



ANNUAL
REPORT

2004



BREAKING DOWN BARRIERS,
BUILDING UP COMMUNITIES.

FIRST STATE COMMUNITY LOAN FUND 2004

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Delores Lee, Community Outreach Associate

Heather Pari, Portfolio Analyst

Tammy Jones, Loan Administrator

Robert Kauffman, Community Lending Officer

FIRST STATE COMMUNITY LOAN FUND 2004

A MESSAGE FROM OUR MANAGEMENT TEAM

BREAKING DOWN BARRIERS

For our purposes, we'll borrow Webster's definition of "barrier" as being "something immaterial that impedes or separates." Maybe it's a stereotype. Perhaps it's a preconceived notion. Or it might be based on one person's previous encounter. Whatever the cause, there's no debating that barriers exist as it relates to certain individuals' pursuit of the American Dream, in its many different forms. Starting a business. Owning a home. Bettering one's self.

And that's where First State comes in.

BUILDING UP COMMUNITIES

As difficult as it may be to believe, the notion of "community" is still alive. Sure, the Internet and other technological advances have made transient beings of many of us, living and communicating "virtually" through e-mails, text messages and cell phones. But at the root of our happiness and fulfillment are people, as well as our interaction with others. Family. Customers. Business associates. Individuals who cross our paths on a daily basis and make our existences meaningful. At First State Community Loan Fund, our goal is to continue building up the communities we serve.

After all, it's in our name.

THE YEAR IN REVIEW

2004 was a banner year for First State Community Loan Fund. The organization experienced phenomenal growth. We approved 38 loans, totaling just over \$2.8 million. Our loan receivables increased by 91% and more dollars were disbursed in 2004 than in any previous year. Those numbers and ratios are important as they are used to evaluate how well we do, which ultimately justifies additional investments and contributions.

However, what's more important are the lives we affect. Last year's lending activity generated 55 jobs and 70 units of affordable housing, each representing the breaking down of a barrier for a low-income person. As you read about some of our recent success stories – lives we've helped change for the better – it's imperative that you keep in mind that ours is an ongoing mission. For every potential small business owner we help, there's ten or more who have yet to hear about our efforts. That's why our commitment must not only **remain**, it must **regenerate**, in the form of greater outreach, strengthened partnerships and increased awareness.

For it is only through our ever-diligent efforts that those existing barriers will be forever broken down, and our beloved communities once and for all built up.



Barbara Necarsulmer,
President of the Board of Directors



Vandell Hampton,
Executive Director &
Chief Operating Officer

JUST DESSERTS

microloan

After leaving a corporate job in banking, Jeketta Powell wanted to try working for herself to control her own destiny. So she went back to her childhood passion: baking.

In 1996 Powell opened Desserts on Wheels, and began to bake items in her home and travel to different locations to sell her products. With the support of her husband and her two sons, in 2001 Powell was able to open Just Desserts in the New Castle Farmers Market. This full service bakery that specializes in homemade desserts such as banana pudding and cheesecakes, and offers an array of specialty cakes for weddings, birthdays and parties.

First State assisted Powell's business endeavors by giving her the loan to help start the business and by offering sound advice and support when she needed it. Powell considers her business "very rewarding and a great accomplishment" and is pleased to announce a \$30,000 increase in sales. Securing an additional loan increased the business' efficiency by making it possible to purchase new equipment such as a mixer, freezer and oven.



In the future, Powell is looking to expand into another facility that will allow more production time to serve a greater market. Since the Farmers Market only offers limited hours, the second facility would provide a greater opportunity for her to continue growing her thriving business.

Powell is grateful for the experience First State has offered and would like to thank Sheila, Rob, Tammy and Delores for all of their help and support throughout the years.

CUSTOM LANDSCAPE INSTALLERS

Custom Landscape Installers is a complete landscaping and design company started by Robert Hensley in 2003. Robert has over 10 years experience and a military background. Custom Landscape Installers specializes in lawn design, patio paving, grading yards, clearing lots, graveling driveways, and erosion control.

Robert started off with one pickup truck. He then received a loan from First State which helped buy a new heavy tow truck for his business. His business fleet now consists of the one big truck and three pick-ups. The new truck makes it easier to haul equipment and enables Robert to serve clients more efficiently. Within the next five years, Robert hopes to incorporate the business and continue to see it grow with more employees and contracts. "I just want to thank God, Bob and Delores for believing in me," Robert added.



business growth

GETTY GAS & CONVENIENCE STORE

Located at a busy intersection of Maryland Avenue in Wilmington, Delaware, Getty Gas and Convenience Store is a thriving family business owned by Jacqueline Guerra.

