



annual report 2008

building
brighter
financial
futures

**Capital Area Asset Builders puts people
on the road to financial independence.**

Our programs help low- and moderate-income individuals and families improve their money management skills, increase their savings, and build wealth by investing wisely. Our goal is to create a community that provides *everyone* with incentives and opportunities to save for the future.

CAAB CAPITAL
AREA
ASSET
BUILDERS

“At the end of the day it’s all worth it. When I come home at night... it’s so worth it to see my daughter bound into our huge backyard and start playing. It’s worth it to have neighbors who are also homeowners, who look out for each other, and patrol the neighborhood.” —**Lottena Wolters**



Our Approach

CAAB helps people achieve financial independence through their own efforts. Being successful requires an ongoing commitment to:

- Listen to and honestly represent the experiences of our clients.
- Educate community leaders and policymakers about factors that inhibit savings and wealth creation in low-income neighborhoods and households.
- Evaluate the outcomes of our programs and engage in a process of continuous improvement.
- Foster collaboration among nonprofit, for-profit, and public agencies that have a shared interest in increasing financial literacy and economic opportunity in the District of Columbia.
- Act in a fiscally responsible manner and channel the majority of resources to District of Columbia residents who need them.



In recognition of its effectiveness and community impact, CAAB is once again featured in the **2008-2009 Catalogue for Philanthropy**, which honors the region’s best community-based nonprofits.

“In the middle of difficulty
lies opportunity.” —Albert Einstein

Dear friends,

2008 was an affirming year for CAAB and its supporters.

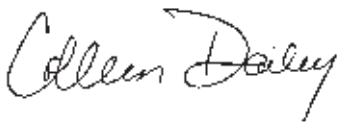
As the Dow Jones Industrial Average began its steady decline to the third worst year on record, enrollment in our financial education and savings programs climbed steadily to an all-time high. Despite a global economic meltdown that brought turmoil to local economies—including higher foreclosure rates, increasing unemployment, tightening credit markets and shrinking public resources—**hundreds of area residents in need of our programs responded in a remarkably positive way.**

Who would have predicted the **90% jump in participation** in our financial education programs or the **16% increase in total dollars invested** by our savings program members? Once it became clear this was a consistent trend rather than a short-term anomaly, we realized we were seeing a rational response to the uncertain economic climate: people were realizing they needed to address their financial concerns by **controlling what they could control—their own relationship with money.** Whether by overextending their credit, routinely spending more than they were earning, or failing to plan ahead for expected and unexpected events, they were ready to acknowledge that regardless of what had happened in the financial markets, their own behavior was a major contributor to their current financial woes.

In response to heightened awareness of and interest in CAAB’s programs, we rallied all of our resources to support the financial aspirations of our growing client base. Fortunately, the rise in consumer interest was accompanied by new funding opportunities and an increase in volunteerism, which came together to make this past year an extremely encouraging and uplifting one for CAAB. Our goal is to **continue growing our resources to meet this new era of increased demand** for our programs and working more closely with the public sector to **ensure financial education and savings incentives are integrated** into job training and income-support programs for District residents.

While we are far from immune to the fiscal realities affecting nonprofits during the economic downturn, we have the advantage of providing services that are an effective remedy for one of the major contributors to this crisis: widespread financial illiteracy. As we strive alongside our partners and peers to continue in the face of declining resources and charitable giving, we are extremely grateful for the contributions of new and ongoing supporters. We hope that you will be inspired by the work summarized in this report. Please share it with others who may have an interest in helping District families move up the economic ladder by saving regularly and investing wisely.

Thank you for helping CAAB pave the way to brighter financial futures!



