2011 Annual Report
Letter from the President & CEO

As I sat down to consider my message for this annual report, I was struck by how much we accomplished in 2011. We aimed high—and I was pleased to see our progress and how close we landed to our lofty goals. But, success came only with help from a lot of friends—partners, supporters, and staff. So, we attribute our success to a collective desire—the desire to serve communities and residents across the Commonwealth. The needs are great and so is our collective passion.

This year was Virginia Community Capital’s (VCC) first of a new strategic plan, which runs from 2011 through 2013. Our goals align with the three business lines established and branded in 2010: lending, savings, and advisory services. Each business line contributes to our overall VCC mission of supporting housing and community development ventures, increasing jobs, and building sustainable communities by offering flexible financial products and advisory services.

Community Development Financial Institutions (CDFIs) have gained a particular traction during these years of economic challenge. Across the country as traditional banks continued to reposition from the 2008 crisis, CDFIs found an appropriate niche and a resulting strength in filling gaps left empty by the fiscal downturn. With our CDFI bank, Community Capital Bank of Virginia (CCB), achieving its first full year of profitability in 2010, we were well-positioned to mobilize and respond to needs across many Virginia communities. CCB and the VCC CDFI loan fund deployed $31.862 million in funding during 2011, leveraging an additional $64.418 million in capital; and equally important, helped dozens of community projects and businesses with their growth and success.

Consider these key accomplishments from 2011:

• Professional credentialing through the CDFI Assessment and Ratings System (CARS™)
• Certification and high scores as B Corporation
• National recognition and funding through a high-profile partnership with Opportunity Finance Network and Starbucks
• New CCB branch in Richmond

You will find many examples of our work in this year’s annual report. These stories remind us of our important role and encourage us toward new benchmarks of success. We look forward to 2012 and continuing our progress with resolve and energy.

Our partners, our friends, our supporters, our staff—the entire team deserves and has my utmost appreciation and respect. We rely on our network. Without you, none of this would be possible. I pause to say—thank you—thank you for all you have done and all we will do together in the coming years. As we say around VCC on a regular basis—we do more, together!

Jane N. Henderson, President & CEO
2011 in Review

We adopted a theme of “Impact and Innovation” in 2011. We acted on these concepts in many significant ways through many successful collaborations. Our partners, our supporters, and our staff have always contributed substantially to our overall mission. And so, the trend continued in the past year.

We moved to a new position of financial strength and stability.

Community Capital Bank (CCB), our subsidiary Community Development bank, was profitable in 2010 and increased assets substantially in 2011. Increased funds allowed for increased leverage and loan activity and we saw the returns in our bottom line. Profits from CCB support our mission in affordable housing, new and rehabbed real estate development, community healthcare centers for medically underserved communities, and especially, job creation. A stronger balance sheet directly translates to a stronger Virginia. We are testing new financial models and Virginia communities are benefitting. We strive to continue both this positive financial growth and increased community impact—a double bottom line return!

We expanded our team.

In 2011, we took two important steps toward our maturation preparing us for a new level of growth. First, we hired Sarah Williams, a former VCC board member, as our Chief Risk Officer. Sarah, who is part of our executive team, is responsible for overseeing the risk management processes of the organization and managing external audit and loan reviews. Second, we initiated another key strategy in support of our goals—an equity raise. We are educating potential investors on the concept of Impact Investing. Our age and goals for expansion demanded these steps.

We received a “AA2” CARS™ rating.

In July, we received our first CARS™ rating of AA2—a great score! The CDFI Assessment and Ratings System (CARS™) is the only ratings system to provide a comprehensive, third-party assessment of both impact performance and financial strength for Community Development Financial Institutions (CDFIs). A CARS™ assessment addresses past performance, current financial position, and risk factors in the future. Ratings are based on five years of historical performance.

More at carsratingsystem.net

We became B Corp-certified.

VCC completed our B Corporation certification in December. Certified B Corporations create a new type of corporation using the power of business to solve national social and environmental challenges. B Lab, a national nonprofit organization, certifies B Corporations, the same way TransFair certifies Fair Trade coffee or USGBC certifies LEED buildings. To receive the certification, VCC had to meet specific requirements in social and environmental performance standards. There are 450 certified B Corporations across 60 different industries—from food and apparel, to attorneys and office supplies. B Corporations are a diverse community with one unifying goal: to redefine success in business through both profits and social impact.

More at bcorporation.net

We helped to launch the OFN/Starbucks Create Jobs for USA initiative.

