## The Reinvestment Fund Board of Directors:

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<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
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<tr>
<td>Robert E. Keith, Jr., Chair</td>
<td>TL Ventures</td>
</tr>
<tr>
<td>John S. Summers, Esq., Vice Chair</td>
<td>Hangley Aronchick Segal &amp; Pudlin</td>
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<tr>
<td>D.L. Wormley, Secretary</td>
<td>University of Pennsylvania</td>
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<tr>
<td>Andrea R. Alton</td>
<td>Independent Financial Consultant</td>
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<tr>
<td>John K. Ball</td>
<td>Shoemaker Construction Co.</td>
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<tr>
<td>Lee Casper</td>
<td>Sukonik and Casper</td>
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<td>Scott Jenkins</td>
<td>S.M. Jenkins &amp; Co</td>
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<tr>
<td>James Lynch</td>
<td>Sovereign Bank Mid-Atlantic</td>
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<tr>
<td>Sharmaine Matlock-Turner</td>
<td>Greater Philadelphia Urban Affairs Coalition</td>
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<tr>
<td>Lewis Milford</td>
<td>Clean Energy Group</td>
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<tr>
<td>Jeremy Nowak</td>
<td>The Reinvestment Fund</td>
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<tr>
<td>Clayton Rose</td>
<td>J.P. Morgan &amp; Co. (retired)</td>
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<td>William J.T. Strahan</td>
<td>Citizens Financial Group</td>
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<td>Mark Thompson</td>
<td>Citizens Bank of Pennsylvania</td>
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<tr>
<td>Lawrence H. Berger, Esq.</td>
<td>Morgan, Lewis &amp; Beckius LLP</td>
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1 Executive Committee  
2 Finance and Audit Committee
Dear Friends:

As we mark our 20th Anniversary, we are filled with pride for what TRF has accomplished. Peppered throughout this Annual Report, you will find examples of these achievements and you will discover that a lot of what TRF has done in the past has served as the foundation for our current work. This is an occasion to celebrate some important themes that symbolize who we are:

TRF is about partnerships. Now, as then, partnerships remain a critical piece of how we work. By forging partnerships with organizations—public, private and nonprofit—TRF has been able to do some of its most exciting work. And many of our oldest partnerships remain our strongest, pushing us towards new ways to achieve our mission.

We are about investors. From the hundreds of individuals to the global banks that invest in us, our investors have always been bold and steadfast. They stood by us during our early years and continue to do so as we face the opportunities of the future.

We are about places. By financing homes, better schools and quality jobs, TRF is working to revitalize low-wealth neighborhoods and create opportunities for low-wealth families. We have been in some neighborhoods for almost two decades now, rebuilding homes and lives. And in places from West Philadelphia to East Camden, changes are taking hold.

We are about ideas. From helping individuals understand their finances to helping governments reimagine housing policy, TRF has creatively used its capital and expertise to transform old ways of thinking into new methods for solving problems.

But most of all, TRF is about people. Throughout this Annual Report, you will meet some of the people our work has touched. They remind us why what we do matters. They inspire us—not only to continue our work, but to keep striving for better and more varied ways to create impact. And we know with our talented staff and Board, we are bound to succeed.

Why not join us? Invest in TRF. Work with TRF.

Be part of our journey from NOW to NEXT.

Robert Keith
TRF Board Chair

Jeremy Nowak
President & CEO
It’s 1985. Interest rates are in double digits. Socially-minded investors are pulling their assets out of South Africa, looking to invest locally. And in Philadelphia, once vibrant neighborhoods struggle to hold together.

But something new is happening. A group of activists begins meeting in each other’s homes, spinning ideas, arguing agendas, dreaming of change in their city. They are eager to help, but wary of old methods that offer no fresh solutions.

These are the first days of The Reinvestment Fund, originally known as the Delaware Valley Community Reinvestment Fund.

Soon, with support from Bread & Roses Community Fund and the Philadelphia Foundation, this new entity is joining the mission-driven spirit of a nonprofit with the financial savvy of a bank. Individuals and organizations interested in both social reform and sound investments are trusting TRF with their dollars. And Philadelphia’s neighborhoods are beginning to feel the effects.

Over the next 20 years, for people living in places like West Philadelphia and Camden, these effects will include better schools, quality affordable homes, good jobs and most importantly the growth of safer, more stable communities.
For The Reinvestment Fund, the effects have included a growing diversity of investors, the opportunity to make bigger and more far-reaching loans and a team that has become respected as leaders in the field of economic revitalization.

Those early meetings are a distant memory. But the restless energy for change that fueled them is alive and well. We know a lot more, but we don’t dream any less. What we started back then continues to inspire us.

For its almost 1000 graduates, YouthBuild’s program acted as a motivational springboard while they built or renovated over 60 homes in Philadelphia. As Simran Sidhu, YouthBuild’s executive director, describes it, “A lot of students come in not believing the dream — that they can get their diploma and succeed. Like their project sites, the task looks impossible. As they put in new floors, walls and electrical wires, the students see that they can change things and make their own lives better. And as we have stood by these students, TRF too has stuck with us through some difficult transitions. They helped get us to where we are, giving us financial advice and investing in us for over ten years.”

“I want to do something for me and my child. I want to go to college!”
PARTNERSHIPS:
TRF begins working with Philadelphia Interfaith Action, a consortium of more than 40 religious associations. With $1.5 million in construction financing from TRF, PIA begins construction on the 132-unit Nehemiah Homes in West Philadelphia, the city’s largest affordable housing project in more than 20 years.

