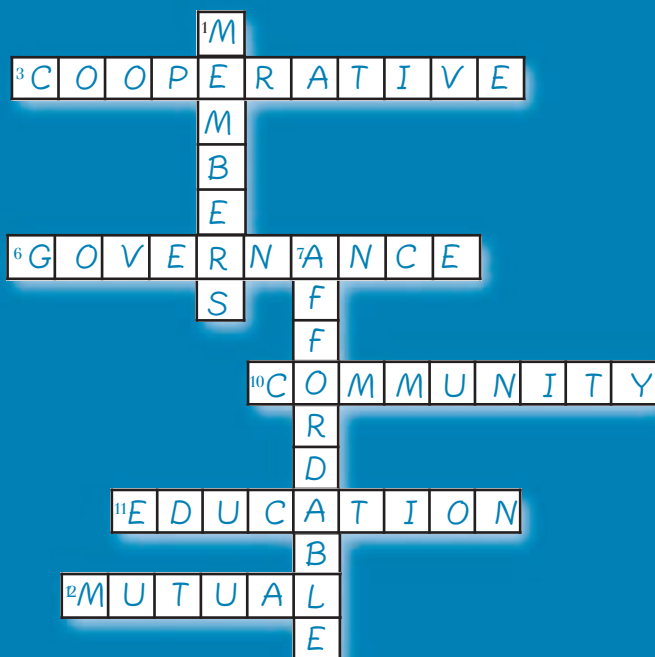


# SOLVING THE CO-OP PUZZLE



## ACROSS

3. Democratically owned/operated business serving the needs of its members.
6. In co-op \_\_\_\_\_, each member has a vote.
10. Co-ops are grounded in the places their members live.
11. Important benefit of a co-op: consumer \_\_\_\_\_.
12. How decisions are made in a co-op \_\_\_\_\_.

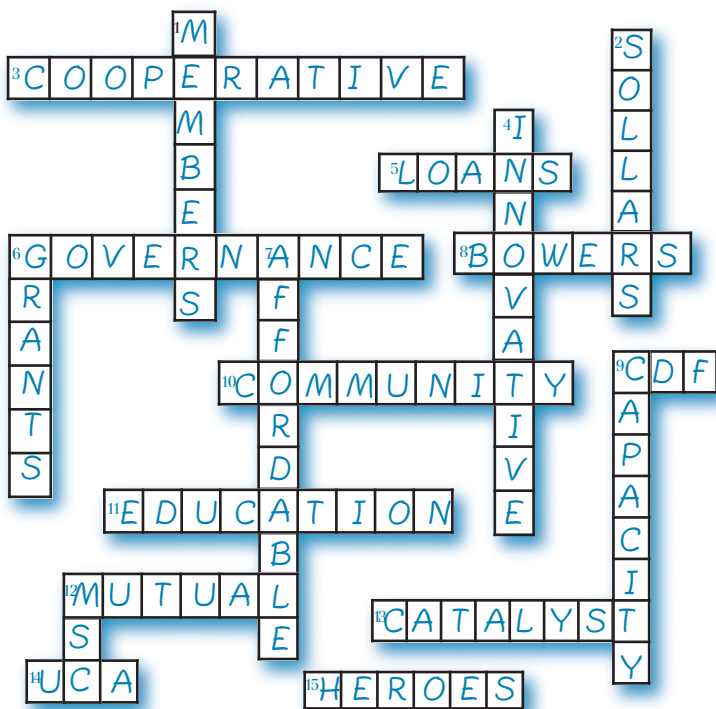
## DOWN

1. Owners of co-op businesses
7. The co-op's group buying power allows members to purchase more \_\_\_\_\_ goods and services.

