MESSAGE FROM CEO & CHAIR

Dear Friends,

At Reinvestment Fund, we invest in neighborhoods that are on the front lines of our greatest social challenges—poor health, food and housing insecurity, segregation, unemployment, the opioid crisis. As daunting as these may be, we have been inspired by those who are taking on such challenges, and it has been our privilege to invest in their work.

We made over $200 million in loans in 2017, which have supported educational opportunities for nearly 5,000 students and young children, provided over 800 homes, supported over 640,000 patient visits, and supported more than 3,300 permanent jobs.

**Achieving such outcomes starts with ideas:**
That we can do more if we work together. That private investors—not just philanthropy and the public sector—should be investing in low-income communities. That we can only solve the problems we understand.

**With these ideas as inspiration, we translate them into action:**
We are building collaborative platforms that bring CDFIs, philanthropy, private capital, and project developers together.

We’re bringing private investors to the table. From our $50 million general obligation bond offering to new funds with investors like MetLife and QBE Insurance Group, we’re creating a path for private capital to support equity and community development.

We’re using research and data to map, quantify, and articulate the challenges facing the communities we serve—from lack of access to child care and grocery stores to who runs the greatest risk of being evicted.

**And we are seeing the impact:**
More resources are available in places that have suffered decades of disinvestment. There is better access to healthy food, affordable housing, and child care. More quality schools in low-income neighborhoods, more thriving local economies, and less blight and vacancy. It means higher educational attainment, job opportunities, better treatment for addiction, access to medical and behavioral health care, and housing stability.

We are grateful for our 865 investors—including the more than 600 individuals—who make this work possible year after year, and we thank our talented staff for turning these ideas into impacts in communities across the country every day.

DON HINKLE-BROWN
President and CEO

MARK M. ZANDI
Chairman of the Board
We can do more when we work together, and we can only solve problems we understand.
ReFresh: A Collaborative Model

ReFresh is a national CDFI partnership, created and led by Reinvestment Fund, that is expanding capacity and extending the geography served by healthy food programs.

With 19 CDFI partners, both urban and rural, and most of the largest national practitioners, ReFresh members collaborate to share best practices and provide access to capital to supermarkets, food co-ops, and food systems businesses that make access to healthy food more equitable in low-income communities.

In 2017, the Department of Housing and Urban Development in partnership with the Council on Foundations recognized ReFresh and its inaugural funder, JPMorgan Chase Foundation, with the Secretary’s Award for Public-Philanthropic Partnerships. The award recognizes partnerships that both transform the relationships between the sectors and lead to measurable benefits in housing and community development.

Reinvestment Fund also completed a case study that takes a closer look at some of the ways that ReFresh has helped Colorado Enterprise Fund grow its food lending capacity.
Capital Partnerships Expand Affordable Housing Development

With subsidies for affordable housing diminishing and private construction concentrated at the top of the market, Reinvestment Fund is partnering with mission-driven lenders to increase the supply of affordable housing.

In Atlanta, Reinvestment Fund and Atlanta Neighborhood Development Partnership (ANDP) were co-lenders in $4 million of affordable housing investment in 2017. This includes the 26-unit West End Apartments complex less than a mile from Morehouse College and the Westside Beltline Trail—an ambitious, citywide redevelopment effort often compared to New York City’s Highline. The developer acquires and rehabs poorly managed properties near employment centers or amenities, offering safe, attractive and affordable workforce housing connected to services, such as free on-site child care and summer camps. Units at West End will be affordable to families earning just 60% of area median income.

In Baltimore, we have invested in Spring Garden Lending, a financial services company that launched a new lending operation there to provide loan capital to small, local developers for single family and small, multifamily projects. Residential vacancy in the city exceeds 30% in some zip codes, and given the current lack of reasonably priced capital for those working in transitional neighborhoods, this initiative is a welcome addition to the local market.
Expanding High-Quality Early Childhood Education

Building on our groundbreaking work in Philadelphia with the Fund for Quality, in 2017, Reinvestment Fund launched two new initiatives that will support quality early learning opportunities for low-income families in Atlanta, GA, and Washington, D.C.