The initial announcement in early November was quite an honor: VCC had been named a grantee in the first funding round in a new national job-creation initiative announced by the Opportunity Finance Network and the Starbucks Foundation. VCC was one of just 28 CDFIs in the nation to win a grant in the inaugural funding round. The $173,500 grant was made possible by a $5 million seed contribution from the Starbucks Foundation. We put the grant to work immediately—supplying important leverage for a community housing coalition and to keep affordable housing alive in Fairfax, Virginia.

We gave Virginia Saves a home.

Effective this past fall, Virginia Saves, a branch of America Saves, received a new home at VCC. Virginia Saves is built upon a collaboration of nonprofit, government, and corporate groups as well as volunteers from across the Commonwealth. VCC’s Savings Manager Teresa Walker leads the Virginia Saves campaign to promote savings events and coordinate resources to help people become more financially fit.

Virginia Community Capital provided construction funding for the renovation of Suburbia Fairfax, an island of affordable housing surrounded by high-dollar real estate. Leverage for this funding came in part from the OFN/Starbucks Create Jobs for USA program.

More at virginiasaves.org

Virginia Community Capital provided construction funding for the renovation of Suburbia Fairfax, an island of affordable housing surrounded by high-dollar real estate. Leverage for this funding came in part from the OFN/Starbucks Create Jobs for USA program. Courage came from Community Preservation and Development Corporation who stepped in to purchase the property and preserve this community.
Lending

The Virginia Community Capital lending team works with a broad array of customers including developers, economic development groups, housing authorities, local governments, micro lenders, small businesses, and community organizations. We reached a new performance goal in 2011, lending over $30 million to new projects and businesses. And, we did a lot of work to expand our small business program for 2012.

Affordable Housing

This has been a primary mission at VCC since our start. The need remains high in all communities. We’ve worked on several important projects to address this deficit—in mostly urban areas and in some parts of the state where pockets of affordable housing are under threat. Our focus remains on preserving and rehabbing affordable rental units. Look for a new rural preservation program, to launch in 2012.

Community Facilities

It’s difficult to imagine that some sections of Virginia still lack easy access to dental and primary health care. We helped one community meet that need this past year and know there are more looking for resources to ensure medical care is within reach for every household. VCC has successfully utilized New Markets Tax Credits to help finance community healthcare centers in areas of need.

We look to advance this mission in 2012 with a new allocation of tax credits.

Mixed-Use Facilities

Much of the redevelopment work needed in inner cities and on small town “Main Streets” is old buildings with commercial space on the main floor and potential housing space on the upper floors. These “mixed-use” projects become the key to revitalizing both economic and social life in the neighborhood. In 2011, VCC provided over $9 million in financing for mixed-use projects. We see this revitalization trend continuing in 2012, with even more communities recreating their own “economic recovery.”

Small Business & Job Creation

Unemployment and under-employment continue to plague our economy. Small businesses have provided assistance with recovery from recessions in the past—generating over 64 percent of new jobs within the past decade and a half. VCC has been diligently working to craft a new lending program for small government contractors. Launching as a pilot in early 2012, VCC will work with local technical assistance providers to bring debt capital to this group. Additionally, VCC is working with business incubators and angel funds to help emerging entrepreneurs grow their businesses … and thus create new jobs!
Essel Propack America
More Space, More Jobs

“This addition to our Cane Creek facility gives us a larger and more cost-efficient footprint for growth. We derive synergies from aligning all of our resources under one roof. This combination of expanded production space for potential capacity increment and greater cost effectiveness is vital to our future plan for further profitable growth.”

SASWATI BISWAS, REGIONAL FINANCE CONTROLLER, ESSEL PROPACK

The 105,000-square-foot addition to the Essel Propack America facility represents a consolidation and expansion—an uncommon juxtaposition. But the move makes perfect business sense for this arm of Essel Group, the largest specialty packaging company worldwide with 35 percent of the global market. Located in Danville’s Ariside Industrial Park, the project brings three facilities together under one roof—Essel’s laminate tubes division, its closures division, and Arista Tubes. The facility expansion will create over 50 new jobs in the next three years.

Essel produces plastic laminated tubes and caps used in packaging products for oral care, cosmetics, food service, and industrial manufacturers. Today, anyone who uses Crest toothpaste handles a Danville-made Essel Propack tube.

Financing involved a Virginia Community Capital construction and permanent loan through the City of Danville’s Industrial Development Authority (IDA). With the stated purpose to assist in economic development and job creation, the IDA advances its mission through this project. The City of Danville has maintained one of the highest rates of unemployment since the collapse of the textile and tobacco industries.

[Learn more at esselpropack.com]

Narrows Revitalization
Municipal Space and Housing Solution Saves Downtown Structures

"We’ve been trying to revive the downtown for 25 years. We finally have some steam up on the effort."