**COOPERATIVE DEVELOPMENT  
FOUNDATION**

2007 Annual Report

# CDF COMPLETES THE PUZZLE



## ACROSS

5. CDF provides \_\_\_\_\_ for co-op housing initiatives.
8. CDF's Howard K. \_\_\_\_\_ Fund supports education and training in the food co-op sector.
9. Cooperative Development Foundation, a 501(c)(3) non profit. [www.\\_\\_\\_\\_\\_.coop](http://www._____.coop)
13. CDF plays the role of \_\_\_\_\_, in sharing information and building partnerships.
14. \_\_\_\_\_: The workplace giving program, managed by CDF, that supports co-op development
15. Stories of all 130+ inductees to CDF's Cooperative Hall of Fame are on the HOF website: [www.\\_\\_\\_\\_\\_.coop](http://www._____.coop)

## DOWN

2. CDF's \_\_\_\_\_ Fund promotes international exchanges to share co-op business practices and encourage new co-op development.
4. CDF awards feasibility grants to test \_\_\_\_\_ forms of co-op development.
6. CDF awards \_\_\_\_\_ for new co-op development initiatives
9. Through administrative grants and scholarships to learn best business practices, CDF builds \_\_\_\_\_ in sustainable co-ops.
12. CDF's \_\_\_\_\_ Fund focuses on grants for co-op solutions that meet the needs of seniors in rural America

# Message from the Chair

It's nearly impossible these days to avoid thinking – and worrying – about the country's economic struggles. We in the cooperative community recognize the important role cooperatives can – and should – play in the regeneration of the US economy. As the public searches for affordable and trustworthy solutions for daily living in these difficult economic times, co-ops should be poised for a period of expansion. The challenge, as always, is to increase public understanding of the benefits of co-op membership and to motivate people to choose to become members.

CDF will continue to do its part to encourage new co-op development and to increase public awareness of cooperatives. The pages of this report provide details on a wide range of 2007 co-op development initiatives that CDF championed. In addition to its advocacy on behalf of cooperatives, you will see that CDF awarded more than \$340,000 in grants and loans for new cooperative development initiatives in the U.S. and around the world.

CDF was not immune from experiencing its own economic pain in 2007, due, in part, to the ripple effect of the current economic downturn. Since 2000, CDF has held a 32% ownership interest in SCAN Furniture, a high-end Scandinavian furniture company in the Washington DC metro area whose other owners are its suppliers and its senior employees. SCAN stock was among the assets gifted to CDF in 2000 when United Cooperative Services, a Greenbelt, MD co-op, chose to dissolve. The 2007 housing slump and the sub-prime mortgage crisis made life even more difficult for an already-struggling US furniture industry. On December 26, 2007, SCAN filed for bankruptcy. As a result, CDF has written off 100% of the previous value of SCAN stock. You will see the loss of its value reflected in CDF's 2007 financial statements.

Let me close by saying a special thank you to our generous supporters. We realize that you have many choices to make in how you invest your philanthropic dollars and we truly appreciate your decision to invest them in CDF. You helped us serve the co-op community in very tangible ways. Take a look inside this report and be proud of what you helped us accomplish! On behalf of the CDF board and staff, thank you very much.

  
Terry Lewis

## 2007 CDF Board Members

TERRY LEWIS, Chair, *NCB*

GASPER KOVACH, Jr., Treasurer, *HESCO*

STEPHEN M. DELFIN, *National Credit Union Foundation*

DOUGLAS GRAHAM, *Nationwide Insurance Enterprise*

JIM MEGSON, *The ICA Group & LEAF*

NANCY MONTAGUE, *National Rural Electric Cooperative Association*

RALPH PAIGE, *Federation of Southern Cooperatives, LAF*

## Condensed Statement of Financial Position Years Ended December 31, 2007 and 2006

	2007	2006
<b>Assets</b>		
Cash	\$37,794	\$44,767
Accounts & Pledges		
Receivable	\$51,166	\$93,497
Prepaid Expenses	\$21,296	\$19,731
Investments	\$4,186,495	\$4,411,817
Notes Receivable	\$429,375	\$349,593
Other Assets	<u>\$2,133</u>	<u>\$975,450</u>
<b>Total Assets</b>	<b>\$4,728,259</b>	<b>\$5,894,855</b>
 <b>Liabilities and Net Assets</b>		
Liabilities	\$460,259	\$458,427
Net Assets	<u>\$4,268,000</u>	<u>\$5,436,428</u>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$4,728,259</b>	<b>\$5,894,855</b>

