



DEDICATION

The Board and Staff of the F.B. Heron Foundation are pleased to dedicate this annual report to Ira S. Hirschfield, a founding director. As Ira moves on to work with other organizations, we take this opportunity to recognize his significant contribution to Heron's creation and growth. Ira served in a board leadership position since the Foundation's creation in 1991, most recently as our Chairman through early 2003. His steady leadership, careful stewardship, and hard work guided Heron's evolution from a traditional foundation into one that is committed to using as much of its assets—grants, program-related investments, insured deposits, and market-rate investments—as possible to further our mission of helping people and communities to help themselves.

With his eye always on impact at the community level, he set a high standard for our work including a commitment to customer service. To the board, he was a valued colleague. To the staff, he was an extraordinary teacher, and, most importantly, a caring and good friend. His support during the September 11th aftermath—Heron's offices are located within blocks of the World Trade Center—was immediate and total. Though Heron won't be the same without him, we do take forward his legacy of stewardship, ethics, high standards, and, of course, good fun. Thank you, Ira, and best of wishes in your future endeavors.

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Top, right: Todd Feedback/ShadowLight Images

Middle, left: Courtesy of Cleveland Housing Network

Middle, right: Courtesy of Illinois Facilities Fund

Bottom: Courtesy of Rural Community Assistance Corporation

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» Program Guidelines and Application Procedures

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 wealth and 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:

- § Increasing access to capital;
- § Supporting enterprise development;
- § Advancing home ownership;
- § Reducing the barriers to full participation in the economy by providing quality child care;
- § Employing comprehensive community development approaches with a strong focus on the wealth-creation strategies noted above.

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 assess 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

Access to Capital

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

Through its access to capital strategy, the Foundation supports and invests in 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.

The Foundation will also consider supporting efforts to broaden the adaptation of private market financing mechanisms, or to promote community reinvestment to accelerate community development. 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.

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.*



Illinois Facilities Fund (IFF), Chicago, IL: A Heron program-related investment supports IFF’s loan fund which provides low-cost capital for child care and other nonprofit facilities.

Organizations should have a track record that documents the effects and impact of the 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 low-interest 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.

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 city-wide, 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.

Comprehensive Community Development

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., access to capital, enterprise development, home ownership, and quality and affordable child care.

The Foundation gives priority to programs that are tracking the impact of their comprehensive approaches on increasing wealth in low-income families and communities.

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. Preference will be given to technical assistance providers and practitioner networks or associations that build management and program capacity, particularly those that help 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:

- § Assess the tangible and lasting impact of their efforts;
- § Bring a high level of leadership, competence, management, and strategic planning to their efforts;
- § Regularly set objectives, assess progress against those objectives, and modify program strategies and management based on lessons learned;
- § Have staff and board leadership that reflect the communities served;
- § Demonstrate fiscal integrity, including the performance of annual, independent audits; and
- § Show substantial levels of funding from other private funders or investors.

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 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 social and financial returns. Mission-related investments may take the following forms:

Program-related investments, typically low-interest senior or subordinated loans to non-profit or for-profit organizations whose work closely corresponds with the Foundation's programmatic interests;

Market-rate insured deposits in community development credit unions or community development banks;

Other mission-related investments including, but not limited to, private equity and fixed-income securities offering a "double bottom line"—market rates of return with substantial social benefits to low-income families and communities.

When reviewing a potential mission-related investment, Foundation staff or consultants 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.

...the Foundation prefers to make general support grants.

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 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 with whom and the community with which you work, 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.

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 term sheet or private offering memorandum. Such requests are referred to a particular program officer who will review your request. Staff will normally inform you within four weeks of receipt of the inquiry whether further review will be undertaken, and what informational requirements that would entail.

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 to:

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

Facsimile: 212-404-1805
Internet: www.heronfdn.org

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

THE F. B. HERON FOUNDATION

Assets as of 12/31/02:	\$226 million
First-time Grant Range:	\$25,000–\$50,000
Annual Grant Range:	\$25,000–\$125,000
PRI Range:	\$100,000–\$1,000,000
Insured Deposits:	Up to \$100,000 per depository institution
Market-Rate Mission-Related Investments:	Up to \$2.5 million per investment



New Hampshire Community Loan Fund, Concord, NH:

Heron gives priority to organizations that actively incorporate people with disabilities as beneficiaries of the wealth-creation strategies on which we are focused.

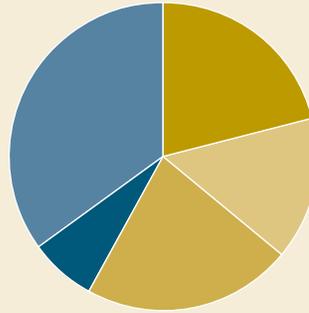
» 2002 Grant Distributions

THE FOUNDATION supports the five wealth-creation strategies noted below. For additional details, please see the full set of program guidelines on page 1.

1. Increasing access to capital.
2. Supporting enterprise development.
3. Advancing home ownership.
4. Reducing the barriers to full participation in the economy by providing quality child care.
5. Employing comprehensive community development approaches with a strong focus on the wealth-creation strategies noted above.

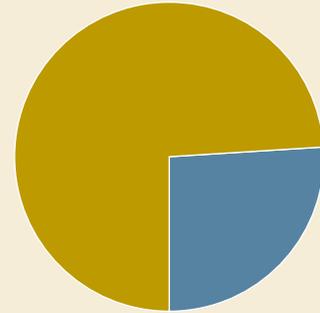
The total grants for 2002 were \$9.64MM, which included 170 grants in our five program areas.

PROGRAM AREA



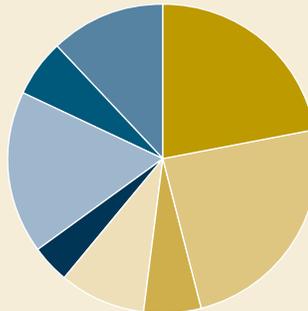
- Access to Capital: 21%
- Enterprise Development: 15%
- Home Ownership: 22%
- Child Care: 7%
- Comprehensive Community Development: 35%

SUPPORT TYPE



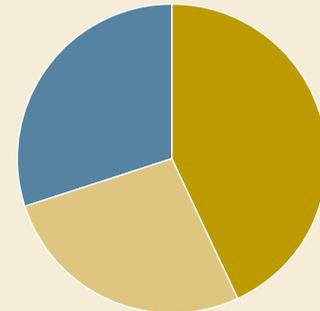
- General Support: 74%
- Project Support: 26%

GEOGRAPHIC REGION



- National: 22%
- Northeast: 24%
- Appalachia: 6%
- Southeast: 9%
- Mississippi Delta: 4%
- Midwest: 17%
- Southwest: 6%
- West: 12%

POPULATION SERVED



- Urban: 43%
- Rural: 27%
- Both: 30%

The Aspen Institute, Inc.

Washington, DC \$75,000

To develop a more detailed working model of how the development-finance field can achieve scale, thereby increasing the flow of financial resources to low-income communities.

Boston Community Capital

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 low-income communities. *First payment of a two-year \$200,000 grant approved in 2002.*

California Reinvestment Committee

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. *Second payment of a two-year \$70,000 grant approved in 2001.*

Calvert Social Investment Foundation, Inc.

Bethesda, MD \$40,000

To research and develop institutional-grade community investment products in conjunction with the National Community Capital Association and the Socially Responsible Investors (SRI) Mutual Fund Advisory Committee.

CASA of Oregon

Newberg, OR \$35,000

To support the Valley Individual Development Account Collaborative, a program for low-income families in the Willamette Valley of Oregon. *First payment of a two-year \$70,000 grant approved in 2002.*

Chicago Community Loan Fund

Chicago, IL \$40,000

General support to provide low-cost, flexible financing to nonprofit organizations working on the revitalization of low-income neighborhoods throughout metropolitan Chicago. *First payment of a two-year \$80,000 grant approved in 2002.*

Community Loan Fund of New Jersey

Trenton, NJ \$75,000

General support for access to capital and technical assistance for affordable housing, child care facilities, and business start-ups and expansions benefitting low-income residents of New Jersey.

Community Reinvestment Fund, Inc.

Minneapolis, MN \$65,000

General support to develop an active and efficient secondary market in economic development loans. *Second payment of a two-year \$130,000 grant approved in 2001.*

Credit Where Credit Is Due, Inc.

New York, NY \$50,000

General support to provide access to capital and financial services through community-development credit unions serving low-income residents in the Washington Heights and Harlem neighborhoods of New York City. *Second payment of a two-year \$100,000 grant approved in 2001.*

D2D Fund, Inc.

