




SHARED INTEREST

2001 ANNUAL REPORT



“I congratulate Shared Interest on the thousands of jobs, small businesses and affordable homes your guarantees have made possible for thousands of my fellow South Africans. You have remained faithful to South Africa, traveling the road from disinvestment to reinvestment with us at this critical juncture in our history. With you, I celebrate the hope, vision and commitment emanating from your work for partnerships between the world’s peoples at the dawn of the African Century.”

— Desmond M. Tutu
Archbishop Emeritus
February 14, 2002

COVER PHOTO

*Workers at the New Forest Vegetable Project in Bushbuckridge welcome Shared Interest visitors into their shade-cloth vegetable-growing “house” established in 2001 with the help of a Shared Interest loan to the Bushbuckridge Local Business Service Centre.
Credit: Tim Smith*

MISSION

Shared Interest is a not-for-profit social investment fund established to enhance the self-sufficiency of South Africa’s low-income communities and their financial institutions. Shared Interest increases low-income South Africans’ access to affordable credit by guaranteeing South African bank loans for their urban and rural small business and social housing initiatives. These loans help build the community development financial institutions that administer and re-lend the credit. They also foster productive new relationships between South Africa’s banks and economically marginalized communities.





Dear Friends,

In both South Africa and the United States, the year 2001 was a time of renewed challenges, but also a time of dreams. It was the difficult birth of the century of hope and justice we are struggling to build – the century in which Africa, its people and its partners around the world will celebrate the vision, the voice, the self-determination and the leadership of the continent.

In this context, ours is a perspective of privilege. We have had the opportunity to help plant the seeds and witness the first sprouts of a more equitable society. They are the women of the New Forest Vegetable Project in Limpopo Province, growing tomatoes, operating their own businesses, employing their neighbors and feeding their families. They are the families from KwaZulu-Natal to the Northern Cape who have moved from shacks into secure new homes, and begun to build child care facilities in their communities. They are the emerging contractors who are developing new businesses by building clinics, clean water and sewage facilities in the province of Mpumalanga. They are the participants from around the globe at the World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance who, no longer needing to focus their attention on apartheid, were able to advance the discussions of the myriad other injustices that continue to marginalize and disempower them and to share their dreams.

And they are also Shared Interest's extended family and friends in the U.S., whose commitment and support are helping to bring a new society into being, one job, one family, one house, one bank at a time. In this report you will read about the strategic work and development of Shared Interest's partner, the Thembani International Guarantee Fund, the projects we have helped create and cultivate together in South Africa, and Shared Interest's own enhanced work with communities of color and a variety of cities around the country.

During the coming year, we look forward to working with you to strengthen the support that has shaped and sustained our efforts, and to magnify the impact of our work in South Africa. At this challenging time, we are especially grateful for the opportunity to help build and learn from the models of reconciliation, human rights, peace and hope that South Africa's people are providing to enlighten our vision and our waiting world.

Sincerely,



Marco Masotti
Chair of the Board of Directors

H.E. Sheila Sisulu
Honorary Board Chair



Donna Katzin
Executive Director

Them bani International Guarantee Fund:



Donna Katzin

Alisi Mfenka proudly holds the keys to her new house as she visits with Them bani's CEO, Buzwe Yafele. Mrs. Mfenka is a grandmother who was living with her daughters in an informal shack settlement next to a river and railway tracks on the outskirts of Stangor in KwaZulu-Natal. The community sprung up when people came to harvest sugar cane—hardly earning enough to feed their families, which are all eligible for maximum government housing subsidies.

Mrs. Mfenka is happy to have moved into her new house, one of 459 being built by Sakisizwe, a company that hires and trains emerging contractors, including community residents. Her seven other children are in the process of registering for housing. Mrs. Mfenka is eagerly waiting for them. In the meantime, she has jointly registered her house in her name and that of her grandson, who will live with her and inherit her house.

During the year 2001, Shared Interest's work in South Africa focused on increasing its capacity and extending its reach. Working through the Them bani International Guarantee Fund (TIGF), Shared Interest engaged in an assessment of the changing conditions in South Africa's small and micro-enterprise, housing and rural development sectors, and identified a number of opportunities to issue guarantees in innovative ways and sectors, ranging from the construction of community facilities and infrastructure to rural businesses and cooperatives. Under the able leadership of Them bani's new CEO, Buzwe Yafele, TIGF has moved to turn these plans into action.

