


FIRST STATE
COMMUNITY
LOAN FUND 
Breaking down barriers, building up communities.
annual report 2005

uplifting *spirits*



inspiring *success*



changing *communities*



looking back



Wilmington DE Mayor James Baker attended the ribbon-cutting ceremony which signaled the official opening of La Bagel Delight in downtown Wilmington.

a message from our executive director

It's in our mission: to consistently provide and promote creative opportunities for access to capital for businesses, developers of affordable housing, and community organizations throughout Delaware. But there's one thing that's not immediately recognizable when reading our mission statement, and that's our commitment.

At the First State Community Loan Fund, we're seeking to make a difference. For a budding entrepreneur seeking assistance in launching a new business; a married couple that wants to save a down payment for their family's first home; the small business owner yearning to grow his young operation in a totally new direction; or a housing developer needing capital to resurrect a struggling community.

They all have one thing in common: making a difference – a positive one – in the lives of those affected by their ambitions. And it's our commitment to seeing that happen – to seeing that they do in fact make a difference – that is paramount to our success and the prosperous year we enjoyed in 2005. But don't just take our word for it – the proof is in the numbers.

Even in a year of economic uncertainty and continued turmoil overseas, our overall numbers were impressive. We approved over \$2.3 million worth of loans in 2005, dispersing nearly \$2 million in funds. We created or helped retain 77 jobs and 30 units of affordable housing. And we passed the \$10 million mark in total amount of loans approved since our inception. That's a promising and encouraging trend, one which we hope to ride into 2006 as we continue changing the communities we serve. Which, by the way, is our organizational theme for the year: Changing communities.

By changing communities, we mean effectively reaching more people, spreading our word even wider, making a bigger difference... affecting positive change in the lives of those we touch through our products and services. It's about growth. To ride the wave of that growth, we made some changes this past year. We purchased and integrated new loan administration software, which allows us to more accurately post and track loan payments. We also acquired new loan documentation software, which enables us to more efficiently document and close loans.

That growth transpires not only as an organization but as individuals also. Each member of First State Community Loan Fund's staff is committed to ensuring that the organization's mission is met, which is evidenced by our results this past year. You'll likely notice that we've grown into a brand new look and feel, including our revamped corporate identity complete with a dynamic new logo, color scheme and tag line. That line, "Breaking down barriers, building up communities," is indicative of the difference we've made, and the promise of what's to come in 2006 and beyond. Won't you join us?

Vandell Hampton, Jr.
Executive Director



moving ahead

though it may not seem like it belongs on a list that includes issues such as affordable housing, adequate employment opportunities and economic development, quality child care is one of the greater concerns facing many Americans – especially those in low-to-moderate income homes.

The effect is cyclical and often debilitating: first, the child care option is eliminated for reasons beyond the family's control... too costly, goes out of business, overcrowded, the list goes on. Then the parent has to miss work – or worse, quit – because there is no one to care for the children. Finally, due to sporadic or non-existent income, the family loses its ability to pay the rent or mortgage, and many of the family's basic needs are unmet.

Thankfully there are caring individuals who are working diligently to break that merciless cycle. Within First State Community Loan Fund's Community Development initiative is a strong push to provide the funding necessary to open, maintain or renovate child care establishments throughout the state of Delaware. The result is a string of success stories, for example, Faith Harvest Child & Youth Development Center, A Leap of Faith and Family Enrichment, that epitomize the hard work and dedication necessary to make a difference.

Another such success story is Ribbons and Bows. Cora Reed came to FSCLF for help financing her growing daycare center. With her first loan – in November 2005 for \$60,000 – Mrs. Reed and her husband Frederick were able to relocate their existing home-based daycare into a full-fledged childcare center.

Ribbons and Bows has had a positive impact in Wilmington. The organization currently employs 17 people, serving 105 children. However, in response to demand, they plan to increase their capacity to be able to serve up to 250 children in the near future.

Ribbons and Bows has also become a social beacon within the community by serving lower income kids and their families through education and spirituality.



