

Redefining Our Organization & Reinforcing Our Commitment to Community

First State Community Loan Fund
2018 Annual Report



Mission

First State Community Loan Fund's (FSCLF) mission 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

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*Executive Committee**



President's Message

Dear Friends,

It's been said that great things never come from comfort zones. Those who have been long time friends and supporters of First State CLF have probably noticed that we've been inching out of our comfort zone over the past few years. Every year, we work to expand and grow our offerings to the communities we serve, and this year, I'm proud that we have not only done that, but expanded and grown our geographic footprint to include Bucks, Montgomery and Philadelphia counties in southeastern Pennsylvania.

In 2018, we took the first step out of our comfort zone with a capitalization strategy that will allow us to dedicate financial resources to fund the capital and operational needs and support our future growth.

A new partnership with a local municipality helped fuel that growth and push First State CLF into a new market. The Community Growth Fund is a partnership with the Borough of Kennett Square that capitalized a \$250,000 revolving loan fund to support Kennett-based businesses. A primary focus of the Community Growth Fund will be Kennett's growing Hispanic business community. This initiative includes extensive technical assistance, such as workshops, one-on-one counseling and information sessions.

Redefining our organization and reinforcing our commitment to community—this is how we are looking to move forward. As you flip through this annual report, you will see how we are redefining First State Community Loan Fund and stepping out of our comfort zone once more, to define our organization in a way that more accurately presents our mission, our borrowers, and our future. You'll read the stories of First State CLF-financed, small businesses in Delaware and southeastern Pennsylvania that have helped create jobs, economic growth, and stability in the communities that need it the most.

Our work is far from over. Providing true and equitable access to capital will always remain our focus, and with your help, support, and partnership, we will be able to help even more small businesses grow and thrive in more communities throughout our region.

Sincerely,

A handwritten signature in black ink that reads "Vandell Hampton, Jr." in a cursive script.

Vandell Hampton, Jr.

"We couldn't have picked a better client for our first City of Philadelphia loan", said Vandell Hampton, Jr., President and CEO of First State CLF. "Jenea was a great borrower to work with. She was very responsive and knew exactly what she wanted to do. We hope to find more clients like Marsh + Mane, as we move deeper into the Philadelphia market."



Marsh + Mane

Creating an enjoyable customer experience for all skin and hair types with help from a Small Business Administration Community Advantage Loan

When you step foot into a neighborhood beauty supply store, what are you expecting to encounter? Crowded shelves? Too many products? A staff that doesn't understand your beauty needs? At Marsh + Mane, beauty lovers will find something a little bit different.

Located in Philadelphia, PA, Marsh + Mane is a natural beauty and lifestyle boutique launched in December of 2018. The vision of the company is to create a beautiful, inviting space and enjoyable shopping experience mainly for women of color. She wants customers to leave the store feeling inspired and empowered to take on the rest of their day. "We aren't a traditional beauty supply store," says owner Jenea Robinson. "We're a bit more upscale, and our customers will meet staff that know and understand all the products, because they use them."

That level of customer service is important to Jenea, and it's exactly what she found when working with First State Community Loan Fund. First State CLF provided Jenea with her very first business loan, and Marsh + Mane would not

have been able to open without their help. Jenea notes that she engaged First State CLF instead of a traditional bank because she wanted a more personal experience. "I worked with people who understood the business and were excited for me and saw the need for it. Everyone I interacted with was informative and patient."

Through First State CLF's SBA Community Advantage Program, Jenea was able to ease some of the stress that often plague first-time business owners. "I would absolutely recommend First State to other first-time business owners. It was a really long process, and through that process, everyone was so helpful and answered my questions really quickly, which was so important to me."

Today, Marsh + Mane makes sure they spend time giving back to the community by hosting workshops, opening pop-ups, and sharing their knowledge through social media and word of mouth. Being proud of and connecting with the Philadelphia community is a priority for Jenea and her staff.

SBA Community Advantage Program

First State CLF has been a Small Business Administration (SBA) Community Advantage lender since 2011. The program provides mission-based, lenders up to an 85% guaranty on loans made through the program. Loans go up to \$250,000.