Guerra received a \$15,000 Business Growth Loan from First State and used the loan for inventory and working capital. The funds received from First State enabled Jacqueline to leverage an additional \$20,000 from PNC that was used to complete leasehold improvements and it provided additional working capital.



DELAWAREANS SAVE!

IDAS

Since October 2001, *Delawareans Save!* has been supporting low-income working Delawareans who save for home ownership, post-secondary education or entrepreneurship. This statewide collaborative of not-for-profit agencies, private sector organizations and government agencies provides matched savings accounts (Individual Development Accounts or IDAs) enabling participants to obtain assets and move further toward self-sufficiency.



As of December 31, 2004, 309 active savers have either "met their match" or were currently saving in the *Delawareans Save!* IDA Program. Over 1,200 individuals have gone through the financial fitness training, of which 72 have met their savings goal. Nearly \$7 million has been generated in real estate sales, as result of IDA participants who completed the program and used their matching funds to purchase a home. The program matches dollar for dollar up to \$1,500 per person or \$3,000 per household.

Dion Harris enrolled in the IDA program at Interfaith Housing DE. "I am a single mother of four children, and I have been in *Delawareans Save!* for three years now," Harris says. "It has given me the opportunity to work towards a degree in Business Management at Del Tech Community College part-time. I like the program and have been recommending it to my friends and co-workers. It's helping me to better myself and to achieve my dreams and goals in life. I hope that it continues and gets strong support from businesses and the community."



Another *Delawareans Save!* success story involves the Tolbert family, who were able to achieve their dream of owning a home. Says Loretta Tolbert, "I learned about saving religiously. I truly recommend *Delawareans Saves!* It's great to help you reach your financial and home ownership goals as well as educational goals."

Delawareans Save! would not be possible without the support of these institutions who have contributed the match funding: the U.S. Department of

Health and Human Services, Discover Bank, Delaware State Housing Authority, JPMorganChase Foundation, Deutsche Bank Trust Delaware, Citigroup Foundation and GMAC Bank. Also vital to the program's success are the fee-free savings accounts *Delawareans Save!* investors receive through Artisans' Bank and Wilmington Trust Company. Our partner organizations that conduct the primary outreach and provide the program's financial fitness training include Nehemiah Gateway CDC, YWCA of New Castle County, Interfaith Housing, Inc., NCALL Research and First State Community Action Agency.

housing

COMMUNITY HOUSING

Looking for affordable housing opportunities? Look no further than Community Housing Inc. For 36 years, this non-profit agency has been dedicated to providing affordable housing to anyone who seeks their services such as property and housing guidance or mortgage and credit counseling. Community Housing Inc. also helps clients with different types of housing-related acquisitions and offers pre-purchase consulting for homeowners and renters.

First State has helped Community Housing Inc. with their mission to facilitate affordable development of housing by providing construction loan financing for approximately 14 houses and rental units over the past two years. Community Housing Inc.'s Executive Director Timothy Crawl-Bey says the best part of his job "is being able to fulfill the company's mission of providing housing opportunities to the community."

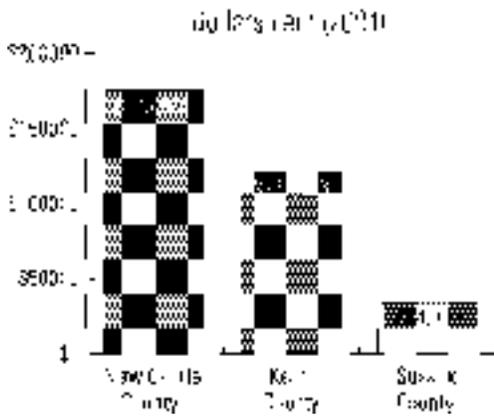


For more information on Community Housing Inc., visit their office at 613 Washington Street in Wilmington, DE or send an e-mail to info@communityhousinginc.org.