INVESTORS:
TRF is one of six organizations in the country to receive funding from the Annie E. Casey Foundation’s new seven-year Jobs Initiative. The grant enables us to support innovation in job training programs and successfully advocate for state-level system changes.

PLACES:
TRF begins investing in West Philadelphia and makes its first loan to Neighborhood Restorations to redevelop vacant housing units and properties. TRF also begins working with the University of Pennsylvania to plan and manage aspects of its neighborhood housing strategy, aimed at increasing the number of Penn employees who make West Philadelphia their home.

IDEAS:
TRF launches its first private equity fund, DVCRF Ventures. Beginning in 1997, the $10 million fund pilots an innovative approach to investing in growing businesses and quality jobs. DVCRF Ventures invests in 9 companies that create 1,438 jobs.

PLACES:
TRF begins investing in North Philadelphia, partnering with Advocate Community Development Corporation (ACDC), Community Ventures, Asociación de Puertorriqueños en Marcha and the Hispanic Association of Contractors and Enterprises (HACE). Among its investments is a $289,000 loan to ACDC to build 16 new affordable townhomes on Diamond Street, south of Temple University. It’s a risky proposition for more traditional financiers, but TRF sees promise in this old neighborhood.
Rolanda Robinson remembers East Camden in 1985, when empty storefronts lined commercial corridors, the average home sold for under $18,000, and one in every six homes lay abandoned. She had just given birth to her first child. It was also the year that Saint Joseph’s Carpenter Society, a local home restoration group, began rehabilitating East Camden.

In the years since, both Rolanda and St. Joe’s have undergone significant changes. St. Joe’s, buoyed by the success of its first several homes, realized its appetite for development could not be satisfied without technical assistance and financing. In 1991, The Reinvestment Fund helped to set St. Joe’s program in motion, providing the financing and assistance it needed to access major public resources and do larger scale developments. TRF has been actively involved with St. Joe’s ever since.

Rolanda had two more daughters, and earning $17,000 working two jobs, enrolled in school to become a nurse. In 2000 she was introduced to St. Joe’s where for the first time she considered the possibility of owning her own home. “I was determined to be part of a better East Camden,” explains Rolanda, “I enrolled in St. Joe’s homeowner education program and began working on resolving any credit issues so that I could own a home in my community.”

With St. Joe’s ongoing assistance, Rolanda became a homeowner on December 10, 2003. And with TRF’s ongoing support, St. Joe’s has continued its penetration throughout East Camden. Today, St. Joe’s has invested in 650 properties, one in every five homes in the area. As a result of these investments, total housing values in East Camden have doubled to $100 million since 1999. For Rolanda, who now works as a registered nurse making $40,000 a year, this is what she has longed for, “A home we are proud of in a stable and healthy neighborhood for my family.”

**IDEAS AND INVESTORS**
With a $2.3 million grant from the Pew Charitable Trusts, TRF establishes the Nonprofit Energy Savings and Improvements Program (NESIP). Among NESIP’s early borrowers is Philabundance, which distributes fresh meats, produce and dairy to anti-hunger agencies in the city. With NESIP’s help, Philabundance converts its new offices into a green building, where annual energy costs are 50% lower than the typical warehouse space in the region. NESIP marks the beginning of TRF’s expansion into sustainable energy financing.
This fall, TRF will open new offices in Washington, DC. Together with our offices in Philadelphia and Baltimore, this will enable us to reach the entire Mid-Atlantic region, from New Jersey to the nation’s capital.

We couldn’t have imagined this scope of operations when we began. But where we work is only a small part of our growth. We began by investing in housing and community facilities. Now, we also finance sustainable energy projects, commercial real estate and business ventures. And TRF financing never comes as just dollars. With every loan, equity investment and grant, we offer a range of technical assistance, helping to ensure success.

In the last five years alone, our access to capital has more than tripled, surpassing a quarter of a billion dollars this year. We have increasingly become the conduit of choice for governments, banks and other institutions who seek to invest capital in this region. These resources and our two decades of experience are enabling us to build strong coalitions that can leverage new financing and implement lasting plans for community revitalization.

**PLACES:**

Avenue North, a 93,000 square foot, mixed-use development serves as a gateway to Temple University’s main campus. One of TRF’s newest projects in North Philadelphia, Avenue North will bring a long-awaited movie theater to this neighborhood at the heart of the city’s North Broad Street revitalization plans. The $22.9 million retail and theater development by Tower Investments was financed through TRF’s New Markets Tax Credit (NMTC) Program in partnership with Citizens Bank.
Throughout the region, TRF is known for the sophisticated, data-driven analysis which guides our financing strategies. Our skills in understanding a wealth of data have been particularly evident in the field of housing policy, where our analysis is recognized for its objectivity and depth. TRF’s expertise offers policy makers and practitioners the tools to effect real change.

The TRF of today is larger and more expansive. But our complex interweaving of programs stands in service of the one question we ask ourselves each day: What are we doing right now to build wealth and opportunity for the people and places that need it most?

IDEAS:
TRF continued its commitment to the arts by providing predevelopment financing to two artist facilities this year — the Crane Arts Building in eastern North Philadelphia and Eastern Lofts, just north of Brewerytown. Both buildings will serve as workspace for local artists and other creative small businesses as well as provide ground floor retail.

PARTNERSHIPS:
TRF is at work with Baltimoreans United in Leadership Development (BUILD) to create a comprehensive redevelopment plan for the city’s Oliver neighborhood, and is partnering with Washington Interfaith Network in conjunction with the creation of a predevelopment loan fund in the District of Columbia.

