

## Community First Fund is Now Finanta

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### PROSPECTUS FOR THE OFFERING OF \$2,000,000 OF UNSECURED PROMISSORY NOTES

Community First Fund (dba, Finanta) (the “Fund”), a 501(c)(3) nonprofit corporation organized under the laws of the Commonwealth of Pennsylvania, is offering (the “Offering”) up to \$2,000,000, in the aggregate, of unsecured promissory notes (the “Promissory Notes”) for the purpose of making personal and business loans to persons and organizations that will create prosperity for low-income communities and individuals, especially Persons of Color, women and immigrants. There is no public market for the Promissory Notes, and it is not expected that a trading market will develop after completion of the Offering. No commissions or other remuneration will be paid in connection with the sale of the Promissory Notes.

The minimum initial investment in Promissory Notes is \$1,000. 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 interest rate being offered on Promissory Notes varies depending on the principal amount of the Promissory Note purchased and the term of the Promissory Note:

#### INTEREST RATES\*

<u>Term</u>	<u>Promissory Notes ≥\$1,000 &lt;\$4,999</u>	<u>Promissory Notes ≥\$5,000 &lt;\$24,999</u>	<u>Promissory Notes ≥\$25,000</u>
5 or 6 years	2.00%	2.50%	3.00%
7 to 9 years	2.25%	3.00%	3.50%
10 to 14 years	2.50%	3.50%	3.75%
15 years or more	3.00%	4.00%	4.25%

\* Any investor may elect to earn less than the maximum rates posted above.

**Promissory Notes are offered with terms of 5 or more years. The outstanding balance of a Promissory Note will automatically be reinvested if an investor fails to elect to have the principal amount of the Promissory Note repaid at maturity. See “Description of the Promissory Notes” on page 8.**

The Offering commenced on January 1, 2025 and will terminate one (1) year after the date of this Prospectus. Only persons who meet the qualifications described in the Sections titled “Who May Invest” should consider purchasing a Promissory Note. This Prospectus contains important information about the Fund and the Promissory Notes. The Fund will seek to sell Promissory Notes to persons or organizations that are known to the Fund, believed to be interested in projects of this type and capable of bearing the risks of an investment in the Promissory Notes. In addition, the Fund may publicly disseminate information about the Fund and this Offering. 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. Prospective investors are advised to read this Prospectus, and especially the “Risk Factors” on page 2 of this Prospectus, and to consider such information and risks carefully prior to making any decisions to invest in the Promissory Notes. Pennsylvania residents should also be aware of the two-day right to rescind their purchase as described on page ii.

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.

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.

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.

	Offering Price	Net Proceeds <sup>(1)</sup>
Per Promissory Note (\$1,000 minimum investment)	\$1,000	\$1,000
Aggregate Offering Amount	\$2,000,000	\$2,000,000

<sup>(1)</sup> 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.

**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](mailto:development@communityfirstfund.org)) to the Fund indicating your intention to withdraw.**

The date of this Prospectus is January 1, 2025.

## WHO MAY INVEST

Only persons meeting the requirements stated in this section should purchase Promissory Notes. This Offering is made exclusively to individuals over the age of 18 and business entities who are domiciled in Pennsylvania. In the opinion of the Fund, no person should invest in the Promissory Notes unless they: (i) either personally, or together with their advisors, possess the requisite knowledge and experience to evaluate the merits and risks of the investment; (ii) own a total amount of investments which are not readily marketable, including the Promissory Notes, that is reasonable and appropriate in relation to their net worth; (iii) has the requisite knowledge or has relied upon the advice of their own counsel, accountants and advisors with regard to the technical, tax and other considerations involved in making an investment in the Promissory Notes; (iv) have adequate means of providing for their current needs and possible personal contingencies, have no need for liquidity in this investment, and have no reason to anticipate any changes in personal circumstances, financial or otherwise, which may cause or require any sale or distribution of the investment; (v) realize that because the Promissory Notes cannot be freely transferred, they may not readily liquidate the investment and must not purchase any Promissory Notes unless they have sufficient liquid assets to assure that the purchase and holding of a Promissory Note for an indefinite period will cause them no undue financial difficulties; (vi) are acquiring the Promissory Note for long term investment purposes without a view towards further distribution or resale of the Promissory Note; and (vii) are able to assume the risks incident to a purchase of the Promissory Note.

## **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, the amount and sufficiency of the Fund's allowance for credit losses, 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, considering 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. These forward-looking statements are subject to significant uncertainties because they are based upon or are affected by factors including:

- changes in prevailing market rates of interest;
- the impact of any regional, national or international emergency, including the extent and duration of its impact and the timing and efficacy of mitigation efforts;
- governmental rules, regulations and fiscal policies;
- effects of inflation;
- the continued growth and expansion of the local and regional economies;
- the failure of assumptions underlying projections, expectations, goals or other estimates; and
- other factors, including those matters discussed in the "Risk Factors" section of this document.

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.

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## **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 that has been certified as a Community Development Financial Institution (“CDFI”) by the US Department of the Treasury Community Development Financial Institutions fund. The Fund was 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. The Fund has two affiliates, FINANTA and Community First Capital Corp. (“Affiliates”). The Fund is the sole member of FINANTA, a non-profit corporation with a similar mission as the Fund. The Fund is also the sole member of Community First Capital Corp., a non-profit organization (“CFCC”) that was organized by the Fund in August 2015 for the purpose of making loans that will be guaranteed by the U.S. Small Business Administration (“SBA”). CFCC is regulated by the Pennsylvania Department of Banking and Securities.

**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 in low-wealth communities, as well as to create economic opportunity for low-wealth communities and low and moderate-income individuals across sixteen counties in eastern Pennsylvania. The Fund intends that such borrowers will be active in areas such as housing, community resources, education, commercial enterprise, food commerce, sustainable energy and community health centers. While the Fund does not intend to loan or contribute any proceeds of this Offering to its Affiliates, it is not prohibited from doing so. See “Use of Proceeds” on page 9.

**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 eight members. For the most recent fiscal year ended June 30, 2024, the full Board met four times. Daniel Betancourt serves as President and Chief Executive Officer of the Fund. See “Management of the Fund” on page 10.

**Description of the Promissory Notes.** The Promissory Notes are unsecured obligations of the Fund and bear interest at a rate that is dependent upon the principal amount and term of the Promissory Note, as shown on the cover page of this document. Interest is 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 will be renewed for the same terms and conditions, including interest rate, in effect for the Fund’s Promissory Notes being sold at such time under the Fund’s prospectus then in effect. The Promissory Notes 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 note. See “Description of the Promissory Notes” on page 8.

**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.**

## **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.**

An economic decline, either regionally or nationally, could negatively impact our borrowers' ability to repay, our own results of operations, and our ability to obtain funding through sale of Promissory Notes. 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 which may result in an extension of the payment period of our borrowers' loans. Additionally, our borrowers 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 volume of newly originated loans and leases and the credit quality of new loans, leases and investments at levels previously attained, which could also result in a higher level of charge-offs and provision for credit losses. Finally, an economic downturn may cause holders of outstanding Promissory Notes to elect not to renew their Promissory Notes at maturity or new investors to decline to invest in Promissory Notes at all, which could negatively impact the Fund's liquidity and the availability of funds to repay outstanding Promissory Notes as they mature.

Changes in interest rates may adversely affect our ability to repay the Promissory Notes. In general, interest rates are subject to significant fluctuations depending upon various economic and market factors over which we have no control. Interest rate fluctuations will adversely affect our profitability if we are unable to maintain a sufficient spread between the interest rates we pay on our Promissory Notes and other borrowed funds and the interest rates we receive on our outstanding loans and investments. While the Fund monitors and attempts to minimize its exposure to interest rate risk, it cannot completely eliminate that risk. Because most of the Fund's and its Affiliates' loans to borrowers are fixed rate loans, the Fund's interest rate spread may be compressed, which could negatively impact the Fund's results of operations. Higher market interest rates decreased the interest rate spread in fiscal year 2023 in comparison to fiscal year 2022. Interest-earning assets, such as loans and investments, have been originated, acquired or repriced at higher rates, increasing the average rate earned on those assets. However, the average rate paid on interest bearing liabilities, such as the Promissory Notes and other borrowings, has also increased, and at a faster pace, than the increase in rates on interest earning assets, negatively impacting the interest rate spread in fiscal year 2023. This trend may continue to adversely impact the interest rate spread as market rates and funding costs remain high. Despite significant interest rate increases throughout fiscal years 2023 and 2024, the Fund was able to renew or issue new Promissory Notes or other borrowings at below market rates which enabled it to continue to offer lower rate interest on its loans and stay true to its stated mission.

Some borrowers from the Fund may have enhanced credit risk and be at greater risk of defaulting on their loans; at the same time, these borrowers may be given loan terms that are less stringent than those that would be required by a commercial financial institution. The Fund is a non-profit organization whose charitable purposes is to increase the availability of capital to small business, non-profit corporations, individuals and others who cannot access traditional financing. 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. As a result, there is a greater likelihood that the loans the Fund makes may not be repaid, in whole or in part, which may adversely impact the ability of the Fund to repay the Promissory Notes at maturity. See "Use of Proceeds" on page 9.

The allowance for losses may not be adequate to cover actual losses. When the Fund originates loans, it incurs credit risk, or the risk of losses if its borrowers do not repay their loans. The Fund creates a reserve 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 receivable 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. 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 receivable 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 10.

The Fund’s loan portfolio is concentrated in certain areas. The Fund’s loan portfolio is largely made up of loans to non-profit organizations, small businesses, housing developers, commercial real estate/construction developers and businesses operating in the health care and social services, retail trade and accommodation and food services industries. At June 30, 2024, the Fund’s (and its Affiliates) five largest borrowers constituted 8.2% of total loans outstanding. The Fund’s commercial real estate/construction portfolio constituted 54.5% of total loans outstanding, while accommodation and food services constituted 2.0% of the total loans outstanding. As such, the ability of a significant amount of the Fund’s borrowers to repay their loans is dependent upon the viability of the commercial real estate, accommodation and food services sectors, and the Fund’s ability to repay the Promissory Notes may be adversely affected by economic, business and political conditions that affect such sectors.

The Fund does not match the maturities of its loans and investments with the maturities of the Promissory Notes. The Promissory Notes may be issued by the Fund with maturities between 5 and 15 or more years. The Fund is not obligated to limit the amount of debt that may mature in any given year or period, and if the maturities of the Promissory Notes are not staggered, we may be required to repay an amount of Promissory Notes that come due during any given period that exceeds our resources. If repayment upon maturity of outstanding Promissory Notes exceeds prior experience, and if the availability of funds from sources other than operating income is reduced, it may have an adverse effect on our financial condition and our ability to repay maturing Promissory Notes. If prevailing interest rates rise significantly, the number of investors seeking repayment of their Promissory Notes at maturity may exceed historical averages.

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 (called other real estate owned, or “OREO”). The Fund prepares 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, 2024, the Fund had OREO valued at \$0.00.

Loss of or failure to adequately safeguard confidential or proprietary information may adversely affect our operations, net income or reputation. Our business is highly dependent on information systems and technology and the ability to collect, process, transmit and store significant amounts of confidential information regarding customers, employees and others on a daily basis. While we perform some of the functions required to operate our business directly, we also rely on third parties for significant business functions, such as providing cloud-based infrastructure, software and data storage services, maintaining customer-facing websites, including our online loan application functions, and developing software for new products and services. These relationships require us to allow third parties to access, store, process and transmit customer information. As a result, we may be subject to cybersecurity risks directly, as well as indirectly, through the vendors to whom we outsource business functions and the downstream service providers of those vendors. Cyber threats could result in unauthorized access, loss or destruction of confidential information or customer data, unavailability, degradation or denial of service, introduction of computer viruses or ransomware and other adverse events causing us to incur additional costs repairing systems, restoring data or adding new personnel or protection technologies. Cyber threats may also subject us to regulatory investigations, litigation or enforcement actions, require the payment of regulatory fines or penalties or undertaking costly remediation efforts with respect to third parties affected by a cybersecurity incident, all or any of which could adversely affect our business, financial condition or results of operations and/or damage our reputation. While to date, malicious cyber activity, cyber-attacks and other information security breaches have not had a material adverse impact on us, there can be no assurance that such events will not have a material adverse impact on our business, results of operations, financial condition or reputation in the future.

There can be no assurance that the measures we employ to detect and combat direct or indirect cyber threats will be effective. In addition, because the methods of cyber-attacks change frequently or, in some cases, are not recognized until launched, we may be unable to implement effective preventive control measures to proactively address these methods. A vendor’s failure to promptly identify and counter a cyber-attack may result in increased costs and other negative consequences, including the loss of, or inability to access, data, degradation or denial of service and introduction of computer viruses.

Account data compromise, malware and ransomware events affecting a broad spectrum of commercial businesses

and governmental entities in recent years have resulted in heightened legislative and regulatory focus on privacy, data protection and information security. New or revised laws and regulations may significantly impact our current and planned privacy, data protection and information security-related practices, the collection, use, sharing, retention and safeguarding of consumer and employee information, and current or planned business activities. Compliance with current or future privacy, data protection and information security laws to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services that could materially and adversely affect our profitability. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory and governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation and our brand.