BUDDY KAST, TOWN MANAGER

"Working together, we can save these buildings and breathe some new life into downtown."

JOE FORTIER, OWNER, TAYLOR HOLLOW CONSTRUCTION

The Town of Narrows began as an early frontier outpost in Giles County. So-named due to the thin slice made by the New River through this high plateau country of Southwest Virginia, the settlement became a strategic vantage point during the Civil War. Railroads brought promise of some industry, but timber, coal, and a tannery provided most jobs through the late 19th to early 20th centuries. Today, Narrows promotes itself as bird sanctuary and recreational haven, while also serving as home to The Celanese Corporation, the county’s largest employer.

The project at 208 and 210 Main Street addresses dual community needs: space for town offices and a desire for affordable rental units. The mixed-use repurposing of the 1940s-era buildings will also address a continued deterioration of these vacant structures located in the historic downtown district. The town had been contemplating relocating offices for a while. A market study further clarified the demand for convenient rental apartments. Conversations with Taylor Hollow Construction, an area developer with a successful portfolio of mixed-use historic rehabilitation projects, proved fruitful and a deal was struck.

The completed project will include refurbished space for the Town of Narrows offices and additional commercial space for rent. Upper stories will house eight new affordable rental apartments.

Virginia Community Capital’s loan funded the acquisition and renovation of the two buildings. The Department of Housing and Community Development supplied HOME funds in partnership with a Virginia Housing Development Authority permanent mortgage. The project is eligible for State and Federal Historic Tax Credits.

[Learn more at townofnarrows.org]
The mission of Riverside PACE (Program of All-Inclusive Care for the Elderly) is to enhance life for frail older adults by providing compassionate, quality care and services. The organization, part of the Riverside Health System, strives to achieve this mission by empowering participants to live in their homes and in the community as they age.

The newest Riverside PACE facility has a long, rich history. Constructed in 1940, the structure was named the Cavalier Arena and was a popular community and special events venue located in the part of Richmond known as Scott’s Addition. The 1947 United States National Roller Skating Championships were held here. Renovated by the team of Walter Parks Architect and Fountainhead Properties, the sensitive adaptive retrofit brought back many original features of the building including the domed ceiling and roller rink flooring.

The PACE interdisciplinary team provides comprehensive services while encouraging a self-directed approach for participants and their families. Riverside PACE clients enjoy a range of services including daily therapeutic and spiritual programming, nutritional support, and social opportunities for peer engagement. Physical therapy and medical assistance is also provided in addition to 24-hour clinical support. Transportation services ease access to and from the center, outings, and medical appointments daily.

Virginia Community Capital provided permanent project funding. Federal and State Historic Tax Credits along with New Markets Tax Credits were used to support project completion. The project is in a designated Enterprise Zone and a Richmond Historic District.

Learn more at riversideonline.com
The Worsham School played a role in one of our country’s most challenging times. Initially opened in 1927 as an all-white public school, the building served as one of four Prince Edward County schools leased by the Prince Edward Free School system to provide schooling for African-American students when the county system had otherwise closed its doors to avoid integration. The Free Schools operated for one year, until the Prince Edward County Public School system re-opened in 1964 under court order to all children regardless of race.

Vacant for 20 years, the historic structure returns to a new role as The Lofts at Worsham Schools. The three-building complex has been converted into 20 one- and two-bedroom apartments with upscale finishes and treatments. The building is beloved by many, including the owner-developer who created many compelling reasons why young professionals and educators affiliated with the nearby Longwood University and Hampden-Sydney College have lined up for these premier spaces.

Virginia Community Capital’s subsidiary, Community Capital Bank of Virginia, provided construction and permanent funding. The Richmond-based developer also utilized Historical State and Federal Tax Credits.

Learn more at loftsatworshamschool.com

ROSS FICKENSCHER, OWNER-DEVELOPER

“The Lofts at Worsham School
Classrooms to Classy Digs

“I had been driving past the property for at least ten years and never really knew much about it. I saw it as a beautiful location, a beautiful piece of property. Then, one night, my wife was reading some historical materials on the Prince Edward Free School system and came across a reference to the four schools left open for African-American children. One was our Worsham School. The project took on new meaning from that day forward.”

ROSS FICKENSCHER, OWNER-DEVELOPER
Blue Ridge Medical Center
Expanding Care for Underserved Community

"At Blue Ridge Medical Center, 'Caring for our Community' is not just a tagline, it’s an everyday reality."

PEGGY WHITEHEAD, EXECUTIVE DIRECTOR

Leaders and patrons at the Blue Ridge Medical Center are proud of their path. Beginning back in July 1985, the clinic was first housed in a modular building with one doctor and three exam rooms. The center was clearly needed, signaled by 25 years of steady growth in people served.

