

2017

First State Community Loan Fund
ANNUAL REPORT



FIRST STATE 
COMMUNITY LOAN FUND
BREAKING DOWN BARRIERS • BUILDING UP COMMUNITIES

2017: Celebrating 25 Years

MISSION

The mission of First State CLF is to educate, empower, and elevate business owners, and entrepreneurs, by augmenting technical expertise, increasing access to capital and stimulating business growth throughout Delaware and southeastern Pennsylvania.

OUR STAFF

Vandell Hampton, Jr.
President & CEO

Rachel Baldini
Vice President, Director of Lending

Lola Campos
Business Development Specialist

Sara Crawford-Jones
Program Director, Women's Business Center

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Portfolio Manager

Deborah Harrison
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Delores Lee
Office Manager, First State CLF
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Senior Community Lending Officer

Lorenzo Moreno
Community Lending Officer

Robert O'Brien
Business Counselor, Women's Business Center

Christian Portale
Portfolio Associate

Bobbie Schmittinger
Business Advisor

Clinton Tymes
Technical Assistance Coordinator

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PRESIDENT'S MESSAGE

DEAR FRIENDS,

As First State Community Loan Fund (First State CLF) celebrates its 25th Anniversary, I've been reflecting on our role in the communities we serve. Each year we strive to expand activities that build stronger and more resilient communities, and I'm proud to say we've done just that.

I have been at First State CLF for fourteen years and what keeps me excited about the work that we do is how we have changed and evolved over the years to meet the needs of the communities that we serve. When I first started at First State CLF, we were heavily involved in affordable housing, however, as the economy shifted in our region, our focus also shifted. Our portfolio is now made up of primarily small business loans.

Other notable changes that have taken place include, our foray into Pennsylvania, as our geographical area now also includes Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties. In 2014, we launched the Women's Business Center at First State CLF, which has allowed us to strengthen our technical assistance offerings. And the most recent change was becoming a Certified Development Company in 2016, which enables us to offer the SBA's 504 Loan Program.

We've also expanded our vision to include working with organizations and communities that are involved in revitalization efforts. In 2016, we really delved deep into community revitalization, when we introduced the Corridor Revitalization Fund (CRF). Over a two-year period, we awarded nearly \$500,000 to twelve small businesses that started or expanded in Wilmington's Downtown, through the CRF. We are now working with two community development corporations on Wilmington's east and west sides, to assist in their revitalization efforts.

I am proud of what we have accomplished but steadfast in the understanding that there is still much more left to do. We'll continue to focus on building the fundamentals with small business owners; like sound business plans, financial discipline, and a passion to seize smart opportunities, and we'll help them take the next step in their business. We'll also continue to build relationships to leverage and maximize economic development resources that will help the communities we serve even more.

As with the last 25 years, First State CLF will remain focused on breaking down barriers and building up communities in the next 25 years and beyond. It's what we do.

Sincerely,

Vandell Hampton, Jr.

President & CEO, First State Community Loan Fund





BEAVERDAM PET FOODS

Truman Shrock and his daughter, Christine Trivits, stand in their newly-built warehouse.

Family-owned business grows with help from First State CLF's 504 Loan Program.

In a tranquil green field in the heart of southern Delaware, rises a story of family, a commitment to excellence and an entrepreneur's dream realized. **Beaverdam Pet Foods** is located in a pristine warehouse/office space in Greenwood. It is dedicated to the development and distribution of superior natural pet foods in a specialized - almost boutique-style - business plan with the bond of family and love of animals at its core.

Beaverdam was launched in 2003 by Truman Schrock shortly after retiring from a 30-year career with a nationwide animal nutrition company. During his tenure, he often urged his employer to expand into domestic pet foods, to no avail. "I said to myself, 'One day, I'm going to have my own brand,'" Schrock recalls. "I guess the rest is history."

He began with three recipes for dogs and two for cats. Soon after, all-natural cookies, bones and chews were added. In 2010, a grain-free formula was introduced, named Eli's Select, in honor of Schrock's late father.

Today, Schrock's team includes daughter Christine Trivits, who is overjoyed at the progress they've made. "Initially, we tried to break into 'big box' stores, but realized that model wasn't working," she acknowledges. "Instead, we focused on DelMarVa- and Pennsylvania-area small businesses, organic and specialty stores - as well as loyal word-of-mouth customers - and established our niche."