A loss of the 501(c)(3) tax-exempt status of the Fund or its Affiliates would have a negative impact on our results of operations and ability to obtain funding through grants and donations. Each of the Fund and its Affiliates has received a determination letter from the Internal Revenue Service (“IRS”) stating that, based on the facts presented, it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and is, therefore, exempt from federal taxation because it serves a charitable purpose. These determinations rests upon a number of conditions and assumptions that must continue to be met on an ongoing basis. If any of the Fund or its Affiliates fails to comply with any of these conditions or assumptions, it could lose its non-profit status and become subject to taxation. In addition, a loss of such tax-exempt status may adversely affect the Fund by making donations to the Fund ineligible for a charitable deduction for federal income tax purposes. A loss or termination of federal tax-exempt status may also impact the Fund’s state-law tax exemption and the federal securities law exemption upon which it relies in order to sell of the Promissory Notes.

Effects of COVID 19. The impact of COVID-19 and associated government actions continue to fluctuate in various regions, and there are ongoing global impacts resulting from the pandemic, including challenges and increases in costs for logistics and supply chains as well as employee shortages and increased employee wages which have impacted some of our borrowers. If COVID-19 infections were to surge again, we could potentially see a return of prior or even new restrictions on normal social and business activities, which would likely have a negative impact on the economy and, potentially, the persons and entities to whom we make loans. Any such impact on our borrowers would make it more likely that they will be unable to repay their loan according to its original terms.

We rely on third party credit for substantially all of our funding. The Fund is and will continue to be dependent upon the availability of credit from third party 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 the terms of the Fund’s current credit facilities become unacceptable or if such credit is not available at all, the Fund may not have access to the funds it requires to continue to make new loans or to pay its debts as they come due, which would limit the Fund’s ability to generate income. Similarly, if necessary, financing is not available on acceptable terms, or 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.

Use of Third-Party Credit Subjects the Fund to Debt Compliance Obligations. In connection with obtaining financing from third parties, the Fund has entered into unsecured debt agreements that contain financial covenants requiring the Fund to maintain minimum cash balances of \$2 million and to meet certain financial ratios. If the Fund fails to meet its financial covenant obligations, its lenders may declare a default and require immediate repayment of such loans which could cause the Fund to be unable to repay the Promissory Notes. As of June 30, 2024, the Fund was in compliance with all of its financial covenants.

Our FHLB debt is secured. In January of 2015, the Fund was admitted as a member to the Federal Home Loan Bank of Pittsburgh (“FHLB”) and the Fund maintains a borrowing facility with the 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, 2024, the Fund had drawn \$6,654,621 in long term bond funding that is collateralized with pledged commercial loans totaling \$7,056,799.

Our Affiliates are not obligated on the Promissory Notes. Our Affiliates, CFCC and FINANTA, 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 (including trade payables) of our Affiliates, and the claims of creditors of those Affiliates, including trade creditors, who will have a priority claim on 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' having positive earnings and 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.

We operate in a heavily regulated industry. The Fund and its Affiliates are subject to regulation, licensing and certification by various federal, state and local government agencies. Such regulations, licensing requirements and certification standards are subject to change, and there can be no assurances that in the future, the Fund will meet any changed regulations, requirements and standards or that the Fund will not be required to expend significant sums to comply with changed regulations, requirements and standards. No assurance can be given as to the effect on the Fund's future operations of existing laws, regulations and standards for licensing, certification or accreditation or of any future changes in such laws, regulations and standards. A loss by the Fund or its Affiliates of any licenses or certifications, including 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 New Market Tax Credits 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.

Other regulatory programs which may significantly affect the Fund include changes in governmental requirements regarding lending. Such changes 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 Program ("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 Fund has received four allocations under the NMTC Program, totaling \$120 million, with the last allocation having been made to the Fund in 2023. The Fund obtained its NMTC allocations through an annual competitive application process. The Fund receives significant NMTC fees for asset management services and placement fees. Asset management fees from prior allocations are expected to continue until 2030 for prior allocations. The Fund does not depend on the revenues generated from this program due to the competitive nature of the award process.

You will not know, in advance, the types of loans and investments the Fund will make. The Fund intends to use the proceeds derived from the sale of Promissory Notes to make loans and investments, but has not yet determined the actual loans that will be made with those proceeds. An investor will have no control over, and the Promissory Notes do not restrict, the types of loans and investments that can be 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 prior to investing. 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. These factors will increase the uncertainty, and thus the risk, of investing in the Promissory Notes. See "Lending Factors and Procedures" on page 10.

The value of collateral securing our loans may not be adequate in the event of foreclosure. Except for small loans secured with other types of collateral or loans made on an unsecured or subordinated basis, our loans are typically secured by a first mortgage on the property financed. In the event of a loan default and mortgage foreclosure, there is no assurance that we could successfully recover an amount equal to the amount of the defaulted loan. A declining commercial real estate market could depress the value of our loan collateral or delay or limit our ability to dispose of the

loan collateral and increase the possibility of a loss following a foreclosure. Furthermore, real property values may decline due to general and local economic conditions, increases in operating expenses, changes in zoning laws, casualty or condemnation losses, regulatory limitations on rents, changes in neighborhoods and in demographics, increases in market interest rates, or other factors. Factors such as these may adversely affect the value of property financed. Therefore, if the property needs to be sold to satisfy a loan in default, the proceeds may not be sufficient to satisfy the full amount of the loan.

Some assets of the Fund are subject to restriction on use. 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, 2024, the Fund had total assets of \$164,827,663 and total net assets of \$70,307,155. Total net assets include \$66,653,509 of net assets without donor restrictions and \$3,653,646 with donor restrictions.

We rely on grants and contributions to support programs and general operations. 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. Grants and contributions for operating expenses are used to support lending, technical assistance and general operating programs. If we are unable to obtain a similar level of grants and contributions in the future, we would have to seek funding from other sources or curtail programs and expenses.

We engage in transactions with affiliated parties which may pose a conflict of interest. The Fund, at certain times, has guaranteed debt of CFCC. The Fund also makes loans to its Affiliates through an intercompany note. In addition, members of the Fund's Board may be affiliated with investors in the Fund or borrowers from the Fund. The terms of such transactions with related parties are intended to reflect terms that are available in the marketplace, but no independent third party has determined that. In addition, in the event of a default by an Affiliate, the Fund may have a conflict of interest in pursuing remedies or enforcing its rights against the Affiliate. The ability of the Fund to repay the Promissory Notes may be adversely impacted by the performance of its Affiliates and the related parties to whom we make loans.

Because no trust indenture has been or will be established to provide for the repayment of the Promissory Notes and no trustee has been or will be appointed, an investment in the Promissory Notes may be riskier than an investment in notes for which a trust indenture is established. Debt, such as the obligations represented by the Promissory Notes, is often issued pursuant to a trust indenture, such as the type required for many debt offerings by the Trust Indenture Act of 1939. These indentures provide covenants and procedures to protect debt owners and appoint a trustee to act for the benefit of all debt holders, to exercise their remedies collectively, and to protect their interests. However, the Promissory Notes issued pursuant to this prospectus are not currently governed by any indenture and there is no trustee. The Promissory Notes are being issued pursuant to an exemption from the Trust Indenture Act, and the provisions of that act designed to protect debt owners are not applicable to our investors. No trustee monitors our affairs on behalf of investors, no agreement provides for joint action by investors in the event we default on the Promissory Notes and investors do not have the other protections a trust indenture would provide. Accordingly, in the event of a default under the Promissory Notes, each holder will have to seek available remedies on an individual basis, which is likely to be expensive and may not be economically practicable. Other than our covenant to pay principal and interest, we are making only limited covenants, representations or warranties to investors.

Because no sinking fund has been or will be established to provide for repayment of the Promissory Notes, an investment in the Promissory Notes may be riskier than an investment in notes for which a sinking fund is established. No sinking fund or other specific allocation of assets or cash flow has been made or will be made to secure repayment of the principal of the Promissory Notes or to secure payment of accrued interest. As a result, our ability to repay the principal and interest on the Promissory Notes will depend on the success of our operations and the availability of other capital.

An investment in the Promissory Notes is not a donation. The purchase of a Promissory Note is not a donation to a charitable organization and is not tax 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 any forgone or below market interest on the Promissory Notes and to have made a charitable contribution to the Fund of some or all of the forgone or below market 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 17.

The Promissory Notes are unsecured and impose no operating restrictions. 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.

The Promissory Notes are not FDIC or SIPC insured, are not bank instruments, and are not guaranteed. The Promissory Notes are subject to investment risks. More specifically, the Promissory Notes are: not certificates of deposit or deposit accounts with a bank, savings and loan association, credit union or other financial institution regulated by federal or state authorities; not guaranteed; and subject to investment risks, including possible loss of the entire amount invested, which risks may be greater than implied by the relatively low interest rates on the Promissory Notes.

The Promissory Notes are illiquid investments. 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 and should anticipate that they will be required to bear the risk of an investment in the Promissory Notes for the entire duration of the term of the Promissory Note purchased.

A Promissory Note will automatically renew for a new term if you fail to give notice of Non-Renewal. Each investor will receive notice from the Fund, at least 60 days prior to the maturity date of its Promissory Note, of the impending maturity date (a “Renewal Notice”) and offering the investor the option to either (1) receive payment in full of the amount of the principal and accrued interest on the loan at the maturity date (a “Non-Renewal”) or (2) to renew the loan for the same principal and duration as the original loan and on the terms and conditions, including interest rate, then in effect for the promissory notes that the Fund is selling under its Prospectus as then in effect and on terms agreed upon between Fund and the investor (a “Rollover”). The Renewal Notice will be accompanied by the Fund’s current prospectus. **If the Fund does not receive a response to its Renewal Notice from an investor prior to the maturity date, and in the manner provided in the Renewal Notice, the investor will be deemed to have made a Rollover election.** The terms and conditions of any Promissory Note, including interest rate, issued through a Rollover may be less favorable to the investor than the terms and conditions of the original Promissory Note.

Age of Financial Statements. The Fund’s Prospectus contains financial information from its Audited Financial Statements as of its last fiscal year, which ended June 30, 2024. Consequently, the financial information disclosed in the Prospectus may not accurately reflect the Fund’s current financial situation.

## **INFORMATION ABOUT THE FUND**

Community First Fund. 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 Code and has received a determination letter from the IRS granting it tax exempt status as a charitable organization under Section 501(c)(3). The Fund is organized on a nonstock basis and has no members. 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. While the

officers of the Fund are generally responsible for the day-to-day operation of the Fund, the Fund's Board remains ultimately responsible for the affairs of the Fund. See "Management of the Fund" on page 10.

The Fund is a certified 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, and to receive 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 has two Affiliates:

**FINANTA.** On July 1, 2020, the Fund acquired FINANTA, a Philadelphia based nonprofit CDFI loan fund founded in 1996, by becoming its sole member, by virtue of which, FINANTA is considered a subsidiary of the Fund. FINANTA promotes the growth and economic expansion of diverse Philadelphia communities through the infusion of capital and the provision of technical assistance, business consultation services, and homeownership counseling. FINANTA offered similar products and services as the Fund, and also provided loans for residential mortgages, business investments, and significant consumer purchases, such as home renovations and vehicles. All such activities and product offerings, however, have been solely conducted through the Fund since July 1, 2020. FINANTA is regulated by the Pennsylvania Department of Banking and Securities.

**Community First Capital Corp. ("CFCC").** In August 2015, the Fund formed Community First Capital Corp., a non-profit corporation that has received a determination letter from the IRS that it qualifies as a tax-exempt entity under section 501(c)(3) of the Code. CFCC was organized for the purpose of making loans that will be guaranteed by the U.S. Small Business Administration and is regulated by the Pennsylvania Department of Banking and Securities. CFCC operates as a wholly owned subsidiary of the Fund.

**Promissory Notes.** The capital of the Fund is derived, in part, from the proceeds of the issuance of Promissory Notes as well as from other funding sources, which include government agencies, financial institutions, individuals, foundations and 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. Management reviews these rates and terms of the Promissory Notes periodically and may issue Promissory Notes in the future containing different rates and terms. For more information on the Promissory Notes, see the section of this document titled, "Description of the Promissory Notes".

### Lending Activities.

**The Fund.** The Fund's business model is to make loans to individuals and entities, with a principal focus on making loans 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 of both the Fund and FINANTA, including loans to both non-profit and for-profit organizations. The Fund's lending staff may approve loans made by the Fund within specific guidelines set by the Board, based on the experience and expertise of its staff. The Board Loan Committee approves or disapproves all other proposed loans. See "Lending Factors and Procedures" on page 10.

The Fund expects to make both long- and short-term loans. Interest rates for these loans 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 of the loans. The Fund monitors loans for timely repayment and compliance based on terms outlined in the borrower loan agreement. Remedies for borrower default include foreclosure or judgment liens. See "Lending Factors and Procedures" on page 10.

**CFCC.** CFCC makes loans to businesses in the Pennsylvania region that are guaranteed by the U.S. Small Business Administration. CFCC is regulated by the Pennsylvania Department of Banking and Securities. Review and underwriting activities of CFCC are outsourced to the Fund, which reviews and recommends approval decisions to CFCC as outlined above.

**Funding for Operational Expenses.** Historically, the Fund's sources of revenue include 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 in the future will impact the Fund's ability to fund its operating budget.

**Licensing and Regulation.** The Fund is a certified CDFI, and is licensed by the PDBS as a consumer discount company. FINANTA is also licensed by the PDBS as a partially exempt organization. CFCC is licensed by the PDBS as a consumer discount company. Both the Fund and its Affiliates are subject to audit by the PDBS.

## **DESCRIPTION OF THE PROMISSORY NOTES**

Promissory Notes will be issued to investors with a face amount equal to the amount of the investment made. Interest on the Promissory Note is due and payable annually on the date specified in the Promissory Note. The Promissory Notes do not provide for redemption prior to the maturity date by the holder 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 and having the terms and conditions, including interest rate, then in effect for the Promissory Notes that the Fund is selling under its then-current 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 distribution of 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.