FREEZE FRAME:
When Larry Segal was appointed as Executive Director of the Governor’s Office of Housing and Community Revitalization, he was charged with developing a comprehensive housing strategy for Pennsylvania that coordinates all its resources. It was no easy task, considering the Commonwealth was responsible for $3.9 billion in housing investment annually that until that point was being distributed through 67 discrete programs.

Shortly after Mr. Segal’s appointment, The Reinvestment Fund completed an in-depth study of housing investment in Pennsylvania. The timing could not have been better. Funded by the William Penn Foundation, Choices in Pennsylvania — Developing a Rational Framework for Housing Investment in Pennsylvania has since become a catalyst for change.

“The issues raised in the Choices report established the framework for a long overdue dialogue,” explains Mr. Segal.

“The issues raised in the Choices report established the framework for a long overdue dialogue.”

“When the honest critiques contained in the report have challenged us to assess the status quo and to consider ways to “do housing” better. The empirical data has allowed us to more thoughtfully tailor initiatives and strategies to real needs.”

In the coming year, TRF will play a central role in implementing one of the many recommendations outlined in the report. Contracted by the Pennsylvania Housing Finance Agency (PHFA), TRF will begin gathering and analyzing housing information to build a central data warehouse to help guide the Commonwealth’s housing investment decisions.

“Choices has offered a wonderful basis for discussion, bringing together housing funders from both the federal and state level to coordinate our efforts and establish shared goals,” says Brian Hudson, Executive Director of PHFA (pictured here). “It’s an outstanding example of the kind of partnership private initiative and public effort can forge to make a difference.”
PARTNERSHIPS:
Launched in Fall 2004, the Pennsylvania Fresh Food Financing Initiative funds supermarkets in underserved urban and rural areas across Pennsylvania. Partnering with State Representative Dwight Evans, The Food Trust and the Greater Philadelphia Urban Affairs Coalition, TRF has attracted major investments from the PA Department of Community and Economic Development and Bank of America for what will become an $80 million initiative.

HOUSING
1260 Housing Development Corporation
606 Lofts, LLC
AHI Development, Inc.
Allentown Center Square Housing Partnership, LP
Bookbindery Associates
Camden Luthern Housing, Inc.
Carriage House Center on Global Issues Foundation
CIP Housing, LP
CityLife Property Development & Management
Clairton Housing Partnership, LP
Clinton Park Associates, LLC
Crozer Hills Homeownership, LLC
Diocesan Housing Service Corp of Camden
FBV Kater, LLC
Frankford Group Ministry CDC *
Freedom Village
Friends Rehabilitation Program, Inc.
Genesis Housing Corporation *
Georgetown Preservation Associates, LLC
Gimme Shelter, LLC *
Hanover Housing Partnership, LP
Hispanic Association of Contractors and Enterprises *
Homeless Solutions, Inc.
Mantis Development Company
Master Street Housing Partnership, LP
May Street Homeownership, Inc. and Pennrose Properties
Monroe Meadows Housing Partnership, LP
Moorestown Ecumenical Neighborhood Development, Inc.
Mt. Airy, USA, Inc. *
Neighborhood Restorations *
New Jersey City Affordable Housing, LLC
Osage Family Housing 2, LLC *
Partnership CDC *
Philip & Denise Congialdi *
PARTNERSHIPS:
This year, SDF brought solar energy to more than 15 affordable homes in Philadelphia as well as to the Governor’s residence in Harrisburg. SDF is also working with the Pennsylvania Department of Conservation and Natural Resources to educate Pennsylvanians about renewable energy by installing solar PV and small wind energy demonstrations in six visitor centers across the state.

COMMERCIAL REAL ESTATE
1600 Broad Associates, LP
3002 CBMOORE LLC
40th Street Live!, LP
40th Street Promenade, LP *
Brown’s IA, LLC
Cover, LLC
Crane Arts LLC
Easton Hotel Restoration, LLC
Teres Holdings LLC
Universal Community Homes, Inc.

Total: 76 Transactions $26,296,186

PRIVATE EQUITY
Brightside Academy
Bulova Technologies, LLC
MidAtlantic BroadBand
Ricochet Manufacturing Company, Inc.
Sun & Earth, Inc.

Total: 11 Transactions $36,776,530

SMALL BUSINESS
Coston Enterprises, LLC
Double 8 WinOutlet, LLC
Eigenschaft Glass, Inc.
Jacqueyn Douglas
Mark F. Orehowksy dba Mark One Printing
Philadelphia Boat Supply Company
Ric and Kym, LLC *
Sisters Childcare Center
Thomas & Linda Delany
Tommy D’s Home Improvement Center

Total: 11 Transactions $2,969,000

COMMUNITY FACILITIES
Bronx Preparatory Charter School
Center City Crime Victim Services
Designing Futures Foundation/ Architecture & Design Charter High School
DUE Season Charter School
Energy Coordinating Agency
Frankford Valley Corporation/ First Philadelphia Charter School for Literacy
Franklin Towne Charter High School
Gold Medal Karate, Inc./ Zhang Sah Charter School
Hispanic Association of Contractors and Enterprises
Khepera Charter School
Leadership Learning Partners Charter School
Parkside Preschool
Philadelphia Academy Charter School CDC *
Philadelphia Folklore Project *
Schomburg Charter School, Inc.
YouthBuild Philadelphia Charter School

Total: 17 Transactions $16,370,650

* Multiple Transactions
IDEAS:
Exploring the combination of urban housing and sustainable energy, SDF is financing Rag Flats, a new residential garden community in Fishtown. The majority of electricity for this eleven-unit building will be supplied through a 30kw rooftop photovoltaic panel system. The building will collect rain water runoff to be recycled for the community’s outdoor use. Each unit also boasts an efficient gas-fired “radiant” floor heating system and other energy-efficient systems.

