LET'S WORK TOGETHER





PEOPLEFUND CREATES ECONOMIC OPPORTUNITY AND FINANCIAL EDUCATION AND RESOURCES TO BUILD HEALTHY SMALL BUSINESSES Dear Friends and Supporters,

Our annual report theme is "Let's Work Together". It represents the power of a collective effort for the common good.

Nelson Mandela put it best when he said, "by working together, we can build the country of our dreams". Our mission and our work are based on the notion that we can build a better world for our clients, their families, the people they care about, their communities, and Texas.

Texas is home to over 2.1 million businesses with five or fewer employees. This represents almost 90% of all businesses in our state. If just one out of three businesses hired a single employee, we would be at full employment. This illustrates the collective influence of small businesses. PeopleFund, and others with similar missions, strive to make Texas a better place to do business "one loan at a time". The focus is on the underserved, but deserving business owners. In this report, you will learn about a few outstanding clients that exemplify

2011 was a transition year for PeopleFund:

- · In addition to central Texas, we began statewide lending with high impact loans in Brownsville, Bryan, Channelview, Dallas, Fort Worth, Galveston, Garland, Georgetown, Houston, Killeen, Livingston, Mansfield, Missouri City,
- We were certified by the SBA as a Micro Lending Intermediary and a SBA 7A Community Advantage lender, creating
- We were selected by the U.S. Treasury Department as a recipient of Small Business Loan Fund (SBLF) program capital.
- · We were among one of only 21 CDFI's chosen for the Goldman Sachs Growth Collaborative.
- We strengthened the quality of our balance sheet by focusing on our loan portfolio quality and increasing reserves.

The net effect of these actions is that we are better positioned to help more small Texas businesses. So, let's work together to create opportunity. Let's work together to change lives. Let's work together to make 2012 an even better year for Texas. Let's work together!

Gary Lindner

President and CEO

Board Chair



WORKING TOGETHER WITH FRIENDSHIP OF WOMEN

"To see the transition of the facilities that we are able to provide to the women and children in this community, it is awesome. It really is."

- Eva Woodfin, Board Chair



IN THE BEGINNING:

Friendship of Women began its work in the movement to end domestic violence in 1978.



FRIENDSHIP OF WOMEN PROVIDES:

Typical victims of domestic violence require temporary shelter, counseling and legal advocacy—all services that the Friendship of Women staff provides.



PLANS FOR NEXT YEAR:

In the next year, Friendship of Women plans to expand to provide 2,500 victims of domestic violence with support and counseling, a much more achievable goal with the increased space their new building offers.

counseling and support groups to 8,000 domestic violence and sexual assault victims annually in Brownsville, Texas. The organization has been a part of this community since opening the doors to their emergency shelter in 1978. The goal is simple: end the intimate partner violence that 1 in 4 women experience in their lifetime. The staff and volunteers at Friendship of Women Inc. do more than provide a safe place for victims and their families. They serve as a resource for their community with a 24-hour hotline, legal advocacy and intervention programs. Friendship of Women, Inc. also works to prevent more women from becoming victims by raising awareness in the community. The staff and volunteers lead focus groups at local high schools about healthy relationships, as well as training and workshops at area businesses to start a dialogue in the community about domestic and sexual violence.

when they came to PeopleFund for a loan. Their existing facility was 1,800 square feet and not large enough to host support groups, therapy services and administrative staff at the same time. The Board chair, Eva Woodfin, had already heard 'no' twice before from banks for a loan because of their nonprofit status. After contacting PeopleFund, she worked with Ivette Benitez to get the funding she needed to purchase a 5,900 sq. ft. office building a few miles from the shelter. This space has two large multipurpose rooms to host support groups, an intimate room for therapist visits, a daycare facility and two secure doors for victims to enter and exit. The new building is also more convenient for the clients due to its proximity to easily accessible public transit. Because of the \$208,000 loan that PeopleFund provided, Friendship of Women Inc. was able to move into their new building in October and has already used it serve more than 1,900 victims and their families.



