



Community First Fund
51 S. Duke Street, Suite 400
Lancaster, PA 17602
717-393-2351

PROSPECTUS

INFORMATION ON PROMISSORY NOTES \$5,000,000

Promissory Notes >\$1,000<\$4,999

1.50% with a five to six year term
2.00% with a seven to nine year term
2.50% with a ten to fourteen year term
3.00% with a term of 15 years or more

Promissory Notes >\$5,000<\$24,999

1.75% with a five to six year term
2.25% with a seven to nine year term
2.75% with a ten to fourteen year term
3.25% with a term of 15 years or more

Promissory Notes >\$25,000

2.00% with a five to six year term
2.50% with a seven to nine year term
3.00% with a ten to fourteen year term
3.50% with a term of 15 years or more

ANY INVESTOR MAY ELECT TO EARN LESS THAN THE MAXIMUM RATES POSTED ABOVE.

The Promissory Notes are offered in principal amounts of a minimum of \$1,000 and are subject to automatic reinvestment if an investor fails to elect to have the principal amount of such investor's Promissory Notes repaid at maturity. See "Description of the Promissory Notes" on page 6.

This Prospectus contains important information about Community First Fund (the "Fund") and the Promissory Notes it is offering to issue. Prospective investors are advised to read this Prospectus carefully prior to making any decisions to invest in the Promissory Notes.

The Fund is a non-profit corporation and has received a determination letter from the U.S. Internal Revenue Service granting it tax exempt status as a charitable organization under Section 501(c)(3) of the Internal Revenue Code.

The offer and sale of these Promissory Notes has not been registered with the U.S. Securities and Exchange Commission in reliance upon the exemptions from federal registration contained in Sections 3(a)(4) (i.e., the charitable organization exemption) and 3(a)(11) (i.e., the intrastate exemption) of the Securities Act of 1933, as amended.

No state securities commission, or other regulatory authority, has approved or disapproved of the Promissory Notes hereby offered, or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The Promissory Notes are not insured by the Federal Deposit Insurance Corporation, Securities Investor Protection Corporation or any other government agency.

Investing in the Promissory Notes involves significant risks. See "Risk Factors" on page 2 of this Prospectus for some of the risks regarding an investment in the Promissory Notes. You should carefully consider such risks before investing in the Promissory Notes. Pennsylvania residents have a two-day right of withdrawal. See "Withdrawal Rights" on page 16.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any security other than the Promissory Notes offered hereby, nor does it constitute an offer to sell or the solicitation of an offer to buy such Promissory Notes by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so.

Neither the delivery of this Prospectus nor any sale made hereunder shall create, under any circumstance, any implication that there has not been any change in the affairs of the Fund and other information contained herein since the date of this Prospectus.

Prospective investors should not construe the contents of this Prospectus or any prior or subsequent communications from or with the Fund as legal or professional tax advice. The offeree receiving this Prospectus should consult its own counsel, accountant or business advisor, respectively, as to legal, tax and other matters concerning the purchase of the Promissory Notes.

INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF PROMISSORY NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.

The payment of principal and interest to an investor in the Promissory Notes is dependent upon the Fund's financial condition. Any prospective or existing investor is entitled to review the Fund's financial statements, which shall be furnished at any time during business hours upon request.

The Fund will make available to any prospective investor, prior to their purchase of any Promissory Note, the opportunity to ask questions of and to receive answers from representatives of the Fund concerning the Fund and the terms and conditions of the offering hereunder and to obtain any additional relevant information to the extent the Fund possesses such information or can obtain it without unreasonable effort or expense. Except for such information that is provided by authorized representatives of the Fund in response to requests from prospective investors or their advisors, no person has been authorized in connection with the offer or sale of the Promissory Notes to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon.

	<u>Offering Price</u>	<u>Net Proceeds to Organization⁽¹⁾</u>
Per Note (\$1,000 minimum investment)	\$1,000	\$995
Aggregate Offering Amount	\$5,000,000	\$4,975,000

(1) Does not include approximately \$25,000 of expenses anticipated to be incurred by the Fund in connection with accounting, legal and other expenses of the offering.

The date of this Prospectus is January 1, 2021.

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EXHIBIT A – FORM OF LOAN AGREEMENT WITH INVESTOR

EXHIBIT B – FORM OF PROMISSORY NOTE

EXHIBIT C – AUDITED ANNUAL FINANCIAL STATEMENTS

ADDITIONAL INFORMATION AVAILABLE

A registration statement with respect to the Promissory Notes being offered has been filed with the PA Department of Banking and Securities. The registration statement contains exhibits which are only summarized or referred to in this Prospectus. These additional materials are available for inspection at the office of the Pennsylvania Department of Banking and Securities, 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101- 2290, office hours Monday through Friday 8:30 a.m. – 5:00 p.m., telephone 717-787-8059 or at the Fund’s office at 51 South Duke Street, Lancaster PA 17602, during regular business hours.

SUMMARY

This summary does not contain all of the information you should consider before investing in the Promissory Notes. You should carefully read this Prospectus in its entirety, especially the “Risk Factors” section beginning on page 2 and the Fund’s consolidated financial statements and the related notes and supplementary information included with this Prospectus, before investing in the Promissory Notes.

The Fund. The Fund is a Pennsylvania non-profit corporation organized to create prosperity for low income communities and individuals, especially Persons of Color, by aligning capital, knowledge and advocacy to advance business ownership, housing and community development in the communities served by the Fund.

Use of Proceeds. The Fund intends to use the proceeds from the issuance of the Promissory Notes to make loans to organizations and businesses working to alleviate poverty and build wealth, as well as to create economic opportunity for low-wealth communities and low and moderate-income individuals across fifteen counties in eastern Pennsylvania. The Fund intends that such borrowers/investees will be active in areas such as housing, community resources, education, commercial enterprise, food commerce, sustainable energy, and community health centers. See “Use of Proceeds” on page 7.

Management of the Fund. The Fund is governed by its Board of Directors (“Board”). The Board meets at least four times per year and currently consists of fifteen members. For the most recent fiscal year ended June 30, 2020, the full Board met five times. Daniel Betancourt serves as President and Chief Executive Officer of the Fund. See “Management of the Fund” on page 9.

Description of the Promissory Notes. Each investor will receive a Promissory Note as evidence that the named investor has made a loan of a specific amount to the Fund. The Promissory Notes are offered in the minimum principal amount of \$1,000. Interest on the loan shall be due and payable annually on the date specified on the Promissory Note. Unless an investor timely elects to receive payment in full of the principal amount of its Promissory Note upon maturity, the entire amount of the loan shall be renewed for the same duration as the original loan and the renewed loan shall be on the terms and conditions, including interest rate, then in effect for the Promissory Notes that the Fund is selling at such time under the Fund’s prospectus then in effect. The Promissory Notes are unsecured obligations of the Fund and do not contain any restrictive covenants limiting the Fund’s ability to make payments on other indebtedness, incur additional indebtedness (including secured indebtedness), make loans to or investments in its affiliates or otherwise limit the Fund’s operations or financial condition. There is no public market for the Promissory Notes, and it is highly unlikely that a public market will develop. Therefore, investors in the Promissory Notes should realize that these investments will be very illiquid and must be prepared to hold the Promissory Notes until the stated maturity of such notes. See “Description of the Promissory Notes” on page 6.

The remainder of the Prospectus contains substantial additional information about the issuer, its business and financial condition and certain risk factors associated with the offering and should be reviewed carefully by prospective investors.

INTRODUCTORY STATEMENT

Community First Fund. The Fund was organized to be a catalyst for change in low-income communities. Its mission is to build wealth and economic opportunity for low-wealth people and places by financing businesses that positively impact the community. In pursuit of this mission, the Fund integrates capital, knowledge and advocacy to improve the quality of life in low-income neighborhoods, including job creating businesses, affordable housing options, healthy food markets and stores, quality charter schools and child care centers and life enhancing programs and services for low income people provided by community based organizations.

The Fund is a certified Community Development Financial Institution (“CDFI”). CDFI certification is the U.S. Department of the Treasury’s recognition of specialized financial institutions serving low-income communities. Certified CDFIs are qualified to apply for technical assistance and financial assistance awards, as well as training provided by the U.S. Department of the Treasury’s CDFI Fund through its Capacity Building Initiative. Since its inception, the Fund has assisted hundreds of individuals and entities by providing the financing needed for small businesses to start and grow their businesses. Today, these businesses employ thousands of workers.