504 Loan Program

FSCLF's 504 Loan program is a powerful economic development loan program that offers small businesses another avenue for business financing, while promoting business growth, and job creation. The program provides approved small businesses with long-term, fixed-rate financing, up to \$5 million, used to acquire fixed assets for expansion or modernization.

- Land or building purchases
- Leasehold improvements
- Equipment
- Refinancing of existing debt (*conditions apply*)

With First State CLF's support, Beaverdam Pet Foods moved from years of renting space to building and owning their own facility. "It's such a pleasure to work with First State CLF, Rachel Baldini and the staff," notes Trivits. "We had unique obstacles to overcome, but they worked tirelessly to make this happen [for us]."

Today, Beaverdam is expanding across the US, and online retailer, chewy.com, now offers their products.

Van Hampton, Jr. notes that this type of need is why First State CLF exists. "Our chief goal is to help businesses move to the next level, and we definitely accomplished that with the team at Beaverdam Pet Foods. We couldn't be happier to see their success."

PARRIS NAIL LOUNGE

Owner Tammy "Parris" Parris in her luxurious beauty lounge, which opened in 2017.



Glamour comes to Downtown Dover with help from a First State CLF Business Growth Loan.

When you walk into Parris Nail Lounge, you instantly gain a sense for the owner's signature style. The space is as bright and welcoming as the smile on Tammy ("Parris") Parris herself.

Parris Nail Lounge is adorned in golds, blacks, creams and whites, with large regal-looking pedicure chairs, a coffee and sweets bar and decorative touches of artwork (some of which depicts the butterfly logo that is her moniker) and comfortable seating throughout. The Lounge offers not only manicure and pedicure services, but also massages and Parris' own personally developed line of natural skin care products.

Parris says she had always dreamed of owning a high-end luxury boutique. "My inspiration [for the space] came from my experiences living in and out of the United States," Parris says. "I wanted a place that exuded the look and feel of luxurious yet welcoming relaxation and that delivered quality enhancements and treatments for a variety of customers."

First State CLF provided the financial capital she needed to begin the development of Parris Nail Lounge. "They provided thorough and educational guidance, financing and resources for me to 'step-by-step' establish my business and achieve my goal."

Vandell Hampton, Jr. cites Parris Nail Lounge as a classic example of how First State CLF can help women and minority entrepreneurs develop and launch a business. "We want to give all business owners equal opportunity and critical tools to succeed. We want to help identify ways to secure financial and educational resources and increase the number of successful women- and minority-owned businesses in the region."

First State CLF Loan Programs

MICRO LOAN FUND

Provides loans for *small business start-up & expansion*, ranging from \$5,000 to \$50,000. Micro loans can be used for most business purposes, including working capital, inventory and equipment. Micro Loan Fund borrowers are frequently start-up or early stage businesses.

BUSINESS GROWTH FUND

Provides loans for *existing businesses* that have typically been in business for at least two years. Loans range from \$51,000 to \$250,000 and most business purposes are eligible, such as, working capital, inventory, equipment, leasehold/capital improvements, and real estate acquisition.

COMMUNITY DEVELOPMENT LOAN FUND

Provides loan capital to both non-profit and for-profit, community based projects, such as childcare centers, community centers, mixed use properties, and other community-based projects. The maximum loan size is \$500,000.

(Learn more about the [504 LOAN PROGRAM](#) on page 5)

What's next for Parris and her business? "My next goal is to buy a building with more in-depth, creative décor potential" she says. "I also plan to add services not currently offered in Delaware but that are available in larger states and even outside of the United States!"

Celebrating 25 Years of Community Development

In *1992*, First State CLF was formed, using innovative financial products and services to support small businesses and diverse projects to revitalize underserved communities.