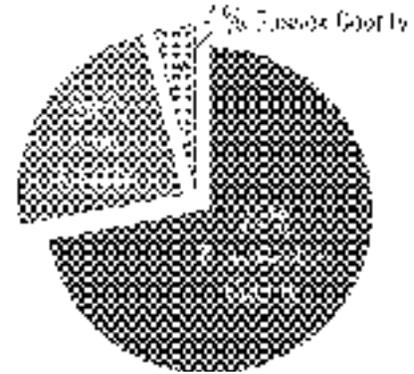
FIRST STATE COMMUNITY LOAN FUND 2004

SMALL BUSINESS LENDING STATISTICS

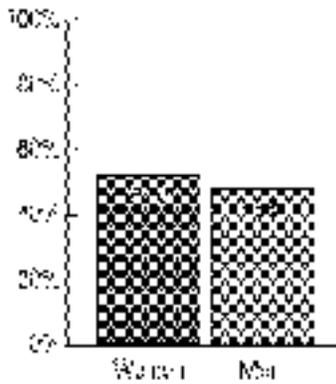
microloan fund & business growth fund



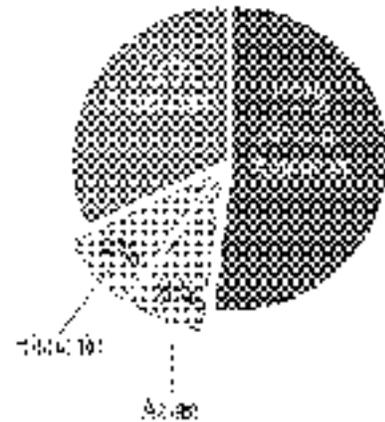
Lending Activity by County (2004)



Lending by Gender (2004)

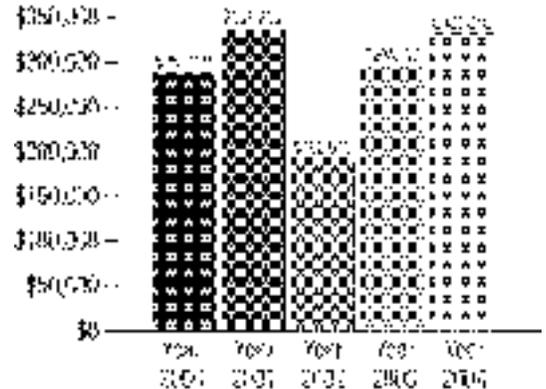


Lending by Race (2004)



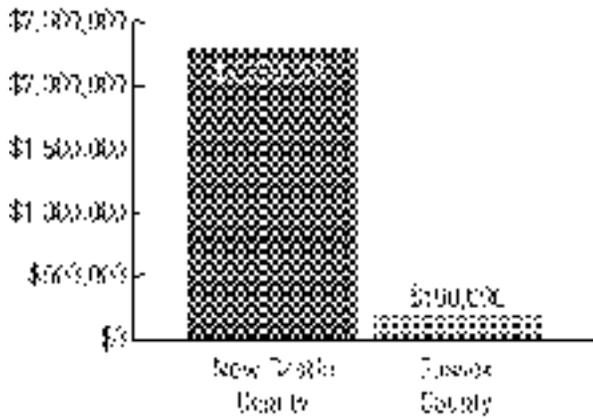
Jobs Created	55
New Castle County Loans	18
Kent County Loans	6
Sussex County Loans	1

Disbursements (2000-2004)



FIRST STATE COMMUNITY LOAN FUND 2004 AFFORDABLE HOUSING LENDING STATISTICS

Loans Lent (2004)



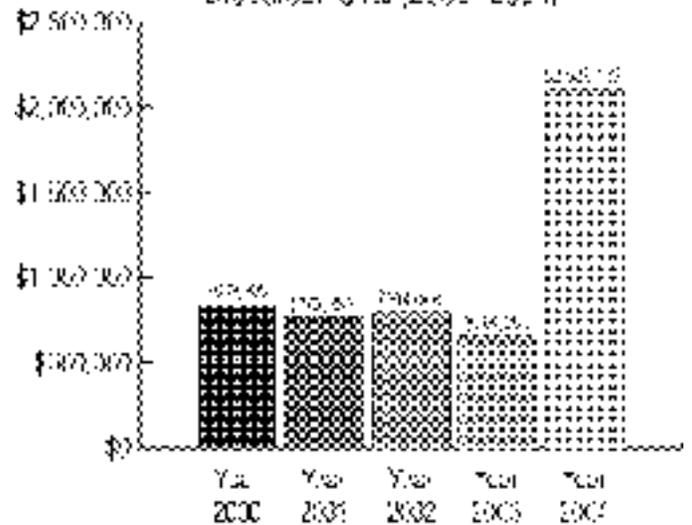
Lending Activity By County (2004)



Affordable Housing Units (2004)



Disbursements (2000-2004)



Home Ownership Units	43
Rental Units	27
Total Units	70
New Castle County Loans	10
Sussex County Loans	3
Total Loans	13

