Restoring Markets.
Reimagining Possibilities.
MESSAGE FROM CEO & CHAIR

Dear Friends,

For more than 30 years, Reinvestment Fund has helped low-income families access the essential amenities and services that all Americans should enjoy—quality housing they can afford, education that prepares their children for the future, healthy food to put on the dinner table, jobs in their communities, and primary and preventive health care that is accessible and affordable.

In 2016, over 450,000 people felt the positive impacts of our work, which helped create homes for 880 people, over 7,500 educational opportunities for students and more than 3,000 jobs. In addition, we celebrated many firsts this year.

Our first time accessing the capital markets.
Reinvestment Fund’s $50 million in general obligation bonds will grow our high-impact loan portfolio. Our bonds were investment grade and oversubscribed—confirming a significant demand among institutional investors for such a unique impact investing opportunity.

A first-of-its-kind Pay for Success fund.
We’ve launched the first fund dedicated to Pay for Success, which aligns private capital with promising policy interventions and high-impact social services, while offsetting the financial risk to tax payers if the programs are not successful.

Our first office outside the mid-Atlantic, in Atlanta, GA.
This office anchors our geographic expansion throughout the Southeast, a region that is underserved but full of opportunity. In 2016, we invested more than $22.5 million across the region. We’re also engaged in public policy research from New Orleans, LA, to Selma, AL, and Atlanta.

Being named USDA’s first National Fund Manager for HFFI.
The U.S. Department of Agriculture named Reinvestment Fund as the National Fund Manager for its Healthy Food Financing Initiative. Through this role, the first of its kind, Reinvestment Fund has committed to improving access to healthy food for underserved communities across the United States.

These firsts for Reinvestment Fund—along with the work we do year in and year out—are possible because of the decades of support from our investors. To our investors, donors, partners and volunteers, your commitment to social impact is being felt in communities nationwide. Thank you for your support.

Don Hinkle-Brown
President and CEO

John S. Summers, Esq.
Chairman of the Board
Impact Investments

In 2016, we made $134 million in investments that benefit low-income communities.
Creative placemaking

Reinvestment Fund has been targeting high-impact arts investments in Central Baltimore, which is also home to the Station North Arts and Culture District.

After nearly a decade of vacancy, the Centre Theater was renovated to house a joint film program by Johns Hopkins University and Maryland Institute College of Art as well as office space.

Reinvestment Fund supported the transformation of the historic building from an early stage, providing Jubilee Baltimore, the nonprofit developer and owner of the theater, with financing for predevelopment. Across the street, the historic Parkway Theater had long sat vacant. Reinvestment Fund financing rehabilitated the theater and adjacent buildings to create a world-class center for film, filmmakers and film education.

Reinvestment Fund also received a $3 million investment from The Kresge Foundation for creative placemaking efforts in Baltimore, Atlanta and New Orleans.
Support for quality K-12 education

Reinvestment Fund has invested more than $460 million in K-12 schools that enroll more than 51,520 students from low-income communities.

Reinvestment Fund financing is helping Keystone Academy Charter School, a high-performing K-8 school in Philadelphia whose program uses a concentrated science and mathematics curriculum, including the use of integrated technology. In Washington, D.C., we supported two early stage public charter schools that will share facilities at the former St. Paul's College, which also has space reserved for workforce affordable housing for teachers.

And in Newark, NJ, with the help of New Markets Tax Credits, Reinvestment Fund is helping Great Oaks Charter School, a member of the AmeriCorps National Service Network, acquire and renovate its urban campus.

Thanks to grant funds from the U.S. Department of Education Credit Enhancement for Charter School Facilities Program, Reinvestment Fund can provide more flexible loan terms to some of our schools.
Investments in clean energy

Environmentally responsible development is embedded in Reinvestment Fund’s mission, as low-wealth people and places disproportionately bear the risks and costs of climate change. This commitment has resulted in $102 million in clean energy investments.

For example, we supported a portfolio of residential solar projects in Connecticut, and our investments in Ecosave are helping upgrade building efficiency—a sector that, according to the U.S. Energy Information Administration, accounted for 41% of U.S. energy consumption in 2014. Our investment includes the headquarters of an association of nonprofits providing services to America’s seniors, which will be 25% more efficient. We are also supporting Pennsylvania’s first ever community solar project located in the Philadelphia Navy Yard. The electricity generated by the project will increase the share of the Navy Yard powered by clean energy.
Enhancing Capacity

We enable our partners, policymakers, borrowers and peers to grow their capacity and their impact.
Access to fresh, healthy food for all

“Most people think of rural towns as farm towns—and there’s plenty of food in a town with farms around it, right? That’s really just not the case.”