WORKING TOGETHER WITH HAMMONS DENTAL

"PeopleFund's loan helped me update the equipment in my office, making me much more efficient and provide better care to my patients."

- Dr. Travis Hammons, Dentist and Small Business Owner

PLANNING FOR THE FUTURE:

Dr. Hammons plans to open a second office and medical complex in the next five years.

GIVING BACK TO THE COMMUNITY:

Dr. Hammons and his staff have raised over \$30,000 via their Smiles for Life children's charity campaign.

MILITARY WORK ETHIC:

Dr. Hammons credits his military experience with teaching him the dedication and work ethic that has made him a successful business owner.

SUMMARY: Dr. Travis Hammons had just finished serving a 15-month tour of duty in Iraq when he came to PeopleFund for a loan in 2011. In Iraq, he had provided dental care to troops serving on the front lines in Iraq. He earned an Army Commendation Metal for his outstanding work. When he returned, he knew that he wanted to open his own family dental practice in Austin. He purchased an office from a retiring dentist, but the equipment was 20 to 30 years old. To update the dental equipment, he needed capital. Although turned down for a bank loan, the banker referred him to PeopleFund, which extended a \$100,000 loan to Dr. Hammons to help jumpstart a now thriving practice and fulfill a mission to empower returning veterans to create stable careers for themselves and others.

MPACT: Dr. Hammons has since expanded from two to six dental assistants and serves 1,600 patients and families. His new equipment has made him more efficient, see more patients each day and provide better care. He strives to be a community leader since opening his own business. His office sponsored self-help author and life coach Rory Vaden to speak to Pflugerville High School students and community members about the power of self-discipline, with all of the proceeds from the event going to Pflugerville High School's extracurricular programs. His office participates in the Smiles for Life campaign, raising money for children's charities with teeth bleaching procedures. When a patient comes to Dr. Hammons for a teeth bleaching procedure, 100 percent of the patient's fee is donated to the campaign. To date, it has raised more than \$30,000 thanks to dentists like Dr. Hammons.



WORKING TOGETHER WITH OSIRUS INC.

"We came to PeopleFund because we needed to purchase the equipment to fulfill our contracts and expand our business."

- Bill Aleman, Vice President and Chief Financial Officer



ZERO WASTE POLICY:

Osirus Inc. is currently pursuing a 'Zero Waste' policy to turn the waste from the military bases into jet fuel.



FOUR LOCATIONS:

Osirus Inc. has additional facilities in Austin. Houston, San Angelo and Abilene.

