

A Portrait of Hope

Freddie Mac 2003 Philanthropic Report

Freddie Mac  
*Foundation*

Freddie  
Mac

*We Open Doors<sup>®</sup>*

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## President's Letter



As you turn through the pages of this annual report, imagine yourself strolling through a gallery and finding a painting or photograph that captures your interest. You might first stand at a distance, taking in the whole image. Then, wanting to fully grasp the depth of the work, you move in closer and closer. It's then you realize that every color, every shadow, every line is important, because each one occupies a unique space and each tells a select part of the story.

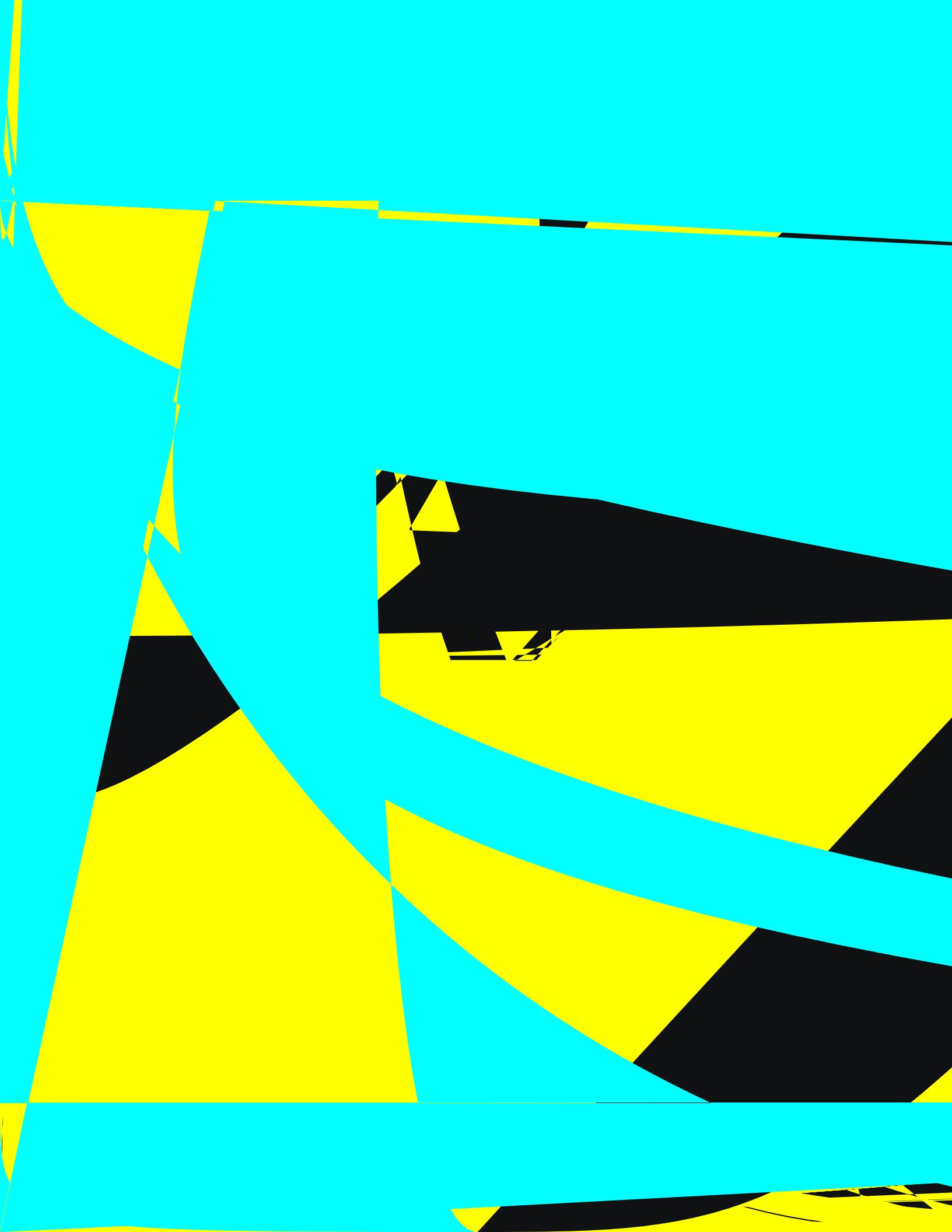
Our 2003 Philanthropic Annual Report portrays how Freddie Mac and the Freddie Mac Foundation make a difference in the community. In 2003, we invested substantial resources to build strong communities

and open doors to hope and opportunity for children, youth and their families. In addition, hundreds of Freddie Mac employees donated their time, enriching the lives of children and building stronger communities through our business-school partnerships, Habitat for Humanity builds and other volunteer projects.

That's the big picture, but it's not the whole picture. For the complete image, a closer look at the depth and texture of our philanthropic efforts is required. Since 1991, Freddie Mac has continued to be a leader in the housing finance system, an employer of choice and a good corporate citizen, and the Freddie Mac Foundation has been improving the lives of children, families and communities. Against this vibrant historical background, in 2003, we continued to strategically add layers of support and community leadership to strengthen and deepen our past work. We took deliberate and thoughtful steps to ensure that the progress of the past was not eroded, and that new strides were made. We looked for innovative ways to be responsive to the needs of our community. We also leveraged our resources, energy and relationships in a number of important ways to create even greater benefit to nonprofits and the people they serve.

In April, we launched *Freddie Mac's Hoops for the Homeless*, a signature corporate event to heighten public awareness and raise funds to alleviate homelessness in the Washington metropolitan area. With the enthusiastic support of many of our industry partners, we raised \$180,000 and made it possible for three organizations serving the homeless to preserve and expand vital programs and services to the homeless.

Together, the corporation and the Foundation averted the closure of the Metropolitan Police Boys & Girls Clubs, through quick action and a \$1 million donation to support their merger with the Boys & Girls Clubs of Greater Washington. In turn, that donation leveraged an additional \$550,000 in contributions from the Boys & Girls Clubs of America.





## The Freddie Mac Foundation

Created in 1991, the mission of the Freddie Mac Foundation is to open doors to hope and opportunity for children, youth and their families. The Foundation helps children and families reach their full potential today so that they become participants in strong, vibrant communities tomorrow.

Our giving strategy focuses on children, from birth to 18 years of age, who are vulnerable to poor outcomes. We concentrate on the following areas:

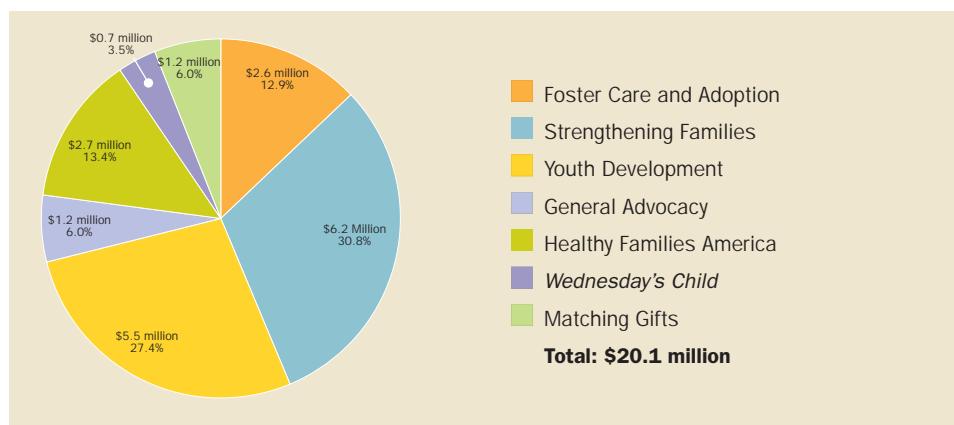
- Strengthening Families
- Foster Care and Adoption
- Youth Development

The Foundation has three core signature programs that support our focus areas:

- Healthy Families America
- Wednesday's Child*
- J.C. Nalle Community School

In 2003, the Freddie Mac Foundation provided over \$20 million to support nonprofit organizations that served the most vulnerable children, youth and their families.

### Freddie Mac Foundation 2003 Grants by Focus Area

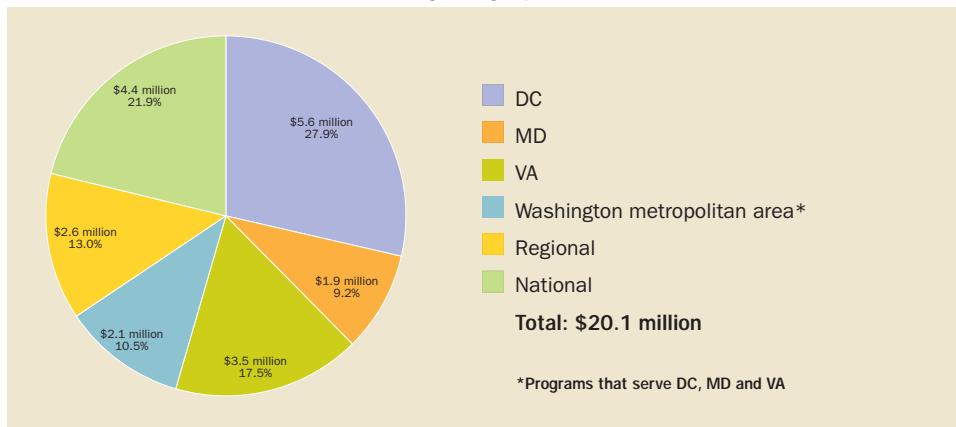


## Where the Foundation Invests

The Foundation invests in programs in the Washington, D.C., metropolitan area, including Virginia and Maryland, as well as programs that are national in scope. Through our regional grantmaking program, we also invest in programs serving the company's regional cities:

- Atlanta
- Chicago
- Dallas
- Los Angeles
- New York City

## Freddie Mac Foundation 2003 Grants by Geographic Area



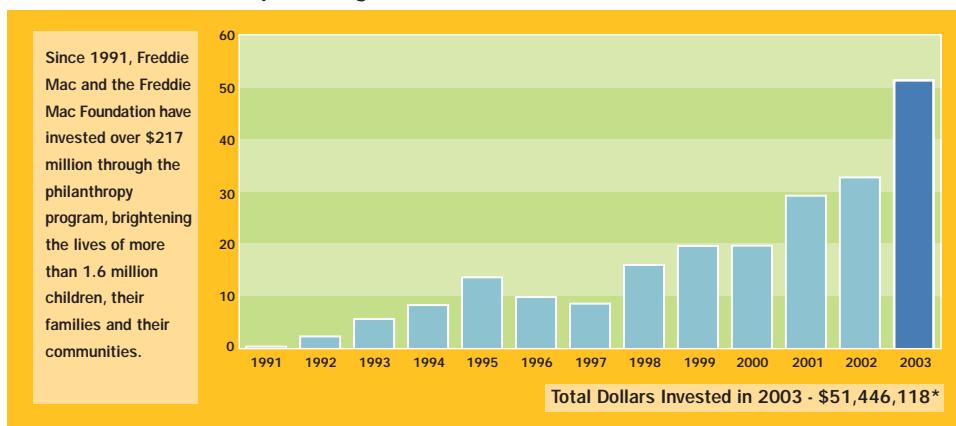
Visit our website at [www.freddiemacfoundation.org](http://www.freddiemacfoundation.org) for program information, grant guidelines or a grant application. Our grant guidelines are also included at the end of this report.