Building on its success in delivering low-income housing – more than 40,000 units across the country by the end of December 2001 – Shared Interest and Them bani developed their first guarantee to back loans for community facilities such as clinics, roads, drinking water and sewage systems. Building on the model of guaranteeing loans to emerging contractors for low-cost housing, the two organizations began to work with the Mpumalanga Economic Empowerment Corporation (MEEC), created by provincial authorities in 1993 to provide finance and technical assistance to small and start-up entrepreneurs who have obtained government construction contracts.

Although many black contractors are expert builders, brick-layers, locksmiths and metalworkers, most are unable to obtain the credit they require to start their own businesses, or to take advantage of government contracts to provide essential facilities and services to their neighbors. MEEC had already begun to provide both loans and technical assistance to these new contractors of color, but lacked sufficient finance to address the province's needs. The new \$380,000 guarantee to MEEC will unlock \$760,000 in credit, affording the province's contractors the opportunity to develop their own enterprises and business skills by building the basic infrastructure their communities so urgently need.

Building a Platform for Innovation and Impact



Emerging contractors benefiting from a loan from the Mpumalanga Economic Empowerment Corporation refurbish the local Magistrates' offices at Kwaggafontein.

Providing Technical Assistance

Technical assistance is a prerequisite for working with new community development financial institutions. This year TIGF has appointed its Finance/Operations Manager, Brad Adlard, as its technical assistance coordinator. For beneficiaries like the New Forest Vegetable Project in Limpopo Province, this assistance has been a lifeline. The project itself was a paradigm of vision, initiative and community empowerment, as evidenced by the 16 women owners of the new shade-cloth farms and the additional 64 women they hired to attend to the hydroponic greenhouses.

The very successful shade-cloth farming project, launched with a TIGF/Shared Interest guarantee last year, encountered difficulties when the intermediary that had borrowed and forwarded the project funds – the Bushbuckridge Local Business Services Center (BLBSC) — fell on hard times. When

BLBSC began to experience financial setbacks, TIGF began to work with the women to insure the viability of their project and to explore the option of restructuring it into a cooperative.

Managing Risk

In preparation to issue new kinds of guarantees, TIGF has continued to develop its risk-rating system and apply it to outstanding and prospective guarantees. The process has been extremely important to Shared Interest, which uses the results both to inform its consideration of new guarantees and to insure that it sets aside sufficient reserves to protect its lenders' capital. TIGF's quarterly assessments, based on an in-depth evaluation of each of its guarantee beneficiaries, has enabled Shared Interest to provide this cushion while extending its work into new sectors of South Africa's dynamic people's economy.



Tim Smith

Just over a year after having obtained permission to use the land from local tribal authorities, the 16 women owners of the New Forest Vegetable Project and the 64 other women they had employed had succeeded in launching a successful commercial farming project. Using hydroponic techniques suitable to the harsh growing conditions of Limpopo Province, they harvested a bumper crop of more than 175 tons of top grade tomatoes during their first three-month growing season. When Shared Interest's delegation arrived to visit the project in August, the women burst into a spontaneous dance of celebration and appreciation.

Building Capacity

One of this year's most significant advances has been organizational development of Thembani itself. With Shared Interest's participation and support, Thembani's board of directors added two new members, Sitembele Mase and Dave Reddy, and engaged with staff in a hands-on process to shape the organizational framework. This exercise has enhanced TIGF's capacity to place and manage high-impact guarantees and support services to South Africa's economically marginalized communities. The new policies and procedures provide a platform for Thembani to extend guarantees in new areas at an accelerated rate, within the risk parameters defined by both Thembani and Shared Interest.

At the same time, Thembani and Shared Interest have begun a process of collaborative strategic planning. In August, during Shared Interest's first delegation to South Africa, more than half of Shared Interest's board of directors joined the Thembani board in assessing their current work and identifying priorities and opportunities for new guarantees. This is the first step in a process the two organizations will develop during the coming year, leading to the formulation and implementation of a five-year plan.



Shared Interest Board chair, Marco Masotti, and Thembani Board chair, Thabi Shange, review planning documents at the meeting of the two boards on August 27, 2001.