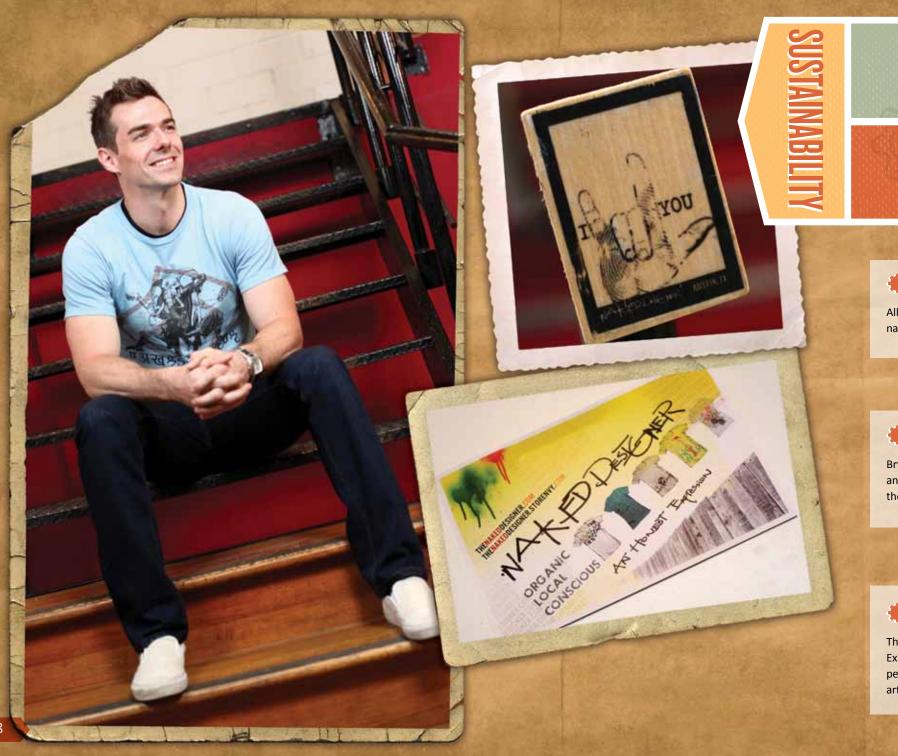


RECYCLING REMINDERS:

Osirus Inc. hands out brochures, necklaces and piggy banks at Air Force bases to encourage service members to take advantage of Osirus Inc.'s recycling opportunities.

SUMMARY: James Aleman started Osirus Inc. in 1998, prepared every meal himself in his San Antonio kitchen and then served the food to local charter and private schools. The formula was a success. In its 14-year history, Osirus Inc. has handled the contract for more than 70 organizations throughout Texas, including private and charter schools, military bases and healthcare facilities. In addition to making a profit, James wanted to be a leader in the community. His company provides scholarships to disadvantaged students at local high schools, donates money to the schools where they work and participates in Earth Day events to promote recycling. After these successes, the Aleman family saw the potential for the company to diversify their offerings, so James expanded to sustainable waste management for local military installations. Osirus Inc. received their first contract in November 2010 at Goodfellow Air Force Base near San Angelo, Texas.

MPACT: Just one month later, Osirus Inc. was awarded huge recycling contract for recycling and waste management at four military bases and a medical center in San Antonio. This contract meant the Aleman family needed working capital to purchase equipment. However, because of the financial challenge of running a small business, there was not enough cash to purchase the equipment. This is where PeopleFund came in. People Fund's lending team helped Osirus through the process to secure a \$130,000 loan. Osirus Inc. purchased thousands of garbage and recycling containers. Osirus Inc. was able to fulfill its four contracts and continues to expand and offer more services to other military bases, charter schools and healthcare facilities.



WORKING TOGETHER WITH THE NAKED DESIGNER

"Other lenders wouldn't even answer my calls, but Lesa at PeopleFund believed in what I was doing right away when I didn't feel like anyone else did.'

- Bryan Joseph, Founder

LOCAL AND ALL NATURAL:

All the t-shirts are printed locally with all-soy natural inks.

MUSIC FEST & CHARITY RUN BRANDING:

Bryan Joseph tries to make it to music festivals and charity runs around the state to promote the Naked Designer brand.

AN HONEST EXPRESSION:

The Naked Designer motto is "An Honest Expression," reflecting its commitment to 100 percent organic and natural clothing with an artistic purpose.

SUMMARY: Bryan Joseph was an unemployed architect when he founded The Naked Designer in 2011 in Austin, Texas. As a LEED-certified architect, he was often frustrated by the inability to apply the sustainability principles he had pursued during his education. He wanted to use the creative skills cultivated as an architect and the ideas about protecting the environment. Eventually, he founded an apparel company that produces 100 percent organic cotton T-shirts with his original designs. He spent three weeks on the first design, the T-shirt he is pictured in. It's called the "Wushu Hindu," an Asian-inspired design that reads "The Naked Designer" in Hindi across the bottom. Bryan sells designs through an e-commerce site, uses a local printer and strives to make the best choices for his bottom line and the environment in decisions about his business. He purchases only organic cotton T-shirts from wholesalers and found a way to reduce waste when he ships his T-shirts. Many companies use cardboard boxes or plastic bags, but Bryan worked with a local country club to get used tennis ball containers to ship his T-shirts all across the country.

