.**

[www.innovestgroup.com](http://www.innovestgroup.com)

New York, NY \$52,500  
Project support to test a "positively screened" index of S & P 900 companies with superior records in community investing. *Scheduled payments of a 13-month \$65,000 grant approved in 2005.*

**Lakota Fund**

[www.lakotafund.org](http://www.lakotafund.org)

Kyle, SD \$50,000  
General support to increase access to capital and provide technical assistance for Lakota entrepreneurs on the Pine Ridge Reservation.

**Lenders for Community Development**

[www.L4cd.com](http://www.L4cd.com)

San Jose, CA \$150,000  
General support to provide financing and technical assistance for small business development, home-ownership opportunities, and Individual Development Accounts for low-income people in Silicon Valley. *First and second payments of grant approved in 2005.*



### First Nations Development Institute (FNDI)

The barn on this successful horse farm was built with savings from an Individual Development Account (IDA) as a part of a program funded by FNDI at Cherokee Nation. Heron provides general support to FNDI to help tribes and indigenous peoples have access to affordable capital.



### Low Income Investment Fund

[www.liifund.org](http://www.liifund.org)

San Francisco, CA \$100,000  
General support to increase access to capital in low-income communities for strategies including home ownership and child care. Second payment of a two-year \$200,000 grant approved in 2004.

### National Community Capital Association

[www.communitycapital.org](http://www.communitycapital.org)

Philadelphia, PA \$50,000  
Project support for the CDFI Assessment and Rating System and the Financial Innovation project.

### National Community Investment Fund

[www.ncif.org](http://www.ncif.org)

Chicago, IL \$25,000  
Project support for an analysis of the impact of community development banking institutions in low-income communities and dissemination of findings to potential investors.

### National Community Reinvestment Coalition, Inc.

[www.ncrc.org](http://www.ncrc.org)

Washington, DC \$200,000  
General support to expand small business lending, combat predatory lending, and provide access to capital. First payment of a two-year \$400,000 grant approved in 2005.

### National Federation of Community Development Credit Unions, Inc.

[www.natfed.org](http://www.natfed.org)

New York, NY \$50,000  
General support to strengthen the operations of community development credit unions nationwide. Second payment of a two-year \$100,000 grant approved in 2004.

### New America Foundation

[www.newamerica.net](http://www.newamerica.net)

Washington, DC \$50,000  
Support for its Asset Building Program.

### New Hampshire Community Loan Fund, Inc.

[www.nhclf.org](http://www.nhclf.org)

Concord, NH \$70,000  
General support to foster affordable home ownership and economic opportunity. Second payment of a two-year \$140,000 grant approved in 2004.

### New York City Financial Network Action Consortium, Inc.

[www.nycfnac.org](http://www.nycfnac.org)

Brooklyn, NY \$30,000  
General support to help credit unions meet the needs of unbanked New Yorkers for credit and financial services.

### North Carolina Minority Support Center

[www.ncmsc.org](http://www.ncmsc.org)

Durham, NC \$75,000  
General support to strengthen the work of community development corporations and credit unions in North Carolina through operating grants, financing, and technical assistance. Second payment of a two-year \$150,000 grant approved in 2004.

### Northcountry Cooperative Foundation

[www.ncdf.org](http://www.ncdf.org)

Minneapolis, MN \$25,000  
To support the Northcountry Cooperative Development Fund and its affiliated credit union to promote and finance cooperative home ownership and commercial enterprises.

### The Reinvestment Fund, Inc.

[www.trfund.com](http://www.trfund.com)

Philadelphia, PA \$125,000  
To support the Public Policy & Program Assessment Department's efforts to track the impact of the Fund's lending and investments. Second payment of a two-year \$250,000 grant approved in 2004.

### Social Investment Forum Foundation, Inc.

[www.socialinvest.org](http://www.socialinvest.org)

Washington, DC \$50,000  
Project support for the Community Investment Center, a website featuring resources for community investors. First payment of a two-year \$100,000 grant approved in 2005.

### Southern New Hampshire University

[www.snhu.edu/ced](http://www.snhu.edu/ced)

Manchester, NH \$75,000  
Project support for the Capital Markets Access Project to provide technical assistance to community development corporations, and finance institutions, and other nonprofits seeking greater access to private capital markets.

### Southern New Hampshire University

[www.snhu.edu/ced](http://www.snhu.edu/ced)

Manchester, NH \$35,000  
Project support for the Financial Innovations Roundtable.

### Washington University

[www.gwbweb.wustl.edu/csd](http://www.gwbweb.wustl.edu/csd)

St. Louis, MO \$75,000  
General support for the Center for Social Development's ongoing research on asset building among low-income families. Second payment of a two-year \$150,000 grant approved in 2004.

### WECO Fund, Inc.

[www.wecofund.com](http://www.wecofund.com)

Cleveland, OH \$75,000  
General support to provide citywide financial services and education programs to low-income individuals, families, and businesses.

