

*Inspired giving
inspires growth.*

OPEN



**FIRST STATE
COMMUNITY
LOAN FUND**



Annual Report 2006



a message from our

In my role as Executive Director of First State Community Loan, a significant and important part of what I do is to ask people or organizations to give. Fortunately for me, I have the opportunity to turn right around and give away what is given to us. It is a role which I take very seriously, that of being a good steward for the funds that are so graciously donated to First State by loyal supporters.

It is through that support we are able to fulfill our mission of promoting and providing creative opportunities for access to capital for small businesses, community organizations and developers of affordable housing throughout Delaware. Year in and year out, we are able to see firsthand what good comes of kindhearted and inspired giving.

"It is well to give when asked,

executive director

Two such examples of the growth that is inspired by giving are highlighted in this annual report. When I think about these two businesses, Harvest Youth and Child Development Center and Briscoe's Onsite Detailing, the things that stand out most are passion and commitment. Both of these businesses, when you line them up on paper, are not the type of businesses that would have received financing from a traditional bank. Some might even question First State providing financing.

One of the major challenges in our role is recognizing the intangibles, things that make the biggest difference which generally do not show up on paper. After all, how do you measure drive, dedication, persistence and follow-through? Obviously, there

are no columns for these items on your typical balance sheet. Yet many times, these are the ingredients that are required to make a successful business. We invite you to join us in celebrating Harvest and Briscoe specifically, as well as the hundreds of businesses like theirs who also deserve the chance to succeed and prosper.

Speaking of prospering, FSCLF enjoyed another stellar year. In 2006, we closed 31 loans which totaled over \$1.8 million. Fourteen of the loans went to small businesses, resulting in the creation or retention of 56 jobs. The housing portfolio yielded 13 loans, 13 new homeownership opportunities for mostly low- to moderate-income individuals and over \$1.6 million was committed in financing. Four loans were

made under our community development fund, which supported 4 childcare providers and created 79 childcare slots.

Our Delawareans Save! Individual Development Program also reached some significant milestones in 2006. We closed Phase I of the IDA pilot project in 2006. We are happy to report that 184 participants met their matches through December 2006 and over \$19 million in real estate sales was generated from participants who purchased homes through the program. You can read more about the IDA program later in this report.

As always we thank our loyal supporters for the continued backing of our efforts and we look forward to a successful 2007.



Vandell Hampton, Jr.
Executive Director

but it is better to give unasked."

Real giving, real results

The most rewarding aspect of the work done by First State Community Loan Fund is the fact that there are real people at the end of our giving rainbow. The monies FSCLF distributes go to start businesses, or build new homes or fund the pursuit of higher education. And behind those dreams or goals are real people whose lives are forever changed for the better. Here are two such stories.

The Harvest Youth and Child Development Center in Wilmington, DE, and Briscoe's Onsite Detailing located in Newark, DE are typical examples of the power of inspired giving. Many longtime supporters of FSCLF continue to inspire growth with their generous giving

and these two organizations are among the recipients that benefit.

From a community development and small business aspect, both Harvest and Briscoe were able to grow what began as a dream and a vision and both businesses are happy to thank First State for their financial support.



For Pastor Raymond D. Williams and Pastor Rhonda J. Williams, what started as a dream is now a reality. Their

child care and education facility, the Harvest Youth and Development Center, started with 10 church members, two kids and a strong business plan.

Two years – and two FSCLF loans – later, the growth is astounding. Pastor Williams purchased for \$2 million the building they had been leasing

and the organization has 92 children, 18 employees, a full-service day care center with children ranging from infants to 12 years old and a Christian academy for preschool to sixth grade. They are quick to count their blessings.

“I like the hands on approach that First State gave us,” said Pastor Rhonda Williams. “They were very instrumental in our growth and they had a vested interest in what we were doing.”

FSCLF also displayed a vested interest in the continued growth and viability of Briscoe's Onsite Detailing and Briscoe's Auto Salon in Newark, DE. A mere vision three years ago, today business owner Obote Briscoe is proud to present these two segments of his business. Briscoe is quick to tell anyone who asks that he owes a great deal to the support and continued interest given to his business by the people at FSCLF.

Growing businesses & saving for the future, thanks to FSCLF

“First State was there with me step by step. I was able to expand my business each year,” said Briscoe.

With plans to open a franchise next year and cater to women by installing a nail salon that offers women manicures and pedicures while they wait, Briscoe's is on target to make a difference in the community of Newark while leaving a legacy for his family.

With the help of First State, Briscoe was able to get a handle on his finances, expand his business each year and move into a new facility that bears the name Briscoe's Onsite Detailing.

After getting his first loan and paying it off Briscoe is proud to offer onsite car washing at

local auto dealerships and detailing at Briscoe's location in Newark.

Briscoe's auto salon offers customers three services: basic, wash and wax and full detailing. Consultations are available for people interested in getting their car detailed by the hardworking team at Briscoe's. With five full-time employees and four part-time employees, Briscoe's is proud to have a winning team willing and able to take care of your car care needs.