In Atlanta, we partnered with the Georgia Early Education Alliance for Ready Students to launch the Atlanta Child Care and Early Learning Supply Status Map (ATL ACCESS Map)—a new tool that illustrates the early learning landscape in metro Atlanta. ATL ACCESS Map models the supply and demand for child care in the region and identifies places where care is most scarce and investments most needed. The data show that across the five-county metro region (Fulton, DeKalb, Clayton, Cobb, and Gwinnett Counties), approximately 1/3 of demand for child care is not currently being met. This effort was also supported by Learn4Life and the Metro Atlanta Chamber and grant funded by the Richard W. Goldman Family Foundation and JPMorgan Chase Foundation.

In Washington, D.C., working with the Bainum Family Foundation, we have completed a supply/demand analysis for child care and launched a new fund to expand infant and toddler care in Wards 7 and 8. The Early Learning Quality Fund is built on the findings of our analysis and will create 625 high-quality early childhood education opportunities in areas identified as high need.
We bring collaborators and investors together to create solutions that address the challenges facing vulnerable populations.
With Market Value Analysis, Dallas Sees a Path Forward

“The MVA offers hard data to back up anecdotal evidence about where Dallas can get the biggest bangs for its bucks. The MVA’s data is crucial in targeting dollars at need. As a city we can finally, honestly begin tackling a problem so many have never followed through on.”

— D MAGAZINE

Reinvestment Fund’s Market Value Analysis (MVA) is a geographically detailed, objective analysis of a city's real estate markets, and how those markets vary across neighborhoods. In 2017, we completed our first MVA for the city of Dallas, TX, built on local administrative data and validated by local experts.

Dallas plans to use its MVA to support more effective and efficient resource and program decisions, for which the city has been lauded by local commentators who see a clearer path forward to address the city’s affordable housing and economic development challenges.

First developed for Philadelphia in 2001, we have since completed over 30 MVAs for cities ranging from Baltimore, MD to Pittsburgh, PA to Jacksonville, FL.
Reducing Barriers to Workforce Entry

Reinvestment Fund financing helped First Step Staffing, a nonprofit social enterprise based in Atlanta, GA, acquire a portion Philadelphia’s On Time Staffing. The project forms a unique job training and placement program for homeless individuals and returning citizens. In the first year, First Step expects to employ 500 homeless men and women in the Philadelphia area and grow to serve more than 1,000 within three years.

Other supporters include the Barra Foundation, the City of Philadelphia, Investors’ Circle, Nonprofit Finance Fund, Local Initiatives Support Corporation, and Philadelphia Industrial Development Corporation.

“Our goal is to help thousands of Philadelphia’s most vulnerable citizens gain sustainable employment, and eventually, a permanent residence. We believe a steady and sustainable income is the only reliable path out of homelessness.”

— GREG BLOCK
FIRST STEP FOUNDER AND CHAIRMAN
In majority Black neighborhoods, eviction rates were more than three times as high as predominantly White areas—even when those areas are comparable in terms of resident income and rates of renter occupancy. We testified before Philadelphia City Council about our findings, and in the summer of 2017, City Council allocated $500,000 to support renters in eviction proceedings, crediting our work as influential in that funding decision.

For over a decade, Reinvestment Fund has developed and refined highly-customized analyses to guide and improve public policy that affects the low-income communities we serve.

Last year, we sought to quantify and map the geography of evictions in Philadelphia, inspired by Matthew Desmond’s book, “Evicted: Poverty and Profit in the American City.” Our analysis found that 20,000 Philadelphia renters are evicted each year—that’s one in every 14 renters.
IMPACT

Low-income people and places have better access to the services and amenities they need to thrive.
Our investments make quality medical and behavioral health care more accessible for low-income and vulnerable communities. In 2017, Reinvestment Fund provided $39 million in financing for health facilities serving more than 107,000 patients annually.

In Georgetown, DE, we supported SUN Behavioral Health, which is building a new 90-bed psychiatric hospital that will provide short-term, acute care and intensive outpatient services treating mental illness and addiction disorders. In the midst of a widespread behavioral health crisis, the project responds to a complete lack of psychiatric beds in the county.

In New Orleans, we supported two new facilities: Odyssey House is the largest substance abuse treatment provider in the state, and its new facility will serve 9,600 patients with residential treatment, medically supported detox, and behavioral and medical health services. It will also have a commercial kitchen providing meals and offering workforce training.