The Fund is a Pennsylvania non-profit corporation that was formed on May 5, 1992. It is organized as a non-profit corporation within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1986, as amended (“Code”). The Fund is operated on a nonprofit basis and, therefore, does not contemplate pecuniary gain or profit, incidental or otherwise. No part of the net earnings of the Fund will be distributed to any officer or director of the Fund or to any other individual, except that the Fund will be authorized to pay reasonable compensation for services rendered. The Fund is organized on a nonstock basis and has no members. As a Pennsylvania nonprofit corporation, the Fund is managed and operated in accordance with the Pennsylvania Nonprofit Corporation Law and the Fund’s Articles of Incorporation and By-laws. Those documents provide, among other things, that the Board of the Fund has full power to control, manage and direct the business, affairs and property of the Fund and that the Board must annually elect the officers of the Fund. While the officers of the Fund are generally responsible for the day-to-day operation of the Fund, the Board remains ultimately responsible for the affairs of the Fund. See “Management of the Fund” on page 9.

The Fund merged with FINANTA, a Philadelphia based nonprofit CDFI Loan Fund founded in 1996, on July 1, 2020. FINANTA converted to a member owned nonprofit organization and appointed the Fund as its sole member. By virtue of the Fund being the sole member of FINANTA, FINANTA will be considered a subsidiary of the fund.

Loans to the Fund. The capital of the Fund is derived, in part, from monies received from loans evidenced by the issuance of Promissory Notes and other funding sources which include government agencies, financial institutions, individuals, foundations, faith-based and civic organizations. The rates and terms of the Promissory Notes currently being offered are set forth on the cover page of this Prospectus. The management reviews these rates and terms periodically and may issue Promissory Notes in the future containing different rates and terms.

Each investor and the Fund will enter into a loan agreement in substantially the form set forth on Exhibit A. The Fund will issue a Promissory Note to the investor in substantially the form set forth on Exhibit B, and the investor will remit a check payable to “Community First Fund” for the amount due under the Promissory Note.

Loan proceeds not immediately disbursed by the Fund are held in bank accounts for liquidity purposes of providing loans in alignment with the mission of the fund.

The Fund Makes Loans to Individuals and Entities. The Fund’s principal focus is lending funds to small businesses working to build wealth and create economic opportunity for low- and moderate-income people and places. The Fund’s staff screens loan applications from prospective borrowers, including both non-profit and for-profit organizations. The Board has authorized specific lending staff of the Fund, based on experience and expertise, to approve loans within specific guidelines set by the Board, with a Loan Committee of the Board (as defined below) approving or disapproving all other proposed loans. See “Lending Factors and Procedures” on page 8.

The Fund expects to make both long- and short-term loans. Interest rates will vary, depending on conditions set by the Fund, the priorities of the Fund, the type of loan, prevailing market conditions, and the risk associated with the loan. Loans will not be made when it is clear to the Fund that the applicant would be unable to repay a loan or does not meet the Fund’s underwriting standards. In addition, the Fund has the discretion to determine what collateral, if any, is appropriate for securing a loan. The Fund, at its discretion, imposes terms that provide security for repayment to protect its investment. The Fund monitors the loans for timely repayments and compliance based on terms outlined in the borrower loan agreement. Remedies include default, foreclosure or judgment liens. See “Lending Factors and Procedures” on page 8.

Funding for Operational Expenses. Historically, the Fund’s sources of revenue includes net interest earnings, loan fees, New Markets Tax Credit placement and servicing fees, asset management fees, consulting fees, as well as grant support from foundations/public sector entities and individual donations. The nature and extent of these revenue sources into the future will impact the Fund’s ability to fund its operating budget.

RISK FACTORS

ANY INVESTMENT IN THE PROMISSORY NOTES INVOLVES A NUMBER OF SIGNIFICANT RISKS, AND IS SUITABLE ONLY FOR PERSONS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT AND WHO REALIZE THAT THERE IS A SIGNIFICANT RISK OF LOSS OF THEIR ENTIRE INVESTMENT. A PROSPECTIVE INVESTOR SHOULD CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND ALL OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE INVESTING IN THE PROMISSORY NOTES.

Economic Environment. Our business and our ability to repay the Promissory Notes may be adversely affected by the future economic environment. During economic slowdowns or recessions there is a greater likelihood that more of the Fund's customers or counterparties will be unable to repay their obligations at stated terms and maturities and could require us to extend the payment period of our borrowers' loans. Additionally, our customers could become delinquent on their loans or other obligations to the Fund, which, in turn, could result in a higher level of charge-offs and provision for credit losses, all of which would adversely affect the Fund's income and ability to repay the Promissory Notes. Furthermore, a poor economic environment may also make it more difficult for the Fund to maintain its new loan and lease origination volume and the credit quality of such loans, leases and investments at levels previously attained which could also result in a higher level of charge-offs and provision for credit losses.

Credit Market. The Fund is and will continue to be dependent upon the availability of credit from financing sources in order to conduct its business and to satisfy its working capital needs. If the Fund is unable to obtain additional financing or if any of the Fund's current credit facilities become unavailable on acceptable terms or at all, the Fund may not have access to the funds it requires to pay its debts as they come due or to continue to make new loans, which would limit the Fund's ability to generate income. Similarly, if necessary financing becomes unavailable on acceptable terms, or not at all, to the Fund's borrowers and other counterparties, such parties may be unable to repay their loans and satisfy their other obligations to the Fund as they come due, which could adversely affect the Fund's ability to repay the Promissory Notes.

Federal and State Laws. The Fund and its operations and assets are subject to regulation and certification by various federal, state and local government agencies, including its designation as a CDFI by the United States Department of the Treasury's CDFI Fund. Such regulations and standards are subject to change, and there can be no assurances that in the future, the Fund will meet any changed regulations and standards or that the Fund will not be required to expend significant sums to comply with changed regulations and standards. No assurance can be given as to the effect on the Fund's future operations of existing laws, regulations and standards for certification or accreditation or of any future changes in such laws, regulations and standards, including as a result of recent changes in the leadership of the federal government. A loss of CDFI status by the Fund could result in a loss of access to favorable funding sources and reputational harm. A loss of CDE (defined below) status would make the Fund ineligible to participate in the NMTC program.

Other possible federal or state legislation which could have an adverse effect on the Fund would include, among others: (i) limitations on the amount of charitable contributions which are deductible for income tax purposes; and (ii) regulatory limitations affecting the Fund's ability to undertake its programs or develop new programs. Since the 2016 federal elections, there have been various legislative changes that reform the federal income tax code, including reducing federal income tax rates. The impact of these federal income tax reform could have an adverse effect on the Fund in future years.

Other regulatory programs which may significantly affect the Fund are changes in governmental requirements regarding lending. These could increase the cost of doing business and consequently adversely affect the financial condition of the Fund. Future changes in federal or state laws may also adversely affect the Fund's ability to continue to access financing.

New Markets Tax Credit ("NMTC") Program. The NMTC Program was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDEs cannot be redeemed before the end of the seven-year period. The Fund has received three allocations under the NMTC Program, totaling \$90 million, with the last allocation having been made to the Organization in November 2016. The Fund obtained its NMTC allocations through an annual competitive application process. The Fund applied in the most recent round of New Market Tax Credits in 2020, but was unsuccessful in receiving any allocation in that round. In connection with the NMTC Program, the Fund received significant fees for asset management services as well as fees related to placement of the NMTC funds. The asset management fees are expected, at minimum, to continue for the next five to seven years. The future of the New Market Tax Credit Program is subject to legislation authorizing extension of the program. The Fund's ability to repay the Promissory Notes may be adversely affected if the Fund is unsuccessful in receiving future NMTC allocations either due to discontinuance of the NMTC Program or if the Fund is unsuccessful in the competitive application process.

Compliance with Debt Agreements. The Fund has certain debt agreements that contain financial covenants requiring the Fund to maintain minimum cash balances of \$2 million and certain financial ratios. As of June 30, 2020, the Fund was in compliance with all of its financial covenants.

Unsecured Nature of Promissory Notes; No Restrictive Covenants. The Promissory Notes will be unsecured obligations of the Fund and do not contain any restrictive covenants limiting the Fund's ability to make payments on other indebtedness, incur additional indebtedness (including secured indebtedness), make loans to or investments in its affiliates or otherwise limit the Fund's operations or financial condition. Principal repayments and interest payments on the Promissory Notes, therefore, will be dependent solely upon the financial condition of the Fund, which will depend on its ability to obtain repayment of the loans and investments it makes. No reserve fund, sinking fund or trust indenture has been, nor will be, established to provide for repayment of the Promissory Notes. Each of these factors may adversely affect the Fund's ability to repay the Promissory Notes.