PARTNERSHIPS:
TRF’s groundbreaking research has put us on the frontlines in the fight against predatory lending. Across Pennsylvania, TRF findings are helping the PA Department of Banking take necessary action against the rising rate of foreclosures. Our research bolstered the U.S. Attorney’s Office case against H&R Block’s Option One Mortgage Corp., helping to bring about a settlement that includes strong measures to prevent fraud and predatory lending.

Powering Homes with Sunlight

Nate Paul squints as the late summer morning light reflects into his eyes. “Do you see the panels up there?” he asks, pointing to the roof of his Los Balcones stucco row home on West Norris Street. “Those are the solar energy systems, placed right where the sunlight hits the most. You can tell, they’re working right now,” he laughs as he shades his eyes from the glare.

The solar panels on Nate’s roof were installed last November as part of the Norris Square Solar Project, an alternative energy project that uses solar photovoltaic systems to directly convert sunlight into electricity. Financed by PECO and TRF’s Sustainable Development Fund, the Norris Square Project is the largest photovoltaic project in the city to date, with 1.2 kilowatt systems installed on eight homes. It is also the first of SDF’s 36 million kWh energy creation or conservation projects to directly benefit local residents of affordable housing in Philadelphia.

Home solar energy systems serve multiple purposes, producing pollutant free energy that conserves resources while reducing the utility bills of residents. Nate, who is saving to purchase a home for his family, has already seen a drop in his electric bill and credits SDF for bringing awareness to his energy consumption.

“Every month now my wife and I analyze our electric bill,” explains Nate. “And as we save, I wonder -- are we still wasting energy? How else can we cut back? We can’t continue to live on this planet burning and wasting its natural resources. We have to find new ways to be efficient and look out for our future generations.” And with SDF’s help, families like Nate’s are able to save energy and money while contributing to a greener and cleaner future for the region.

“And as we save, I wonder -- are we still wasting energy? How else can we cut back?”
IDEAS:
To date, TRF’s financing has preserved or created more than 25,000 jobs. With its portfolio companies, TRF has extended its impact even further by offering services and expertise designed to improve job quality. This year, TRF is developing customized training for employees in TRF-financed companies. Supported by an 18-month grant from the U.S. Department of Labor, the training will help employees develop skills to improve productivity and create opportunities for their own advancement.

Valerie Wilson will tell you, she is serious about credit. “Many people don’t understand their credit or have a bank account. And when you don’t know how to manage money, you can get taken advantage of. You’ve got to take responsibility. You can’t give back to your community if you’re flat broke.”

Valerie should know. As a young mother of twins, working full-time and attending community college at night, she had struggled with household finances, loan repayments, a mortgage, and mounting credit card bills. But in 2002, she enrolled in TRF’s free tax assistance program offered to her at work and more recently, began receiving individual credit counseling. Her debt has been steadily decreasing since.

The free tax assistance program and credit counseling services are part of TRF’s Human Resource Services offered to all TRF portfolio companies. The service is designed to help companies and their employees connect to a variety of resources.

“You can’t give back to your community if you’re flat broke.”

Now director of the largest Brightside Academy child care center in Philadelphia, Valerie adamantly promotes TRF’s free tax assistance program to her own staff. “I know that I could not be in this place in life without TRF. Now I want to share this goodness, share the wealth.” And she has. Valerie is now co-President of Brightside Academy’s Financial Advancement Network Club, leading discussions around homeownership and credit with other center directors.

For the past two years, her center has boasted the highest overall tax return out of all Brightside sites in Philadelphia. Last tax season, Valerie and TRF helped 20 of her employees collect almost $53,000 in federal tax refunds, representing over 5% of the $1 million in refunds awarded to TRF’s 400 program participants. This year, with 89% of her 46 person staff enrolled, Valerie’s site will continue to top the charts. But Valerie isn’t content just yet. “I still need to get that 15%,” she explains. “But I’ll get there.”
Reclaiming Neighborhoods

Lanning Square in West Camden may be an area infamous for its crime, unemployment rate and poverty levels. But to Reverend Melvin Allen, it has been home to his church, New Mickle Baptist, for almost 90 years. A neighborhood where elderly live and children play, a neighborhood in need of delicate renovation and restoration.

Last February, Reverend Allen joined forces with several concerned community leaders to address the state of their neighborhood. Now known as the Lanning Square Community Coalition (LSCC), they wanted to create a revitalization plan that would satisfy both the local community and City officials, whose needs and demands often differ.

They turned to TRF for help, knowing TRF’s in-depth knowledge of Camden and the work it was already doing with other community groups in the city, thanks to support from the Ford Foundation. TRF partnered with LSCC, offering capacity building and planning expertise. “TRF trained local residents to survey our neighborhood, and the difference this made was huge,” explains Reverend Allen.

IDEAS:
First used by TRF for the City of Philadelphia’s Neighborhood Transformation Initiative, a Market Value Analysis (MVA) has since been developed for Camden and is in process with the City of Baltimore and the District of Columbia. The MVA identifies market types within cities and links them to specific public action and private investments. Partnering with the William Penn Foundation, TRF is also building upon some of the policy and investment strategies offered by the Philadelphia MVA.
Residents helped determine which buildings were assets and what should be torn down. With the data we were able to collect, TRF helped us create a pilot revitalization project that we now can pursue.

With a unique mix of restoration, relocation, redevelopment and fill-in, Reverend Allen expects LSCC’s pilot plan to be incorporated into the City’s master plan for Lanning Square. “In the past the City has stuck to its own plans,” explains Reverend Allen. “But with TRF’s help, we will be able to work with the City, sharing our plan which has the confidence of the community and developers. There’s going to be development.”