Shared Interest:

In the U.S., by 2001, the African Century Challenge was in full swing, providing the impetus and resources for Shared Interest to deepen its roots in communities of color, and to continue its activities across the country. Co-chaired by *Essence Magazine* editorial director Susan Taylor, and actor/activist Danny Glover, the Challenge continued to widen the circle of people in the U.S. working for economic justice in South Africa. Shared Interest recognized that, although the African-American community sparked and largely led the U.S. movement to end apartheid, few investors of color had found ways to invest in the new South Africa. In this context, the Challenge has begun to introduce the organization's work to new communities, while prioritizing the organizations and individuals who have been at the heart of the movement.



Shared Interest Board members Michael Bennett and Darchelle Garner and Outreach Director Imani Countess with Archbishop Desmond Tutu.

Shared Interest supporters participate by:

Sharing our message through outreach activities.

Members of congregations, organizations and communities interested in raising awareness about community lending projects and South Africa work with our staff on activities for their constituencies.

Participating in the guarantee fund by lending at least \$5,000 to Shared Interest. All loans are accompanied by the lender's tax-deductible contribution to Shared Interest, which is deducted from the interest earned to cover the cost of issuing the guarantees in South Africa. Supporters interested in investment should contact Shared Interest for more complete information.

Making charitable contributions by pledging a given amount, sending checks payable to "Shared Interest" or by making a contribution using a credit card.

Supporters can give in honor or memory of loved ones and to celebrate special occasions. They can also include Shared Interest in their wills or make contributions of securities. All securities donations are entitled to a deduction for full market value, exempting a donor from paying capital gains.

Attending Shared Interest special events across the country. Shared Interest holds events in cities including Boston, Chicago, Detroit, Minneapolis, New York, San Francisco and Seattle. We hope to be in your area soon!

Visiting our partners and projects in South Africa as part of a Shared Interest delegation. Shared Interest supporters will have the opportunity to participate trips organized on a bi-annual basis. The next delegation is planned for the year 2003.

Broadening the branches, deepening the roots



Tim Smith

Shared Interest executive director, Donna Katzin, and New Forest Vegetable Project owner, Mavis Makukukule, lead the delegation in a visit to the project's new commercial farming facilities.

In January, Shared Interest hired Imani Countess, former executive director of the Washington Office on Africa and the Africa Policy Information Center, as outreach director. Imani began by producing an historical resource written by Gerald Lenoir, *Reclaiming the Links: African-Americans and South Africans*. During the ensuing 12 months, she has worked with board and staff to engage national social groups, professional organizations and African-American philanthropic and corporate leaders. The resulting strategy is enabling South Africa's new friends, as well as those who worked for years to end apartheid, to find their place in South Africa's future as the continent comes into its own at the dawn of the new century.

The partnership that best captures the intent of the Outreach Program is Shared Interest's new relationship with the Progressive National Baptist Convention (PNBC). In August, at the Annual Meeting of the Convention, PNBC leaders met with Challenge Co-chair Danny Glover and pledged a loan to Shared Interest. The collaboration with PNBC allows the denomination's smaller congregations to make donations to PNBC, earmarking these contributions to Shared Interest. The denomination then makes what it intends as an annual loan to Shared Interest – expanding PNBC's own capital base while investing in South Africa's economic transformation.

In Memory of Peter Biehl:

Shared Interest mourns the passing of Peter Biehl, whose courage, leadership and overflowing humanity embody the best of South Africa's process of Truth and Reconciliation, and its spirit of ubuntu. His loss will be deeply felt by our colleagues and friends at home and in South Africa.

Around the Country

In Seattle, on September 20, Shared Interest, together with Iris Films and the Desmond Tutu Peace Foundation, co-hosted a presentation of Deborah Hoffman and Francis Reid's Academy Award-nominated documentary, *Long Night's Journey Into Day*. More than 700 guests at the Cinerama Theater in Downtown Seattle were moved by remarks from Peter and Linda Biehl, in addition to performances by the Seattle Peace Choir and the St. Marks Episcopal Choir. Prior to the screening, sponsors joined the host and event committees for a reception at the home of Marshal McReal.

On November 8, Shared Interest assembled more than 150 friends and colleagues at the Charles Hotel in Cambridge, Massachusetts to honor Robert Zevin, who had served as chair of the organization's board of directors for four years. Stephen Moody of U.S. Trust Boston, acclaimed author and peace activist Grace Paley, and Massachusetts legislator Byron Rushing presented testimonies to Robert's vision and leadership.