Colleen Dailey
Executive Director



Marcella A. Harshbarger
Board President





“It’s important to save and pay yourself first... Prince and I have had times where it’s been rough—not paying our bills and finding ourselves short. We don’t have that problem any more and won’t have it again.” —Karen Davis

Our Programs

When the storm clouds are gathering, it can be difficult to see beyond them. CAAB’s programs help people manage today’s financial challenges while preparing for tomorrow’s uncertainties. Here’s how we do it:

1 We give people the tools to make wise financial decisions.

Financial education is the foundation of CAAB’s work. We experienced record enrollment in 2008 for our flagship Money Management 101 class—a 5-week course that teaches basic financial skills, credit management, and consumer empowerment. To accommodate this surge of interest in our course offerings and varied adult education schedules, **CAAB doubled the number of sessions offered each quarter**, offering concurrent classes on weeknight evenings and Saturday mornings. 384 students attended our classes, and 105 students completed the entire series.

In addition to our Money Management 101 series, CAAB offers stand-alone classes to help individuals with financial planning at any life stage. **79 people attended seminars** to learn how to buy and finance a used vehicle, protect themselves from identity theft, save for college, and plan for other financial goals. **CAAB also provided one-on-one budget and credit counseling to 109 people** who sought additional support in developing their financial action plans.

2 We meet people where they are.

CAAB took its programs out into communities, working to bring **financial education and savings information directly to more than 40 community-based nonprofits and their clients**. CAAB also hosted the first annual DC Saves Financial Fair at THE ARC in Ward 8, which **drew more than 150 attendees**. Participants took advantage of opportunities to attend seminars, speak with financial institution and nonprofit representatives about their products and services, have their income taxes prepared and filed for free, and meet one-on-one with Certified Financial Planner™ Professionals. This Fair was the first of its kind in Washington, DC.

3 We help low-wage workers claim and keep the money they’ve earned.

CAAB coordinates the DC Earned Income Tax Credit (DC EITC) Campaign to educate low-wage workers about tax obligations and tax benefits that could boost their incomes. IRS-certified volunteers prepare and e-file federal and local tax returns to provide an alternative to paid tax preparation services that can strip money

“[My volunteer tax preparer] educated me and helped me understand I should know exactly what is being done and why, so that when I have my taxes prepared I should get all the benefits I’m entitled to. They showed me how I had been taken advantage of [by other tax preparers] before, thinking I was being helped.” —Delores Ford

away from families and communities. Free tax sites also help connect filers with additional support services that can help them improve their personal finances while providing education to ensure clients understand their responsibilities and benefits as a taxpayer. In 2008, **more than 600 volunteers prepared tax returns for nearly 6,000 low-income taxpayers, claiming nearly \$2.4 million through the EITC, and more than \$7 million in total federal and state refunds.**

4 We provide powerful incentives to save and invest.

CAAB’s Individual and Marriage Development Accounts continue to help hundreds of people who may never have thought they could purchase a home, go to school, or start a business to save and realize their dreams. Our matched savings programs leverage federal, local, and private funds to provide a 3-to-1 match on money saved by low- and moderate-income DC residents—a powerful incentive to save. The required financial education provides the guidance IDA and MDA Savers need to invest in assets that will increase in value and move them up the financial ladder.

In 2008, **170 new Savers enrolled** in our Individual Development Account (IDA) and Marriage Development Account (MDA) savings programs. During the year, **Savers deposited \$188,250** in their savings accounts.

5 We create communities of savers to provide ongoing motivation and support.

Through DC Saves, we provide resources, encouragement, and information to help people take positive financial action. We have created a community of like-minded Savers who share their saving strategies, motivations for saving, and success stories. The power of this community is growing every day; in 2008, **669 new DC Savers together pledged to save a total of \$58,773 each month** to achieve their financial goals.

6 We show people how to exercise and advocate effectively for their consumer rights.

Our money management classes teach people how to be savvy consumers. **Our clients leave the classes informed of their rights and ready to act** in their own best interests, whether it is to demand better treatment and disclosures from financial service companies, or to ask government officials for better protections and services for themselves and their communities.