The Fund will provide each investor with a Renewal Notice at least 60 days prior to the maturity date of its Promissory Note. The Renewal Notice will state the investor's right to elect either Non-Renewal of its Promissory Note at maturity or a Rollover of the Promissory Note at maturity. The Renewal Notice will be accompanied by the Fund's prospectus then in effect which will contain a description of the terms of the Promissory Notes that would be issued upon a Rollover. **If an investor desires to elect Non-Renewal, the investor must give notice of such election to the Fund, and that notice must be received by the Fund prior to the maturity date of the Promissory Note. If the Fund does not receive timely written notice of Non-Renewal, the investor will be deemed to have elected a Rollover.** 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.

### **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, women and minorities. The proceeds of this Offering are not earmarked for any specific loan or loans, but the Fund anticipates that substantially all of the proceeds of the Offering would be used to make 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. Proceeds from the sale of Promissory Notes that are not immediately disbursed by the Fund are held in bank accounts for liquidity purposes so that funds are readily available to provide loans in alignment with the mission of the Fund.

### **CAPITALIZATION**

The following table sets forth the actual consolidated capitalization of the Fund as of June 30, 2024 and the pro forma consolidated capitalization of the Fund as of June 30, 2024, assuming all Promissory Notes offered by this Prospectus were issued and sold on June 30, 2024. The table should be read in conjunction with the Fund's consolidated financial statements for the fiscal year ended June 30, 2024 and the related notes and supplementary information thereto attached as Exhibit C to this Prospectus.

	June 30, 2024	
	Actual	Proforma
Current and noncurrent loans payable	\$90,343,484	\$90,343,484
Anticipated sale of new notes	\$0	\$2,000,000
<b>Net current and noncurrent loans payable</b>	<b>\$90,343,484</b>	<b>\$92,343,484</b>
<b>Net Assets:</b>		
Net Assets without donor restrictions	\$66,653,509	\$66,653,509
Net Assets with donor restrictions	\$3,653,646	\$3,653,646
<b>Total Net Assets</b>	<b>\$70,307,155</b>	<b>\$70,307,155</b>

### **LENDING FACTORS AND PROCEDURES**

To qualify for a loan from the Fund or FINANTA, an applicant's project, overall mission, or personal goals (such as owning a home), must be consistent with the principles and purpose of the Fund or FINANTA, as the case may be, and demonstrate potential for building wealth or creating economic opportunity for low wealth communities and low-income individuals in our market, and the applicant must 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.

The Fund and its Affiliates have underwriting standards specific to each loan product offered and each type of borrower submitting a loan application. With respect to CFCC, which only offers SBA loans, additional underwriting and other loan criteria that must be followed are set by the rules and regulations of the SBA. For business loans, the Fund analyzes loan application factors, as applicable to the type of loan, such as 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. For personal loans, the Fund's analysis of loan applications includes, but is not limited to, credit history, employment history, and financial history. The Fund's underwriting process incorporates third party reports from credit bureaus, appraisers, engineers, architects, and environmental specialists, as deemed advisable by the Fund with respect to each type of loan and borrower, or as may be required by applicable underwriting standards of the SBA.

The Board of the Fund has authorized specific lending staff (the “Staff Loan Committee”), based on experience and expertise, to approve transactions falling within specific guidelines set by the Board. All loans in excess of the lending authority of the Staff Loan Committee are reviewed by a loan committee of the Board of Directors (the “Board Loan Committee”), the members of which are appointed by the Board, and may also be reviewed by the Board. Each Board Loan Committee member provides varied and relevant expertise and makes recommendations for new members of the Board Loan Committee, who must be approved and appointed by the Board. The Fund monitors conflicts of interest, including requiring an annual conflict of interest statement to be signed by each Board Loan Committee member. Board Loan Committee members must recuse themselves from the meeting for any loan for which they may have real or perceived conflicts. Board Loan Committee members do not receive any compensation or reimbursement for their time.

The Fund’s Loan Policies and Procedures, which were most recently reaffirmed by the Fund’s Board in November 2022, dictates lending authority. As of April 3, 2024, the Board Loan Committee had authority to approve loans of up to \$3,000,000, the Chief Executive Officer or Board designee had authority to approve loans of up to \$1,000,000, and the Staff Loan Committee had authority to approve loans of up to \$3,000,000.

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 according to the priorities of the Fund, prevailing market conditions, and the risk associated with the loan. In most cases, loans made by the Fund 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, 2024, loans receivable, on a consolidated basis, included individual loans in excess of \$500,000 that were made to 64 distinct borrowers, totaling \$58,032,688. With respect to individual loans in excess of \$500,000 and more than 90 days past due at June 30, 2024, there is one delinquent loan totaling \$649,962; the Fund is seeking relief while attempting to renegotiate workout terms. There were two cumulative loan losses greater than \$100,000 for the 12 months ended June 30, 2024. Cumulative recoveries greater than \$100,000 for the twelve months ended June 30, 2024 totaled \$171,020. There was a total of 21 recoveries for the year ended June 30, 2024, with the largest being \$31,528. Senior management meets monthly to review distressed assets to determine any potential charge-offs and expected recoveries.

## **MANAGEMENT OF THE FUND**

General. The Fund is governed by the Board, which is 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 must consist of at least nine members and not more than twenty-one members. Currently, the Board consists of 8 members. 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.

There are five permanent sub-committees of the Board: the Executive Committee, the Governance Committee, the Finance Committee, the Loan Committee and the Audit and Risk Committee. The loan committee has the responsibility to approve or disapprove all loans, excluding certain types of smaller dollar loans which are within the approval authority of Fund’s Staff Loan Committee. The Executive Committee sets policy and direction for the Fund and the CEO based on a review of the Fund’s financial risks and exposures. The Finance Committee reviews operating budgets each fiscal year and reviews the integrity of the Fund’s financial statements. The Governance Committee reviews the Fund’s compliance with legal and regulatory requirements.

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.

Board of Directors. We provide below information concerning the current members of the Board of Directors, their percentage of time devoted to the Fund and their 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: Community First Fund, P.O. Box 524, Lancaster, PA 17608-0524.

Jonathan Bowser, Chair (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 an MBA from Walden University.

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 a tax-advantaged product called 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.

Robert Torres, Treasurer (director since 2023), recently rejoined the Fund’s Board of Directors, having previously served as a director of the Fund. Mr. Torres also previously served as the Fund’s Board Chair from 2007 to 2012. Mr. Torres was appointed by Governor Tom Wolf, to serve as Secretary of Aging in January 2019, was confirmed by the Pennsylvania Senate on June 4, 2019 and served until January, 2023. As Secretary, he was responsible for the administration of aging programs and services in the Commonwealth and ensured that the department was being responsive to older adults, a population that has grown significantly and become more diverse. During his tenure, he developed strategic partnerships and collaborations to strengthen services for seniors. He also prioritized efforts to improve protective services to address the level of fraud, abuse, exploitation, and neglect impacting older adults. Mr. Torres is an attorney who holds a Bachelor of Business Administration degree from Pace University and a law degree from Widener University School of Law. He has also had significant private sector experience working with major health insurance companies.

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).

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.

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 an MBA in Entrepreneurship from Kutztown University of Pennsylvania.

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

Daniel Betancourt, Director, President and CEO of Community First Fund since 1999 has over 30 years of experience in small business and community economic development lending. Under his leadership, the Fund has grown into a well-regarded regional Community Development Financial Institution (CDFI), attracting multi-million-dollar investments with nearly \$230 million under management. In 2022, the Fund launched a federally chartered credit union for which Daniel also serves as President and CEO. Daniel is Vice-Chair of the Federal Reserve Bank's Community Advisory Council (CAC) in Washington, DC. He is also a member of the Federal Reserve Bank of Philadelphia's President's Council, and previously served on its Economic and Community Advisory Council. Daniel serves as the Chair of the Pennsylvania CDFI Network and was instrumental in the development of the COVID-19 Relief Pennsylvania Statewide Small Business Assistance program. Additionally, Daniel currently chairs Partners for the Common Good, a Washington DC based CDFI. He serves on the board of directors for the Expanding Black Business Credit Initiative, Greater Philadelphia Hispanic Chamber of Commerce, Impact Services of Philadelphia, AAA Central Penn, and Elizabethtown College. He also serves on the financial institution advisory boards for Santander, Wells Fargo, and Reinvestment Fund.

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.

## **COMPENSATION**

The following table shows the compensation and benefits paid to the executive officers of the Fund for the fiscal year ended June 30, 2024:

<b>Compensation</b>					<b>Benefits</b>						
	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	291,236	99,100		390,336	6,365	27,250	0	72	76	33,763	424,099
EVP and COO	174,104	42,226		216,330	12,704	5,696	0	72	76	18,548	234,878

## **FINANCIAL INFORMATION**

### General.

This section discusses various aspects of the consolidated financial performance of the Fund for the fiscal year ended June 30, 2024. This section should be read in conjunction with the Fund's consolidated financial statements for the fiscal year ended June 30, 2024 and the related notes and supplementary information thereto, attached as Exhibit C to this Prospectus.

### Summary Of Consolidated Selected Financial Highlights.

The following table is a summary of the consolidated selected financial highlights for the fiscal years ended June 30, of the indicated year:

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Cash and Investments	\$36,863,275	\$51,502,961	\$62,022,210	\$53,004,025
Loans Receivable, gross	\$126,345,342	\$99,123,472	\$80,345,434	\$78,430,878
Unsecured Loans Outstanding	\$571,461	\$723,927	\$846,260	\$2,436,966
% of Total Loans and Leases Receivable	0.45%	0.73%	1.05%	3.11%
Delinquencies (> 30 days) as a % of total and Leases Receivable	7.40%	4.38%	4.49%	2.14%
Total Assets	\$164,827,663	\$150,185,470	\$142,070,631	\$129,236,529
Net Assets	\$70,307,155	\$62,617,758	\$58,054,204	\$48,557,606

\*Includes restricted and unrestricted cash

### Summary Of Financial Performance.

The Fund's loan portfolio increased 27.5%, to \$126,345,342 at June 30, 2024, compared to June 30, 2023. Total delinquencies increased year over year from 4.38% to 7.40%, which was attributed to increased monitoring in all of the Fund's loan portfolio. Collectively, 90+ day loans on nonaccrual status accounted for 0% of the total loan portfolio for the fiscal year ended 2024 compared to 0% from the year before. For the 90+ day delinquency category, there were 109 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 as June 30 of the indicated year:

	2020	2021	2022	2023	2024
Gross Loans Outstanding	\$68,334,633	\$78,430,878	\$80,345,434	\$99,123,472	\$126,345,342
Past Due 31-60 Days %	1.7%	0.3%	2.22%	0.73%	2.11%
Past Due 61-90 Days %	0.5%	0.04%	0.54%	0.25%	1.43%
Past Due 90+ Days %	3.1%	1.4%	1.73%	3.41%	3.85%
Total Delinquencies	5.3%	1.7%	4.49%	4.38%	7.40%
Loans on Nonaccruals	0.0%	0%	0%	0%	0%
Loans 90+ Days	3.1%	1.4%	1.73%	3.41%	3.85%

The Fund's allowance for loan losses totaled \$11,187,016, or 8.8% of total loans receivable at June 30, 2024, as compared to \$11,002,942, or 11.1% of total loans receivable, at June 30, 2023. The allowance includes a reserve of \$571,790 for future potential COVID related write-offs due to the business shutdowns in fiscal year 2024.

### 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 of the indicated year:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Gross financial income	\$25,294,204	\$20,810,808	\$18,912,544	\$3,843,676	\$3,168,323
Special Covid Loan Reserve	571,790	985,277	(1,215,637)	(3,490,579)	(3,191,810)
Net financial income	\$24,722,414	\$19,825,531	17,696,907	353,097	(23,487)
Revenue and support	\$24,722,414	\$19,825,531	\$17,696,907	40,080,616	8,226,618
Total expenses and other decreases	(\$17,033,017)	(\$15,261,977)	(\$8,200,309)	(33,802,219)	(9,062,603)
Change in Net Assets	\$7,689,397	\$4,563,554	\$9,496,598	10,122,073	2,332,338

#### Schedule Of Notes Payable.

Aggregate dollar amount of Promissory Note maturities and other loans payable of the Fund, on a consolidated basis, at June 30, 2024 are as follows:

	<b><u>2024</u></b>
Notes Payable 0 to 6 Months	\$7,763,116
Notes Payable 6 to 12 Months	\$7,212,360
Notes Payable >12 months to < 24 months	\$11,615,734
Notes Payable >24 months to < 36 months	\$18,822,791
Notes Payable >36 months to < 48 months	\$2,523,000
Notes Payable >48 months to < 60 months	\$10,818,927
Thereafter	\$31,587,556
Total	<u>\$90,343,484</u>

During the fiscal year ended June 30, 2024, the Fund paid interest on loans payable of \$2,045,891.