Secured Debt. In January of 2015, the Fund was admitted as a member to the Federal Home Loan Bank of Pittsburgh ("FHLB"). Borrowing capacity for this facility is determined by the amount of eligible collateral that the Fund can pledge to the FHLB. In September, 2017, the Fund was approved to borrow up to \$10,000,000 through the US Treasury Bond Guarantee Fund. As of June 30, 2020, the Fund had drawn \$5,466,658 in long term bond funding that is collateralized with pledged commercial loans totaling \$5,611,469.

Affiliate Operations; Structural Subordination. Our affiliates, Community First Capital Corporation and FINANTA are separate and distinct legal entities and have no obligation, contingencies or otherwise, to pay any amounts due on the Promissory Notes or to make funds available to us to do so. As a result, the Promissory Notes will be effectively subordinated to all existing and future obligations (including trade payables) of our affiliates, and the claims of creditors of those affiliates, including trade creditors, will have priority as to the assets and cash flows of those affiliates. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding of any of our affiliates, holders of their liabilities, including their trade creditors, will generally be entitled to payment on their claims from assets of those affiliates before any assets are made available for distribution to us. Consequently, our ability to pay our obligations, including our obligation to pay principal and interest on the Promissory Notes, depends on our affiliates repaying loans and advances we have made to them, and on our affiliates' earnings and their distributing those earnings to us. Our affiliates' ability to issue distributions or make other payments or advances to us will depend on their operating results and will be subject to applicable laws and contractual restrictions. The terms of the Promissory Notes do not limit our ability to make loans to or investments in our affiliates or our affiliates' ability to enter into other agreements that prohibit or restrict distributions or other payments or advances to us.

Lack of Market. There is no market for the Promissory Notes, and it is highly unlikely that a market will develop. Therefore, investors may not be able to liquidate their investment in the Promissory Notes prior to the maturity date of the Promissory Notes.

Rate of Return. Other issuers may offer notes or other debt securities with a higher rate of return and/or that provide greater security and less risk than the Promissory Notes. In addition, the Fund and its affiliates may and do, from time to time, offer other Promissory Notes or debt securities with a higher rate of return and/or that provide greater security and less risk than the Promissory Notes.

Blind Pool. The Fund intends to use the proceeds derived from the sale of Promissory Notes to make loans, but has not yet determined the actual loans that will be made with those proceeds. As a result, the offering of the Promissory Notes may be considered to be a "blind pool" offering because the Fund has not currently identified any borrowers to be loan recipients.

Tax Treatment. The purchase of a Promissory Note is not a donation to a charitable organization and is not deductible. It is an investment. Interest paid or accrued on the Promissory Notes is income to each holder, and will be subject to tax, unless the holder is eligible for an exemption from federal tax with respect to such interest. Furthermore, a person who, during a given taxable year, holds over \$250,000 in the aggregate in principal amount of Promissory Notes (or of Promissory Notes and other debt instruments issued by the Fund and by other charitable organizations that are effectively controlled by the same person or persons who control the Fund) may be considered to have received imputed interest income equal to forgone interest on the Promissory Notes and to have made a charitable contribution to the Fund of some or all of the forgone interest. Prospective holders of the Promissory Notes are advised to consult their own tax advisors regarding the federal, state, local, and foreign tax consequences of the purchase, ownership, and disposition of the Promissory Notes. See "Tax Considerations" on page 15.

Viability of the Fund. A portion of the Fund's assets are restricted and may not be used to repay loans under the Promissory Notes. As of June 30, 2020, the Fund had total assets of \$89,651,659 and total net assets of \$18,476,152. Total net assets include \$18,193,006 of net assets without donor restrictions and \$283,146 with donor restrictions.

Reliance on Grants and Contributions. The Revenue and Support portion of the Change in Net Assets of the Fund, reported in the "Summary of Consolidated Change in Total Net Assets" section, includes portions of grants and contributions. These grants and contributions are made for both special projects and for operating expenses. If grants and contributions earmarked for special projects are eliminated, there would be a corresponding reduction in expenses as such special projects would not be undertaken by the Fund. Grants and contributions for operating expenses are used to support lending, technical assistance and general operating programs.

Related Party Transactions/Conflicts of Interest. The Fund, at certain times, has guaranteed debt of Community First Capital Corporation, one of its affiliates. In addition, members of the Fund's may be associated with investors in the Fund and/or borrowers of the Fund. The loans to and investments in such affiliates, other related parties and other commercial arrangements with such parties may be on terms more favorable to the affiliate or related party than would otherwise be available to it in the market. The ability of the Fund to repay the Promissory Notes may be adversely impacted by the performance of these affiliates and related party investments, loans and commercial arrangements.

Concentration of Receivables Portfolio. When the Fund originates loans, it incurs credit risk or the risk of losses if its borrowers do not repay their loans or satisfy their lease obligations. The Fund reserves for credit losses by establishing an allowance for credit losses. The amount of this allowance is based on the Fund's assessment of potential credit losses inherent in its receivables portfolio. This process, which is critical to the Fund's financial results and condition, requires difficult, subjective and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of the Fund's borrowers to repay their loans or satisfy their lease obligations. As is the case with any such assessments, there is always the chance that the Fund will fail to identify the proper factors or that it will fail to accurately estimate the impacts of factors that it identifies. If the Fund underestimates the credit losses inherent in its receivables portfolio, it will incur credit losses in excess of the amount reserved, which may adversely affect the Fund's ability to repay the Promissory Notes. See "Lending Factors and Procedures" on page 8.

The Fund's receivables portfolio is due primarily from non-profit organizations, small businesses, housing developers, commercial real estate/construction developers, health care & social services, retail trade and accommodation and food services. At June 30, 2020, the Fund's (and its 'affiliates') five largest borrowers constituted 11.1% of total loans outstanding. The Fund's commercial real estate/construction portfolio constituted 23.0% of total loans outstanding, while accommodation and food services constituted 6.9% of the total loans outstanding. As such, the ability of the Fund borrowers to honor their contracts is dependent upon the viability of the commercial real estate sectors, accommodation and food services and the Fund's ability to repay the Promissory Notes may be adversely affected by economic, business and political conditions that uniquely or disproportionately affect such sectors.

Automatic Rollover of Investment. Each investor will receive notice from the Fund at least 30 days prior to the maturity date of its Promissory Note providing the investor with the option, exercisable within 60 days after the Maturity Date, to receive payment in full of the principal amount of its Promissory Note or to renew its investment at maturity. This notice will be accompanied by the Fund's prospectus then in effect containing a description of the terms of the Promissory Notes that would be issued upon renewal. **If an investor does not respond to the Fund's notice within 60 days after the maturity date and in the manner provided in the notice, the principal amount of the investor's Promissory Note will automatically be reinvested effective as of such maturity date in a new Promissory Note of the same duration containing the terms and conditions, including interest rate, then in effect for the Promissory Notes that the Fund is then selling under the Fund's prospectus then in effect.** The terms and conditions of any Promissory Note, including interest rate, issued through reinvestment may be less favorable to the investor than the terms and conditions of the Promissory Note originally purchased by the investor.

Discretion to Make Loans and Investments. An investor will have no control over, and the Promissory Notes do not restrict the types of loans and investments made by the Fund. In addition, an investor will not be able to evaluate all of the specific loans and investments to be made by the Fund. The Board of the Fund has authorized specific lending staff, based on experience and expertise, to approve transactions within specific guidelines set by the Board, with a Loan Committee approving or disapproving other proposed loans and investments. An investor will not have input into, and the Promissory Notes do not restrict, such loan and investment decisions. These factors will increase the uncertainty, and thus the risk, of investing in the Promissory Notes. See "Lending Factors and Procedures" on page 8.

Financing Provided to Others. The Fund provides financing to borrowers whose organizations, businesses, and/or projects support and complement the mission of the Fund. In some situations, the Fund's borrowers may be unable to obtain financing from conventional commercial lenders, and the Fund may make loans to borrowers on terms less stringent than those imposed by commercial lenders. The quality and performance of the loans made by the Fund may adversely impact the ability of the Fund to repay the Promissory Notes. See "Use of Proceeds" on page 7.

Investments in Other Partnerships and Limited Liability Companies. As of June 30, 2020, the Fund had investments in fourteen limited liability companies (LLCs) under the New Market Tax Program. Exposure is limited as the Fund's share amounted to just .01% of the partnerships. If the Fund does not recover all or a portion of its investments it is highly unlikely that it would lead to the Fund's inability to repay the Promissory Notes.