## Summary of Revenue and Expenses for the Years Ended December 31, 2007 and 2006

	2007	2006
<b>Revenue &amp; Support</b>		
Contributions & Grants	\$221,554*	\$432,109
Special Events	\$172,741	\$184,581
Investment Income	\$199,199	\$227,118
SCAN, Inc.	\$(975,450)**	\$(142,050)
Other income (expense)	<u>\$(5,459)</u>	<u>\$110,711</u>
<b>Total Revenue &amp; Support</b>	<b>\$(387,415)</b>	<b>\$812,469</b>
 <b>Expenses</b>		
Program	\$465,859*	\$706,143
General & Administrative	\$92,046	\$ 94,073
Fundraising	<u>\$75,592</u>	<u>\$ 65,425</u>
<b>Total Expenses</b>	<b>\$633,497</b>	<b>\$865,641</b>
 <b>Change in Net Assets</b>	 <b>\$(1,020,912)</b>	 <b>\$(53,172)</b>
Net Assets, Beg. of year	\$5,436,428	\$5,489,600
CW! Transfer	<u>\$(147,516)*</u>	<u>\$0</u>
<b>Net Assets, End of year</b>	<b>\$4,268,000</b>	<b>\$5,436,428</b>

\* CooperationWorks! incorporated and departed CDF in January 2007

\*\* CDF owned 32% of SCAN furniture, which filed for bankruptcy on 12/26/07

# 2007 Donors

CDF is grateful to all who contributed to CDF's general operating fund in 2007. Without their generosity and commitment to cooperative development, CDF would not be able to do its work.

To see the complete list of 2007 donors, visit the CDF website ([www.cdf.coop](http://www.cdf.coop)). It includes individuals and businesses who understand the value of the co-op business model. It includes those who have generously donated goods and services for the Race for Cooperative Development and those who have sponsored the Online Auction of Co-op Art & Craft. It also includes business colleagues, family, and friends of the 2007 Cooperative Hall of Fame inductees. CDF sincerely thanks all of you!

## Business Donors \$10,000 and above

CHS

The Cooperative Foundation

Emmet, Marvin & Martin, LLP

National Rural Utilities Cooperative Finance Corporation

Nationwide Mutual Insurance

## Business Donors \$5,000 - \$9,999

Bryan Cave LLP

California League Services

CHS Foundation

Corporation/California Credit Union League

CoBank

Land O'Lakes, Inc.

NCB

National Cooperative Business Association

National Credit Union Foundation

National Rural Telecommunications Cooperative

## Individual Donors \$1000 and above

Stanley & Sharron Dreyer

## Individual Donors \$500 - \$999

James Blaine

Rex & Kathryn Brick

Sam & Margery Bunker

David Chatfield

Greg Dinsdale

William & Ann Hoyt

Bob & Sandy Kabat

Gasper Kovach, Jr.

Ann Lano

Terry Lewis

Michael Maslak

David & Linda Oliver

Mary Ann Rothman

David Thompson

## Cooperative Services for Seniors

12 Down: MSC Fund

4 Down: Innovative

6 Down: Grants

In three short years since it was established, CDF's **MSC Fund** has now awarded more than \$300,000 in grants that have helped create working models of cooperative housing and home care that are now ready to be replicated in rural communities across the country. The 2007 grant awards included:

### Education & training around replicable models:

- ❖ Cooperative Care (Wautoma, WI) — \$25,000 for development of a replicable education and training program for owner/members of new home care co-ops.
- ❖ New Hampshire Community Loan Fund (Concord, NH) — \$19,000 for their leadership development program for members of manufactured home park cooperatives

### Replication – business planning and set-up

- ❖ Circle of Life Cooperative (Bellingham, WA) -- \$15,250 for business costs associated with setting up a new homecare co-op
- ❖ Northwest Cooperative Development Center (Olympia, WA) - - \$23,240 for business planning and leadership training for a new home care co-op in Hawaii.
- ❖ Twin Pines Cooperative Foundation (Davis, CA) -- \$25,000 for their work to convert manufactured home parks into co-ops in Yolo County, CA