### Woodstock Institute

[www.woodstockinst.org](http://www.woodstockinst.org)

Chicago, IL \$200,000  
General support for research and technical assistance toward meeting the capital and credit demands of low-income neighborhoods. First and second payments of grant approved in 2005.



**Lenders for Community Development (LCD)**

*Heron's general support grant to LCD supports financing and technical assistance for small business owners like these in Silicon Valley, and help low-income people to build savings to create wealth. LCD invests in people who are working to build financial, personal and shared assets in low-income communities.*

**World Institute on Disability**

[www.wid.org](http://www.wid.org)

Oakland, CA

\$25,000

To support its Access to Assets Program to enable people with disabilities to acquire assets.

**PROGRAM-RELATED INVESTMENTS****Alternatives Federal Credit Union**

[www.alternatives.org](http://www.alternatives.org)

Ithaca, NY

Secondary capital to support home mortgage and small business lending. \$250,000 7-year secondary capital loan approved in 2002.

**Boston Community Loan Fund, Inc.**

[www.bostoncommunitycapital.org](http://www.bostoncommunitycapital.org)

Boston, MA

Subordinated loan to finance pre-development, construction, and bridge financing for affordable housing, community facilities, and child care projects. \$150,000 10-year subordinated loan or "equity equivalent" approved in 2000.

**Boston Community Loan Fund, Inc.**

[www.bostoncommunitycapital.org](http://www.bostoncommunitycapital.org)

Boston, MA

Senior loan to finance affordable housing, community facilities, and commercial real estate lending. \$600,000 5-year senior loan approved and disbursed in 2005.

**Calvert Social Investment Foundation, Inc.**

[www.calvertfoundation.org](http://www.calvertfoundation.org)

Bethesda, MD

Subordinated loan to increase the capacity of the Calvert Foundation to issue Community Investment Notes. \$500,000 3-year subordinated loan approved in 2003.

**City First Bank of DC**

[www.city-first.com](http://www.city-first.com)

Washington, DC

Linked deposit to support below-market lending for housing-related activities, including co-op conversions for low-income families. \$750,000 1-year insured CDARS deposit approved and disbursed in 2005.

**Community Reinvestment Fund, Inc.**

[www.crfusa.com](http://www.crfusa.com)

Minneapolis, MN

Senior loan to facilitate expansion of a secondary market in community development loans. \$1,000,000 5-year senior loan approved in 2000.

**National Community Capital Association**

[www.communitycapital.org](http://www.communitycapital.org)

Philadelphia, PA

Senior loan to provide flexible financing for Community Development Financial Institutions. \$500,000 8-year senior loan approved in 2002.

**National Federation of Community Development Credit Unions, Inc.**

[www.natfed.org](http://www.natfed.org)

New York, NY

Secondary capital facility for low-income designated credit unions. \$250,000 8-year senior loan approved in 1998.

**National Federation of Community Development Credit Unions, Inc.**

[www.natfed.org](http://www.natfed.org)

New York, NY

Nominee deposits for rural, low-income designated credit unions. \$750,000 5-year nominee deposits approved in 2001.

**Native American Bancorporation**

[www.nabna.com](http://www.nabna.com)

Denver, CO

Preferred stock in an American Indian-owned development bank serving reservation communities and tribal enterprises. \$300,000 10-year preferred stock investment approved in 2004.

**North Carolina Minority Support Center**

[www.ncmsc.org](http://www.ncmsc.org)

Durham, NC

Collateralized loan to assist credit unions serving low-income communities to increase home mortgage and business lending. \$500,000 8-year loan collateralized by credit union deposits approved in 1999.

**Opportunities Credit Union**

[www.vdcu.org](http://www.vdcu.org)

Burlington, VT

Secondary capital to support home mortgage and small business lending. \$250,000 9-year secondary capital loan approved in 2001.

**MARKET-RATE DEPOSITS**

All deposits are fully insured by the FDIC (Federal Deposit Insurance Corporation) or the NCUSIF (National Credit Union Share Insurance Fund).

**Community Development Banks****Albina Community Bank**

[www.albinabank.com](http://www.albinabank.com)

Portland, OR

**Bank 2**

[www.bank2.biz](http://www.bank2.biz)

Oklahoma City, OK

**Bank of Cherokee County**

[www.bankofcherokeecounty.net](http://www.bankofcherokeecounty.net)

Hulbert, OK

**Carver Federal Savings Bank**

[www.carverbank.com](http://www.carverbank.com)

New York, NY

**Central Bank of Kansas City**

[www.centralbankkc.com](http://www.centralbankkc.com)

Kansas City, MO

**Citizens Trust Bank**

[www.ctbatlanta.com](http://www.ctbatlanta.com)

Atlanta, GA

**City First Bank of DC**

[www.city-first.com](http://www.city-first.com)

Washington, DC

**City National Bank of New Jersey**

[www.citynatbank.com](http://www.citynatbank.com)

Newark, NJ

**Community Capital Bank**

[www.communitycapitalbank.com](http://www.communitycapitalbank.com)

Brooklyn, NY



**Community Reinvestment Fund, Inc. (CRF)**

CRF is a leader in bringing capital to community-development lenders by creating a secondary market for loans. They have helped to bring hundreds of millions of dollars into low-income and economically disadvantaged communities to stimulate job creation and economic development, provide affordable housing and construct community facilities.

