



2005 CORPORATE REVIEW

Dear Supporters and Friends,

It was a busy and productive 2005 at Seedco. We completed a transition that changed the organization's structure and leadership. Our core programs grew in scope and size. We have many new partners and opened operations in new cities. Plans are underway for further expansion.

As a national community development intermediary, Seedco is dedicated to creating opportunities for low-wage workers and their families. Everything we do can be traced back to two fundamental questions: What do low-wage workers need to succeed? How can we best provide those supports? Constantly looking for new policies and services that can better answer these questions, Seedco is a program innovator and leader.

Typically, organizations that focus on community economic development specialize in one sector. At Seedco, we have a bigger vision, connecting workforce development, asset-building, economic development, and community finance. Each of these lines of business grew significantly in 2005.

Three years ago, Bill Grinker began a transition from his long-time role as the organization's CEO and President. During this time, Bill provided overall policy direction as the CEO and I moved into the job of President, in charge of day-to-day operations. Last September, Seedco's Board of Directors brought the transition to a conclusion with the announcement of a new corporate structure for the organization and new configuration of its Board. I have been named President and CEO of Seedco and Stanley Brezenoff is the new Chair of Seedco's Board. He replaces Larry Sills, who as Board Chair and through 20 years of service brought a disciplined business perspective combined with a persistent call to innovate through strategic risks.

The Birth of Seedco Financial Services

Our thriving loan operations are now handled by Seedco Financial Services (SFS), a new nonprofit entity with a board appointed by Seedco's Board of Directors. Bill has graciously agreed to lead this new entity as President. Seedco and SFS will continue to work together, linking financing with programmatic assistance where appropriate. In fact, I will serve as the Secretary and Treasurer of the SFS board, and Bill will remain on Seedco's board.

These changes allow Seedco's operations to catch up with its success. In 1998, Seedco had a 20-person staff, an annual budget of \$2.5 million and a Community Development Loan Fund of \$6.5 million. Just seven years later, in 2005, Seedco had 160 employees and an annual budget of more than \$20 million, and SFS was launched with over \$75 million in financing capacity under management. Expansion at this speed can overwhelm a nonprofit, but we feel confident that the time we've invested in a thoughtful strategy leaves each organization well positioned to concentrate on their unique but related missions.

A Year of Growth

In many ways, 2005 was a year when a new generation of approaches and program areas reached maturity. Much of our enhanced programming began in response to the events of September 11th which brought a greater focus on economic development as we quickly mobilized a system of supports for small businesses in lower Manhattan, providing grants, loans, wage subsidies, and technical assistance. These opportunities opened a floodgate of innovation and opportunity. In 2005, Seedco turned a corner, bringing thriving programs to scale and building infrastructure to expand others. The following briefly describes our activities in the areas in which we work: workforce development, asset-building, economic development and community finance.

WORKFORCE DEVELOPMENT: Through partnerships with faith and community-based organizations, we provide employment and supportive services to help disadvantaged populations find a job and start a career.

EarnFair Alliance[®] is a six-year old network of New York City community-based organizations that offer workforce development services. Seedco manages this network by providing a supportive infrastructure to network members—through intensive technical assistance, training, and information technology. We lower the financial risks of local organizations by providing capital to ensure that cash flow needs are met and by performing fiscal and contract management functions.

The Alliance grew in 2005, adding four new partners, bringing the current total to twelve. Pressed for further expansion by New York City's Human Resources Administration, Alliance members opted to increase the total to 30 members by 2009. This growth is a vote of confidence for the performance of the Alliance, which found employment for 1,500 clients in 2005 at an average starting wage of \$8.40 an hour. Additionally, the three-month job retention rate was 73 percent, the highest recorded in the Alliance's six year history. Equally important, the Alliance is ranked number one citywide for its welfare recidivism rates, with 72 percent of its clients remaining independent of public assistance after six months.

Seedco operates two **One-Stop Career Centers**, which are federally-funded Workforce Investment Act Centers that offer a comprehensive package of employment and training services in Upper Manhattan and Jefferson County, AL. Since Seedco began operating the Upper Manhattan location in April 2004, over 35,000 jobseekers have utilized its services. All of the visitors received career guidance and over 4,000 were placed in new jobs. We're particularly pleased to use the Upper Manhattan One-Stop as a platform site to introduce job seekers to our work supports program, *EarnBenefits* (see below), and link them to other services through our community based partners in the *EarnFair Alliance*[®]. Seedco began its operation of the Jefferson County Career Center in 2005 and improved the placement rate by 12 percent over the previous year. With this center reaching full maturity, the county has decided to directly administer the services.