- Typical borrowers include entrepreneurs in underserved markets who are considering expansion, need working capital or inventory and have been in business for less than two years and do not qualify for traditional financing. First State CLF has made 59 Community Advantage Loans, totaling over \$7.2 million.

Cottage Seven Academy

Connecting students in need of more individualized attention with a therapeutic environment and smaller class sizes with help from First State Community Loan Fund.

When you step foot into Cottage Seven Academy, you will immediately notice the small class sizes and intentional blending of students in various grade levels. In their therapeutic educational environment, students have the opportunity to learn with access to more resources and additional support than the average school.

Established to serve southeastern Pennsylvania school districts as a specialized program to support students with emotional and behavioral “exceptionalities,” Cottage Seven, located in Pottstown, Pennsylvania, opened in January of 2017 to create an environment that challenges students academically and socially. With only 5 classrooms having a maximum capacity of 12 students per room, their warm and welcoming atmosphere aims to create meaningful connections and foster inclusivity among their diverse student body.

“Private education is pretty unique,” says Cottage Seven CEO Bret Wadell.

“School as a business is a tough position to be in. For us to be viable, we have to be more efficient, and fortunately for us, there are ways to be much more efficient than most school districts can be.” However, even the most efficient businesses can run into trouble when it comes to funding.

“We don’t get compensation from the school districts through July and August,” explains Wadell. “Traditional

banks wouldn’t even sit down at the table with us. We were told to come back when we have better tax returns.”

That’s when he turned to First State Community Loan Fund. After loaning the school money from his own pocket to make payroll, Wadell knew he needed to look for other funding sources, and First State CLF connected him with the SBA Community Advantage Loan, and in turn, saved the school.

“Clinton Tymes, First State CLF’s Technical Assistance Coordinator comes out and visits the school to assure that we have the resources and support that we need. The team at First State is top notch, and it has been an incredibly valuable experience,” said Waddell.

Cottage Seven can now look to the future. With opportunities to expand in the region and throughout Pennsylvania, Cottage Seven is able to focus on helping more students get the individualized attention they need to be successful in life.

Clinton Tymes notes that borrowers like this are precisely why organizations like First State CLF are important. “Our chief goal is to help businesses move to the next level, and we couldn’t be happier that we’ve helped Cottage Seven achieve that.”

Redefining Our Organization: The Story of True Access Capital

First State Community Loan Fund (First State CLF) has been empowering business owners and entrepreneurs, especially in underserved communities, with loans and training for nearly 30 years. But what comes to mind when you think of our name: *First State CLF*? A bank? A credit union? A division of state government? An obscure acronym?

The truth is, because *First State CLF* offers loans under various product names and most of the training we offer is through the Women's Business Center, our own brand name often takes a back seat. Unfortunately, every time that happens, we lose an opportunity to link our name with the vital financial products and services we provide. And as demand for our products grow, as our geographic footprint expands (including outside Delaware), and as our outreach initiatives touch a growing number of communities, it's critical to our success that the goodwill these activities generate be attributed to an organization whose name reflects its mission in a memorable, outward-facing fashion.

Rebranding our organization is not something we do lightly. After all, the First State CLF name served us for decades. But as we worked with our consultants, NüPOINT Marketing, it became clear that we lacked a cohesive "brand architecture" under which our products and services could be organized more effectively. In fact, most of these products and services had evolved around us, often under their own names, and only rarely linked with First State CLF.

We spent months working with the NüPOINT team. We studied the strengths and weaknesses of our existing brand, we analyzed the marketplace, we studied the competition, and we discussed the pros and cons of various branding

"We, of course, wanted a name that would reflect what we do; but most importantly, we wanted a name that would resonate with the clients and stakeholders we serve".

options. We of course wanted a name that would reflect what we do; but most importantly, we wanted a name that would resonate with the clients and stakeholders we serve. And we wanted to be able to organize our products and services under that name in a logical fashion. After long and careful consideration (and making sure the accompanying URLs were available), we emerged with our new brand name: **True Access Capital**.