— IDA program closes out Phase I —

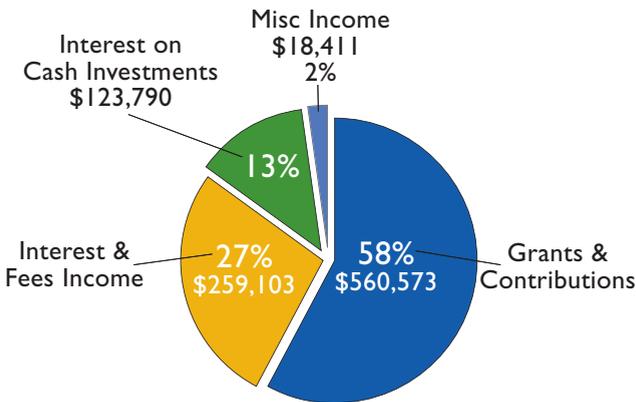
Delawareans Save! provides IDAs (Individual Development Accounts) for eligible low-income residents, enabling them to obtain assets and move toward self-sufficiency. Participant savings are matched by private and public sector funds provided by area banks and other organizations, as well as training for financial education, homeownership, education and entrepreneurship. FSCLF was enlisted to coordinate and manage the collaborative for efficiency and effectiveness.

The success of the program is unquestioned as 184 participants made their match and nearly \$20 million in real estate sales was generated by program participants. “The program has impacted the lives and families of lower income Delawareans through financial fitness training, developing the habit of saving and reaching for a goal,” said Jan Slattery, Program Director-Asset Building for FSCLF.

(see financials section for IDA program statistics)

2006 Financial Statistics

2006 Revenue By Source



STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2006	2005
ASSETS		
Cash and cash equivalents	\$ 2,797,100	\$ 2,727,235
Investments	609,288	603,597
Grants receivable	14,491	100,273
Miscellaneous receivable	720	4,284
Prepaid expenses	11,375	13,117
Loans receivable (net of allowance for loan loss)	1,943,902	2,893,928
Security deposits	1,177	1,177
Property and equipment, net	27,013	36,968
TOTAL ASSETS	\$ 5,405,066	\$ 6,380,579
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 2,569	\$ 10,921
Accrued interest	6,764	6,331
Compensated absences	14,894	20,237
Loans payable	2,782,615	3,357,596
TOTAL LIABILITIES	\$ 2,806,842	\$ 3,395,085
COMMITMENTS		
NET ASSETS		
Unrestricted	\$ 798,056	\$ 985,730
Temporarily restricted	1,800,168	1,999,764
TOTAL NET ASSETS	\$ 2,598,224	\$ 2,985,494
TOTAL LIABILITIES & NET ASSETS	\$ 5,405,066	\$ 6,380,579

A statistical snapshot of 2006, a year of inspired giving

Small Business

Barber Shop	\$ 15,000
Staffing Agency	\$ 15,000
Bakery	\$ 12,000
Detail/Car Wash	\$ 15,000
Barber Shop	\$ 9,000
Tax Preparation	\$ 5,500
Oxygen Bar	\$ 15,000
Nursing Staffing Agency	\$ 15,000
Beauty Salon	\$ 15,000
Barber Shop	\$ 6,000
Detail/Car Wash	\$ 4,000
Retail (women's clothing)	\$ 5,000
Insurance Agency	\$ 15,000
Retail (men's clothing)	\$ 22,000
Sub Total	\$168,500

Community Development

Home-based Childcare Provider	\$ 15,000
Home-based Childcare Provider	\$ 25,000
Home-based Childcare Provider	\$ 10,000
Childcare Center	\$ 40,000
Sub Total	\$ 90,000

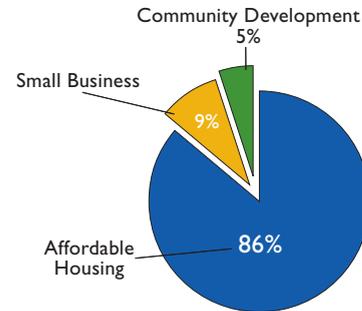
2006 At-a-glance:

Jobs Created, 56 • Units of Affordable Housing, 13 • Childcare Slots, 79

Affordable Housing

Rivers Edge Association	\$ 108,000
Interfaith Community Housing Inc.	\$ 160,200
New Knollwood Civic Assoc.	\$ 139,500
New Knollwood Civic Assoc.	\$ 121,500
Community Housing Inc.	\$ 112,000
Rivers Edge Association	\$ 135,000
Rivers Edge Association	\$ 148,500
Interfaith Housing DE	\$ 126,000
Interfaith Housing DE	\$ 126,000
Interfaith Housing DE	\$ 126,000
Community Housing Inc.	\$ 83,048
Community Housing Inc.	\$ 183,750
Rivers Edge Association	\$ 45,000
Sub Total	\$1,614,498

2006 Lending Activity



IDA Program Statistics

	2002	2003	2004	2005	2006	Total
Matches						
Homeownership	1	19	41	43	47	151
Small Business	0	3	2	3	4	12
Education	0	1	5	4	11	21
Total	1	23	48	50	62	184
Financial Literacy Program Participants	386	503	324	690	364	2267

FIRST STATE COMMUNITY LOAN FUND
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*denotes Executive Committee member
†denotes Loan Review Committee member

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This annual report was created by KDCre8tive, a collaborative effort between
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Do you want to make a
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To learn how you or your
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