First State CLF Celebrates its 15th Anniversary, 2008

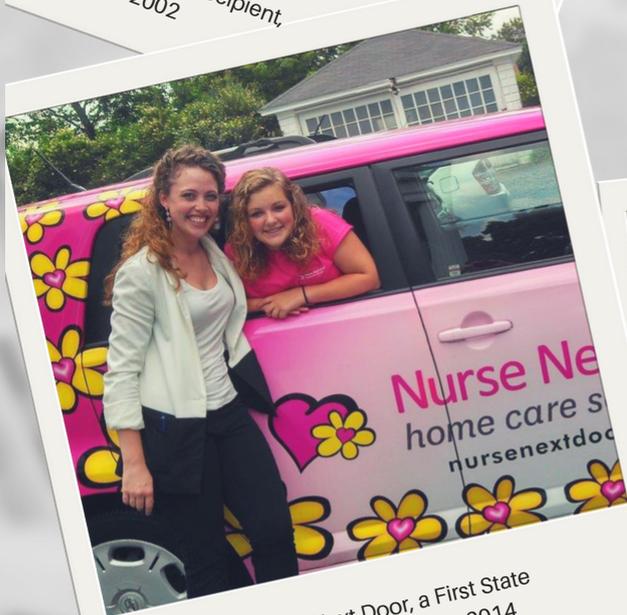


The Hair Station, a First State CLF Loan Recipient, 2002

In *2011*, First State CLF expanded beyond the borders of Delaware and began lending & providing technical assistance to businesses located in southeastern Pennsylvania



Grand Opening of Guerra Getty Gas Station, a First State CLF Loan Recipient, 2004



Nurses Next Door, a First State CLF Loan Recipient, 2014



Grand Opening of Four Sons Pizzeria, a First State CLF Loan Recipient, 2009





The Opening of La Fia Bistro, a First State CLF Loan Recipient, 2015



First State CLF on Capitol Hill at OFN Advocacy Day, 2014



Van Hampton and Lottie Lee at the Garrett House Opening, 2012

In *2015*, First State CLF partnered with the Small Business Administration to launch the Women's Business Center, a resource dedicated to providing technical assistance to women entrepreneurs.



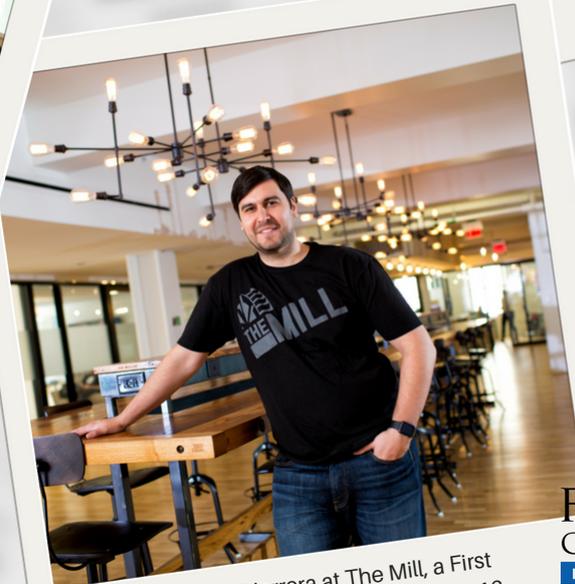
Ubon Thai Cuisine Ribbon Cutting, 2011



Van Hampton, Rob Buccini, and Gov. Jack Markell at the Market Street Corridor Revitalization Fund Event, 2016



"Start Your Own Business" Training Course, 2007



Rob Herrera at The Mill, a First State CLF Loan Recipient, 2016

In the last *25 Years* First State CLF has disbursed nearly \$27 million to over 1,100 small businesses and community organizations.



NOVEDADEZ TOLEDO

Proprietor Dulce Zavareta caters to the Hispanic community's celebration needs.

Coatesville has gotten more festive, thanks to a First State CLF Micro Loan recipient.

Owned and Operated by Ms. Dulce Zavareta, **Novedades Toledo Boutique** is a formal wear retail boutique and event planning business focused on the Hispanic market in Chester County.

When customers walk into the shop, it's impossible to miss the sparkle and shine beaming from the rows of custom-made dresses, or the festive samples of party décor. Dulce immigrated to the United States from Mexico as a young girl and delights in helping Quinceneras find the perfect dress for their big celebrations. The boutique also carries all types of special event gowns and clothing for baptisms, prom and more.

But boutique customers can consider the store a one-stop-shop for all of their party planning needs. The business offers clientele linen rental, balloon decoration, centerpieces and decorations to ease the stress of making events look top-notch.