Other Real Estate Owned. The Fund has historically acquired and managed, and expects that it will continue to acquire and manage real properties (formally distressed loans) that have been transferred to the Fund in lieu of loan repayments by borrowers as Other Real Estate Owned ("OREO") and to prepare such properties for sale. The Fund accounts for its investment in OREO at the net realizable value ("NRV") at the date the real estate is acquired by the Fund. The NRV is established by determining fair value supported by a current appraisal adjusted for reasonable disposition costs. The appraised value may be discounted based on management's review and changes in market conditions. As of June 30, 2020 the Fund had real estate owned valued at \$310,644.

Effects of Loss of 501(c)(3) Tax-Exempt Status. The Fund is an organization described in Section 501(c)(3) of the Code. A loss of such tax-exempt status may adversely affect the Fund by making donations to it ineligible for a deduction for federal income tax purposes and subjecting the Fund's income to federal taxes. A loss of federal tax-exempt status may also impact the Fund's state-law tax exemption and federal securities law exemption.

Effects of COVID 19. The Fund anticipates receiving grants during its fiscal year ending June 30, 2021 totaling approximately \$4,200,000 from the Pennsylvania CDFI Network as part of the state's COVID-19 Relief Pennsylvania Statewide Small Business Assistance program. The grants are to support loan loss reserves and provide loan principal and interest relief for small business client.

Additionally, due to the ongoing uncertainty of the effects of the CoVid-19 pandemic on the Funds general loan portfolio, management has deemed it prudent to increase is specific loan loss reserves for potential future losses that may occur once the various grant and deferment programs that are currently benefiting borrowers expire. The Fund has provided an additional \$3,191,810 for loan loss reserves in anticipation of any future losses.

DESCRIPTION OF THE PROMISSORY NOTES

Each investor will receive a Promissory Note as evidence that the named investor has made a loan of a specific amount to the Fund. Interest on the loan shall be due and payable annually on the date specified on the Promissory Note. The Promissory Notes do not provide for redemption prior to the maturity date by the named investors nor do they allow the Fund to call the Promissory Notes prior to maturity. Any such early redemption or call will require the mutual written consent of the Fund and the investor. Unless an investor timely elects to receive payment in full of the principal amount of its Promissory Note at maturity, the principal amount of an investor's Promissory Note will be reinvested in a new Promissory Note of the same duration having the terms and conditions, including interest rate, then in effect for the Promissory Notes that the Fund is then selling under the Fund's prospectus.

The Promissory Notes are unsecured obligations of the Fund and do not contain any restrictive covenants limiting the Fund's ability to make payments on other indebtedness, incur additional indebtedness (including secured indebtedness), make loans to or investments in its affiliates or otherwise limit the Fund's operations or financial condition. There is no public market for the Promissory Notes, and it is highly unlikely that a public market will develop. Therefore, investors in the Promissory Notes should realize that these investments will be very illiquid.

Our affiliates are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the Promissory Notes or to make funds available to us to do so. As a result, the Promissory Notes will be effectively subordinated to all existing and future obligations of our affiliates, and the claims of creditors of those affiliates, will have priority as to the assets and cash flows of those affiliates. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding of any of our affiliates, holders of their liabilities, including their trade creditors, will generally be entitled to payment on their claims from assets of those affiliates before any assets are made available for

distribution to us. Consequently, our ability to pay our obligations, including our obligation to pay principal and interest on the Promissory Notes, depends in part on our affiliates repaying loans and advances we have made to them, and on our affiliates' earnings and their distributing those earnings to us. Our affiliates' ability to make payments or advances to us will depend on their operating results and will be subject to applicable laws and contractual restrictions. The terms of the Promissory Notes do not limit our ability to make loans to our affiliates or our affiliates' ability to enter into other agreements that prohibit or restrict payments or advances to us.

Each investor will receive notice from the Fund at least 30 days prior to the maturity date of its Promissory Note providing the investor with the option to elect to receive payment in full of the principal amount of its Promissory Note or to renew its investment at maturity. This notice will be accompanied by the Fund's prospectus then in effect containing a description of the terms of the Promissory Notes that would be issued upon renewal. If an investor elects to receive payment in full of the principal amount of the investor's Promissory Note, the investor shall not be entitled to receive interest on the principal amount of the Promissory Note after the maturity date. **If an investor does not respond to the Fund's notice within 60 days after the maturity date in the manner provided in the notice, the principal amount of the investor's Promissory Note will automatically be reinvested effective as of such maturity date in a new Promissory Note of the same duration containing the terms and conditions, including interest rate, set forth in the prospectus that accompanies the notice.** The terms and conditions of any Promissory Note, including interest rate, issued through reinvestment may be less favorable to the investor than the terms and conditions of the Promissory Note originally purchased by the Investor.

See the form of loan agreement attached hereto as Exhibit A and the form of Promissory Note attached hereto as Exhibit B. Interest rates on Promissory Notes will be consistent with the table on the cover page of this Prospectus, and investors may elect, on their investor application, either to receive annual interest payments or to reinvest interest payments with the Fund.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements that are subject to risks and uncertainties and that address, among other things, the ability of the Fund to repay the Promissory Notes, the use of proceeds from the sale of the Promissory Notes, the amount of Promissory Notes that will be deemed sold as a result of roll-overs or reinvestments, and the Fund's loan underwriting standards and procedures. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would" or the negative of these terms or other comparable terminology. The forward-looking statements are based on the Fund's beliefs, assumptions and expectations, taking into account information currently available to the Fund. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Fund or are within the Fund's control, and which include the factors described under the heading "Risk Factors". Consequently, actual results, performance, achievements or events may vary materially from those expressed in the Fund's forward-looking statements. The Fund does not undertake, and specifically disclaims, any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statements except as required by law. Potential investors should carefully consider these risks, along with the risks and information set forth elsewhere in this Prospectus, before making an investment decision with respect to the Promissory Notes.

USE OF PROCEEDS

As previously described, the Fund intends to use the net proceeds from the offering for the purpose of making loans to and/or equity investments in organizations and businesses working to alleviate poverty, build wealth and create economic opportunity for low wealth communities and low income individuals, especially Persons of Color.

The maximum size of this offering is \$5,000,000 and offering expenses are estimated to be \$25,000. The Fund expects that all of the \$5,000,000 of Promissory Notes offered will be utilized to fund new outstanding loans.

Ordinarily, the proceeds of this offering would not be earmarked for any specific loan or loans but substantially all of the proceeds would be used for loans. All proceeds of this offering will be commingled with the other funds of the Fund and will be held in the general operating account of the Fund until such time as the proceeds are used to make loans.

CAPITALIZATION

The following table sets forth the actual consolidated capitalization of the Fund as of June 30, 2020 and the pro forma consolidated capitalization of the Fund as of June 30, 2020 assuming the Promissory Notes offered by this Prospectus were issued and sold on June 30, 2020. The table should be read in conjunction with the Fund's consolidated financial statements for the fiscal year ended June 30, 2020 and the related notes and supplementary information thereto attached as Exhibit C to this Prospectus.

	<u>June 30, 2020</u>	
	<u>Actual</u>	<u>Pro Forma*</u>
Current and noncurrent loans payable	\$65,430,795	\$65,430,795
Anticipated sales of new notes	<u>0</u>	<u>5,000,000</u>
Net current and noncurrent loans payable	\$65,430,795	\$70,430,795
Net Assets:		
Net Assets without donor restrictions	\$18,193,006	\$18,193,006
Net Assets with donor restrictions	<u>\$283,146</u>	<u>\$283,146</u>
Total Net Assets	<u>\$18,476,152</u>	<u>\$18,476,152</u>
Total Capitalization	<u>\$83,906,947</u>	\$88,906,947*

* Represents the sum of net current and noncurrent loans payable (including sale of new Promissory Notes), net assets without donor restrictions and net assets with donor restrictions.

LENDING FACTORS AND PROCEDURES

To qualify for a loan from the Fund, the applicant's project or overall mission must be consistent with the principles and purpose of the Fund, demonstrate an ability and willingness to meet the terms of the loan, including such requirements for technical assistance as may be imposed by the Fund, and demonstrate potential for building wealth and creating economic opportunity for low wealth communities and low income individuals in our market.

The Fund has underwriting standards specific to each loan product and borrower type. The categories of analysis include management capacity, collateral value, marketing plans, adequacy of cash flow, credit history and past performance with the Fund, quality of financial reporting and historic financial performance, and quality of the business planning and experience with executing similar projects or programs. The Fund's underwriting also frequently incorporates third party reports from credit bureaus, appraisers, engineers, architects, and environmental specialists. All loans in excess of staff lending authority are reviewed by a Senior Loan Committee and/or the Board. The Board has authorized specific lending staff, based on experience and expertise, to approve loans and investments within specific guidelines as set by the Board.