Four building renovations later, the organization recently opened a new 28,600-square-foot facility growing service and space. Pediatric care has been added—the first in Nelson County. A fully-equipped and secure pharmacy along with increased room for the Medication Assistance Program will improve outreach potential. Expanded behavioral health offices are located in the new building. Freed-up space in the previous headquarters situated next door now houses the first dental facilities for the clinic. A memorial garden between the two buildings will feature native plants used for medicinal purposes within the region for centuries.

Success at BRMC has depended on a solid corps of staff and board members. Fundraising provided important start-up support. New Markets Tax Credits secured by Virginia Community Capital along with grants from the U.S. Department of Health and Human Services and Community Development Block program raised additional capital needed for construction and equipment.

Learn more at brmedical.org

Lynchburg High Apartments
Rehabbing a Rehab

"Theodore Roosevelt said, 'Far and away, the best prize that life offers is the chance to work hard at work worth doing."

SUHIE KITCHEN, EXECUTIVE DIRECTOR, LYNCHBURG COVENANT FELLOWSHIP

The adaptive reuse of the 1910-era E. C. Glass High School into apartments for the elderly, disabled, and multi-family units was a good idea in 1980. The complete rehabilitation and mechanical system update of the structure was another good idea 30 years later.

The 2011 facelift turned 70 units into 74 through the reconfiguration of several four-bedroom apartments to two-bedrooms. New windows, upgraded fire suppression systems, and a new elevator bring this facility up to the latest standards, including EarthCraft designation. The project balances modern amenities and energy-savings methods with a sensitive preservation of the original architectural features and unique, appealing living spaces. The construction was conducted in phases, a challenge to coordinate, but an essential measure to maintain housing availability.

The project owner, Lynchburg Covenant Fellowship, worked with Boston Capital to secure Low-Income Housing Tax Credits. Other important financial partners were the Virginia Housing Development Authority and the City of Lynchburg. An after-school program called Hope II is offered on Wednesdays in the Penthouse area of the complex, which is also a gathering spot for residents and friends. Virginia Community Capital’s subsidiary, Community Capital Bank of Virginia, supplied bridge funding for the construction loan.

Learn more at lynchburgcovenantfellowship.org or LCFHousing.org
The Olde Towne Company Revitalizes Park View
A Neighborhood Returns to Life

“We can say by working with the Portsmouth Redevelopment and Housing Authority and the City of Portsmouth, we helped change this neighborhood.”

DANIEL W. ASTON, THE OLDE TOWNE COMPANY

The Olde Towne Company in Portsmouth, Virginia, brings an uncommon sensibility to home construction and reconstruction. They strive to build houses that will stand the test of time for many generations—the way things used to be built. They talk about homes with good “bones,” that offer real value stressing how Hardie Plank II exteriors, hardwood floors, and high quality finishes are worth the additional cost and effort because these are homes for families, who are building blocks for the community.

Above-average performance at The Olde Towne Company extends to their business smarts as well. A long-standing relationship with the City of Portsmouth allowed them to propose a real estate tax incentive for the renovated homes—representing several thousands in annual savings for potential home buyers. Seven single-family homes will be restored to join 20 new homes. The Olde Towne Company completed as part of the rejuvenation of a beloved historic neighborhood called Park View. These combine with earlier investments in nearby apartments; and this community, located adjacent to the Portsmouth Naval Hospital, has come back to life. Young families stroll along new sidewalks and streetscapes—contributions provided by the city that combine with private investments for an ideal collaboration.

Permanent financing from Virginia Community Capital and subsidiary, Community Capital Bank of Virginia, supported restoration of three houses and two duplexes to bring affordable housing to this revitalized and historic neighborhood.

Learn more at theoldetownecompany.com
The Robert Russa Moton Museum
A Center for the Study of Civil Rights in Education

"My imagination would run rampant—and I would dream that some mighty man of great wealth built us a new school building and that our parents got together and surprised us with this grand new building and we had a big celebration ..."

BARBARA JOHNS POWELL, HEROINE

On April 23, 1951, the 16-year-old Barbara Johns led her 400-plus classmates on a strike against the “separate but equal” school system of Prince Edward County, Virginia. What ensued was a series of court cases that eventually rose to the Supreme Court where, in 1954, Brown vs. Board of Education called for an end to desegregation in the schools.

The Robert Russa Moton Museum honors the role Prince Edward County played in ending racial segregation in America’s public schools. Located in the county’s second Moton High School, the museum recently marked the 60th anniversary of Miss Johns’ courageous act with the restoration of the auditorium. The civil rights’ monument preserves the march toward educational justice while also serving as an anchor for the Civil Rights in Education Heritage Trail.