— MARCUS SCARBOROUGH
VP COMMUNITY ENGAGEMENT, HONOR CAPITAL

Reinvestment Fund is honored to have been selected as the National Fund Manager for the USDA’s Healthy Food Financing Initiative (HFFI). We are eager to lead this national effort to invest in healthy food access, an economic engine in communities that helps create much-needed jobs and spur small business growth. As the National Fund Manager, Reinvestment Fund is committed to building a more equitable food system that supports the health and economic vibrancy of all Americans—including rural communities, food systems entrepreneurs, and communities of color.
Opportunity and instability in Philly housing markets

A Reinvestment Fund and May 8 Consulting study demonstrated the value of a “scattered site” approach to affordable housing development (as compared to constructing apartment buildings or multi-unit townhomes). The study focused on developments by West Philadelphia Real Estate and Neighborhood Restorations, two long-time Reinvestment Fund borrowers. Our case study found that scattered site was more cost effective—it required limited public subsidy and fewer tax credits—and under certain circumstances, it has twice the impact on surrounding home sale values.

And inspired by Matthew Desmond’s book, “Evicted: Poverty and Profit in the American City,” Reinvestment Fund quantified and mapped the geography of evictions in Philadelphia. We were shocked to learn that eviction rates among renter households have consistently exceeded 7% over the last six years, which is four to five times greater than foreclosure filing rates over the same period. Even controlling for income and poverty, evictions are disproportionately higher in African American neighborhoods.
Equitable development in Atlanta

The Atlanta metro is one of the fastest growing regions in the United States, but it also leads the nation in income inequality.

Reinvestment Fund is partnering with Atlanta Neighborhood Development Partnership (ANDP) and Access to Capital for Entrepreneurs (ACE) to promote equitable development that will include low-income and minority communities in the growing prosperity of the region.

Supported by a grant from JPMorgan Chase’s PRO Neighborhoods, the Equity Atlanta Collaborative is coordinating efforts, pooling resources, developing a data-driven investment strategy, and strategically aligning its investments. For example, Reinvestment Fund and ANDP recently financed the Sheltering Arms early childhood education and family center in Peoplestown, which is among the city’s most persistently distressed neighborhoods where 45% of families live in poverty. The new Sheltering Arms center will serve 200 children.
Putting Data into Practice

We combine data and policy research with targeted capital to address entrenched problems.
Legend goes that when notorious bank robber Willie Sutton was asked why he robbed banks, he said, “because that’s where the money is.” When asked why we should be concerned with the middle neighborhoods of our legacy cities, one practitioner said, “because that’s where the people are.”

With support from JPMorgan Chase Foundation, Reinvestment Fund authored a chapter on the demographics and characteristics of middle neighborhoods in legacy cities for the Federal Reserve Bank of San Francisco’s Community Development Investment Review.

Legacy cities represent a unique subset of American cities because they have struggled to manage a severe loss of manufacturing jobs and experienced significant population loss. Legacy cities like Detroit, St. Louis, Pittsburgh, Baltimore, and Philadelphia have seen their populations decline since their 1950s peaks. Across each of the studied cities, middle neighborhoods have generally advantageous levels of income and education, are demographically and economically diverse, and are home to the largest portion of their cities’ population. In an environment of limited resources, community development leaders are challenged to rediscover the value and the importance of middle neighborhoods.
Access to quality early learning

Reinvestment Fund received a $15 million grant from the William Penn Foundation and $3 million grant from Vanguard Strong Start for Kids Program™ to expand the Fund for Quality, a joint project with Public Health Management Corporation that has created 1,000+ high-quality early childhood education seats for low-income children.

This funding will help create an additional 1,400 seats by 2020, giving thousands more children from low-income families across Philadelphia access to quality early learning opportunities.

Also critical to the success of Fund for Quality is another joint project, Philadelphia Childcare Map, based on our research into the gaps in the supply of and demand for quality early childhood education in neighborhoods across the city. Reinvestment Fund has replicated this analysis for Newark, NJ, and Passaic County in NJ. The analysis is also being done for Atlanta, GA.
Reinvestment Fund is working with city and municipal governments nationwide to improve the use of data in how community development resources are directed into neighborhoods. At our inaugural Community of Practice convening in Milwaukee, 40 senior administrators and city officials gathered to discuss challenges and success stories, and how Reinvestment Fund’s Market Value Analysis can help cities visualize their market strengths and weaknesses to achieve their goals.

The conversation that began in Milwaukee is ongoing—we have launched an online forum where this practitioner network continues to engage with us and their peers as they work through how to use their data to chart a redevelopment path.

In 2016, we completed several MVAs including analysis for Kansas City, Missouri; Indianapolis, Indiana; and Selma, Alabama.
## STATEMENT OF FINANCIAL POSITION

*as of December 31*

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015*</th>
<th>2014*</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents and investments</td>
<td>59,868</td>
<td>55,069</td>
<td>60,964</td>
<td>51,147</td>
<td>53,441</td>
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<tr>
<td>Restricted Cash</td>
<td>31,362</td>
<td>27,596</td>
<td>26,805</td>
<td>36,344</td>
<td>33,825</td>
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<td>Loans Receivable</td>
<td>333,113</td>
<td>295,715</td>
<td>233,315</td>
<td>192,427</td>
<td>180,506</td>
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<tr>
<td>Allowance for Loan Losses</td>
<td>(17,836)</td>
<td>(16,066)</td>
<td>(13,532)</td>
<td>(11,480)</td>
<td>(11,191)</td>
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<tr>
<td>Other Assets</td>
<td>59,243</td>
<td>45,192</td>
<td>51,660</td>
<td>55,963</td>
<td>45,470</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>465,750</td>
<td>407,506</td>
<td>359,212</td>
<td>324,401</td>
<td>302,051</td>
</tr>
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</table>

