

2016 ANNUAL REPORT

BRIDGING THE OPPORTUNITY GAP



REMOVING BARRIERS. CREATING OPPORTUNITY.

Message from the Chair and CEO

Dear Friends:

We are pleased to present Community First Fund's 2016 Annual Report, highlighting another year of continued growth and commitment to **BRIDGING THE OPPORTUNITY GAP** for low income communities and individuals in central and eastern Pennsylvania. This year we reached the highest lending activity in our history at nearly \$13 million along with an additional \$25.5 million in New Markets Tax Credit projects financed. This capital assisted new and expanding businesses and allowed for the development of new housing, healthy food markets, and educational opportunities. We also supported community service organizations that enhance the quality of life for low income people and communities. Additionally, our financing leveraged more than \$37 million in public and private funds into our region.

Over the past year we continued our focus on closing the gap between those with access to financial resources and those who continue to face institutional barriers to success. In FY 2016, eighty four percent (84%) of loans benefited low wealth communities and people, including People of Color and women. Our financing created and retained 657 permanent jobs, 300 construction jobs, 69 childcare opportunities, 136 units of affordable housing, and developed more than a half million square feet of commercial real estate.

In this report you will be introduced to five clients who, with help from Community First Fund and through their own hard work and dedication, have seized opportunity and created success. Their achievements strengthen our resolve to remove barriers and create economic opportunity for individuals and organizations in our region. Thank you for making it possible for us to continue this vital work.

Our Vision

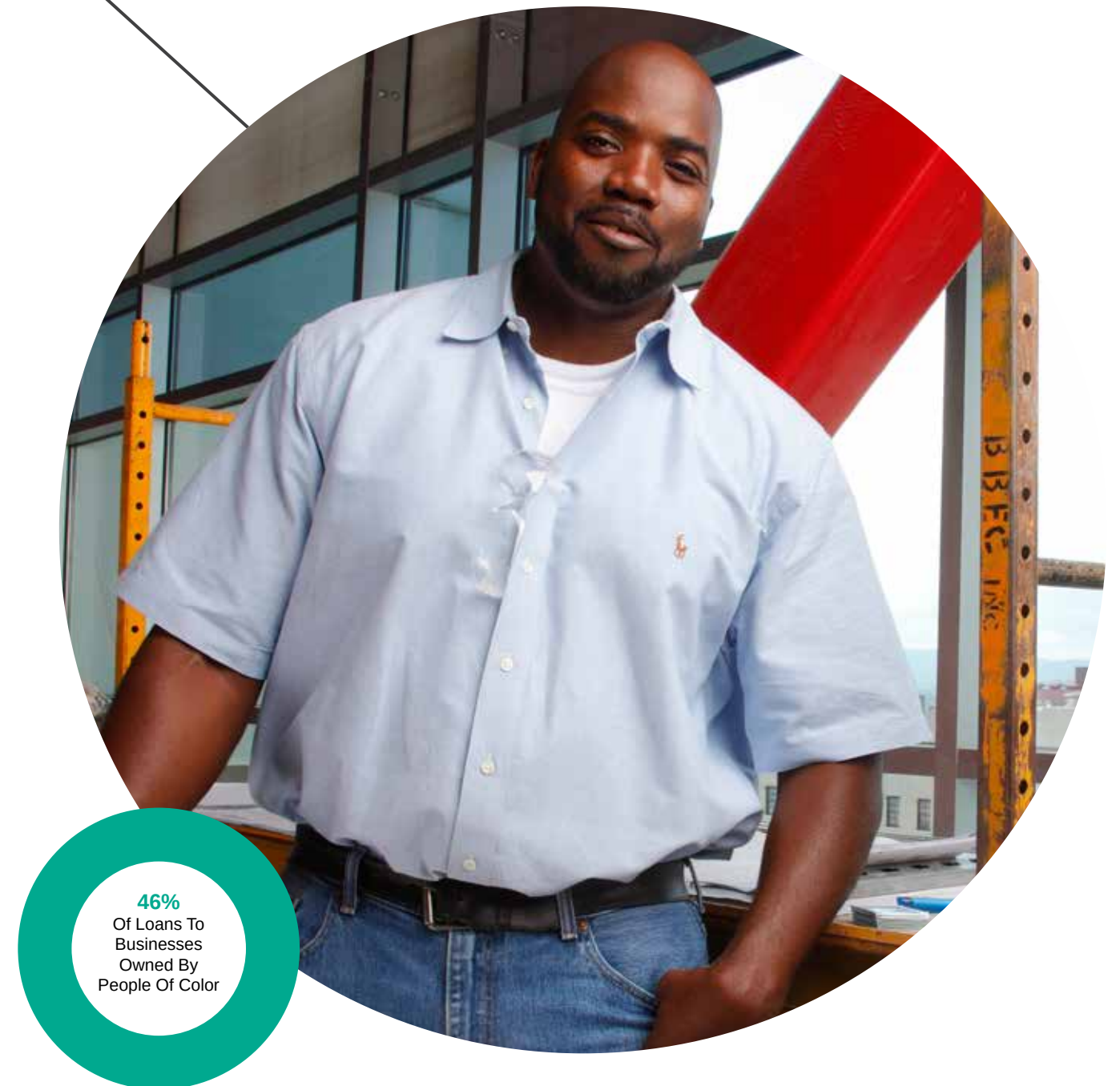
Community First Fund envisions vibrant and diverse communities where individuals prosper and are free from poverty and discrimination.

