

2017

ANNUAL REPORT



25 YEARS
OF TRANSFORMING LIVES
AND COMMUNITIES



COMMUNITY FIRST FUND

HELPING OTHERS SEIZE OPPORTUNITY AND CREATE SUCCESS

Message from the Chair and CEO

Dear Friends:

2017 marks the 25th anniversary of Community First Fund. While we are proud of what our organization has achieved over the past quarter century, we remain focused on working to transform lives and communities in central and eastern Pennsylvania.

We are pleased to present Community First Fund's 2017 Annual Report, highlighting another year of continued growth. During our 25th anniversary year, we reached the highest lending activity in our history at over \$17 million along with an additional \$12.75 million in New Markets Tax Credit projects financed. This capital assisted new and expanding businesses, allowed for the development of new housing, healthy food markets and educational opportunities, and supported community service organizations that enhance the quality of life for low income people and communities. Additionally, our financing leveraged another \$33.6 million in public and private funds into our region.



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. We are grateful for the support you have provided over the past 25 years and thank you for making it possible for us to continue this vital work.

Daniel Betancourt
President and CEO

R. Eric Menzer
Chair, Board of Directors

2017 Milestones

During our 25th year, Community First Fund:

- Relocated to a new, larger headquarters at 51 South Duke Street, Lancaster.
- Received a \$45 million New Markets Tax Credit allocation, our largest to date.
- Gained a higher industry AERIS rating in recognition of our strong impact and financial performance.
- Joined the national Expanding Black Business Credit Consortium.

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 2017, eighty eight percent (88%) of loans benefited low wealth communities and people, including People of Color and women. Loans and investments we financed created and retained 851 permanent jobs, 334 construction jobs, 969 childcare opportunities, 233 units of affordable housing, and developed nearly a half million square feet of commercial real estate.

TRANSFORMING BLIGHTED PROPERTIES THROUGH REDEVELOPMENT



Community First Fund is excited to be a part of the transformation of downtowns by investing in projects that have significant economic and social impact far beyond the neighborhood. The US Treasury CDFI Fund New Markets Tax Credit program allows us to make significant investments in these projects.

With our NMTC investment, Harrisburg-based developer WCI Partners revitalized a string of vacant, blighted properties in the 900 block of North Third Street in city's midtown district. This ambitious project encompassed the redevelopment of four buildings totaling 40,000 square feet and created 41 apartment

units and commercial space for three business tenants. One of these tenants is st@rtup, a small business incubator and the first co-working space in Harrisburg. With 6,500 square feet of flexible work space, st@rtup can accommodate 90 members and provides an environment where entrepreneurs can thrive.

Since 2013 our NMTC program has provided 15 projects with \$90 million of financing by supporting charter schools, grocery stores, vocational training centers, retail and commercial development and housing. Over the past twenty-five years Community First has financed over 3,500,000 square feet of commercial real estate space and 1,442 housing units.

OFFERING HEALTHY FOODS IN EVERY COMMUNITY



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Community First Fund helps to create impact in our communities by increasing access to healthy foods. When that objective also supports services for children and adults with special needs, many more benefit.

After working years to successfully start and grow Leg Up Farm and Able-Services, two nonprofit organizations which provide therapy and support services for children and adults with special needs, CEO Louie Castriota focused on a new project. In 2016 he launched Leg Up Farmers Market to help families shop according to their children's unique dietary needs and to provide healthy food options for the entire community.

Located on the outskirts of York city, the 18,700 square foot, full-service market offers a variety of natural and organic foods,

many sourced or produced locally. Leg Up Farmers Market has an impact beyond providing access to healthy foods as 70% of all sales go to funding the Leg Up Farm family of nonprofit entities and further supports the broader community with educational events and free cooking classes. Just as important, the market has created 35 jobs for local residents, including adults from Able-Services, a day program for adults with special needs.