**Delta Southern Bank**

[www.deltasouthernbank.com](http://www.deltasouthernbank.com)

Rulesville, MS

**Douglass National Bank**

[www.douglassbk.com](http://www.douglassbk.com)

Kansas City, KS

**Elk Horn Bank & Trust**

[www.ehbt.com](http://www.ehbt.com)

Arkadelphia, AR

**First American International Bank**

Brooklyn, NY

**First Bank of the Delta, N.A.**

[www.firstbankdelta.com](http://www.firstbankdelta.com)

West Helena, AR

**The Harbor Bank of Maryland**

[www.theharborbank.com](http://www.theharborbank.com)

Baltimore, MD

**Legacy Bank**

[www.legacybancorp.com](http://www.legacybancorp.com)

Milwaukee, WI

**Liberty Bank and Trust Company**

[www.libertybank.net](http://www.libertybank.net)

New Orleans, LA

**Mechanics and Farmers Bank**

[www.mfbonline.com](http://www.mfbonline.com)

Durham, NC

**Mission Community Bank**

[www.MissionCommunityBank.com](http://www.MissionCommunityBank.com)

San Luis Obispo, CA

**Native American Bank, NA**

[www.nabna.com](http://www.nabna.com)

Denver, CO

**Neighborhood National Bank**

[www.mynnb.com](http://www.mynnb.com)

National City, CA

**ShoreBank**

[www.shorebankcorp.com](http://www.shorebankcorp.com)

Chicago, IL

**South Carolina Community Bank**

[www.sccommunitybank.net](http://www.sccommunitybank.net)

Columbia, SC

**University National Bank**

[www.universitybank.com](http://www.universitybank.com)

St. Paul, MN

**Community Development Credit Unions****Appalachian Federal Credit Union**

[www.appalachianfederal.coop](http://www.appalachianfederal.coop)

Berea, KY

**Bethex Federal Credit Union**

[www.bethexfcu.org](http://www.bethexfcu.org)

Bronx, NY

**Community Choice Federal Credit Union**

Indianapolis, IN

**Dakotaland Federal Credit Union**

[www.dakotalandfcu.com](http://www.dakotalandfcu.com)

Huron, SD

**First Delta Federal Credit Union**

[www.qcdo.org](http://www.qcdo.org)

Marks, MS

**Friendship Community Federal Credit Union**

Clarksdale, MS

**Generations Community Credit Union**

[www.gencomcu.org](http://www.gencomcu.org)

Durham, NC

**Hope Community Credit Union**

[www.hopecu.org](http://www.hopecu.org)

Jackson, MS

**Latino Community Credit Union**

[www.cooperativalatina.org](http://www.cooperativalatina.org)

Durham, NC

**North Star Community Credit Union**

[www.northstarccu.com](http://www.northstarccu.com)

Maddock, ND

**Opportunities Credit Union**

[www.vdcu.org](http://www.vdcu.org)

Burlington, VT

**Santa Cruz Community Credit Union**

[www.scrucuccu.org](http://www.scrucuccu.org)

Santa Cruz, CA

**Self-Help Credit Union**

[www.self-help.org](http://www.self-help.org)

Durham, NC

**Syracuse Cooperative Federal Credit Union**

[www.syrcoopfcu.org](http://www.syrcoopfcu.org)

Syracuse, NY

**T&C Federal Credit Union**

[www.tcfcu.org](http://www.tcfcu.org)

Bloomfield Hills, MI



### **Abyssinian Development Corporation (ADC)**

Partnering with *Essence* magazine, ADC created this designer show house in Harlem as a part of financial education program to encourage members of the community to pursue the dream of home ownership. Heron has supported ADC since 1993. ADC has leveraged over \$300 million of investments in the building of human, social, and physical capital in Harlem.



### **GRANTS**

#### **Abyssinian Development Corporation**

[www.adcorp.org](http://www.adcorp.org)

New York, NY \$100,000

For outcome measurement and impact assessment of its comprehensive community programs. *First and second payments of grant approved in 2005.*

#### **Arkansas Institute for Social Justice, Inc.**

[www.acorn.org](http://www.acorn.org)

Brooklyn, NY \$10,000

General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

#### **The Aspen Institute, Inc.**

[www.aspeninstitute.org](http://www.aspeninstitute.org)

Washington, DC \$50,000

Support for the Aspen Roundtable on Community Change. *Second payment of two-year \$100,000 grant approved in 2004.*

#### **Avenue Community Development Corporation**

[www.avenuecdc.org](http://www.avenuecdc.org)

Houston, TX \$25,000

General support for home ownership and commercial real estate development in the Near Northside neighborhood of Houston. *First payment of a two-year \$50,000 grant approved in 2005.*

\$10,000

General support for relief, recovery and rebuilding efforts related to Hurricanes Katrina and Rita.