Our Mission

Community First Fund creates sustainable prosperity for low wealth communities and individuals, especially Persons of Color and women, by aligning capital, knowledge and advocacy to advance business ownership, housing and community development in the communities we serve.



Daniel Betancourt, *President and CEO*
R. Eric Menzer, *Chair, Board of Directors*



FOSTERING PRIDE

Community First Fund's mission is to provide economic opportunity for those who continue to face barriers to startup and business success, especially Persons of Color.

Tarik Casteel, owner of TLC Construction & Renovations, has learned the value of hard work to achieve business success. Tarik has been working for a number of years to start up and operate a successful construction business based in Harrisburg, a company that employs many ex-offenders (like Tarik) who receive job training through a related nonprofit venture. This year Tarik approached Community First Fund to obtain financing to support his cash flow, as he took on one of the largest transactions in his business's history, a \$1.2 million contract to renovate 160 units of low-income housing for the City of Harrisburg. We support many construction companies that focus on safe and affordable housing for low-income families and over the years we have helped to create over 1,200 housing units that benefit low-income communities. Tarik Casteel and other entrepreneurs like him remind us that the value of our work goes far beyond the amount of the loan.

6,485
Jobs Created
And Retained



ADVANCING OPPORTUNITY

Community First Fund knows that locally owned small businesses are the key to the vitality of small cities. We are proud to support businesses that bring new jobs and excitement to our downtowns.

Several years ago Michael Stauffer, the manager-turned-owner of Ric's Bread, and his wife Michele had the opportunity to purchase this successful business and came to us for a loan to keep this iconic bakery under local ownership. When demand for their artisan style baked goods increased, they approached us for financing to open a production site and purchase new equipment. The new facility allowed them to hire more employees and today their team of twenty generates thousands of loaves of bread and sweet baked goods each week to the delight of visitors to Central Market, catering companies and restaurants across eastern Pennsylvania.

Community First has a long history of supporting business owners like the Stauffers, who are committed to creating jobs for local people. In 2016 we assisted over 100 borrowers, both for startup ventures and for owners ready to expand business operations. Over the last twenty-four years we have helped businesses create and retain over 6,400 jobs for people living in the towns and cities in our region.



80%
Of Loans Benefit
Low Income People
And Communities

CREATING PROSPERITY

Community First Fund helps to create impact in low income cities through rehabilitation of underused properties, returning them to community assets. When that objective also supports access to healthy food, everyone benefits.

After spending more than two decades working at other groceries, Leo Sanchez wanted to branch out on his own. He found a vacant property in a predominantly Hispanic neighborhood in Reading and knew it was the perfect location. We provided a loan to help renovate the property that now offers healthy, fresh food in the city. His store offers produce native to the Caribbean and Central America, which serves the needs of his customers. Just as important, the business has created twenty jobs for local residents.

