

CDF: COMMITTED TO CO-OPS



2017
COOPERATIVE
DEVELOPMENT
FOUNDATION
YEAR END REPORT

Our Mission:

CDF promotes and develops cooperatives to improve economic opportunities for all.



MESSAGE FROM THE EXECUTIVE DIRECTOR AND CHAIR



RICH LAROCHELLE

Chairman of the Board



LESLIE MEAD

Executive Director

With a healthy and stable financial position, in 2017 the Cooperative Development Foundation expanded our partnerships with people and organizations within and outside the cooperative community that share CDF's mission to improve economic opportunities for all.

CDF continues – through grant making, investment, and thought leadership – to support using the cooperative business model as a powerful and effective vehicle to empower people and strengthen communities. In 2017 we moved closer to our goal of investing more of the assets of our designated funds in cooperatives, with cooperative instruments currently comprising 19% of the portfolio.

In December, CDF received a \$3.5 million contribution from CoBank to establish the CoBank Advised Fund. This new donor-advised fund will support contributions consistent with CoBank's corporate citizenship programs and objectives, including cooperative education. The addition of the CoBank Advised Fund will lower the operating cost of the other funds managed by CDF, thereby enabling the funds to increase grant making in the future.

CDF and the National Rural Electric Cooperative Association (NRECA) partnered to utilize CDF's Cooperative Disaster Recovery Fund to collect and distribute contributions from the rural electric community to rural electric employees and communities impacted by natural disasters. Administration of this program was greatly facilitated by CDF's adoption of donor and grant making software. The software enables CDF to better serve our community and operate more efficiently.

The Home Care Cooperative Initiative – a collaboration of cooperative developers, technical

assistance providers and CDF -- expanded its work in 2017. Capital Impact Partners' involvement in the effort attracted funding from the AARP Foundation, which has augmented USDA funding. The National Rural Utilities Cooperative Finance Corporation (CFC) continues to support the initiative by hosting the National Home Care Cooperative Conference at its headquarters in Dulles, VA.

Our collaborations with NRECA, CoBank, CFC and Capital Impact Partners point to the Foundation's growing reputation as a reliable philanthropic partner.

Our relationship with NCBA CLUSA continues to grow. CDF served as the fiscal sponsor for grants to support NCBA CLUSA's international development and domestic thought leadership work. In 2017 the organizations collaborated to lay the ground work to attract additional philanthropic dollars to support their joint missions of developing a more inclusive economy through cooperatives.

Last year, CDF increased our presence on social media, improving our engagement on Facebook and Twitter by more than 400%, broadening our reach to donors and deepening our connection to the cooperative community. As a result, CDF saw contributions from individuals double in 2017. The Cooperative Hall of Fame and Coop 5k, our major fundraising events, increased by 22% over the previous year.

CDF mourned the loss this year of Cooperative Hall of Fame creator and 1997 inductee Stan Dreyer. Stan, "America's Co-op Ambassador," left a profound and lasting impact on the cooperative world, setting an example for us all as a mentor, leader and friend. Our goal at CDF is to build on Stan's legacy as we continue to promote economic opportunities for all through cooperatives.