#### Schedule Of Loans Receivable.

The following two tables illustrate the projected maturities of loan and lease receivables for the Fund and its Affiliates at June 30 of the indicated year and thereafter:

	<b><u>2025</u></b>	<b><u>2026</u></b>	<b><u>2027</u></b>	<b><u>2028</u></b>	<b><u>2029</u></b>	<b><u>Thereafter</u></b>	<b><u>Total</u></b>
Loan Repayments	\$20,536,498	\$12,945,225	\$9,835,980	\$13,737,678	\$421,942,822	\$47,347,139	\$126,345,342
Interest Payments	\$8,663,247	\$7,614,340	\$6,845,538	\$6,227,865	\$4,896,660	\$35,134,938	\$69,382,588

At June 30, 2024, individual loans in excess of \$500,000 consisted of:

Loan Number	Loan Type	Borrower	Loan Term Type	Maturity Date	Principal	Interest Rate
2023-05996	CRE Construction/Acquisition	Iglesia De Cristo Ministerios	Term	09/15/2028	\$504,000	3.00%
2018-03945	Business – Non-Micro	606 Gregg Ave LLC	Term	10/01/2044	\$508,000	6.00%
2024-06455	Business – Non-Micro	716 N Park Road LLC	Term	07/15/2029	\$510,000	8.13%
2020-04342	Business – Non-Micro	Victor Sales-Morales	Term	03/01/2045	\$525,000	5.75%
2023-05886	CRE Construction/Acquisition	Casa Guadalupe Center	Term	09/15/2028	\$533,757	6.96%
2021-05446	Business – Non-Micro	Asia Food Super Market LLC	Variable	05/01/2032	\$540,000	11.25%
2023-06059	Business – Non-Micro	TLC Work Based Training	Term	09/15/2026	\$550,000	7.75%
2017-03489	Business – Non-Micro	Square Development LP	Term	05/15/2028	\$567,775	7.25%
2019-04093	CRE Construction/Acquisition	3149 F Street Partners LLC	Term	06/15/2029	\$600,000	6.50%
2023-05959	CRE Construction/Acquisition	Tabernacle of the Holy Spirit	Term	07/15/2028	\$600,000	7.25%
2022-05669	CRE Construction/Acquisition	Sun and Moon Realty LLC	Term	06/15/2029	\$601,739	8.13%
2022-05426	CRE Rehab	Armando Martinez Gonzalez	Term	04/15/2027	\$625,000	3.00%
2022-05649	Business – Non-Micro	King Food Super Market LLC	Variable	05/10/2030	\$650,000	11.25%
2023-05976	Housing – Multi Family Construction	Impact Services Corporation	Term	12/15/2024	\$650,000	5.50%
2018-03726	Business – Non-Micro	CREI2013 LLC	Term	07/01/2043	\$690,000	5.96%
2023-05860	Housing – Multi Family Rehab	Mill II Associates LP	Term	05/15/2026	\$690,000	4.75%
2022-05660	CRE Construction/Acquisition	Sun and Moon Realty LLC	Variable	12/15/2032	\$708,472	8.13%
2022-05820	Housing – Multi Family Rehab	HACE – Hancock Manor	Term	04/15/2026	\$750,000	5.50%
2021-05259	CRE Construction/Acquisition	HOK Community LP	Term	12/01/2024	\$750,000	5.50%
2023-06137	Housing – Multi Family Rehab	Frankford Partners 5 LP	Term	04/15/2034	\$765,000	5.50%
2022-05766	Housing – Multi Family Construction	Opportunities Services Corp	Term	03/31/2025	\$795,000	5.50%
2023-05824	CRE Construction/Acquisition	302 Market LLC	Term	05/15/2028	\$797,146	3.00%
2023-05961	CRE Rehab	BBB James Corp	Term	07/15/2028	\$800,000	8.75%
2023-06227	CRE Construction/Acquisition	Christian Fellowship Community	Term	02/15/2029	\$827,700	0.00%
2023-06085	Housing – Multi Family Rehab	The Cummings Investment Group	Term	12/13/2024	\$829,766	8.00%
2021-05270	CRE Construction/Acquisition	Asule LLC	Term	02/01/2042	\$840,000	5.50%
2021-05189	Housing – Multi Family Construction	3709 N Broad Street LLC	Term	07/01/2024	\$840,000	5.75%
2019-05137	CRE Construction/Acquisition	Grow Associates LLC	Variable	04/01/2044	\$864,000	9.50%
2021-05458	Housing – Multi Family Rehab	Hedgerow Apartments LLC	Term	04/15/2029	\$868,000	3.25%
2023-06271	CRE Rehab	TCG Groceries	Term	05/15/2029	\$900,000	7.00%
2019-03996	Business – Non-Micro	Brothers Food Max Lebanon LLC	Term	03/27/2031	\$930,000	7.50%
2017-03443	Housing – Multi Family Construction	Willows at Landisville Limited	Term	05/02/2049	\$945,000	5.52%
2020-04394	Housing – Multi Family Construction	Compassion Senior Living	Term	07/01/2024	\$950,000	5.25%
2020-04387	CRE Rehab	Neighborhood Health Centers	Term	11/23/2031	\$956,250	6.00%
2022-05658	CRE Construction/Acquisition	Champs Realty LLC	Term	01/15/2043	\$960,000	6.00%
2022-05657	CRE Construction/Acquisition	Grow II Associates LLC	Term	12/15/2027	\$965,000	9.13%
2016-03429	Housing – Multi Family Rehab	Chase NMTC Lincoln Tower	Term	07/01/2024	\$999,999	6.27%
2022-05737	Housing – Multi Family Construction	Bethel Village Associates LLC	Term	02/15/2035	\$1,000,000	0.00%
2022-05821	Housing – Multi Family Rehab	HACE	Term	07/15/2026	\$1,000,000	5.50%
2023-06132	CRE Construction/Acquisition	Vassel Sandpiper LLC	Term	12/14/2025	\$1,000,000	8.13%
2023-06098	CRE Construction/Acquisition	Reading Medical Development LP	Term	10/15/2025	\$1,000,000	7.88%
2023-06021	CRE Rehab	Shuman Development Group Inc	Term	08/15/2025	\$1,000,000	7.50%
2017-03551	CRE Construction/Acquisition	QZ II LLC	Term	02/16/2025	\$1,000,000	5.50%
2017-03606	CRE Construction/Acquisition	Monarch Investment Fund LLC	Term	09/01/2024	\$1,000,000	5.25%
2022-05629	Housing – Multi Family Construction	3709 N Broad Street LLC	Term	07/01/2024	\$1,024,000	5.75%
2018-03986	Business – Non-Micro	GoodHomes 215 LLC	Term	03/01/2044	\$1,200,000	5.88%
2022-05687	CRE Construction/Acquisition	Your Agency Inc	Term	05/15/2026	\$1,500,000	6.25%
2019-04256	CRE Construction/Acquisition	Keystone Kidspace	Variable	02/06/2040	\$1,500,000	9.75%
2023-06313	CRE Construction/Acquisition	East Penn Place Refinance	Term	04/15/2034	\$1,500,000	2.60%
2023-05843	Business – Non-Micro	Mazzoni Center	Term	05/15/2028	\$1,500,000	5.43%
2020-04346	Business – Non-Micro	Treasures Markets Benefit LLC	Term	03/09/2027	\$1,500,000	4.98%
2019-04390	Housing – Multi Family Construction	ODG 100-116 Northampton LLC	Term	12/01/2024	\$1,500,000	5.25%
2023-06320	Business – Non-Micro	Nueva Esperanza Forteleza	Term	07/01/2026	\$1,673,000	5.25%
2024-06315	Business – Non-Micro	Reading Medical Development LP	Term	09/05/2024	\$1,700,000	7.50%
2023-06215	Housing – Multi Family Construction	Village of Hope	Term	03/15/2034	\$1,800,000	5.50%
2023-06168	CRE Construction/Acquisition	Best Friends Philly LLC	Variable	12/01/2024	\$1,873,500	10.00%
2022-05964	Housing – Single Family Construction	Sharpnack St. Properties LLC	Term	08/31/2025	\$1,925,740	7.83%
2018-03982	Business – Non-Micro	SACA Development Corp	Term	06/01/2044	\$1,964,000	5.91%
2023-06355	CRE Construction/Acquisition	Marcon Enterprises	Term	09/19/2031	\$2,000,000	7.75%
2022-05724	Business – Non-Micro	I-Deal Cars LLC	Variable	01/27/2025	\$2,000,000	7.50%
2022-05460	CRE Construction/Acquisition	Alan Shuman	Term	07/15/2024	\$2,000,000	6.00%
2023-05971	Business – Non-Micro	Dilks Property of Harrisburg LLC	Variable	12/30/2030	\$2,000,000	7.50%
2023-06112	CRE Rehab	KBLJ LLC	Term	08/15/2030	\$2,500,000	7.25%
2023-06272	CRE Construction/Acquisition	African Cultural Alliance of North	Variable	04/01/2026	\$2,500,000	7.38%
2023-06312	Business – Non-Micro	Concilio De Organizaciones	Variable	05/15/2025	\$2,500,000	6.32%
2022-06094	Housing – Multi Family Construction	North American Funding LLC	Term	11/15/2030	\$2,535,000	7.25%
2021-05522	CRE Construction/Acquisition	Juniata Property Investment Inc	Term	07/15/2027	\$2,775,000	4.91%

At June 30, 2024, the allowance for loan losses totaled \$11,187,016, or 8.8% of total consolidated loans receivable outstanding. This amount included \$721,396 of specific reserves related to impaired loans as required under ASC 310-10-35, \$215,637 corporate reserve for potential COVID losses and \$10,249,983 of general reserve.

The amount of the allowance for loan losses is set, based on past performance, nature of the loan portfolio and current economic conditions, at a level that 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, 2024, the Fund had unrestricted cash and cash equivalents of \$28,620,702.

#### New Market Tax Credit Activity.

During fiscal years 2013, 2015, 2016 and 2024, the Fund received NMTC allocations of \$15,000,000, \$30,000,000, \$45,000,000 and \$30,000,000 respectively. As of December 31, 2023, the Fund was the managing investor of, and had a 0.01% ownership interest in, each entity that received NMTC funds. Selected financial information, as of June 30, 2024, for each of these entities, was as follows:

	Total Assets	Net Income	Project
CFF Sub CDE 1 LLC	\$ 0	\$ 0	Tec Centro (unwound 7/2/21)
CFF Sub CDE 2 LLC	0	0	York Charter School (unwound 12/14/20)
CFF Sub CDE 3 LLC	0	0	Big Mill Reading – Retail & Market Rate Housing (unwound 4/30/21)
CFF Sub CDE 4 LLC	0	0	Lehigh Valley Charter School for the Arts (unwound 12/23/22)
CFF Sub CDE 5 LLC	0	0	WCI Partners Invest. Fund / Work Space / Affordable Housing (unwound 11/21/22)
CFF Sub CDE 6 LLC	0	0	645 Penn St. Investment Fund - Office Space (unwound 3/2/23)
CFF Sub CDE 7 LLC	0	0	Market St. Invest. Fund - Retail Space & Affordable Housing (unwound 5/19/23)
CFF Sub CDE 8 LLC	0	0	Conestoga Plaza – Retail Space / Grocer (unwound 12/22/23)
CFF Sub CDE 9 LLC	6,818,613	68,230	Landmark - Retail Space & Affordable Housing
CFF Sub CDE 10 LLC	1,984,333	(297,508)	Lincoln Tower - Retail Space & Affordable Housing
CFF Sub CDE 11 LLC	8,036,525	57,838	101 NQ - Bulova Bldg. - Retail & Affordable Housing
CFF Sub CDE 12 LLC	6,088,686	3,868	Lancaster Chamber of Commerce
CFF Sub CDE 13 LLC	5,362,103	90,225	Monarch Grocer Retailer
CFF Sub CDE 14 LLC	9,769,814	12,585	Salvation Army
CFF Sub CDE 15 LLC	5,994,171	3,689	ACANA
CFF Sub CDE 17 LLC	5,994,172	3,307	Marcon Properties

Amounts reported above are based on the 2024 calendar year and are audited.

### **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.

Promissory 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 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, 2024 included in this Prospectus 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).

### **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.

### **ADDITIONAL INFORMATION AVAILABLE**

A registration statement with respect to the Promissory Notes being offered hereby has been filed with the Pennsylvania 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.

## **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 Investor elects or is deemed to elect a Rollover pursuant to paragraph 3 below.
3. Borrower shall provide a written notice (the “Renewal Notice”) to the Investor at the address set forth in the preamble of this Loan Agreement at least 60 days prior to the Maturity Date providing the Investor with the option to either (1) receive payment in full of the loan at the Maturity Date (a “Non-Renewal”) or (2) to have the loan renew for the same principal and duration as the original loan but 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 (a “Rollover”). 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 a Rollover.
  - a. To be effective, the Investor must provide a written response to Borrower’s Renewal Notice that is received by Borrower at the address set forth in the preamble of this Loan Agreement prior to the Maturity Date, indicating whether the Investor elects Non-Renewal or Rollover of the loan.
  - b. Notwithstanding anything contained herein to the contrary, if the Investor fails to provide a written response to the Renewal Notice that complies with the requirements of Section 3, the Investor shall be deemed to have elected a Rollover.
4. 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.
5. 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.



6. 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 this Loan Agreement and receive a full refund of all moneys paid by you. 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 written notice (including a notice by facsimile to 717-393-1757 or electronic mail to [development@communityfirstfund.org](mailto:development@communityfirstfund.org)) indicating the Investor's intention to withdraw.<sup>1</sup>

7. 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.

8. 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#: \_\_\_\_\_

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. Payments of interest only shall be payable annually on (\_\_\_\_). Any indebtedness evidenced by this Note, if not sooner paid, shall be due and payable on (\_\_\_\_) (the “Maturity Date”), unless Investor elects or is deemed to elect a Rollover at maturity as provided in Section 3 of the Loan Agreement between Borrower and Investor, dated \_\_\_\_\_, pursuant to which this Promissory Note is issued. **If Borrower elects, or is deemed to elect, a Rollover at maturity, payment of principal will not be due at the Maturity Date, and this Promissory Note will be renewed for the same principal and duration as the original but 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.**

All payments made by Borrower shall be payable at (\_\_\_\_\_) or such other place as the Investor(s) may designate.