We are proud to report that over 80% of our loans support people like Leopoldo Sanchez, owner of Super Natural Produce, whose business investment benefits low income neighborhoods by injecting new life and jobs into low income communities.



37%
Of Loans
To Women Owned
Businesses

CULTIVATING SELF-SUFFICIENCY

Community First Fund is committed to working with women entrepreneurs facing the challenges of limited access to financing. Women business owners are a catalyst for the creation of new jobs as they develop companies with a strong sense of customer service.

Suzanne Giovino, owner of Jon's Bridal by Suzanne in Allentown, knows that running a successful bridal salon is not just about selling dresses; it's about providing clients with an experience that is carried forward throughout their entire wedding planning process.

Over the past decade, Community First has supported Jon's Bridal by Suzanne with loans to help her start up, grow and relocate her business to a high visibility, high traffic area. She now serves 350 clients each year with their selection of formal wear for proms, weddings and special events.

We are pleased to note that over one-third of our loans support the passion of women entrepreneurs, helping them bring their dreams of successful business ownership to life.



3,000,000
Square Feet of
Commercial
Real Estate
Financed

TRANSFORMING COMMUNITIES

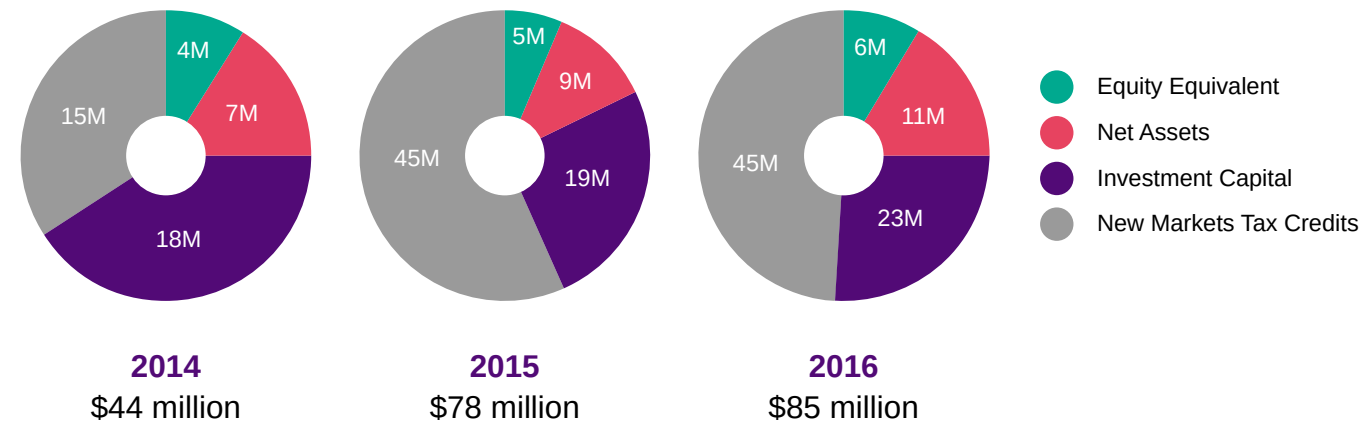
Community First Fund is excited to be a part of the transformation of downtowns by investing in projects that are vital to the regeneration of our small cities. The US Treasury CDFI Fund New Markets Tax Credit program allows us to make significant investments in these projects.

Josh Hankey, CEO of Royal Square Development & Construction, had the vision for the Market Street Revitalization, the largest revitalization project in downtown York in decades. Our NMTC financing leveraged over \$13 million of public and private funds, allowing the project to get off the ground. The development consists of a three-building renovation in the downtown, formerly known as York's "Department Store Row." The new development will remodel buildings once inhabited by Weinbrom Jewelers, F.W. Woolworth, and Zakie's Nightclub into 36 apartments and 11 retail locations that will generate close to 55 new full-time jobs for the city.

