2017 Annual Report

Finance Fund

Capital Corporation
Founded in 1987, Finance Fund is a statewide nonprofit community development entity (CDE) that connects Ohio’s underserved communities with public and private sources of capital. Through the New Markets Tax Credit program, Finance Fund makes capital available to economic development projects and businesses serving Ohio’s disadvantaged communities. Finance Fund provides a Linked Deposit Fund, and awards predevelopment grants and economic development grants to community-based nonprofit organizations.

Finance Fund Capital Corporation (FCAP) is a certified nonprofit community development financial institution (CDFI) that forms public-private partnerships with financial institutions, investors, charitable foundations, community organizations and federal, state, and local governments to provide flexible financing that supports economic development and job creation in low- to moderate-income communities. FCAP’s borrowers include community-based nonprofit organizations and for-profit businesses.

In 2017, Finance Fund and Finance Fund Capital Corporation (FCAP) invested more capital into low-to-moderate income communities than any other year in our history. As a financial intermediary, we raise private and public sources of capital and make investments into underserved communities. In 2017, Finance Fund and FCAP invested a total of $62 million in grants and loans for 38 community development projects. Since inception, we have made direct investments in excess of $450 million, leveraging additional capital of nearly $2 billion. From rural towns to urban cities, our financing solutions improve neighborhoods and peoples’ quality of life by fueling local businesses and organizations that create jobs and access to affordable housing, vital community facilities and healthy food.

We are proud to highlight the following projects in this year’s annual report and share the strong public and private collaboration behind these success stories:

- **Medina Creative Housing, Inc., Brunswick, OH**
- **Nehemiah Manufacturing Company, Cincinnati, OH**
- **Simon’s Supermarket, Euclid, OH**

These project stories demonstrate how we change lives, neighborhoods and economies for the better. For all of our progress and success, we understand the many challenges that communities continue to face. Much more work remains to be done. With your partnership and support, we can continue to find new and impactful ways to improve our underserved communities.

Sincerely,

Diana Turoff  
President and CEO

Jerry Katz  
Huntington National Bank (Retired)  
Chair, Finance Fund and FCAP Board of Directors
“With the financial support of the New Markets Tax Credits, Nehemiah has been able to expand our operations while staying in the City of Cincinnati. Maintaining our city presence is critical to both our business and social mission of providing sustainable employment and whole life coaching to those in most need, with emphasis on those that may have a felony conviction or other barriers that prevent individuals from finding employment. We look forward to being a partner within the Price Hill community by bringing employment, investment, and involvement! “

Dan Meyer, CEO, Nehemiah Manufacturing Company
Nehemiah Manufacturing Company is a packaging facility that maintains “profit with a purpose”. Founded in 2009, Nehemiah was established with the goal of creating jobs for those hardest to employ, including people with criminal records, long gaps in employment and other barriers to finding meaningful work. This producer of a wide variety of consumer product lines is dedicated to stimulating community development and economic growth in neighborhoods with high unemployment and limited entry-level job opportunities.

New Markets Tax Credit (NMTC) financing enabled Nehemiah to construct a new, approximately 182,400 square foot manufacturing warehouse and headquarters facility and acquire the machinery and equipment needed for the company to expand its business operations and hire additional full-time employees.

Finance Fund provided Nehemiah with $8 million of federal NMTC allocation and over $2.5 million of Ohio NMTC allocation. Cincinnati Development Fund partnered on this project and provided Nehemiah with an additional $5 million of federal NMTC allocation. Ohio has been significantly impacted by the NMTC program and these funds are helping to positively change the lives of many people.

Located on an Ohio Brownfield site in Cincinnati’s Lower Price Hill neighborhood, the project lies in a particularly economically distressed and underserved community, characterized by a poverty rate of 49.7%, a median family income equal to 39.1% of the metropolitan area median income, and an unemployment rate of 30.7%, which is nearly 4 times the national unemployment rate.

This expansion enables Nehemiah to retain 76 jobs and create approximately 50 new jobs within 4 years, including distribution, light manufacturing and liquid filling positions with the opportunity to participate in full benefits (medical, dental, vision, disability and 401k match). An additional 90 temporary and/or construction jobs were also created.
"I didn’t want to simply open a supermarket in the Euclid Richmond Shopping Center, I wanted to open a neighborhood grocery store, catering to the needs of the local residents and one that would draw people from miles around. Offering fresh meats, fruits and vegetables, brand name and national name groceries at very competitive prices, this store has been running strong for over a year now."

Simon Hussain, Owner, Simon’s Supermarket

Pictured: James Carson, employee at Simon’s Supermarket
Once identified as a USDA food desert, Simon’s Supermarket changed that designation for an underserved community in the City of Euclid. According to a 2012 County Board of Health analysis, at least 13,000 residents of Euclid were living in a food desert.