We support many businesses that provide access to healthy foods, especially for moderate to low-income families that need them the most. In our history we have financed 84 loans for more than \$6.6 million to bodegas, grocery stores, purveyors of healthy food at farmer's markets, and to nonprofit organizations offering healthy food options to their clients.

GROWING SMALL BUSINESS IN OUR CITIES



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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 a little spice - to our downtowns.

For Andre and Donna Pham, Issei Noodle Lancaster is a family affair. Andre's parents own Issei Noodle in Carlisle, and he grew up immersed in the restaurant culture. When the couple decided to branch out on their own, they set their sights on Lancaster to launch their new dining venue and we worked with the pair to provide financing for new equipment and space renovations.

Issei Noodle provides an exciting Asian dining experience for lunch and dinner to downtown Lancaster and created 10 local jobs. You will find Andre and Donna working at the restaurant almost every day and they have built a solid customer base. They are focused on the future as they continue to experiment with their menu and have plans to expand their popular restaurant.

Community First has a long history of supporting business owners like the Phams. In 2017 we assisted 119 borrowers, both for start-up ventures and for owners ready to expand business operations. Additionally, since our inception, 33% of our loans have been made to start-up businesses.

PROVIDING CHILDCARE WHERE NEEDED MOST



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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 purpose.

Maribel Rodriguez has spent much of her life, and built a thriving business, caring for children. Soon after opening White House Day Care in Reading in 2007, the center was filled to capacity and had a lengthy waiting list of families anxious to enroll their children. In 2013 we provided a loan to help Maribel purchase and renovate a building to house a second, larger location in Reading which was equally popular. In 2017, Maribel approached

us once again for additional financing to open a third location – her largest one in Reading with a capacity for 115 children.

Maribel remains heavily involved in the operations of all White House Day Care Center locations. All three facilities operate 24 hours/day, 7 days/week and primarily serve low to moderate income families. Combined, the three centers provide care for 250 children and employ more than 40 staff.

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. Additionally, over the last twenty-five years Community First has financed 5,267 child care slots in the region we serve.

FOSTERING EDUCATION FOR LIFELONG SUCCESS



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Community First Fund helps to create impact in low income cities by supporting charter schools. While attending these tuition-free, quality schools, students benefit from state-of-the-art facilities, well-staffed classrooms and unlimited opportunities to learn and grow.

Community First Fund allocated New Markets Tax Credits to the Lehigh Valley Charter High School for the Arts to help finance a new facility that would accommodate their growing enrollment. Built on an empty parking lot in the former Bethlehem Steel plant area, Charter Arts opened its new home in 2015. The 91,000 square foot, LEED Gold certified complex now holds 640 students from 12 surrounding counties. Besides providing more opportunities for talented students to thrive, this project created

more than 150 local construction jobs and retained 70 living-wage school jobs with full benefits.

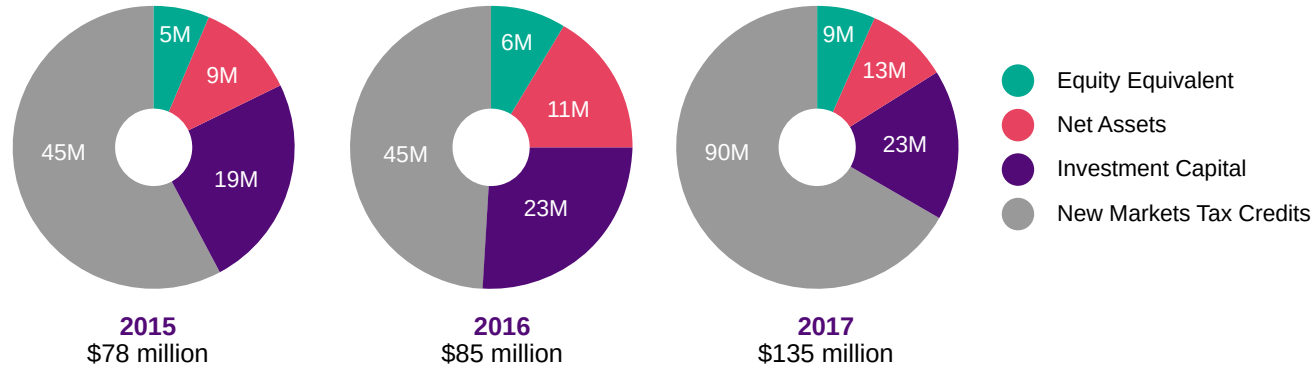
More than a creative haven for students, Charter Arts is a designated Title I High Achievement School and ranks in the top 5% of Title I schools in PA based on students' performance on the Keystone Exams.