Roxbury, MA \$30,000

To support development of software that decreases the costs of administering small savings accounts and makes low-balance savers more attractive to financial institutions.

First Nations Development Institute

Fredericksburg, VA \$125,000

To support the development of Community Development Financial Institutions (CDFIs) in Indian Country through the Native CDFI Initiative of the Eagle Staff Fund. *Second payment of a two-year \$250,000 grant approved in 2001.*

The IC Foundation Inc.

Brookline, MA \$5,000

Project support to co-sponsor a one-day workshop entitled "Mission-Related Investing: Strategies for Philanthropic Institutions."

Illinois Facilities Fund

Chicago, IL \$100,000

General support to assist Illinois nonprofits through loans and facilities planning and development.

Lakota Fund

Kyle, SD \$50,000

General support to increase access to capital and provide technical assistance for Lakota entrepreneurs on the Pine Ridge Reservation. *First payment of a two-year \$100,000 grant approved in 2002.*

Lenders for Community Development

San Jose, CA \$50,000

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.

Low Income Investment Fund

Oakland, CA \$100,000

General support to increase access to capital in low-income communities for strategies including home ownership and child care. *First payment of a two-year \$200,000 grant approved in 2002.*



Illinois Facilities Fund (IFF), Chicago, IL: Heron's grant to IFF helps to develop innovative models for nonprofit facilities, including the Children's Capital Fund.

National Community Capital Association

Philadelphia, PA \$50,000

For the Community Development Financial Institution Impact Assessment Project. *Second payment of a two-year \$100,000 grant approved in 2001.*

National Community Reinvestment Coalition, Inc.

Washington, DC \$100,000

General support to expand small-business lending, combat predatory lending, and provide access to capital. *Second payment of a two-year \$200,000 grant approved in 2001.*

National Federation of Community Development Credit Unions, Inc.

New York, NY \$100,000

General support to strengthen community development credit unions in low-income communities throughout the country. *Second payment of a two-year \$200,000 grant approved in 2001.*

New Hampshire Community Loan Fund, Inc.

Concord, NH \$50,000

General support to foster affordable home ownership and economic opportunity. *First payment of a two-year \$100,000 grant approved in 2002.*

New School University

New York, NY \$75,000

To support the Capital Markets Access Project that provides technical assistance to community development corporations, community development finance institutions, and other nonprofits seeking to gain access to capital markets. *First payment of a two-year \$150,000 grant approved in 2002.*

North Carolina Minority Support Center

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. *First payment of a two-year \$150,000 grant approved in 2002.*

North Carolina Minority Support Center

Durham, NC \$50,000

Project support to help capitalize Generations Community Credit Union, a new statewide community development credit union.

Quitman County Development Organization, Inc.

Marks, MS \$50,000

To support the Credit Union Expansion Project that will bring credit union services to four Mississippi counties. *First payment of a two-year \$100,000 grant approved in 2002.*

The Reinvestment Fund, Inc.

Philadelphia, PA \$100,000

To support the Public Policy & Program Assessment Department's efforts to track the impact of the Fund's lending and investments. *First payment of a two-year \$200,000 grant approved in 2002.*

Social Investment Forum Foundation, Inc.

Washington, DC \$50,000

To mobilize the social investment industry, as well as individual consumers and investors, to move more than \$10 billion into community development financial institutions within five years. *Second payment of a two-year \$100,000 grant approved in 2001.*

Southern New Hampshire University

Manchester, NH \$35,000

To bring together community economic development practitioners and leaders of financial services institutions in order to bring scale, efficiency, innovation, and reasonable pricing to the development finance field.

Washington University

St. Louis, MO \$75,000

Project support for evaluation of the American Dream Demonstration, a national 13-site demonstration of the efficacy of Individual Development Accounts (IDAs) in helping low-income people accumulate wealth. *First payment of a two-year \$150,000 grant approved in 2002.*

Woodstock Institute

Chicago, IL \$100,000

General support for research and technical assistance toward meeting the credit demands of low-income neighborhoods. *Second payment of a two-year \$200,000 grant approved in 2001.*

World Institute on Disability

Oakland, CA \$25,000

To support the expansion of Individual Development Accounts among people with disabilities.



New Hampshire Community Loan Fund, Concord, NH: Heron's program-related investment supports the Fund's lending that helps manufactured-home parks convert to cooperative ownership, benefiting families like the Bartletts.

Affiliated Tribes of Northwest Indians Economic Development Corp.

Shoreline, WA \$40,000
 General support to provide access to capital and technical assistance to support tribal enterprise development in six northwestern states. *First payment of a two-year \$80,000 grant approved in 2002.*

Appalachian By Design, Inc.

Lewisburg, WV \$40,000
 To support training, coordination, and access to markets for its network of home-based knitwear producers. *First payment of a two-year \$80,000 grant approved in 2002.*

Appalachian Center for Economic Networks, Inc.

Athens, OH \$80,000
 General support for technical assistance, incubation facilities, access to capital, and strategic marketing networks for specialty food and technology businesses in rural Appalachia. *Second payment of a two-year \$160,000 grant approved in 2001.*

Appalachian Sustainable Development

Abingdon, VA \$40,000
 General support to develop and promote ecologically sound enterprises in the food, agricultural, and forestry sectors. *First payment of a two-year \$80,000 grant approved in 2002.*

Austin Community Development Corporation

Austin, TX \$40,000
 To support small-business and child care lending in East and South Austin. *First payment of a two-year \$80,000 grant approved in 2002.*

Bedford Stuyvesant Restoration Corporation

Brooklyn, NY \$50,000
 To support the Restoration Capital Fund, which provides technical and financial assistance for the development of local small businesses.

Cascadia Revolving Fund

Seattle, WA \$35,000
 To provide financing and technical assistance to small businesses in Washington and Oregon.

Conference Board, Inc.

New York, NY \$25,000
 To evaluate the economic benefits of a community tourism initiative.

Corporation for Enterprise Development

Washington, DC \$100,000
 General support to promote enterprise development and asset building in low-income communities. *First payment of a two-year \$200,000 grant approved in 2002.*

Enterprise Corporation of the Delta

Jackson, MS \$125,000
 General support for enterprise development that creates high-quality jobs and expands opportunities for business ownership in the Delta regions of Arkansas, Louisiana, and Mississippi. *Second payment of a two-year \$250,000 grant approved in 2001.*

Four Times Foundation, Inc.

Red Lodge, MT \$25,000
 To support its fellowship program for small-business entrepreneurs on Native American reservations. *Second payment of a two-year \$100,000 grant approved in 2001.*

Greenpoint Manufacturing and Design Center Local Development Corp.

Brooklyn, NY \$75,000
 General support to create and retain industrial sector jobs for low-income residents by operating a business incubator and providing technical assistance. *Second payment of a two-year \$150,000 grant approved in 2001.*

Initiative for a Competitive Inner City, Inc.

Boston, MA \$50,000
 Project support for implementation of its Impact Measurement System.

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

Kent, OH \$45,000
 General support for research and technical assistance promoting employee-ownership opportunities. *Second payment of a two-year \$90,000 grant approved in 2001.*

Loyola University

New Orleans, LA \$25,000
 General support for the Economics Institute to initiate and promote ecologically sound economic development for small-scale farmers in the food and agricultural sectors. *Second payment of a two-year \$50,000 grant approved in 2001.*

Loyola University

New Orleans, LA \$15,000
 To develop an evaluation tool to assess the economic impact of public markets on vendors and neighborhoods.



Appalachian Center for Economic Networks, Inc. (ACENet), Athens, OH: Heron encourages ACENet's enterprise development efforts through a general support grant. Here, Jeremy Bowman, a manager in a worker-owned bakery, displays the vast array of bakery and pasta lines produced in ACENet's incubator.

Mission Economic Development Association

San Francisco, CA \$25,000
General support to promote enterprise development in San Francisco's Mission District.

Montana Community Development Corporation

Missoula, MT \$50,000
General support for technical assistance and financing to new and expanding businesses in western Montana. *First payment of a two-year \$90,000 grant approved in 2002.*

Neighborhood Development Center, Inc.

St. Paul, MN \$40,000
General support to provide training and working capital to entrepreneurs in the inner cities of St. Paul and Minneapolis.

New Mexico Community Development Loan Fund

Albuquerque, NM \$50,000
General support for technical assistance and financing that promote the development of small businesses and affordable housing. *Second payment of a two-year \$100,000 grant approved in 2001.*

The Oregon Native American Business and Entrepreneurial Network

Tigard, OR \$20,000
To provide technical assistance and training in small-business development among Native Americans in collaboration with northwestern tribes.

Paraprofessional Healthcare Institute, Inc.