The supermarket opened in February of 2017 and provided almost 3,000 Euclid residents with increased access to competitively-priced, high quality fresh food. The store has become a positive community asset by creating over 50 jobs filled by local residents.

Simon’s Supermarket is located in a neighborhood that has a high poverty rate of over 20%, and many residents do not drive. A bus stop in front of the store makes it accessible to almost 49,000 Euclid residents, and the supermarket’s location is within walking distance to numerous multi-unit housing complexes, including a senior housing complex directly across the street.

The store’s owner, Simon Hussain, immigrated to this country and became an entrepreneur, operating two other successful supermarkets in Cleveland’s low-income neighborhoods. Mr. Hussain saw the need in Euclid and converted a 27,000 sq. ft. building into a full service supermarket. Healthy Food for Ohio (HFFO) funding was critical to help overcome the financial barriers that would otherwise keep a supermarket from locating in a severely distressed community. Through our HFFO program, Finance Fund Capital Corporation (FCAP) was able to provide Simon’s Supermarket with $650,000 in flexible financing. With the full support of local and state officials, the store received additional financing from the City of Euclid.

Mr. Hussain recognizes that one of the keys to the continued success of any supermarket is its responsiveness to the needs and wants of the area’s residents. Thanks to Cuyahoga County’s Creating Healthy Communities program and the Cuyahoga Board of Health, over 570 community members have participated in forums, surveys, tours, city council meetings, nutrition education and other programs. Through feedback from these events and other community outreach, Mr. Hussain has been able to identify and implement the products and services that keep the residents coming back to Simon’s Supermarket. To name a few examples, a butcher is on site during all supermarket hours, transportation is provided to shoppers who spend at least $75, a new retention wall and fencing were installed to reduce flooding, and storefront lighting was increased. Simon’s Supermarket is making Euclid a better place to work, live and visit.
We are proud to be working with all of the organizations that are saying “yes” to improving individuals with disabilities lives who are striving to be all they can be. Together we are focusing on abilities and filling in with support in areas that used to lead to failure. Vision for a better future is made a reality when many people come together to make a project work. We say thank you to the students determined to succeed and all of the sponsors willing to invest financially to bring this opportunity to fruition.

Dianne DePasquale-Hagerty, CEO, Medina Creative Housing

Photo Provided by: The Medina Gazette
MEDINA CREATIVE HOUSING IMPROVES THE LIVES OF ADULTS WITH DISABILITIES

Medina Creative Housing (MCH) helps individuals with disabilities make successful transitions into their communities. MCH assists students, ages 18 and up, who have completed high school and wish to enroll at Cuyahoga Community College through their unique project “Medina Creative Transitions”. This program links a supportive residential environment with the opportunity to succeed in a Post-Secondary Residential College program.

Research has shown that only 5% of students with disabilities who attempt college in the United States actually earn a degree, not because of lack of ability, but because of not having the proper support systems around them to ensure their success. Medina Creative Housing, in partnership with the Cleveland Clinic School of Autism and Cuyahoga Community College, has developed this program to provide a solution.

**Offering an innovative combination of housing, supportive services, and opportunities for economic independence, the Transitions project ensures that these young adults will become productive, employable and independent members of society. The housing consists of eight efficiency units, a kitchen, living/dining area, computer/study room, and exercise area.**

MCH provides management staff who oversee the operation of the building and provide instruction, guidance, and coordination of shopping, cooking, housekeeping, and recreational activities. The staff collaborates with the Cuyahoga Community College administration to provide tutors for academic/homework assistance.

In addition to supporting the residents’ academic studies, MCH offers the residents vocational and employment opportunities in its social enterprises that include a property maintenance and construction business, a commercial hydroponic greenhouse, a coffee roasting business, a doggie daycare, and a therapeutic horseback riding ranch.

To finance the project, Finance Fund and Finance Fund Capital Corporation (FCAP) partnered with the Federal Home Loan Bank of Cincinnati, FirstMerit Bank, Westfield Foundation, the Hilliard Foundation and the Ohio State legislature. MCH utilized Finance Fund’s Linked Deposit Fund in combination with a $550,000 small business loan through FCAP. The Linked Deposit Fund opens the door to affordable financing from local lenders for housing and economic development projects.
Report to the Community

FY1987–FY2017

Finance Fund and Finance Fund Capital Corporation (FCAP) Product Outcomes through FY2017

Since 1987, Finance Fund and its subsidiaries have invested more than $411.7 million into a wide range of projects throughout Ohio’s underserved communities involving economic development, community facilities, manufacturing and industrial facilities, healthy food retail and distribution, and affordable housing, leveraging more than $1.7 billion of additional investment.

Finance Fund has accomplished this total investment by awarding 2,985 grants to community development corporations and other community-based organizations and by making over 81 loans and equity equivalent products to for-profit businesses and nonprofit organizations.