Nearly 60% of its graduates pursue studies other than the arts, including science and engineering, and are sought after by top colleges.

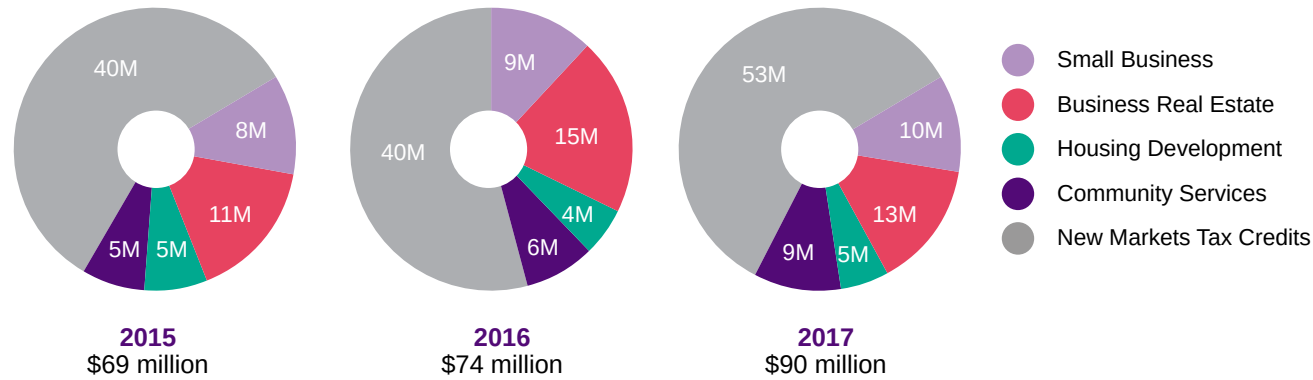
Over the past twenty-five years, Community First has financed 3,131 educational opportunities, providing the foundation for many students to continue their education at colleges and universities or other vocational programs.

FINANCIAL PERFORMANCE

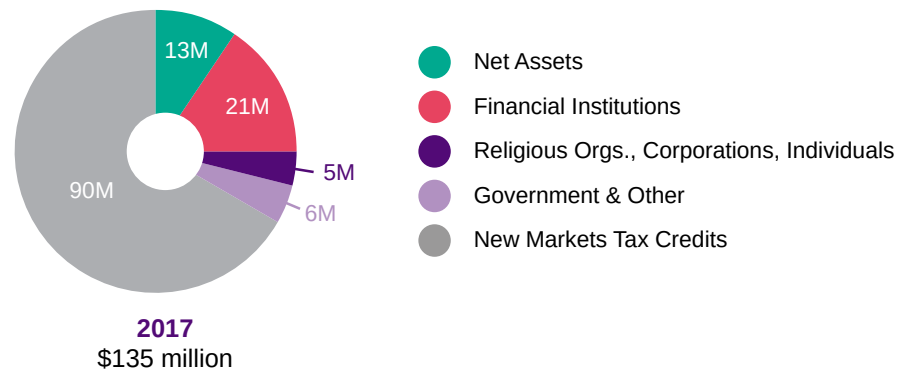
Capital Under Management



Loan and Investment Portfolio by Type in Dollars



FY 17 Financing Capital by Source



2017 FINANCIAL HIGHLIGHTS

During Fiscal Year 2017 Community First Fund maintained strong performance and financial health. The core loan fund increased 9% in the fiscal year, rising to \$37 million in loans outstanding and total Capital Under Management grew 58% to \$135 million. Once again we realized solid repayment performance, with limited net loan losses of only .5% of the total portfolio.