In New York, on November 20, Shared Interest hosted a conversation with South Africa's Constitutional Court Justice Richard Goldstone and Michael Ratner of the Center for Constitutional Rights at the home of Anne Hess and Craig Kaplan. Shared Interest's friends and supporters participated in the discussion of reconciliation, justice and security issues, exploring international legal considerations and options available to a world changed by the events of September 11.

Delegation to South Africa

From August 19 to September 1, Shared Interest led its first delegation to South Africa. Eighteen of the organization's friends, investors, board members and staff traveled to Gauteng, the Free State, Mpumalanga, Limpopo Province, the Western Cape and




Craig Bailey

Robert Zevin, former board chair and current board member, at the Shared Interest dinner honoring him.



Shared Interest's delegation assembles at the Megapa Game Lodge.



KwaZulu-Natal, visiting South Africa's guarantee beneficiaries and potential partners, as well as historic sites such as Nelson Mandela's cell on Robben Island. They also met with cabinet ministers, The Most Reverend Desmond Tutu, retired, renowned Robben Island prisoner Ahmed Kathrada and Constitutional Court Justice Richard Goldstone. The delegation concluded with its participation in the World Conference

Against Racism, Racial Discrimination, Xenophobia and Related Intolerances in Durban. There Shared Interest presented a workshop on "Reversing Financial Apartheid: International Partnerships in an Age of Globalization." The conference provided excellent opportunities to expand Shared Interest's international networks, and to place its work in the broader global context.

Investment Highlights

During the year 2001, Shared Interest increased the capital in its guarantee fund to \$6,322,000. Over the twelve months, the organization raised \$611,000 in new loans from 11 individuals and six faith-based institutions: the Sisters of St. Dominic of the Most Holy Name, Sisters of St. Joseph La Grange, Sisters of Charity of the Blessed Virgin Mary, MMA Development Community, Ursuline Sisters of Tildonk, and Sisters of Charity of the Incarnate Word (which had their loan repaid when it matured, but then issued a second loan for the same amount). A second lender requesting repayment made a replacement loan for twice the amount repaid early in 2002. Seventy percent of the new loans were issued for five years, while thirty percent were for three years.

In February 2001, Shared Interest covered a call on a guarantee dating back to October 1999, when a small contractor defaulted on a loan that Shared Interest and the National Urban Reconstruction

and Housing Agency (NURCHA) had co-guaranteed. After eighteen months of working to reclaim the losses, and assessing that all available assets had been claimed, NURCHA called on Shared Interest to cover its portion, amounting to \$45,523. Shared Interest covered this amount from its guarantee loss reserve fund, which it subsequently replenished from its operating surplus.

By December 31, 2001, Shared Interest's guarantee loss reserve fund stood at \$176,741. With the precipitous devaluation of the rand toward the end of the year, Shared Interest found that its dollar-based reserves covered a growing percentage of its primarily rand-based portfolio. As a result, as it issued new guarantees, the organization only needed to raise the level of its guarantee loss reserve fund by \$3,639 during the twelve months. This amount was sufficient to provide nine percent coverage for the guarantees that had been approved and issued at year's end.



Meeting the Mark: The African Century Challenge

The year 2001 marked a vote of confidence for Shared Interest's work in South Africa. Individual contributors were generous in their response to our African Century Challenge. In addition, the number of investors, who donate a portion of their interest, grew – marking progress toward Shared Interest's goal of making the social investment fund self-sufficient. Institutions weighed in as well, participating as donors, event sponsors, and African Century Challenge supporters.

Corporations

The Aidoo Group
Bannister Productions, Inc.
Brady Enterprise Association, Inc.
Calvert Asset Management Co., Inc.
Chicago Bridge & Iron Company
Children's Television Workshop
Citizens Advisers, Inc.
Citizens Financial Group, Inc.
Dahab Associates, Inc.
Eastman Kodak Company
Emmalyn II Productions, Co., Inc.
Essence Communications, Inc.
Johnson & Johnson
J.P. Morgan & Company
Key Brokerage
Loring, Wolcott & Coolidge
Maritz Travel
Motorola
Partner Design Group
Progressive Asset Management
Public-Private Ventures
Quality Educational Development, Inc.
Rasco Graphics
Saul Zaentz Film Festival
South African Development Fund
Trillium Asset Management
U.S. Trust Company
Wainwright Bank
Walden Asset Management
WESPAC
Working Assets Funding Service