A dedicated Christian organization, Ribbons and Bows emphasizes strong morals and ethics, helping to raise and nurture the children within an environment that is safe and free of

giving support

violence. Education is also a top priority at the center as well. The staff and administration has seen visible improvements in the children's academic achievement, including their drive to learn. Cora's belief in quality child care has provided a model environment for the children.



The old African proverb says that it takes an entire village to raise one child. That philosophy still exists today and increasingly is being practiced on a much broader scale: entire communities joining together to strengthen their collective resources in order to better prepare the future we are readying for our children. Through its continued commitment to the goal of developing our communities, through the ongoing establishment of quality child care facilities, FSCLF is certainly doing its part.



providing hope

There are stories of community leaders pulling together to change the quality of life within their neighborhoods. First State Community Loan Fund was able to witness firsthand how two such initiatives were borne; together, they serve as a blueprint for self-empowerment.

Recently, Wilmington's West side has experienced an upturn in the outlook of its residents. Where there once was crime and inadequate housing options, they have been replaced by optimism and the hope that comes with new and affordable housing developments.

The West Center City Homeownership Initiative grew out of the Trinity Episcopal Parish's desire to provide affordable housing in the church's west side neighborhood. With initial funding coming from the Jessie Ball DuPont Fund and Trinity Episcopal Parish, First State Community Loan Fund was able to secure additional funding from the Delaware State Housing Authority, MBNA America, Deutsche Bank Trust Company, Advanta Corporation and Juniper Bank. Total funding for this initiative was \$ 1.6 million. As of this printing, 5 properties were under construction.

"This project began in 1997 when a group of Trinity leaders studied the urban housing crisis in our area and made affordable housing a mission priority for the congregation," says the Rev. Anne Bonnyman, Rector of Trinity Parish. "It is very exciting now to see the dream become a reality."

"I am really excited about this project," says Vandell Hampton, Jr., Executive Director of First State Community Loan Fund. "I know the area that we are targeting has had problems in the past with crime and blight, however, I am encouraged by the recent development I have seen in West Center City. The Mayor and the City of Wilmington have made a commitment to this community through its RIZE Initiative and there are several local developers currently working in that area. If we all do a little bit, we will surely get the job done."

The loan fund is being administered by First State Community Loan Fund and is accessible to local, non-profit developers, to acquire and renovate properties to sell as single-family units to first-time homebuyers. Currently, Community Housing Inc., Interfaith Housing Delaware and Cornerstone West have been approved as initial developers for the West Center City initiative.



Homes like this one in Wilmington's Belvedere neighborhood are being built and others refurbished to become affordable housing options for city residents.



impacting *lives*

A second initiative that has been instrumental in the reinvigoration of a community is FSCLF's partnership with Interfaith Housing Delaware (IHD) in the Belvedere community specifically.

IHD is a not-for-profit corporation that was established in 1985 to provide affordable housing for low-income families throughout Delaware. To date, IHD has produced over 250 units of affordable housing in New Castle and Kent Counties and developed partnerships for, as well as participated in, several joint ventures for the purpose of creating affordable housing in Delaware. One such partnership was with FSCLF in the Belvedere community of New Castle County.

Back in September of 2004, FSCLF provided a \$350,000 line of credit to IHD to develop new homes in Belvedere, a historically African-American, low-income neighborhood. As the project progressed, however, IHD realized that in order to be more efficient and better serve the community, they needed a larger line of credit.

Fast forward to March 2005. FSCLF entered into a \$850,000 participation agreement with PNC Bank for the Interfaith Housing Belvedere project. With this newly established credit facility, IHD would be able to produce affordable single-family homes for low- to moderate-income families at a much faster pace. When the objective is to help people with the means to improve the way of life for themselves and their children, every single moment is important. Under the agreement, FSCLF will provide \$340,000 (or 40%) of all funds dispersed, while PNC would be responsible for the remaining \$510,000 (60%). As of this printing, 15 units have been developed under this project.

That means at least 15 families have received hope in the form of a brighter future and the sense of empowerment that comes from home ownership. When resources come together for a worthy cause such as this project, the results are inspiring. The impact is positive. And the resultant change will be felt for generations to come.