Net assets of nearly \$13 million at the end of FY 2017 represented an 18% increase over the end of our fiscal year in 2016. Net assets were 27% of total assets, ensuring resources for continued growth and reserves for the protection of investors. Community First Fund's self-sufficiency ratio at June 30, 2017 was 88%. 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 (as of June 30)

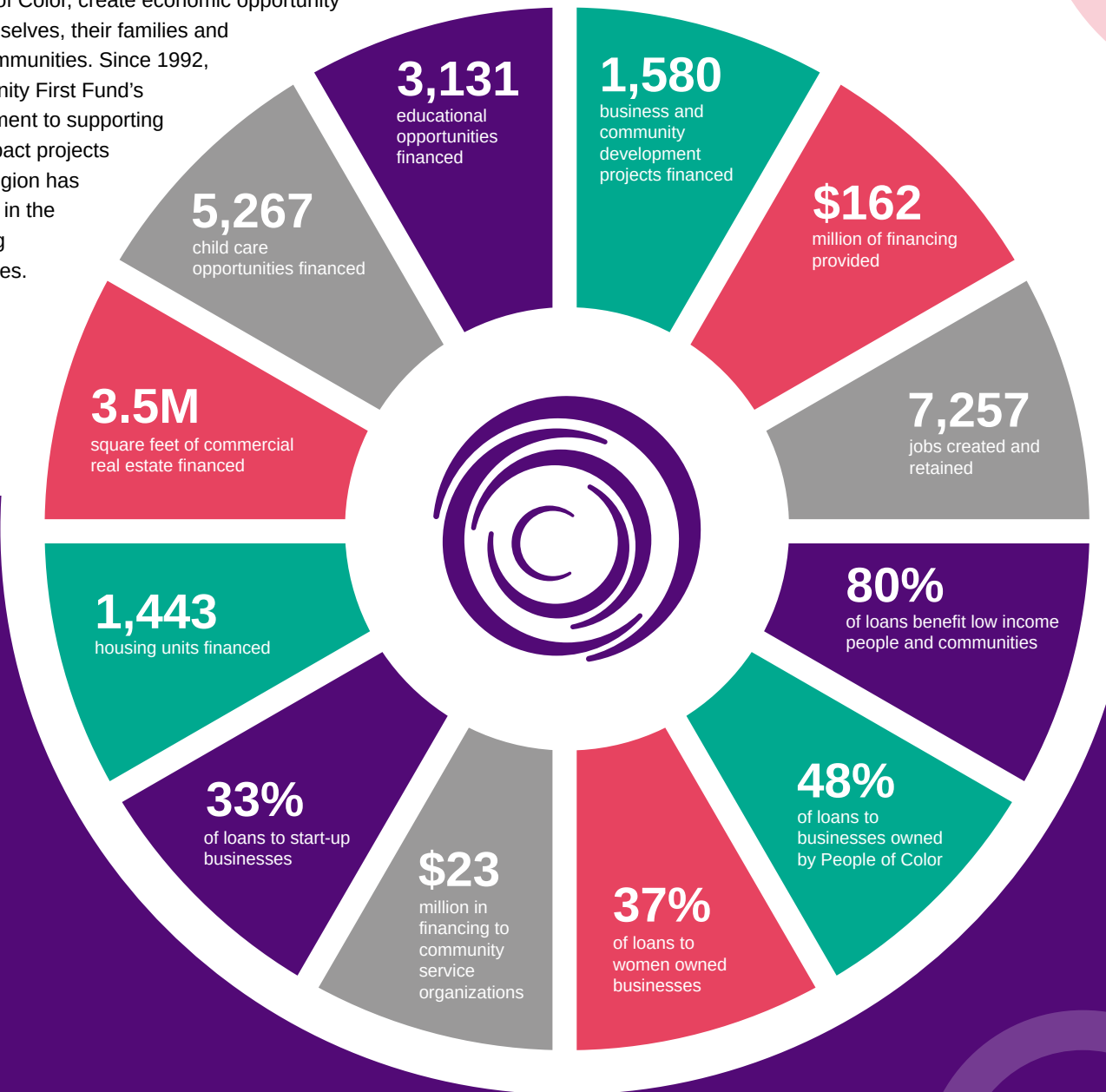
Financial Position Data			
	2015	2016	2017
Total Assets	\$35,041,239	\$42,597,975	\$47,204,228
Total Liabilities	\$26,428,899	\$31,609,483	\$34,507,015
Total Net Assets	\$8,612,340	\$10,988,492	\$12,697,213
Total Liabilities and Net Assets	\$35,041,239	\$42,597,975	\$47,204,228