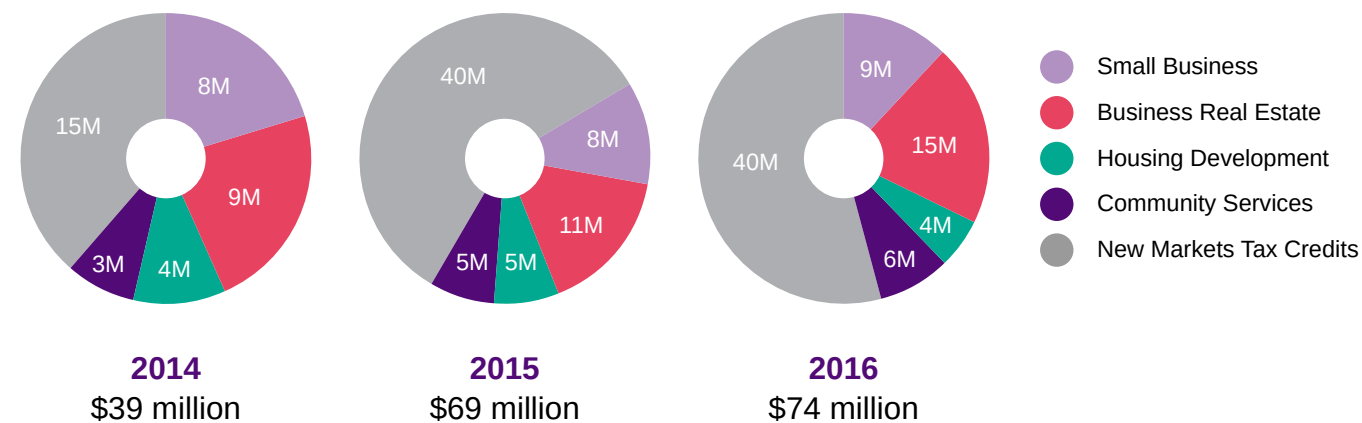
Since 2013 our NMTC program has provided eight projects with \$45 million of financing by supporting charter schools, grocery stores, vocational training centers, retail and commercial development and housing.

Financial Performance

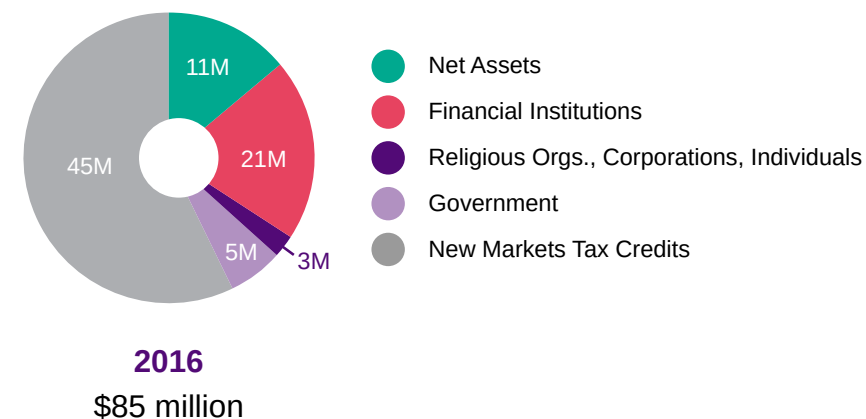
Capital Under Management



Loan and Investment Portfolio by Type in Dollars



FY 16 Financing Capital by Source



2016 Financial Highlights

During Fiscal Year 2016 Community First Fund maintained strong performance and financial health. The core loan fund increased 24% in the fiscal year, rising to \$34.5 million in loans outstanding and total Capital Under Management grew 9% to over \$85.4 million. During this fiscal year, we once again had good repayment performance with limited net loan losses of only 0.81% of the total portfolio.

Net assets of nearly \$11 million at the end of FY 16 represented a 28% increase over FY 2015. Net assets were 25.8% of total assets, ensuring resources for continued growth, and reserves for the protection of investors. Our strong revenue growth resulted in increased revenue over expenses of \$2.4 million. Community First Fund's self-sufficiency ratio at June 30, 2016 was 88.99%. This self-sufficiency measurement helps to ensure that Community First Fund is able to continue to deliver loan products and other services to our customers.