## Freddie Mac's Corporate Giving and Employee Involvement Programs

Our corporate giving program helps increase homeownership opportunities and supports civic, housing and community development programs. This complements Freddie Mac's mission of making the dream of decent, accessible housing a reality. We accomplish our work through philanthropic donations and partnerships. In 2003, our corporate giving program made more than \$25 million\* in philanthropic donations to both local nonprofit organizations and those with a national reach.

Employee volunteerism through Freddie Mac's Employee Involvement program is a key part of Freddie Mac's corporate culture and at the heart of who we are. Through company-organized programs and partnerships, Freddie Mac employees donated their time and talents to help strengthen the communities where we live and work.

## Freddie Mac Philanthropic Giving 1991–2003



\* In 2003, Freddie Mac made a \$20 million contribution to the Community Foundation for the National Capital Region to create the Freddie Mac Community Relations Donor Assisted Fund. Over several years, the funds will be distributed to charitable organizations primarily in the Washington, D.C., area.

## Introduction

Hope has many faces. Some are wishful, patiently longing for a brighter future – the face of a foster child waiting and dreaming of being adopted. Some are pensive, touched with fear of the unknown – the face of a parent in a homeless shelter wondering what tomorrow will hold. Others are triumphant, filled with the joy that comes from watching dreams unfold – the face of a student mastering a new skill.

Throughout the pages of this, our 2003 Philanthropic Annual Report, we share a few of the many faces of hope – individuals and families who have been touched by the philanthropy of Freddie Mac and the Freddie Mac Foundation. Individually, each image tells a unique story: a story of courage or dignity, innocence or joy, wisdom or strength. Together, these images create a picture of community at its best, a compelling portrait of hope and opportunity.



José Perez and Doris Cañas with sons Andy and Alexy

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When their youngest son's medical prognosis was uncertain, the Cañas-Perez family turned to MotherNet/Healthy Families Loudoun for help. There, the family found hope and support when they needed it most.



Alexy and Andy Perez

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As a premature baby, Alexy Perez, now two, once fought for life. Today he and his five-year-old brother, Andy, are healthy, energetic little boys.



Jennifer and Zaina Robinson

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Once homeless, Jennifer Robinson now looks forward to a brighter future, including going to college some day. Thanks to Bright Beginnings, she won't be the only one ready for school. So will her daughter, Zaina.



J.C. Nalle students in music class

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They think they're just having fun, but for youngsters in this early childhood music class at J.C. Nalle Community School, there's a whole lot of learning going on.



Chris Morris with J.C. Nalle students

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Chris Morris, Freddie Mac vice president of Affordable Lending and Levine School of Music board member, with kindergarten students at J.C. Nalle Community School. Through funding provided by the Foundation, these students receive music education classes taught by Levine School instructors.



Sunil Tellis with J.C. Nalle student Richard Fowler

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Whether tutoring a child or building a home, volunteering is a role Freddie Mac employees take seriously.



Jared and Dean Thomas

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Since being adopted through *Wednesday's Child*, the sky's the limit for Jared, whether flying with his dad, a pilot, or dreaming of his future. And he's not alone — his new parents are soaring, too.



Dean and Maureen Thomas with their son, Jared

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Dean and Maureen Thomas have discovered the joys of parenthood since adopting 10-year-old Jared. "I like being there for Jared," says Dean. "Not only as a parent but as a mentor and friend, too." Maureen adds, "I didn't know I was missing something, but I've grown a heart with him!"

## A Strong Start: The Early Years – Birth to 6 Years Old



### Strengthening Families, Protecting Children

Healthy Families America (HFA), a signature program of the Freddie Mac Foundation, was created by Prevent Child Abuse America more than a decade ago. HFA provides intensive support to first-time, vulnerable parents before their baby is born and through the child's first five years of life. MotherNet/Healthy Families Loudoun is one of 10 Healthy Families program sites supported by the Foundation in the Washington, D.C., metropolitan area. In 2003, 130 nonprofits received a total of \$9.4 million in Foundation grants, contributions and emergency funding to help strengthen families and prevent child abuse and neglect.

As part of its commitment to strengthening families, the Foundation was a major sponsor of the *New Parent Tool Kit* for Virginia families. A key component of Governor Mark Warner's *Education for a Lifetime* Initiative, 110,000 kits will be made available for distribution to new parents through hospitals and HFA sites throughout Virginia. Produced in both English and Spanish, the kits provide clear, easy-to-understand information about early childhood development and offer a toll-free telephone number linking parents to childcare, health insurance, health care, community resources and parenting support.

## **Ready for School**

The first thing one-year old Zaina does when she gets home every evening is open a book. Still a toddler, Zaina is already well on her way to being ready for school.



When Zaina's mother, Jennifer Robinson, first took her to Bright Beginnings, it marked a turning point for their entire family. Jennifer was a single mother, without a high school diploma. The family was homeless and struggling. At the time, it was hard for Jennifer to envision a future for herself and her children. Bright Beginnings changed that.

Bright Beginnings is a developmental childcare center for preschoolers whose families are homeless and living in crisis shelters or transitional housing. Its programs focus on helping young children grow, learn and achieve the developmental milestones that will prepare them to succeed in school. But Bright Beginnings goes well beyond helping children, to offer a network of support services — including access to healthcare and therapeutic services, job training, tutoring and parenting classes — enabling parents to attain a better life for their family.

“This program has been a blessing,” says Jennifer. “It helped me get into transitional housing, enabled me to work part time, obtain healthcare for my children, and motivated me to go back to school to get my GED. I plan to go to college. When I do, I’ll know that Zaina’s in school, and she’s healthy and safe. That’s a big stress reliever.”

## **A Helping Hand**

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In 2003, the Freddie Mac Foundation established a \$2 million Helping Hand Emergency Fund to support Washington, D.C.-area nonprofits that were experiencing a shortage of funds resulting from the economic downturn and reductions from other funding sources. Bright Beginnings is one of 45 organizations that received emergency funds from the Foundation to help sustain vital community programs and services.

## New Horizons: Elementary School Years – 6 to 12 Years Old

We are dedicated to helping children grow into caring, resilient youth and adults. That includes helping children find loving, permanent homes and encouraging academic achievement.

### Reading, Writing and Rhythm



The children at J.C. Nalle Community School love coming to music class. It's easy to tell from their bright eyes and smiles as they tap rhythms on drums, play tunes on xylophones, and sing about eating "ooples and banooonoos."

With a grant from the Freddie Mac Foundation, the Levine School of Music brings its early childhood music program to J.C. Nalle's youngest students twice a week. While the children are having fun, they're also doing some serious learning. Chris Morris, vice president of Affordable Lending at Freddie Mac, shares his love of music with children by serving on the board of the Levine School of Music through Freddie Mac's Nonprofit Board Service Program. Says Chris, "This program does more than teach children music basics such as singing, rhythm and dance. It develops skills that will help the students academically and improve their emotional development, reasoning and logic."

At a time when many schools and school districts have to cut back on music and arts education, having this program at J.C. Nalle is "beyond fantastic," says Tracy Wright, principal of J.C. Nalle. Her students seem to agree. As soon as the class is over, they want to know when it will start again.

### The Power of One – Multiplied

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Freddie Mac and the Freddie Mac Foundation have a long history of enriching the lives of children through partnerships with Washington-area schools. In our partnership schools, we fund special initiatives and projects, and assist in ways that go well beyond financial support. For more than a decade, Freddie Mac employees have volunteered at J.C. Nalle Community School in Washington, D.C., and Hunters Woods Elementary School in Reston, VA. Throughout the school year, Freddie Mac employees mentor children, tutor students in math and reading, organize and chaperone educational field trips, provide encouragement as pen pals, teach Life Skills classes, lead Junior Achievement programs, organize Toastmasters competitions and much more.

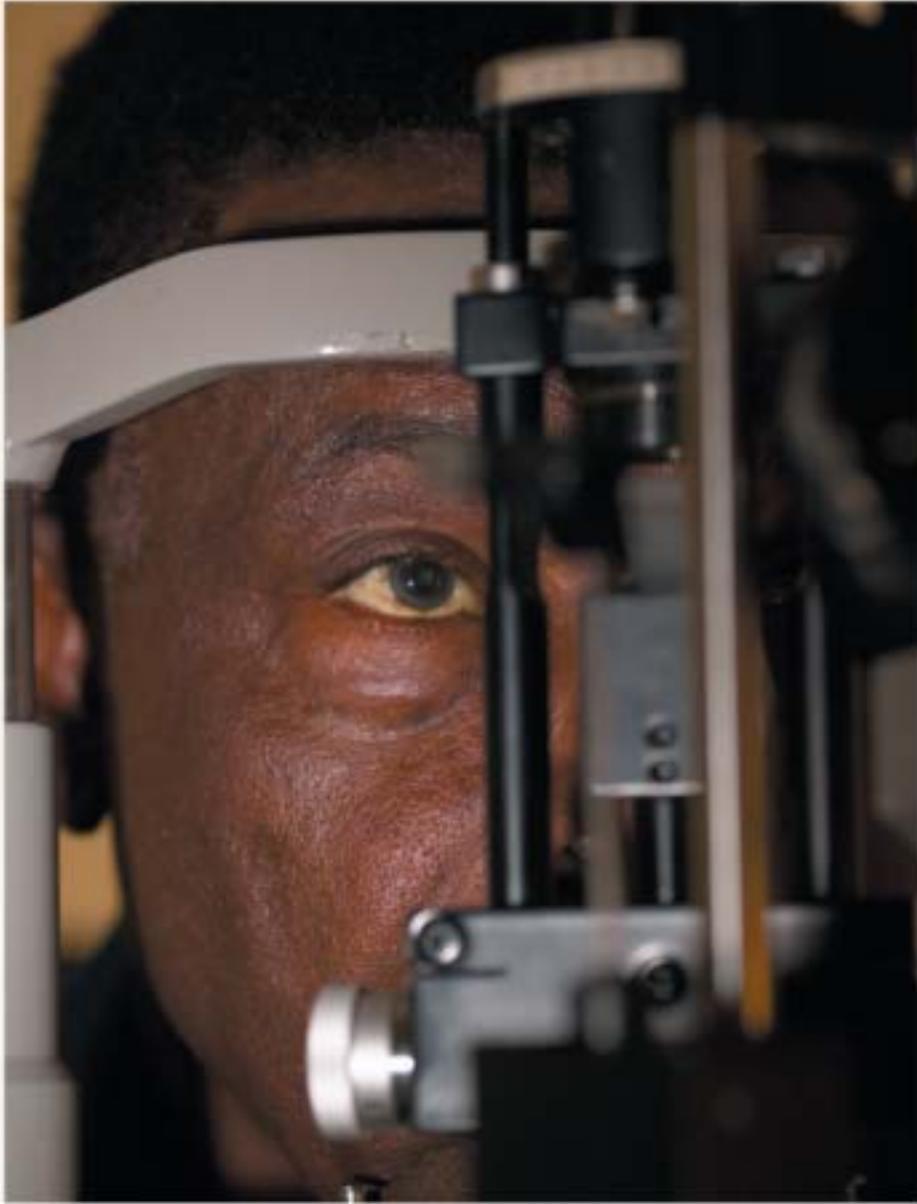
Volunteering is a role Freddie Mac employees take seriously. "When you tutor or mentor a child, you're making a commitment to be the kind of person this child will look up to," says Sunil Tellis, an employee volunteer. "When you volunteer," he adds, "you help a child dream." Whether it's by expanding their horizons at the new Air & Space Museum, or sharing their triumphs as they grasp a new concept, Freddie Mac employee volunteers help children to be their best.