Bronx, NY \$100,000
General support to expand and strengthen worker-owned enterprises in the home health care industry. *First payment of a two-year \$200,000 grant approved in 2002.*

Rural Action, Inc.

Trimble, OH \$25,000
To support economic development programs in Appalachian Ohio through agricultural and forest-based enterprises. *Second payment of a two-year \$50,000 grant approved in 2001.*

Rural Economic Development Center, Inc.

Raleigh, NC \$40,000
To enable North Carolina's financial institutions to increase lending for business start-ups, expansions, and modernization in rural counties.

Shorebank Enterprise Group Cleveland

Cleveland, OH \$75,000
To provide financing, commercial space, workforce development, and technical assistance to small businesses on Cleveland's upper east side. *First payment of a two-year \$150,000 grant approved in 2002.*

Shorebank Enterprise Group Pacific

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. *First payment of a two-year \$150,000 grant approved in 2002.*

Southern Financial Partners

Arkadelphia, AR \$50,000
General support to develop economic strategies in rural Arkansas that promote small manufacturing firms, self-employment, and welfare-to-work initiatives. *First payment of a two-year \$100,000 grant approved in 2002.*

Sustainable Jobs Development Corporation

Durham, NC \$50,000
To develop tools that community development venture capital (CDVC) funds can use with portfolio companies to assure that all long-term employees share the gains of a company sale or other exit events. *First payment of a two-year \$75,000 grant approved in 2002.*

Wall Street Rising Corp.

New York, NY \$5,000
General support for efforts to revitalize small businesses in downtown New York City.

Women's Action to Gain Economic Security

Oakland, CA \$35,000
General support for businesses owned cooperatively by low-income people in the Bay Area.



Loyola University, New Orleans, LA: Heron supports Loyola's Economics Institute's work with small-scale farmers to promote wealth-creation and ecologically sound development.

AAFE Community Development Fund, Inc.
New York, NY \$45,000
General support to provide opportunities for home ownership for low-income people in New York City neighborhoods. *First payment of a two-year \$90,000 grant approved in 2002.*

Access Living of Metropolitan Chicago
Chicago, IL \$50,000
To support an initiative to increase home-ownership opportunities for people with disabilities. *First payment of a two-year \$100,000 grant approved in 2002.*

Association for Neighborhood & Housing Development, Inc.
New York, NY \$35,000
For the Homeowner Stabilization Initiative, an effort to reduce predatory lending by linking mortgage counseling groups with community outreach and organizing. *First payment of a two-year \$45,000 grant approved in 2002.*

Bridge Street Development Corporation
Brooklyn, NY \$50,000
General support for home-ownership development in Brooklyn's Bedford Stuyvesant community. *First payment of a two-year \$100,000 grant approved in 2002.*

Burlington Community Land Trust, Inc.
Burlington, VT \$30,000
General support to provide opportunities for home ownership for low-income people.

Cabrillo Economic Development Corporation
Saticoy, CA \$50,000
General support to develop affordable homes and increase home ownership for low- and moderate-income people. *Second payment of a two-year \$100,000 grant approved in 2001.*

Charis Community Housing, Inc.
Atlanta, GA \$50,000
General support for home ownership and neighborhood-revitalization projects in South Atlanta.

Charleston Habitat for Humanity
Charleston, SC \$25,000
General support for construction of mutual self-help homes with and for low-income families.

Cleveland Housing Network, Inc.
Cleveland, OH \$75,000
General support to increase home ownership and self-sufficiency among low-income families citywide. *Second payment of a two-year \$150,000 grant approved in 2001.*

Co-op Initiatives, Inc.
Hartford, CT \$50,000
General support to assist people with disabilities to become homeowners. *Second payment of a two-year \$100,000 grant approved in 2001.*

Detroit Neighborhood Housing Services, Inc.
Detroit, MI \$50,000
General support for home-ownership efforts for first-time, low-income homebuyers. *Second payment of a two-year \$100,000 grant approved in 2001.*

Durham Community Land Trustees, Inc.
Durham, NC \$25,000
To expand affordable home ownership in six low-income neighborhoods in Durham, NC.

Federation of Appalachian Housing Enterprises, Inc.
Berea, KY \$75,000
General support for technical assistance and financing of quality housing for low-income Appalachian families. *Second payment of a two-year \$150,000 grant approved in 2001.*

Greater Minnesota Housing Fund
Saint Paul, MN \$50,000
General support to advance home-ownership opportunities in low-income Minnesota communities. *Second payment of a two-year \$100,000 grant approved in 2001.*

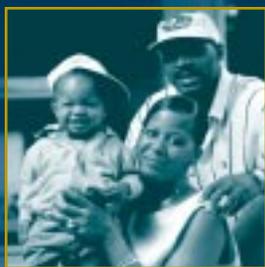
Habitat for Humanity—New York, Inc.
Brooklyn, NY \$40,000
General support to provide opportunities for home ownership for low-income people. *Second payment of a two-year \$80,000 grant approved in 2001.*

Housing and Neighborhood Development Services, Inc.
Orange, NJ \$15,000
General support to increase the supply of quality, affordable housing in Orange and East Orange, New Jersey.

Housing Assistance Council
Washington, DC \$100,000
General support for technical assistance and financing of rural home-ownership programs in low-income communities. *Second payment of a two-year \$200,000 grant approved in 2001.*

Inner City Christian Federation
Grand Rapids, MI \$50,000
General support to increase home ownership and community stability in the central core of Grand Rapids, Michigan. *Second payment of a two-year \$120,000 grant approved in 2001.*

Interfaith Housing of Western Maryland, Inc.
Frederick, MD \$50,000
General support to develop affordable, self-help home-ownership opportunities for low- and moderate-income individuals and families. *Second payment of a two-year \$100,000 grant approved in 2001.*



Cleveland Housing Network, Inc., Cleveland, OH: The Network's focus on providing home-ownership opportunities for low- and moderate-income families is aligned with Heron's wealth-creation strategies.

Kentucky Mountain Housing Development Corporation, Inc.

Manchester, KY \$40,000
 General support to build and finance homes for families living in substandard conditions. *Second payment of a two-year \$80,000 grant approved in 2001.*

Knox Housing Partnership, Inc.

Knoxville, TN \$40,000
 General support for home ownership and neighborhood-revitalization efforts. *Second payment of a two-year \$80,000 grant approved in 2001.*

Little Haiti Housing Association

Miami, FL \$40,000
 General support to expand home-ownership opportunities in Miami's Little Haiti community. *First payment of a two-year \$80,000 grant approved in 2002.*

Local Initiatives Support Corporation

Greenville, MS \$40,000
 Project support for Mid-South Delta LISC to assist Community Development Corporations in developing affordable home-ownership opportunities in the Delta.

Manna, Inc.

Washington, DC \$75,000
 General support to design and build housing for ownership by low-income families. *Second payment of a two-year \$150,000 grant approved in 2001.*

McAllen Affordable Homes, Inc.

McAllen, TX \$35,000
 Support for the creation of home-ownership opportunities in the city of McAllen and Hidalgo County, Texas.

McAuley Institute, Inc.

Silver Spring, MD \$100,000
 General support for the expansion of housing and economic opportunities for low-income women and their families. *Second payment of a two-year \$200,000 grant approved in 2001.*

Mountain Housing Opportunities, Inc.

Asheville, NC \$40,000
 General support to provide home-ownership opportunities, home rehabilitation, and neighborhood revitalization in Asheville and the surrounding rural communities of western North Carolina. *Second payment of a two-year \$80,000 grant approved in 2001.*

National American Indian Housing Council

Washington, DC \$50,000
 General support for its work to promote home ownership in Indian Country. *First payment of a one-year \$50,000 grant approved in 2001.*

Navajo Partnership for Housing, Inc.

St. Michaels, AZ \$50,000
 General support to expand home-ownership opportunities on the Navajo Nation. *Second payment of a two-year \$100,000 grant approved in 2001.*

NCALL Research Fund, Inc.

Dover, DE \$50,000
 Project support to provide home-ownership opportunities to low-income families as part of the Delaware Rural Housing Consortium. *Second payment of a two-year \$100,000 grant approved in 2001.*

Neighborhood Housing Opportunities, Inc.

Memphis, TN \$15,000
 General support to promote the economic stability and independence of low- to moderate-income families through home ownership.

Neighborhood Housing Services of New York City, Inc.

New York, NY \$125,000
 General support to assist low-income people to become homeowners. *Second payment of a two-year \$250,000 grant approved in 2001.*

New Orleans Neighborhood Development Collaborative, Inc.