AUDITED FINANCIAL STATEMENT 2017

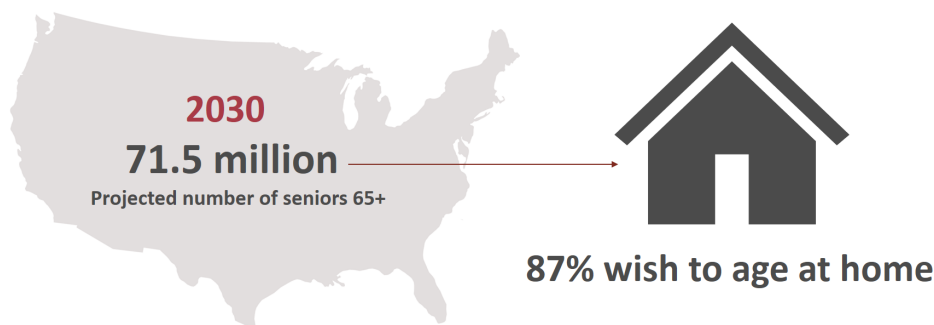
CDF Unrestricted	2017	2016
Support and Revenue		
Contributions and Grants	121,194	168,009
Government Contracts	201,281	265,242
Special Events, net expenses	250,868	206,267
Investment Income/Loss	(652)	(6,679)
Administrative Fee Income	38,079	36,104
In-kind contribution	10,000	-
Net Assets Released from Restrictions	527,061	813,490
Total Support and Revenue	1,147,831	1,482,433
Expenses		
Program	813,094	1,159,537
Management and General	140,264	109,452
Fundraising	68,438	57,490
Total Expenses	1,021,796	1,326,479
Net Income	126,035	155,954
CDF Temporarily Restricted	2017	2016
Support and Revenue		
Contributions and Grants	187,811	371,448
Investment Income/Loss	230,705	51,684
Loan Interest	3,290	1,775
Net Assets Released from Restrictions	(527,061)	(813,490)
Total Support and Revenue	(105,255)	(388,583)
Expenses	-	-
Net Income	(105,255)	(388,583)
All CDF	2017	2016
Support and Revenue	1,042,576	1,093,850
Expenses	1,021,796	1,326,479
Net Income	20,780	(232,629)
Reserves	2017	2016
Unrestricted (Beginning)	619,165	463,372
Unrestricted (Ending)	745,200	619,165
Temporarily Restricted (Beginning)	3,681,450	4,069,872
Temporarily Restricted (Ending)	3,576,195	3,681,450
Permanently Restricted (Beginning)	381,151	381,151
Permanently Restricted (Ending)	381,151	381,151
Total Net Assets, Beginning of Year	4,681,766	4,914,395
Total Net Assets, End of Year	4,702,546	4,681,766

CDF FOCUS: HOME CARE COOPERATIVES



THE CAREGIVER CRISIS WITH A CO-OP SOLUTION

The United States is facing a caregiver crisis. The number of seniors needing care is expected to double in the next decade. As they age, seniors prefer to remain in their homes, so millions of new home care workers will need to be hired to meet the growing demand.



**1 Caregiver for
Every 8 Clients
Needing Care**



**60% Annual
Caregiver
Turnover Rate**



THE CO-OP ADVANTAGE

Despite the growing market for home care workers, the industry suffers from a shortage of workers, who are discouraged by low wages, limited benefits, unreliable hours, poor training and physical stress. Home care cooperatives are a solution. Cooperatives can offer better training and somewhat higher salaries, resulting in increased worker satisfaction, higher quality care, and decreased turnover.

HOME CARE RESEARCH

With funds from the Co-op Development Fund and Capital Impact Partners, CDF commissioned research by The ICA Group on home care cooperative replication, development and market analysis in ten states. The report, which

was presented by ICA's Executive Director David Hammer at the 2017 Home Care Conference, concluded that "home care cooperatives can have a transformative effect in this difficult industry."

GRANTS SUPPORT CDF HOME CARE WORK:

CDF received three grants this year to support our work on home care cooperative development. They include:

- A \$200,000 Rural Cooperative Development Grant from USDA to: fund the Home Care Conference; develop a case study of Peninsula Home Care Cooperative, an exemplary start-up; explore a lending tool for home care cooperatives and provide technical assistance.
- A \$175,000 Socially Disadvantaged Group Grant from USDA to assist home care co-ops with governance and financial analysis, recruitment, marketing assistance and staff retention.
- In partnership with CDF, Capital Impact Partners secured a \$200,000 grant from the AARP Foundation. Funds from the grant support the Home Care Conference and the work of the Development Steering Committee, a group of technical assistance providers, co-op developers and lenders with experience working with home care cooperatives.

CDF HOSTS 2017 HOME CARE COOPERATIVES CONFERENCE

More than 75 developers and cooperative members representing eight of the eleven home care cooperatives in the United States met in November for the second National Home Care Cooperatives Conference in Dulles, VA.

This year's conference featured an extra day of pre-conference programs: a training on improving staff communication led by the Paraprofessional Health Institute (PHI) and a session on home care cooperative development for technical assistance providers.

The conference is the result of CDF's Development Steering Committee's four-year effort to identify ways that cooperatives can improve the lives of home care providers while improving care to seniors.

CDF provided scholarships for every home care worker who attended the conference.

Debra Schultz, finance coordinator at Cooperative Care in Wautoma, WI said, "It was exciting to come to this conference. I loved the openness of the discussion and willingness of everyone to share information." She said the networking is particularly useful because members realize "we are not alone. We are all in this together."

A RECRUITMENT TOOLKIT FOR CO-OPS

To help home care co-ops overcome what The ICA Group has identified as one of the greatest difficulties in the industry, CDF commissioned a recruitment toolkit from Finn Partners Global Marketing Communications Firm. The toolkit provides home care co-ops with messaging resources and strategies for recruitment, including specific advice about using social media, community connections and paid advertising to attract new workers.