Funding through the U.S. Department of Agriculture and Community Capital Bank of Virginia supported a comprehensive renovation of the 10,000-square-foot building including permanent exhibits in several galleries. The Moton Museum will operate as a year-round facility instructing visitors on the complex and compelling narrative associated with educational civil rights.

Learn more at motonmuseum.org

Suburbia Fairfax
Affordable Housing in Northern Virginia

"Renovation of Suburbia Fairfax helped us keep a neighborhood intact. Preserving and enhancing this community secures a home place and opportunity for many."

TIM WESTRICH, REAL ESTATE DEVELOPMENT OFFICER, CPDC

Suburbia Fairfax, an apartment complex built in the 1970s, sits in an area known for high-ticket real estate deals. The 54-unit low-income, multifamily apartments had been home to some residents for several decades. Sometimes affordable housing in need of renovation is readily converted to next year’s highest, best use—an upscale shopping center, a posh condominium. Not this time, thanks to the Community Preservation and Development Corporation (CPDC) who stepped in to purchase the property and preserve this community.

The current rehabilitation project upgrades all units with new energy-efficient appliances, mechanical systems, and puts a new roof over everyone’s head. Addition of a stand-alone community center will provide space for meetings and educational purposes. All construction meets EarthCraft standards with an emphasis on a landscaping plan to blend with the surrounding homes, parks, and commercial spaces.

CPDC worked with Virginia Community Capital to secure construction funding for the renovation and utilized Low-Income Housing Tax Credits with help from Enterprise Community Partners to finance the project.

Learn more at cpdc.org
Preferring to restore rather than “knock down,” Mike Glass and associate Ron Hunt from Hunt Investments preserve distinctive edifices, which lend character and charm to urban streetscapes and enhance downtown revitalization. The adaptive reuse of 214 E. Grace Street and an attached structure facing Broad Street stand positioned to build upon a city-sponsored movement to create an arts district in downtown Richmond.

The abandoned three-story 1920s-era building harkens back to its last life as the Morton’s jewelry store with a distinctive sign the new owners plan to restore as part of the conversion to a 19-unit housing complex. The project’s name acknowledges the commercial roots: the Morton Lofts. Two artists’ studio/home units will recall the days when shopkeepers retired upstairs to their homes after a long day’s work. The model complements the city’s desire to cultivate a lively arts and cultural scene along this main avenue corridor. Affordable apartments make sense for student and young urban professional tenants—the building is located within walking distance of two university campuses and a front-door bus stop offers easy access to public transportation. The 3,000 feet of commercial space at the ground floor will be suitable for galleries, niche retail space, or offices.

A construction loan from Virginia Community Capital’s subsidiary, Community Capital Bank of Virginia, took the lead on this project, which also benefited from a City of Richmond incentive deal. Historical State and Federal Tax Credits played an important role in reducing project costs.

Learn more at beccagroup.net
Advisory Services

In 2011, VCC continued to build its Advisory Services programs, including the launch of a rural community planning initiative. Through this new programming, plus our core real estate development advising, we offered over 2,000 hours of technical assistance to over 230 organizations across the Commonwealth.

Advisory Services is dedicated to providing assistance to organizations, communities, and businesses that create jobs, develop affordable housing, provide access to critical services such as health care, and support economic revitalization. These focal points align with the VCC mission—and serve our credo to “do more, together.”

Small Business Advisory Services

VCC’s Small Business Advisory Services combines rigorous financial and operational analysis with in-depth, on-site consulting to foster revenue growth and job creation. The success of this program, which started as a pilot in 2009, has been astounding. We applaud the entrepreneurs for their perseverance and steadfast commitment to excellence. These firms are driving our nation’s economic recovery.

- Job creation – Over a two-year period, ten firms created 141 permanent new jobs.
- Revenue growth – Firms experienced average annual revenue growth rates over 50 percent.
- Improving low-income neighborhoods – Eighty-seven percent of employees hired by participating firms were low-income at the time of being hired, according to HUD guidelines.
- Reducing unemployment – Forty-one percent of new hires were unemployed at the time they were hired.

Community Planning

In early 2011 VCC launched Pathfinders, a new initiative designed to address the need for community planning and development assistance in rural, economically distressed regions of Virginia. The project is highly collaborative, engaging stakeholders from across the commonwealth to coordinate efforts and leverage resources. Stakeholders include representatives from the Virginia Department of Housing and Community Development, Virginia Housing Development Authority, Virginia Tobacco Commission, Virginia Tourism Corporation, U.S. Department of Agriculture Rural Development, and the Tayloe Murphy Center at the University of Virginia.