#### Shepherd's Table Eye Clinic

Cecilia visited the Shepherd's Table Eye Clinic to replace her glasses, which were no longer the correct prescription. Thanks to funding made possible through *Freddie Mac's Hoops for the Homeless*, Cecilia will see clearly for the first time in years.



[Shepherd's Table Eye Clinic](#)

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For individuals such as Preston who visit Shepherd's Table Eye Clinic, the service is an invaluable benefit. The clinic helped more than 400 people see clearly in 2003, with free eye exams, glaucoma testing and glasses.



"Mac Attack" with Angela Ward and her children at *Freddie Mac's Hoops for the Homeless*

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Five years ago, Angela's life was in shambles, but with the help of Carpenter's Shelter, a *Hoops* beneficiary, things are much different now. "I've never had this kind of support from anyone, not even family."



Kirk Oliver at Howard University

CreditSmart® gave Kirk Oliver the knowledge and tools he needed to make the most of homeownership. Kirk used what he learned to improve his credit score, cut his mortgage payment in half and finance his MBA studies and a small business.

## Helping the Homeless, Supporting Homeownership

Homelessness has no age limit. It affects children and teens, adults and seniors. Through its corporate giving program, Freddie Mac helps provide services for homeless families and individuals and supports the company's mission of making the American dream of decent, accessible housing a reality.

### A Clear Vision



On Friday morning, people crowd into a small waiting area at Shepherd's Table for the Eye Clinic. Some have traveled an hour to get there, but it's well worth the trip. The clinic offers free eye exams, glaucoma testing and eyeglasses for those who have no means of payment.

Finding the money to pay for eye exams and glasses is often impossible for those who are homeless or among the working poor. At best, it means doing without other essentials. "Just recently, I started having trouble seeing," says Shaka, a young man visiting the clinic for the first time. "If this clinic wasn't here, I would have to choose between getting glasses or food."

Some clients have waited years to see clearly. "I had glasses 12 years ago," says Eric. "I lost them, and now I can barely read." Without funding from Freddie Mac, Eric would have had to wait another six months, just to get an appointment. But with funding from *Freddie Mac's Hoops for the Homeless*, the clinic now serves up to 50 patients a month, with no waiting list.





## Becoming Credit Smart

Kirk Oliver is a young entrepreneur with a promising future ahead of him. An MBA student at Howard University, Kirk is already a savvy businessperson who describes credit awareness as “integral to economic survival.” It’s a lesson he learned in a CreditSmart® workshop, created as a community service by Freddie Mac to help consumers understand, build and maintain solid credit so they can buy a home.

Like many students, Kirk graduated college with more than an undergraduate degree. He also had a pocket full of credit cards and mounting debt. “Credit card companies really have a lot of hooks and ploys to get college students into a situation where they have easy access to credit at a highly vulnerable time,” says Kirk. “We max out our credit before we even establish our credit.”

After taking the CreditSmart course in the spring of 2003, Kirk changed the way he viewed and used credit. As a result, he was able to improve his credit score and qualify for a mortgage refinance that cut his monthly payment in half. Moreover, he decided not to take any cash out when he refinanced, which later enabled him to obtain a low-interest home equity loan to finance his MBA studies and start a small business.

“I greatly benefited from CreditSmart,” says Kirk. “It’s a tool that can be used in any household, including with the parents of college students.”

## Reaching Out

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Created in 2001 to help close the gap between minority and non-minority homebuyers, CreditSmart was initially launched at five historically black colleges and universities. In 2003, more than 12,000 people benefited from CreditSmart. Many were college students, but CreditSmart also reached out to other communities, through organizations such as the National Urban League and the Rainbow/PUSH Coalition. In addition, 2003 marked the expansion of CreditSmart among two targeted populations — Latino families and military personnel.

With materials and courses presented in both English and Spanish, CreditSmart® Español was launched in partnership with seven leading Hispanic organizations, including the National Council of La Raza and the Hispanic Association of Colleges and Universities. Within a year, CreditSmart Español was offered to students and members of surrounding communities at nine Hispanic colleges and universities in Texas, Arizona, Florida, California, New York and Puerto Rico.

CreditSmart is also helping America’s military personnel and their families. After piloting the program among Coast Guard recruits, Freddie Mac was invited by the Department of Defense to participate in a Service-wide Financial Readiness Campaign. The campaign, launched in May 2003, is designed to help members of the military and their families effectively manage their personal finances, get out of debt and reduce the stress and costs associated with financial difficulties.

## **Roots and Wings: Junior High and High School Years – 12 to 18 Years Old**

The teen years can be precarious. Straddling between childhood and adulthood, teens crave independence but still need guidance and a safe, secure environment in which to grow and learn. Through contributions, grantmaking and volunteer involvement, Freddie Mac and the Freddie Mac Foundation are giving teens and young adults the support they need to fulfill their dreams.

### **Safe Haven**

A lot of kids like going to Boys & Girls Clubs because they offer great sport and recreational programs. But in a neighborhood that has seen more than its share of violent crime — including the recent shooting death of a 14-year-old girl — Michael Yeager and his friends have another good reason for hanging out there.



“It’s good to come here,” says Michael. “It keeps you off the streets, out of trouble. It keeps you safe.” Michael, now 16, has been going to Metropolitan Police Clubhouse #2 in Northwest Washington, D.C., since he was seven. Back then, his club was part of the Metropolitan Police Boys & Girls Clubs (MPBGC), but in 2003 the MPBGC merged with Boys & Girls Clubs of Greater Washington (BGC GW).

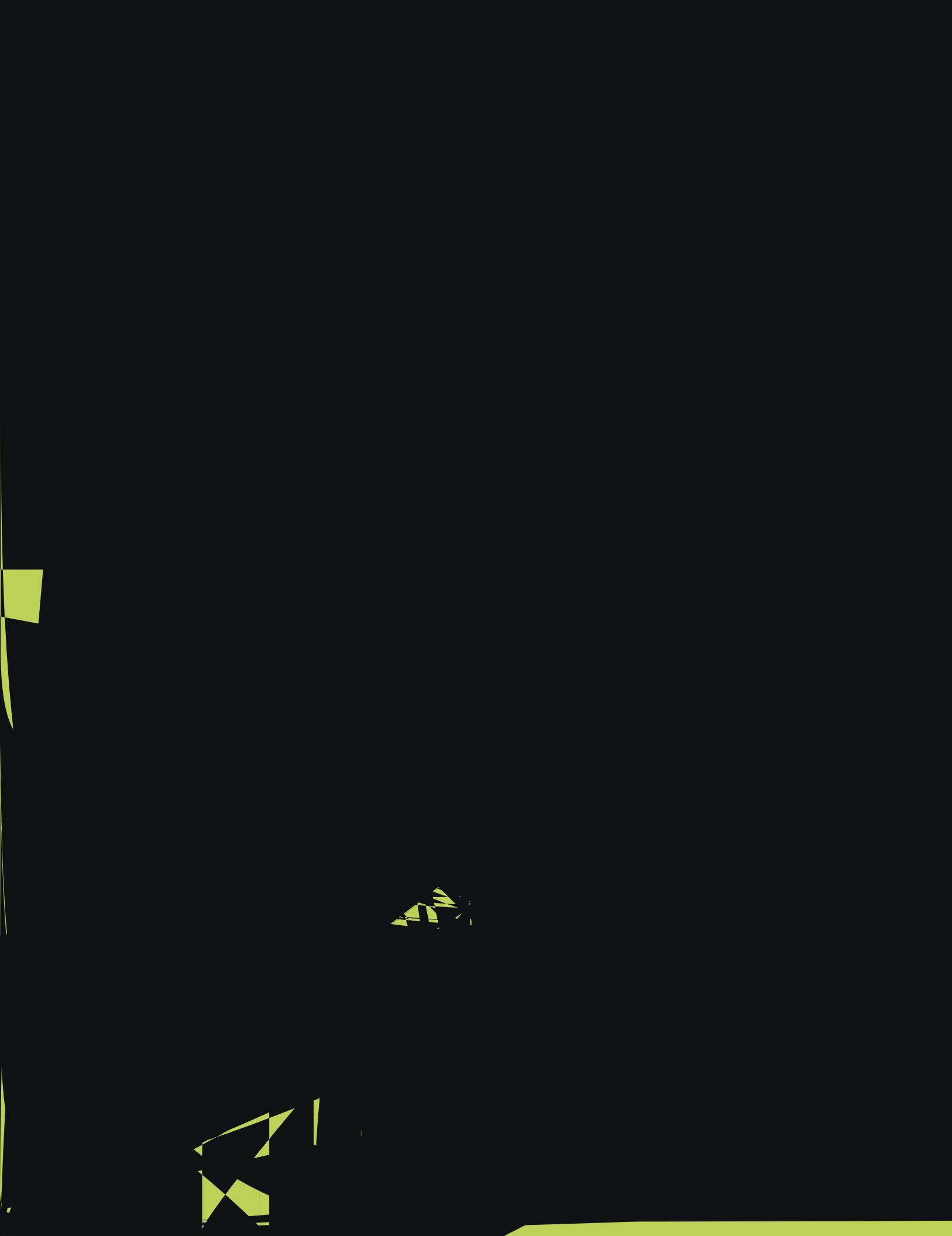
Michael has seen lots of changes since the merger. “More kids are coming here,” he says. “They have more teams now, so a lot more kids can play instead of being cut.” And that’s not the only improvement. Along with six other former MPBGC clubhouses throughout the District, the facility is being remodeled, new computers are being added and, with input from the kids, new recreational activities and educational programs are being developed.

Michael wants to become a Marine or firefighter someday. When he goes off to pursue his future goals, he’s glad that Boys & Girls Clubs will continue to be there for his little brother and sister. And it will be better than ever.

### **Rapid Response**

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In 2003, the Metropolitan Police Boys & Girls Clubs in Washington, D.C., were about to close permanently, leaving many District children without a safe place to go after school and during the summer. Freddie Mac and the Freddie Mac Foundation quickly responded — contributing \$1 million and leveraging another \$550,000 — to keep the doors from closing. “Freddie Mac is a community leader in supporting programs for children,” says Patricia Shannon, BGC GW president and CEO. “We were honored that the corporation and Foundation quickly stepped up to the plate to keep these Clubhouse doors open and programs running, especially in some of the most critically needed areas of the city.”