ASSET-BUILDING: To help low-wage workers maintain long-term employment and advance along a career ladder, Seedco assists with building savings and assets.

EarnBenefits[®] began as a pilot in 2003, linking low-wage workers to a range of income-enhancing benefits and work supports, such as the Earned Income Tax Credit, childcare support, and state health insurance for children. *EarnBenefits* has the capacity to screen for over 20 different benefits, creating an unprecedented package of support to help make a low-wage job much more sustainable.

In 2005, *EarnBenefits* was brought to scale, available in New York City through *EarnFair Alliance* partners, the One Stop center, and Seedco's Business Solutions Centers, including a flagship program providing weekly screening sessions at the Century 21 department store in lower Manhattan. More than 7,000 individuals were screened in New York, of which 2,500 received verified benefits.

With replicable program architecture, Seedco launched a new *EarnBenefits* network in June of six social service providers in Memphis, a coalition based on the *EarnFair Alliance* model. Seedco also laid the groundwork for a new coalition of childcare centers in Atlanta that will offer *EarnBenefits*.

Seedco, as a federally-sponsored **national housing counseling intermediary**, provides technical assistance to a consortium of 31 housing counseling organizations across 10 states, helping the groups provide high-quality homeownership services, such as asset management and housing counseling sessions, to low-income individuals. In 2005, Seedco helped counsel over 4,000 individuals, assisting over 300 to become mortgage ready.

ECONOMIC DEVELOPMENT: While more than half of the nation's low-income workers are employed at small businesses, few of these firms have the resources to offer benefits, good wages, and a career track. Seedco works with small firms to help them grow their business and provide better jobs for their employees.

The Neighborhood Economies Initiative (NEI) works with small firms and disadvantaged employers to strengthen business operation and improve the job quality of low-wage and entry-level positions by providing access to affordable capital (through SFS) and a range of human resources and business assistance. Since 2005, NEI has been operating two Business Solutions Centers in New York City that, like most Seedco programs, go beyond the services contracted for operation—including sector initiatives, pro bono professional services, and full integration with our financial and workforce programs. NEI also began working with small firms in Alabama and Memphis, Tennessee, addressing their financing and operational challenges. In 2005, NEI served more than 2,500 businesses.

COMMUNITY FINANCE: Since its inception, Seedco has provided much-needed capital to both new and existing businesses in low-income communities.

Seedco Financial Services (SFS) is in its first year as a 501(c)(3) subsidiary. It is heir to Seedco's history of community and economic development lending, providing flexible, below-market financing across the country. A national community development financial intermediary, SFS currently manages a \$40 million loan fund and New Market Tax Credit allocations of \$75 million through its subsidiary, the Empowerment Reinvestment Fund, LLC., making deals ranging from multi-million-dollar anchor projects to micro-loans of less than \$100,000 to help small businesses and nonprofits thrive. In 2005, SFS helped finance a major hotel project in downtown Memphis and received national recognition with the Wachovia CDFI Excellence Award, one of four groups nationally honored.

Going Forward

Even as Seedco solidifies the changes of a busy year, we are continuing to move forward with significant expansion of core programs, both at our headquarters in New York and our sites, which include Birmingham and Memphis. Additionally, SFS opened a new office in New Orleans at the beginning of 2006, and expanded *EarnBenefits* in Atlanta and Baltimore.

At Seedco, we search for innovation that works and increasingly we want to share what we have learned with the field. With the launch of a new Seedco Policy Center and our participation in several high-level policy discussions, such as the Ford Foundation's national working group on work supports, Seedco has become a voice in the ongoing conversation about how to bring low-wage workers to a better place. We're excited about the opportunities to build on the work of 2005, and to share what we learn with the policy community.

Our accomplishments over the past year and our bold vision for the future are the result of our outcome driven way of working and our entrepreneurial spirit. This has been possible for a number of reasons. First, we have a supportive and visionary Board of Directors. Second, we have an extraordinarily talented and hard working staff. Third, our community partners and funders share our sense of purpose and work with us in all sorts of ways. We are grateful for these blessings.