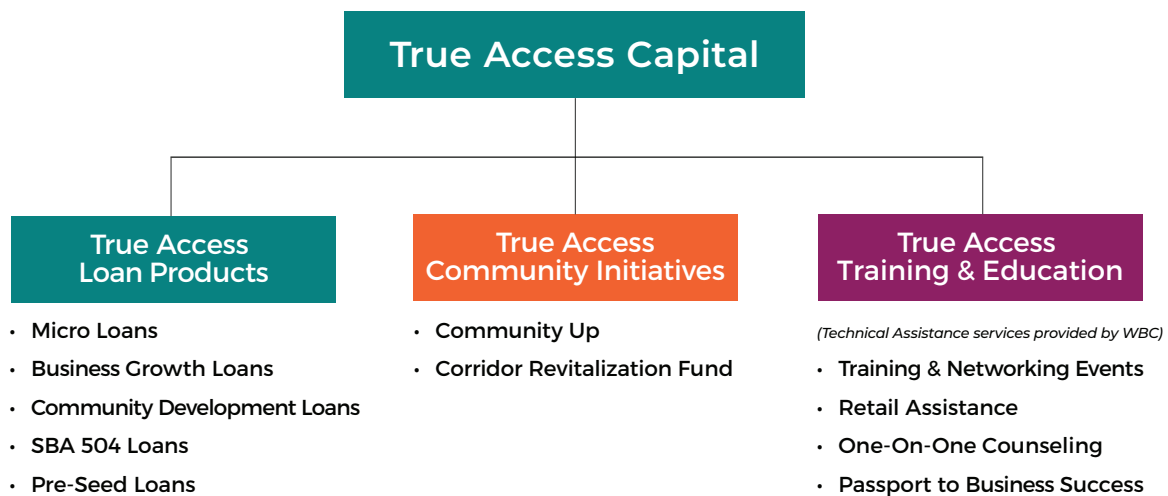
Jorge Del Fabbro, Creative Director at NüPOINT says, "Of course the word 'true' is associated with all the qualities you want in business; 'access' suggests an organization that offers products and services that underserved communities might not be able to obtain elsewhere, and 'capital' is one thing every budding entrepreneur needs. Putting these all together as *True Access Capital* speaks clearly and effectively to what this organization does, and to how it operates."

Complimenting our new name is a new logo, a stylized triangle comprised of three "arms," each representing one of our three business platforms: loan products, training, and community outreach.

Even though First State CLF—now True Access Capital—has a new name and logo, our rebranding work is hardly finished! In fact, it's only just begun. A brand takes on meaning for its stakeholders by offering products and/or services that can be relied upon time and time again. We've been doing just that as First State Community Loan Fund for nearly 30 years. Now it's time to make sure that our clients and stakeholders realize that True Access Capital is ready to sustain that reputation for many decades to come.



How Do Our Products Fit Under Our New Brand?



True Access Brand Architecture

Core Brands



Sub Brands



Bardea

Inventive Italian food finds a home in downtown Wilmington on Market Street and embraces revitalization with assistance from the Corridor Revitalization Fund.

When you walk down Market Street, you can't help but notice the change. There's life on Market—in the form of apartments, restaurants and shops. The sidewalks are filled, and so are the seats of Bardea Food & Drink, located on the corner of 7th and Market Streets. Owned and operated by restaurant veteran Scott Stein and Executive Chef Antimo Dimeo, Bardea has been a project five years in the making, and now with a James Beard nomination under their belt, it's been worth the wait.

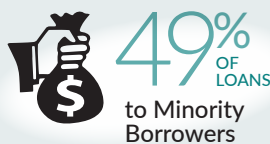
Both Scott and Antimo have a family history in the restaurant industry. Scott is a fourth-generation restaurant owner, and Antimo grew up working in his family's restaurants, and eventually, in the kitchen of a Michelin starred chef in Spain. Bardea is known for their modern takes on traditional Italian fare with locally sourced ingredients.

Their journey to Downtown Wilmington has been extremely fulfilling. "Bardea represents a lot of things. Downtown Wilmington is going through this renaissance right now—it's on fire," says Scott Stein, with a quiet enthusiasm. "There's so much great commerce, great art, great business down here. It deserves a restaurant of this quality and greatness." Chef Antimo agrees, with a hope that they can continue to add to the revitalization and support the City of Wilmington.

Funding a restaurant is no easy task, and both Chef Antimo and Scott knew that traditional banks were not going to be up for the challenge. They are grateful for the support of First State CLF and the Corridor Revitalization Fund, which gave them the funding and support they needed to get Bardea to the finish line and open for business. "They were a big part of why we were able to open a restaurant here," Antimo notes. "First State was really accommodating and helpful. They wanted this work and wanted us to get the funding and make sure we were part of the Downtown resurgence."