The potential for Lanning Square is immense. Its close proximity to entertainment activities, public transportation, downtown Camden and Philadelphia is a developer’s dream. But for Reverend Allen, the focus is still the neighborhood. To him, the plan is simple: help the community rebuild its own neighborhood.

“TRF trained local residents... and the difference this made was huge.”

PLACES:
Since 1994, TRF has helped finance roughly 700 housing units developed by Neighborhood Restorations in West Philadelphia. A 2005 TRF study of the social and economic impact of this financing revealed that most tenants enjoy a higher quality of housing and almost 60% of the tenants plan to own their next home.

IDEAS:
In 2003, Fred Dedrick, TRF’s Workforce Policy Director is named Director of the Pennsylvania Workforce Investment Board, implementing many of the policy recommendations TRF made through the Philadelphia Jobs Initiative.

PARTNERSHIPS:
This year, TRF was selected to manage a $10 million predevelopment loan and acquisition fund for nonprofit developers (PLAN) for the State of New Jersey. With guarantees from the State, this loan pool will attract other investors and foster neighborhood revitalization by helping nonprofit developers undertake projects of scale that will create and preserve affordable housing in their communities.

IDEAS:
To date, TRF has financed more than $42 million in loans to 27 charter schools across the region. Among its most recent projects are the Due Season Charter School in Camden and the Schomburg Charter School in Jersey City. For Schomburg, TRF’s financing will enable the 465-student school to own the facilities it has rented since opening in September 2000.
The Reinvestment Fund, Inc. and Affiliates (TRF) ended the year with $114.0 million in consolidated assets. Loans and leases receivable, program investments and investments in limited partnerships grew by $5.1 million (8%) to end the year at $67.3 million. Capital under management totaled $255.4 million at June 30, 2005 an increase of $41.7 million (20%) over the prior year.

Net assets excluding our Sustainable Development Fund (SDF) increased $7.2 million (45%) to $23.4 million. Our capital adequacy ratio (net assets/total assets) excluding SDF ended the year at 25%. As expected, net assets of SDF declined $3.9 million to $20.1 million, as SDF deployed its capital, primarily in the form of grants, in furtherance of its mission.

The Reinvestment Fund attained several notable accomplishments during fiscal 2005:

- TRF closed 115 financing transactions totaling $82.5 million in fiscal 2005, an increase of $23.2 million (39%) over fiscal 2004. Additionally, our private equity funds closed on $5.6 million in investments during fiscal 2005 as compared to $6.7 million in fiscal 2004.

- TRF received a New Markets Tax Credit (NMTC) allocation award of $38.5 million from the U.S. Department of the Treasury. TRF was the only Pennsylvania based organization to receive an allocation. TRF efficiently deployed over 89% of this allocation within six months of receipt.
Consolidated loans and leases receivable, program investments, and investments in limited partnerships outstanding totaled $67.3 million at June 30, 2005, an increase of $5.1 million (8%) over the prior year. The growth was driven by increased lending activity in Community Facilities and Commercial Real Estate.

At June 30, 2005, our allowance for losses totaled $3.1 million resulting in reserve coverage of 5% (allowance for loan & lease losses/loans & leases receivable). The maintenance of this level of reserves reflects our conservative approach to portfolio management and underwriting.

Loan delinquencies (greater than 60 days past due) totaled $1.4 million or 2.2% of total loans and leases outstanding at June 30, 2005.

Net assets, excluding SDF, increased $7.2 million (45%) to end the year at $23.4 million. Major components include NMTC fees of $1.5 million; grants from the CDFI of $2.0 million; U.S. Department of Education of $1.8 million; Fannie Mae of $1.0 million; and the recognized portion of the $10.0 million DCED grant designated for the Fresh Food Financing Initiative of $1.75 million. SDF, which was fully capitalized in fiscal 2001 at $31.0 million, had net assets totaling $20.1 million at June 30, 2005.

Since fiscal 2001, SDF’s net assets decreased $10.9 million. The decrease in the net assets of SDF is expected to continue as SDF deploys capital, in large part through the award of grants, as it promotes the development and use of renewable and clean energy technologies.

Our total capital under management increased to $255.4 million, up $41.7 million (20%) over the prior year. The increase was primarily due to the addition of a New Markets Tax Credit appropriation of $38.5 million and increases in bank credit facilities in support of our core lending operations.

• TRF received a $2.0 million grant from the U.S. Department of the Treasury’s Community Development Fund (CDFI).

• TRF received $105,400 as a beneficiary of the estate of Ruth S. Bennett, a TRF investor since 1989. Ms. Bennett’s gift is the single largest from an individual donor to date.

• TRF received the highest rating, AAA+1, from the CDFI Assessment and Rating System (CARS), a comprehensive third party analysis assessing our impact, financial strength and performance, and public policy initiatives.

• The loan portfolio had another impressive year of performance with 0.25% of net loan charge-offs, continuing our long-term trend of negligible charge-offs.

• TRF was awarded a $10.0 million allocation from the Commonwealth of Pennsylvania for a new statewide development program designed to increase the number of supermarket and other grocery stores in underserved urban and rural areas. An innovative capitalization program, the Pennsylvania Fresh Food Financing Initiative will leverage the $10.0 million from the State with private funding to form a $40.0 million multi-faceted pool for fresh food retailers in underserved communities across the state.

• TRF is one of 16 groups around the country, selected by the Fannie Mae Foundation to build an “alliance” that will demonstrate increased affordable housing production numbers as well as sound policy ideas. As part of this new partnership, the Fannie Mae Foundation awarded TRF a $1.0 million grant.