Foundations

Boehm Foundation
California Community Foundation
Chase Manhattan Foundation
Cohen-Friedman Foundation
The Dewey Foundation
Ford Foundation
Jean S. Fuerst Trust
The Funding Exchange
Glickenhau Foundation
F. B. Heron Foundation
Haymarket People's Fund
Ira M. Resnick Foundation, Inc.
The Maya Fund
JP Morgan Chase Foundation
Lohengrin Foundation
Long Island Community Trust
Lowe Marshall Trust
Peter & Mary Stone Foundation
The New World Foundation
Public Welfare Foundation
Rose-Marie & Jack R. Anderson Foundation
The Seattle Foundation
Scandia Foundation
South Africa Free Elections Fund
The St. Paul Companies
The Tides Foundation
Vanguard Public Foundation

Religious & Community Organizations

Christ Episcopal Church
Christians Equipped for Ministry
Church of the Intercession
First Church in Cambridge Congregational
General Board of Global Ministries
Jewish Community Endowment Fund
Justice and Peace Network
National Community Capital Association
New York Coalition of 100 Black Women
Sisters of Charity of the Blessed Virgin Mary
Socially Aware/Values-Based Investing
Tri-State Coalition for Responsible Investing
Trusteeship Institute, Inc.
Unitarian Universalist Association
UNITE!
United Methodist Church Women's Division
The U.S. Fund for Leadership Training in South Africa
Vukani Mawethu Choir
Wheaton Franciscan Sisters
Youthbuild USA

Special Thanks to:

beCause Consulting
Choate Hall & Stewart
Iris Films
Iris Rose
Lori Markowitz
Constance Rice
Solomon Smith Barney
Larry Taylor
Dean Robert Taylor
Michael P. Wasserman, Inc.

SHARED INTEREST, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2001

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Shared Interest, Inc. ("Shared Interest" or the Organization") is a not-for-profit entity supported by individuals and institutions committed to helping to strengthen the financial and community organizations needed to shape South Africa's equitable and democratic development.

Along with Research and Applications for Alternative Financing for Development ("RAFAD"), in 1996 the Organization became a co-founding member of the Thembani International Guarantee Fund ("TIGF") in South Africa. The mission of the Organization is, through the use of funds provided by outside investors, to partially collateralize guarantees made through TIGF for South African bank loans to community development financial institutions engaged in South Africa's reconstruction process. Neither RAFAD nor TIGF is an entity controlled by the Organization, and their respective financial positions and changes in net assets are not included in the accompanying financial statements.

The Organization receives amounts from individual and institutional investors that serve as collateral for loans made in South Africa and guaranteed by TIGF. The Organization invests amounts received in high-quality, socially screened debt securities and deposits in U.S. financial institutions, and it acknowledges through the issuance of promissory notes the obligation to return these funds to the investors at a future date.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

FINANCIAL REPORTING

(A) Accrual basis financial statements:

The financial statements of the Organization have been prepared on the accrual basis and conform to generally accepted principles as applicable to not-for-profit organizations.

(B) Net assets:

The net assets of the Organization and changes therein are classified and reported as follows:

(i) Unrestricted:

Unrestricted net assets are those resources available for current operations as there are no donor restrictions on the use of these assets.

(ii) Temporarily restricted:

As of December 31, 2001, the Organization had no restriction on any of its assets.



Statement of Financial Position as of December 31

	2001	2000
Current Assets		
Cash	\$209,708	\$85,915
Investments	6,765,802	6,272,162
Investments-Guarantee Loss Reserve Fund	176,741	173,102
Accrued interest receivable	49,888	68,556
Contribution and special event income receivable	76,184	14,645
Prepaid expenses	52,816	-0-
Computer equipment	7,788	5,423
(net of accumulated depreciation of \$7,553 and \$4,979 respectively)		
Total Current Assets	\$7,338,927	\$6,619,803
Liabilities		
Accounts payable and accrued expenses	\$10,116	\$38,806
Accrued interest payable to noteholders	47,838	32,202
Deferred income	9,600	-0-
Promissory notes payable	6,322,000	5,798,500
Total Liabilities	6,389,554	5,869,508
Commitments and Contingencies		
Net assets		
Unrestricted	949,373	750,295
Total Liabilities and Net Assets	\$7,338,927	\$6,619,803

(C) Functional allocation of expenses:

The cost of providing the program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in ratios determined by management.

(D) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results could differ from those estimates.

