

Compass Working Capital helps put ideas to work

By Mary Moore

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Between 2008 and 2010, Nicole Lane paid off about \$7,000 in debt and put \$10,000 down on the house she now owns in Lynn — financial goals that she never imagined she would reach.

She is now in the process of getting a home-based daycare center off the ground, taking the experience she has learned working at **Bright Horizons** and putting it to use in her own startup.

Lane is a single mother of a 12-year-old son, and she received a public housing subsidy before she joined a financial literacy and asset attainment program offered through **Compass Working Capital**, a nonprofit with offices in Boston and Lynn.

The organization runs two different programs, both with strict guidelines for its participants and both rooted in the same concepts: that public benefits keep poor people poor, and that getting people off public assistance saves taxpayers money.

The group also espouses the idea that if you teach people how to save money and match their savings as an incentive, you can help them gain assets.

"I always wanted to do things but I never saw progress in getting them done. I didn't know how to do it. I just knew I wanted it," said Lane.

With unemployment still stubbornly high and Massachusetts families still re-



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Sherry Riva, founder and executive director of Compass Working Capital, foreground, with client Nicole Lane, who plans to start a daycare center at her residence in Lynn.

covering from the recession, Compass is a small organization with a 2012 budget of nearly \$500,000. It has received \$1 million in grants from **Strategic Grant Partners**, a foundation and pro-bono consulting firm, since 2010

"How does someone with a good idea get started up? If you believe in them, you give them the growth capital," said Joanna Jacobson, a managing partner at SGP.

Compass' Individual Development Account program, which Lane attended, embodies the group's approach. If accepted,

attendees are required to attend classes covering topics such as employment and income, credit and debt, utilization of financial products, saving and the like.

To receive matching funds from Compass — a 2- or 3-to-1 match for every dollar they save — attendees must save successfully for two years, be employed by the end of the program and be in a position to make a major asset purchase, have a business plan or be on the way to college.

Compass' second program, called the Federal Self-Sufficiency program, builds

on these principles but works in partnership with local housing authorities. Since 2010, the nonprofit has worked with 110 individuals through the **Lynn Housing Authority** and will start with the **Cambridge Housing Authority** in September.

Through FSS, as it is known, Compass runs an existing federal program on behalf of the housing authority, which puts into escrow a portion of the rent money paid by those receiving housing subsidies and who are in the FSS program.

Attendees can later receive the escrowed rent if they meet specific financial goals and come off welfare. They can use the money toward home ownership, the development of a small business, repairing their credit, saving for their children's education and job training.

Sherry Riva, executive director of Compass, presented a typical situation. Compass spends \$2,500 to work with a client, who comes into the program receiving \$7,752 in annual housing subsidies. That person becomes a homeowner, stops receiving subsidies and, instead, pays more than \$3,500 annually in property taxes.

"If you were to talk to some of the households — specifically younger mothers who want to see change. ... (They say,) 'I want my children to have more opportunities than me,'" said Tom Graham, program development director at the Cambridge Housing Authority. "Those are the households that will be successful."