• TRF received $1.8 million from the U.S. Department of Education (DOE) for the Charter School Facilities Program to enhance credit for charter schools and enable them to access non-Federal funds that will address the costs of renovating, acquiring, and constructing school facilities.
Results of Operations

From a financial perspective, we separate our programs and services into two categories: financing programs that have a goal of self-sufficiency, and policy and workforce programs that are substantially funded by grants and contracts.

Financing Programs

We continue to stress self-sufficiency in our financing programs. Our self-sufficiency ratio in financing programs, excluding SDF, was 91% for fiscal 2005 versus 93% for fiscal 2004. This ratio measures the extent of expense coverage through earned revenue and is calculated as the sum of net interest income, loan fees and investment advisory fees as a percentage of financing program and related management and general expenses.

The Sustainable Development Fund is a financing program that is fully capitalized with total assets of $20.8 million and whose assets are targeted for renewable and clean energy projects. Given its restricted purpose and capital structure, SDF is appropriately viewed separately from our other financing programs.

Total financings closed during fiscal 2005 were $82.5 million, an increase of $23.2 million (39%) over the prior year. Commercial Real Estate closings totaled $36.8 million, of which $34.3 were for NMTC projects which more than offset the decrease in closings in our other lending units.

The provision for loan losses was $390 thousand in fiscal 2005 and $49 thousand in fiscal 2004, primarily due to growth in loans and leases receivable. During fiscal 2005, TRF had net charge-offs of $155 thousand, as compared to a net recovery in excess of charge-offs of $19 thousand for fiscal 2004.

Policy, Neighborhood Development Services, and Workforce Programs

TRF has been successful in attracting significant grant and contract support for research and workforce projects that have allowed us to create new regional policy approaches and loan and investment products in support of our mission. We continue to adhere to the financial discipline of securing financial support prior to embarking on new programs. Revenues for Policy, Neighborhood Development Services, and Workforce Programs totaled $2.0 million in fiscal 2005 and $2.6 million in fiscal 2004.

Selected Financial Data

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<td>3,083</td>
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<tr>
<td>Investments</td>
<td>28,350</td>
</tr>
<tr>
<td>Program Investments</td>
<td>802</td>
</tr>
<tr>
<td>Investments in limited partnerships</td>
<td>4,853</td>
</tr>
<tr>
<td>Loans payable</td>
<td>58,617</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>10,640</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>5,790</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>5,944</td>
</tr>
<tr>
<td>Total net assets</td>
<td>43,469</td>
</tr>
</tbody>
</table>
The Reinvestment Fund, Inc. and Affiliates received an unqualified opinion from its auditors for fiscal year 2005. The complete audit report, including financial statements and footnotes is available upon request at the office of The Reinvestment Fund, 718 Arch Street, Suite 300N, Philadelphia, PA 19106, telephone 215-574-5800.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACTIVITIES DATA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net interest income</td>
<td></td>
<td>3,368</td>
<td>3,418</td>
<td>2,801</td>
<td>2,497</td>
<td>2,666</td>
</tr>
<tr>
<td>Provision for loan and lease losses</td>
<td></td>
<td>390</td>
<td>49</td>
<td>1,080</td>
<td>433</td>
<td>398</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td></td>
<td>1,501</td>
<td>1,603</td>
<td>1,917</td>
<td>745</td>
<td>289</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td></td>
<td>8,828</td>
<td>4,802</td>
<td>5,410</td>
<td>5,406</td>
<td>31,753</td>
</tr>
<tr>
<td>Program services and fees</td>
<td></td>
<td>3,103</td>
<td>1,325</td>
<td>833</td>
<td>535</td>
<td>467</td>
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<tr>
<td>Change in net assets</td>
<td>Total, excluding the Sustainable Development Fund</td>
<td>7,212</td>
<td>2,090</td>
<td>1,752</td>
<td>757</td>
<td>(1,305)</td>
</tr>
<tr>
<td>Sustainable Development Fund</td>
<td></td>
<td>(3,933)</td>
<td>(4,834)</td>
<td>(1,542)</td>
<td>(593)</td>
<td>28,750</td>
</tr>
<tr>
<td><strong>OTHER DATA</strong></td>
<td>Assets under management</td>
<td>255,380</td>
<td>213,641</td>
<td>200,346</td>
<td>138,886</td>
<td>99,545</td>
</tr>
<tr>
<td>Allowance for loan and lease losses as a % of total loans and leases</td>
<td></td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.3%</td>
<td>5.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Net loan loss (recovery) ratio</td>
<td></td>
<td>0.25%</td>
<td>(0.03%)</td>
<td>0.18%</td>
<td>0.67%</td>
<td>0.32%</td>
</tr>
<tr>
<td>Capital adequacy ratio, excluding SDF</td>
<td></td>
<td>25%</td>
<td>23%</td>
<td>21%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Self-sufficiency ratio* – financing programs excluding SDF</td>
<td></td>
<td>91%</td>
<td>93%</td>
<td>94%</td>
<td>68%</td>
<td>76%</td>
</tr>
</tbody>
</table>

*Level one sustainability = Net financial income exclusive of provision for loan losses / Expenses of financing departments
I N V E S T O R S: Like the Fels Fund and the Pew Charitable Trusts which played critical roles in our early years, foundations continue to fuel TRF’s innovation. This year, The John D. and Catherine T. MacArthur Foundation announced an equity grant of $1 million in TRF, converting a loan made to TRF in 1995. Only the third loan-to-equity conversion the Foundation has ever made, this grant can leverage up to four times its value in debt. In the next 10 years, it will result in $40 million in financing transactions.