Financial Statement 2016 (as of June 30)

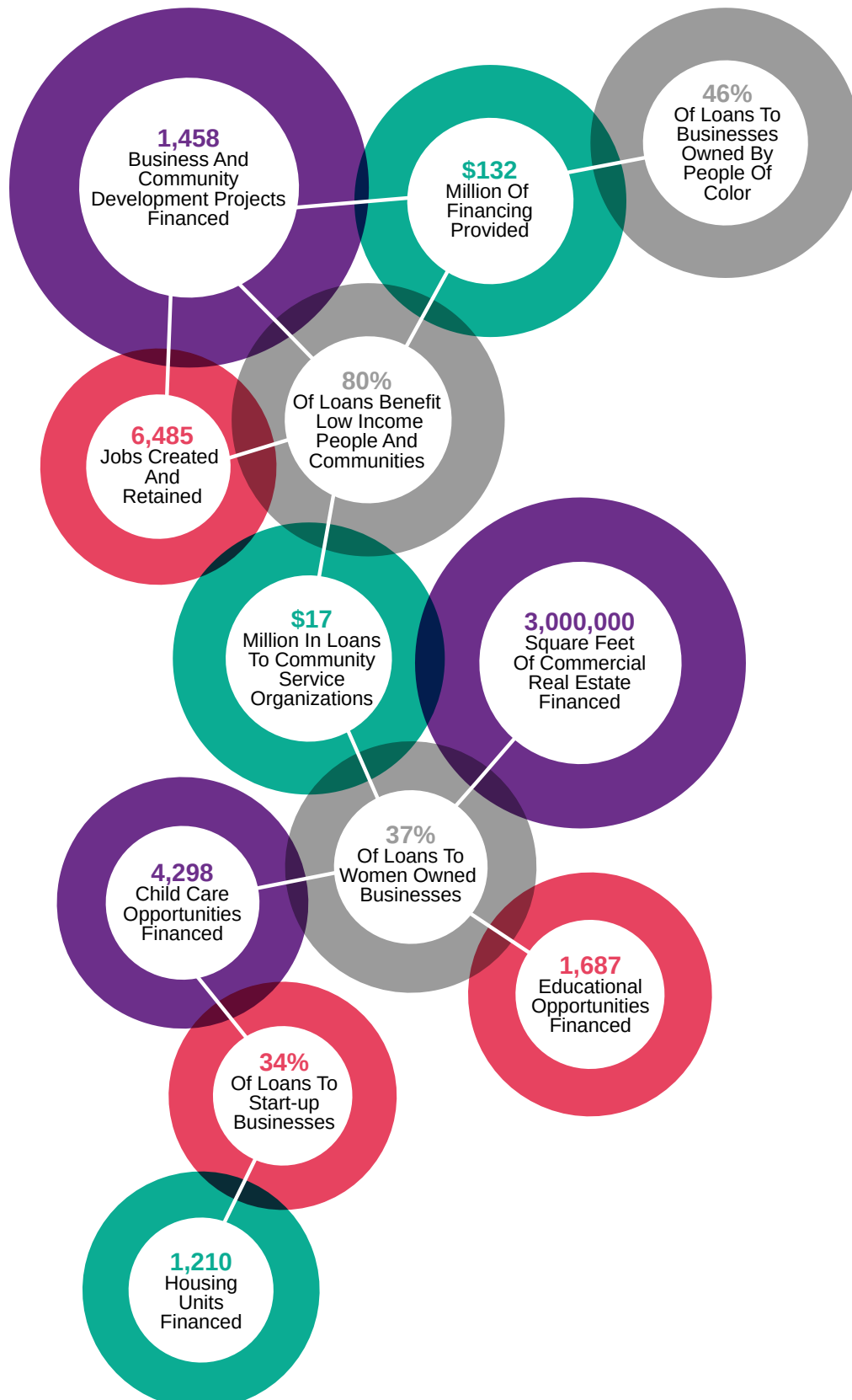
Financial Position Data			
	2014	2015	2016
Total Assets	\$31,242,364	\$35,041,239	\$42,597,975
Total Liabilities	\$24,518,174	\$26,428,899	\$31,609,483
Total Net Assets	\$6,724,190	\$8,612,340	\$10,988,492
Total Liabilities and Net Assets	\$31,242,364	\$35,041,239	\$42,597,975