Crescent Care—which offers affordable health care to New Orleans’ underserved communities, including the LGBTQ community and people living with HIV/AIDS and Hepatitis C—will open a new facility that doubles its patient visits. The facility will offer medical and behavioral health services, a 340B pharmacy, legal services, a food pantry, and several counseling, testing, and wellness prevention programs.
Innovative Schools Create Opportunity for Low-Income Students

Reinvestment Fund financing supported eight K-12 schools in 2017. Among them is Mastery Schools of Camden in New Jersey, which operates a Renaissance School with five locations across the city.

Created by the Urban Hope Act, Renaissance Schools provide additional educational opportunities to students in chronically failing districts. In Camden, 97% of students qualify for free and reduced price lunch and, in 2014, the city was in the bottom 1% of districts statewide in both reading and math.

Mastery Charter Schools is a nationally recognized leader in school turnarounds; the financed renovations will significantly improve and expand the dilapidated former district school facilities that will ultimately serve 2,250 students from elementary school through high school.

We also financed Cristo Rey Philadelphia High School, an independent, Catholic, college preparatory school for students of all faiths who cannot otherwise afford a private education. The Cristo Rey Network includes 32 schools serving more than 10,000 low-income students across the country. Network-wide, students earn approximately $44 million by their own work to help pay for their education and 99% of graduates are accepted into colleges and graduate colleges at twice the rate of their economic peers.
A Community Anchor Supports Arts, Culture and Education

Reinvestment Fund financing is redeveloping the iconic former St. Rose de Lima church building and two adjacent schoolhouses into a new cultural hub for the arts, education and community in New Orleans.

When completed this year, the campus will house the acclaimed Southern Repertory Theatre, the Waldorf School of New Orleans, and office and co-working space targeting people in the creative industries and New Orleans' burgeoning education sector. The transformed campus will advance New Orleans' cultural economy by showcasing diverse local and regional theatre, incubating emerging theatre companies and professionals, and providing educational programming for youth and underserved populations. It will also create jobs and return of these long-vacant and deteriorating buildings to active use.

The intention is to create a neighborhood anchor that continues to spur additional arts and creative class investments along Bayou Road. The neighborhood is also part of the city's Livable Claiborne Communities initiative, an ongoing multi-year effort to invest resources in its most culturally significant yet under-resourced areas.

Reinvestment Fund’s financing includes capital from the Kresge Foundation specifically for creative placemaking projects.
## Financial Review

### Select Financial Data ($ in Thousands)

#### Statement of Financial Position

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<tr>
<td>Cash, cash equivalents and investments</td>
<td>53,549</td>
<td>59,868</td>
<td>55,069</td>
<td>60,964</td>
<td>51,147</td>
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<td>Restricted Cash</td>
<td>34,230</td>
<td>31,362</td>
<td>27,596</td>
<td>26,805</td>
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<td>Loans Receivable</td>
<td>389,289</td>
<td>333,113</td>
<td>295,715</td>
<td>233,315</td>
<td>192,427</td>
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<td>Allowance for Loan Losses</td>
<td>(19,464)</td>
<td>(17,836)</td>
<td>(16,066)</td>
<td>(13,532)</td>
<td>(11,480)</td>
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<td>Other Assets</td>
<td>6,625</td>
<td>59,243</td>
<td>45,192</td>
<td>52,181</td>
<td>55,963</td>
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<td><strong>Total Assets</strong></td>
<td><strong>464,229</strong></td>
<td><strong>465,750</strong></td>
<td><strong>407,506</strong></td>
<td><strong>359,733</strong></td>
<td><strong>324,401</strong></td>
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#### Liabilities and Net Assets