# **Regaining Stability, Building Futures: Children & Families in Crisis**

**A crisis can take many forms and has many solutions. Freddie Mac and the Freddie Mac Foundation help individuals and families regain their stability and build a firmer foundation for the future.**

## **A Place to Call Home**

When Amina Farah fled war-torn Somalia three years ago, she tried to put the nightmares behind her and dream instead of the future. During the long flight to the United States, she remembers thinking, “In America, everything is good! I’ll go to school, to university. I will help my children. They will have a good life!” It’s a dream that she’s working hard to make come true.



Amina and her sons came to live in Fairfax County, VA. Shortly after arriving, however, their initial housing fell through, and the family found refuge in a homeless shelter. They received services from several Freddie Mac Foundation grantees, including the Center for Multicultural Human Services (CMHS).

Through CMHS, Amina received a myriad of support services to help her build a future for her family. With CMHS’s help, Amina learned English, obtained a worker’s permit and found a full-time job to support her children. But her proudest moment was when she opened the door to a new, two-bedroom apartment. Thinking they were visiting a friend, the boys were surprised when Amina pulled a key from her pocket and placed it in the lock. “My sons said, ‘You have a key, Mama? Whose apartment is this?’ I opened the door and said, ‘Your apartment! My apartment!’ My children will never forget that day. Finally, we had a place to call home.”

## **Freddie Mac Volunteers Make a Difference**

When she fled war-torn Somalia, Amina Farah dreamed of a better future and a good education for her children. They’re off to a good start at Hybla Valley Elementary School, where, on Make a Difference Day 2003, Freddie Mac employee volunteers landscaped the grounds and hosted an afternoon of fun for neighborhood families.

## Others Like Us



James Walker has a number of interesting titles these days. Retired from the military, he now has one of the toughest — and most rewarding — jobs anyone can have. He's raising his son's children, Shanette, 14, and Burrell, 13. With so many roles in their lives, he's sometimes called grandpa, grandma, momma and daddy.

Until the time Shanette and Burrell came to live with their grandfather, their lives were unstable and traumatic, including exposure to drug users and the death of a younger sibling at the hands of their babysitter. So, when James became their legal guardian, he wasted no time in getting the children the support they needed. It was a move that would ultimately help him, too.

In Project Healthy Grandparents in Atlanta, James discovered a program that seemed tailor-made for his family. In fact, the program was designed by the University of Georgia to help a growing number of grandparents who suddenly find themselves parenting the second time around. For grandparents, it provides visits from social workers and nurses, support and education groups, information on legal matters and transportation help. Grandchildren enjoy recreational activities and group counseling sessions.

The program also improved James' health. Soon after joining the program, a nurse with Project Healthy Grandparents found that James' blood pressure was high. James got the medical care he needed to stay healthy. "I found the program to be very supportive," says James. "We were able to meet other families similar to ours. We realized that we're not alone. There are others just like us, going through the same thing."

James notes that the children have grown, physically and emotionally, since arriving in his home three years ago. "We attend church on a regular basis," says James, "and everyone comments on how much they've grown. I attribute a large part of that to our involvement in Project Healthy Grandparents."

## Caring for our Neighbors, Coast to Coast

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While Freddie Mac is consistently ranked among the top corporate philanthropists in the Washington, D.C., metropolitan area, our philanthropic investments extend well beyond the beltway. In addition to supporting local and statewide initiatives in the Washington, D.C., region, Freddie Mac and the Freddie Mac Foundation support programs that are national in scope, as well as programs in the cities in which Freddie Mac has regional offices. In Atlanta, Chicago, Dallas, Los Angeles and New York, our Foundation, corporate giving and employee involvement efforts are making a lasting difference.



Michael Yeager with Arthur Dade of Freddie Mac

For Michael Yeager and his friends, the Boys & Girls Club in Northwest Washington, D.C., offers more than a fun place to play sports after school. It's also a safe place to learn and grow. Arthur Dade of the Freddie Mac Foundation knows just how important that is, because he attended the Metropolitan Police Boys & Girls Clubs as a youth, too.



Jim Cotton and Lucy Stone

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As Alternative House board members, Lucy Stone and Freddie Mac's Jim Cotton are making a difference that lasts a lifetime. Together, they're helping teens get their lives back on track.



Abdi Aziz and Abdi Qadir Aden

The future looks bright for Abdi Aziz and Abdi Qadir Aden. The boys were only 15 months and three years old when they fled war-torn Somalia with their mother, Amina Farah. After staying for more than a year in homeless shelters, the family now resides in an apartment of their own.



James Walker with grandchildren Burrell and Shannette

For James Walker and other Atlanta-area grandparents raising their grandchildren, parenting the second time around is easier with the help of Project Healthy Grandparents, one of many programs funded by the Freddie Mac Foundation to help provide stable, caring homes for children.

## **2003 Philanthropic Investment & Grant List**

For a summary of the specific programs in which we have invested and information on the level of funding granted, please visit our website at

*[www.freddiemacfoundation.org](http://www.freddiemacfoundation.org).*

## Freddie Mac Foundation Grants

### A

Abused and Homeless Children's Refuge, Inc.  
Action in the Community Through Service  
Adoptions Together, Inc.  
Advertising Council, Inc.  
Advocates for Homeless Families, Inc.  
Alexandria Seaport Foundation  
Alliance for Children's Rights  
Alpha Phi Alpha Fraternity, Inc.  
American Bar Association  
American University Radio  
Antelope Valley Hospital  
Arlington Community Temporary Shelter  
Arlington Housing Corporation, Inc.  
Asian American Lead

Child and Family Network Center  
Child Trends, Inc.  
Children's Defense Fund  
Children's Hospital and Health Center – San Diego  
Children's Law Center, Inc.  
Children's National Medical Center  
Children's Research Triangle  
Choral Arts Society of Washington  
Church Avenue Merchants Block Association, Inc.  
City Lights School  
Classika Theatre  
Coaching for College Program  
College Bound, Inc.  
College Summit, Inc.  
Columbia Heights Village Together, Inc.  
Committee for Hispanic Children and Families, Inc.  
Community Bridges  
Community Build, Inc.  
Community Coalition for Substance Abuse Prevention and Treatment  
Community Family Life Services  
Community Foundation for the National Capital Region  
Community Lodgings, Inc.  
Community Ministries of Rockville  
Community Ministry of Montgomery County, Inc.  
Community of Hope  
Community Preservation and Development Corporation  
Community United Methodist Church

### B

B.E.L.L. Foundation, Inc.  
Barker Foundation  
Beacon House Community Ministry  
Beauvoir, the National Cathedral Elementary School  
Bethany House of Northern Virginia  
Big Brothers Big Sisters of Metropolitan Chicago  
Big Brothers Big Sisters of Southern Maryland, Inc.  
Black Student Fund  
Boys and Girls Clubs of Greater Washington  
Bright Beginnings  
Building Bridges Across the River

Community Coaliton for Substance Abuse Prevention and Treatment  
Community Family Life Services  
Community Foundation for the National Capital Region  
Community Lodgings, Inc.  
Community Ministries of Rockville  
Community Ministry of Montgomery County, Inc.  
Community of Hope  
Community Preservation and Development Corporation  
Community United Methodist Church  
Congressional Coalition on Adoption Institute  
Connect for Kids  
Court Appointed Special Advocates of Cook County  
Court Appointed Special Advocates of the District of Columbia  
Crafts for Economic Empowerment, Inc.  
Crossway Community

### C

Calvary Bilingual Multicultural Learning Center  
Campagna Center  
Carole Robertson Center for Learning  
Carpenter's Shelter  
CASA of Greater Prince William  
Catholic Charities of the Archdiocese of Washington  
Center for Adoption Support and Education, Inc.  
Center for Family Life in Sunset Park  
Center on Budget and Policy Priorities  
Centro Familia  
Cesar Chavez Public Charter High School for Public Policy

Connect for Kids  
Court Appointed Special Advocates of Cook County  
Court Appointed Special Advocates of the District of Columbia  
Crafts for Economic Empowerment, Inc.  
Crossway Community  
  
**D**  
Dallas CASA, Inc.  
Dance Institute of Washington, Inc.  
Dancemakers, Inc.  
DC Action for Children

DC Agenda	Higher Achievement Program, Inc.
DC Campaign to Prevent Teen Pregnancy	Hispanic Committee of Virginia
DC Children and Youth Investment Trust Corporation	Holy Trinity School
DC SCORES	Homestretch, Inc.
DC WritersCorps, Inc.	Hoop Dreams Scholarship Fund
Developing Hearts Systems, Inc.	Horton's Kids, Inc.
Discovery Creek Children's Museum of Washington	House of Ruth
<b>E</b>	
Earth Force, Inc.	House of Ruth Baltimore, Inc.
Emory University	Howard County General Hospital
End Time Harvest Ministries, Inc.	Howard County Public Schools
Evening Star Learning Project	
<b>F</b>	
Fairfax Area Christian Emergency and Transitional Services	Institute for Black Parenting
Fairfax County Office for Children	INMED Partnerships for Children
Families First, Inc.	
Family Learning Solutions, Inc.	<b>J</b>
Family Services Agency	James Jordan Foundation
Family Support Center, Inc.	Jubilee Enterprise of Greater Washington, Inc.
Family Tree	
Flicker of Hope Foundation	<b>K</b>
Florence Crittenton Services of Greater Washington	Kids After School
For Love of Children	Kids Computer Workshop
Frederick County Mental Health Association, Inc.	Kidsafe
<b>G</b>	
Gapbuster Learning Center	Kingsbury Center
George Mason University	Korean American Family Counseling Center
George Washington University	Korean Community Service Center of Greater Washington, Inc.
Georgia State University Research Foundation, Inc.	
Good Shepherd Housing and Family Services, Inc.	<b>L</b>
Good Shepherd Ministries	Latin American Youth Center
Great Dads	Latino Student Fund
Great Kids	Lawndale Christian Development Corporation
Greater DC Cares, Inc.	Lawyers for Children America, Inc.
Greenbrier Learning Center	Legal Aid Justice Center
<b>H</b>	
Hannah House	Legal Aid Society of the District of Columbia
Heads Up: A University Neighborhood Initiative	Legal Services of Northern Virginia
Healthy Babies Project	Literacy Council of Northern Virginia, Inc.
Healthy Families Chicago	Little Blue House
Heartly House	Little Lights Urban Ministries
	Local Initiatives Support Corporation
	Los Angeles County Department of Children and Family Services
	Loudoun Citizens for Social Justice, Inc.
	Loudoun Literacy Council, Inc.
	Lt. Joseph P. Kennedy Institute
	Lutheran Social Services of the National Capital Area

## M

Marriott Foundation for People with Disabilities  
Martha's Table, Inc.  
Maryland Business Roundtable for Education  
Maryland CASA Association  
Maryland Mentoring Partnership  
Mary's Center for Maternal and Child Care, Inc.  
Matthew's Center for Visual Learning  
Men Can Stop Rape  
Mental Health Association of Montgomery County  
Meridian Education Resource Group  
Meridian International Center  
Metropolitan Center for Assault Prevention  
Metropolitan Washington Council of Governments  
Metropolitan/Delta Adult Literacy Council, Inc.  
Montgomery County Business Roundtable for Education  
Montgomery County Coalition for the Homeless  
Multi-Media Training Institute, Inc.  
Multicultural Career Intern Program  
My Sister's Place

## N

National Adoption Center  
National Black MBA Association, Inc., Washington D.C. Chapter  
National Building Museum  
National Center for Children and Families  
National Conference of State Legislatures  
National Court Appointed Special Advocate Association  
National Environmental Education and Training Foundation  
National Foundation for Teaching Entrepreneurship  
National League of Cities Institute, Inc.  
National Multiple Sclerosis Society  
National Organization of Concerned Black Men, Inc.  
National Public Radio  
National Urban Internet, Inc.  
Neighbors' Consejo  
New Community After School and Advocacy Program  
New York Council on Adoptable Children  
New Yorkers for Children  
NHT/Enterprise Preservation Corporation

Ninos Unidos of Montgomery County

Northern Virginia AIDS Ministry  
Northern Virginia Family Service  
Northern Virginia Urban League  
Northwest Center  
Northwest Church Family Network, Inc.  
Northwest Settlement House

## O

One Ministries' Unique Learning Center  
Opportunities, Alternatives and Resources of Fairfax County, Inc.