Work with two localities—Onancock and Glade Spring—has been underway for the past year.

Collaborative Leadership

Through the Community Development Learning Initiative, VCC continued to collaborate with organizations across Virginia to offer learning opportunities for non-profit and community development professionals, with a particular focus on reaching emerging leaders.

Our 2011 activities culminated in an all-morning session held before our annual celebration luncheon in December led by Andy Stefanovich. Andy is Chief Curator and Provocateur at Prophet and author of the book Look At More Stuff and Think About It Harder. Andy engaged participants in a discussion about the role of creativity in driving innovation and how leaders must find inspiration in seemingly common events. Attendees left the session with a broadened perspective on leadership and a strong dose of inspiration.

Advisory Services offers a broad array of technical support including:
- Project feasibility and real estate development planning
- Financial analysis and forecasting
- Tax credit strategies, including New Markets Tax Credits
- Layered financing and packaging loan requests
Community Capital Bank (CCB) Deposit Products

Basic Checking
A simple, no interest checking account; no minimum balance requirements or monthly maintenance fees; $50 minimum deposit to open an account.

Statement Savings
Designed to help get the savings habit started, this competitive interest-bearing account has a limited transaction volume per month and requires only a $25.00 opening deposit.

High Yield Money Market
This account offers an impressive interest rate designed to help people save more. It has a limited transaction volume per month and requires a $50.00 minimum to open an account.

Certificate of Deposit
This fast way to save has many flexible terms to choose from, and we can schedule maturities to balance potential market rate changes and provide customers cash when they need it. $250 opening deposit.

CDARS®
This Certificate of Deposit Account Registry Service® is the easiest, most convenient way to enjoy access to full FDIC insurance on large deposits.

Automatic Deposit
Watch your savings grow faster by making regular savings directly from your paycheck or checking account.

Savings
Virginia Community Capital Savings emerged with a bold plan for growth and outreach in 2011. As with all of our operations, we work to deliver impact and foster innovation wherever we can. Through Community Capital Bank of Virginia, CCB’s subsidiary CDFI bank, we engage people on a personal level and can also mobilize resources for corporations and businesses.

Our Savings Manager Teresa Walker assembled a dynamic slate of partnerships and financial education initiatives helping accomplish two key goals for the year:

• Become a leader in promoting savings for lower income households.
• Advance financial education initiatives in Virginia.

Promoting Savings
Savings at VCC began with a focus on individual savings programs to help families become financially fit, and in 2011, we continued to expand on this theme. VA Savers Club Accounts offer a low-cost approach to building emergency savings. No minimum balance requirements, no monthly service charges.

Our bank is approved for Virginia Individual Development Accounts (IDAs) through the Department of Housing and Community Development. A 2:1 match for savings by qualified candidates seeking to save for a home purchase, education, or small business start-up or expansion.

Savings Partnerships
VCC persistently aims to “do more, together,” through collaboration to strengthen overall impact in the areas we serve. Delivering savings support to every Virginian is a formidable task, but several high-profile partnerships help advance this goal. In 2011, VCC hosted the Four-States Savings Partnership to identify successful workplace savings models. Keynote speaker Reid Cramer, Director of Asset Building, New America Foundation said, “We need to find ways to make savings more automatic, flexible, and inclusive.” The Partnership seeks to foster wealth creation and savings opportunities for low-income individuals and families in WV, VA, NC, and SC. With funding from the Mary Reynolds Babcock Foundation, VCC is the lead organization in Virginia.

Virginia Saves is the Commonwealth’s branch of America Saves, a consumer awareness campaign to encourage and assist Americans, especially lower-income households, to save and build wealth. A Virginia Saves Advisory Board provides important guidance and support for the coalition.

More at virginiasaves.org

Impact
Nearly 250 people participated in VCC Financial Education programs in 2011.

We established two employer-based savings programs.

The Richmond CCB branch opened in 2011.

Customers can access all bank services through our office on West Franklin Street.