Lending to Under-Served Communities

65%



Jobs Created or Retained

338



Scott notes that being properly funded is the key to a successful restaurant, and with the help of First State CLF, Scott and Antimo were able to not only receive the Community Revitalization Fund award, but also an SBA Community Advantage loan. “When you meet them, and they actually explain the process, it’s much easier, and I felt that connection with them,” he says. “They allow for growth and allow you to reach your dreams and goals,” adds Antimo.

As for the future of Bardea in Downtown Wilmington? “We haven’t even scratched the surface,” says Scott. “We’ll be keeping in contact with First State Community Loan Fund every step of the way.”

The Corridor Revitalization Fund

Funded by JP Morgan Chase and launched in 2016, the Corridor Revitalization Fund offers forgivable loans to entrepreneurs, landlords, and developers that are located in Wilmington’s Downtown Business District. Eligible program uses include site acquisition, construction/renovation, working capital, inventory, furniture & fixtures, and other business purposes.

- First Round Funding: \$125,134 given to 4 Downtown Wilmington businesses
- Second Round Funding: \$290,000 approved to 6 Downtown Wilmington businesses
- Third Round Funding: \$275,000 approved to 11 Downtown Wilmington businesses



The Borough of Kennett Expansion

A partnership between the Borough of Kennett Square and First State Community Loan Fund puts the focus on small business in Chester County.

The DNA and character of every small town and Main Street is made up of those one-of-a-kind, eclectic small businesses that occupy its downtown. The Borough of Kennett Square is no different, and their focus on attracting and maintaining small businesses is what makes the town unique and attracts visitors and residents alike to its historic business district.

“I envision Kennett similar to how it is now, but with more small business, more economic activity, more residents living downtown—continuing the great momentum we already have,” begins Nate Echeverria, the Economic Director for the Borough of Kennett Square. With the help of a new partnership with First State CLF, his vision isn’t far off.

The Borough of Kennett, which has been very proactive in supporting small businesses, already offered a loan product for businesses needing \$100,000 or more. Unfortunately, this product did not meet the needs of all the small businesses. “When we surveyed the small business community, they had a real need for small loan amounts,” says Echeverria.

The Community Growth Fund is a partnership between the Borough of Kennett and First State CLF. The two came together to create a revolving loan fund that provides small loans (up to \$50,000) to new or existing businesses located in Kennett Square. Along with access to capital, First State CLF also provides technical assistance and business support to borrowers, a service that the Borough wasn’t equipped to provide. A primary focus of the Capital Growth Fund will be the emerging Hispanic business community in the Borough.

Café de Thai was the first business to receive funding under the Capital Growth Fund. Café de Thai is a new business and used the funding for leasehold improvements, equipment, and working capital.

Portobellos, an existing Kennett-based, restaurant, received a Small Business Administration-backed, Community Advantage loan from First State CLF. The loan was used to relocate the restaurant. The relocation enabled Portobellos to increase its seating capacity from 55 to 180. Portobellos features new American cuisine with international overtones and draws its inspiration from products that are sourced from many Chester County growers as well as seafood from the mid-Atlantic region.

“We saw an opportunity to expand our mission and network in Kennett Square, and are very happy to have this partnership with the Borough,” said Vandell Hampton, Jr. “First State CLF will help those business owners in Kennett Square that traditional banks often miss, and we are ready to help leverage and support the economic development activity in this new market.”



Community Growth Fund

The Community Growth Fund offers business loans up to \$50,000 to new or existing Kennett Square-based businesses. Funds can be used for working capital, equipment, façade improvements, and more.



HISTORIC
KENNETT
SQUARE

ESTABLISHED 1855

HistoricKennettSquare.com

#phillytowns

106 W. State St.

WBC Spotlight

A message from the WBC Program Director, Sara Crawford-Jones:

I'm gratified by the work that I do for the Women's Business Center (WBC) at First State Community Loan Fund. I'm proud to be a woman empowering and advocating for women (and some men) with their dreams and aspirations in such a relevant time—a time to shine, to be great, and overcome adversities. I'm elated at the strides we've made, within the WBC and within the State of Delaware. As a change maker with the WBC, I have built relationships with resource partners and local organizations to better serve our communities and educate our business owners.