Sincerely,



Diane Baillargeon
President & CEO

Seedco Supporters

GOVERNMENT

Corporation for National and Community Service
Jefferson County, Alabama Center for Workforce Development
New York City Council
New York City Department of Small Business Services
New York City Department of Youth and Community Development
New York City Human Resources Administration
New York State Department of Labor
New York State Empire State Development Corporation
New York State Office of Temporary and Disability Assistance
United States Department of Agriculture
United States Department of Health & Human Services
United States Department of Housing & Urban Development
United States Department of Labor
United States Department of Transportation
United States Department of Treasury
United States Small Business Administration

PROGRAM RELATED INVESTMENTS (PRIs)

Bank of Hapoalim
Bank Leumi
Bank Mizuho
Bank of Tokyo Mitsubishi
Calvert Foundation
Episcopal Diocese
Episcopal Economic Justice Fund
Ford Foundation
HSBC Bank
InSouth Bank
National Community Capital Association
Prudential
Wachovia Bank
Ways to Work

PRIVATE

Aaron Straus & Lillie Straus Foundation
Abell Foundation
Alabama Power Company
Altman Foundation
American Express Foundation
Annie E. Casey Foundation
Arthur M. Blank Foundation
Cabrillo EDC in Los Angeles
Carvill America, Inc.
Ceres Foundation, Inc.
Charles Hayden Foundation
Charles Stewart Mott Foundation
Citigroup Foundation
Community Foundation of Greater Memphis
Consortium for Worker Education
Deutsche Bank Americas Foundation
Federal Home Loan Bank of Atlanta
Ford Foundation
Fried Frank Harris Shriver & Jacobson, LLP
Georgetown University
Goldman Sachs Philanthropy Fund
Hearst Foundation
Independent Presbyterian Church
Ira W. DeCamp Foundation
Jessie Ball duPont Fund
Liz Claiborne Foundation
Metropolitan Life Foundation
Mizuho USA Foundation, Inc.
New York City Medical Health Research Association
New York City Workforce Development Fund
New York Community Trust
New York Software Educational Fund
Picower Foundation
Regions Financial Corporation
Robin Hood Foundation
Scripps Howard Foundation
September 11th Fund
Starr Foundation
Stella & Charles Guttman Foundation
United Way of Massachusetts Bay
United Way of New York City
United Way of the Mid-South
Verizon Foundation
Wachovia Foundation
Workforce Strategy Center

2005 Condensed Financials

For the year ended December 2005

Consolidated Report for Seedco and its subsidiaries

	2005		
	UNRESTRICTED	TEMPORARILY RESTRICTED	FY2005 TOTAL
SUPPORT AND REVENUE			
Grants and contributions	\$7,723,484	\$6,675,420	\$14,398,904
Investment income	\$1,024,235		\$1,024,235
Program and processing fees (including governmental performance based contracts)	\$9,557,652		\$9,557,652
Other revenue	\$99,058		\$99,058
Net assets released from restriction	\$6,357,492	(\$6,357,492)	
TOTAL SUPPORT AND REVENUE	\$24,761,921	\$317,928	\$25,079,849
EXPENSES			
Program: Economic Development	\$3,824,864		\$3,824,864
Program: Community Finance	\$2,218,180		\$2,218,180
Program: Asset Building	\$4,206,879		\$4,206,879
Program: Workforce Development	\$3,438,880		\$3,438,880
Program: TA & Other Core Programs	\$8,584,120		\$8,584,120
Supporting: Management & General	\$882,630		\$882,630
Supporting: Fund-raising	\$261,808		\$261,808
TOTAL EXPENSES	\$23,417,361		\$23,417,361
Net realized and unrealized investment losses	(\$150,662)		(\$150,662)
CHANGE IN NET ASSETS	\$1,193,898	\$317,928	\$1,511,826
NET ASSETS - Beginning of year	\$1,911,273	\$20,315,747	\$22,227,020
NET ASSETS - End of year	\$3,105,171	\$20,633,675	\$23,738,846

Unrestricted funds are not subject to donor restrictions and are subject to use as determined by Seedco's Board of Directors. Temporarily restricted funds may only be used for specific purposes determined by the donor.