Finance Fund’s investments have created important community impacts including: the creation and/or retention of 19,457 permanent jobs, and the creation of 11,577 construction jobs; the construction and development of 4,051,029 square feet of manufacturing and industrial space, 298,519 square feet of healthy food retail space, and 10,229,701 square feet of community facilities space serving 74,180 students and 227,474 patients; and creating 17,273 total housing units.

Since 2006, FCAP has provided flexible financing totaling $47.5 million to 88 borrowers, leveraging $138.4 million of additional investments. FCAP has financed businesses and projects that have created and/or retained 4,125 direct jobs, developed 180,595 square feet in 314 housing units, 139,240 square feet of healthy food retail space, 223,282 square feet of community facilities space, 450,011 square feet of commercial space, and served 388,278 people.

FCAP is the home for our Affordable Housing Loan Fund (AHLF), Community Facilities Loan Fund (CFLF), Healthy Food for Ohio (HFFO), and Small Business Loan Fund (SBLF). These products provide flexible financing for eligible affordable housing, community facility, healthy food and small business projects in rural and urban underserved communities.
## Statements of Financial Position

(as of 12/31/17)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>FINANCE FUND</th>
<th>FCAP</th>
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<tbody>
<tr>
<td><strong>Current Assets</strong></td>
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<td>Cash and cash equivalents</td>
<td>$9,025,066</td>
<td>$7,136,606</td>
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<td>Cash held for others</td>
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<td>Receivables:</td>
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<td>Accounts</td>
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<td>Notes, current portion</td>
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<td>Grants</td>
<td>$777,500</td>
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<td>Interest</td>
<td>–</td>
<td>$89,973</td>
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<td>Investments in marketable securities</td>
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<td>Certificates of deposit</td>
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<td><strong>Total Assets</strong></td>
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<td>$8,799,569</td>
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<th>Other Assets</th>
<th>FINANCE FUND</th>
<th>FCAP</th>
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<td>Notes receivable, net of current portion</td>
<td>$1,000,000</td>
<td>$18,777,020</td>
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<td>Other long-term assets</td>
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<td><strong>Total Assets</strong></td>
<td>$1,200,000</td>
<td>$18,777,020</td>
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<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th>FINANCE FUND</th>
<th>FCAP</th>
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<td><strong>Current Liabilities</strong></td>
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<tr>
<td>Accounts payable and accrued expenses</td>
<td>$245,255</td>
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<td>Cash held for others</td>
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<td>Deferred revenue</td>
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<td>Current portion of loans payable</td>
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<td><strong>Total Liabilities</strong></td>
<td>$685,426</td>
<td>$5,197,162</td>
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<th>Long-Term Liabilities</th>
<th>FINANCE FUND</th>
<th>FCAP</th>
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<td>Accrued lease expense</td>
<td>$61,510</td>
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<td>Loans payable, net of current portion</td>
<td>–</td>
<td>$12,614,133</td>
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<td>Related party payables</td>
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<td>$3,024,045</td>
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<tr>
<td>Related party payables</td>
<td>$61,510</td>
<td>$15,638,178</td>
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<td><strong>Total Liabilities</strong></td>
<td>$746,936</td>
<td>$20,835,340</td>
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<tr>
<th>Net Assets</th>
<th>FINANCE FUND</th>
<th>FCAP</th>
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<tr>
<td>Unrestricted</td>
<td>$21,109,814</td>
<td>$6,741,249</td>
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<td>Temporarily restricted</td>
<td>$4,932,201</td>
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<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$26,042,015</td>
<td>$6,741,249</td>
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* Does not include subsidiary information
**Activity**

**Finance Fund**
- Other Revenue: $1,317,927
- Program Revenue: $4,370,521
- Grant Revenue: $1,450,000

**Finance Fund Capital Corporation**
- Other Revenue: $1,319,626
- Grant Revenue: $168,476

**Program Services Expense**
- Finance Fund: $2,895,422
- Finance Fund Capital Corporation: $1,181,793

**General and Administrative Expense**
- Finance Fund: $915,876
- Finance Fund Capital Corporation: $129,539

61% Other Revenue
19% Program Revenue
20% Grant Revenue
2017 Lending

NMTC Loans $50,440,000
Finance Fund Loans $1,000,000
FCAP Loans $8,652,950

TOTAL: $60,092,950

NMTC Entities

Total Assets of Managed NMTC Entities $252,000,000

* Gray Counties - Historically funded projects
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Amanda Sprague  
Associate Office Manager

Andrew Swary  
Executive Vice President General Counsel

Makeba Wilson  
Office Assistant
To discover more about Finance Fund and FCAP, and how we leverage public and private funding to drive economic development in low- to moderate-income communities throughout Ohio visit: www.financefund.org. We invite you to follow our blog and connect with us on Facebook, Twitter and LinkedIn.

Finance Fund thanks our 2017 Annual Report Sponsor

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