COMMUNITY FIRST FUND

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT C**

**AUDITED ANNUAL FINANCIAL STATEMENTS**

**COMMUNITY FIRST FUND AND  
SUBSIDIARIES**

---

**Consolidated Financial Statements**

**Year Ended June 30, 2024**

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2024

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# BERTZ, HESS & CO., LLP

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community First Fund and Subsidiaries  
Lancaster, Pennsylvania

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated statement of financial position of Community First Fund (a non-profit organization) and Subsidiaries (collectively, "the Organization") as of June 30, 2024 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community First Fund and Subsidiaries as of June 30, 2024 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community First Fund and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Responsibilities of Management for the Financial Statements (Continued)**

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community First Fund and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community First Fund and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community First Fund and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors  
Community First Fund and Subsidiaries  
Lancaster, Pennsylvania

**Report on Summarized Comparative Information**

We have previously audited Community First Fund and Subsidiaries' 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2024 on our consideration of Community First Fund and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Community First Fund and Subsidiaries' internal control over financial reporting and compliance.

*Bertz, Hess & Co., LLP*

BERTZ, HESS & CO., LLP  
Lancaster, Pennsylvania  
October 17, 2024



COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023

ASSETS	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 32,472,674	\$ 34,300,390
Grants receivable	667,444	1,265,673
Contract receivables	577,357	1,001,861
Loans receivable, net	20,536,498	28,063,381
Interest and loan fees receivable	1,342,540	951,626
Prepaid expenses	235,218	220,304
Investments	<u>4,390,601</u>	<u>17,202,571</u>
<b>Total Current Assets</b>	<b>60,222,332</b>	<b>83,005,806</b>
<b>PROPERTY AND EQUIPMENT, At cost</b>		
Building	6,384,594	6,471,859
Building improvements	4,135,133	1,209,688
Equipment	<u>872,218</u>	<u>637,159</u>
<b>Total Property and Equipment</b>	<b>11,391,945</b>	<b>8,318,706</b>
Less accumulated depreciation	<u>(1,696,790)</u>	<u>(1,430,905)</u>
<b>Property and Equipment, Net</b>	<b>9,695,155</b>	<b>6,887,801</b>
<b>OTHER ASSETS</b>		
Finance lease right-of-use asset	12,217	19,198
Operating lease right-of-use asset	276,131	215,516
Loans receivable, net of loan loss reserve of \$11,187,016 in 2024 and \$11,002,942 in 2023	<u>94,621,828</u>	<u>60,057,149</u>
<b>Total Other Assets</b>	<b>94,910,176</b>	<b>60,291,863</b>
<b>TOTAL ASSETS</b>	<b>\$ 164,827,663</b>	<b>\$ 150,185,470</b>

See notes to financial statements.

LIABILITIES AND NET ASSETS	2024	2023
CURRENT LIABILITIES		
Notes payable	\$ 12,000,312	\$ 6,495,193
Equity equivalent investment	4,153,534	1,201,676
Accounts payable	517,111	425,672
Deferred revenue	63,569	7,709,903
Finance lease liability	7,104	6,903
Operating lease liability	128,521	68,985
Accrued expenses and payables	959,905	1,007,232
Grant payable	1,000,000	1,575,000
Accrued interest	274,298	230,582
Accrued payroll and benefits	203,652	272,519
Total Current Liabilities	19,308,006	18,993,665
LONG-TERM LIABILITIES		
Grant payable	862,501	3,150,000
Notes payable, buildings and equipment	967,812	1,005,770
Finance lease liability	5,464	12,569
Operating lease liability	154,899	155,585
Notes payable, investments	43,802,122	38,593,596
Bond guarantee program	6,654,083	6,888,210
Equity equivalent investment	22,765,621	18,768,317
Total Long-Term Liabilities	75,212,502	68,574,047
TOTAL LIABILITIES	94,520,508	87,567,712
NET ASSETS		
Without donor restrictions	66,653,509	58,950,571
With donor restrictions	3,653,646	3,667,187
TOTAL NET ASSETS	70,307,155	62,617,758
TOTAL LIABILITIES AND NET ASSETS	\$ 164,827,663	\$ 150,185,470

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024 WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
SUPPORT AND REVENUE				
Contributions				
Individuals	\$ 54,548	\$ -	\$ 54,548	\$ 65,345
Business	105,750	-	105,750	53,500
Foundations and associations	1,537,475	-	1,537,475	3,761,052
Government				
Contract	11,537,595	-	11,537,595	8,239,538
Interest income	8,726,924	-	8,726,924	5,564,097
Loan and service fees	848,910	-	848,910	372,384
NMTC revenue	1,240,219	-	1,240,219	1,354,730
Miscellaneous	670,993	-	670,993	414,885
Total Support and Revenue	24,722,414	-	24,722,414	19,825,531
EXPENSES				
Program services	12,602,721	-	12,602,721	11,434,849
General and administrative	3,431,659	-	3,431,659	2,949,053
Fundraising	998,637	-	998,637	878,075
Total Expenses	17,033,017	-	17,033,017	15,261,977
CHANGE IN NET ASSETS	\$ 7,689,397	\$ -	\$ 7,689,397	\$ 4,563,554
NET ASSETS, BEGINNING	\$ 58,950,571	\$ 3,667,187	\$ 62,617,758	\$ 58,054,204
Change in Net Assets	7,689,397	-	7,689,397	4,563,554
Net assets released from restrictions	13,541	(13,541)	-	-
NET ASSETS, ENDING	\$ 66,653,509	\$ 3,653,646	\$ 70,307,155	\$ 62,617,758

See notes to financial statements.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024 WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2023

FUNCTIONAL EXPENSES	Program Services	General and Administrative	Fundraising	2024 Total	2023 Total
Salaries	\$ 6,476,198	\$ 422,231	\$ 574,682	\$ 7,473,111	\$ 6,279,363
Payroll taxes	390,910	25,798	35,106	451,814	416,911
Employee benefits	1,134,717	74,887	101,904	1,311,508	1,306,473
Temporary help	-	-	-	-	209,210
Insurance	51,044	3,369	4,584	58,997	60,121
Rent	163,526	10,792	14,684	189,002	190,766
Utilities	90,620	5,980	8,138	104,738	109,181
Real estate taxes	58,622	3,869	5,265	67,756	71,875
Telephone	116,688	7,701	10,479	134,868	113,098
Repairs and maintenance	186,477	12,307	16,747	215,531	148,221
Public relations	77,321	30,928	46,392	154,641	210,864
Seminars and conventions	97,452	38,981	58,471	194,904	105,490
Travel	214,000	14,123	19,218	247,341	268,353
Dues and subscriptions	51,298	3,385	4,607	59,290	46,173
Office supplies and expense	574,006	37,882	51,549	663,437	436,579
Postage	-	4,938	14,812	19,750	17,207
Printing	17,995	7,198	10,797	35,990	30,523
Legal, audit, and professional	278,604	665,817	-	944,421	736,749
Filing fees	114,373	-	-	114,373	245,871
Loan loss provision	688,329	-	-	688,329	1,208,068
Grants to others	1,211,117	-	-	1,211,117	644,925
Interest	-	2,045,891	-	2,045,891	1,796,724
Bank fees	87,964	-	-	87,964	144,045
Miscellaneous	285,376	-	-	285,376	261,394
Depreciation	236,084	15,582	21,202	272,868	203,793
<b>Total Functional Expenses</b>	<b>\$ 12,602,721</b>	<b>\$ 3,431,659</b>	<b>\$ 998,637</b>	<b>\$ 17,033,017</b>	<b>\$ 15,261,977</b>

See notes to financial statements.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 7,689,397	\$ 4,563,554
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	272,868	203,793
Investment gains	(115,482)	(17,205)
Loss on sale of other real estate owned	-	49,725
Loan loss reserve	184,074	1,250,989
(Increase) decrease in operating assets		
Grants receivable	598,229	(100,550)
Contract receivables	424,504	(861,527)
Loans receivable	(27,221,870)	(18,778,038)
Interest and loan fees receivable	(390,914)	120,834
Prepaid expenses	(14,914)	60,019
Prepaid leases	(8,669)	9,328
Increase (decrease) in operating liabilities		
Accounts payable	91,439	(196,058)
Deferred revenue	(7,646,334)	2,528,478
Accrued expenses	(47,327)	352,692
Accrued interest	43,716	(75,623)
Grant payable	(2,862,499)	336,476
Accrued payroll and benefits	(68,867)	(44,150)
<b>Net Cash Used by Operating Activities</b>	<b>(29,072,649)</b>	<b>(10,597,263)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of other real estate owned	-	308,197
Purchases of investments	(5,072,548)	(16,327,965)
Proceeds from sales of investments	18,000,000	-
Additions to property and equipment	(3,073,239)	(983,578)
<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>9,854,213</b>	<b>(17,003,346)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	13,327,732	2,226,886
Proceeds from equity equivalent investments	7,000,000	1,000,000
Principal payments on equity equivalent investments	(50,838)	(350,665)
Principal payments on notes payable	(2,664,410)	(1,922,767)
Principal payments on Bond guarantee program	(221,764)	(217,264)
<b>Net Cash Provided by Financing Activities</b>	<b>17,390,720</b>	<b>736,190</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,827,716)</b>	<b>(26,864,419)</b>
Cash and Cash Equivalents at Beginning of Year	34,300,390	61,164,809
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 32,472,674</b>	<b>\$ 34,300,390</b>

See notes to financial statements.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
SCHEDULE OF SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 2,002,175	\$ 1,872,347
Notes payable refinanced/rolled over	\$ 9,570,000	\$ 2,073,000

See notes to financial statements.



COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 1: ORGANIZATION DATA**

Community First Fund (the "Organization") was incorporated on May 5, 1992 under the Pennsylvania non-profit corporation law of 1988 which promotes community and economic development. It provides affordable loans to small businesses, developers of affordable housing, community-based organizations, women, people of color and other entities as well as business counseling throughout central and eastern Pennsylvania. The Organization is a non-stock issuing entity and is controlled by its Board of Directors.

In August 2005, the Organization established Community First Capital Corp. (CFCC), a separate organization, tax-exempt under section 501(c)(3) of the Internal Revenue Service Code. CFCC is organized for the purpose of making loans that will be guaranteed by the U.S. Small Business Administration and is regulated by the Pennsylvania Department of Banking. CFCC operates as a wholly-owned subsidiary of the Organization.

On July 1, 2018, Community First Fund (CFF) entered into a management fee agreement with its wholly-owned subsidiary Community First Capital Corp. (CFCC). The agreement calls for CFF to provide the following services: management in general; finance and accounting; liquidity and cash balances management; loan underwriting; loan servicing and portfolio management. In addition, CFF will also provide support services that include office space and administrative support.

CFCC maintains six offices in the Commonwealth of Pennsylvania. The Pennsylvania Department of Banking requires a minimum capitalization for any new office under an existing license. The capitalization requirement must be maintained as permanent capital which should not be distributed or purchased. The amount of this capitalization requirement is included under net assets without donor restrictions for a total of \$2,500,000 at June 30, 2024.

The Organization is certified as a Community Development Financial Institution (CDFI) by the U.S. Treasury Department. The Organization is also accredited by the Pennsylvania Department of Community and Economic Development.

Since 2005, the Organization has participated in the strenuous and nationally acclaimed CDFI Assessment Ratings process known as Aeris. In March 2024, the Organization received confirmation of its rating of "AA, Four Star, Policy Plus" under a multi-year rating program. The investment grade AA rating represents a confirmation of the Organization's continued financial strength. The "Four Star, Policy Plus" impact management rating is the highest rating that a CDFI can receive under the Aeris ratings system. A CDFI that receives the Policy plus rating demonstrates leadership in public policy change.

On December 1, 2021, the Organization was notified that renewal of its prospectus was approved by the Department of Banking and Securities for the Commonwealth of the State of Pennsylvania. This prospectus allows the Organization to promote private investment offerings (unsecured investments) to individuals who wish to make an impact in their communities. Individual investments under the prospectus cannot exceed \$5 million in the aggregate. The minimum investment allowable under the prospectus is \$1,000.

On July 1, 2020, the Organization merged with FINANTA, a Philadelphia based non-profit CDFI Loan Fund founded in 1996. FINANTA converted to a member owned nonprofit corporation and appointed the Organization as its sole member. By virtue of the Organization being the sole member of FINANTA, FINANTA is considered a subsidiary of the Organization.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 1: ORGANIZATION DATA (Continued)

On June 30, 2021, as part of the Organization's strategic plan, the National Credit Union Administration approved a federal credit union charter for Community First Fund Federal Credit Union ("CFFFCU"). CFFFCU operates as a separate corporate entity, is not considered a subsidiary or affiliate of the Organization and is excluded from the Organization's consolidated financial statements. Upon approval of the federal charter, the Organization entered into a grant agreement with CFFFCU to provide capital in support of the continued growth of CFFFCU. The grant, in the amount of \$7,300,000, was made possible by an unrestricted contribution received by the Organization during the year ended June 30, 2021. The grant was recognized by the Organization as Grant Expense in the year ended June 30, 2021, with a corresponding Grant Payable to CFFFCU as of that date. The grant is expected to be paid to CFFFCU over five years, with the final payment occurring in 2026. The Organization completed a Management Services Agreement with CFFFCU to provide further support.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Principles of Consolidation**

The consolidated financial statements of Community First Fund and Subsidiaries include the accounts of Community First Fund and its wholly owned subsidiaries Community First Capital Corp. and FINANTA. Investments in unconsolidated subsidiaries (the New Markets Tax Credit LLCs or "NMTC LLCs") are accounted for under the equity method (see Note 11). Community First Fund and its subsidiary entities are referred to collectively as the "Organization." All significant financial activity between Community First Fund and its wholly owned subsidiaries is eliminated in the preparation of the consolidated financial statements.