Numerous research studies have shown that asset ownership leads to greater civic involvement. Our advocacy work at CAAB has always been client-centered. We are committed to ensuring our clients’ important perspectives are shared and their voices are heard. For example, in November 2008, Mayor Fenty and the DC City Council cut \$22 million of the \$33 million budgeted for the

“The IDA helped give me the drive to reach the point where I wanted to be. It made me feel good to go to the bank and put my money in, and then watch it grow.” —Denise Hickmon



“I’m very excited to be a homeowner. For the first time, I really believed. I really paid attention to the elections, now that I have a home.”

—Tarik Cranston (pictured with his wife Nicole Cheek in front of their new home)



City’s Home Purchase Assistance Program (HPAP)—bringing home purchases by many low-income District residents to an abrupt halt. CAAB staff and clients were part of a coalition of affordable homeownership advocates that testified at a City Council roundtable about the impact of the program on the DC housing market and their own plans for building wealth. Homebuyers in CAAB’s IDA program were interviewed for an article in *The Washington Times* about the situation, and one was featured on a local television news program.

The DC Council passed emergency legislation in December 2008 to restore partial funding for this important affordable homeownership resource and HPAP was re-opened in early 2009, but the maximum loan amount was reduced by 43%. CAAB and its clients will continue to make the case for increased HPAP funding to Councilmembers and government agency leaders to ensure adequate affordable homeownership opportunities now and in the future.

“The [Money Management 101 classes] helped me to consider my spending practices, how to create a budget, and to improve the way I pay my bills. Since I have attended the workshop I have paid off two credit cards in a short period of time. The beauty of it all, the workshop is free, and you go away with a wealth of information!” —Daisy Boyd

7 We build community support for policies that protect and encourage savings and investment by lower-income individuals.

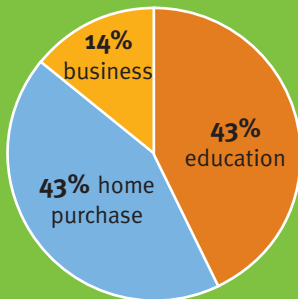
CAAB believes that a truly prosperous community is one in which everyone has incentives and opportunities to save for the future. With the majority of savings incentives now being administered through federal, state, and local tax codes that are increasingly complex, those who fall in the lowest tax brackets are often left out. **In 2008, CAAB and its partners in the DC EITC Campaign focused their advocacy on a proposal to increase a property tax credit for very low-income homeowners and renters in the District of Columbia.** The tax credit was instituted in the late 1970s and has never been adjusted, while higher income residents have benefited from several property tax relief measures during the same time period.

CAAB also contributed to the DC Department of Insurance, Securities & Banking’s *Subprime Mortgage Lending in the District of Columbia* study, released in June 2008. In addition to highlighting successful homebuyer education programs around the country, we suggested several actions the District could take to increase the impact of financial education on borrowers.

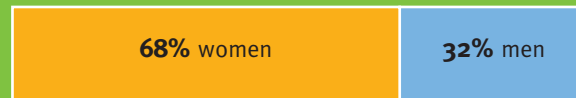
Since 1997, **538 CAAB Savers** have invested in their dreams: 241 purchased their first homes, 63 have invested in small businesses, and 234 have pursued education or job training. They **saved \$500,908** and **earned \$1,568,851** in matching funds, for a **total asset investment of \$2,069,759**.