The Board appoints the Loan Committee. Each Loan Committee member provides varied and relevant expertise and makes recommendations for any new membership, with new members approved by the Board. The Fund monitors conflicts of interest, including requiring an annual conflict of interest statement signed by each member. Loan Committee members must recuse themselves from the meeting for any loan for which they may have real or perceived conflicts. Loan Committee members do not receive any compensation or reimbursement for their time.

The Fund's Loan Policies and Procedures, which was most recently reaffirmed by the Fund's Board in December 2015, dictates lending authority. As of September 1, 2018, the Board of Directors has lending authority for all financing; the CEO or Board designee has authority for all financing up to \$1,000,000; the Board Loan Committee has authority for all loans up to \$2,000,000.

Each borrower obtaining a loan will execute a note and such other legal instruments as are deemed necessary to provide for the repayment of principal and interest. The Fund will make both long and short-term loans; interest rates will vary, depending on conditions set by lenders of the Fund, the priorities of the Fund, prevailing market conditions, and the risk associated with the loan. In most cases the loans will be secured in some way, but when the Fund is otherwise satisfied

that repayment is reasonably assured, a loan may be unsecured. The Board may change these underwriting standards and procedures or make exceptions thereto, from time to time, in its sole discretion.

At June 30, 2020, loans receivable included individual loans in excess of \$500,000 to twenty-two discrete borrowers totaling \$20,839,686. There were two delinquencies with respect to individual loans in excess of \$500,000 and greater than 90 days past due at June 30, 2020 totaling \$1,736,875. Cumulative loan losses (greater than \$100 thousand) for the 12 months ended June 30, 2020 totaled \$100,000. Cumulative recoveries (greater than \$100 thousand) for the 12 months ended June 30, 2020 totaled \$0.00. There were a total of thirty-three (absolute # of recoveries) recoveries for the year with the largest at \$45,724.30. Senior management meets monthly to review distressed assets to determine any potential charge-offs and expected recoveries.

MANAGEMENT OF THE FUND

The Fund is governed by the Board composed of persons who are, or are associated with, current or potential investors in or borrowers from the Fund, or who possess various professional or other skills necessary or desirable for the effective functioning of the Fund. The Board may consist of at least nine members and not more than twenty-one members. Currently, the Board consists of 16 members. The Board meets at least four times per fiscal year.

There are four permanent sub-committees of the Board: the Executive Committee, the Governance Committee, the Finance Committee and the Audit and Risk Committee. The Fund's Loan Committee serves at the will of the Board. The powers and responsibilities of the Board, through these committees, include (1) approving or disapproving all loans, excluding certain types of smaller dollar loans which are approved or disapproved by Fund staff only; (2) setting policy and direction for the Fund and the CEO based on a review of the Fund's financial risks and exposures; (3) reviewing operating budgets each fiscal year; (4) reviewing the integrity of the Fund's financial statements; and (5) reviewing the Fund's compliance with legal and regulatory requirements.

Board of Directors. The following information states the current members of the Board of Directors, their percentage of time devoted and principal occupation over the past five years. The address for all members of the Board and the management of the Fund is the address of the Fund. All board members can be contacted at Community First Fund, P.O. Box 524, Lancaster, PA 17608-0524.

David Schankweiler, Chair (director since 2008), is the retired owner and publisher of Journal Publications and past chairman of the board of the Capital Region Economic Development Corporation, which promotes business development in under-served areas throughout greater Harrisburg. He holds a B.S. in Accounting from King's College (PA).

Lawrence McComie, Vice Chair (director since 2020) is the Vice President of Project Finance at Philadelphia Industrial Development Corporation and has the responsibility for originating, underwriting and closing tax-advantaged and subordinated financing for large-scale real estate and community development projects. Lawrence specializes in New Markets Tax Credits ("NMTC"), a Federal tax incentive used to attract private equity investments in low-income communities. He has over 24 years of economic development financing experience.

Jonathan Bowser, Treasurer (director since 2019) is the CEO at Real Estate Collaborative that seeks to rehabilitate underused, vacant, and brownfield sites not considered by private developers due to development costs. Previous experience includes serving as the CEO of the Cumberland Area Economic Development Corporation driving economic development activity in Cumberland County. He holds a B.A. in Political Science from Morgan State University and a MBA from Walden University.

Marilyn Hedge, Board Secretary (director since 2005), is Regional Multicultural Markets Officer with BB&T Bank. She was formerly an Assistant Vice President Compliance/Community Reinvestment at Susquehanna Bancshares Inc. (now BB&T). Hedge has degrees from Catholic University of Puerto Rico and Brooklyn College, (NY).

Carlos Lopez, (director since 2010), is an independent consultant for inner city school districts, currently working with Achievement House Cyber Charter School in Exton (PA), and a dual language charter school in Reading. He is the former superintendent of the York City School District. Lopez holds a B.A. degree in Elementary Education from Catholic University of Puerto Rico, and a Master of Education from Lehigh University (PA).

Samuel T. Cooper, III, Esq. (director since 2015), is partner in the law firm Dilworth Paxson, practicing in corporate

and business law and municipal finance. He is a member of both the Pennsylvania and District of Columbia Bar Associations. He holds a B.A. from Yale University and a J.D. from Dickinson School of Law.

Jonathan Encarnación (director since 2010), is currently Director of Strategic Partnership Development for the University of Pittsburgh Medical Center Health Plan. He is the former Executive Director of the Hispanic Center of Reading and Berks County. Encarnación holds a B.A. degree in Spanish and Sociology from Texas A&M University, a MBA from Alvernia College, and is a PhD candidate with Capella University.

R. Eric Menzer (director since 2006), is President of York Revolution Professional Baseball. He formerly worked with Wagman Construction specializing in urban real estate projects. He also served eight years as York's Director of Economic Development. Menzer holds a B.S. degree from the University of Maryland.

Natalia Dominguez Buckley (director since 2018), is Vice President and Community Partnership Manager for the Mid-Atlantic Region for Santander Bank. Previously she was the Regional Director for the Office of International Business Development with the Pennsylvania Department of Community and Economic Development. She holds a B.A. in International Relations from the University of Pennsylvania and an MGA in Public Finance from the Fels Institute of Government of the University of Pennsylvania. She serves on multiple non-profit boards including Junior Achievement of Central Pennsylvania, and the Greater Philadelphia Hispanic Chamber of Commerce.

Dana Hanchin (director since 2018), is the President and CEO of HDC MidAtlantic. She has more than twenty years' experience in building and leading affordable housing initiatives, most recently as Deputy Director of the Philadelphia office of Local Initiatives Support Corporation. Previously she worked as Director of Neighborhood Stabilization at the Philadelphia Redevelopment Authority, also for the Pennsylvania Housing Finance Agency, the Women's Community Revitalization Project and Reinvestment Fund. She earned her Bachelor's Degree in Political Science from Kent State University and a Master's Degree in Urban Studies from Temple University.

Charlie Santiago (director since 2018), is the Managing Partner for New York Life's Central Pennsylvania region. He began his career in Nashville, TN in 2006, rising to the position of partner in 2008. During his teenage years, he lived with his family in his native country, the Dominican Republic where he helped run multiple family businesses. On returning to New York City at the age of 21, he started a business in the entertainment industry that he sold after three years. He graduated from the Chartered Leadership Fellow Program and attended the University of Phoenix. He is a member of the National Association of Financial Advisors and the Association of Latino Professionals for America.

Rev Dr. Gregory J. Edward (director since 2019) is the Founder and Senior Pastor of the Resurrected Life Community Church and the President and CEO of the Resurrected Community Development Corporation. His approach to urban ministry includes the contextual understanding of the intersectionality of spiritual growth, educational empowerment, economic self-sufficiency, community development, and public policy has led to the transformation of his local community. He received his Bachelor's Degree in Urban Ministry Leadership at Geneva College, a Master's Degree in Divinity at Drew College, a Certification in Economic Development at the University of Delaware's Graduate School of Public Policy and Urban Affairs, and his Doctorate in Transformative Justice and Public Policy at New Brunswick Theological Seminary.

Lenin Agudo (director since 2020) is the Director of the Widener University Small Business Development Center. A former senior consultant, university administrator, professor and small business development center director, he now focuses his energy on revitalizing communities by creating and implementing public policy for job creation and economic growth. Lenin has over 10 years of experience in promoting economic growth in the areas of community development, small business growth, housing development projects, urban redevelopment and education. He holds a Bachelors in Business Administration with a focus on International Management and Latino Studies at Pace University and a MBA in Entrepreneurship from Kutztown University of Pennsylvania.