CONTRIBUTIONS

Contributions are recorded as income upon receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Individual and institutional investors are encouraged to donate a portion of their investment income to the Organization to help cover the transaction costs of its guarantees and maintain its operations. For the year ended December 31, 2001, investment income amounted to \$501,029, of which \$218,769 was contributed by the investors to the Organization.

IN-KIND CONTRIBUTIONS

In-kind contributions consist of donated services. These amounts are recorded as both income and expense, at their estimated fair values at the date of receipt.

INTERMEDIARY TRANSACTIONS

Interest earned on investments is returned to investors who loaned funds to the Organization, and accordingly, is not reflected as earnings of Shared Interest. These investors may donate all or a portion of their investment income to the Organization, and such income is reflected as contribution revenue in the accompanying financial statements.

FIXED ASSETS

Fixed assets consist of computers which are being depreciated over five years using the straight-line method.

NOTE 2 GUARANTEE LOSS RESERVE FUND

The Guarantee Loss Reserve Fund was created by the Board of Shared Interest out of its unrestricted net assets for the purpose of maintaining funds to cover potential defaults by borrowers on loans guaranteed by TIGF.

TIGF also maintains a reserve fund for the same purpose. In the event that a TIGF guarantee is called, the loss incurred by TIGF is covered by allocations from both Shared Interest's and TIGF's reserve funds. Each fund would cover its proportionate share of the loss.

Statement of Activities For The Year Ended December 31

Public Support and Revenue

Contributions	\$861,050	\$691,866
Special events revenue, net of direct expenses	10,686	(25,211)
In-kind contributions	7,174	5,953
Interest and dividend income	37,535	24,120
Miscellaneous income	4,120	5,052
Sub-total	920,565	701,780
Net realized gain on investments	(1,952)	6,624
Net unrealized gain on investments	112,990	220,209
Total Public Support and Revenue	1,031,603	928,613

Expenses

Program Services:		
Grant to TIGF	174,000	139,587
Other program services	454,321	268,215
Fund raising	82,932	61,112
General and administrative	75,749	56,676
Total Expenses	787,002	525,590

Increase in Net Assets

Prior to Guarantee Loss Expenses 244,601 403,023

Guarantee Loss Expenses

Payment on defaulted loan (45,523) (43,167)

Increase In Net Assets

Net Assets – Beginning of year 750,295 390,439

Net Assets – End of year

\$949,373 **\$750,295**

Statement of Cash Flows For the Year Ended December 31

Cash Flows From Operating Activities

	2001	2000
Increase (Decrease) in net assets	199,078	\$359,856
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	2,547	2,007
Net realized and unrealized gain on investments	(112,990)	(220,209)
Changes in operating assets and liabilities:		
Promissory notes payable	523,500	812,500
Interest receivable	18,668	(11,951)
Prepaid expenses	(52,816)	1,000
Contribution and special event income receivable	(61,539)	(14,645)
Accounts payable and accrued expenses	(28,690)	17,099
Deferred income	9,600	-0-
Accrued interest payable to noteholders	15,636	3,907
Net cash provided by operating activities	513,021	949,564

Cash Flows from Investing Activities

Purchase of investments, net of redemptions	(384,289)	(942,118)
Acquisition of fixed assets	(4,939)	(2,026)
Net cash used in investing activities	(389,228)	(944,144)
Net Increase in Cash	123,793	5,420
Cash – Beginning of year	85,915	80,495
Cash – End of year	209,708	\$85,915

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:		
Taxes	\$ -0-	\$ -0-
Interest	\$143,313	\$115,592

In the event that a loss on a loan guarantee exceeds Shared Interest's and TIGF's risk coverage provisions, that loss may be drawn from the Shared Interest lenders' outstanding principal.

Recognizing that the guarantees carry considerable risk of non-repayment, Shared Interest and TIGF have refined their system for assessing and monitoring outstanding guarantees and providing for potential losses. TIGF monitors its outstanding guarantees and reports to Shared Interest on the risk of each outstanding guarantee on a quarterly basis. Shared Interest's policy is to maintain a guarantee loss reserve fund equal to at least 5% of its outstanding guarantees, and to increase that amount if needed on a quarterly basis to cover the level of risk reported on its outstanding guarantees.