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<td>Loans Payable</td>
<td>280,176</td>
<td>265,992</td>
<td>230,706</td>
<td>191,415</td>
<td>165,019</td>
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<td>Other Liabilities</td>
<td>22,818</td>
<td>26,871</td>
<td>25,873</td>
<td>18,412</td>
<td>21,954</td>
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<td><strong>Total Liabilities</strong></td>
<td><strong>302,994</strong></td>
<td><strong>292,863</strong></td>
<td><strong>256,579</strong></td>
<td><strong>209,827</strong></td>
<td><strong>186,973</strong></td>
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<th>NET ASSETS</th>
<th>2017*</th>
<th>2016</th>
<th>2015**</th>
<th>2014</th>
<th>2013</th>
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<td>Unrestricted – Reinvestment Fund</td>
<td>57,724</td>
<td>52,484</td>
<td>45,895</td>
<td>38,976</td>
<td>31,483</td>
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<td>Unrestricted – SDF</td>
<td>9,633</td>
<td>9,184</td>
<td>9,181</td>
<td>9,166</td>
<td>9,203</td>
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<td>Noncontrolling interest</td>
<td>—</td>
<td>5,244</td>
<td>5,859</td>
<td>4,758</td>
<td>3,711</td>
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<td>Temporarily restricted – Reinvestment Fund</td>
<td>43,749</td>
<td>55,851</td>
<td>39,880</td>
<td>47,410</td>
<td>43,407</td>
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<td>Temporarily restricted – SDF</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>383</td>
<td>539</td>
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<td>Permanently restricted</td>
<td>50,129</td>
<td>50,124</td>
<td>50,112</td>
<td>48,692</td>
<td>49,085</td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>161,235</strong></td>
<td><strong>172,887</strong></td>
<td><strong>150,927</strong></td>
<td><strong>149,385</strong></td>
<td><strong>137,428</strong></td>
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</table>

**Total Liabilities and Net Assets**

| **Total Liabilities and Net Assets**      | **464,229**| **465,750**| **407,506**| **359,733**| **324,401**|
STATEMENT OF ACTIVITIES
for period ended December 31

REVENUE

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<td>Earned Revenue ***</td>
<td>17,263</td>
<td>18,482</td>
<td>15,114</td>
<td>15,131</td>
<td>15,219</td>
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<td>Grants and Contributions</td>
<td>8,326</td>
<td>30,283</td>
<td>8,437</td>
<td>19,243</td>
<td>17,022</td>
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<tr>
<td>Total Revenue</td>
<td>25,589</td>
<td>48,765</td>
<td>23,551</td>
<td>34,374</td>
<td>32,241</td>
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EXPENSES

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<td>Program expenses</td>
<td>26,424</td>
<td>22,145</td>
<td>19,278</td>
<td>20,063</td>
<td>15,106</td>
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<tr>
<td>Management &amp; General and Other</td>
<td>4,795</td>
<td>5,086</td>
<td>4,632</td>
<td>4,263</td>
<td>4,275</td>
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<td>Total Expenses</td>
<td>31,219</td>
<td>27,231</td>
<td>23,911</td>
<td>24,326</td>
<td>19,381</td>
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Less: Partnership (Contribution)/Distribution

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<tr>
<td>Change in Total Net Assets</td>
<td>(5,630)§</td>
<td>21,960</td>
<td>1,542</td>
<td>11,957</td>
<td>15,763</td>
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* Includes deconsolidation of Development Partners, Inc.
** 2015 reclassified for comparative purposes
*** Includes program services and fees, other income and net financial income

§ Includes an increase in unrestricted net assets of $5 million and a decrease in temporarily restricted net assets of $10.6 million. Temporarily restricted net asset changes reflect the award of multi-year grants whereby temporary restricted net assets are recognized in the year of the award (prior years) and decrease in subsequent years when funds are expended for grant purposes.

REINVESTMENT FUND FINANCING TRANSACTIONS CLOSED IN CALENDAR YEAR 2017:

$202.1 Million
PERFORMANCE, 2010-2017

($ in Millions)

FINANCIAL SUMMARY

$5 million
Total Unrestricted Net Asset Growth

17%
Loan Portfolio Growth

$41 million
Combined Total Asset Growth

0.0%
Delinquency Ratio
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TL Ventures

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2 Finance Committee  
3 Audit and Risk Committee

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President and Chief Executive Officer
Suzanne Aloi  
Managing Director
Michael Crist  
Chief Financial Officer
Emily Dowdall  
Chief of Development and Policy Implementation
Timothy Gillespie  
Assistant Treasurer
Ira Goldstein  
President, Policy Solutions
Amanda High  
Chief of Strategic Initiatives
Dana Johnson  
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Patricia Muraresku  
Director, Human Resource Services
Michael Norton  
Chief Policy Analyst
Tracy Petrofsky  
Controller
Barry Porozni  
Chief Information Officer
Andy Rachlin  
Managing Director for Lending and Investment
Sara Vernon Sterman  
VP, Strategic Investments
Christina Szczepanski  
Managing Director, Southeast
Kavita Vijayan  
Director, Strategic Communications
Nancy Wagner-Hislip  
Chief Investment Officer
reinvestment.com/AR2017

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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