New Orleans, LA \$25,000
 General support to strengthen local development groups and stabilize neighborhoods. *First payment of a two-year \$50,000 grant approved in 2002.*

Peoples Self-Help Housing Corporation

San Luis Obispo, CA \$50,000
 General support to develop mutual self-help home ownership among low-income people in Central California. *Second payment of a two-year \$100,000 grant approved in 2001.*

Proyecto Azteca

San Juan, TX \$35,000
 General support for self-help housing construction and home-ownership counseling in the Rio Grande Valley.

Rural Collaborative, Inc.

Park City, UT \$65,000
 General support for technical assistance and financing to community development organizations in the High Plains and rural Northwest. *First payment of a two-year \$130,000 grant approved in 2002.*

Sacramento Neighborhood Housing Services, Inc.

Sacramento, CA \$50,000
 General support for home-ownership opportunities for low-income people in Sacramento, California. *First payment of a two-year \$100,000 grant approved in 2002.*



Housing Assistance Council (HAC), Washington, DC:
 Heron's general support assists HAC in helping local organizations build sweat equity homes in rural America.

Saint Joseph's Carpenter Society
Camden, NJ \$60,000
General support to provide opportunities for home ownership for low-income people. Second payment of a two-year \$120,000 grant approved in 2001.

Santee Lynches Affordable Housing and Community Development Corp.
Sumter, SC \$30,000
To promote home ownership and home retention for low-income families in four rural South Carolina counties.

Self-Help Enterprises
Visalia, CA \$40,000
General support for development of decent, affordable housing, particularly self-help home

ownership, for farmworker families in rural California. First payment of a two-year \$80,000 grant approved in 2002.

United Methodist Relief Center
Mt. Pleasant, SC \$30,000
General support for housing rehabilitation for low-income, rural homeowners in Charleston, Berkeley, and Dorchester counties. First payment of a two-year \$60,000 grant approved in 2002.

Universal Design Housing Network
Kansas City, MO \$20,000
General support for the Network's efforts to promote universal design housing in low-income communities.

Acre Family Day Care Corporation
Lowell, MA \$50,000
General support to increase the supply of quality child care for families in Lowell and elsewhere in Massachusetts. Second payment of a two-year \$100,000 grant approved in 2001.

Associated Early Care and Education, Inc.
Boston, MA \$50,000
General support to expand the number of accredited programs serving low-income children in the metropolitan Boston area. First payment of a two-year \$100,000 grant approved in 2002.

Centers for New Horizons, Inc.
Chicago, IL \$75,000
To provide child care programs to former public housing residents who were relocated outside of the Bronzeville community of Chicago as well as new families within Bronzeville.

Child Care, Inc.
New York, NY \$35,000
General support for accreditation activities benefiting low-income children in family child care and center-based settings. First payment of a two-year \$70,000 grant approved in 2002.

Down East Partnership for Children
Rocky Mount, NC \$40,000
To provide scholarships for child care to low-income parents who work or attend school in Nash and Edgecombe Counties and to assist child care centers and family homes achieve national accreditation.

Heart of America Family Services
Kansas City, KS \$125,000
To help community-based child care centers in urban core Kansas City neighborhoods achieve

accreditation by the National Association for the Education of Young Children. Second payment of a two-year \$250,000 grant approved in 2001.

Heart of America Family Services
Kansas City, KS \$25,000
To convene the Foundation's Child Care grantees and investees.

Nova Southeastern University, Inc./ Family Center of Tampa Bay
Tampa, FL \$45,000
Project support to provide day care centers and child care homes with technical assistance to achieve national accreditation.

Partnership for Child Care Accreditation
Chicago, IL \$100,000
General support to increase the number of nationally accredited child care centers serving low-income children and communities. Second payment of a two-year \$200,000 grant approved in 2001.

The Sheltering Arms
Atlanta, GA \$75,000
General support to provide nationally accredited child care and Head Start for low-income families in the Atlanta Metropolitan area. Second payment of a two-year \$150,000 grant approved in 2001.

Suwannee Valley Community Coordinated Child Care, Inc.
Lake City, FL \$35,000
General support for nationally accredited child care, Head Start programs, and technical assistance for accreditation in rural northern Florida.

Abyssinian Development Corporation

New York, NY \$75,000
General support for comprehensive services in home ownership, economic development, and economic literacy training.

The Aspen Institute, Inc.

Washington, DC \$50,000
For the Aspen Roundtable on Comprehensive Community Initiatives.

Association of Black Foundation Executives, Inc.

New York, NY \$5,000
To support the organization's renewed focus on increasing philanthropy for African-American communities.

Calvert Social Investment Foundation, Inc.

Bethesda, MD \$150,000
To support the National Rural Funders Collaborative Project that seeks to increase resources available to low-income rural areas and improve the effectiveness of rural grantmaking. First payment of a two-year \$300,000 grant approved in 2002.

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

Chicago, IL \$35,000
To support the Community Economic Development Law Project, which provides and coordinates *pro bono* legal assistance for community groups seeking to strengthen Chicago's neighborhoods through affordable housing and economic development. Second payment of a two-year \$70,000 grant approved in 2001.

Chicanos Por La Causa, Inc.

Phoenix, AZ \$75,000
General support for community-building efforts in Arizona, including small-business lending, home ownership, and credit union activities. Project support to plan a commercial real estate property management company. Second payment of a two-year \$175,000 grant approved in 2001.

Citizen Policy & Education Fund of New Jersey

Hackensack, NJ \$50,000
General support for organizing efforts and programs to increase home ownership, access to capital, and financial literacy in low- and moderate-income neighborhoods in New Jersey. Second payment of a two-year \$100,000 grant approved in 2001.

Coastal Enterprises, Inc.

Wiscasset, ME \$100,000
General support to provide opportunities for business ownership, access to capital, and home ownership to low-income people in Maine. Second payment of a two-year \$200,000 grant approved in 2001.

Community Development Advocates of Detroit

Detroit, MI \$35,000
General support for capacity-building efforts, including work with community development practitioners to demonstrate the impact of their work in low-income communities.

Cypress Hills Local Development Corporation, Inc.

Brooklyn, NY \$50,000
General support to revitalize the Cypress Hills community of Brooklyn through commercial development and home ownership. First payment of a two-year \$100,000 grant approved in 2002.

Detroit Catholic Pastoral Alliance

Detroit, MI \$35,000
General support for community development efforts focusing on home ownership and small business development. First payment of a two-year \$70,000 grant approved in 2002.

The Development Leadership Network, Inc.

Boston, MA \$100,000
To support community economic development practitioners in their efforts to advance best practices, including a project to promote success measures in community development. Second payment of a two-year \$200,000 grant approved in 2001.

The Development Training Institute

Baltimore, MD \$50,000
General support for the Institute's capacity-building programs to strengthen the skills of community-development practitioners.

East Bay Asian Local Development Corporation

Oakland, CA \$75,000
General support for comprehensive neighborhood planning and development, aimed at enhancing the quality of life for low-income East Bay residents. Second payment of a two-year \$150,000 grant approved in 2000.

East Side Neighborhood Development Company, Inc.

Saint Paul, MN \$50,000
General support for community revitalization, including home ownership and business development on the east side of St. Paul. First payment of a two-year \$100,000 grant approved in 2002.



Associated Early Care & Education, Inc., Boston, MA: Heron seeks to expand accredited child care programs through organizations like Associated, which serves working families.

El Centro, Inc.

Kansas City, KS \$25,000
 General support for asset-development efforts, including home ownership, Individual Development Accounts (IDAs), enterprise development, and quality child care.

The Faith Center for Community Development, Inc.

New York, NY \$75,000
 To increase the capacity of faith-based organizations to help create and sustain healthy neighborhoods. *Second payment of a two-year \$150,000 grant approved in 2000.*

Fifth Avenue Committee, Inc.

Brooklyn, NY \$50,000
 General support for community-building efforts in South Brooklyn.

Fifth Ward Community Redevelopment

Houston, TX \$80,000
 General support for home ownership and commercial development opportunities in Houston's Fifth Ward. *Second payment of a one-year \$40,000 grant approved in 2001. First payment of a two-year \$120,000 grant approved in 2002.*

Greystone Foundation, Inc.

Yonkers, NY \$75,000
 General support to provide opportunities for low-income individuals and families to pursue self-sufficiency through jobs and affordable permanent housing.

Guadalupe Center, Inc.

Kansas City, MO \$75,000
 To develop a home-ownership program and expand a credit union for low-income residents of Kansas City's west side.

Hope Unity Fund Inc.

Gadsden, AL \$25,000
 General support to strengthen the Alabama Association of Community Development Corporations, the Minority Business Institute, and community development credit unions throughout the state of Alabama.