snapshot of CAAB Savers

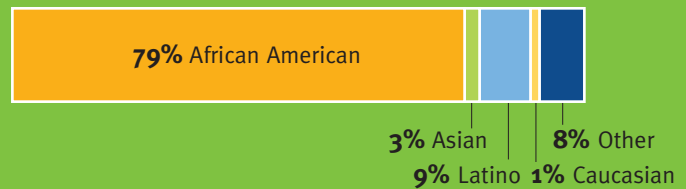
Savings Goal



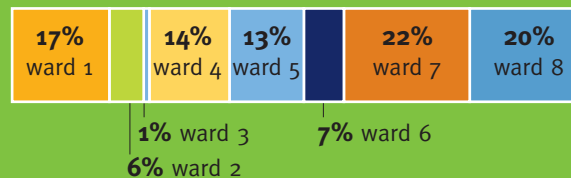
Gender



Ethnicity



Geography



Annual Household Income

Mean	\$27,484
Median	\$26,718
Range	\$4,531-\$71,293

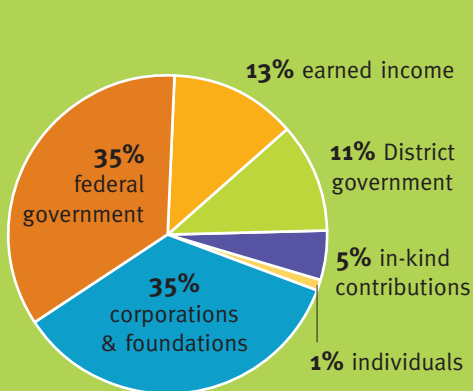
CAAB's matched savings programs are **targeted to District of Columbia residents earning 85% of the area median income or less** (for a family of three, this is \$46,500) and the **majority of our clients earn less than 200% of the federal poverty level** (for a family of three, this is \$36,995).

Capital Area Asset Builders

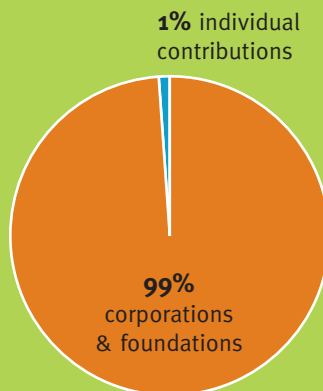
Statements of Activities and Changes in Net Assets for the Years Ended December 31, 2008 and 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grants and contributions	\$30,885	\$1,151,650	\$1,182,535	\$ 189,766	\$ 1,912,956	\$ 2,102,722
Membership dues	19,450	-	19,450	9,000	-	9,000
Interest income	66,483	-	66,483	91,936	-	91,936
Consulting	88,011	-	88,011	-	-	-
In-kind contributions	66,055	-	66,055	1,920	-	1,920
Financial and education workshops	12,192	-	12,192	2,479	-	2,479
Net assets released from donor restrictions	1,149,953	(1,149,953)	-	527,477	(527,477)	-
Total revenue	1,433,029	1,697	1,434,726	822,578	1,385,479	2,208,057
EXPENSES						
Program Services	1,143,196	-	1,143,196	866,132	-	866,132
Fundraising	65,018	-	65,018	10,238	-	10,238
General and Administration	130,911	-	130,911	82,812	-	82,812
Total expenses	1,339,125	-	1,339,125	959,182	-	959,182
Changes in net assets before other item	93,904	1,697	95,601			
OTHER ITEMS						
Reimbursement of unexpended Federal funds	-	(250,279)	(250,279)	-	-	-
Changes in net assets	93,904	(248,582)	(154,678)	(136,604)	1,385,479	1,248,875
Net assets at beginning of year	208,974	3,630,882	3,839,856	345,578	2,245,403	2,590,981
NET ASSETS AT END OF YEAR	\$302,878	\$3,382,300	\$3,685,178	\$ 208,974	\$ 3,630,882	\$ 3,839,856

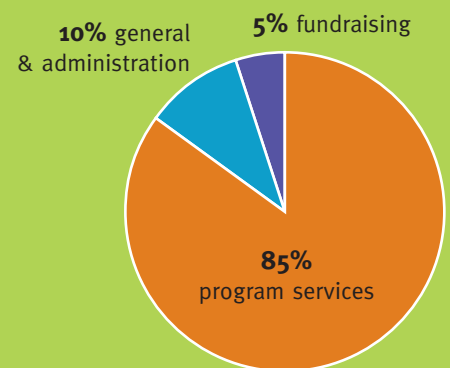
CAAB raises funds to match \$3 for every \$1 that is saved in an IDA or MDA. These matching funds enable our savers to purchase homes, expand or start businesses, or continue their education, and are classified as temporarily restricted in our financial statements



2008 OPERATING
Income by Source



2008 MATCHING
Funds by Source



2008 FUNCTIONAL
Expenses by Category

CAAB Supporters

Despite the economic downturn, CAAB was fortunate to retain strong support from partners, volunteers, committed clients, and financial contributors throughout the year. We rely on private and government funding to match the efforts of our Savers. We are grateful for the generous donations of the organizations and individuals who make our work and our clients' success possible.