Vince Tseng (director since 2020) is the Chief Services Officer of Square Trade, and Entrepreneur with Stealth Start Up and a Cofounder and Partner of Lil Pop Shop, LLC. Over the past 2 decades, he helped build SquareTrade from an idea into an industry leader with nearly \$1bn in revenue. At various points in his tenure, he held executive responsibility for marketing, product strategy, European expansion, operations scaling, and corporate development. He led two successful acquisitions, served as CEO for one, and incubated multiple product ideas within SquareTrade. He hold a Bachelor's in English from Northwestern University.

Antonio R Pelosi (director since 2020) is a Regional Banking District Manager and Vice President at Wells Fargo in Philadelphia. He previously held the role of Senior Financial Specialist at Wachovia Group. Through these roles, Antonio has extensive knowledge of mortgages, wealth management, credit, and banking strategy. He holds a Bachelor's in Business Administration from Temple University.

Executive Management. The members of the executive management team of the Fund are:

Daniel Betancourt, Director, President and CEO of Community First Fund, has served in that capacity since 1999. He was formerly Vice President of Commercial Lending for Sovereign (now Santander) Bank. He currently serves on the Economic and Community Advisory Council of the Federal Reserve Bank of Philadelphia. He previously provided leadership to the Association for Enterprise Opportunity as its Chair and to the Federal Home Loan Bank of Pittsburgh as a member of its Advisory Board. He holds a B.S. in Business Administration from Millersville University (PA).

Joan M. Brodhead, Sr. Executive Vice President and Chief Strategic Initiatives Officer for Community First Fund, has served in that capacity since 2004. Prior to joining CFF, Joan was a Vice President of Community Development for Meridian Bank (Now Wells Fargo) for 16 years and a consultant in the community development industry for 7 years. She holds a Bachelor of Arts degree from Cedar Crest College, Pennsylvania.

NEW MARKET TAX CREDIT ACTIVITY

During fiscal years 2013, 2015 and 2016, the Fund received NMTC allocations of \$15,000,000, \$30,000,000 and \$45,000,000 respectively. As of December 31, 2018, the Fund is the managing investor with a 0.01% ownership interest in each entity and selected financial information as of December 31, 2019 for each of the Fund's entities was as follows:

	Total Assets	Net Income	Project
CFF Sub CDE 1 LLC	\$ 3,335,264	\$ 9,430	Tec Centro
CFF Sub CDE 2 LLC	4,870,811	73,656	York Charter School
CFF Sub CDE 3 LLC	6,541,215	105,880	Big Mill Reading - Retail & Market Rate Housing
CFF Sub CDE 4 LLC	3,954,562	110,731	Lehigh Valley Charter School for the Arts
CFF Sub CDE 5 LLC	6,717,866	161,580	WCI Partners Invest. Fund / Work Space / Affordable Housing
CFF Sub CDE 6 LLC	5,898,410	16,168	645 Penn St. Investment Fund - Office Space
CFF Sub CDE 7 LLC	8,640,841	229,722	Market St. Invst. Fund - Retail Space & Affordable Housing
CFF Sub CDE 8 LLC	4,456,957	93,454	Conestoga Plaza - Retail Space / Grocer
CFF Sub CDE 9 LLC	6,940,203	136,460	Retail Space & Affordable Housing
CFF Sub CDE 10 LLC	8,169,381	339,048	Retail Space & Affordable Housing
CFF Sub CDE 11 LLC	8,020,656	120,943	101 NQ - Bulova Bldg. Retail & Affordable Housing
CFF Sub CDE 12 LLC	6,195,974	7,674	Chamber of Commerce
CFF Sub CDE 13 LLC	5,457,396	182,571	Monarch Grocer Retailer
CFF Sub CDE 14 LLC	9,950,286	25,169	Salvation Army

Amounts reported above are based on the 2019 calendar year and are audited.

SUMMARY OF FINANCIAL PERFORMANCE

For the fiscal year ended June 30, 2020, the Fund's loan portfolio increased by 25.9% to \$68,334,633 when compared to fiscal year 2019 portfolio amount of \$54,289,337. That represented a compound annual growth rate (CAGR) of 19.7% per year over the five-year period of 2016 through 2020. The growth rate is attributed in part to an increase in loan volume, but more specifically, adding more commercial real estate loans to the portfolio in increments of \$1,000,000 and \$11,180,161 in Paycheck Protection Program and Lancaster County Emergency Loans.. Total delinquencies decreased year over year from 5.5% to 5.3% which was attributed to decreases in all of the Fund's past due categories other than the past due >90 days category, which increased from 2.4% to 3.1% of the total portfolio outstanding. Loans on nonaccrual status was not a factor as it was less than one hundredth of one percent of the total portfolio for the fiscal year ended 2020. Collectively, Loans >

90 days plus loans on nonaccrual status accounted for 3.1 % of the total loan portfolio for the fiscal year ended 2020 compared to 2.4% from the year before. For the >90 day delinquency category, there were seven loans that accounted for the increase. Management is addressing the loans on a case-by-case basis that include repayment arrangements, modifications or liquidation.

The following table sets forth information regarding delinquencies of the Fund's loan receivable portfolio.

	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020
Gross Loans Outstanding	\$24,622,048	\$27,863,612	\$34,551,110	\$37,579,479	\$42,508,572	\$54,289,337	\$68,334,633
Past Due 31-60 Days %	0.6%	1.4%	1.7%	1.5%	2.6%	1.8%	1.7%
Past Due 61-90 Days %	0.7%	0.2%	0.4%	0.5%	0.0%	1.4%	0.5%
Past Due > 90 Days %	1.6%	1.4%	1.7%	1.7%	3.1%	2.4%	3.1%
Total Delinquencies	2.9%	3.0%	3.8%	3.7%	5.7%	5.5%	5.3%
Loans on Nonaccruals	0.2%	0.2%	0.2%	0.1%	0.0%	0.0%	0.0%
Loans > 90 Days	1.8%	1.6%	1.9%	1.8%	3.1%	2.4%	3.1%

The Fund's allowance for loan losses totaled \$5,715,447 (8.36% of total loans receivable) at June 30, 2020 as compared to \$2,056,841 (3.79% of loans receivable) at June 30, 2019. This total includes a Corporate reserve of \$3,191,810 provided for future potential COVID related write-offs due to the business shutdowns.

SUMMARY OF CONSOLIDATED CHANGE IN TOTAL NET ASSETS

The following table is a summary of the consolidated change in total net assets for the fiscal years ended June 30, 2020, 2019, 2018, 2017 and 2016. The table should be read in conjunction with the Fund's consolidated financial statements for the fiscal year ended June 30, 2020 and the related notes and supplementary information thereto attached as Exhibit C to this Prospectus.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net financial income	\$3,168,323	\$2,606,769	\$1,294,127	\$2,113,430	\$1,404,082
Special CoVid Loan Loss Reserve	(3,191,810)	-	-	-	-
Net financial income	(23,487)	2,606,769	1,294,127	2,113,430	1,404,082
Revenue and support	8,226,618	5,152,884	4,037,061	3,355,304	3,898,540
Total expenses and other decreases	(5,870,793)	(5,145,751)	(4,509,002)	(3,749,500)	(2,926,470)
Change in Net Assets	\$2,332,338	\$2,613,902	\$822,186	\$1,719,234	\$2,376,152

SUMMARY OF CONSOLIDATED SELECTED FINANCIAL HIGHLIGHTS

The following table is a summary of the consolidated selected financial highlights for the fiscal year ended June 30, 2020, 2019, 2018, 2017 and 2016.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash and investments*	\$ 20,367,554	\$ 9,664,780	\$ 15,927,782	\$ 8,529,392	\$ 8,570,487
Loans and Receivable, gross	\$ 68,334,633	\$54,289,337	\$42,508,872	\$37,579,479	\$34,551,110
Unsecured Loans					
Amount	\$0	\$0	\$0	\$0	\$0
Percent of total loans and leases receivable	0%	0%	0%	0%	0%
Delinquencies (> 30 days) as a % of total loans and leases receivable	5.29%	5.55%	5.70%	4.16%	3.49%
Total Assets	\$89,651,659	\$65,890,024	\$59,716,742	\$47,099,397	\$42,597,975
Notes redeemed during the year	\$2,018,028	\$2,505,827	\$1,270,457	\$6,030,478	\$3,083,664
Net Assets	\$18,476,152	\$16,143,814	\$13,529,912	\$12,707,726	\$10,988,492

* Includes restricted and unrestricted cash

SCHEDULE OF NOTES OUTSTANDING

Aggregate dollar amount of Promissory Note maturities and other loans payable of the Fund, on a consolidated basis, at June 30, 2020 are as follows:

	2020
Notes Payable 0 to 6 Months	\$ 1,400,000
Notes Payable 6 to 12 Months	3,148,752
Notes Payable >12 months to < 24 months	14,010,951
Notes Payable >24 months to < 36 months	5,366,232
Notes Payable >36 months to < 48 months	5,391,009
Notes Payable >48 months to < 60 months	10,676,789
Thereafter	25,437,062
Total	\$ 65,430,795

During the fiscal year ended June 30, 2020, the Fund paid interest on loans payable of \$1,334,466, received proceeds from the issuance of loans payable of \$21,384,255 and remitted payments on loans payable of \$2,018,028.