#### **Calvert Social Investment Foundation, Inc.**

[www.calvertfoundation.org/www.nrfc.org](http://www.calvertfoundation.org/www.nrfc.org)

Bethesda, MD \$150,000

To support the National Rural Funders' Collaborative that seeks to expand resources available to low-income rural areas and improve the practice of rural grantmaking. *Second payment of a two-year \$300,000 grant approved in 2004.*

#### **Center for Community Change**

[www.communitychange.org](http://www.communitychange.org)

Washington, DC \$25,000

To support the Center's work to strengthen urban Native American community development corporations.

#### **Chicago Lawyers' Committee for Civil Rights Under Law, Inc.**

[www.clccrul.org](http://www.clccrul.org)

Chicago, IL \$50,000

To support the Community Economic Development Law Project that provides and coordinates pro bono legal assistance for community groups seeking to strengthen Chicago neighborhoods through affordable housing and economic development. *First payment of a two-year \$100,000 grant approved in 2005.*

#### **Chicanos Por La Causa, Inc.**

[www.cplc.org](http://www.cplc.org)

Phoenix, AZ \$100,000

General support for community-building efforts in Arizona, including small business lending, home-ownership development, migrant Head Start, and a credit union. *First payment of a two-year \$200,000 grant approved in 2005.*

#### **City Vision Ministries**

[www.cityvisionministries.org](http://www.cityvisionministries.org)

Kansas City, KS \$35,000

General support for home ownership and commercial real estate development in low-income Kansas City neighborhoods. *Second payment of a two-year \$70,000 grant approved in 2004.*

#### **Coastal Enterprises, Inc.**

[www.ceimaine.org](http://www.ceimaine.org)

Wiscasset, ME \$200,000

General support for home ownership, enterprise development and access to capital. *First and second payments of grant approved in 2005.*

#### **Community Development Corporation of Long Island**

[www.cdcli.org](http://www.cdcli.org)

Centereach, NY \$50,000

General support for home ownership and small business assistance programs. *First payment of a two-year \$100,000 grant approved in 2005.*

#### **CHWC INC**

[www.chwconline.com](http://www.chwconline.com)

Kansas City, KS \$35,000

For home ownership and commercial real estate development in low-income Kansas City neighborhoods.

#### **Cypress Hills Local Development Corporation, Inc.**

[www.CypressHills.org](http://www.CypressHills.org)

Brooklyn, NY \$50,000

General support to revitalize the Cypress Hills community in Brooklyn through commercial development and home ownership. *Second payment of a two-year \$100,000 grant approved in 2004.*

#### **Detroit Catholic Pastoral Alliance**

[www.detcathpast.org](http://www.detcathpast.org)

Detroit, MI \$35,000

General support for community development efforts focusing on home ownership and small business development in low-income eastside Detroit neighborhoods. *Second payment of a two-year \$70,000 grant approved in 2004.*

#### **The Development Training Institute**

[www.dtinational.org](http://www.dtinational.org)

Ellicott City, MD \$50,000

General support for programs to strengthen the capacity and leadership of community development practitioners.

#### **Earned Asset Resource Network, Inc.**

[www.sfearn.org](http://www.sfearn.org)

San Francisco, CA \$35,000

For the Asset Policy Initiative of California.



## **Housing and Community Development Network of New Jersey**

*The Network provides technical assistance to community development practitioners who help people like these at a rally for affordable housing in Trenton. The Network supports the creation of housing and economic opportunities for low- and moderate-income New Jersey residents. Heron has provided general support grants since 1998.*



### **East Bay Asian Local Development Corporation**

[www.ebaldc.com](http://www.ebaldc.com)

Oakland, CA \$75,000

General support for comprehensive neighborhood planning and improvement, including home ownership and economic development, to enhance the quality of life for low-income East Bay residents.

### **East Side Neighborhood Development Company, Inc.**

[www.esndc.org](http://www.esndc.org)

St. Paul, MN \$75,000

General support for community revitalization efforts including home ownership and business development on the east side of St. Paul. *Second payment of a two-year \$150,000 grant approved in 2004.*

### **El Centro, Inc.**

[www.elcentroinc.com](http://www.elcentroinc.com)

Kansas City, KS \$90,000

General support for asset development efforts, including home ownership, Individual Development Accounts, enterprise development, and nationally accredited child care. *First and second payments of grant approved in 2005*

### **EmPOWERment, Inc.**

[www.empowerment-inc.org](http://www.empowerment-inc.org)

Chapel Hill, NC \$25,000

General support for home ownership and enterprise development efforts in low-income communities.

### **The Faith Center for Community Development, Inc.**

[www.fccd.org](http://www.fccd.org)

New York, NY \$50,000

General support to increase the capacity of faith-based organizations to help create and sustain healthy neighborhoods.