Statement of Activities Data			
	2014	2015	2016
Total Income	\$4,259,107	\$5,488,991	\$6,560,403
Total Expenses	\$3,844,968	\$3,600,841	\$4,184,251
Change in Net Assets	\$414,139	\$1,888,150	\$2,376,152

Total Capital Under Management			
	2014	2015	2016
Loan Capital	\$29,633,518	\$33,368,892	\$40,447,105
New Markets Tax Credits	\$15,000,000	\$45,000,000	\$45,000,000
Total Capital Under Management	\$44,633,518	\$78,368,892	\$85,447,105

Impacting Our Community Since 1992

Community First Fund provides the financial and human resources necessary to help low income communities and people, especially People of Color, create economic opportunity for themselves, their families and their communities. Since 1992, Community First Fund's commitment to supporting high impact projects in our region has resulted in the following successes.



2016 Milestones

- Settled on \$25 million in New Markets Tax Credit allocations for projects in Bethlehem, Harrisburg, Reading and York.
- Received new investments from the BB&T Economic Growth Fund, Commonwealth Cornerstone Group, Impact Harrisburg, Jonestown Bank and Trust, Orrstown Bank, the PA Department of Community and Economic Development, QNB Bank, The Steinman Foundation, U.S. Treasury Community Development Financial Institutions Fund, Wells Fargo, and Woodforest Bank.
- Opened a new office in Allentown and welcomed Hope Pearson, VP, Community Lending for the Lehigh Valley region to our team.
- Established a dedicated marketing department led by Ellen Svrcek, VP, Marketing & Business Development.
- CEO Daniel Betancourt was appointed to the Economic and Community Advisory Council for Federal Reserve Bank of Philadelphia.
- Both CEO Daniel Betancourt and COO Joan Brodhead presented at the Opportunity Finance Network (OFN) national conference in Atlanta, GA.

Thank you to our investors and contributors as of June 30, 2016

INVESTORS

Cumulative as of 6/30/16

ACNB Bank
Anonymous
Bank of America
Bank of New York Mellon
BB&T Bank
Catholic Worker House
Citizens Bank
Commonwealth Cornerstone Group
Customers Bank
Episcopal Diocese of Central PA
Ferree Foundation
Faith United Church of Christ
First National Bank
Fulton Bank
Goldman Sachs Bank
Alex and Molly S. Henderson
Jonestown Bank and Trust Company
Erika E. Lauffer
M&T Bank
Mercy Partnership Fund
Mid Penn Bank
Opportunity Finance Network
Penn National Holding Corporation
PA Treasury Department
PA Department of Community and Economic Development
PNC Bank
QNB Bank
Royal Bank America
Sisters of St. Francis of Philadelphia
Santander Bank
Tompkins VIST Bank
Reverend J. Kenneth and Marilyn J. Trauger
Union Community Bank
U.S. Department of Agriculture
U.S. Small Business Administration
U.S. Treasury Small Business Loan Fund
Wells Fargo Bank
Wells Fargo Regional Community Development Corporation
Reverend Charlotte Whiting
Wyomissing Foundation
York Traditions Bank

CONTRIBUTORS AND OPERATIONAL GRANTS

ACNB Bank
Anonymous
ASSETS PA
Greta Aul
Bagnall Shaw Company
Bank of America
Charitable Foundation
Barley, Snyder, LLP
BB&T Bank
Daniel and Karen Beck
Gladys Benjamin
Leslie H. Benoliel
Randy Berridge
Bertz, Hess & Company, LLP
Daniel Betancourt
Danielle Betancourt Hammond
Nancy Bieber
Jill Bollinger
Keith Bookert
Bridgeway Capital
Joan M. Brodhead and James R. Mog, Jr.
James E. and Linda J. Buerger
BusinessWoman Magazine
Capital Blue Cross
Central Penn Business Journal
The City of Reading
The City of York
CohnReznick
Lucy Cortez
Annalisa Crannell and Neil Gussman
Jesus Cruz
Customers Bank
Gail D'Angelo
James and Ruth Devenney
James R. Eby
Dr. Joseph and Mary Kay Eckenrode
Economic Development Company of Lancaster County
Jonathan Encarnacion
Jeanne Fields
First National Bank
Jamie Frey
Scott Frick
Fulton Bank
Claudia Galdamez
Michelle and Matt Gartner
F. Edward, III and Natalie Geiger
Alan and Linda Glazer