**Basis of Presentation**

The Organization's net assets and revenues, expenses, gains and losses (when applicable) are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.



COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Presentation (Continued)**

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been restricted has been fulfilled, or both.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the consolidated statements of cash flows, cash and cash equivalents are defined as demand deposits and all short-term investments with an original maturity date of three months or less.

**Contract Receivables**

The Organization records its contract receivable net of an allowance for collectable accounts. The Organization determines its allowance based on historical experience, an assessment of economic conditions, and a review of subsequent events. As of June 30, 2024 and 2023, no allowance was considered necessary. The composition of contract receivable as of June 30 was as follows:

	2024	2023
Due from CFFFCU	\$ 533,551	\$ 986,146
Other receivables	43,806	15,715
Total	\$ 577,357	\$ 1,001,861

**Investments**

The Organization holds an 8.33% share of the National Association for Latino Community Asset Builders' Acceso loan fund, which it accounts for as an equity method investment. The recognized balance for this investment at June 30, 2024 and 2023, was \$881,494 and \$838,706, respectively.

The Organization also holds shares of the Federal Home Loan Bank of Pittsburgh, which are recognized at cost. The recognized balance for this investment at June 30, 2024 and 2023, was \$54,600 and \$43,300, respectively.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Effective May 2023, the Organization purchased 80,000 shares of preferred stock and 8,000 warrants for additional preferred stock with an exercise price of \$15.00 per share and an exercise period between January 1, 2027 and December 31, 2020 from Spring Garden Capital Group, LLC. The investment is valued at \$1,072,694 and \$1,000,000 as of June 30, 2024 and 2023, respectively.

The Organization held \$2,381,813 and \$15,320,565 in money market mutual funds as of June 30, 2024 and 2023, respectively.

Other Real Estate Owned

As of June 30, 2024 and 2023, the Organization held no other real estate owned. During the year ended June 30, 2024, two properties were sold in the year ended June 30, 2023 at a loss of approximately \$49,725.

Property and Equipment

Property and equipment is stated at cost or, if donated for use by the Organization, at the approximate fair value at the date of donation. Routine maintenance and repairs are expensed as incurred. Property and equipment is depreciated using the straight-line method over their estimated useful lives ranging from three to fifty years.

In February 2020, the Organization purchased the remaining two office condominiums at its Lancaster operations center. The Organization occupies floors three and four. The second floor is leased to outside parties. The Organization built out the southwest corner of the first floor during 2021 and 2022 and leases the space to CFFFCU.

Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions.

When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Cost Allocation

The costs of providing the various activities have been summarized on a functional basis in the consolidated statements of activities based on management's estimation of actual service utilization.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Organization and its wholly-owned subsidiaries CFCC and FINANTA are exempt from income taxes under the provision of the Internal Revenue Service Code Section 501(c)(3). As such, the Organization is exempt from income taxes on related income pursuant to Section 509(a) of the Code.

The Organization has evaluated the tax filings for the open tax years for uncertain tax positions. The tax years subject to examination by the Internal Revenue Service are 2020, 2021, 2022, and 2023. The tax years subject to examination by the state jurisdiction are unlimited.

**Advertising**

The Organization expenses advertising costs as they are incurred. Advertising costs expensed for the years ended June 30, 2024 and 2023, were \$66,274 and \$90,387, respectively.

**Management's Evaluation of Subsequent Events**

Events that occurred subsequent to June 30, 2024, have been evaluated by the Organization's management through October 17, 2024, which is the date the financial statements were available to be issued.

**Revenue and Revenue Recognition**

The Organization recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Grants and contributions of \$7,709,903 at June 30, 2023 were not recognized in the accompanying consolidated statement of activities because the conditions on which they depend had not yet been met. These conditions were met during the year ended June 30, 2024. There were no conditional grants and contributions at June 30, 2024.

The Organization has certain contract-based revenues related to its New Markets Tax Credit entities (Note 11). Revenues from asset management fees for these entities are recognized over the asset management period. Audit and exit fees from the New Market Tax Credit entities are recognized at the point in time that performance obligations are fully satisfied.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization is eligible to receive cost-reimbursable grants of \$25,000 that had not been recognized at June 30, 2023 because related costs had not yet been incurred. The Organization has no cost-reimbursable grants at June 30, 2024. The Organization has received no advance payments for cost-reimbursable grants.



COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 3: CASH AND CASH EQUIVALENTS**

The Organization maintains its cash balances in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amounts reflected per the consolidated statements of financial position may vary from the amounts recognized by the financial institution due to reconciling items. The Organization's cash balance in excess of FDIC insurance limits at June 30, 2024 and 2023, is \$22,583,067 and \$26,096,730, respectively. During the years ended June 30, 2024 and 2023, the Organization elected to invest its excess cash in money market accounts, U.S. Treasury Notes, and Insured Cash Sweeps for FDIC eligibility beyond \$250,000. Management believes that the Organization is not exposed to significant credit risk on cash and cash equivalents.

At June 30, 2024 and 2023, cash and cash equivalents includes \$8,242,573 and \$8,163,973, respectively, in restricted cash.

Certain grant and loan agreements require that the Organization maintain cash in separate bank accounts.

**NOTE 4: LOANS RECEIVABLE**

Loans receivable are for loans made to small businesses, developers of affordable housing, community-based organizations, individuals, and other entities. The receivables are recorded at their face value. Interest, fees and related costs are recognized on the accrual basis through June 30. Below is a schedule summarizing loans receivable at June 30:

	2024 Balance	2023 Balance
Loans Receivable for economic development, housing and other community projects: Interest-bearing loans receivable with various maturity dates, secured by business assets, mortgage interest and/or personal guarantees of owners.	\$ 126,345,342	\$ 99,123,472
Less loan loss reserve	11,187,016	11,002,942
Total loans receivable, net	115,158,326	88,120,530
Current portion	20,536,498	28,063,381
Long Term	\$ 94,621,828	\$ 60,057,149

Maturities of loans receivable are as follows at June 30:

2025	\$ 20,536,498
2026	12,945,225
2027	9,835,980
2028	13,737,678
2029	21,942,822
Thereafter	47,347,139
Total	\$ 126,345,342

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 4: LOANS RECEIVABLE (Continued)**

As part of the Organization's mission to deliver financial products to low and moderate income communities and individuals, the Organization strives to ensure that it builds a base by which funds can be loaned on a revolving basis. To achieve that purpose, the Organization has instituted a risk rating system to categorize the quality of loans. The risk rating process is conducted at the time of application for new or increased loan facilities, as part of the annual loan review process, and in any situation where new information about a loan comes to light that may have a material impact on its quality. To grade loans, the Organization takes into account the borrower's debt service coverage, personal credit, collateral, personal debt ratio, management experience and adjusted net worth.

Changes to the loan loss reserve for the years ended June 30, 2024 and 2023, are as follows:

	2024	2023
Beginning Balance	\$ 11,002,942	\$ 9,751,953
Provision for loan losses	1,260,119	2,192,889
Special provision for anticipated COVID-19 losses	(571,790)	(985,277)
Recoveries for amounts previously charged off	168,282	200,133
Write-off of uncollectible loans	(672,537)	(156,756)
Ending Balance	\$ 11,187,016	\$ 11,002,942

As of June 30, 2024 and 2023, all outstanding loans were accruing interest.

In the fiscal years ending June 30, 2024 and 2023, the Organization did not sell any of its SBA 7(a) Guaranteed Loans on the open market.

The Organization utilizes an internal classification system as a means of reporting problem and potential problem loans. Under its risk rating system, the Organization classifies problem and potential problem loans as "High", "Substandard" and "Doubtful".

Substandard loans include those characterized by the distinct possibility that the Organization will sustain some loss if the deficiencies are not corrected. Loans classified as Doubtful have all the weaknesses inherent in those classified as Substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

Loans that do not currently expose the Organization to sufficient risk to warrant classification in one of the aforementioned categories but possess an element of weakness that deserves management's close attention are deemed to be High. Risk ratings are updated any time the situation warrants.

Due to the effects of transition to post-pandemic conduct of business on the Organization's General Portfolio, management had deemed it prudent to decrease its 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 Organization has decreased the amount reserved by \$571,790 in fiscal year 2024, after a reduction of \$985,277 in fiscal year 2023.

FINANTA's loan loss reserve methodology provides 15% reserves for Small Business Loans, a range of 1% through 10% reserves for General Portfolio Loans, and 1% reserves for Project Reinvestment Mortgages and FINANTA Housing loans and loans funded with specific program grants. This methodology provides sufficient reserves to cover any impaired loans.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 4: LOANS RECEIVABLE (Continued)**

The General Portfolio as of June 30, 2024, includes \$281,252 of Paycheck Protection Program (PPP) loans and \$290,209 of Lancaster City Emergency Fund (LCEF) loans. The General Portfolio as of June 30, 2023, includes \$311,977 of Paycheck Protection Program (PPP) loans and \$411,850 of Lancaster City Emergency Fund (LCEF) loans. Under the PPP loan program authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), PPP loans are eligible for up to 100% forgiveness by the U.S. Small Business Administration (SBA), subject to approval by the SBA. The LCEF loans are subject to an agreement with another organization that the first losses on the LCEF loans will be covered by the other organization, up to an aggregate amount of \$250,000. The PPP and LCEF loans were reserved at 1% for loan loss calculation purposes to reflect additional anticipated levels of loss on PPP loans that are not forgiven and losses on LCEF loans above the coverage level provided by Lancaster City.

The following tables present the risk category of loan segment based on the most recent analysis performed and the contractual aging as of June 30, 2024 and 2023:

2024	General Portfolio	High	Substandard	Doubtful	Total
Community First Fund					
Current	\$ 41,601,293	\$ 32,772,481	\$ 17,717,785	\$ 13,724,624	\$ 105,816,183
PPP and LCEF Loans	186,291	11,564	-	373,606	571,461
Past Due 31 - 60 days	41,848	113,573	42,152	319,590	517,163
Past Due 61 - 90 days	272,701	250,484	30,496	126,065	679,746
Past Due > 90 Days	634,797	1,500,728	113,712	2,697,054	4,946,291
Total Gross Loans	42,736,930	34,648,830	17,904,145	17,240,939	112,530,844
Provision for loan losses	(1,007,409)	(1,236,333)	(907,551)	(2,122,033)	(5,273,326)
Provision for COVID-19 losses	(5,427,664)	-	-	-	(5,427,664)
Total provision for loan losses	(6,435,073)	(1,236,333)	(907,551)	(2,122,033)	(10,700,990)
Loans receivable, net of loan loss reserve	\$ 36,301,857	\$ 33,412,497	\$ 16,996,594	\$ 15,118,906	\$ 101,829,854

2024	General Portfolio	SBA Loans	Project Reinvestment	FINANTA Housing	Total
FINANTA					
Current	\$ 5,591,933	\$ -	\$ 3,244,496	\$ 3,135,999	\$ 11,972,428
Past Due 31 - 60 days	550,033	-	-	-	550,033
Past Due 61 - 90 days	420,966	-	-	112,363	533,329
Past Due > 90 Days	748,174	-	10,534	-	758,708
Total Gross Loans	7,311,106	-	3,255,030	3,248,362	13,814,498
Total Provision for Loan Losses	(421,201)	-	(32,446)	(32,379)	(486,026)
Loans receivable, net of loan loss reserve	\$ 6,889,905	\$ -	\$ 3,222,584	\$ 3,215,983	\$ 13,328,472



COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4: LOANS RECEIVABLE (Continued)

2023	General Portfolio	High	Substandard	Doubtful	Total
Community First Fund					
Current	\$ 52,717,164	\$ 13,154,235	\$ 12,007,627	\$ 1,779,955	\$ 79,658,981
PPP and LCEF Loans	723,827	-	-	-	723,827
Past Due 31 - 60 days	130,256	24,276	36,660	-	191,192
Past Due 61 - 90 days	10,400	-	80,788	-	91,188
Past Due > 90 Days	6,636	-	2,082,800	329,459	2,418,895
Total Gross Loans	53,588,283	13,178,511	14,207,875	2,109,414	83,084,083
Provision for Loan Losses	(1,642,478)	(658,926)	(1,065,591)	(1,379,263)	(4,746,258)
Provision for COVID-19 Losses	(5,427,664)	-	-	-	(5,427,664)
Total Provision for Loan Losses	(7,070,142)	(658,926)	(1,065,591)	(1,379,263)	(10,173,922)
Loans receivable, net of loan loss reserve	\$ 46,518,141	\$ 12,519,585	\$ 13,142,284	\$ 730,151	\$ 72,910,161

2023	General Portfolio	SBA Loans	Project Reinvestment	FINANTA Housing	Total
FINANTA					
Current	\$ 6,756,881	\$ 687,181	\$ 3,318,000	\$ 3,749,802	\$ 14,511,864
Past Due 31 - 60 days	394,538	21,275	-	-	415,813
Past Due 61 - 90 days	12,250	27,812	-	112,000	152,062
Past Due > 90 Days	911,632	48,018	-	-	959,650
Total Gross Loans	8,075,301	784,286	3,318,000	3,861,802	16,039,389
Total Provision for Loan Losses	(639,579)	(117,643)	(33,180)	(38,618)	(829,020)
Loans receivable, net of loan loss reserve	\$ 7,435,722	\$ 666,643	\$ 3,284,820	\$ 3,823,184	\$ 15,210,369