Individual Donors

Sara Batterton
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Children's Defense Fund
Citi
CityBridge Foundation
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DC Office of the Deputy Mayor
for Planning & Economic
Development
The Hatcher Group
Horning Family Fund
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Maryland & DC Credit
Union Association
Eugene and Agnes E. Meyer
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The Moriah Fund
The Partnership to End Childhood
Hunger in the Nation's Capital
PNC Bank
Provident Bank
Signal Financial Federal
Credit Union

Taste of Salt Fund of the Community
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Capital Region
United Way of the National Capital
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Pro Bono Law Firm

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Cleo's Brothers LLC
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Imaj Hair Salon
Joey Betts and Cover the Ground
Tom & Frances Knoll
LoveCafé
Lyle Lovett and Vector Management
Nana
New Course Catering
Reston Limo
TopGolf
The Washington Capitals
The Washington Nationals
Willowcroft Vineyard

(continued on next page)

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DC EITC Campaign

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American University Washington College of Law
Arlington Department of Human Services
Bates, White LLC
BB&T
Catholic University of America Columbus School of Law
CentroNía
Chevy Chase Bank
Community Tax Aid
DC Fiscal Policy Institute
DC Office of Tax and Revenue
East River Family Strengthening Collaborative
Gaithersburg Regional Library
Georgetown University Law Center Charles W. Gilchrist Center for Cultural Diversity
Healthy Babies Project
Hillcrest Heights Library
Howard University School of Business
Jubilee Jobs
Latino Economic Development Corporation
Lydia's House
Martin Luther King, Jr. Memorial Library
McDermott, Will & Emery
National Student Partnerships
New Carrollton Library
Ophelia Egypt Program Center (Planned Parenthood of Greater Washington)
Perry Community Services Center
Southeast Community Credit Center
The Women's Center
Urban Institute
Year Up

DC Saves

Agriculture Federal Credit Union
Amalgamated Bank
America Saves
American Saving Education Council
Americans Well-Informed on Automobile Retailing Economics (AWARE)
Andrews Federal Credit Union
BB&T
CABEL Foundation
Calvert
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Congressional Federal Credit Union
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DC Hunger Solutions
DC Office of the Attorney General
Department of Commerce Federal Credit Union
Department of Labor Federal Credit Union
District Government Employees Federal Credit Union
DVA Federal Credit Union
EAB Creative Planning Services
Educated Consumer Project
Federal Deposit Insurance Corporation (FDIC)
FIDMi-Mi Tierra
Financial Literacy Foundation
Government Printing Office Federal Credit Union
H.E. Freeman Enterprises
HEW Federal Credit Union
Hoya Federal Credit Union
HUD Federal Credit Union
Lady Legacy Foundation
Latino Economic Development Corporation

Library of Congress Federal Credit Union
Lydia's House
M&T Bank
Manna Mortgage
Manna, Inc.
Maryland & DC Credit Union Association
NRL Federal Credit Union
Operation Hope, Inc.
Pepco Federal Credit Union
PNC Bank and PNC Mortgage
Signal Financial Federal Credit Union
So Others Might Eat (SOME)
Solid Ground Financial Planning
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Treasury Department Federal Credit Union
United States Senate Federal Credit Union
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Women in Housing & Finance Foundation
Women's Institute for a Secure Retirement (WISER)

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Latin American Youth Center (LAYC)
Latino Economic Development Corporation
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CAAB CAPITAL
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1801 K Street NW, Suite M100
Washington, DC 20006

phone: 202-419-1440 fax: 202-419-1447
www.caab.org CFC# 57599