First State Community Loan Fund
Statement of Financial Position
December 31, 2005 and 2004

delivering *value*

FIRST STATE COMMUNITY LOAN FUND
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2005	2004
Cash and cash equivalents	\$ 2,727,235	\$ 1,446,057
Investments	603,597	1,311,578
Grants receivable	100,273	27,611
Miscellaneous receivable	4,284	6,781
Prepaid expenses	13,117	15,866
Loans receivable, net of allowance for loan loss	2,893,928	2,919,917
Security deposits	1,177	1,177
Equipment and furniture, net of accumulated depreciation	36,968	7,470
TOTAL ASSETS	\$ 6,380,579	\$ 5,736,457

LIABILITIES AND NET ASSETS

Accounts payable	\$ 10,921	\$ 11,961
Other liabilities	-	6,250
Accrued interest	6,331	22,190
Vacation payable	20,237	3,317
Loans payable	3,357,596	3,096,188
TOTAL LIABILITIES	3,395,085	3,149,906

COMMITMENTS

NET ASSETS		
Unrestricted	985,730	949,996
Temporarily restricted	1,999,764	1,636,555
TOTAL NET ASSETS	2,985,494	2,586,551

TOTAL LIABILITIES AND NET ASSETS	\$ 6,380,579	\$ 5,736,457
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FIRST STATE COMMUNITY LOAN FUND
STATEMENTS OF ACTIVITIES

Year Ended December 31, 2005

	Temporarily		Total
	Unrestricted	Restricted	

SUPPORT AND REVENUE			
Grants	\$ 240,555	\$ 539,249	\$ 779,804
Contributions	-	-	-
Loan fees	54,330	-	54,330
Interest on loans	200,018	-	200,018
Interest on cash and investments	68,784	-	68,784
Miscellaneous	45,164	-	45,164
TOTAL SUPPORT AND REVENUE	608,851	539,249	1,148,100

NET ASSETS RELEASED FROM RESTRICTION:

Satisfaction of program restrictions	176,040	(176,040)	-
TOTAL PUBLIC SUPPORT AND REVENUE	784,891	363,209	1,148,100

EXPENSES AND LOSSES

EXPENSES:			
Program services	648,798	-	648,798
Management and general	100,359	-	100,359
TOTAL EXPENSES	749,157	-	749,157

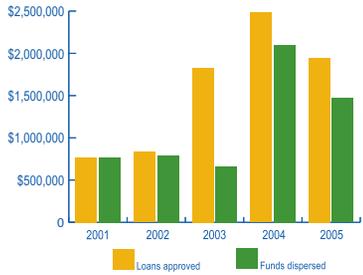
LOSSES:

Realized gain (loss) on investments	-	-	-
Unrealized loss on investments	-	-	-
Loss disposal of equipment	-	-	-
TOTAL LOSSES	-	-	-
TOTAL EXPENSES AND LOSSES	749,157	-	749,157

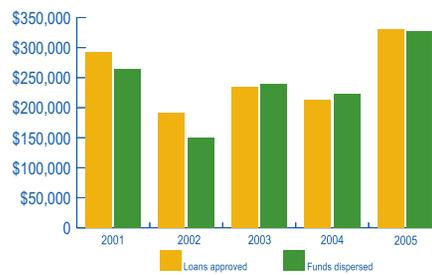
CHANGE IN NET ASSETS	35,734	363,209	398,943
NET ASSETS			
Beginning of year	949,996	1,636,555	2,586,551
End of year	\$985,730	\$1,999,764	\$2,985,494