### Feasibility of new models

- ❖ The Senior Cooperative Foundation (St. Paul, MN) -- \$12,000 for a feasibility study of cost-savings through joint purchasing by senior housing co-ops



Member/owner of Cooperative Care with client

# THE COOPE

## Advancing the Co-op Business Model Leveraging Resources 13 Across: Catalyst

In 2007, the **NCBA Fund** Fund was actively engaged in several cross-sector initiatives that have great potential both to create wider understanding of the co-op business model and to stimulate cooperative development through finding solutions to the “co-op access to equity” challenge.

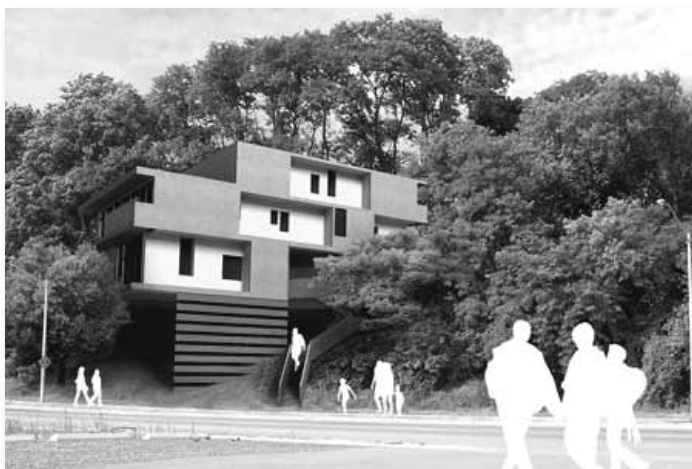
- ❖ **Economic Research** — Research is underway at the University of Wisconsin-Madison that will quantify the national economic impact of cooperatives on the U.S. economy. In 2007, the NCBA Fund leveraged \$41,453 in co-op community contributions as a private sector match for the 2006 USDA grant that is the primary source of funds for this research initiative. The expectation is that this research will both produce current economic data and develop the methodology for collecting the data on a recurring basis.
- ❖ **Capital Needs of Co-ops** — With the need for capital identified as a top priority for cooperatives, an NCBA task force made the recommendation in 2007 that a feasibility study be done for a cooperative equity fund. The purpose of the study is to determine whether such a fund is a viable option and, if so, to identify the appropriate structure(s) to ensure its success. In 2007, the NCBA Fund leveraged \$9,550 in contributions from the co-op community to support this initiative.



## Disaster Relief and Recovery 6 Down: Grants 9 Down: Capacity 13 Across: Catalyst

As the recovery of the Gulf Coast continues, so too does CDF's commitment to capacity building and support for new cooperative development initiatives through the funds contributed to the Katrina Cooperative Recovery Fund. 2007 grant awards included:

- ❖ **Cooperative development capacity building in the Gulf Coast** — \$4,200 in scholarships for participants from the Gulf Coast to attend the professional development training program that is conducted by CooperationWorks
- ❖ **New cooperative development initiatives** — The Federation of Southern Cooperatives/Land Assistance Fund received \$15,000 for a portion of the feasibility study for a new Louisiana fishing cooperative – the South Plaquemines Parish United Fisheries Cooperative.



Schematic drawing for Grand House in Ontario, Canada

## **Cooperative Housing for All Ages From Students to Seniors**

**5 Across: Loans**  
**13 Across: Catalyst**

CDF maintains a cluster of revolving loan funds that enable the purchase and/or renovation of existing co-op housing or the pre-development planning for new construction of co-op housing.