IN MEMORIAM: RICK MERRILL



Judy Ziewacz, former President and CEO of NCBA CLUSA, designated CDF as a recipient of contributions made in the name of her husband, Rick Merrill, who passed away in June. The Rick Merrill Fund raised \$5,570 in donations and provided five scholarships to this year's Home Care Cooperatives Conference.

CDF'S DISASTER RECOVERY FUND: HELPING CO-OPS GET BACK TO BUSINESS



When a 7.8 magnitude earthquake hit Ecuador in April 2016, killing more than 650 people, CDF teamed with Equal Exchange, a fair trade, worker-owned co-op, to help two Ecuadoran co-ops of cacao growers recover. The two co-ops, the Union of Producers of Cacao of Arriba Esmeraldas and Fortaleza del Valle, are located near the epicenter of the earthquake.

While there were no fatalities among the members and staff of the co-ops, damage to personal property and the property belonging to the farmer organizations was significant. Equipment that needed repair or replacement included refrigerated trucks, drying units, water pumps and tanks, computers, offices and storage facilities. In 2017, CDF donated \$35,805 to repair a post-harvest processing center and co-op office. Today Equal Exchange reports that the co-ops are back in business.

CDF HELPS WITH RECOVERY FOR ELECTRIC COOPERATIVES

CDF partnered with the National Rural Electric Cooperative Association (NRECA) to raise funds specifically for rural electric cooperatives and workers impacted by a succession of hurricanes that battered the southern United States and Caribbean this year.

Rural electric cooperative workers, some of whose homes were damaged by the hurricanes, worked to restore power to impacted communities. Crews encountered circuit outages, downed trees and lines and poles so deeply submerged that they were unreachable.

Working with CDF, NRECA raised a total of \$63,733 for co-op recovery from cooperative utilities and individual donations. Of that amount, more than \$8,000 was raised in one week by NRECA staff as part of their "Concern for Community" program.



THREE HURRICANES, ONE SEASON.

The 2017 hurricane season was the most financially devastating in history, with three hurricanes making landfall on American soil. While national and local relief organizations responded to the immediate needs of storm survivors, CDF focused on co-op recovery, raising more than \$99,097 in individual and corporate donations.

In January 2018, CDF began disbursing aid to cooperatives in Puerto Rico, Texas, Florida, Georgia and South Carolina.

Funds were distributed through local cooperative organizations and through grants directly from CDF.

The donations made to the CDF Cooperative Disaster Recovery Fund helped co-ops and their employees get back on their feet. They also showed the true power of cooperation.



\$104,642
RAISED FOR DISASTER
RECOVERY IN 2017

“ WE HOPE THESE FUNDS WILL HELP
TO EASE SOME OF THE BURDEN
FOR FELLOW CO-OPS.

”



Outpost Natural Foods Co-op, Milwaukee, WI
Outpost held a fund drive at their four retail stores in September and raised \$3,748.01.



41ST ANNUAL COOPERATIVE HALL OF FAME

Four outstanding cooperative leaders were inducted into the Cooperative Hall of Fame at a gala in May at the National Press Club in Washington, DC.

Rita Haynes, CEO emeritus of Faith Community United Credit Union in Cleveland, OH was honored for three decades of



visionary leadership at FCUCU where she pioneered financial products to meet the needs of the credit union's low-income members.

John Johnson, retired President and CEO of CHS Inc., a full-service grain-marketing, energy and agricultural cooperative that grew into a global organization under his leadership was recognized for his efforts to help farmers compete and prosper in the global marketplace through their cooperatives.

Cooperators honored **Rich Laroche**, retired Senior Vice President at National Rural Utilities Cooperative Finance Corporation for a lifetime commitment to cooperatives,

including his advocacy before Congress for rural electric co-ops and his work to ensure fair access to satellite television in rural America.

Husband and wife team **John and Carol Zippert** were recognized for a lifetime partnership in service to cooperatives in Alabama, working for 45 years as educators, publishers, co-op developers and activists.

The 2017 Hall of Fame event raised \$267,225 in support of CDF.



2017 COOPERATIVE ISSUES FORUM

The Cooperative Issues Forum, held in conjunction with the Cooperative Hall of Fame induction ceremony, highlighted cooperative businesses that lead with their co-op identity. Co-op leaders shared cross-sector success stories, ideas about marketing the co-op advantage and strategies for cooperation among cooperatives.