FIRST STATE COMMUNITY LOAN FUND 2004

STATEMENT OF FINANCIAL POSITION

December 31, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003*</u>
Current Assets:		
Cash and cash equivalents	\$1,446,057	\$1,580,263
Short-term investments	5,246	5,000
Grant receivable	27,611	-
Miscellaneous receivable	6,781	-
Prepaid expenses	15,866	5,314
Loans receivable – current portion	937,868	509,788
Less allowance for loan loss	<u>(53,846)</u>	<u>(33,309)</u>
	<u>884,022</u>	<u>476,479</u>
Total Current Assets	2,385,583	2,067,056
Investments	1,306,332	2,032,460
Loans receivable	2,159,901	1,139,913
Less allowance for loan loss	<u>4,066)</u>	<u>(74,138)</u>
	2,035,895	1,065,775
Security deposits	1,177	1,177
Equipment & furniture – net of accumulated depreciation	<u>7,470</u>	<u>10,575</u>
	<u>\$5,736,457</u>	<u>\$5,177,043</u>
TOTAL ASSETS	<u>\$5,736,457</u>	<u>\$5,177,043</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 11,961	\$ 16,606
Other liabilities	6,250	6,250
Accrued interest	22,190	11,076
Vacation payable	13,317	7,373
Loans payable – current portion	<u>990,784</u>	<u>585,000</u>
Total Current Liabilities	1,044,502	626,305
Loans payable	<u>2,105,404</u>	<u>1,837,323</u>
Total Liabilities	<u>3,149,906</u>	<u>2,463,628</u>
Net Assets:		
Unrestricted	949,996	1,125,936
Temporarily restricted	<u>1,636,555</u>	<u>1,587,479</u>
Total Net Assets	<u>2,586,551</u>	<u>2,713,415</u>
	<u>\$5,736,457</u>	<u>\$5,177,043</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$5,736,457</u>	<u>\$5,177,043</u>

*Restated for comparative purposes

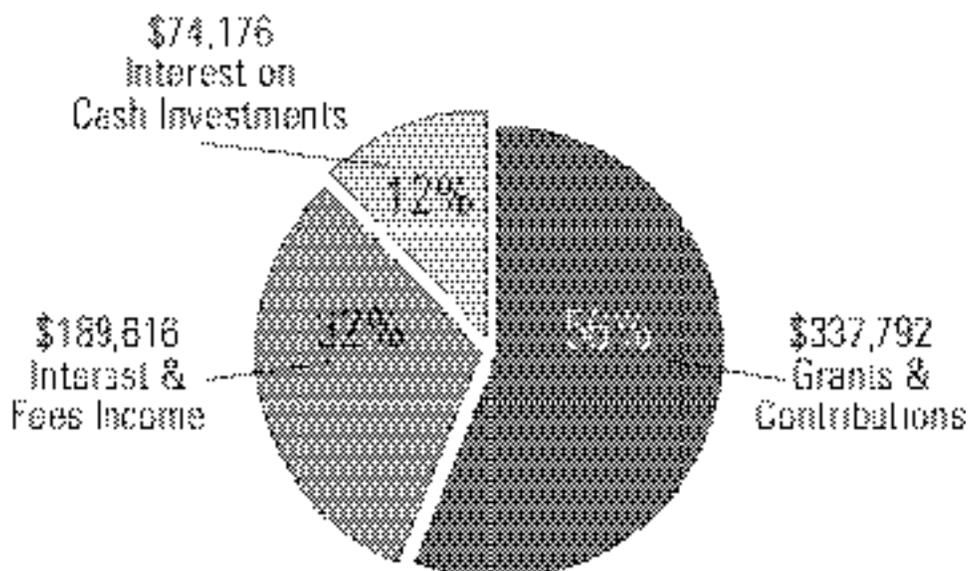
Copies of First State Community Loan Fund's complete audited financial statements are available upon request.

FIRST STATE COMMUNITY LOAN FUND 2004

INVESTORS AND CONTRIBUTORS

Advanta Corp.	Juniper Bank
Advanta National Bank	Marshalltown United Methodist Church
Artisans Bank	MBNA America Bank
Calvert Social Investment Fund	PNC Bank
Citigroup Foundation	Saint Andrew & Matthew Episcopal Church
Citizens Bank	Sisters of St. Francis of Philadelphia
Commerce Bank	State of Delaware
Deutsche Bank and Trust Company DE	Transamerica Bank
Discover	Trinity Episcopal Bank
Discover Bank	U.S. Department of Treasury, CDFI Fund
Gadfly Trust	USDA, Rural Development
GMAC Bank	Wachovia Foundation
HSBC Bank NA	Wachovia Regional Foundation CDC
Jessie Ball DuPont Fund	Wilmington Trust
JPMorganChase	WSFS Bank

2004 Revenue By Source



Continuing our mission of *providing and promoting* creative opportunities for *access*
to capital for businesses, developers of *affordable* housing, and *community* organizations
throughout Delaware.



FIRST STATE COMMUNITY LOAN FUND

100 West 10th Street, Suite 105
Wilmington, DE 19801
(302) 652-6774
www.FirstStateLoan.org
www.DelawareansSave.com