Innovation
Mission-focused deposits are increasing in popularity. Saving with a community development banking organization allows you, as a saver or an organization, to feel confident your deposits support lending and programs to revitalize communities, create living wage jobs, and strengthen families. Let’s do more, together.
## Condensed Consolidated Balance Sheets

**December 31**

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<tr>
<th>ASSETS</th>
<th>2011</th>
<th>2010</th>
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<td>Cash &amp; cash equivalents</td>
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<td>Federal funds sold</td>
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<td>Investments</td>
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<td>Operating reserve</td>
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<td>Loans, net of allowance for loan losses</td>
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<td>Premises and equipment</td>
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<td>Grants receivable</td>
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<td><strong>Total Assets</strong></td>
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<th>LIABILITIES AND NET ASSETS</th>
<th>2011</th>
<th>2010</th>
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<td>Liabilities</td>
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<td>Noninterest-bearing deposits</td>
<td>$489,818</td>
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<td>Interest-bearing deposits</td>
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<td><strong>Total deposits</strong></td>
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<td>Borrowings</td>
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<td>Deferred revenue</td>
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<td>Other liabilities</td>
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<td>320,370</td>
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<td><strong>Total Liabilities</strong></td>
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<table>
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<th>Net Assets</th>
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<td>Unrestricted net assets</td>
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<td>Restricted net assets</td>
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<td>Accumulated other comprehensive income (loss)</td>
<td>(3,644)</td>
<td>(155,026)</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>20,053,910</strong></td>
<td><strong>19,276,549</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$85,655,568</strong></td>
<td><strong>$70,678,301</strong></td>
</tr>
</tbody>
</table>

Loans, net of allowance for loan losses of $1,180,162 in 2011 and $795,736 in 2010

Premises and equipment

Grants receivable

Other assets

## Condensed Consolidated Income Statements

**Years ended December 31**

<table>
<thead>
<tr>
<th>INTEREST INCOME</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and fees on loans</td>
<td>$3,416,752</td>
<td>$2,063,677</td>
</tr>
<tr>
<td>Investment income</td>
<td>403,925</td>
<td>479,967</td>
</tr>
<tr>
<td><strong>Total Interest Income</strong></td>
<td><strong>3,820,677</strong></td>
<td><strong>2,543,644</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INTEREST EXPENSE</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense - deposits</td>
<td>744,774</td>
<td>486,482</td>
</tr>
<tr>
<td>Interest expense - borrowings</td>
<td>606,990</td>
<td>329,726</td>
</tr>
<tr>
<td><strong>Total Interest Expense</strong></td>
<td><strong>1,351,764</strong></td>
<td><strong>816,208</strong></td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>2,468,913</strong></td>
<td><strong>1,727,436</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROVISION FOR LOAN LOSSES</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income after provision for loan losses</td>
<td>370,233</td>
<td>366,788</td>
</tr>
<tr>
<td><strong>Total Net Income</strong></td>
<td><strong>2,098,680</strong></td>
<td><strong>1,360,648</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONINTEREST INCOME</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant income</td>
<td>1,131,462</td>
<td>1,112,561</td>
</tr>
<tr>
<td>Other income</td>
<td>310,292</td>
<td>150,575</td>
</tr>
<tr>
<td><strong>Total Noninterest Income</strong></td>
<td><strong>1,441,754</strong></td>
<td><strong>1,263,136</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NONINTEREST EXPENSE</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services</td>
<td>1,805,331</td>
<td>1,468,576</td>
</tr>
<tr>
<td>Management and general services</td>
<td>814,447</td>
<td>624,134</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>291,517</td>
<td>250,718</td>
</tr>
<tr>
<td><strong>Total Noninterest Expense</strong></td>
<td><strong>2,911,295</strong></td>
<td><strong>2,343,428</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Income</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$629,139</td>
<td>$280,356</td>
<td></td>
</tr>
<tr>
<td>Change in accumulated other comprehensive income (loss)</td>
<td>151,382</td>
<td>(147,787)</td>
</tr>
<tr>
<td>Change in net assets/net income attributable to minority interest</td>
<td>(3,160)</td>
<td>(1,937)</td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td><strong>$777,361</strong></td>
<td><strong>$130,632</strong></td>
</tr>
</tbody>
</table>
Board of Directors
Pictured Left to Right:
Bill Shelton
Director, Department of Housing and Community Development
Sandy Fitz-Hugh
Kaufman & Canoles Consulting
Mary Dwyer Pembroke
Discover
Jane Henderson
President & CEO, Virginia Community Capital
Dixon Hanna
Retired, Hilton Head Island, South Carolina
James W. Harkness, Jr.
Retired, Roanoke, Virginia
Al Smuzynski
Retired, Fairfax Station, Virginia
Directors Not Pictured:
Kenneth N. Daniels
Professor of Finance, Virginia Commonwealth University School of Business
Charles H. Mills, III
CEO, Salera Capital Management
Michael Schewel
McGuire Woods LLP