## P

Perry School Community Services Center  
Phillips Programs for Children and Families  
Pregnancy Aid Centers, Inc.  
Prevent Child Abuse America  
Prevent Child Abuse Georgia  
Prevent Child Abuse New York  
Prevent Child Abuse of Metropolitan Washington  
Prevent Child Abuse Texas  
Prevent Child Abuse Virginia  
Prince George's Child Resource Center, Inc.  
Prince George's County, Department of Family Services  
Prince George's County Public Schools  
Progressive Life Center, Inc.  
Project Northstar Homeless Children's Tutorial Project, Inc.  
Project Word, Inc.  
Public Charter School Center for Student Support Services

## R

Reach for Tomorrow, Inc.  
Reading Connection  
Recording for the Blind and Dyslexic of Metropolitan Washington  
Reginald S. Lourie Center for Infants and Young Children  
Rensselaerville Institute

## S

Salvation Army of the Washington Metro Area  
See Forever Foundation  
Serve DC

Sexual Minority Youth Assistance League  
Shelter House  
Sinai Community Institute  
Sisters of the Son  
So Others Might Eat  
Southeast Communities Prevention and Intervention Program, Inc.  
St. Ann's Infant and Maternity Home  
St. Coletta of Greater Washington, Inc.  
St. Stephens Economic Development Corporation  
Stop Child Abuse Now of Northern Virginia  
Sunset Park Family Health Center Network of Lutheran Medical Center

**T**  
Thurgood Marshall Academy  
Transitional Housing Corporation

**U**  
United Community Ministries  
University of California, Los Angeles  
Urban Alliance Foundation, Inc.  
Urban Ed, Inc.  
Urban Institute  
Urban Nation, Inc.

**V**  
Vanguard Services Unlimited  
Virginia Poverty Law Center  
Voices for America's Children  
Voices for Virginia's Children  
Volunteers for Abused and Neglected Children

**W**  
Washington Child Development Council  
Washington Jesuit Academy  
Washington Lawyers' Committee for Civil Rights & Urban Affairs  
Washington Peace Center  
Washington Regional Association of Grantmakers  
Washington Tennis and Education Foundation  
Wholistic Family Agape Ministries Institute  
Wings of Refuge Family Services Agency  
Women Empowered Against Violence, Inc.  
Women's Center  
WVSA Arts Connection

**Y**  
YMCA Fairfax County, Reston  
YMCA of Metropolitan Washington  
Young Women's Project

## Freddie Mac Foundation Contributions

### A-D

Alliance for Children's Rights  
Alpha Phi Alpha Fraternity, Inc.  
Arc of Greater Prince William/INSIGHT, Inc.  
Arlington Housing Corporation, Inc.  
Association of Fundraising Professionals, Washington, D.C. Metro Area Chapter  
Ayuda, Inc.  
Barker Foundation  
Big Apple Circus  
Boys and Girls Clubs of America  
Boys and Girls Clubs of Greater Washington  
Calvary Bilingual Multicultural Learning Center  
Carpenter's Shelter  
Carter Center

Center for Adoption Support and Education, Inc.  
Child and Family Services Agency  
Child Trends, Inc.  
Child Welfare League of America  
Children and Adults with Attention Deficit/Hyperactivity Disorder  
Children's Charities Foundation, Inc.  
Children's Defense Fund  
Children's National Medical Center  
Committee for Hispanic Children and Families, Inc.  
Commonwealth of Virginia Department of Social Services  
Community Foundation for the National Capital Region  
Congressional Coalition on Adoption Institute  
Coral Cantigas

Dan F. Middle School	National Council for Adoption
Dave Thomas Foundation for Adoption	National Council of Negro Women
DC Children and Youth Investment Trust Corporation	National Organization on Adolescent Pregnancy, Parenting and Prevention, Inc.
DC Commission on National and Community Service	New Yorkers for Children
DC-College Access Program	Nonprofit Roundtable of Greater Washington, Inc.
<b>E-J</b>	
Ella's Kids, Inc.	Northwest Center
Fairfax County Park Authority	Orphan Foundation of America
Family and Child Services of Washington, DC	Phillips Programs for Children and Families
Fight Crime: Invest in Kids	Piedmont Community Foundation
First Star	Reading Is Fundamental, Inc.
For Love of Children	Ronald McDonald House
Foundation Center	Roots Planting Seeds to Secure Our Future, Inc.
Georgia Association of Homes and Services for Children Foundation	Rowell Foster Children's Fund
Glendale Baptist Church	<b>S-Z</b>
Government of the District of Columbia	See Forever Foundation
Grandma Rita's Children	Shelter House
Grantmakers for Children, Youth and Families	Shepherd's Table
Growth and Development Services, Inc.	Southeastern University
Hannah House	St. Aloysius School
Hollygrove Children and Family Services	St. Coletta of Greater Washington, Inc.
Human Services Coalition	Transitional Housing Corporation
INOVA Health System Foundation	Urban Ed, Inc.
Junior League of Northern Virginia	Urban Institute
<b>K-R</b>	
Kappa Scholarship Endowment Fund, Inc.	Voice for Adoption
Klagholz Center for Family Research	Voices for America's Children
La Clinica Del Pueblo	Voices for Virginia's Children
Lawrence Hall Youth Services	Volunteer Emergency Families for Children
Levine School of Music	Washington Area Women's Foundation, Inc.
Magic Johnson Foundation	Washington Redskins Leadership Council
Major League Baseball Players Alumni Association	Washington Regional Association of Grantmakers
Mary's Center for Maternal and Child Care, Inc.	Wider Opportunities for Women, Inc.
Mentors, Inc.	William Wendt Center for Loss and Healing
Metropolitan Washington Council of Governments	Wolf Trap Foundation for the Performing Arts
Miriam's Kitchen	YMCA of Metropolitan Washington
National Adoption Center	Youth for Tomorrow
National Black Child Development Institute	ZERO TO THREE
National Center for Children and Families	
National Children's Alliance	
National Conference for Community and Justice	
National Congress of Black Women, Inc.	

## **Financial Statements**

**for the year ended December 31, 2003, and report thereon**

**The Freddie Mac Foundation**

# Report of Independent Auditors

*To the Board of Directors of the Freddie Mac Foundation, Inc.:*

In our opinion, the accompanying statements of financial position and the related statements of activities and of cash flows present fairly, in all material respects, the financial position of the Freddie Mac Foundation (the "Foundation") at December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*Percantando Capus LLP*

February 18, 2004

## THE FREDDIE MAC FOUNDATION STATEMENTS OF FINANCIAL POSITION As of December 31, 2003 and 2002

ASSETS	2003	2002
Cash	\$ 1,308,538	\$ 667,368
Accounts receivable	-	179,543
Contribution receivable	-	205,000,000
Prepaid expenses	1,486	-
Investments, at market	237,321,215	29,462,238
Property and equipment, net of accumulated depreciation of \$40,600 and \$99,552, respectively	31,221	16,401
<b>TOTAL ASSETS</b>	<b>\$ 238,662,460</b>	<b>\$ 235,325,550</b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 901,347	\$ 447,212
Grants payable	2,120,500	4,665,161
Due to Freddie Mac Corporation	456,910	394,530
<b>TOTAL LIABILITIES</b>	<b>3,478,757</b>	<b>5,506,903</b>
Net Assets		
Unrestricted		
Undesignated	208,525,523	203,160,467
Designated endowment	26,658,180	26,658,180
<b>TOTAL NET ASSETS</b>	<b>235,183,703</b>	<b>229,818,647</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 238,662,460</b>	<b>\$ 235,325,550</b>

The accompanying notes are an integral part of these financial statements.

**THE FREDDIE MAC FOUNDATION STATEMENTS OF ACTIVITIES**  
As of December 31, 2003 and 2002

	2003	2002
<b>REVENUE AND SUPPORT</b>		
Contributions		
Freddie Mac Corporation	\$ 657,097	\$ 229,900,000
In-Kind		290,239
Total Contributions	<u>657,097</u>	<u>230,190,239</u>
Grant recoveries	603,024	169,259
Other	299	11,929
Investment Income		
Interest and dividends	6,816,612	997,947
Realized (loss) on investments, net	(5,705,342)	(3,993,405)
Unrealized gain/(loss) on investments, net	30,440,318	(270,359)
Total Investment Income and Other Income	<u>32,154,911</u>	<u>(3,084,629)</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<b><u>32,812,008</u></b>	<b><u>227,105,610</u></b>
<b>EXPENSES</b>		
Program services		
Grants	18,173,472	16,261,633
Direct Services	2,119,801	1,689,088
Contributions	2,734,770	1,700,637
Matching Gifts	1,243,915	1,679,323
Program-related expenses	1,639,606	1,230,666
Total program services	<u>25,911,564</u>	<u>22,561,347</u>
General and Administrative		
Management and General Expenses	1,399,056	1,363,837
Provision for excise taxes	136,332	19,959
Total General and Administrative	<u>1,535,388</u>	<u>1,383,796</u>
<b>TOTAL EXPENSES</b>	<b><u>27,446,952</u></b>	<b><u>23,945,143</u></b>
Change in Net Assets	5,365,056	203,160,467
NET ASSETS, BEGINNING OF YEAR	229,818,647	26,658,180
NET ASSETS, END OF YEAR	<b><u>\$ 235,183,703</u></b>	<b><u>\$ 229,818,647</u></b>

**THE FREDDIE MAC FOUNDATION STATEMENTS OF CASH FLOWS**  
As of December 31, 2003 and 2002

<b>Cash flows from operating activities:</b>		
Increase in net assets:	\$ 5,365,056	\$ 203,160,467
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	10,366	17,586
Unrealized (gain) loss on marketable securities	(30,440,318)	270,359
Realized loss on sales of marketable securities	5,705,342	3,993,405
Decrease (increase) in accounts receivable	179,543	(179,543)
Decrease (increase) in contribution receivable	205,000,000	(205,000,000)
(Increase) decrease in prepaid expenses	(1,486)	15,777
(Decrease) increase in grants payable	(2,544,661)	2,624,310
Increase in accounts payable and accrued expenses	516,515	15,353
Net cash provided by operating activities	<u>183,790,357</u>	<u>4,917,714</u>
<b>Cash flows from investing activities:</b>		
Sales and maturities of marketable securities	20,294,676	12,864,082
Purchases of marketable securities	(203,418,677)	(18,604,320)
Purchases of equipment	(25,186)	(5,703)
Net cash used in investing activities	<u>(183,149,187)</u>	<u>(5,745,941)</u>
Net (increase) decrease in cash	641,170	(828,227)
Cash and cash equivalents, beginning of year	667,368	1,495,595
Cash and cash equivalents, end of year	<b><u>\$ 1,308,538</u></b>	<b><u>\$ 667,368</u></b>
Supplemental cash flow information:		
Cash paid for federal excise taxes	\$ 139,000	\$ 3,000

The accompanying notes are an integral part of these financial statements.