MPAUL: He came to PeopleFund for a loan in 2011 to start The Naked Designer. To ramp up production and fill orders, he needed to buy inventory, set up a website and purchase promotional items. Only needing \$9,000, he came to PeopleFund and Lesa Cox, Director of Lending, who supplied the funding Bryan needed to start his business. Bryan experienced tremendous success and wants to expand the business more in the next year and make The Naked Designer a model of sustainability from manufacturing to shipping. Even though a relatively new business owner, he donates a portion of every sale to local nonprofits and community organizations. A true philanthropist, he plans to give back to the community by helping local musicians promote their work at conventions and community events where Bryan sells his shirts.



WORKING TOGETHER WITH COMMUNITY CARS

"PeopleFund is an amazing organization that helped make my dream possible."

- Stacy Zoern, CEO Community Cars



HARBINGER FOR THE FUTURE:

Before the first car was built in Pflugerville, Community Cars Inc. had already received 700 orders for the Kenguru.



PLANS FOR THE FUTURE:

The company plans to manufacture 500 to 1,000 cars per year.

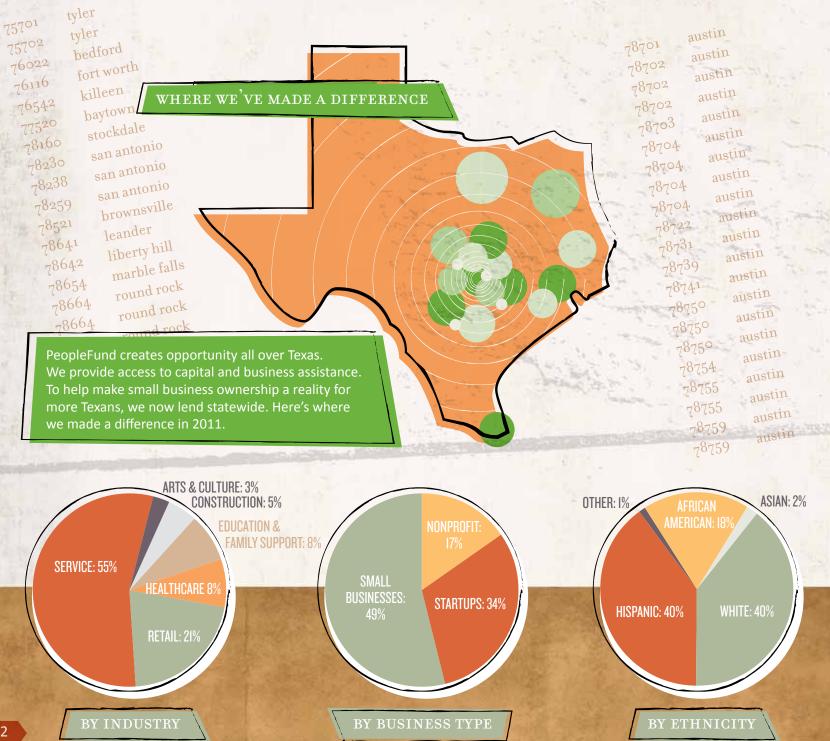


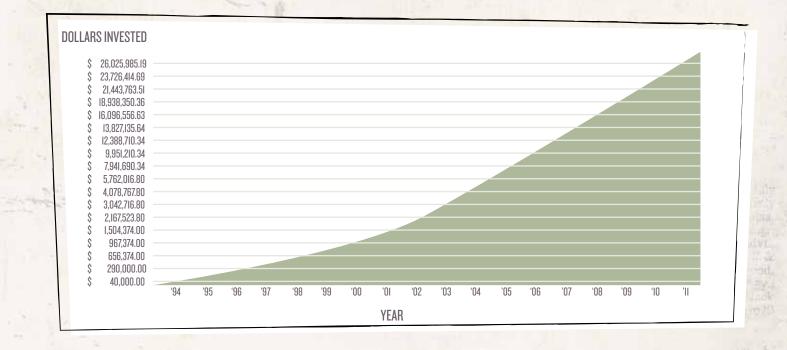
COMPARISON PRICING:

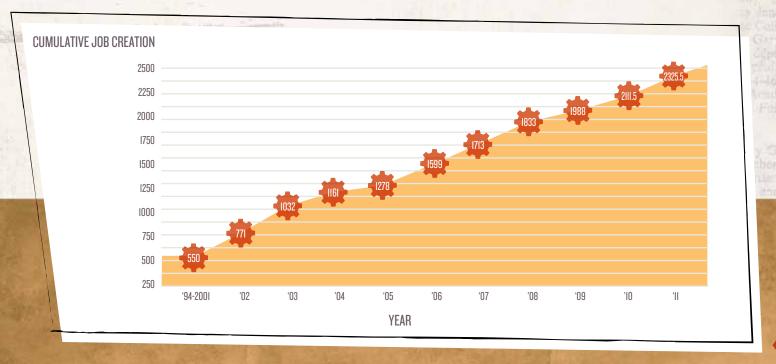
Outfitting a car with the accommodations necessary for a wheelchair-bound driver costs \$50,000 to \$60,000, compared to the Kenguru's price tag of \$20,000.

SUMMARY: Stacy Zoern has been confined to a wheelchair her entire life. As a University of Texas Law School graduate and patent law attorney, it never stopped her from getting where she wanted to go in her career. However, the independence and mobility of driving stopped her from living the fulfilling and accessible life she wanted. She knew that retrofitting a normal car with the accessories necessary for a wheelchair-bound driver would cost \$80,000. In 2010, she discovered the Kenguru, a Hungarian-made car that allows wheelchair-bound drivers to open doors via remote control enter through a ramp into the back and drive using a joystick or motorcycle-like handlebar. These low-speed electric vehicles are also environmentally friendly. When she contacted the company, she was told that the cars were no more. The Hungarian economy was hit hard and funding had dried up. Within days, Stacy started lining up funders to move the manufacturing operation to Pflugerville, Texas. As a startup she was a red flag for traditional lenders and other CDFIs.

MPACL: PeopleFund saw the potential for Stacy's business to change the lives of disabled people worldwide. Stacy came to PeopleFund in 2011 and was provided two months of operating funds to build her first cars and hire 17 full-time employees. One of those employees, Community Cars' executive assistant Jennifer Byers, needed help with the financial accounting of the growing operation. Allen Rogers, PeopleFund's Business Assistance and Education Manager, set her up with Quickbooks expert, Ken Owens—one of the many volunteer mentors in PeopleFund's One-to-One Mentoring program. Ken helped her through Quickbooks software, resolved payroll and tax issues and gave her advice about day-to-day accounting needs of a growing operation. In January 2012, Stacy and her team unveiled the first U.S.-made Kenguru at a grand opening and announced the first bulk order from a dealer in France. She plans this to be the first of thousands of cars so that wheelchair-bound members in communities across the globe can enjoy the freedom and independence that the Kenguru brings.







PEOPLEFUND CELEBRATED COMMUNITY IN 2011 WITH A NUMBER OF NEW PROGRAMS



PEOPLETALK ECONOMIC SUMMIT:



JUNIOR ENTREPRENEURSHIP TRACK (JET) MIRIAM DELGADO AND JONATHAN NOBLES

PROGRAMS



2011 COMMUNITY KATIE FALGOUST

2011 COMMUNITY IMPACT AWARD: WORKER'S DEFENSE PROJECT



ADRIAN NEELY,
ARD VICE CHAIR, HARRIETTA NEELY





2011 COMMUNITY ADVOCATE:

BUSINESS EDUCATION WORKSHOPS: ROSALBA SOTELO



Financial Statements

	2011	2010
ASSETS		
Cash	\$1,493,755	\$544,564
Restricted Cash	439,168	
Receivables and Other Assets	2,455,987	2,792,149
Fixed Assets	3,186,846	3,272,928
Other Real Estate Owned	59,150	65,000
Loans Receivable Net of Allowance	5,308,169	5,920,985
Total Assets	\$12,943,075	\$12,595,626
LIABILITIES AND NET ASSETS		
Current Liabilities	\$150,033	\$228,907
Long Term Liabilities	5,798,134	4,800,000
Net Assets	6,994,908	7,566,719
Total Liabilities and Net Assets	\$12,943,075	\$12,595,626
STATEMENT OF ACTIVITIES		
REVENUES		
Program Income	\$1,116,419	\$762,898
Interest on Cash and Investments	28,041	68,487
Contributed Income	866,348	
	000,0.0	646,985
Total Revenues	2,010,808	646,985 1,478,370
Total Revenues EXPENSES	•	,
EXPENSES	2,010,808	1,478,370
	•	•
EXPENSES Program Expense	2,010,808 1,540,707	1,478,370 1,930,460
EXPENSES Program Expense Fundraising Expense	2,010,808 1,540,707 262,617	1,478,370 1,930,460 234,779
EXPENSES Program Expense Fundraising Expense General and Administrative Expense	2,010,808 1,540,707 262,617 361,438	1,478,370 1,930,460 234,779 161,003

WHO WE ARE

WHO WE HEL

WHO WE COULDN'T DO WITHOUT

STAFF

Will Kelly - CFO Amy Golub - Director of Underwriting Lesa Cox - Director of Lending Amber Cooney - Development Manager Allen Rogers - Business Assistance and **Education Manager**

Gary Lindner - President and CEO

Shav Erickson - Office Manager Ardina Washington - Loan Administrator Limari Valez - Customer Service

Representative

INTERNS

Rachel Nitschke

BOARD FELLOWS

Shawn McCormack

Caroline Kolb

Jack McDonald

Corporation

Recycling

Board Chair, PeopleFund

Cloteal Davis Havnes

Former Board Chair, PeopleFund

MCCOMBS SCHOOL OF

BUSINESS, MBA PROGRAM

BOARD OF DIRECTORS

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Rvan Dang

Kim Tran

Christine Flores - Loan Processor Ivette Benitez - Underwriter

Matthew Stewart - Underwriter Allie Cook - Loan Officer

Marisol Montoya - Loan Officer, Dallas Jacqueline Rodriguez - Office Manager, Dallas D. Bryan Jones

Board Member, PeopleFund CEO. Collider Media

Don Kendrick

Board Member, PeopleFund President of Central Texas Region Wells Fargo Bank

Laura Mathieu

Board Member, PeopleFund Regional Executive, Capital One Bank

Anna Sanchez

Senior Business Relationship Manager, Wells

Board Member, PeopleFund

F. Gary Valdez

Principal, Focus Strategies Investment Banking

Board Chair Emeritus, PeopleFund Principal, Haynes-Eaglin-Waters Adrian Neely Central Texas Vice Chair, PeopleFund

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Treasurer and Secretary, PeopleFund Senior Vice President, Regions Bank

Irvin Ashford, Jr.

Board Member, PeopleFund Senior Vice President—Texas Market. Comerica BankCommunity Development and External Affairs Director

Kathy D. Burrell

Board Member, PeopleFund Senior Vice President. Bank of America Merrill Lynch

Mike Cook

Board Member, PeopleFund Owner, Cook, Brooks, Johnson PLLC

Barrett R. Howell

Board Member, PeopleFund Attorney, K&L Gates LLP

Board Member, PeopleFund Fargo Bank

Former City Council Member, City of Austin

Board Member, PeopleFund

Eugene Sepulveda

CEO. Entrepreneurs Foundation of Principal, Triad Building Maintenance/C&D

CURRENT CLIENTS

Advanced Performance Automotive Center Alamo Central Market

Alls Fair Towing Service **Anjoorian Silks**

Austimpactors, LLC

Austin American Awning

Austin Gay And Lesbian Internationa Film Festival, Inc.

Austin Gymnastics Academy, LLC **Austin Lumber Company**

Austin Mint For Beauty, LLC B.I.T. Construction

Badgerdog Literary Publishing, Inc.