SCHEDULE OF LOANS RECEIVABLE

The following tables illustrate the projected maturities of loan and lease receivables for the Fund and its lending affiliates at June 30, 2020, 2021, 2022, 2023, 2024, and thereafter:

The following tables illustrate the projected maturities of loan and lease receivables for the Fund and its lending affiliates at June 30, 2021, 2022, 2023, 2024, 2025 and thereafter:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Thereafter</u>	<u>Total</u>
Loan Repayments	\$ 13,707,314	\$ 16,069,603	\$ 8,001,745	\$ 6,556,983	\$ 5,555,445	\$ 18,443,543	\$ 68,334,633
Interest Payments	3,746,427	4,392,078	2,187,004	1,792,128	1,518,391	5,040,913	\$ 18,676,940

At June 30, 2020, individual loans in excess of \$500,000 consisted of:

Loan #	Loan	Borrower	Loan Type	Maturity Date	Principal	Interest Rate
2018-03982	Commercial Real Estate	Saca Development Corp.	Term	06/01/44	\$ 1,929,687	5.50
2015-02954*	Commercial Real Estate	Liberty Property Holdings, LLC	Term	10/15/20	1,512,950	5.52
2020-04346*	Commercial Real Estate	Treasures Markets Benefit LLC	Term	03/09/27	1,500,000	6.00
2017-03489*	Commercial Real Estate	Square Development, LP	Term	05/25/28	1,385,262	5.75
2019-03987	Commercial Real Estate	Silvercare Real Estate LLC	Term	03/15/20	1,250,000	7.00
2017-03606	Commercial Real Estate	Monarch Investment Fund, LLC	Term	09/01/24	1,000,000	5.96
2017-03551	Commercial Real Estate	QZ II, LLC	Term	02/16/25	1,000,000	5.25
2016-03429	Commercial Real Estate	Chase NMTC Lincoln Tower	Term	06/01/24	999,999	5.25
2018-03986	Commercial Real Estate	GoodHomes 215 LLC	Term	03/01/44	996,812	5.88
2019-03996	Commercial Real Estate	Brothers Food Food Max Lebanon,	Term	04/15/20	930,000	6.00
2017-03443	Commercial Real Estate	Willows at Landisville Limited	Term	05/02/49	929,381	6.50
2020-04676	Commercial Real Estate	Royal Home Care Services, Inc,	Term	05/01/22	750,100	6.50
2018-03726	Commercial Real Estate	CREI2013 LLC	Term	07/01/43	665,368	5.50
2019-04186*	Commercial Real Estate	KBLJ LLC	Term	03/01/21	600,074	3.25
2019-04167	Commercial Real Estate	Berks County Investments LLC	Term	07/15/21	600,000	7.25
2019-04093	Commercial Real Estate	3149 F Street Partners, LLC	Term	06/15/29	591,407	5.91
2019-04218	Commercial Real Estate	MAJACK BAG VENTURES INC	Term	11/01/39	572,729	1.00
2015-03074*	Commercial Real Estate	Downtown Reading Investors, LLC	Term	03/15/23	564,000	6.27
2017-03592	Commercial Real Estate	914 Daycare Holdings, LLC	Term	09/15/22	536,257	4.98
2020-04342	Commercial Real Estate	Victor Sales-Morales	Term	03/01/45	523,525	4.00
2018-03945	Commercial Real Estate	606 Gregg Ave LLC	Term	10/01/44	502,134	5.12
2018-03960	Commercial Real Estate	Reading Recreation Company	Term	12/15/19	500,000	6.50
2019-04277	Commercial Real Estate	Saca Development Corp.	Term	02/15/23	500,000	5.50
					\$ 20,339,686	

At June 30, 2020, the allowance for loan losses totaled \$5,715,447, or 8.36% of total consolidated loan receivables outstanding. This amount includes \$432,351 of specific reserves related to impaired loans as required under ASC 310-10-35, \$3,191,810 Corporate Reserve for potential COVID losses and \$2,091,286 of general reserve.

The allowance for loan losses is a valuation reserve based on past performance, nature of the loan portfolio and current economic conditions, which management believes will be adequate to absorb possible losses on existing loans that may become uncollectible. See the “Summary of Consolidated Selected Financial Highlights” table for delinquent loan levels.

LIQUIDITY RESERVES

As of June 30, 2020, the Fund had unrestricted cash and cash equivalents of \$18,521,422.

COMPENSATION

The following table shows the compensation and benefits paid to the executive officers of the Fund for the fiscal year ended June 30, 2020:

	Compensation				Benefits						
	Regular	Bonus	Benefit Dollars	Total Compensation	Health Insurance	403B Employer Contribution	Life Insurance Premiums	Short Term Disability	Long Term Disability	Total Benefits	Total Compensation and Benefits
President and CEO	197,943	49,000		246,943	11,335	59,036	2,095	306	564	73,337	320,280
EVP and COO	128,488	27,800		156,288	27,531	1,413	326	306	564	30,141	186,428

TAX CONSIDERATIONS

This summary of certain material U.S. federal income tax considerations is for general information purposes only, is not relevant to all prospective holders – such as foreign persons – of the Promissory Notes, and is not tax advice. This summary does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular prospective holder in light of the prospective holder's circumstances. This summary does not address any aspect of state, local, or foreign law, or U.S. federal estate and gift tax law.

PROSPECTIVE HOLDERS OF THE PROMISSORY NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE PROMISSORY NOTES.

Any interest paid or accrued on Promissory Notes will be income to the holder for federal income tax purposes. The investor generally will be liable for federal income tax on such interest, unless the investor is eligible for an exemption from federal tax with respect to such interest. Each investor will receive a Form 1099 in January of each year indicating the interest earned on the investment. Investors will not be taxed on the repayment of the principal of their loan.

Notes which bear interest at “below-market” rates may fall within the imputed interest provisions of the Code (in particular, Code section 7872), which, in some cases, impose tax liability on investors for the difference between market rates and the interest actually paid. The Internal Revenue Service (“IRS”) has issued temporary and proposed regulations interpreting these provisions. The temporary regulations state that certain loans carrying “below market” rates of interest will be exempted from the imputed interest provisions of the Code. The exemptions include a gift loan to a charitable organization that is described in Code section 170(c) if, at no time during the taxable year, the aggregate outstanding amount of loans by the lender to that organization (or to charitable organizations that are effectively controlled by the same person or persons who control that organization) exceeds \$250,000.

The Fund has received an IRS determination that it is an exempt organization within the meaning of Code section 501(c)(3) and a determination that it will be treated as a publicly supported organization under Code section 170(b)(1)(A)(vi). Such organizations are described in Code section 170(c). Therefore, under the above-mentioned regulations, a loan to the Fund which carries an interest rate that is below the market rate announced by the IRS will not be subject to the imputed interest provisions of the Code if the foregoing of interest on the loan by the holder is in the nature of a gift and if the amount of the loan, together with all other loans made by the investor to the Fund (or to charities controlled by the same person or persons who control the Fund), does not exceed \$250,000. The holder would be entitled to no charitable deduction on account of any forgone interest that is exempt from the imputed interest provisions of Code section 7872 in the manner described in the preceding sentence.

If a holder loans to the Fund (or the Fund and to charities controlled by the same person or persons who control the Fund) an amount during a taxable year that, in the aggregate, exceeds \$250,000 and the loan carries a below-market rate of interest, the investor may be treated as receiving imputed interest income and as making a corresponding charitable contribution, which will be subject to the limitations in the Code for charitable contribution deductions. It is possible, therefore, that some or all of the imputed interest income could be offset by a charitable deduction. The temporary regulations further provide that a below-market interest rate loan may also be exempt from the imputed interest provisions of Code section 7872 if the taxpayer can demonstrate that the interest arrangements of the loan have no significant effect on any federal tax liability of the Fund or holder. Whether the interest arrangements of a loan have a significant effect on any federal tax liability of the Fund or holder is determined on a loan-by-loan basis and is dependent upon all of the facts and circumstances.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN BY THE FUND TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS AND PROMISSORY NOTES ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

PENDING LEGAL PROCEEDINGS

There are no material legal or administrative proceedings now pending against the Fund nor are there any such proceedings known to be threatened or contemplated by governmental authorities. In the normal course of business, the organization is subject to various pending or threatened litigation. In the opinion of management, the ultimate resolution of such litigation will not have a material adverse effect on the Fund's consolidated financial statements.