## LIABILITIES AND NET ASSETS

### LIABILITIES

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Loans Payable</td>
<td>265,992</td>
<td>230,706</td>
<td>191,415</td>
<td>165,019</td>
<td>156,325</td>
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<td>Other Liabilities</td>
<td>26,871</td>
<td>25,873</td>
<td>18,412</td>
<td>21,954</td>
<td>24,061</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>292,863</td>
<td>256,579</td>
<td>209,827</td>
<td>186,973</td>
<td>180,386</td>
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### NET ASSETS

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted – Reinvestment Fund</td>
<td>52,484</td>
<td>45,895</td>
<td>38,976</td>
<td>31,483</td>
<td>23,244</td>
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<tr>
<td>Unrestricted – SDF</td>
<td>9,184</td>
<td>9,181</td>
<td>9,166</td>
<td>9,203</td>
<td>9,776</td>
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<tr>
<td>Noncontrolling interest</td>
<td>5,244</td>
<td>5,859</td>
<td>4,758</td>
<td>3,711</td>
<td>1,499</td>
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<tr>
<td>Temporarily restricted – Reinvestment Fund</td>
<td>55,851</td>
<td>39,880</td>
<td>47,410</td>
<td>43,407</td>
<td>37,012</td>
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<tr>
<td>Temporarily restricted – SDF</td>
<td>—</td>
<td>—</td>
<td>383</td>
<td>539</td>
<td>828</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>50,124</td>
<td>50,112</td>
<td>48,692</td>
<td>49,085</td>
<td>49,306</td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td>172,887</td>
<td>150,927</td>
<td>149,385</td>
<td>137,428</td>
<td>121,665</td>
</tr>
</tbody>
</table>

*Total Liabilities and Net Assets* | 465,750 | 407,506 | 359,212 | 324,401 | 302,051|

*2014 and 2015 reclassified for comparative purposes*
### STATEMENT OF ACTIVITIES
for period ended December 31

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earned Revenue **</td>
<td>18,482</td>
<td>15,114</td>
<td>15,131</td>
<td>15,219</td>
<td>17,510</td>
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<tr>
<td>Grants and Contributions</td>
<td>30,283</td>
<td>8,437</td>
<td>19,243</td>
<td>17,022</td>
<td>14,785</td>
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<tr>
<td>Total Revenue</td>
<td>48,765</td>
<td>23,551</td>
<td>34,374</td>
<td>32,241</td>
<td>32,295</td>
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<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>22,145</td>
<td>19,279</td>
<td>20,063</td>
<td>15,106</td>
<td>13,855</td>
</tr>
<tr>
<td>Management &amp; General and Other</td>
<td>5,086</td>
<td>4,632</td>
<td>4,263</td>
<td>4,275</td>
<td>5,363</td>
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<tr>
<td>Total Expenses</td>
<td>27,231</td>
<td>23,911</td>
<td>24,326</td>
<td>19,381</td>
<td>19,218</td>
</tr>
<tr>
<td>Less: Partnership (Contribution)/Distribution</td>
<td>(426)</td>
<td>(1,902)</td>
<td>(1,909)</td>
<td>(2,903)</td>
<td>5,580</td>
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<tr>
<td>Change in Total Net Assets</td>
<td>21,960</td>
<td>1,542</td>
<td>11,957</td>
<td>15,763</td>
<td>7,497</td>
</tr>
</tbody>
</table>

* 2014 and 2015 reclassified for comparative purposes
** Includes program services and fees, other income and net financial income

### REINVESTMENT FUND FINANCING
TRANSACTIONS CLOSED IN
CALENDAR YEAR 2016:

$134.6 Million

- **26.6%**
  - Housing
    - $35,794,252
- **14.8%**
  - Commercial Enterprise
    - $19,901,070
- **10.5%**
  - Community Resources
    - $14,178,577
- **39.3%**
  - Education
    - $52,908,175
- **8.8%**
  - Food Commerce
    - $11,847,000
PERFORMANCE, 2012-2016 ($ in Millions)

Managed assets increased by $81 million to $951 million. The increase was due primarily to receipt of $75 million from the U.S. Department of the Treasury's CDFI Bond Guarantee Program and a new $7.8 million debt facility for lending in Baltimore.
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2 Finance Committee
3 Audit and Risk Committee

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Director, Strategic Communications

Nancy Wagner-Hislip
Chief Investment Officer
reinvestment.com/AR2016

Reinvestment Fund is a catalyst for change in low-income communities. We integrate data, policy and strategic investments to improve the quality of life in low-income neighborhoods. Using analytical and financial tools, we bring high-quality grocery stores, affordable housing, schools and health centers to the communities that need better access—creating anchors that attract investment over the long term and help families lead healthier, more productive lives.

PHILADELPHIA | BALTIMORE | ATLANTA

215.574.5800
www.reinvestment.com

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