## THE FREDDIE MAC FOUNDATION NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

### 1. Organization and purpose

The Freddie Mac Foundation, Inc. (the Foundation) was created by the Federal Home Loan Mortgage Corporation (Freddie Mac) under the laws of the Commonwealth of Virginia on December 26, 1990, and is funded almost entirely by contributions from Freddie Mac.

The Foundation's mission is to open doors to hope and opportunities for children, youth and their families, by providing funds to nonprofit organizations working to improve their outcomes. The Foundation is committed to serving the Metropolitan Washington, D.C., region, as well as the cities of Freddie Mac's regional offices. In addition, the Foundation provides funds to organizations that are providing services on a national scope.

In order to qualify for Foundation grants, nonprofit organizations must be public charities and must have been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Internal Revenue Service has determined that the Foundation meets the requirements of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)(3) of the Code. The Internal Revenue Service also has determined that the Foundation is a private foundation within the meaning of Section 509(a) of the Code.

### 2. Summary of significant accounting policies

#### Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

#### Net assets

The Foundation prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit-Organizations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. As of December 31, 2003 and 2002, all of the Foundation's net assets were unrestricted.

#### Revenue and support

Revenue and support includes contributions provided by the Freddie Mac Corporation and in-kind contributions including donated services, facilities and equipment, and is recognized as revenue or support when promised.

#### Grants

Unconditional grants are recorded as expenses when approved by the Foundation's Board of Directors. Grant funds must be used in accordance with the grant agreement. If the recipient organization is unable to use the funds for the purposes stated in the grant agreement, they are required to return the funds to the Foundation. If the funds are returned in the same year in which the grant given was recorded as expense, then a reduction of grant expense will be recorded in the year received. Conditional grants subject to the satisfaction of certain conditions are recorded as expenses when the conditions are met.

#### Direct program expenses

In addition to its grant making, the Foundation makes direct service payments to organizations or individuals who provide direct support to Foundation-sponsored charitable programs. The Foundation also makes contributions to support conferences, events, or projects that are not funded through the grant award process. The majority of the direct program expenses relate to the Foundation's *Wednesday's Child* program.

#### Matching Gifts

The Foundation administers the employee Matching Gift program for Freddie Mac. Under this program, the Foundation provides a 100 percent match of contributions made by Freddie Mac and Foundation Directors, employees, and retirees (maximum of \$10,000 per individual) to qualified institutions and charitable organizations.

#### Functional allocation of expenses

Program-related expenses include salaries and benefits for those employees whose work is entirely related to the grantmaking and giving process, as well as direct operational expenses related to grants and gifts. Employee costs related to both overseeing and monitoring the grant program and general administration of the Foundation are reported entirely as management and general expenses. Operating costs that do not relate entirely to either program or supporting services are allocated based on salaries.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash on deposit with banks, and highly liquid investments

purchased with an original maturity of three months or less, except for short-term investments included in the Foundation's investment portfolio.

#### **Investments**

The Foundation records investments in marketable securities at their fair values. Investment transactions are accounted for on a trade date basis. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investments in marketable securities include cash held for investment purposes, short-term investments, common stock index funds, bonds, and other fixed-income securities held in the Foundation's investment portfolio.

#### **Furniture and equipment**

Furniture and equipment are stated at cost and depreciated over the estimated useful life of 3 to 7 years using the straight-line method.

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **3. Investments in marketable securities**

Investments are presented in the financial statements in the aggregate at the fair market value as of December 31, 2003 and 2002.

	2003		2002	
	Cost	Market	Cost	Market
Equity:				
Common Stock	\$ 78,773,827	\$ 108,204,370	\$ 14,014,853	\$ 10,371,397
Fixed Income:				
Government Bonds & Notes	116,345,799	114,425,354	15,626,536	16,069,981
Corporate	4,437,479	4,422,600	554,658	552,341
Short Term Investments	10,268,891	10,268,891	2,468,519	2,468,519
Total Investments	\$ 209,825,996	\$ 237,321,215	\$ 32,664,566	\$ 29,462,238

#### **4. Federal excise taxes**

In accordance with the applicable provisions of the Tax Reform Act of 1969 (the Act), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Act. Accordingly, provisions for Federal excise taxes on net investment income have been recorded in the amount of \$136,332 and \$19,959 for 2003 and 2002 respectively.

### **5. Related party transactions**

#### **Freddie Mac Corporation**

The Freddie Mac Corporation (the Corporation) is related to the Foundation through common board members. The Corporation is the Foundation's principal funding source and also contributes space, equipment and the services of certain employees to the Foundation. The Corporation and the Foundation also share certain employees for whose services the Foundation reimburses the Corporation.

Contributions received from the Corporation totalled \$229,900,000 in 2002. The Foundation received \$24,900,000 of the total contribution from the Corporation during 2002. The Foundation received a promise in December of 2002 from the Corporation for an additional \$205,000,000. This amount was received in January of 2003. These funds are intended to fund the Foundation for several years. There were no contributions from the Corporation in 2003.

Donated facilities, equipment and salaries are reflected as contributions in-kind in the accompanying statements at their estimated fair values at date of receipt. Donated facilities, equipment and services were \$657,097 and \$290,239 for 2003 and 2002, respectively.

The Foundation reimbursed the Corporation for employee services of \$1,678,243 and \$1,516,904 in 2003 and 2002, respectively. As of December 31, 2003 and 2002, \$456,910 and \$394,530, respectively, was due to the Corporation for employee services.

**Other related party transactions**

All Foundation board members sign a conflict of interest statement in which they list any official affiliations with other organizations eligible for grants from the Foundation. This includes a statement that the board member's duties at the Foundation shall exclude consideration of any grant or other direct or indirect activity that may involve the Foundation and such organization.

The Foundation Board members are affiliated with the following organizations to which the Foundation made grants or contributions in 2003 and 2002:

	2003	2002
Boys & Girls Clubs of Greater Washington	\$ 573,017	\$ -
Community Foundation for the National Capital Region	-	70,000
Congressional Coalition on Adoption Institute	250,000	205,000
Covenant House Washington, D.C.	-	250,000
DC Action for Children	50,000	50,000
First Star	25,000	60,000
Hispanic Committee of Virginia	20,000	20,000
Prevent Child Abuse America	1,050,000	-
Recording for the Blind and Dyslexic	-	20,000
Schools for Educational Evolution and Development	-	50,000
Washington Regional Association of Grantmakers	200,000	138,500
Wolf Trap Foundation for the Performing Arts	10,500	-
Total giving to related organizations	<u>\$ 2,178,517</u>	<u>\$ 863,500</u>

**6. Commitments**

The Foundation had grants payable of \$2,120,500 and \$4,665,160 for unconditional grant awards as of December 31, 2003 and 2002, respectively. Additionally, the Board of Directors of the Foundation approved conditional grants for payment in future years totaling \$2,051,029 and \$1,349,750 as of December 31, 2003 and 2002, respectively. Such grants are subject to the satisfaction by the intended recipients of certain conditions prior to payment. The conditional grants outstanding at December 31, 2003 and 2002 represent all grant requests that have been approved as of year-end and are scheduled for payment as follows, pending the grantee's achievement of the established conditions:

2004	\$ 1,551,029
2005	500,000
Total	<u>\$ 2,051,029</u>

**7. Foundation designated assets**

During 1997, the Foundation internally designated an endowment in order to shield the Foundation's grantmaking program against downturns in corporate profitability and/or other circumstances that might lead the corporation to contribute less, in any given year, than would be necessary to fully fund the philanthropic program.

Such sums shall continue to accrue until such times as the endowment reaches the growth limits established by the Freddie Mac Foundation Board of Directors. Under certain conditions the designated funds may be invaded.

As of December 31, 2003 and 2002 the amount designated by the Foundation was \$26,658,180.

PricewaterhouseCoopers LLP  
1301 K Street, NW, 800 W  
Washington, DC 20005-3333  
Telephone (202) 414-1000

**Leadership**

## **Freddie Mac Foundation Board of Directors**

(as of March 31, 2004)

**Maxine B. Baker**

President and Chief Executive Officer  
Freddie Mac Foundation

Vice President, Community Relations, Freddie Mac

**Dionisia Bejarano Coffman**

Director of Customer Performance Eligibility  
Freddie Mac

**Tracy Hagen Mooney**

Vice President, Sales & Marketing  
Southeast Regional Office  
Freddie Mac

**Ronald F. Poe**

President  
Ronald F. Poe & Associates

**Donald J. Schuenke\***

Retired Chairman  
Northwestern Mutual Life Insurance Company

**Clarice Dibble Walker**

Associate Professor Emeritus  
Howard University

\*Deceased

## **Freddie Mac Community Relations Staff**

**Maxine B. Baker**

President and CEO, Freddie Mac Foundation  
Vice President, Community Relations, Freddie Mac

**J. David Robinson**

Senior Vice President and COO  
Freddie Mac Foundation  
Director of Operations, Community Relations,  
Freddie Mac