### **Fifth Ward Community Redevelopment Corporation**

[www.fifthwardcsrc.org](http://www.fifthwardcsrc.org)

Houston, TX \$60,000

General support for home ownership and commercial development in Houston's Fifth Ward. *Second payment of a two-year \$120,000 grant approved in 2004.*

\$25,000

General support for relief, recovery and rebuilding efforts related to Hurricanes Katrina and Rita.

### **Guadalupe Center, Inc.**

[www.guadalupecenters.org](http://www.guadalupecenters.org)

Kansas City, MO \$75,000

To develop a home-ownership program and expand its credit union. *First payment of a two-year \$150,000 grant approved in 2005.*

### **Housing and Community Development Network of New Jersey**

[www.hcdnnj.org](http://www.hcdnnj.org)

Trenton, NJ \$50,000

General support to provide technical assistance and training in organizational development, management, community planning, and policy evaluation to community development practitioners. *Second payment of a two-year \$100,000 grant approved in 2004.*

### **Interfaith Education Fund, Inc.**

Austin, TX \$125,000

General support for research, training, and organizing efforts through a network of congregation-based organizations in the Southwest. *First payment of a two-year \$250,000 grant approved in 2005.*

\$25,000

General support for relief, recovery and rebuilding efforts related to Hurricanes Katrina and Rita.

### **Isles Inc.**

[www.isles.org](http://www.isles.org)

Trenton, NJ \$75,000

General support for programs that develop housing for low-income people, counsel first-time home buyers, encourage savings through Individual Development Accounts, and promote sustainable development.

### **Kansas City Neighborhood Alliance**

[www.kcna.org](http://www.kcna.org)

Kansas City, MO \$100,000

General support for community-building strategies, focusing on home ownership and block organizing, in central Kansas City neighborhoods. *First payment of a two-year \$200,000 grant approved in 2005.*

### **La Casa de Don Pedro**

[www.lacasanwk.org](http://www.lacasanwk.org)

Newark, NJ \$40,000

General support for comprehensive community development, primarily in Newark's North Ward. *First payment of a two-year \$80,000 grant approved in 2005.*

### **Lawndale Christian Development Corporation**

[www.lcdc.net](http://www.lcdc.net)

Chicago, IL \$40,000

General support of neighborhood revitalization efforts including housing development for ownership and economic development. *Second payment of a two-year \$80,000 grant approved in 2004.*

### **Lawyers Alliance for New York**

[www.lany.org](http://www.lany.org)

New York, NY \$35,000

General support for legal assistance to non-profits promoting access to capital, quality child care, and economic development.

### **Massachusetts Association of Community Development Corporations**

[www.macdc.org](http://www.macdc.org)

Boston, MA \$30,000

To support its members' home-ownership, enterprise development, and access to capital efforts.





### **Kansas City Neighborhood Alliance (KCNA)**

Heron provides general support grants to KCNA which serves metropolitan Kansas City neighborhoods and community stakeholders through affordable housing production, financial education and savings programs, home-ownership training, neighborhood leadership development, and targeted community revitalization.



### **Metro IAF, Inc.**

[www.industrialareasfoundation.org](http://www.industrialareasfoundation.org)

Rego Park, NY \$75,000

General support for its large-scale home-ownership programs and other neighborhood development activities. First payment of a two-year \$150,000 grant approved in 2005.

### **Mission Economic Development Association**

[www.medasf.org](http://www.medasf.org)

San Francisco, CA \$35,000

General support to promote enterprise development and home-ownership opportunities in San Francisco's Mission District.

### **Mississippi Action for Community Education, Inc.**

[www.deltablues.org](http://www.deltablues.org)

Greenville, MS \$5,000

To support a planning conference on using African-American cultural events to promote economic development opportunities.

### **Mountain Association for Community Economic Development**

[www.maced.org](http://www.maced.org)

Berea, KY \$50,000

To support enterprise development and sustainable community-based economic development in Appalachian Kentucky. Second payment of a two-year \$100,000 grant approved in 2004.

### **National Housing Institute**

[www.nhi.org](http://www.nhi.org)

Montclair, NJ \$40,000

General support to provide information, analysis, and resources to community-based practitioners engaged in community development efforts. Second payment of a two-year \$80,000 grant approved in 2004.

### **Native American Community Development Corporation**

[www.nacdc.org](http://www.nacdc.org)

Browning, MT \$50,000

General support for home ownership, financial literacy, and small business development programs on Native American Reservations. First payment of a two-year \$100,000 grant approved in 2005.

### **Neighborhood Funders Group, Inc.**

[www.NFG.org](http://www.NFG.org)

Washington, DC \$45,000

General support for a national membership association of grantmakers who fund community-based development, and to support the "PRI Makers" group's educational activities. First payment of a two-year \$85,000 grant approved in 2005.

### **Neighborhood Reinvestment Corporation**

[www.nw.org](http://www.nw.org)

Washington, DC \$200,000

To support implementation of the Success Measures Data System and training program for improving and demonstrating impact in communities.