- ❖ Jacob Kaplan Fund and Hillman-Dubinsky Fund -- CDF's pre-development financing revolving loan funds for senior co-op housing initiatives (new construction). In 2007, CDF initiated no new loans from these funds.
- ❖ The Kagawa Funds – Low interest loans that usually complete a bigger financial package that enables a student housing co-op to refinance, expand, or make infrastructure upgrades. In 2007, the Kagawa Fund continued to monitor its portfolio of 7 existing loans and made three new loans:
  - Pacifico (aka Davis Campus Co-op) Davis, CA – a \$15,000 loan for financial stabilization and rebuilding (112 students)
  - Grand House, in Ontario, Canada -- \$37,600 towards a much larger new construction project for an environmentally-friendly, energy efficient 4,500 sq ft, 12 bedroom structure to house architecture students from the University of Waterloo in Windsor, Ontario.
  - Nickel City Housing Co-op (Buffalo, NY) -- \$40,000 to rehab, convert, and refinance an existing house (22 students)



# E L O P M E N T

## The Consumer Cooperative Sector Education & Training Needs

8 Across: Bowers Fund

9 Down: Capacity

One of the greatest challenges facing organizations like the **Howard K. Bowers Fund** is achieving a balance between the ongoing training/development needs of existing cooperatives and the special needs of newly-opened or organizing cooperatives. In 2007, the Bowers Fund provided financial support for educational programs that touched both ends of the spectrum:

### Training/development needs of existing cooperatives:

- ❖ Consumer Cooperative Management Association -- Scholarships (\$10,227) for approximately 20 consumer cooperative board members, staff, and managers from around the country to participate in the 2007 annual conference, held in La Crosse, WI
- ❖ National Cooperative Grocers Association (Central Corridor) -- \$3,000 for development of an educational “toolbox” that codifies best practices for produce managers.

### Educational needs of newly-organized and organizing cooperatives:

- ❖ Harlem Natural Food Co-op (New York, NY) for board/management training (\$2,575)
- ❖ Indiana Cooperative Development Center (Indianapolis) -- \$1,700 in support of an introductory seminar for individuals in a three-state area interested in forming new food co-ops.
- ❖ Howard Bowers Day fundraising – Funds raised (\$14,200) in October 2007 were earmarked for training needs of newly-organized and organizing food co-ops. Grants will be awarded in 2008.



## Cooperative Leadership Development

9 Down: Capacity

6 Down: Grants

In 2007, CDF supported the following cross-sector cooperative education activities:

- ❖ **NCBA's 2007 Cooperative Conference** — Financial support (\$9,000) for educational components of the conference, held annually in Washington, DC.
- ❖ **Emerging Co-op Leaders Program** — \$1,750 to NASCO (North American Students of Cooperation) to enable students from smaller housing cooperatives to participate in this cross-sector educational program.
- ❖ **East & West Coast Worker Co-op Conferences** – General conference support (\$450) for each 2007 conference..
- ❖ **Association of Cooperative Educators** – (\$500) and Cooperative Communicators Association (\$1,000) -- Sponsorship of their annual professional development institutes.

# FOUNDATION

## CDF Celebrates Co-op Month 2007

9 Across: CDF

13 Across: Catalyst

### Online Cooperative Art & Craft Auction

In observance of national Co-op Month 2007 (October), CDF held its second annual on-line auction featuring the works of members of art and craft cooperatives both in the U.S. and overseas. The auction's primary purpose is to showcase the cooperative art and craft community as an example of the cooperative business model and to help this co-op sector grow, interact with each other, and learn best business practices from each other's experiences.

### Race for Cooperative Development

CDF's 5K October race is a CDF fundraiser as well as a major kick-off event for Co-op Month. The Race brings together co-op leaders, competitive teams from DC-area co-op affiliated organizations, friends, supporters and the general public. CDF thanks all who made the 2007 race a success – sponsors, volunteers, the competitive teams from area co-op organization, and all who donated prizes, cash, and food. A complete list of all to whom CDF is grateful can be found on the CDF website: ([www.cdf.coop](http://www.cdf.coop)).