**Linda Amponsah**

Administrative Assistant

**Donna Baines**

Director, Community Relations – Communications

**Danielle Brown**

Senior Administrative Coordinator

**Cheryl Clarke**

Director, Foundation Giving

**Robert Comegys**

Administrative Assistant

**Michelle Courtney**

Senior Event Planner

**Arthur Dade**

Manager, Community Relations

**Doretha Davis**

Administrative Coordinator

**Felicia Fett**

Senior Administrative Coordinator

**Sharon Forrest**

Business Applications Project Manager

**Liz Fritz Susla**

Manager, Community Relations

**Carlisa Hill**

Senior Budget Analyst

**Eugenia Hull**

Senior Marketing Communications Specialist

**Julie Jones**

Manager, Planning, Budget, Control and Accounting

**Dean Klein**

Manager, Community Relations

**Kimberly Lederman**

Accounting Associate

**C. H. McMillan**

Administrative Coordinator

**Jane Moya**

Senior Marketing Communications Specialist

**Naomi Nestel**

Manager, Community Relations

**Renette Oklewicz**

Manager, Community Relations

**Monica Perez**

Community Relations Specialist

**Brian Sansone**

Budget Analyst

**Michael Schwartz**

Director, Corporate Giving and Employee  
Involvement

**Tracey Taylor**

Community Relations Specialist

**Janice Thomas**

Chief Financial Officer, Freddie Mac Foundation  
Director, Reporting and Operations, Community  
Relations, Freddie Mac

**Tia Waller-Pryde**

Manager, Community Relations

**Toni Williams**

Senior Community Relations Specialist



Community Relations



Foundation CEO and COO



Executive Office and Event Planning



Foundation Grantmaking



Corporate Giving and Employee Involvement

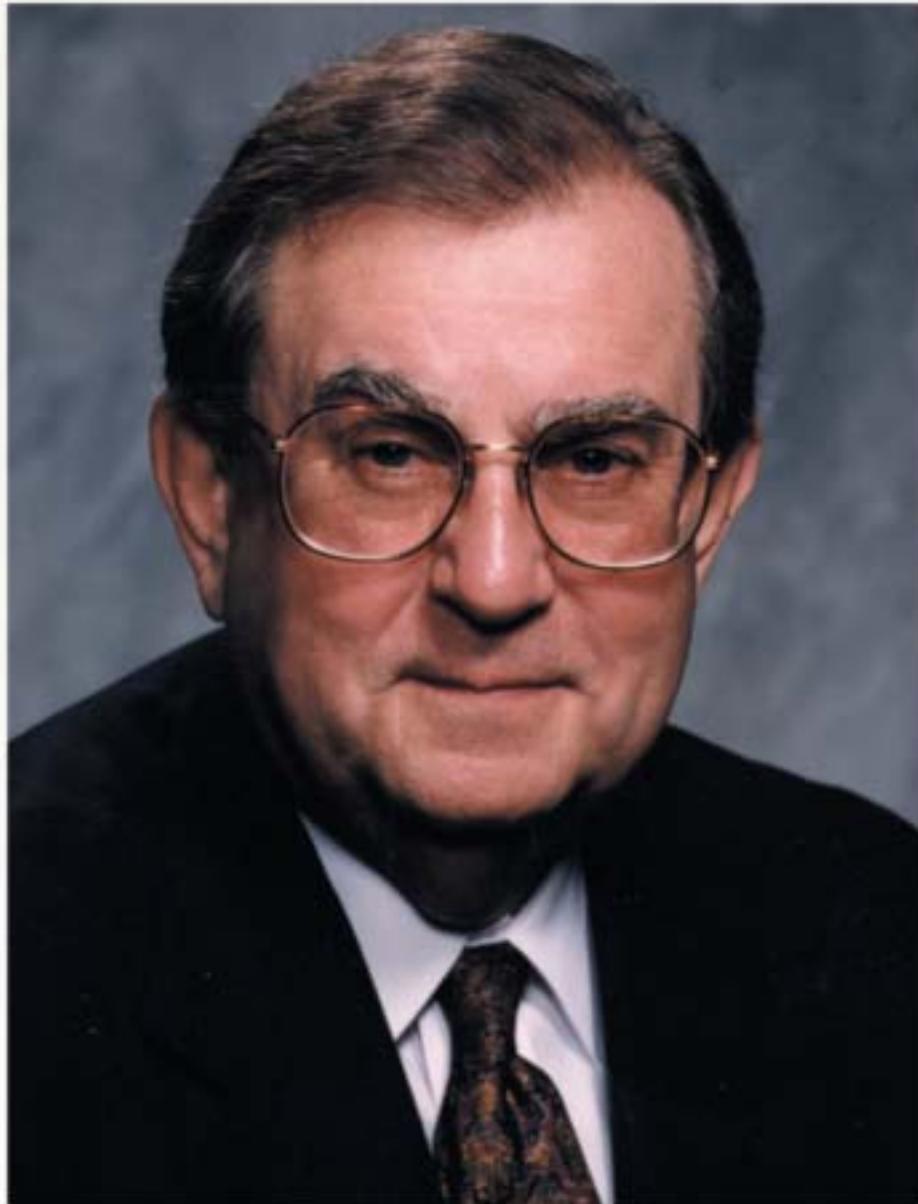


Reporting and Operations



Communications

#### **Freddie Mac Community Relations Staff**



**Donald J. Schuenke**  
**1929-2004**

.....

Donald Schuenke served on the Boards of Directors of Freddie Mac and the Freddie Mac Foundation from their inceptions until his death in March 2004. He was a man of immeasurable commitment to his community and to philanthropic work. Mr. Schuenke gave generously of his time, resources and talents and encouraged others to do the same. His sage advice and thoughtful questions will be deeply missed.

## **2004 Grant Guidelines**

### **How to Apply for Foundation Grants**

You are now able to apply for a grant online. We encourage you to take advantage of the benefits and convenience of this new service. (At this time, paper applications will still be accepted, but we anticipate accepting only online applications in 2005.) Please visit our website at [www.freddiemacfoundation.org](http://www.freddiemacfoundation.org) for the Freddie Mac Foundation's program information and grant guidelines.

## Foundation Focus

Beginning in 2002, the Freddie Mac Foundation implemented new grantmaking guidelines. We view the change as a shift in emphasis and approach rather than a new direction.

The Foundation funds programs in the areas of:

- Strengthening families
- Foster care and adoption
- Youth development

We continue to support programs that focus on the important work of preventing child abuse and neglect, finding permanent homes for children in foster care and helping young people reach their full potential.

*Wednesday's Child*, Healthy Families America and the J.C. Nalle Community School, our three signature programs, remain a vital part of our work. Our overall grantmaking has become more integrated as we increasingly support strategies that both strengthen families and develop youth. We have expanded our historical support of children and their families during the early stages of a child's life to include children from birth to 18 years of age.

Building on the success of our signature programs, we will increase our investments in major initiatives. In addition, we have strengthened our outcome-based approach by identifying specific targets we expect to achieve with our grantmaking and designing guidelines that help potential grantees focus on tangible results.

## Signature Programs

### *Wednesday's Child*

Since 1992, *Wednesday's Child* has had a major impact on the lives of children in the foster care system who are waiting to be adopted. This televised feature, which highlights hard-to-place children (a special needs child or a sibling group) each week, has brought national attention to the large number of children living in foster care who need permanent, loving homes. More importantly, as a result of the *Wednesday's Child* feature, the number of children being adopted across the country has increased. Through the Foundation's support and collaborative efforts, *Wednesday's Child* is aired in Washington, D.C., New York City, Chicago, Los Angeles, Atlanta and Philadelphia. Proposals for the *Wednesday's Child* program are by solicitation only.

### Healthy Families America

Since 1992, the Foundation has invested in the Healthy Families America (HFA) initiative at the local, state and national levels. HFA is a nationwide, voluntary home visitation program spearheaded by Prevent Child Abuse America. The program targets expectant and new parents and is designed to promote positive parenting, improve child health and development and reduce child abuse and neglect during the critical early years. This highly effective home visiting program offers intensive, comprehensive support to families who are overburdened and whose children are at risk for poor outcomes. At the local level,

the Foundation has supported the development of 10 HFA collaborative sites throughout the metropolitan Washington region. These sites now serve over 2,100 families annually. Ongoing research shows positive results, including improved parent-child interaction, improved healthcare and the prevention of child abuse and neglect. Proposals for the Healthy Families America program are by solicitation only.

#### **J.C. Nalle Community School**

In 1992, Freddie Mac created a business-school partnership with J.C. Nalle Elementary School, a pre-kindergarten through fifth grade school in the Marshall Heights neighborhood of Ward 7 in Washington, D.C. The Foundation later expanded this partnership with a grant to bring an array of support services to the children and families of J.C. Nalle, transforming it into a full-service community school that would become the hub of the neighborhood. This program is based on the Children's Aid Society's nationally recognized Community School model. Today, the students enrolled at Nalle and their families are benefiting from an Extended Day program designed to support the most challenged students; physical and mental healthcare; social services; parent education and GED classes; and cultural and recreational activities. As a result of our investment, students, parents and teachers all report an improvement in student behavior, grades, motivation and confidence.

## **Outcome Approach**

### **Foundation Outcomes**

The vision of the Freddie Mac Foundation reflects our commitment to making a measurable difference in the lives of children and their families. To this end, the Foundation has strengthened its traditional focus on program outcomes. We have identified 10 specific outcomes that define what change we anticipate as a result of our grantmaking. These outcomes also form the core of our guidelines and provide a clear direction for those seeking funding from the Freddie Mac Foundation. (The outcomes are listed in the description of each funding priority.)

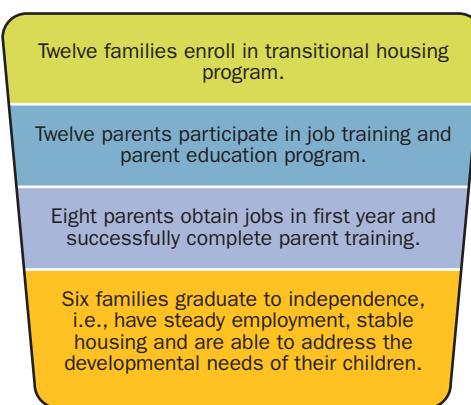
### **Targets**

It is also our belief that organizations have the greatest potential of achieving positive outcomes for children and their families when clearly stated, measurable targets are in place to guide their work. High-performing nonprofit organizations have discovered that nothing helps to increase performance more than targets set for their program activities. Targets are defined as tangible gain for the people served — for example, children with rising grades and/or test scores, youth entering higher education or getting good jobs, children being

adopted and so on. Setting targets and collecting data about results is also one of the best ways to tell a compelling story about an organization's work. To further clarify, targets are:

- ❑ Clear commitments that organizations make and the Foundation accepts as constituting the return on our grant investment — they are not just statements of aspiration or hope.
- ❑ Verifiable — they represent a change in condition or behavior that can be objectively assessed.
- ❑ Set at a reasonable level — they should reflect what the organization believes can be achieved even if everything does not go perfectly.
- ❑ Set relative to a baseline — a target of getting 40 young people into college is not meaningful until you know how many of these young people would have gone to college in any event.

Another key aspect of our outcome approach is the use of milestones to track progress towards the target. Milestones reflect the steps that participants must make if they are to move from their present circumstance to the target specified. Milestones shift the focus from what you as an implementing group do (activity focused), to what your participants gain from the activities (outcome focused). These key steps of progress are often best profiled as a funnel with the last milestone being the same as the target.