Statement of Activities Data			
	2015	2016	2017
Total Income	\$5,488,991	\$6,560,403	\$6,472,346
Total Expenses	\$3,600,841	\$4,184,251	\$4,763,625
Change in Net Assets	\$1,888,150	\$2,376,152	\$1,708,721

Total Capital Under Management			
	2015	2016	2017
Loan Capital	\$33,368,892	\$40,447,105	\$45,204,536
New Markets Tax Credits	\$45,000,000	\$45,000,000	\$90,000,000
Total Capital Under Management	\$78,368,892	\$85,447,105	\$135,204,536

IMPACTING OUR COMMUNITY FOR OVER 25 YEARS

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.



THANKING OUR INVESTORS AND DONORS

INVESTORS

Cumulative as of 6/30/17

ACNB Bank
 Anonymous
 Bank of America
 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
 Alex and Molly S. Henderson
 Jonestown Bank and Trust Company
 Erika E. Lauffer
 Malvern Federal Savings Bank
 M&T Bank
 Mercy Partnership Fund
 Mid Penn Bank
 Opportunity Finance Network
 Orrstown Bank
 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
 TD Bank
 Tompkins VIST Bank
 Union Community Bank
 UNIVEST
 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

As of 6/30/17

ACNB Bank
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 Benjamin Atwater
 Greta Aul
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 Thomas T. Baldrige
 Bank of America Charitable Foundation
 Bank of New York Mellon
 Barley Snyder, LLP

BB&T Bank
 Daniel and Karen Beck
 Gladys Benjamin
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 Bertz, Hess & Company, LLP
 Berks County Latino Chamber of Commerce
 Daniel Betancourt
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 Nancy and Larry Bieber
 Jill Geracimos Bollinger
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 Warren and Katie Bulette
 Susan Burkett
 BusinessWoman Magazine
 Mr. and Mrs. Randy Byrnes
 Chip and Rebecca Cargas
 Central Penn Business Journal
 CGA Architects, Inc.
 The City of Reading
 The City of York
 CohnReznick
 Lucy Cortez
 Annalisa Crannell and Neil Gussman
 Customers Bank
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 Holberg Design
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Housing Development Corporation
 MidAtlantic
 Sonia Huntzinger
 Shannon Jefferson-Stellato
 Gary and Suzette Johnson
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 La Voz Latina Central
 Lancaster County Community Foundation
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 Carlos and Carol Ann Lopez
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 M&T Charitable Foundation
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 Shuman Development Group
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 The Steinman Foundation
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 Susan Suter

Ellen Svrcek
 Tabor Community Services
 Erick and Stephanie Towles
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 U.S. Department of the Treasury
 U.S. Small Business Administration
 United Way of Greater Philadelphia and Southern New Jersey
 UPMC Health Plan
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 Raymond and Sally Vegso
 Lydia Walker
 WCI Partners
 Wells Fargo
 Sam Wilsker
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 Pamela and John Woodell
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 York Revolution Professional Baseball
 York Traditions Bank
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Our Region of Impact



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.



communityfirstfund.org