Howard Brodsky, chair of Cooperatives for a Better World (CBW) and CEO of CCA Global Partners gave the keynote presentation, "Lead with Our Co-op Identity, Together." Brodsky also moderated a panel on harnessing co-op identity as a marketing strategy. The panel featured marketing leaders from Ace Hardware, Finn Partners and Cabot Creamery.

2017 Co-op Hall of Fame inductees Rita Haynes, Richard Larochelle, John Johnson and John and Carol Zippert reflected on their careers in cooperatives during a panel and Q&A session.

This year's Issues Forum was co-hosted by CDF, NCBA CLUSA, CBW and the Ralph K. Morris Foundation.



IN MEMORIAM: STANLEY DREYER

"America's co-op Ambassador" Stanley Dreyer died in October on the day of the Co-op 5K, a CDF tradition that Dreyer loved. The Cooperative Hall of Fame was Dreyer's inspiration. He was inducted in 1997.

Dreyer left a profound and lasting impact on the cooperative world, acting as a mentor and leader to generations of emerging co-op leaders. Allie Felder, former Senior Vice President of NCBA CLUSA, once said Dreyer was an inspiration, whose belief in co-ops was "contagious."

CDF received \$5,675 in donations in Stan's memory.



CONTINUING IMPACT: THE HOWARD BOWERS FUND

Guided by the fifth and sixth cooperative principles to promote education, training and cooperation among cooperatives, the Howard Bowers Fund for Food Co-ops invests in the professional growth and development of food cooperative staff and board members.

Since 1994, the Bowers Fund has given \$497,415 in grants for training and education, providing the kind of support food co-ops need to open strong and stay competitive. Food co-ops appreciate the help. Minnesota Street Market Board President Pia Lopez wrote that without a scholarship, she would not have been able to attend the 2017 Consumer Cooperative Management Association (CCMA) Conference. "The Bowers Fund is a wonderful resource," she said.



Howard Bowers Board of Advisors member Annie Hoy promotes the fund at the CCMA Conference in Minneapolis, MN.

A SUCCESSFUL FUNDRAISING YEAR



At this year's CCMA Conference, CDF held a silent auction and drawing that raised more than \$17,500 for the Bowers Fund. The drawing prize, an Apple watch, was donated by the family of Howard Bowers.

In October, CDF concluded a successful fundraising effort, raising more than \$17,500 in an increasingly competitive fundraising environment. This year's effort included a video of support from the Mayor of Madison, WI, Paul Soglin, as part of a robust social media campaign.

Food co-ops participated generously in the campaign. People's Food Co-op, with stores in La Crosse and Rochester, WI, donated a portion of their proceeds from Co-op Basics items to the Bowers Fund. Medford Food Co-op, which has benefited from a Bowers grant, raised money through coffee sales.



DIRECT HELP TO CO-OPS

This year, 15 food co-ops received grants for training in marketing, good governance, fundraising and membership recruitment and diversity training. The co-ops that benefitted from Bowers include:

Westwood Food Co-op, Denver, CO

Rogers Park Food Co-op, Chicago, IL

Macomb Food Co-op, Macomb, IL

Fare Share Co-op, Norway, ME

Catonsville Cooperative Market, Catonsville, MD

Oshkosh Food Co-op, Oshkosh, WI

Bay City Cooperative Market, Bay City, MI

Renaissance Community Co-op, Greensboro, NC

Ypsilanti Food Co-op, Ypsilanti, MI

Wild Root Market, Racine, WI

West Chester Food Co-op, West Chester, PA

Putney Food Co-op, Putney, VT

Ventura Food Co-op, Ventura, CA

Swarthmore Food Co-op, Swarthmore, PA

South Philly Food Co-op, Philadelphia, PA



Renaissance Community Co-op
Healthy - Affordable - Community Owned





CO-OP MONTH KICKOFF:

A CO-OP FESTIVAL ON THE NATIONAL MALL

Kicking off Co-op Month 2017, CDF participated in the inaugural Co-op Festival on the National Mall. The festival, hosted by NCBA CLUSA, amplified the economic impact, diversity and sustainability of the co-op business model.

For CDF, the festival was an opportunity to communicate the foundation's mission to the public, and to deepen our collaboration with NCBA CLUSA. An estimated 20,000 people attended the two-day event, which featured live music, co-op activities and food, and education booths, including a CDF booth highlighting the foundation's work in disaster relief and home care and food co-op development. CDF's booth was also headquarters for registering for the annual 'Co-op 5K'—a more than 25-year-old CDF tradition—and distribution site for festival t-shirts.