\$25,000

General support for relief, recovery and rebuilding efforts related to Hurricanes Katrina and Rita.

### **New Jersey Citizen Action Education Fund, Inc.**

[www.njcitizenaction.org](http://www.njcitizenaction.org)

Hackensack, NJ \$75,000

General support for organizing efforts and programs for increased home ownership, access to capital, and financial literacy in low- and moderate-income neighborhoods in New Jersey. First payment of a two-year \$150,000 grant approved in 2005.

### **New Orleans Neighborhood Development Collaborative, Inc.**

[www.nondc.org](http://www.nondc.org)

Baton Rouge, LA \$25,000

General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

### **New York Regional Association of Grantmakers**

[www.nyrag.org](http://www.nyrag.org)

New York, NY \$10,000

General support for relief, recovery, and rebuilding efforts related to Hurricanes Katrina and Rita.

### **Nonprofit Finance Fund**

[www.nffusa.org](http://www.nffusa.org)

New York, NY \$35,000

For "Nonprofit Business Analysis" for Heron grantees.

### **North Carolina Community Development Initiative, Inc.**

[www.ncinitiative.org](http://www.ncinitiative.org)

Raleigh, NC \$100,000

General support to strengthen the capacity, impact, and sustainability of community development corporations in low-resource communities in North Carolina. Second payment of a two-year \$200,000 grant approved in 2004.

### **NorthStar Community Development Corporation**

[www.northstarcdc.org](http://www.northstarcdc.org)

Detroit, MI \$35,000

General support for home ownership and partnerships with commercial districts to revitalize neighborhoods in northern Detroit. First payment of a two-year \$70,000 grant approved in 2005.





## COMPREHENSIVE COMMUNITY DEVELOPMENT

### Oakland Livingston Human Service Agency (OLHSA)

OLHSA helps the low-income families and people with disabilities living in Oakland and Livingston Counties in Michigan to become self-sufficient by providing programs like Head Start. OLSHA has helped to open 500 savings accounts for children enrolled in the Head Start program.



### Northwest Detroit Neighborhood Development, Inc.

[www.ndnd.org](http://www.ndnd.org)

Detroit, MI \$35,000  
For comprehensive community development, including affordable home ownership, in the Brightmoor community of Detroit. Second payment of a two-year \$70,000 grant approved in 2004.

### Oakland Livingston Human Service Agency

[www.olhsa.org](http://www.olhsa.org)

Pontiac, MI \$35,000  
General support for comprehensive efforts, including Head Start programs, Individual Development Accounts, and affordable home ownership in low-income communities north of Detroit.

### Quitman County Development Organization, Inc.

[www.qcdo.org](http://www.qcdo.org)

Marks, MS \$50,000  
General support for access to capital, home ownership, and enterprise development in the Mississippi Delta. Second payment of a two-year \$100,000 grant approved in 2004.

### The Rensselaerville Institute

[www.rinstitute.org](http://www.rinstitute.org)

Rensselaerville, NY \$30,000  
To support the Center for Outcomes' work assisting nonprofits to set performance targets, and measure and communicate their outcomes.

### The Resurrection Project

[www.resurrectionproject.org](http://www.resurrectionproject.org)

Chicago, IL \$100,000  
General support to develop and implement comprehensive community development strategies. First payment of a two-year \$200,000 grant approved in 2005.

### Rural Opportunities, Inc.

[www.ruralinc.org](http://www.ruralinc.org)

Rochester, NY \$50,000  
General support for its home-ownership, small business assistance, and Migrant Head Start programs.

### Sargent Shriver National Center on Poverty Law

[www.povertylaw.org](http://www.povertylaw.org)

Chicago, IL \$10,000  
To support the Illinois Asset Building Group Initiative.

### South Carolina Association of Community Development Corporations

[www.communitydevelopmentsc.org](http://www.communitydevelopmentsc.org)

Charleston, SC \$35,000  
General support to advance community economic development in South Carolina.

### Southern Financial Partners

[www.southernfinancialpartners.org](http://www.southernfinancialpartners.org)

West Helena, AR \$50,000  
General support for lending and technical assistance to small businesses and comprehensive community development in the Delta region. First payment of a two-year \$100,000 grant approved in 2005.

### Southern Mutual Help Association, Inc.

[www.southernmutualhelp.org](http://www.southernmutualhelp.org)

New Iberia, LA \$75,000  
General support to help low-income people develop healthy and prosperous rural communities in Louisiana. First payment of a two-year \$150,000 grant approved in 2005.

\$50,000  
General support for relief, recovery and rebuilding efforts related to Hurricanes Katrina and Rita.

### Swope Community Builders

[www.swopecommunitybuilders.org](http://www.swopecommunitybuilders.org)

Kansas City, MO \$100,000  
General support for community-building efforts including home ownership and retail development in midtown Kansas City. First payment of a two-year \$200,000 grant approved in 2005.