The store was born when Dulce and her husband were planning their wedding and felt frustrated by the service she received by conventional planners. Based on her experiences, she saw the opportunity for culturally sensitive event planning services for the surrounding Hispanic community, and opened the boutique in 2011 to early and quick success.

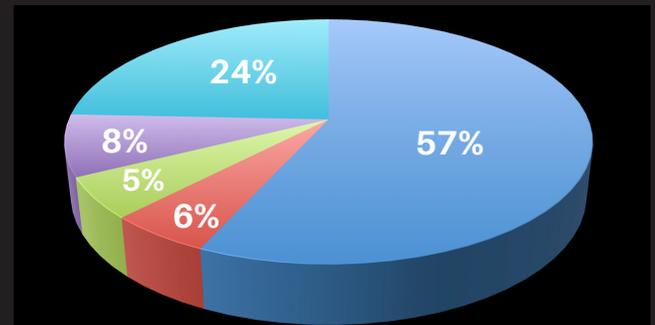
In order to grow the business and add additional services, Dulce worked with First State CLF's Microloan program to secure working capital for décor improvements, signage, new equipment, advertising, and inventory. She also plans to expand her staff with the addition of part-time employees.

Dulce focuses on making the boutique welcoming to the surrounding Hispanic community. "It's important to create an atmosphere of acceptance and community care," notes Dulce. "I want the shop to be a place where my customers can identify and bond with aspects of our cultures."

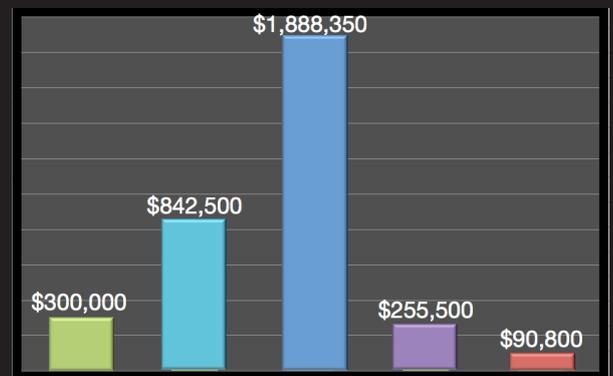
Lending Across Borders



NUMBER OF LOANS BY COUNTY



LOAN AMOUNTS BY COUNTY



TOTAL LOANS: \$3.7 Million

"The microloan program allows business owners to make a big impact in their business with a very manageable loan," noted Vandell Hampton, Jr. "Ms. Zavareta has pioneered a niche market in her community, and we're excited to be a partner in her business' journey."

BREAD & BUTTERCREAM

Owners Imad and Kate Jamal started their bakery business in 2017.



Business gets a little sweeter for two entrepreneurs with help from First State CLF's Micro Loan Fund.

Something delicious is cooking in North Wilmington with the opening of Bread & Buttercream Bakery on Marsh Road. Owned and operated by Kate & Imad Jamal, Buttercream seeks to establish themselves as the "go-to" location for morning treats, special occasion orders and take-home goodies with a homemade feel.

Both Kate and Imad have experience in food and management industries - Imad a degree in Baking and Pastry from Delaware Technical Community College and 15+ years in food service; Kate in retail management since 2001. "Imad always wanted his own business," Kate says. "In the Islamic tradition, entrepreneurship is highly respected and encouraged."

Their journey as business owners (and as a couple) began simply with a chocolate croissant. "Imad grew up in Morocco where French pastries are everywhere, so he knows a good croissant," Kate laughs. Others he tasted weren't quite up to his standards, and he began experimenting with baking his own. "Now, chocolate croissants are our most popular product," she smiles. "Many customers have said ours are the best they've ever had!"

The couple is grateful for the support First State CLF gave them from the beginning. "First State CLF took us on when no one else would," she says. "We had little hope of obtaining a business loan and were referred to First State CLF and its Microloan Program. From our very first meeting, we were treated with great respect."

Lending to Under-served Communities

Supporting under-served borrowers is a core part of First State CLF's mission.