Ed Gordon
Peter A. and Caroline P. Greenfield
The Gulotta Group, LLC
James R. Gutshall, Jr.
Derrick Gutierrez
Haggerty, Goldberg, Schleifer & Kupersmith, P.C.
Sue Harnish
Rhonda Harrison
Marilyn Hedge
Henrietta Heisler
Lori Herr
Cheryl D. Holland-Jones
Patsy Horvath
Housing Development Corporation MidAtlantic
Sonia Huntzinger
I-Lead Charter School
Gary and Suzette Johnson
Lawrence Keating
Nancy Kurland, Ph.D.
Kutztown University SBDC
La Voz Latina Central
Lancaster County Community Foundation
Lancaster Housing Opportunity Partnership
Long, Nyquist & Associates
Carlos and Carol Ann Lopez
H. David and Jill Loughery
M&T Charitable Foundation
Glenda Clippinger Machia
E.K. McConkey & Co., Inc.
Gerald and Lynette Meck
Meeder Development Corporation
Members 1st Federal Credit Union
R. Eric and Kendall Menzer
Nevin J. Mindlin
J. Gary and Marsha Neff
Dana Nonnemocher
North Group Consultants
Judy Ochs
Michael N. Osgood
PA Department of Community and Economic Development
PA Treasury Department
Andre Pham and Donna Hranica
Dr. Carl A. and Mrs. Ellen L. Pike
PNC Foundation
PPL Presbyterian Congregation of Middletown
Premiere Luxury Rentals

Majeedah Rashid
Phil Reck
Reese, Samley, Wagenseller, Mecum & Longer PC
Ross, Buehler, Falk and Company, LLP
Royal Bank America
Russell, Kraft and Gruber, LLP
Daniel and Julie Sansary
Santander Bank Foundation
David and Donna Schankweiler
SCORE Lancaster
Robert L. and Susan E. Showalter
Shuman Development Group
Daniella Singleton
David and Colleen Stameshkin
Stuart & Associates Architects, Inc.
Susan Suter
Tabor Community Services
John Thomas
Erick and Stephanie Towles
U.S. Department of Agriculture
U.S. Department of the Treasury
U.S. Small Business Administration
United Way of Greater Philadelphia and Southern New Jersey
UPMC Health Plan
Nancy Val Kambouroglou
Lydia Walker
Wells Fargo Regional Community Development Corporation
Sam Wilsker
Pamela and John Woodell
The Wyomissing Foundation
Sandra Yeager
York County Community Foundation
York County Economic Alliance
York Revolution Professional Baseball
York Traditions Bank
Larry Zook

Board of Directors

R. Eric Menzer, Chair
Carlos Lopez, Vice Chair
H. David Loughery, Treasurer
Marilyn Hedge, Secretary
Daniel Betancourt, President & CEO
Samuel T. Cooper, III, Esq.
Jonathan Encarnacion
Cheryl D. Holland Jones
Sonia Huntzinger

Senior Loan Committee

Nancy Kurland, Ph.D.
Gerald W. Meck
David A. Schankweiler
Daniel Betancourt, Chair
Joan M. Brodhead, Vice Chair
James E. Buerger
Raymond A. Davis
Stephen D. Flaherty, Esq.
Dale Grewal
James G. Schultz

Senior Management Team

Daniel Betancourt, President, Chief Executive Officer
Joan M. Brodhead, Executive Vice President, Chief Operating Officer
James E. Buerger, Senior Vice President, Chief Lending Officer
Keith T. Bookert, Vice President, Finance and Administration

Glenda J. Machia, Vice President, Development
Ellen M. Svrcek, Vice President, Marketing and Business Development

Our Region Of Impact



www.communityfirstfund.org