### Texas Rio Grande Legal Aid, Inc.

[www.texasclbar.org](http://www.texasclbar.org)

Austin, TX \$25,000  
Support to bring pro bono legal resources to community development practitioners in Texas.

### Urban Edge Housing Corporation

[www.urbanedge.org](http://www.urbanedge.org)

Boston, MA \$35,000  
General support for comprehensive neighborhood planning.

### Washington Interfaith Network

[www.windc-iaf.org](http://www.windc-iaf.org)

Washington, DC \$75,000  
General support for comprehensive community development efforts in Washington, D.C. First payment of a two-year \$150,000 grant approved in 2005.

## PROGRAM-RELATED INVESTMENTS

### Chicago Community Loan Fund

[www.cclfcchicago.org](http://www.cclfcchicago.org)

Chicago, IL  
Senior loan for real estate development and small business lending. \$250,000 6-year senior loan approved in 2001.

### New Hampshire Community Loan Fund, Inc.

[www.nhclf.org](http://www.nhclf.org)

Concord, NH  
Senior loan to support expanded home-ownership and small business lending. \$500,000 7-year senior loan approved in 2002.

**Rural Community Assistance Corporation**[www.rcac.org](http://www.rcac.org)

West Sacramento, CA

Senior loan for development of affordable housing, water and waste water systems, and community facilities in low-income, rural areas. \$500,000 10-year senior loan approved in 1998.

**FIXED INCOME SECURITIES****City of Cleveland (Ohio)**

Taxable Economic and Community

Development Revenue Bonds

Series 2004 (Core City Fund)

Rating: AAA

To revitalize lower Euclid Avenue through the redevelopment of commercial space, the creation of 100 units of new for-sale and rental housing, and the creation of more than 800 permanent jobs.

**Community Reinvestment Revenue Notes**

Twelfth Series - Fifteenth Series

Rating: Not Rated

To purchase loans from community development lenders that provide financing to stimulate economic development and provide affordable housing for communities in fourteen states.

**Redevelopment Authority of the City of Philadelphia (Pennsylvania)**

Taxable Revenue Bonds, Series 2002B

Rating: AAA

To finance a portion of the City of Philadelphia Neighborhood Transformation Initiative through neighborhood revitalization and urban blight remediation.

**Pinole, California Redevelopment Agency**

Tax Allocation Refunding Bonds

Series 1998B

Rating: AAA

To finance commercial development pursuant to a redevelopment plan for the Pinole Vista Project Area.

**Housing and Redevelopment Authority of the City of Saint Paul, Minnesota**

Taxable Tax Increment Revenue Bonds,

Series 2005 Saint Paul Neighborhood

Scattered Site Project

Rating: Aa3

To finance the revitalization of the Phalen, University Avenue and Riverview Corridors through brownfield remediation, commercial development and housing development.

**U.S. Department of Housing and Urban Development**

Section 108 Government Guaranteed Participation Certificates

Series HUD 2001-A - 1999 A

Rating: AAA

To finance economic development, housing rehabilitation, public facilities, and large-scale physical development projects under the Community Development Block Grant program.

**MARKET-RATE PRIVATE EQUITY****Bay Area Smart Growth Fund I, LLC**[www.basgf.com](http://www.basgf.com)

San Francisco, CA

Commitment to a private equity fund to invest in commercial and residential real estate projects in 46 designated low- and moderate-income neighborhoods in the nine-county Bay Area of Northern California. \$1,500,000 investment approved in 2001.

**Canyon-Johnson Urban Fund II, LP**[www.cjuf.com](http://www.cjuf.com)

Beverly Hills, CA

Commitment to a private real estate partnership to develop or redevelop urban properties throughout the United States. \$2,500,000 investment approved in 2005.

**UrbanAmerica, LP I**[www.urbanamerica.com](http://www.urbanamerica.com)

New York, NY

Commitment to a private real estate partnership to acquire and develop retail and commercial properties in inner-city neighborhoods in the Northeast and Southeast, including federally designated enterprise zones and enterprise communities. \$1,500,000 investment approved in 2000.

**UrbanAmerica, LP II**[www.urbanamerica.com](http://www.urbanamerica.com)

New York, NY

Commitment to a private real estate partnership to acquire and develop retail and commercial properties in inner-city neighborhoods nationwide and to provide opportunities for corporate and retail tenants to locate facilities in such communities. \$1,000,000 investment approved in 2004.

In addition to the grants made within our five wealth-creation program strategies, Heron has provided support in these areas.