RICH LAROCHELLE: CO-OPS EMPOWER PEOPLE



CDF Board Chair Rich Larochelle participated in a panel with CLSI participant Anh-Thu Nguyen, Director of Special Projects at the Democracy at Work Institute, and Nathan Schneider, Scholar in Residence at the University of Colorado. "The cooperative principles are strong," Larochelle said. "They're about giving people a voice, about people taking control of their own lives"—values, he added, that appeal across generations.

LEADERS AND SCHOLARS

At the 2017 Co-op IMPACT Conference, CDF co-hosted the Cooperative Leaders and Scholars Institute (CLSI) with NCBA CLUSA. CLSI is a unique opportunity to advance the next generation of cooperative leaders. Twelve co-op leaders and scholars from across the United States attended a special cohort orientation and conference-related events. Cathy Statz, Education Director of Wisconsin Farmers Union, coordinated the program and Adam Schwartz, founder of The Cooperative Way, facilitated a wrap-up session with the group.

CLSI was supported by the Cooperative Development Foundation, which provided scholarships for eight participants. The Ralph K. Morris Foundation, The Cooperative Foundation, CoBank and the District Government Employee Federal Credit Union also sponsored participants.

Friends and colleagues of Thomas Bowen, NCBA CLUSA's late membership director and committed cooperater, provided generous donations in his memory to CDF's Emerging Leaders Fund in support of the program.



“ THE COOPERATIVE PRINCIPLES ARE STRONG. THEY’RE ABOUT GIVING PEOPLE A VOICE, ABOUT PEOPLE TAKING CONTROL OF THEIR OWN LIVES. ”

RICH LAROCHELLE
CDF BOARD CHAIR



THE CO-OP 5K

CDF wrapped up the first week of Co-op Month on October 7 with the Co-op 5K at Hains Point in Washington, DC. The race has been a CDF tradition for more than 25 years and is a major fundraiser for the foundation. Two hundred and twenty five runners registered for this year's race, which brought in more than \$55,000 in support of CDF's work. Sponsors included National Cooperative Bank; Emmet, Marvin and Martin, LLP; NRECA; Loeb & Loeb LLP; National Rural Utilities Cooperative Finance Corporation; The National Cooperative Services Corporation; National Co+op Grocers; CoBank; NCBA CLUSA; CUNA Mutual Group; National Information Solutions Cooperative; SEDC and Equal Exchange.



THE CO-OP 5K QUILT

The CDF Co-op 5K Quilt was presented to CDF Board member Chuck Snyder in gratitude for National Cooperative Bank's long-time, generous support of the Co-op 5K. The quilt, which is made from 15 years of race t-shirts, was sewn by Opportunity Threads, a worker-owned co-op in North Carolina. It now hangs in NCB's offices in Arlington, VA.



COOPERATION AMONG COOPERATIVES: CDF SHOWS CONCERN FOR COMMUNITY



ADVISED FUNDING: CDF TO ADMINISTER \$3.5 MILLION COBANK ADVISED FUND

In December, CDF received a \$3.5 million contribution from CoBank to establish the CoBank Advised Fund. The donor-advised fund will support contributions consistent with the bank's corporate citizenship programs and objectives.

"We are honored CoBank selected CDF to administer the CoBank Advised fund," said CDF Executive Director Leslie Mead. "The addition of the CoBank Fund lowers the administrative costs of other CDF funds, making more dollars available for grant making."

CoBank will recommend specific programs to receive grants from the fund and the CDF Board of Directors will consider and make determinations on grant requests. The Fund assets will be distributed by CDF over a period of three years.



CLEAN WATER: PARTNERING WITH NCBA CLUSA AND STARBUCKS FOUNDATION

2017 marked the final year of a three-year grant from the Starbucks Foundation to improve access to clean, abundant and accessible water for Indonesian coffee farmers.

The \$750,000 grant, for which CDF served as a fiscal sponsor on behalf of NCBA CLUSA, has benefitted 35,957 people in 90 Arabica coffee-producing villages in Sumatra, Indonesia. The Cooperative Water and Sanitation for Health (CoopWASH) project installed gravity-fed and deep-well systems that provide new sources of water for community members and reduces the workload for women and children.

In addition to improving farmers' ability to produce high quality coffee, CoopWASH significantly increased the amount of household water available for drinking, cooking and hand washing in the villages.



**NCBA
CLUSA**

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