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 5: GRANTS, GRANTS RECEIVABLE, AND DEFERRED REVENUE**

The Organization receives grants from various sources to support its program and related administrative expenses. These grants are accounted for on an individual basis and summarized into the following totals at June 30:

	2024	2023
Total Grant Revenue	\$ 13,180,820	\$ 12,054,090
Grants Receivable	\$ 667,444	\$ 1,265,673
Deferred Revenue	\$ 63,569	\$ 7,709,903
Grants to Others	\$ 1,211,117	\$ 644,925

**NOTE 6: NOTES PAYABLE**

The following table summarizes notes payable as of June 30, 2024 and 2023:

	2024	2023
Corporations, Foundations, and Intermediaries, unsecured	\$ 11,568,281	\$ 10,797,667
Financial Institutions, unsecured	39,174,776	28,556,245
Individuals, unsecured	503,875	495,844
Religious Organizations, unsecured	805,000	885,000
Government Organizations, unsecured	1,139,294	1,683,687
Government Organizations, secured by loans receivable and cash	2,340,564	2,414,570
Bond Guarantee Program Borrowings, secured by loans	6,884,265	7,106,028
Equity Equivalent Investment	26,919,155	19,969,993
Mortgages Payable, secured by building	1,008,274	1,043,728
Total Promissory Notes	90,343,484	72,952,762
Less Current Portion	<u>16,153,846</u>	<u>7,696,869</u>
Long-Term Portion	<u>\$ 74,189,638</u>	<u>\$ 65,255,893</u>

The Organization has lines of credit with various banks totaling \$14,000,000 and \$17,256,939 at June 30, 2024 and 2023, respectively, to be drawn as needed for working and interim loan capital, with interest rates ranging from SOFR (LIBOR equivalent) plus 2.25% to prime plus 1.00%. Certain lines of credit have interest rates subject to "floors" between 3.75% and 4.50%. The lines of credit are subject to review on an annual basis and are unsecured. As of June 30, 2024 and 2023, no amounts were outstanding on the lines of credit. The open lines of credit are with U.S. Bank, Bank of America, Northwest Bank, The Bancorp Bank, Wells Fargo, and Univest Bank.



COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 6: NOTES PAYABLE** (Continued)

The Organization's outstanding promissory notes with Corporations, Foundations, Intermediaries, Financial Institutions, Religious Organizations, Individuals and Government Organizations have interest rates ranging from 0% to 5.35% with various maturity dates to December 2046. Certain promissory notes contain covenants with which the Organization must comply.

The Organization had Promissory Notes totaling \$26,919,155 and \$19,969,993 at June 30, 2024 and 2023, respectively, that can be classified as Equity Equivalent Investments. Equity Equivalent Investments differ from Notes Payable in that they have an automatic renewal option at the end of their first term and the investments are subordinate in repayment to other creditors.

Maturities of notes payable are as follows at June 30:

2025	\$ 16,153,846
2026	9,208,127
2027	19,763,747
2028	3,809,259
2029	11,873,584
Thereafter	29,534,921
<b>Total</b>	<b>\$ 90,343,484</b>

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30 consist of the following:

	2024	2023
EBBC - Lending	\$ -	\$ 13,541
Lancaster County Housing and Redevelopment Authority, Lancaster County Microloan Fund	283,146	283,146
FINANTA - Neighborworks Closing Assistance	3,370,500	3,370,500
<b>Total net assets with donor restrictions</b>	<b>\$ 3,653,646</b>	<b>\$ 3,667,187</b>

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 8: LEASES**

**Lessee**

The Organization has entered into lease agreements for office equipment and office space. Lease terms for office equipment extend through May 1, 2028 while lease terms for office space extend through November 30, 2027.

Additional lease disclosure information for the years ended June 30, 2024 and 2023 is summarized below:

	2024	2023
Finance lease expense		
Amortization of right-of-use assets (included in depreciation)	\$ 6,981	\$ 6,981
Interest on lease liabilities	453	648
Operating lease expense	76,758	62,849
Variable lease expense	-	-
Operating cash flows from finance leases	469	602
Right-of-use assets obtained in exchange for new operating lease liabilities	149,798	238,868
Financing cash flows from finance leases	6,887	6,754
Operating cash flows from operating leases	71,523	61,039
Weighted-average remaining finance lease term (years)	1.75	2.75
Weighted-average remaining operating lease term (years)	2.35	3.30
Weighted-average discount rate for finance leases	2.88%	2.88%
Weighted-average discount rate for operating leases	5.68%	2.88%

Maturities of the Organization's finance and operating leases for the years ended June 30 are summarized in the table below:

	Operating	Finance
2025	\$ 140,386	\$ 7,355
2026	110,162	5,517
2027	45,989	-
2028	5,793	-
Total undiscounted cash flows	302,330	12,872
Less: Present value discount	(18,910)	(304)
Total lease liabilities	\$ 283,420	\$ 12,568

**NOTE 9: RETIREMENT PLAN**

Effective May 2001, the Organization instituted a 403(b) retirement plan covering all full-time employees. Employees are eligible to participate immediately upon hiring. Total retirement plan match expense for the Organization's 403(b) plan in 2024 and 2023 was \$153,230 and \$131,653, respectively.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

**NOTE 10: RELATED PARTY TRANSACTIONS**

Because of the specific nature of the non-profit industry in which the Organization operates, the officers of Community First Fund are members of the board of directors of other organizations that perform similar missions. Some of the board members or officers of other organizations are members of Community First Fund's board of directors. Staff members are encouraged to serve their communities as volunteers and board members of other organizations. From time to time, Community First Fund may deal and conduct transactions with these organizations in the course of normal operations.

In some cases, an officer or staff member may be related to a business owner that deals and conducts transactions with the Organization. In such events, each transaction is approved by a special committee of officers and board members unrelated to the transactions. CFF requires that such transactions be conducted in accordance with existing policy and on terms that are substantially similar to terms offered to other borrowers.

Related party transactions with officers of the Organization during the years ended June 30, 2024 and 2023, are as follows:

The Organization is a founding member of the Pennsylvania CDFI Network (Network), a 501(c)(3) organization, formerly known as the Pennsylvania Microenterprise Coalition (the Coalition). The Coalition operated as an all-volunteer organization with a mission to advance micro-lending in Pennsylvania; members are predominately non-profit CDFIs. The Network expanded its mission to support additional CDFIs focused on small business lending in the Commonwealth and in May 2020 obtained funding from the state's Department of Community and Economic Development to administer its COVID-19 Relief Pennsylvania Statewide Small Business Assistance program. An officer of the Organization is the Chairperson of the Network. For the year ended June 30, 2023, the Organization received \$5,814,163 in grants from the Network, of which, \$3,253,343 had been recognized and \$2,793,761 had been deferred until conditions were met. The remaining \$2,793,761 of grant revenue was recognized during the year ended June 30, 2024. For the year ended June 30, 2024, the Organization received \$331,000 in grants from the Network, the entirety of which has been recognized as income. There is a verbal agreement in place where Community First Fund provides operational services that the Network then approves. Community First Fund received \$30,000 in management fees in 2023. There were no management fees collected from the network in 2024 in relation to services provided during the year.

Effective January 2022, the Organization entered into both management fee and rental fee agreements with CFFFCU. Due to common management and visibility in the community, grant amounts are sometimes pledged through the Organization on behalf of the credit union. The management fee agreement calls for CFF to provide the following services; management in general; finance and accounting; liquidity and cash balances management; loan underwriting; loan servicing and portfolio management. Rental income and management fee income amounted to \$41,615 and \$355,323, respectively, as of June 30, 2024. Rental income and management fee income amounted to \$41,615 and \$160,660, respectively, as of June 30, 2023. Both rental income and the management fee were forgiven in total for the six months from January 1, 2023 to June 30, 2023 as contributions in kind. During the years ended June 30, 2024 and 2023, the Organization recorded donor-restricted contributions for capitalization of CFFFCU of \$1,287,500 and \$489,100, respectively. There is a receivable from CFFFCU due to the Organization in the amount of \$533,551 and \$986,146, as of June 30, 2024 and 2023, respectively. The Organization has provided grants to CFFFCU in the amount of \$75,000 and \$62,500 during the years ended June 30, 2024 and 2023, respectively. Effective June 30, 2021, \$7,300,000 was designated to the Credit Union to be paid over five year installments. There is \$1,862,501 and \$4,725,000 due to CFFFCU in relation to a grant that was designated to the Credit Union at June 30, 2024 and 2023, respectively.



COMMUNITY FIRST FUND AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 11: NEW MARKETS TAX CREDIT ("NMTC") PROGRAM

The Organization was awarded NMTC allocations of \$15,000,000, \$30,000,000, \$45,000,000 and \$30,000,000 in May 2013, June 2015, November 2016 and November 2023, respectively, and established twenty wholly-owned subsidiary Pennsylvania limited liability companies (LLCs). As of June 30, 2024, 7 of the LLCs (CFF Sub CDE 9; CFF Sub CDE 11; CFF Sub CDE 12 LLC, CFF Sub CDE 13 LLC and CFF Sub CDE 14 LLC, CFF Sub CDE 15 LLC, CFF Sub CED 17 LLC) have been capitalized and are active. The Organization serves as managing member of the active LLCs with a 0.01% interest and unrelated investors as regular members with 99.99% interest. These LLCs have been consolidated into the investor members' financial statements under accounting guidance for consolidations in ASC 810-20-25. The equity investment balances in the active LLCs are not significant and are included in cash and cash equivalents. The inactive LLCs have no activity and are consolidated as subsidiaries of Community First Fund.

The active Sub CDE LLCs have made qualified low-income community investments (QLICs) within the parameters of the NMTC program and IRC Section 45D. Community First Fund entered into agreements with investor members who provided \$90,000,000 in investments to fund the fourteen (14) NMTC Projects. The CFF Sub CDE 7, CFF Sub CDE 8 and CFF Sub CDE 10 investments unwound in fiscal year 2024, resulting in recognition of \$559,533 in exit fee income.

By making QLICs, the Sub CDE LLCs enable investor members to claim approximately \$35,100,000 of NMTC over a seven-year credit period.

NOTE 12: LIQUIDITY

The Organization's financial assets available at June 30 are as follows:

	2024	2023
Cash and cash equivalents	\$ 32,472,674	\$ 34,300,390
Grants receivable	667,444	1,265,673
Contract receivables	577,357	1,001,861
Loans receivable, net	20,536,498	28,063,381
Interest and loan fees receivable	1,342,540	951,626
Investments	4,390,601	17,202,571
<b>Financial assets at year-end</b>	<b>\$ 59,987,114</b>	<b>\$ 82,785,502</b>

The following reflects the Organization's financial assets at June 30 reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

	2024	2023
Financial assets at year-end	\$ 59,987,114	\$ 82,785,502
Less assets not available due to		
Contractual limitations	(2,500,000)	(200,000)
Undisbursed loans receivable	(15,023,851)	(8,535,811)
Purpose restrictions	(3,653,646)	(3,667,187)
<b>Financial assets available to meet cash needs for general expenditure within one year</b>	<b>\$ 38,809,617</b>	<b>\$ 70,382,504</b>

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## SUPPLEMENTARY INFORMATION

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# BERTZ, HESS & CO., LLP

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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Community First Fund and Subsidiaries  
Lancaster, Pennsylvania

We have audited the consolidated financial statements of Community First Fund and Subsidiaries as of and for the year ended June 30, 2024, and our report thereon dated October 17, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 2 through 4. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the accompanying consolidating schedules of financial position by division at June 30, 2024 and 2023, and consolidating schedules of activities by division for the years ended June 30, 2024 and 2023, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Bertz, Hess & Co., LLP*

BERTZ, HESS & CO., LLP  
Lancaster, Pennsylvania  
October 17, 2024

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION BY DIVISION  
JUNE 30, 2024

ASSETS	Operating	Loan	CFCC *	Finanta	Eliminations	2024 Total
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 508,364	\$ 19,306,721	\$ 2,473,449	\$ 10,184,140	\$ -	\$ 32,472,674
Grants receivable	192,444	475,000	-	-	-	667,444
Contract receivables	10,724,659	36,111	-	6,446	(10,189,859)	577,357
Loans receivable	-	14,536,372	1,583,596	4,416,530	-	20,536,498
Interest and loan fees receivable	-	940,862	272,481	129,197	-	1,342,540
Prepaid expenses	224,937	-	-	10,281	-	235,218
Investments	-	3,509,107	-	881,494	-	4,390,601
<b>Total Current Assets</b>	<b>11,650,404</b>	<b>38,804,173</b>	<b>4,329,526</b>	<b>15,628,088</b>	<b>(10,189,859)</b>	<b>60,222,332</b>
<b>PROPERTY AND EQUIPMENT, At cost</b>						
Building	4,410,644	-	-	1,973,950	-	6,384,594
Building improvements	4,135,133	-	-	-	-	4,135,133
Equipment	633,940	-	-	238,278	-	872,218
Total Property and Equipment	9,179,717	-	-	2,212,228	-	11,391,945
Less accumulated depreciation	(1,101,621)	-	-	(595,169)	-	(1,696,790)
<b>Property and Equipment, Net</b>	<b>8,078,096</b>	<b>-</b>	<b>-</b>	<b>1,617,059</b>	<b>-</b>	<b>9,695,155</b>
<b>OTHER ASSETS</b>						
Finance lease right-of-use asset	12,217	-	-	-	-	12,217
Operating lease right-of-use asset	276,131	-	-	-	-	276,131
Intercompany note receivable	-	6,279,572	-	-	(6,279,572)	-
Loans receivable, net of loan loss reserve of \$11,187,016 in 2024	-	81,246,548	4,463,338	8,911,942	-	94,621,828
<b>Total Other Assets</b>	<b>288,348</b>	<b>87,526,120</b>	<b>4,463,338</b>	<b>8,911,942</b>	<b>(6,279,572)</b>	<b>94,910,176</b>
<b>TOTAL ASSETS</b>	<b>\$ 20,016,848</b>	<b>\$ 126,330,293</b>	<b>\$ 8,792,864</b>	<b>\$ 26,157,089</b>	<b>\$ (16,469,431)</b>	<b>\$ 164,827,663</b>

\*Community First Capital Corporation.  
See independent auditors' report on supplementary information.



COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION BY DIVISION  
JUNE 30, 2024

LIABILITIES AND NET ASSETS	Operating	Loan	CFCC *	Finanta	Eliminations	2024 Total
<b>CURRENT LIABILITIES</b>						
Notes payable	\$ 40,462	\$ 11,636,399	\$ -	\$ 323,451	\$ -	\$ 12,000,312
Equity equivalent investment	-	4,153,534	-	-	-	4,153,534
Accounts payable	122,010	297,916	13,292	10,273,752	(10,189,859)	517,111
Deferred revenue	42,549	-	-	21,020	-	63,569
Finance lease liability	7,104	-	-	-	-	7,104
Operating lease liability	128,521	-	-	-	-	128,521
Accrued expenses and payable	338,846	589,625	-	31,434	-	959,905
Grant payable	1,000,000	-	-	-	-	1,000,000
Accrued interest	-	274,298	-	-	-	274,298
Accrued payroll and benefits	194,668	-	-	8,984	-	203,652
<b>Total Current Liabilities</b>	<b>1,874,160</b>	<b>16,951,772</b>	<b>13,292</b>	<b>10,658,641</b>	<b>(10,189,859)</b>	<b>19,308,006</b>
<b>LONG-TERM LIABILITIES</b>						
Grant payable	862,501	-	-	-	-	862,501
Notes payable, buildings and equipment	967,812	-	-	-	-	967,812
Finance lease liability	5,464	-	-	-	-	5,464
Operating lease liability	154,899	-	-	-	-	154,899
Notes payable, investments	-	40,786,279	-	3,015,843	-	43,802,122
Bond guarantee program	-	6,654,083	-	-	-	6,654,083
Intercompany note payable	-	-	6,279,572	-	(6,279,572)	-
Equity equivalent investment	-	22,765,621	-	-	-	22,765,621
<b>Total Long-Term Liabilities</b>	<b>1,990,676</b>	<b>70,205,983</b>	<b>6,279,572</b>	<b>3,015,843</b>	<b>(6,279,572)</b>	<b>75,212,502</b>
<b>TOTAL LIABILITIES</b>	<b>3,864,836</b>	<b>87,157,755</b>	<b>6,292,864</b>	<b>13,674,484</b>	<b>(16,469,431)</b>	<b>94,520,508</b>
<b>NET ASSETS</b>						
Without donor restrictions	16,152,012	38,889,392	2,500,000	9,112,105	-	66,653,509
With donor restrictions	-	283,146	-	3,370,500	-	3,653,646
<b>TOTAL NET ASSETS</b>	<b>16,152,012</b>	<b>39,172,538</b>	<b>2,500,000</b>	<b>12,482,605</b>	<b>-</b>	<b>70,307,155</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 20,016,848</b>	<b>\$ 126,330,293</b>	<b>\$ 8,792,864</b>	<b>\$ 26,157,089</b>	<b>\$ (16,469,431)</b>	<b>\$ 164,827,663</b>

\*Community First Capital Corporation.  
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COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION BY DIVISION  
JUNE 30, 2023

ASSETS	Operating	Loan	CFCC *	Finanta	Eliminations	2023 Total
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 3,555,406	\$ 14,182,029	\$ 1,122,316	\$ 15,440,639	\$ -	\$ 34,300,390
Grants receivable	673,041	65,000	-	527,632	-	1,265,673
Contract receivables	9,151,851	-	-	12,679	(8,162,669)	1,001,861
Loans receivable	-	24,258,239	1,162,547	2,642,595	-	28,063,381
Interest and loan fees receivable	-	520,667	265,376	165,583	-	951,626
Prepaid expenses	220,304	-	-	-	-	220,304
Investments	-	16,363,865	-	838,706	-	17,202,571
Total Current Assets	13,600,602	55,389,800	2,550,239	19,627,834	(8,162,669)	83,005,806
<b>PROPERTY AND EQUIPMENT, At cost</b>						
Building	4,497,909	-	-	1,973,950	-	6,471,859
Building improvements	1,209,688	-	-	-	-	1,209,688
Equipment	399,231	-	-	237,928	-	637,159
Total Property and Equipment	6,106,828	-	-	2,211,878	-	8,318,706
Less accumulated depreciation	(867,318)	-	-	(563,587)	-	(1,430,905)
Property and Equipment, Net	5,239,510	-	-	1,648,291	-	6,887,801
<b>OTHER ASSETS</b>						
Finance lease right-of-use asset	19,198	-	-	-	-	19,198
Operating lease right-of-use asset	215,516	-	-	-	-	215,516
Intercompany note receivable	-	8,304,859	-	-	(8,304,859)	-
Loans receivable, net of loan loss reserve of \$11,002,942 in 2023	-	41,528,667	5,960,708	12,567,774	-	60,057,149
Total Other Assets	234,714	49,833,526	5,960,708	12,567,774	(8,304,859)	60,291,863
<b>TOTAL ASSETS</b>	<b>\$ 19,074,826</b>	<b>\$ 105,223,326</b>	<b>\$ 8,510,947</b>	<b>\$ 33,843,899</b>	<b>\$ (16,467,528)</b>	<b>\$ 150,185,470</b>

\*Community First Capital Corporation.  
See independent auditors' report on supplementary information.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION BY DIVISION  
JUNE 30, 2023

LIABILITIES AND NET ASSETS	Operating	Loan	CFCC *	Finanta	Eliminations	2023 Total
<b>CURRENT LIABILITIES</b>						
Notes payable	\$ 37,958	\$ 5,994,194	\$ -	\$ 463,041	\$ -	\$ 6,495,193
Equity equivalent investment	-	1,201,676	-	-	-	1,201,676
Accounts payable	26,053	173,691	6,088	8,382,509	(8,162,669)	425,672
Deferred revenue	173,168	7,446,456	-	90,279	-	7,709,903
Finance lease liability	6,903	-	-	-	-	6,903
Operating lease liability	68,985	-	-	-	-	68,985
Accrued expenses and payable	654,535	316,216	-	36,481	-	1,007,232
Grant payable	1,575,000	-	-	-	-	1,575,000
Accrued interest	-	230,582	-	-	-	230,582
Accrued payroll and benefits	254,703	-	-	17,816	-	272,519
<b>Total Current Liabilities</b>	<b>2,797,305</b>	<b>15,362,815</b>	<b>6,088</b>	<b>8,990,126</b>	<b>(8,162,669)</b>	<b>18,993,665</b>
<b>LONG-TERM LIABILITIES</b>						
Grant payable	3,150,000	-	-	-	-	3,150,000
Notes payable, buildings and equipment	1,005,770	-	-	-	-	1,005,770
Finance lease liability	12,569	-	-	-	-	12,569
Operating lease liability	155,585	-	-	-	-	155,585
Notes payable, investments	-	35,352,842	-	3,240,754	-	38,593,596
Bond guarantee program	-	6,888,210	-	-	-	6,888,210
Intercompany note payable	-	-	8,304,859	-	(8,304,859)	-
Equity equivalent investment	-	18,768,317	-	-	-	18,768,317
<b>Total Long-Term Liabilities</b>	<b>4,323,924</b>	<b>61,009,369</b>	<b>8,304,859</b>	<b>3,240,754</b>	<b>(8,304,859)</b>	<b>68,574,047</b>
<b>TOTAL LIABILITIES</b>	<b>7,121,229</b>	<b>76,372,184</b>	<b>8,310,947</b>	<b>12,230,880</b>	<b>(16,467,528)</b>	<b>87,567,712</b>
<b>NET ASSETS</b>						
Without donor restrictions	11,953,597	28,554,455	200,000	18,242,519	-	58,950,571
With donor restrictions	-	296,687	-	3,370,500	-	3,667,187
<b>TOTAL NET ASSETS</b>	<b>11,953,597</b>	<b>28,851,142</b>	<b>200,000</b>	<b>21,613,019</b>	<b>-</b>	<b>62,617,758</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 19,074,826</b>	<b>\$ 105,223,326</b>	<b>\$ 8,510,947</b>	<b>\$ 33,843,899</b>	<b>\$ (16,467,528)</b>	<b>\$ 150,185,470</b>

\*Community First Capital Corporation.  
See independent auditors' report on supplementary information.

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF ACTIVITIES BY DIVISION  
FOR YEAR ENDED JUNE 30, 2024

	Operating	Loan	CFCC *	Finanta
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Support and revenue				
Contributions				
Individuals	\$ 54,548	\$ -	\$ -	\$ -
Business	45,000	-	-	60,750
Foundations and associations	1,437,475	100,000	-	-
Government				
Contract	720,017	10,760,956	-	56,622
Interest income	656,738	6,314,816	649,054	1,246,670
Loan and service fees	501,316	287,656	13,010	46,928
NMTC revenue	1,240,219	-	-	-
Miscellaneous	544,343	422,428	-	53,948
Total Support and Revenue	5,199,656	17,885,856	662,064	1,464,918
Expenses				
Program services	10,268,533	867,406	125,283	1,444,668
General and administrative	1,838,984	1,356,594	402,183	220,809
Fundraising	897,375	-	1,522	99,740
Total Expenses	13,004,892	2,224,000	528,988	1,765,217
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(7,805,236)	15,661,856	133,076	(300,299)
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions, government, non-contract	-	-	-	-
Interest income	-	-	-	-
Loan and service fees	-	-	-	-
Program service expenses	-	-	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-
CHANGE IN NET ASSETS	\$ (7,805,236)	\$ 15,661,856	\$ 133,076	\$ (300,299)
NET ASSETS AT BEGINNING OF YEAR	\$ 11,953,597	\$ 28,851,142	\$ 200,000	\$ 21,613,019
Change in Net Assets	(7,805,236)	15,661,856	133,076	(300,299)
Transfers	12,003,651	(5,340,460)	2,166,924	(8,830,115)
NET ASSETS AT END OF YEAR	\$ 16,152,012	\$ 39,172,538	\$ 2,500,000	\$ 12,482,605

\* Community First Capital Corporation.  
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Eliminations	2024 Total
\$ -	\$ 54,548
-	105,750
-	1,537,475
-	11,537,595
(140,354)	8,726,924
-	848,910
-	1,240,219
(349,726)	670,993
(490,080)	24,722,414
(103,169)	12,602,721
(386,911)	3,431,659
-	998,637
(490,080)	17,033,017
-	7,689,397
-	-
-	-
-	-
-	-
-	-
\$ -	\$ 7,689,397
\$ -	\$ 62,617,758
-	7,689,397
-	-
\$ -	\$ 70,307,155

COMMUNITY FIRST FUND AND SUBSIDIARIES  
CONSOLIDATING SCHEDULE OF ACTIVITIES BY DIVISION  
FOR YEAR ENDED JUNE 30, 2023

	Operating	Loan	CFCC *	Finanta
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Support and revenue				
Contributions				
Individuals	\$ 65,345	\$ -	\$ -	\$ -
Business	53,500	-	-	-
Foundations and associations	1,461,052	2,300,000	-	-
Government				
Contract	854,077	5,906,272	-	1,479,189
Interest income	387,658	3,967,712	670,707	724,354
Loan and service fees	315,949	-	30,138	26,297
NMTC revenue	1,354,730	-	-	-
Miscellaneous	393,876	268,496	-	22,024
Total Support and Revenue	4,886,187	12,442,480	700,845	2,251,864
Expenses				
Program services	8,551,951	979,807	508,885	1,473,712
General and administrative	1,097,439	1,662,731	404,316	160,906
Fundraising	755,512	-	-	122,563
Total Expenses	10,404,902	2,642,538	913,201	1,757,181
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(5,518,715)	9,799,942	(212,356)	494,683
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions, government, non-contract	-	-	-	-
Interest income	-	-	-	-
Loan and service fees	-	-	-	-
Program service expenses	-	-	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-
CHANGE IN NET ASSETS	\$ (5,518,715)	\$ 9,799,942	\$ (212,356)	\$ 494,683
NET ASSETS AT BEGINNING OF YEAR	\$ 11,341,985	\$ 25,393,883	\$ 200,000	\$ 21,118,336
Change in Net Assets	(5,518,715)	9,799,942	(212,356)	494,683
Transfers	6,130,327	(6,342,683)	212,356	-
NET ASSETS AT END OF YEAR	\$ 11,953,597	\$ 28,851,142	\$ 200,000	\$ 21,613,019

\* Community First Capital Corporation.  
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	2023
Eliminations	Total

\$ -	\$ 65,345
-	53,500
-	3,761,052
-	8,239,538
(186,334)	5,564,097
-	372,384
-	1,354,730
<u>(269,511)</u>	<u>414,885</u>
<u>(455,845)</u>	<u>19,825,531</u>

(79,506)	11,434,849
(376,339)	2,949,053
<u>-</u>	<u>878,075</u>
<u>(455,845)</u>	<u>15,261,977</u>

-	4,563,554
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-	-
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<u>-</u>	<u>-</u>

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\$ -	\$ 4,563,554
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\$ -	\$ 58,054,204
-	4,563,554
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 62,617,758</u>