**NONPROFIT SECTOR****Council on Foundations, Inc.**

Washington, DC

\$29,310

**The Foundation Center**

New York, NY

\$5,000

**Funders' Network for Smart Growth and Livable Communities**

Coral Gables, FL

\$1,000

**Grantmakers for Effective Organizations**

Washington, DC

\$1,000

**Independent Sector**

Washington, DC

\$5,000

**New York Regional Association of Grantmakers**

New York, NY

\$10,950

**Nonprofit Coordinating Committee of New York, Inc.**

New York, NY

\$1,500

**Philanthropic Research, Inc.**

Williamsburg, VA

\$10,000

**BOARD- AND STAFF-DIRECTED****Community Service Grants**

\$14,000

**Matching Grants**

\$34,683

**Board-/Staff-Directed Grants**

\$111,500

# Statements of Financial Position

December 31, 2005 and 2004

<b>Assets</b>	<b>2005</b>	<b>2004</b>
Cash and cash equivalents	\$ 498,845	\$ 2,492,722
Traditional investments	220,201,187	224,432,032
Mission-related investments (see Note 1)	58,502,393	45,604,909
Other assets	467,068	403,748
Property and equipment, net	226,654	294,500
Total assets	<u>\$279,896,147</u>	<u>\$273,227,911</u>
<b>Liabilities and Net Assets</b>	<b>2005</b>	<b>2004</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 101,526	\$ 74,465
Grants payable (see Note 2)	3,017,500	2,715,000
Deferred Federal excise tax payable	197,778	308,746
Total liabilities	3,316,804	3,098,211
<b>Unrestricted net assets</b>	<b>276,579,343</b>	<b>270,129,700</b>
Total liabilities and net assets	<u>\$279,896,147</u>	<u>\$273,227,911</u>

See accompanying notes to financial statements.

The financial information in this report has been summarized by the Foundation from its audited financial statements. A copy of the independent auditor's report, complete financial statements and notes are on file at the Foundation's office.

## NOTE 1. MISSION-RELATED INVESTMENTS

Mission-related investments advance the mission of the Foundation using the core program strategies articulated in the Program Guidelines. These include both risk-adjusted, market-rate investments that advance the mission and program-related investments (PRIs).

PRIs, defined in IRC 4944(c), have a primary purpose of advancing the mission of the Foundation without a significant purpose of the production of income or the appreciation of property. PRIs are treated as charitable distributions on Internal Revenue Service form 990-PF, the tax and information return filed by private foundations for minimum-distribution requirement purposes. The Foundation's PRI loans bear interest at below-market rates, from 1% to 6%, generally payable on March 31 and September 30 of each year. Four PRIs are limited partnership interests in community development venture funds and one is preferred stock in a community development bank. The Foundation expects to hold all PRIs to maturity.

At December 31, 2005 and 2004, mission-related investments consisted of the following:

	<b>2005</b>		<b>2004</b>	
	<b>Fair or carrying value</b>	<b>Cost</b>	<b>Fair or carrying value</b>	<b>Cost</b>
Invested cash and cash equivalents	\$ 487,116	\$ 487,116	\$ 576,040	\$ 576,040
Insured deposits in low-income designated Credit Unions and Community Development Banks	5,000,000	5,000,000	4,250,000	4,250,000
Fixed-income securities	19,743,300	19,718,494	19,344,102	19,145,828
Common and preferred stock and equity funds	10,221,087	10,013,091	—	—
Limited partnership interests	5,474,846	5,454,314	4,457,375	4,482,900
Program-related investments	17,576,044	17,576,044	16,977,392	16,977,392
	<u>\$ 58,502,393</u>	<u>\$ 58,249,059</u>	<u>\$ 45,604,909</u>	<u>\$ 45,432,160</u>

At December 31, 2005 and 2004, the Foundation had capital commitments of approximately \$8,546,000 and \$6,018,000, respectively, to mission-related limited partnerships.



# Statements of Activities

Years ended December 31, 2005 and 2004

<b>Net investment income:</b>	<b>2005</b>	<b>2004</b>
Interest and dividends	\$ 7,228,411	\$ 7,199,425
Less investment expenses	(1,030,893)	(1,146,779)
Less current Federal excise tax	(381,000)	(175,000)
Net investment income	<u>\$ 5,879,518</u>	<u>\$ 5,877,646</u>
<b>Expenses:</b>	<b>2005</b>	<b>2004</b>
Program services:		
Grants (see Note 2)	\$ 11,960,523	\$ 8,003,660
Program expenses	1,720,057	1,753,961
Total program services	13,680,580	9,757,621
Supporting services—administrative expenses	472,710	375,819
Total expenses	14,153,290	10,133,440
Net appreciation in fair value of investments, net of deferred Federal excise tax	14,723,415	20,282,171
Change in net assets	6,449,643	16,026,377
Unrestricted net assets at beginning of year	270,129,700	254,103,323
Unrestricted net assets at end of year	<u>\$276,579,343</u>	<u>\$270,129,700</u>

See accompanying notes to financial statements.

## NOTE 2. GRANTS PAYABLE

The following summarizes changes in grants payable as of December 31, 2005 and 2004:

	<b>2005</b>	<b>2004</b>
Balance at beginning of year	\$ 2,715,000	\$ 3,970,000
Additions:		
Grants authorized	11,960,523	8,003,660
Deductions:		
Grants paid	(11,658,023)	(9,258,660)
Balance at end of year	<u>\$ 3,017,500</u>	<u>\$ 2,715,000</u>

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