On October 21, 1999, the National Urban Reconstruction and Housing Agency (NURCHA) notified Shared Interest and TIGF that it had incurred a loss of approximately \$106,000 on a guarantee by a Shared Interest letter of credit on behalf of TIGF. Since NURCHA was in the process of taking legal action to recover as much as possible of the loss, it had not called on Shared Interest to cover the organization's share of this loss as of December 31, 2000. In February 2001, NURCHA called on Shared Interest and TIGF to cover their respective shares of the loss amounting to \$49,135. To cover this call, Shared Interest subsequently paid \$45,523 from its guarantee loss reserve fund, while TIGF paid \$3,612 from its guarantee loss provisions.

NOTE 3 INVESTMENTS

Investment assets held by the Organization are stated at quoted market value. Gains and losses from these investments, if any, are reported in the statement of activities. Since the investments are held to maturity, any change in value is of a temporary nature. At December 31, 2001 investments consist of the following:

Cash held in brokerage accounts	\$45,458
U.S. government, international and government agency, obligations maturing at various dates through 2010	3,603,792
U.S. Government Agency Mutual Fund	2,987,000
Listed equities	129,532
	\$6,765,802

NOTE 4 PROMISSORY NOTES

Promissory notes issued mature as follows:

Year Ending December 31,		
	2002	\$1,911,000
	2003	1,097,000
	2004	1,235,000
	2005	1,205,000
	2006	636,000
	Thereafter	238,000
		\$6,322,000

The promissory notes are stated at their face amounts. The majority of the notes carry a provision evidencing the fact that the underlying principal of their promissory note may be used to satisfy the guarantee of a failed loan in South Africa.

Interest is paid semi-annually in arrears on March 31 and September 30 of each year. Interest paid to note holders on their outstanding promissory notes represents the investment earnings on the individual notes which ranges from 5.4% to 6.89%. As discussed in Note 1, investors are encouraged to donate a portion of their investment earnings to the Organization.

NOTE 5 INTEREST AND DIVIDEND INCOME

Interest and dividend income for the year ended December 31, 2001 totaled \$37,535. This represents interest and dividends earned on all of the organization's investments except for those supported by promissory notes. The income earned on the investments supported by promissory notes that is donated back to the organization is included as contributions.

NOTE 6 RELATED PARTIES

The Organization granted \$174,000 in funding to TIGF, for the year ended December 31, 2001.

NOTE 7 CONCENTRATION OF CREDIT RISK

The Organization's cash balance at a bank is insured by the Federal Deposit Insurance Corporation up to \$100,000.

NOTE 8 RENT EXPENSE

The Organization sublets its office space under an agreement expiring in April 2005. For the year ended December 31, 2001, the Organization incurred rent expense of \$19,169.

NOTE 9 COMMITMENTS AND CONTINGENCIES

At December 31, 2001, the outstanding Shared Interest guarantees issued through TIGF amounted to \$1,141,881.

Additionally, TIGF has approved \$428,816 loan guarantees, which are being negotiated with South African community lending institutions. The Organization intends to accept assignment of a portion of these guarantees (see Note 1 and 2).



Shared Interest Board of Directors

H.E. Sheila Sisulu (Honorary Chair) South African Ambassador to the U.S.
Marco Masotti (Chair) Partner, Paul, Weiss, Rifkind Wharton & Garrison
Michael Bennett Executive Director, Egan Urban Center, De Paul University
Ann Burroughs Communications Consultant
Iva E. Carruthers President, Urban Outreach, Inc.
Robert Dumas Retired, U.S. Catholic Conference
Darchelle Garner Associate Vice President, The Chest Foundation
Anne H. Hess Founding Chair, MADRE
June Makela Founding Director, Funding Exchange
Kumi Naidoo Secretary General and CEO, CIVICUS
Prexy Nesbitt Board Member, Africa Action
Luther M. Ragin, Jr. Vice President of Social Investment, F.B. Heron Foundation
Judy Rimbey O.P. Manager, Community Grants and Investments, Catholic Healthcare West
Ron Shiffman Director, Pratt Institute Center for Community and Environmental Development
Timothy H. Smith Senior Vice President, Walden Asset Management
Katherine Stearns Director of Financial Services, National Community Capital Association
Mary Tiseo Executive Director, South Africa Partners, Inc.
David Wildman Executive Secretary, Human Rights & Racial Justice, General Board of Global Ministries United Methodist Church
Robert Zevin Investment Advisor

Shared Interest Board of Advisors

Beate Klein Becker Creative Economy Initiative
Dr. Joan Brown Campbell Director, Department of Religion, Chautauqua Institute
John Chalsty Credit Swiss First Boston
Aldrage Cooper, Jr. Retired, Johnson & Johnson
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