The Hopi Foundation Lomasuminangwtukwsiwmani

Hotevilla, AZ \$50,000
 General support for efforts to create sustainable small businesses and a community development infrastructure on the Hopi Reservation.

Housing and Community Development Network of New Jersey

Trenton, NJ \$50,000
 General support to provide community development practitioners with technical assistance and training in organizational development and management, community planning, and policy evaluation. *First payment of a two-year \$100,000 grant approved in 2002.*

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 that are working on home ownership and child care issues. *Second payment of a two-year \$250,000 grant approved in 2001.*

Isles Inc.

Trenton, NJ \$90,000
 General support for programs that develop homes for low-income owners, counsel first-time homebuyers, encourage savings through Individual Development Accounts, and promote sustainable development in Trenton and central New Jersey. *Second payment of a two-year \$180,000 grant approved in 2001.*

Kansas City Neighborhood Alliance

Kansas City, MO \$100,000
 General support for community-building strategies, focusing on home ownership and block organizing in central Kansas City neighborhoods.

Lawndale Christian Development Corporation

Chicago, IL \$30,000
 General support of neighborhood revitalization efforts including housing development for ownership and economic development. *First payment of a two-year \$60,000 grant approved in 2002.*

Lee County Community Development Corporation, Inc.

Marianna, AR \$30,000
 General support for comprehensive community development through home ownership and enterprise development in three rural counties in Arkansas.

Maryland Center for Community Development

Baltimore, MD \$30,000
 General support to promote a statewide Individual Development Account initiative, home-ownership activities and the Success Measures Project.

Metro IAF, Inc.

Rego Park, NY \$75,000
 General support for large-scale home ownership programs and other neighborhood development actions. *Second payment of a two-year \$150,000 grant approved in 2001.*



Chicanos Por La Causa, Inc. (CPLC), Phoenix, AZ: CPLC is a community development corporation promoting self-sufficiency to enhance quality of life. A Head Start teacher at one of CPLC's child care centers is seen here with her students.

Midtown Community Development Corporation

Kansas City, MO \$100,000
General support for community-building efforts including home ownership and retail development in midtown Kansas City. *Second payment of a two-year \$200,000 grant approved in 2001.*

Mountain Association for Community Economic Development

Berea, KY \$100,000
To support enterprise development and sustainable community-based economic development in Appalachian Kentucky. *Second payment of a two-year \$200,000 grant approved in 2001.*

Mountain Partners in Community Development Inc.

Elkins, WV \$45,000
General support for comprehensive redevelopment efforts and community-based economic development in rural West Virginia.

National Housing Institute

Orange, NJ \$40,000
General support to provide information, analysis, and resources to community-based practitioners engaged in community development efforts through research and the publication of *Shelterforce* journal. *First payment of a two-year \$80,000 grant approved in 2002.*

Neighborhood Funders Group, Inc.

Washington, DC \$25,000
Support for a national membership association of grantmakers who fund community-based strategies to strengthen urban neighborhoods and rural communities. *Second payment of a two-year \$50,000 grant approved in 2001.*

Neighborhood Funders Group, Inc.

Washington, DC \$5,000
To publish and disseminate a paper on effective approaches in evaluating community development.

New Economics for Women

Los Angeles, CA \$75,000
General support for home-ownership and business-development programs.

New Mexico Community Foundation

Santa Fe, NM \$50,000
Project support for the Rural Livelihoods Initiative that funds sustainable community economic development throughout New Mexico. *First payment of a two-year \$100,000 grant approved in 2002.*

North Carolina Community Development Initiative, Inc.

Raleigh, NC \$100,000
General support to strengthen capacity, impact and sustainability of community development corporations in low-resource communities in North Carolina. *First payment of a two-year \$200,000 grant approved in 2002.*

Per Scholas, Inc.

Bronx, NY \$50,000
To provide recent-model, Internet-ready, reconditioned computers to low-income families.

Pratt Area Community Council, Inc.

Brooklyn, NY \$35,000
General support for its work in home ownership and commercial revitalization.

Regional Plan Association, Inc.

New York, NY \$10,000
For the Community Outreach component of the Civic Alliance Project.

The Rensselaerville Institute

Rensselaerville, NY \$100,000
To support rural community-based development through self-help methods. *Second payment of a two-year \$200,000 grant approved in 2001.*

The Resurrection Project

Chicago, IL \$75,000
General support to develop and implement comprehensive community development strategies in three Chicago neighborhoods. *Second payment of a two-year \$150,000 grant approved in 2001.*

Rural Community Assistance Corporation

West Sacramento, CA \$100,000
To support the Community Partners Initiative to build the capacity of low-income, rural western communities to become economically self sufficient. *Second payment of a two-year \$200,000 grant approved in 2001.*

Rural Opportunities, Inc.

Rochester, NY \$50,000
General support for home ownership, small-business lending, child care, and other programs for low-income residents of rural areas. *Second payment of a two-year \$100,000 grant approved in 2001.*

Sacramento Valley Organizing Community

Sacramento, CA \$75,000
General support for comprehensive community organizing and development efforts, including home ownership and Individual Development Accounts. *First payment of a two-year \$150,000 grant approved in 2002.*



Coastal Enterprises, Inc. (CEI), Wiscasset, ME: CEI assisted a lobster cooperative to purchase a marina. Heron supports CEI with grants and a program-related investment as it helps low-income people and communities reach an adequate standard of living.

South Carolina Association of Community Development Corporations

Charleston, SC \$35,000

To strengthen community development corporations in South Carolina and support the implementation of a statewide Individual Development Account program. *Second payment of a two-year \$70,000 grant approved in 2001.*

Southern Mutual Help Association, Inc.

New Iberia, LA \$50,000

General support to help low-income people develop healthy and prosperous rural communities in Louisiana. *Second payment of a two-year \$100,000 grant approved in 2001.*

Southern Mutual Help Association, Inc.

New Iberia, LA \$5,000

Support for flood relief from Hurricane Lili.

WECO Fund, Inc.

Cleveland, OH \$75,000

General support for community-based economic development strategies, including a city-wide Individual Development Account program, as well as business and physical development. *Second payment of a two-year \$150,000 grant approved in 2001.*

OUTSIDE OF GUIDELINES

The following groups, whose work no longer falls within our guidelines, received a final year of funding.

Asian Neighborhood Design, Inc.

San Francisco, CA \$35,000

For an organization development plan for Asian Neighborhood Design's comprehensive efforts to help low-income people become self-sufficient. *Second payment of a two-year \$75,000 grant approved in 2001.*

Fountain House, Inc.

New York, NY \$75,000

General support for the "clubhouse model," that includes job readiness and placement services, to help people with serious psychiatric illness live independently. *Second payment of a two-year \$150,000 grant approved in 2001.*

Sponsors for Educational Opportunity, Inc.

New York, NY \$50,000

For a financial literacy program to help young people and their families accumulate assets. *Second payment of a two-year \$100,000 grant approved in 2000.*

The Thresholds

Chicago, IL \$100,000

To demonstrate improved educational and vocational outcomes for persons with mental illness. *Second payment of a two-year \$200,000 grant approved in 2001.*

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

Washington, DC \$29,040

The Foundation Center

New York, NY \$5,000

Independent Sector

Washington, DC \$12,200

New York Regional Association of Grantmakers

New York, NY \$11,000

Nonprofit Coordinating Committee of New York, Inc.

New York, NY \$1,000

BOARD- AND STAFF-DIRECTED

Community Service Grants \$16,000

Matching Gifts \$24,335

Board-/Staff-Directed Grants \$129,000

» 2002 Mission-Related Investments

AT YEAR-END 2002, the Foundation's Mission-Related Investment portfolio had outstanding commitments of \$42,150,000. Approximately \$14,305,000 of these commitments are program-related investments;

\$3,700,000 are insured deposits with community development credit unions and community development banks; and \$24,000,000 are other mission-related investments.

M R I s

PROGRAM - RELATED INVESTMENTS

APPROVED OR PAID IN 2002

Alternatives Federal Credit Union

Ithaca, NY \$250,000
A seven-year secondary capital loan to support the credit union's home mortgage and small-business lending. \$250,000 approved in 2001 for disbursement in 2002.

Austin Community Development Corporation

Austin, TX —
A six-year line of credit for use in small-business lending in South and Eastern Austin. \$250,000 approved in 2002 for disbursement in 2003.

National Community Capital Association

Philadelphia, PA \$500,000
An eight-year senior loan for the financing fund, a resource for flexible financing for NCCA's member CDFIs.

National Federation of Community Development Credit Unions, Inc.

New York, NY \$250,000
Five-year nominee deposits for rural community development credit unions. \$750,000 approved in 2000, unfunded commitment paid in 2002.

New Hampshire Community Loan Fund, Inc.