## 2007 Cooperative Hall of Fame

15 Across: Heroes

CDF is proud to be the home of the Cooperative Hall of Fame, induction into which is the highest honor given by the cooperative community for genuinely heroic service and accomplishment. The complete list of Cooperative Hall of Fame inductees and the stories of these outstanding individuals can be found at [www.heroes.coop](http://www.heroes.coop).



The 2007 inductees are, left to right: Charles B. Gill, Retired Governor and Chief Executive of National Rural Utilities Cooperative Finance Corporation; David L. Chatfield, Retired President & CEO, California and Nevada Credit Union League; Jean Jantzen, Cooperative communications and education advocate and John E. Gherty, Retired CEO, Land O'Lakes, Inc.

**Practicing the 6th Co-op Principle**  
**Co-ops Helping Co-ops**  
**9 Down: Capacity**  
**13 Across: Catalyst**

While CDF engages in fundraising and outreach for its own purposes, it also helps to attract public attention and additional financial resources to the broader world of co-op development in several significant and tangible ways: through its administration of United Co-op appeal, CDF raises valuable unrestricted funds for other co-op development organizations; CDF serves as fiscal agent for co-op organizations that need a qualified non-profit to administer grants on their behalf.; and through CDF's support of professional development programs serving the cooperative community.

**United Co-op Appeal**  
**14 Across: UCA**

United Co-op Appeal (UCA) is the workplace giving program that provides members of the cooperative community an opportunity to provide valuable financial support to organizations that are engaged in domestic and international cooperative development. CDF administers the UCA program, in large part, through a generous grant from the Nationwide Foundation. The UCA campaign raised \$78,978 in pledges and contributions to the 14 UCA recipient organizations participating in the 2007 campaign. List of recipient organizations is at [www.cdf.coop](http://www.cdf.coop).

**CDF as Fiscal Agent**  
**2 Down: Sollars Fund**  
**Pachamama Coffee Cooperative**  
**([www.pachamama.coop](http://www.pachamama.coop))**

In 2002, CDF's Sollars Fund awarded a \$3,000 grant to help start this cooperative, enabling one of the organizers from Davis, CA to travel to Central America to work face-to-face with prospective members. After that initial Sollars grant award, CDF served as fiscal agent for Pachamama as it received additional grants to set up the infrastructure to make the cooperative functional. By 2007, Pachamama Coffee Cooperative was fully operational as a consortium of cooperatives representing more than 13,000 small-scale coffee farmers in Ethiopia, Guatemala, Mexico, Nicaragua, and Peru, selling their coffee directly to vendors and the general public in the United States.



# The CDF Family of Funds

## Grant Funds

### **Howard Bowers Fund for Consumer Cooperatives**

Development and management training of food co-op staff, managers, and board members

### **NCBA Fund**

Cooperative development and education through the programs of the National Cooperative Business Association

### **Frank B. Sollars Fund for International Cooperative Development**

Supports education and collaboration between U.S. and overseas cooperatives

### **Mutual Service Cooperative (MSC) Fund**

Cooperative development to benefit seniors living in rural America

### **Shirley K. Sullivan Education Fund**

Professional education and training of cooperative communicators

### **United Co-op Appeal Fund**

Unrestricted grants to organizations included in United Co-op Appeal, a workplace giving program

### **Katrina Cooperative Recovery Fund**

Funds raised through contributions from members of the cooperative community to (1) help cooperatives and related organizations in the Gulf Coast area recover from Hurricanes Katrina & Rita and (2) build additional cooperative development capacity in the region.

**CDF's Operating Fund** makes small grants to support education/training events that do not qualify for grants from any of CDF's named funds.

## Revolving Loan Funds

### **Hillman-Dubinsky Cooperative Labor Fund**

Pre-development loans for limited equity cooperative housing projects

### **Kagawa Fund and Kagawa Student Co-op Reinvestment Fund**

Supports campus-based student cooperative housing through a revolving loan fund and a social investment fund for collateralized gap financing

### **Jacob Kaplan Cooperative Development Fund**

Pre-development loans for cooperative housing and related services for the elderly

## Cooperative Development Foundation

1401 New York Ave, NW Suite 1100

Washington, DC 20005

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

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