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Advanta Foundation
The Allen Hilles Fund
Alvin and Fanny B. Thalheimer Foundation
The Annie E. Casey Foundation
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Baltimore Community Foundation
Barra Foundation
Broad and Roses Community Fund
Butler Family Fund
Calvert Social Investment Foundation
Claneil Foundation, Inc.
The Coleman Foundation
Community Foundation of New Jersey
The Cotswold Foundation Trust
The Doxty Foundation
The Drumcliff Foundation
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The F. B. Heron Foundation
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France-Merrick Foundation
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Hoffberger Foundation
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Helen M. Gamble
C O R P O R A T E , C I V I C , A N D G O V E R N M E N T

1260 Housing Development Corporation
Amalgamated Abstract Company of Pennsylvania, Inc.
American Institute of Architects – Philadelphia
A nowrap.company of PHA
Brophy & Reilly LLC
Bucks County Housing Group
Columbus Property Management
Commons & Commons LLP
Community Design Collaborative of AIA Philadelphia
Community Development Financial Institutions Fund
Cooke & Bieler, Inc.
Customized Energy Solutions Ltd.
E. & R. Homes, Inc.
Fourth Street Access LP
Frontiers International Philadelphia Club
Funding Exchange Endowment
Funding Exchange Pooled Fund
The Grail
Hispanic Association of Contractors & Enterprises
International Brotherhood of Electrical Workers
Interfaith Housing Development Corp.
Johns Hopkins University
Kaplan & Associates, Inc.
Keystone Insurance Co.
Koecher-Kneel Realty LLC
LaSalle University
The McLean Contributionship
Metropolitan Career Center
National Community Capital Association
New Jersey Housing and Mortgage Finance Agency
New Society Publishers
Northeast American Construction
Page Mark Communications
Paine Webber
The Partnership CDC
Pennsylvania Community Development Bank
Pennsylvania Department of Community and Economic Development
The Philadelphia Contributionship
Philadelphia Parent Child Center
Philadelphia War Tax Resistance/
War Resisters League
Philadelphia Workforce Development Corporation
Pyramid Development Group
Regional Council of Neighborhood Organizations
Rotary Club of Swarthmore
Safeguard Scientists, Inc.
St. Joseph’s University
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Westrum Urban Opportunity, LP
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Paul Yeskel
Cheryl Anne Bettigole and Adam Zeff
Francesca Ann Zelnek
Harry Louis Zelnek
Stephen J. Kaufman and Sydelle Zove
Harry Louis Zelnek
Hennrutha Towut Warca Memorial Trust
Paul Yeskel
Cheryl Anne Bettigole and Adam Zeff
Francesca Ann Zelnek
Harry Louis Zelnek
Deborah Zubow

With thanks to our Financial Supporters who wish to remain anonymous

* Deceased
PLACES:
Since its inception, TRF has helped neighborhoods build from their assets. In West Philadelphia, we have worked closely with the University of Pennsylvania on its neighborhood investment strategy. In North Philadelphia, we have worked with Temple University and recently presented a plan to the Board of Trustees of LaSalle University to encourage strategic investments that create value for area residents and the university.

RELIGIOUS INSTITUTIONS
African Episcopal Church of Saint Thomas
All Hallows Church
Arch Street United Methodist Church
Ascension Health
Augustinians
Bashan Presbyterian Church
Beth David Reform Congregation
Boehm’s Reformed Church, U.C.C
Brandywine Deenery, Episcopal Diocese of PA
Bryn Mawr Presbyterian Church Foundation
Bucks Deenery
Calvary Church of Germantown
Cathedral Church of the Saviour
Catholic Health Initiatives
Central Philadelphia Monthly Meeting
Christ Church and Saint Michael’s
Christ Church in Philadelphia
Christian Brothers of Frederick, Inc.
Church of St. Asaph
Church of St. Luke and the Epiphany
Church of St. Martin-in-the-Fields
Church of the Good Samaritan
Church of the Holy Apostles
Church of the Holy Trinity, Rittenhouse Square
Church of the Messiah
Church of the Redeemer
Church Without Walls
Congregation Beth Am Israel
Congregation Koli Emeth
Congregation of the Mission of St. Vincent DePaul in Germantown
Congregation of the Sisters of Charity of the Incarnate Word
Congregation of the Sisters, Servants of the Immaculate Heart of Mary
Corporation for the Relief of the Widows & Children
Corporation of Roman Catholic Clergymen
Daughters of Our Lady of Mercy
Dominican Sisters
Episcopal Diocese of Pennsylvania
Episcopal Church in America
First Presbyterian Church in Germantown
First United Methodist Church of Germantown
Germantown Jewish Centre
Gloria Dei Old Swedes’ Church
Grace Episcopal Church
Grey Nuns of the Sacred Heart
Haddonfield Friends Meeting
Holy Innocents St. Paul’s Church
Holy Redeemer Health Systems, Inc.
IHM Congregation Charitable Trust
Lutheran Theological Seminary
Medical Mission Sisters
Mennonite Mutual Aid Community Development Investment, Inc.
Mercy Catholic Medical Center
Missionary Servants of The Most Blessed Trinity
Monthly Meeting Friends of Philadelphia
North and Southampton Reformed Church
 oblates of St. Francis DeSales, Inc.
Pennypack Deenery
Presbyterian Church of Chestnut Hill
Presbytery of Philadelphia
Religious of the Assumption
North American Province
St. Andrew’s Episcopal Church (West Vincent)
St. Andrew’s Episcopal Church (Yardley)
St. Christopher’s Church
St. David’s (Radnor) Episcopal Church
St. Francis-in-the-Fields Episcopal Church
St. Isaac Jogues of Valley Forge
St. James Cemetery
St. James Episcopal Church, Langhorne
St. James Episcopal Church of Kingsessing
St. John’s Episcopal Church
St. Luke’s Episcopal Church, Germantown
St. Luke’s Episcopal Church, Newtown
St. Mary’s Church at the Cathedral
St. Mary’s Episcopal Church of All Saints
St. Peter’s Church Endowment Fund
St. Peter’s Church in the Great Valley
St. Peter’s Church of Philadelphia
St. Philip’s Church
Sisters of Charity of Saint Elizabeth
Sisters of Mercy of the Americas
Sisters of St. Francis of Philadelphia
Sisters of St. Joseph
Sisters of Saints Cyril and Methodius
Sisters of the Blessed Sacrament for Indians and Colored People
Sisters of the Holy Redeemer, Inc.
Society of the Holy Child Jesus
Solebury Monthly Meeting
Southeastern PA Synod of the Lutheran Church
Southwark Deenery/Episcopal Diocese of PA
Swarthmore Friends Meeting
Trinity Episcopal Church, Solebury
Trinity Episcopal Church, Swarthmore
Trinity Memorial Episcopal Church
Trinity Memorial Episcopal Church
Trinity Presbyterian Church
The Shefa Fund
Unitarian Society of Germanton
Unitarian Universalist Association of Congregations
VAAD: Board of Rabbis of Greater Philadelphia