Concord, NH \$500,000
A seven-year senior loan to support NHCLF's expanded home ownership and small-business lending.

Penn Venture Partners, LP

Middletown, PA \$15,625
A limited-partnership interest in a New Markets Venture Company to provide equity investments and technical assistance to companies located within low-income and rural areas of Central and Northern Pennsylvania. \$250,000 approved in 2002, with an unfunded commitment of \$234,375.

The Reinvestment Fund, Inc.

Philadelphia, PA \$500,000
A seven-year senior loan to make capital available for enterprise development.

The Southern Appalachian Fund, LP

London, KY —
A limited partnership interest in a community development venture capital fund providing equity for companies in Southern Appalachia. \$400,000 approved in 2002 for disbursement in 2003.

Sustained Excellence Alliance Corporation

Bethesda, MD \$250,000
A five-year senior loan for use in funding the predevelopment activities of ten nonprofit affordable home-ownership developers. \$500,000 approved in 2002.

Vermont Development Credit Union

Burlington, VT \$250,000
A seven-year secondary capital loan to support home mortgages and small-business lending. \$250,000 approved in 2001.

APPROVED AND PAID IN PRIOR YEARS AND ACTIVE IN 2002**Adena Ventures, LP**

Athens, OH \$52,500
 \$350,000 limited-partnership equity interest approved in 2000, with a final maturity of January 31, 2012, and with an unfunded commitment of \$297,500.

Boston Community Loan Fund, Inc.

Boston, MA \$350,000
 \$350,000 senior loan approved in 2000, with a final maturity of September 30, 2005.

Boston Community Loan Fund, Inc.

Boston, MA \$150,000
 \$150,000 subordinated loan or "equity equivalent" approved in 2000, with a final maturity of September 30, 2010.

Calvert Social Investment Foundation, Inc.

Bethesda, MD \$500,000
 \$500,000 senior loan approved in 2000, with a final maturity of November 1, 2003.

Cascadia Revolving Fund

Seattle, WA \$250,000
 \$250,000 convertible loan approved in 1998, with a final maturity of March 31, 2004.

Chicago Community Loan Fund

Chicago, IL \$250,000
 \$250,000 senior loan approved in 2001, with a final maturity of January 3, 2008.

Coastal Enterprises, Inc.

Wiscasset, ME \$500,000
 \$500,000 senior loan approved in 1999, with a final maturity of March 31, 2005.

Community Loan Fund of New Jersey

Trenton, NJ \$250,000
 \$250,000 senior loan approved in 1997, with a final maturity of March 31, 2008.

Community Reinvestment Fund, Inc.

Minneapolis, MN \$500,000
 \$500,000 senior loan, with conversion option, approved in 2000, with a final maturity of March 31, 2006.

East Bay Asian Local Development Corporation

Oakland, CA \$400,000
 \$300,000 senior loan approved in 2000, with a final maturity of March 31, 2008. \$100,000 senior loan approved in 2000, with a final maturity of September 30, 2007.

Enterprise Corporation of the Delta

Jackson, MS \$250,000
 \$250,000 senior loan approved in 1998, with a final maturity of March 31, 2004.

Federation of Appalachian Housing Enterprises, Inc.

Berea, KY \$350,000
 \$350,000 senior loan approved in 1999, with a final maturity of March 31, 2004.

Greenpoint Manufacturing and Design Center Local Development Corp.

Brooklyn, NY \$500,000
 \$500,000 senior loan approved in 2000, with a final maturity of September 30, 2005.

Greyston Foundation, Inc.

Yonkers, NY \$250,000
 \$250,000 senior loan approved in 2000, with a final maturity of March 31, 2005.

Housing Assistance Council

Washington, DC \$500,000
 \$500,000 senior loan approved in 1999, with a final maturity of March 31, 2006.

Illinois Facilities Fund

Chicago, IL \$500,000
 \$500,000 senior loan approved in 1999, with a final maturity of March 31, 2005.

Interfaith Housing of Western Maryland, Inc.

Frederick, MD \$250,000
 \$250,000 senior loan approved in 1998, with a final maturity of March 31, 2003.

Low Income Investment Fund

Oakland, CA \$500,000
 \$500,000 senior loan approved in 2000, with a final maturity of September 30, 2010.

Manna, Inc.

Washington, DC \$400,000
 \$400,000 senior loan approved in 1999, with a final maturity of March 31, 2004.

**Community Loan Fund of New Jersey, Trenton, NJ:**

A Fund child care client promotes early childhood literacy. A Heron grant and program-related investment help the Fund provide access to capital and technical assistance to expand accredited child care for low-income families.

McAuley Institute, Inc.
 Silver Spring, MD \$400,000
 \$400,000 senior loan approved in 2000, with a final maturity of September 30, 2009.

National Federation of Community Development Credit Unions, Inc.
 New York, NY \$250,000
 \$250,000 senior loan approved in 1998, with a final maturity of March 31, 2006.

New Community Corporation
 Newark, NJ \$500,000
 \$500,000 senior loan approved in 1999, with a final maturity of March 31, 2005.

New Mexico Community Development Loan Fund
 Albuquerque, NM \$300,000
 \$300,000 senior loan approved in 2001, with a final maturity of September 30, 2006.

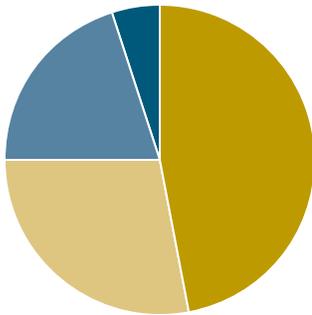
North Carolina Minority Support Center
 Durham, NC \$500,000
 \$500,000 loan collateralized by credit union deposits, approved in 1999, with a final maturity of March 31, 2007.

Quitman/Tri-County Federal Credit Union
 Marks, MS \$100,000
 \$100,000 insured deposit approved in 2000, with a final maturity of October 31, 2005.

Rural Community Assistance Corporation
 West Sacramento, CA \$500,000
 \$500,000 senior loan approved in 1998, with a final maturity of March 31, 2009.

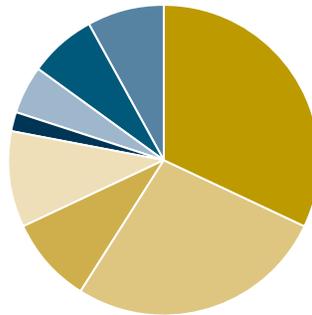
Self-Help Ventures Fund
 Durham, NC \$250,000
 \$250,000 senior loan approved in 1998, with a final maturity of March 31, 2007.

PROGRAM AREA



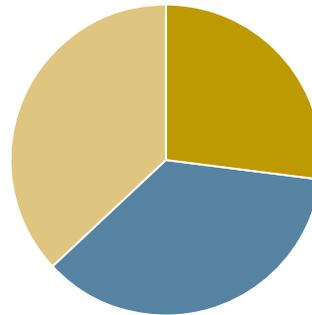
- Access to Capital: 47%
- Enterprise Development: 28%
- Home Ownership: 20%
- Child Care: 5%

GEOGRAPHIC REGION

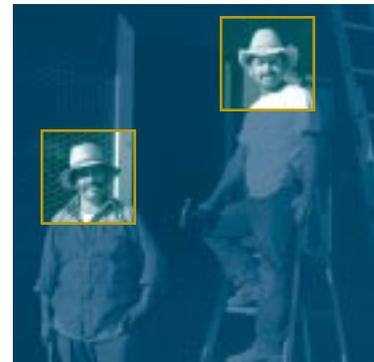


- National: 32%
- Northeast: 27%
- Appalachia: 9%
- Southeast: 10%
- Mississippi Delta: 2%
- Midwest: 5%
- Southwest: 7%
- West: 8%

POPULATION SERVED



- Urban: 27%
- Rural: 36%
- Both: 37%



Rural Community Assistance Corporation (RCAC), West Sacramento, CA: Heron supports RCAC with a program-related investment for home ownership, water and waste water infrastructure, and child care facilities for low-income residents of the rural West.

MARKET-RATE DEPOSITS

The following deposits with community development credit unions and community development banks, in the amount of \$100,000 each (except as noted), were outstanding as of December 31, 2002.