LEGAL OPINION

The law firm of Barley Snyder LLP, 126 East King Street, Lancaster, PA 17602 has given a legal opinion to the Fund to the effect that the Promissory Notes, when issued pursuant to this offering, will constitute binding obligations of the Fund.

INDEPENDENT AUDITORS

The consolidated financial statements of Community First Fund and affiliates, as of and for the year ended June 30, 2020 included in this Registration Statement and Prospectus for \$5,000,000 in Promissory Notes have been audited by Bertz, Hess & Co., LLP, 36 East King Street, Lancaster 17602, independent auditors, as stated in their report appearing in Exhibit C (which report expresses an unqualified opinion).

MEETING OF THE BOARD OF DIRECTORS

The Board of the Fund meets at least four times a year at a time and place determined by the Executive Committee or by the Fund's staff. Additionally the Executive Committee of the Board meets at least four times a year.

ANNUAL REPORTS

Audited financial statements will be made available annually to each holder of a Promissory Note within 120 days of the Fund's fiscal year-end. If you have elected, you will receive electronically, otherwise we will provide via hard copy.

WITHDRAWAL RIGHTS

If you have accepted an offer to purchase these securities made pursuant to a prospectus which contains a written notice explaining your right to withdraw your acceptance pursuant to section 207(m) of the Pennsylvania Securities Act of 1972, you may elect, within two business days after the first time you have received this notice and a prospectus (which is not materially different from the final prospectus) to withdraw from your purchase agreement and receive a full refund of all moneys paid by you. Your withdrawal will be without any further liability to any person. To accomplish this withdrawal, you need only send a written notice (including a notice by facsimile to 717-393-1757 or electronic mail to development@communityfirstfund.org) to the Fund indicating your intention to withdraw.

METHOD OF OFFERING

The Fund will seek loans from persons or organizations that are known to the Fund and believed to be interested in projects of this type and capable of bearing the risks. In addition, the Fund may publicly disseminate information about the Fund and this offering.

DISCLOSURE OF DEPARTMENT POSITION ON INDEMNIFICATION FOR LIABILITIES UNDER SECURITIES LAWS

Article VI of the Bylaws of the Fund provides for indemnification of our directors and officers and other individuals designated by our Board against any liability incurred in connection with any proceeding in which such person may be involved as a party or otherwise, by reason of the fact that such person is or was serving as a director, officer, employee or agent of the Fund, or, at our request, as a director, officer, employee, agent or fiduciary of another entity or enterprise. It is the position of the Pennsylvania Department of Banking and Securities that indemnification in connection with violations of securities laws is against public policy and void.

Exhibit A – Loan Agreement with Investor

Exhibit B – Promissory Note

Exhibit C – Audited Annual Financial Statements

EXHIBIT A

LOAN AGREEMENT WITH INVESTOR

Investment No. (_____)

This is a Loan Agreement by and between (_____) (“Investor(s)”) whose address is (_____) and Community First Fund, a Pennsylvania non-profit corporation (“Borrower”), whose address is 51 South Duke Street, Suite 400, Lancaster, PA 17602, made and entered into on (_____).

Background

Borrower is organized for the purpose of providing financing to build wealth and opportunity for low-income communities and low- and moderate-income individuals, and Investor desires to support Borrower in doing so by lending the amounts set forth below, on the terms and conditions contained herein.

NOW, THEREFORE, intending to be legally bound, the Borrower and Investor agree as follows:

1. The Investor hereby agrees to make a loan to the Borrower in the Amount of (_____).
2. Borrower shall evidence this loan with a Promissory Note to the Investor for the total sum specified in paragraph 1. The loan shall bear simple interest at the rate of (___)% percent per annum. Interest on the loan shall be due and payable annually on (_____). If not sooner paid, the loan shall be due and payable on (_____) (the “Maturity Date”), unless the loan is renewed pursuant to paragraph 3 below.
3. Borrower shall provide written notice (the “Renewal Notice”) to the Investor at the address set forth in the preamble of this Loan Agreement at least 30 days prior to the Maturity Date providing the Investor with the option, exercisable within 60 days after the Maturity Date, to receive payment in full of the amount of the loan or to renew the amount of the loan on terms agreed upon between Borrower and the Investor. The Renewal Notice will be accompanied by Borrower’s Prospectus then in effect containing a description of the terms of the promissory notes that would be issued upon renewal. Within 60 days after the Maturity Date, the Investor shall provide a written response to Borrower at the address set forth in the preamble of this Loan Agreement indicating whether the Investor elects to receive payment in full or renew the amount of the loan. If the Investor elects to receive payment in full of the loan amount, the Investor shall not be entitled to receive interest on the amount of the loan after the Maturity Date. Notwithstanding anything contained herein to the contrary, if the Investor fails to provide a written response to the Borrower at the address set forth in the preamble of this Loan Agreement in response to the Renewal Notice within 60 days after the Maturity Date electing either to receive payment in full of the amount of the loan or to renew the amount of the loan, the Investor shall be deemed to have elected to have the entire amount of the loan renewed for the same duration as the original loan and the renewed loan shall be on the terms and conditions, including interest rate, then in effect for the promissory notes that the Borrower is then selling under the Borrower’s Prospectus then in effect. Audited financial statements will be made available annually within 120 days of the Fund’s fiscal year-end. If you have elected, you will receive electronically, otherwise we will provide via hard copy.
4. Funds from this loan shall be used solely by and for the purposes of Borrower, and the Borrower shall notify the Investor, upon request, of the use of the whole or any part of the funds from this loan.
5. **The Investor shall have the right to withdraw this loan within two business days after Investor receives this notice and the related Prospectus. Such withdrawal will be without liability to any person and all money paid by Investor shall be refunded without interest. To accomplish such a**

withdrawal, the Investor should send a letter by registered or certified U.S. mail or telegram to the Borrower indicating his or her intention to withdraw. Such a letter or telegram should be sent to the Borrower at the address set forth in the preamble of this Loan Agreement and postmarked before the end of the two day withdrawal period.

6. Any party may change the address to which notices, requests and other communications hereunder are to be delivered by giving the other party written notice by registered or certified U.S. mail or telegram.

7. This loan agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, Borrower and Investor have executed this Loan Agreement on (_____).

BORROWER:

COMMUNITY FIRST FUND

By: _____
Chief Financial Officer

INVESTOR:

By: _____

SS#: _____

By: _____

SS#: _____

EXHIBIT B

PROMISSORY NOTE

Dated: _____

Investment No. (____)

For value received, Community First Fund (“Borrower”) promises to pay (_____) (“Investor(s)”) the principal sum of (_____) with interest on the unpaid principal balance from the date of this promissory note at the rate of (_____) percent per annum. Interest shall be payable annually on (____). The principal shall be payable at (_____) or such other place as the Investor(s) may designate. Any indebtedness evidenced by this Note, if not sooner paid, shall be due and payable on (_____) (the “Maturity Date”).

Borrower shall provide written notice (the “Renewal Notice”) to the Investor at least 30 days prior to the Maturity Date providing the Investor with the option, exercisable within 60 days after the Maturity Date, to receive payment in full of the principal amount of this promissory note or to renew this Promissory Note on terms agreed upon between Borrower and the Investor. The Renewal Notice will be accompanied by Borrower’s Prospectus then in effect containing a description of the terms of the Promissory Notes that would be issued upon renewal. Note: If after the Maturity Date the Borrower exercises its option to receive payment in full, interest accrued only through the Maturity Date, not ‘until paid.’ If the Investor elects to receive payment in full of the principal amount of this promissory note, the Investor shall not be entitled to receive interest on the principal amount of this promissory note after the Maturity Date. Notwithstanding anything contained herein to the contrary, if the Investor fails to provide written notice to Borrower in response to the Renewal Notice within 60 days after the Maturity Date electing either to receive payment in full of the principal amount of this promissory note or to renew this promissory note, the Investor shall be deemed to have elected to have this promissory note renewed for the same duration as the promissory note originally issued and the renewed promissory note shall be on the terms and conditions, including interest rate, then in effect for the promissory notes that the Borrower is then selling under the Borrower’s Prospectus then in effect. Audited financial statements will be made available annually within 120 days of the Fund's fiscal year-end. If you have elected, you will receive electronically, otherwise we will provide via hard copy.

COMMUNITY FIRST FUND

By: _____
Chief Financial Officer

EXHIBIT C

AUDITED ANNUAL FINANCIAL STATEMENTS