achieving results

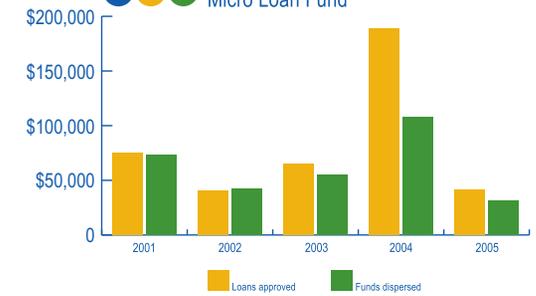
Affordable Housing Loan Fund



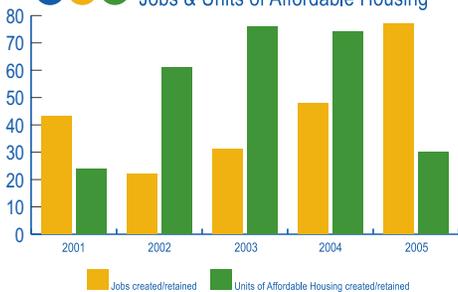
Business Growth Fund



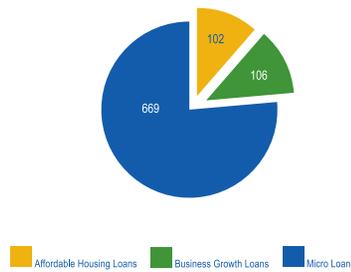
Micro Loan Fund



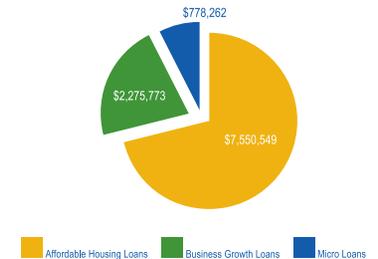
Jobs & Units of Affordable Housing



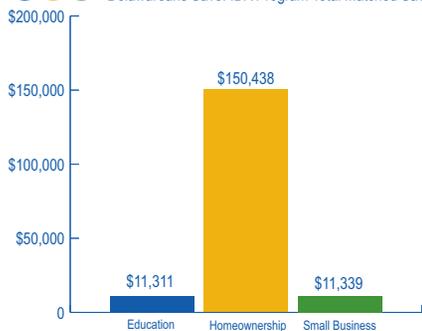
Total Loans since 1994



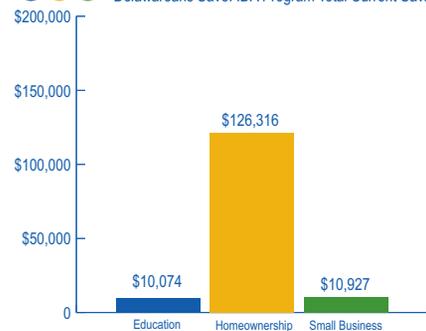
Total Loans since 1994



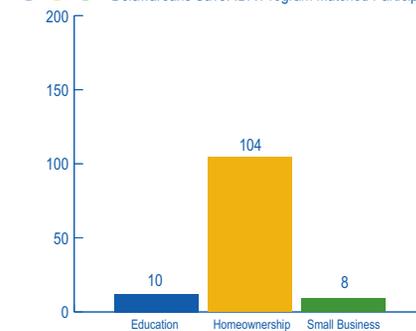
Delawareans Save! IDA Program Total Matched Savings



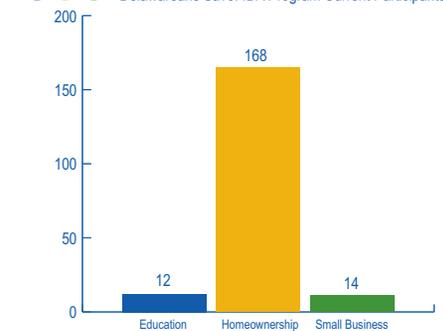
Delawareans Save! IDA Program Total Current Savings



Delawareans Save! IDA Program Matched Participants



Delawareans Save! IDA Program Current Participants



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STAFF

Vandell Hampton, Jr.
Executive Director

Sheila Harrigan
Community Lending/Team Leader

Jan Slattery
Program Manager
Asset Building

Delores Lee
Business Programs Specialist

Heather Pari
Portfolio Analyst

Gail Dougherty
Administrative Assistant

Robert Kauffman
Community Lending Officer

Auditors: Rowland, Johnson & Company P.A.
Corporate Counsel: Losco & Marconi P.A.

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100 West 10th Street, Suite 1005
Wilmington, DE 19801
(302) 652-6774
www.FirstStateLoan.org
www.DelawareansSave.com



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