Albina Community Bank
Portland, OR

Alternatives Federal Credit Union
Ithaca, NY

Bank of Cherokee County
Hulbert, OK

Bethex Federal Credit Union
Bronx, NY

Carver Federal Savings Bank
New York, NY

Central Appalachian Peoples Federal Credit Union
Berea, KY

Central Bank of Kansas City
Kansas City, MO

Citizens Trust Bank
Atlanta, GA

City First Bank of DC
Washington, DC

City National Bank of New Jersey
Newark, NJ

Community Bank of the Bay
Oakland, CA

Community Capital Bank
Brooklyn, NY

Community Choice Federal Credit Union
Indianapolis, IN

Dakotaland Federal Credit Union
Huron, SD

Douglass National Bank
Kansas City, MO

Elk Basin Federal Credit Union
Powell, WY

Elk Horn Bank & Trust
Arkadelphia, AR

First American Credit Union
Window Rock, AZ

First American International Bank
Brooklyn, NY

First National Bank of Phillips County
Helena, AR

Friendship Community Federal Credit Union
Clarksdale, MS

Generations Community Credit Union
Durham, NC

Genesee Co-Op Federal Credit Union
Rochester, NY

The Harbor Bank of Maryland
Baltimore, MD

International Bank of Chicago
Chicago, IL

Louisville Community Development Bank
Louisville, KY

Mission Community Bank
San Luis Obispo, CA

Native American Bank, NA
Browning, MT

Santa Cruz Community Credit Union
Santa Cruz, CA

Self-Help Credit Union
Durham, NC

Shorebank
Chicago, IL
Uninsured Deposit in the amount of \$300,000.

Shorebank
Chicago, IL

South Carolina Community Bank
Columbia, SC

Syracuse Cooperative Federal Credit Union
Syracuse, NY

Vermont Development Credit Union
Burlington, VT

OTHER MISSION-RELATED INVESTMENTS

Bay Area Equity Fund I, LP
San Francisco, CA \$1,000,000
Commitment to private equity fund to make investments primarily in mid-to-late stage growth companies located in or near, 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. Investment approved in 2002, with an unfunded commitment of \$950,000.

Bay Area Smart Growth Fund I, LLC
San Francisco, CA \$1,500,000
Commitment to 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. Investment approved in 2001, with an unfunded commitment of \$1,243,507.

CRAFund Advisors, Inc.
Weston, FL \$17,500,000
Commitment for a separate fixed-income securities account financing home ownership, enterprise development and community facilities in low- and moderate-income communities throughout the United States. Securities must be investment-grade or equivalent. An additional \$12,500,000 investment approved in 2002, with a total unfunded commitment of \$5,000,000.

ICV Partners, L.P.
New York, NY \$2,500,000
Commitment to 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. Investment approved in 2000, with an unfunded commitment of \$1,146,928.

UrbanAmerica, L.P.
New York, NY \$1,500,000
Commitment to a private real estate partnership whose purpose is to acquire and develop retail and office space in inner-city neighborhoods, including federally designated enterprise zones and enterprise communities. Investment approved in 2000, fully committed.

» The F.B. Heron Foundation

BALANCE SHEETS

December 31, 2002 and 2001

ASSETS	2002	2001
Cash and cash equivalents	\$ 2,945,920	1,629,545
Traditional investments	190,793,982	233,349,867
Mission-related investments (see Note 1)	32,366,152	20,307,745
Other assets	301,690	156,616
Fixed assets, net	442,182	516,023
Total assets	<u>\$ 226,849,926</u>	<u>255,959,796</u>
LIABILITIES AND NET ASSETS	2002	2001
Liabilities:		
Accounts payable and accrued expenses	\$ 73,513	141,045
Grants payable (see Note 2)	2,580,000	4,560,000
Total liabilities	<u>2,653,513</u>	<u>4,701,045</u>
Net assets—unrestricted	<u>224,196,413</u>	<u>251,258,751</u>
Total liabilities and net assets	<u>\$ 226,849,926</u>	<u>255,959,796</u>

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. One PRI is an equity interest in a limited partnership. The Foundation expects to hold all PRIs to maturity.

At December 31, 2002 the Foundation had outstanding PRIs totaling \$12,373,125. PRI principal repayments for 2003 through 2007 are \$934,000, \$1,499,500, \$2,904,500, \$2,254,500 and \$1,152,500, with repayments of \$3,628,125 thereafter.

At December 31, 2002, the Foundation had capital commitments of approximately \$3,340,000 to mission-related limited partnerships. At December 31, 2002 and 2001, mission-related investments consisted of the following:

	2002		2001	
	Fair or carrying value	Cost	Fair or carrying value	Cost
Invested cash and cash equivalents	\$ 318,003	318,003	152,646	152,646
Insured deposits in Community Development Credit Unions and Community Development Banks	3,700,000	3,700,000	3,100,000	3,100,000
Fixed-income securities	13,169,605	12,669,453	4,977,977	4,954,435
Limited partnership interests	2,805,419	2,805,419	1,639,622	1,639,622
Program-related investments	12,373,125	12,373,125	10,437,500	10,437,500
	<u>\$ 32,366,152</u>	<u>31,866,000</u>	<u>20,307,745</u>	<u>20,284,203</u>

NOTE 2. GRANTS PAYABLE

The following summarizes changes in grants payable as of December 31, 2002 and 2001.

	2002	2001
Balance at beginning of year	\$ 4,560,000	3,980,000
Additions:		
Grants authorized	7,662,575	12,614,860
Deductions:		
Grants paid	9,642,575	12,034,860
Balance at end of year	<u>\$ 2,580,000</u>	<u>4,560,000</u>

»» The F.B. Heron Foundation

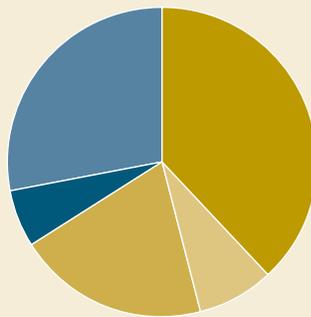
STATEMENTS OF ACTIVITIES

Years ended December 31, 2002 and 2001

NET INVESTMENT INCOME	2002	2001
Interest and dividends	\$ 8,160,881	10,013,710
Less investment expenses	(816,995)	(576,862)
Less current Federal excise tax	(77,000)	(96,000)
Net investment income	<u>\$ 7,266,886</u>	<u>9,340,848</u>
EXPENSES	2002	2001
Program services:		
Grants (Note 2)	\$ 7,662,575	12,614,860
Program expenses	1,923,596	1,684,369
Total program services	9,586,171	14,299,229
Supporting services—administrative expenses	304,556	283,220
Total expenses	9,890,727	14,582,449
Net depreciation in fair value of investments, net of deferred Federal excise tax benefit	(24,438,497)	(21,998,246)
Decrease in net assets	(27,062,338)	(27,239,847)
Net assets at beginning of year	251,258,751	278,498,598
Net assets at end of year	<u>\$ 224,196,413</u>	<u>251,258,751</u>

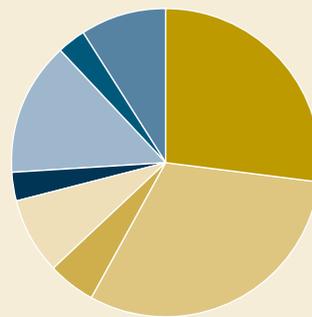
2002 CHARITABLE DISTRIBUTIONS, GRANTS & PRIs

PROGRAM AREA



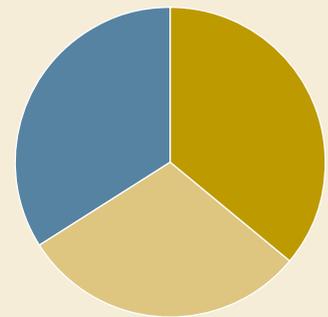
- Access to Capital: 38%
- Enterprise Development: 8%
- Home Ownership: 20%
- Child Care: 6%
- Comprehensive Community Development: 28%

GEOGRAPHIC REGION



- National: 27%
- Northeast: 31%
- Appalachia: 5%
- Southeast: 8%
- Mississippi Delta: 3%
- Midwest: 14%
- Southwest: 3%
- West: 9%