GRANTS AND CONTRACTS
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Baltimore Community Foundation
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Commerce Bank
Fannie Mae Foundation
The F.B. Heron Foundation
The Ford Foundation
The Harry and Jeanette Weinberg Foundation, Inc.
HSBC Bank
JPMorgan Chase
The John D. and Catherine T. MacArthur Foundation
Merrill Lynch
The Morris Goldseker Foundation of Maryland
National Community Capital Association
Open Society Institute
PG&E Energy
Pennsylvania Department of Community and Economic Development
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Prudential Foundation
Sovereign Bank
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U.S. Department of the Treasury (CDFI Fund)
Wachovia
Western Association of Ladies for Relief and Employment of the Poor
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New Jersey Housing and Mortgage Finance Agency
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Pennsylvania Housing Finance Agency
Philadelphia Neighborhood Development Collaboration
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- John Turner, Neighborhood Development, Inc.
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- Martin Trimble, Washington Interfaith Network

### INVESTORS:
Today, the TRF Loan Fund features investments from over 100 religious institutions, including Lutheran, Mennonite, Jewish and Episcopalian congregations, two of the largest Catholic health systems in the nation and our newest religious investor, the TZEDEC Economic Development Fund of the Shefa Fund.
When the new neighborhood Shop Rite agreed to contribute to the annual Thanksgiving dinner distribution, Maggie Powell, Director of the Eastwick Project Area Committee wasn’t expecting much. She was pleasantly surprised when she received enough turkey, side dishes and pie to feed 100 families. One year after opening in the southwest Philadelphia community of Eastwick, the Shop Rite on Island Avenue is quickly becoming an integral part of the community, visible at community meetings, and participating in neighborhood festivals.

“Our community is proud of the store,” proclaims Ms. Powell. “It is clean, the food is fresh, it employs many local residents and is prepared to be a strong community presence. The store and its owner Jeff Brown have already done so much for this neighborhood. We are glad they are here.”

Jeff was able to open his supermarket in Penrose Plaza with funding from two TRF-sponsored programs, the Pennsylvania Fresh Food Financing Initiative (FFFI) and the New Market Tax Credits Program. As the first of what will become many more supported supermarkets statewide, the FFFI awarded Brown’s Shop Rite $250,000 last fall to begin work in Eastwick. Combined with a loan from TRF’s federal New Market Tax Credits program, the building was quickly completed and Brown’s Shop Rite opened for business in September 2004.

“Thanks to TRF, we were able to open this 57,000 square foot store,” explains Jeff Brown. “Not only have we been able to create 250 jobs in this close knit community, we’ve also been able to offer affordable and nutritious food options. We’re delighted to be part of creating a stronger and healthier community.”

The Shop Rite’s busy flow of customers is also stimulating additional development in the area and job opportunities nearby. These days, even high school students in the area are finding work. Thanks to TRF financing, Eastwick now has a supermarket that is bringing new life to this community.

“Not only have we been able to create 250 jobs in this close knit community, we’ve also been able to offer affordable and nutritious food options.”
LOOKING AHEAD

What’s to come? What places will draw our attention? What new partnerships will we form? How will we encourage the support of current and new investors? And, remembering those passionate meetings that launched us 20 years ago, what ideas will provoke and inspire us, propelling us into the future?

Our third decade begins with goals designed to deepen our impact and extend our reach.

Over the next three years, TRF will:

- Double its assets to a total of $500 million.
- Allocate more than $300 million in loans and equity investments.
- Open new offices in Washington, DC and New Jersey.
- Work with more state and local governments to apply our market knowledge and investments towards continuing economic growth and reversing blight.
And that is just the beginning. In the next few months, TRF will announce a strategic plan that lays out a roadmap for these coming years. Developed through an interactive process involving TRF’s senior management, board of directors and external subject experts, the plan will provide performance goals and strategy that build on past experiences.

We began TRF with dreams of change and an eagerness for fresh solutions. Twenty years later, we are larger and more complex, and so are the problems we tackle. What excites us most about our next decade is how the past two have provided us with the support, the expertise and the confidence to dream bigger dreams and create ever more innovative solutions.

Thank you for being part of our growth and mission from then to now.

Here’s to what’s next!