By tracking milestones, organizations have a much clearer idea of their progress. They then can adjust activities along the way to better hit the checkpoints needed to achieve the desired results.

Applicants to the Foundation must submit targets and milestones that address one or more of the Foundation's outcomes. Programs that integrate two or more of the Foundation's outcomes will receive special consideration. The grant application provides additional information on the outcome approach and includes a sample Summary Chart, which must accompany every proposal.

## Funding Priorities

Recognizing that there are many areas of need, we focus our giving strategy on children whose families have limited resources and who are vulnerable to poor outcomes. Our approach emphasizes the integration of services that focus on family strengthening and youth development in order to maximize the benefit to children and their families.

Grants will be made for general operating, program support, capacity building, planning and capital projects. However, if a grant request is not for program support, the organization must demonstrate how its proposal will result in tangible outcomes for the participants who are the focus of our grantmaking. The Foundation will consider requests for support within the following funding priorities:

- The Early Years
- Elementary School Years
- Junior High and High School Years
- Children and Families in Crisis

#### **The Early Years – Birth to Six Years Old**

Through our grantmaking, we help to promote the healthy development of young children and prevent the serious problems of abuse and neglect. The Foundation supports programs that focus their efforts on prevention and early intervention by providing comprehensive, intensive, long-term support to parents and children.

**We believe:** Parenting education, home visiting programs and mental health services assist overburdened parents in developing the skills to support the development of their children and help to prevent child abuse and neglect. In addition, quality, affordable early childhood development programs that provide a wide range of social services and parent education activities offer a unique opportunity to strengthen families and ensure that children enter school ready to learn.

#### **Outcomes anticipated from grants awarded:**

- Increased numbers of parents who demonstrate one or more of the following: positive parenting skills, stable living environments and the ability to support the healthy development of their children.
- Developmental growth in children living in homes where families are susceptible to poor outcomes.

*In addition to the above outcomes, early childhood education programs also must meet the following outcome:*

- Increased numbers of children meeting age-appropriate learning goals as defined by agreed-upon early childhood education curriculum.

### **Elementary School Years – Six to 12 Years Old**

Research on resilient children and youth suggests that several factors contribute to a child's healthy development, including: 1) a strong relationship with a caring adult, 2) high expectations for academic performance, and 3) opportunities for meaningful participation in their communities. For children in the elementary grades, our grantmaking focuses on out-of-school programs that increase children's knowledge and skills, incorporating the above factors. More specifically, the Foundation targets programs that provide learning environments outside of school that will equip children to perform better in school.

In addition to academic achievement, it is important to begin at an early age to help children learn to make responsible decisions. For this reason, the Foundation targets programs that support children in making good decisions, including attending school regularly, refraining from behaviors that may result in suspension or expulsion, avoiding substance abuse, delaying parenthood and respecting the law.

**We believe:** Tutoring and mentoring programs help build the confidence and motivation necessary for children to achieve academically and make responsible decisions, as well as gain critical thinking, communications and social skills.

#### **Outcomes anticipated from grants awarded:**

- Increased numbers of children who demonstrate improved academic achievement.
- Increased numbers of children who make responsible decisions.

### **Junior High and High School Years – 12 to 18 Years Old**

Success in school and the ability to develop positive relationships continue to be critical as young people grow into adolescence. For youth in junior high and high school, our grantmaking focuses on out-of-school programs that increase a young person's knowledge and skills and incorporate: 1) a strong relationship with a caring adult, 2) high expectations for academic performance and 3) opportunities for meaningful participation in their communities. More specifically, the Foundation targets programs that provide learning environments outside of school that will equip youth to perform better in school.

**We believe:** Tutoring and mentoring, as well as other youth-oriented programming, remain important strategies for the healthy development of young people as they grow into adulthood. They help build the confidence and motivation necessary for youth to achieve academically, as well as gain critical thinking, communications and social skills.

**Outcome anticipated from grants awarded:**

- Increased numbers of youth who demonstrate improved academic achievement.

Youth also need an understanding of the importance of setting goals, a knowledge of what it takes to reach their dreams and guidance in exploring career opportunities. For junior high and high school students, our grantmaking supports programs that prepare students for college, as well as those that offer career exploration and work experience.

**We believe:** College prep programs, career development activities, mentoring and internship experiences help young people gain the functional and organizational skills necessary for college and employment, as well as helping them to develop an understanding of the steps necessary to achieve their career goals.

**Outcome anticipated from grants awarded:**

- Increased numbers of young people who enter institutions of higher education or career-training programs or who have obtained jobs with strong advancement possibilities.

Having the necessary skills to navigate the transition to adulthood is critical to the healthy development of young people. The Foundation supports programs that prepare youth to make responsible decisions. Examples of responsible decision making include attending school regularly, delaying parenthood, avoiding substance abuse and respecting the law.

**We believe:** Mentoring, pregnancy prevention programs, life skills training and other youth-oriented programs assist young people as they transition to adulthood. Programs that provide comprehensive support services for youth are better able to address the variety of challenges young people face.

**Outcomes anticipated from grants awarded:**

- Increased numbers of young people who make responsible decisions.
- Increased numbers of young people who have the necessary skills to successfully transition to adulthood.

**Children and Families in Crisis**

Stabilizing families in crisis and moving them to self-sufficiency are critical to developing homes that can nurture and support children to their fullest potential. Finding stable housing is a primary condition of gaining family stability. Due to the challenges these families face, a wide array of support services is necessary to help them achieve lasting stability.

**We believe:** Service-enriched housing programs help families in crisis — as a result of domestic violence, homelessness and other issues — reach stability.

**Outcome anticipated from grants awarded:**

- Increased numbers of families in crisis who achieve stability and/or transition to stable housing.

Because some families in crisis are unable to adequately care for their children for a variety of reasons, our grantmaking supports children in the foster care system. The Foundation works to reduce the time children spend in foster care through reunification, kinship care or adoption.

**We believe:** Programs that work intensively to reunify families, recruit foster and adoptive parents and place special needs children in adoptive homes are key to finding permanent homes for foster children. At the same time, foster and adoptive parent training and support services, respite care and general retention programs for foster and adoptive parents are important strategies to maintain permanent homes for foster children. In addition, child welfare advocacy and the training and development of child welfare professionals are central to creating positive outcomes for children in foster care.

**Outcome anticipated from grants awarded:**

- Increased numbers of foster children growing up in permanent, stable and loving families.

Older children aging out of the foster care system face even more difficult challenges in making the transition to adulthood. In addition to success in school, having a good job and demonstrating the ability to make responsible choices, young people aging out of foster care must immediately become self-sufficient and acquire stable housing.

**We believe:** In addition to the supports that all young people need, the acquisition of stable housing is key to a foster child's successful transition to independence.

**Outcome anticipated from grants awarded:**

- Increased numbers of foster youth that have the life skills required to live independently and obtain stable housing.

**Advocacy and Public Awareness**

The Foundation provides limited support for advocacy efforts that build public awareness about issues facing vulnerable children, youth and families. Funding for advocacy efforts is by invitation only.

**Conferences and Events**

The Foundation provides limited support for events and conferences that are related to our grantmaking priorities.

## **Geographic Regions**

The Foundation's grantmaking program serves the following metropolitan Washington, D.C., areas: District of Columbia; Virginia — the counties of Arlington, Fairfax, Loudoun and Prince William and the cities of Alexandria, Falls Church, Manassas, Manassas Park and Leesburg; Maryland — the counties of Charles, Frederick, Howard, Montgomery and Prince George's. Funding is also available for statewide initiatives in Maryland and Virginia and programs that are national in scope. Funding in our regional cities of Atlanta, Chicago, Dallas, Los Angeles and New York is by invitation only.

## **Eligibility Criteria**

The board of directors of the Freddie Mac Foundation has established certain eligibility criteria that must be met by all applicants:

- The Freddie Mac Foundation will not fund organizations that discriminate in the provision of services or in employment practices based on race, color, religion, ethnicity, sex, age, national origin, disability, sexual orientation, marital status, and any other characteristics protected by applicable law. This policy does not prohibit funding of programs that meet specific needs of populations based on gender, age, disability, ethnicity or national origin. Organizations will be asked to attest to this fact.
- Applicants must be exempt from income taxes under Section 501(c)3 and 509(a) of the Internal Revenue Code and be defined as a public charity.

Unless approved by the board, the Foundation does not fund:

- Individuals
- Training in/promotion of religious doctrine
- Incurring a debt liability
- Endowment campaigns

## **How to Apply**

The Foundation funds programs in the areas of strengthening families, foster care and adoption and youth development that address one of our Foundation outcomes. **Please be sure to review our Grant Guidelines before applying.**

Current grantees may re-apply for funding for the same program if the 10-month interim report has been submitted.

Non profits may submit grant requests ranging from \$5,000 to \$50,000. Applicants must submit a completed Grant Application to be considered for funding. You now have two ways to submit an application:

- Apply online by visiting our website, [www.freddiemacfoundation.org](http://www.freddiemacfoundation.org). Online applications can be saved, making it easy and convenient for you to reapply for funding in future grant rounds. It also reduces paperwork requirements and allows us to respond more efficiently to your request. If you need technical assistance while completing your application, simply click on the “Need Support?” e-mail link at the bottom of the online grant application. Technical questions will be answered within one business day.
- Submit a paper application by first downloading a PDF of the application form from our website, [www.freddiemacfoundation.org](http://www.freddiemacfoundation.org). You will also need to download and complete a summary chart template and budget template. **Incomplete paper applications will be returned to you.** Please review the application requirements carefully and complete the checklist included in the application.

Requests for Grants greater than \$50,000 are by invitation only.

Proposals must be submitted online or postmarked by midnight Eastern Standard Time (EST) on the dates indicated below. Attachments must be postmarked on the same date. If you are hand delivering your application, it must be delivered by 5:00 p.m. EST on the date due.

<b>Submission Date</b>	<b>Notification By</b>
Wednesday, September 1, 2004	Monday, November 15, 2004
Tuesday, March 1, 2005	Monday, May 16, 2005
Wednesday, September 7, 2005	Monday, November 14, 2005

If you are submitting a grant application in paper form, mail it to:

Freddie Mac Foundation  
 c/o Grants Manager  
 8250 Jones Branch Drive  
 Mail Stop A40  
 McLean, VA 22102-3110

#### Apply for a Contribution for Event/Conference

The Foundation provides limited support for events and conferences related to our grant-making priorities. Requests for contributions should be submitted online by visiting our website, [www.freddiemacfoundation.org](http://www.freddiemacfoundation.org). Applications are accepted throughout the year.

#### Questions

Please direct questions related to the online application to our online consultant, using the e-mail links provided within the application.

For specific questions about our grantmaking program, you may call the Foundation at 703.918.8888.

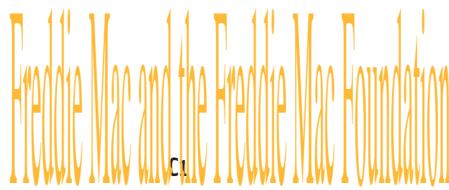


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