41%

of Loans to Low-Income Borrowers



46%

of Loans to Minority Borrowers



36%

of Loans to Women

Kate notes that the First State CLF staff took them seriously and gave them the tools to move forward. "First State CLF gave us resources to get started, make informed choices and get advice when things got tough. We could clearly see how much they wanted us to succeed - almost as much as we did."

Cases like this is where First State CLF really shines. "Entrepreneurs with great vision but not necessarily great means are where First State CLF can make a true impact," says Van Hampton, Jr. "We give new business owners a way to 'see the light' at the end of a very long, complicated tunnel to success."

WBC FAST FACTS

MISSION

The mission of the Women's Business Center at First State Community Loan Fund (WBC) is to act as the catalyst for providing in-depth, substantive, outcome-oriented business services to women entrepreneurs.

755

PEOPLE TRAINED

The WBC offers technical assistance and courses on business plans, business financing, social media, marketing analysis, and more.

260

PEOPLE
COUNSELED

The WBC connects new women-owned businesses with Business Advisors.

101

EVENTS

The WBC hosts a variety of networking and Business training events throughout the year to give women the opportunity to connect.

The Women's Business Center at First State Community Loan Fund

A Message from the WBC Program Director, Sara Crawford-Jones

Women are driving innovation in Small Business! About 68% of small business owners are women. The Women's Business Center (WBC) encourages women to be successful in business, from idea, to creation, to growth. We have created programming to empower, engage, and equip our women in business in every stage. As the new Director of the WBC, I am proud to support them in their business growth and business journey.

Last year, we offered an array of trainings for women entrepreneurs including our signature business planning course *Passport to Business Success*, fundamental operational and management classes, opportunities for networking, and signature celebratory events like *Connect Series: Saddle Up for Business*.

Looking to the future, the WBC will be working even closer with First State Community Loan Fund to connect more women to technical assistance and capital in New Castle, Kent and Sussex Counties. We'll be adding additional higher-level programming for our established businesses, and we'll work hard to continue to be recognized as the #1 Women's Business Center nationwide for most completed business plans.



What Our Clients Are Saying:

"The WBC has been the catalyst I needed to get my Event Planning business back on track. It's made a positive impact on my business and continues to provide me with high-level training and networking opportunities" - Corrinne Cooper, Phenomenal Moments Events

"The one-on-one business counseling I received from Robert O'Brien, WBC Business Counselor helped grow my business by about 25%." - Aniko Czobor, Your PASSPORT to Travel LLC

"Since being with the WBC mid way through my business, I have received valuable help with expanding my business plan, marketing strategies and networking opportunities." - Cheryl Stevens, Cheryl's Southern Style

First State Community Loan Fund Statement of Financial Position

ASSETS	December 31,	
	2017	2016
Cash and Cash Equivalents	\$ 1,164,820	\$ 793,740
Restricted Cash	\$ 1,684,292	\$ 2,080,043
Investments	\$ 54,166	\$ 75,788
Grants Receivable	\$ 37,500	\$ 38,608
Miscellaneous Receivable	\$ 13,616	\$ -
Prepaid Expenses	\$ 26,291	\$ 21,964
Loans Receivable, Net of Allowance for Loan Loss	\$ 6,696,428	\$ 5,696,416
Equity in investment, Related Party	\$ 292,337	\$ 289,970
Security Deposit	\$ 1,427	\$ 1,427
Property and Equipment, Net	\$ 8,288	\$ 4,851
Total Assets	\$ 9,979,165	\$ 9,002,807

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 10,720	\$ 5,781
Accrued Expenses	\$ 1,383	\$ 14,467
Compensated Absences	\$ 30,056	\$ 28,196
Loan Escrow	\$ 119,035	\$ -
Loans Payable	\$ 6,976,511	\$ 6,146,593
Total Liabilities	\$ 7,137,705	\$ 6,195,037

COMMITMENTS

Net Assets		
Unrestricted	\$ 1,136,268	\$ 1,450,271
Temporarily Restricted	\$ 1,705,192	\$ 1,357,499
Total Net Assets	\$ 2,841,460	\$ 2,807,770
Total Liabilities and Net Assets	\$ 9,979,165	\$ 9,002,807

INVESTORS & CONTRIBUTORS

Investors

Artisans' Bank
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Catholic Health Initiatives
Citizens Bank
Customers Bank
Deutsche Bank Trust
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