Community Advocate Council
Randy Arno
Weldon Cooper Center for Public Service
Dave Baldwin
Bristol Redevelopment & Housing Authority
Todd Christensen
Southwest Virginia Cultural Heritage Foundation
Graham Driver
Virginia Community Development Corp
Steve Galyean
Virginia Tourism Corp
Ed Gerardo
Ban Secours Health System
Michael Hawkins
Virginia Housing Development Authority
Shea Holifield
Virginia Dept of Housing & Community Development
Kevin Kelly
Enterprise Development Group
Overtown McGehee
Habitat for Humanity - VA
Penny McPherson
Wells Fargo
Shelley Murphy
Piedmont Housing Alliance
Nancy O’Brien
Retired
Delegate James M. Scott
Virginia House of Delegates
Carolyn Spottrum
Virginia Community Action Partnership
Kathy Wheeler
Community Business Partnership

Christiansburg Staff
Standing Left to Right:
Shaun Rai
Loan Officer
Richard Valle
Network Operations Analyst
Tammy Johnson
Staff Accountant
Terri Wright
Loan Operations Manager
Jane Henderson
President & CEO
Carl Virgin
Senior Accountant
Tim Mattax
Website & Data Manager
Clyde Cornett
Chief Financial Officer
Dawn DeHart
Senior Loan Officer
Jo Lynn Price
Operations/Security Officer
Pat Kietzman
Manager of Administration
Amanda Wenger
Customer Service Representative
Kim Burchette
Human Resources & Office Manager
Teresa Walker
Savings Manager

Richmond Staff
Pictured Left to Right:
Paul Nolde
Corporate Project Manager
Jennifer Pierce
Advisory Services & Grants Manager
Susan Moore
Loan Processor & Underwriter
Neal Barber
Pathfinders
Beth Wright
Richmond Office Manager
Bob Adams
Project Development Advisor
Bill Skeen
Chief Credit Officer
Sarah Williams
Chief Risk Officer
Randy Burham
Loan Officer
Caroline Nowery
Program Specialist
Ian Robinson
Program Coordinator
Partners & Supporters

ADC II, LLC
America Saves
Ariel Ventures LLC
Arlington Partnership for Affordable Housing
Atlas Law, PLC
Bank of America
Bank of Botetourt
Bank of Marion
BB&T
Better Housing Coalition
Blackstonians, LLC
Blue Ridge Medical Foundation
Bon Secours
Brook Hill Farm
Calvert Foundation
CapitalOne
Cardinal Bank
CDFI Fund
CDFI Fund—New Markets Tax Credits
Cit
Citizens & Farmers Bank
City & Guilds
City of Richmond
Commonwealth Business Bank
Community Business Partners
Communities at Work Fund
Community Bankers Bank
Community Housing Partners
Cornsilk Parks Eleven LP
Cranston, Ware & Martin PLC
Danville Redevelopment & Housing Authority
DCMI Mid Atlantic Inc
Discover
Dominion Capital Partners
Dominion Social Investments
Dudley Ventures
EIW Group
FHLBank Atlanta
First Citizens
First Citizens Bank
First Sentinel
Floyd Village Green
Four-States Savings Partnership
Franklin Development Group, LLC
Goldman Sachs Group, Inc
Gregory Kaplan
Greylock Advisory Services
Housing and Development Advisors
Housing Virginia
HSBC Foundation
IT & Communications Company
Kaufman Canales
Klein Hanson LLP
Knowledge Advisory Group
LeClair Ryan
Lynchburg Neighborhood Development
M&T Bank
MG Miller Valuations
Mark Larson
Mary Reynolds Babcock Foundation
Matrix Management Consulting
Mill Creek Creative LLC
Montgomery County Chamber of Commerce
Monument Construction
National Housing Trust
Nixon Peabody LLP
Opportunity Finance Network
OFC Ventures Three LLC
PNC
Piedmont Housing Alliance
Pinnacle Construction
Prestige Construction Group, Inc
Prophet
REDC Community Capital Group, Inc
River Rock Consulting
Southeast Rural Community Assistance Project, Inc
Southside Community Development Corp
Starbucks
Station on Locust—Floyd, VA
StellarOne
Stonehill Company
SunTrust
Swift Creek Environmental Inc
The Clay Christensen Group
Town of Chincoteague
Town of Onancock
Troutman Sanders
Union First Market Bank
United Virginia
US Bank
USDA Rural Development
US Dept of Agriculture
US Dept of Health & Human Services
US Dept of Housing & Urban Development
US Small Business Administration
VA CASH/EITC
Virginia Community Development Corp
Virginia Community Healthcare Association
Virginia Dept of Housing & Community Development
Virginia Housing Coalition
Virginia Housing Development Authority
Virginia Microenterprise Network
Virginia Organizing
Virginia Saves
Virginia Small Business Financing Authority
Virginia Tobacco Commission
Wells Fargo
Williams Mullen Clark & Dobbins

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