POPULATION SERVED



- Urban: 36%
- Rural: 30%
- Both: 34%

AAFE Community Development Fund, Inc.	10	Corporation for Enterprise Development	8
Abyssinian Development Corporation	13	Council on Foundations, Inc.	16
Access Living of Metropolitan Chicago	10	CRA Fund Advisors, Inc.	20
Acre Family Day Care Corporation	12	Credit Where Credit Is Due, Inc.	6
Adena Ventures, LP	18	Cypress Hills Local Development Corporation, Inc.	13
Affiliated Tribes of Northwest Indians Economic Development Corp.	8	D2D Fund, Inc.	6
Albina Community Bank	20	Dakotaland Federal Credit Union	20
Alternatives Federal Credit Union	17, 20	Detroit Catholic Pastoral Alliance	13
Appalachian By Design, Inc.	8	Detroit Neighborhood Housing Services, Inc.	10
Appalachian Center for Economic Networks, Inc.	8	The Development Leadership Network, Inc.	13
Appalachian Sustainable Development	8	The Development Training Institute	13
Asian Neighborhood Design, Inc.	16	Douglass National Bank	20
The Aspen Institute, Inc.	6, 13	Down East Partnership for Children	12
Associated Early Care and Education, Inc.	12	Durham Community Land Trustees, Inc.	10
Association for Neighborhood & Housing Development, Inc.	10	East Bay Asian Local Development Corporation	13, 18
Association of Black Foundation Executives, Inc.	13	East Side Neighborhood Development Company, Inc.	13
Austin Community Development Corporation	8, 17	Economics Institute <i>see</i> Loyola University	8
Bank of Cherokee County	20	El Centro, Inc.	14
Bay Area Equity Fund I, LP	20	Elk Basin Federal Credit Union	20
Bay Area Smart Growth Fund I, LLC	20	Elk Horn Bank & Trust	20
Bedford Stuyvesant Restoration Corporation	8	Enterprise Corporation of the Delta	8, 18
Bethex Federal Credit Union	20	The Faith Center for Community Development, Inc.	14
Boston Community Capital	6	Federation of Appalachian Housing Enterprises, Inc.	10, 18
Boston Community Loan Fund, Inc.	18	Fifth Avenue Committee, Inc.	14
Bridge Street Development Corporation	10	Fifth Ward Community Redevelopment	14
Burlington Community Land Trust, Inc.	10	First American Credit Union	20
Cabrillo Economic Development Corporation	10	First American International Bank	20
California Reinvestment Committee	6	First National Bank of Phillips County	20
Calvert Social Investment Foundation, Inc.	6, 13, 18	First Nations Development Institute	6
Capital Markets Access Project <i>see</i> New School University	13	The Foundation Center	16
Carver Federal Savings Bank	20	Fountain House, Inc.	16
CASA of Oregon	6	Four Times Foundation, Inc.	8
Cascadia Revolving Fund	8, 18	Friendship Community Federal Credit Union	20
Center for Social Development <i>see</i> Washington University	7	Generations Community Credit Union	20
Centers for New Horizons, Inc.	12	Genesee Co-Op Federal Credit Union	20
Central Appalachian Peoples Federal Credit Union	20	Greater Minnesota Housing Fund	10
Central Bank of Kansas City	20	Greenpoint Manufacturing and Design Center	
Charis Community Housing, Inc.	10	Local Development Corp.	8, 18
Charleston Habitat for Humanity	10	Greyston Foundation, Inc.	14, 18
Chicago Community Loan Fund	6, 18	Guadalupe Center, Inc.	14
Chicago Lawyers' Committee for Civil Rights Under Law, Inc.	13	Habitat for Humanity—New York, Inc.	10
Chicanos Por La Causa, Inc.	13	The Harbor Bank of Maryland	20
Child Care, Inc.	12	Heart of America Family Services	12
Citizen Policy & Education Fund of New Jersey	13	Hope Unity Fund Inc.	14
Citizens Trust Bank	20	The Hopi Foundation Lomasuminangwtukwsiwmani	14
City First Bank of DC	20	Housing and Community Development Network of New Jersey	14
City National Bank of New Jersey	20	Housing and Neighborhood Development Services, Inc.	10
Cleveland Housing Network, Inc.	10	Housing Assistance Council	10, 18
Co-op Initiatives, Inc.	10	The IC Foundation Inc.	6
Coastal Enterprises, Inc.	13, 18	ICV Partners, L.P.	20
Community Bank of the Bay	20	Illinois Facilities Fund	6, 18
Community Capital Bank	20	Independent Sector	16
Community Choice Federal Credit Union	20	Initiative for a Competitive Inner City, Inc.	8
Community Development Advocates of Detroit	13	Inner City Christian Federation	10
Community Loan Fund of New Jersey	6, 18	Interfaith Education Fund, Inc.	14
Community Reinvestment Fund, Inc.	6, 18	Interfaith Housing of Western Maryland, Inc.	10, 18
Conference Board, Inc.	8	International Bank of Chicago	20

Isles Inc.	14	Paraprofessional Healthcare Institute, Inc.	9
Kansas City Neighborhood Alliance	14	Partnership for Child Care Accreditation	12
Kent State University Foundation, Inc./ Ohio Employee Ownership Center	8	Penn Venture Partners, LP	17
Kentucky Mountain Housing Development Corporation, Inc.	11	Peoples Self-Help Housing Corporation	11
Knox Housing Partnership, Inc.	11	Per Scholas, Inc.	15
Lakota Fund	6	Pratt Area Community Council, Inc.	15
Lawndale Christian Development Corporation	14	Proyecto Azteca	11
Lee County Community Development Corporation, Inc.	14	Quitman County Development Organization, Inc.	7
Lenders for Community Development	6	Quitman/Tri-County Federal Credit Union	19
Little Haiti Housing Association	11	Regional Plan Association, Inc.	15
Local Initiatives Support Corporation	11	The Reinvestment Fund, Inc.	7, 17
Louisville Community Development Bank	20	The Rensselaerville Institute	15
Low Income Investment Fund	6, 18	The Resurrection Project	15
Loyola University	8	Rural Action, Inc.	9
Manna, Inc.	11, 18	Rural Collaborative, Inc.	11
Maryland Center for Community Development	14	Rural Community Assistance Corporation	15, 19
McAllen Affordable Homes, Inc.	11	Rural Economic Development Center, Inc.	9
McAuley Institute, Inc.	11, 19	Rural Opportunities, Inc.	15
Metro IAF, Inc.	14	Sacramento Neighborhood Housing Services, Inc.	11
Mid South Delta LISC <i>see</i> Local Initiatives Support Corporation	11	Sacramento Valley Organizing Community	15
Midtown Community Development Corporation	15	Saint Joseph's Carpenter Society	12
Mission Community Bank	20	Santa Cruz Community Credit Union	20
Mission Economic Development Association	9	Santee Lynches Affordable Housing and Community Development Corp.	12
Montana Community Development Corporation	9	Self-Help Credit Union	20
Mountain Association for Community Economic Development	15	Self-Help Enterprises	12
Mountain Housing Opportunities, Inc.	11	Self-Help Ventures Fund	19
Mountain Partners in Community Development Inc.	15	The Sheltering Arms	12
National American Indian Housing Council	11	Shorebank	20
National Community Reinvestment Coalition, Inc.	7	Shorebank Enterprise Group Cleveland	9
National Community Capital Association	7, 17	Shorebank Enterprise Group Pacific	9
National Federation of Community Development Credit Unions, Inc.	7, 17, 19	Social Investment Forum Foundation, Inc.	7
National Housing Institute	15	South Carolina Community Bank	20
National Rural Funders' Collaborative <i>see</i> Calvert Social Investment Foundation, Inc.	13	South Carolina Association of Community Development Corporations	16
Native American Bank, NA	20	The Southen Appalachian Fund, LP	17
Navajo Partnership for Housing, Inc.	11	Southern Financial Partners	9
NCALL Research Fund, Inc.	11	Southern Mutual Help Association, Inc.	16
Neighborhood Development Center, Inc.	9	Southern New Hampshire University	7
Neighborhood Funders Group, Inc.	15	Sponsors for Educational Opportunity, Inc.	16
Neighborhood Housing Opportunities, Inc.	11	Sustainable Jobs Development Corporation	9
Neighborhood Housing Services of New York City, Inc.	11	Sustained Excellence Alliance Corporation	17
New Community Corporation	19	Suwannee Valley Community Coordinated Child Care, Inc.	12
New Economics for Women	15	Syracuse Cooperative Federal Credit Union	20
New Hampshire Community Loan Fund, Inc.	7, 17	The Thresholds	16
New Mexico Community Development Loan Fund	9, 19	United Methodist Relief Center	12
New Mexico Community Foundation	15	Universal Design Housing Network	12
New Orleans Neighborhood Development Collaborative, Inc.	11	UrbanAmerica, L.P.	20
New School University	7	Vermont Development Credit Union	17, 20
New York Regional Association of Grantmakers	16	Wall Street Rising Corp.	9
Nonprofit Coordinating Committee of New York, Inc.	16	Washington University	7
North Carolina Community Development Initiative, Inc.	15	WECO Fund, Inc.	16
North Carolina Minority Support Center	7, 19	Women's Action to Gain Economic Security	9
Nova Southeastern University, Inc./Family Center of Tampa Bay	12	Woodstock Institute	7
The Oregon Native American Business and Entrepreneurial Network	9	World Institute on Disability	7

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[†] Start date March 1, 2003

^{††}Through February 28, 2003

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