Here's what we have achieved to drive change and impact communities:

- Worked steadfastly to be recognized nationally as a top Women's Business Center for the number of business plans completed with our Passport to Business Success Program.
- Expanded our reach into Kent and Sussex Counties, including hiring our first Southern Delaware Business Counselor.
- Provided Technical Assistance for grant recipients of the Corridor Revitalization Fund, to help start and grow business in downtown Wilmington.
- Together with First State Community Loan Fund launched the Community Up—Building Communities through Business initiative, working in disadvantaged areas to Revitalize communities and educate emerging entrepreneurs and business owners.
- Developed a quarterly Business Brunch Pop up Series to educate and inform entrepreneurs on business fundamentals and to network with each other.
- Promoted growth of local businesses and created a successful statewide networking platform with our Connect Series.

All of these accomplishments are to be celebrated, but of course there is still more work to do ahead. This work is meaningful and it makes my heart smile. With the new direction of True Access Capital, I plan to continue building the WBC's offerings and visibility, and continue to smile knowing I've reached my goal—helping so many of you reach yours!

WBC FAST FACTS:

Mission: The mission of the Women's Business Center at True Access Capital is to act as the catalyst for providing in-depth, substantive, outcome-oriented business services to women entrepreneurs.

By The Numbers:

925 Clients Trained

269 Clients Counseled

80 Trainings and Events

\$679,000 Loan Capital

What Our Clients Are Saying:

"My experience with The WBC has been awesome. It's because of them that I now have a business plan and knowledge to grow my business. The WBC takes the time to answer questions, and if they don't know the answer, they'll put you in touch with someone who does. I know if I get stuck in any stage of the process, they're just a phone call away."

—Shante Renee Hynson
Renee Alexander Jewelry

"I found the counseling priceless. I don't think our company would be heading in the right direction if it weren't for the help I received from the WBC."

—Rhonda Allen
Rock'Em Sock'Em Transport Services



Investors & Contributors

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 Westin-Wilmington
 WSFS Bank
 Zizza Highway Services

FSCLF 2018 LOAN COMMITMENTS

Kent County	\$192,600
Sussex County	\$375,000
New Castle County	\$2,714,250
Chester County	\$450,000
Montgomery County	\$75,000
Philadelphia County	\$161,000
Delaware County	\$50,000
TOTAL	\$4,017,850.00

First State Community Loan Fund Statement of Financial Position

ASSETS	DECEMBER 31,	
	2018	2017
Cash and Cash Equivalents	\$ 1,306,674	\$ 1,164,820
Restricted Cash	\$ 2,389,746	\$ 1,684,292
Investments	\$ 48,419	\$ 54,166
Grants Receivable, Net	\$ 698,092	\$ 37,500
Miscellaneous Receivable	\$ 13,587	\$ 13,616
Accrued Interest Receivable	\$ 46,475	
Prepaid Expenses	\$ 18,266	\$ 26,291
Loans Receivable, Net	\$ 6,888,721	\$ 6,696,428
Equity in investment - Related Party	\$ 276,539	\$ 292,337
Security Deposit	\$ 1,427	\$ 1,427
Property and Equipment, Net	\$ 6,496	\$ 8,288
TOTAL ASSETS	\$11,694,442	\$ 9,979,165
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 42,840	\$ 10,720
Accrued Expenses	\$ 34,861	\$ 1,383
Deferred Revenue	\$ 220	
Compensated Absences	\$ 31,325	\$ 30,056
Loan Escrow	\$ 5,926	\$ 119,035
Loans Payable	\$ 8,090,636	\$ 6,976,511
TOTAL LIABILITIES	\$ 8,205,808	\$ 7,137,705
COMMITMENTS		
Net Assets		
Without Donor Restrictions	\$ 1,369,429	\$ 1,450,271
With Donor Restrictions	\$ 2,119,205	\$ 1,357,499
TOTAL NET ASSETS	\$ 3,488,634	\$ 2,807,770
Total Liabilities and Net Assets	\$11,694,442	\$ 9,945,475

First State Community Loan Fund

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