Be My Cupcake Bennu Coffee

Biao

Blu Ribbon

Boondocks Tavern

Branches Pediatric Therapy Bulverde Beverage Company

Christian Arts & Entertainment Group

Church Of God 7th Day

Cinthva LLC

Community Cars

Compassion Consulting & Distribution, LP

Congregacion Elim. Inc. (cog7 Day)

Corporate Wellness Solutions Counter Culture Restaurant

D & G Designs Store

Data Vise Information Technology

Day & Night Waters

Debre Hile Saint Raguel Ethiopian Tewahdoo Church

Dedicated Medical Transportation Ducan-Foster LLC

Ecology Action Of Texas El Otro Lado

Elite Auto Repair

Emancipet

Empower School Escuelita del Alma

Evans Engine Exchange First Bingo Cooperative Assoc., Inc.

Frameworks CDC Friendship of Women

G&G Autobody. Inc. Greater Mount Moriah Baptist Church

GRIDhot, LLC **Growing Imaginations**

Hammons Family Dental, PC Hands of Healing Residential

Treatment Center Houston Kiddie Express Hydro Innovations, LLC

Intductive Applications Integrity Automotive

InterCity Carriers LLC

Jaime's Auto Repair JH Deliverance Inc.

Kyle Jones Insurance

LavaWash Laundry

Live Oak Brewing Co.

Logan Chiropractic &

Looking Good Masonry

Lucky J's Restaurant

Mary Lee Foundation

Max and Charlie Four

Metaland Corporation

Tax Services

Wellness Center, Inc.

Margarita's Tortilla Factory

MBC Wallcoverings & Paint, Inc.

Mike Russell BookKeeping and

Mothership Books and Games

Nazca Plains Corporation

Objects of Confection

Origen Biodmedical, Inc.

JS Window Cleaning Juan In A Million Mexican Restaurant

Knowbility

The Halo Umbrella

The Lone Star Diva & Co.

The Naked Designer

Tractor Parts Express Traditional Martial Arts

Academy **Warrior Dawgs**

Peacock Salon

Pope Insurance Group, LLC R2G & P Properties

Rit. Inc. Rosy In Home Services, Inc.

Osirus. Inc.

S.V. Texas Cooler

Safe Haven Adolescent Home Salvage Vanguard Theater

Scrubtopia Medical Outfitters Seventeen Eleven Ventures

Simply Blissful

Sonance Rehearsal Studios St. Luke's Missionary **Baptist Church**

Sterling Classical School, Inc. Stone Magen Cleaning Services

Sunshine Learning Center Tapestry Dance Company

Te Point

Teias Contractors Texas Empowerment Academy

Texas School of Languages

That's Amore The Chocolate Cup

The Crescent Lounge

The Meat House

Tool And Instrument Makers

White Bird Montessori, Inc. Wilkinson Woodworks, Inc. Xtra 21 Express Trucking

2011 VOLUNTEERS

MamiSerwaa Amnakohene Ana Arriaga Fares Bagh Seth Barnett Rc Beall Margarine Beaman

Mike Berg Lori Biesterfeldt Rick Buckner

Clav Butler Eugene Chausovsky

Sundar Chidamhara Paul Clift

Keith Ann Clotiaux Carlo Cucina

John Daves Scott Derber

Steve Dver Robert Elder **Anneliese Ellerton**

James Epsy Jason Esdorn Kathy Estes

Tom Evans **Denise Fleming** Paul Freehill

Gary Gerstenhaber Karin Gerstenhaber Richard Glasco

Gregory Goecken Patsy Gomez

Joanna Gonzalez Lucia Guillen-Cruz Ritesh Gupta

Rosemary Guzman Anne Hallock Kim Herrington Amanda Huvck Daniel Kang

Rachel Knox Rick L'Amie Philip Lerma

Derek Lewis Ram Matta Dennis McClintock

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Janna Mever

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Efrain Moya

Paul Murillo

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William Penny

Fliza Platts-Mills

Josh Rabinowitz

Shirley Sheffield

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Karin and Gary Gerstenhaber

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Mike Russel Doug Hartman Sumaya Saati David Hartman

Eugenio Saenz Donna Hoffman Geob Saenz Bobby Inman Jessica Sager William Kelly

Gloria Santos Sarah Koeninger Mark Schiff Joe Lam Pam Scoma Gary Lindner Charmane Sellers

Jovce McDonald Philip Moody Laura Morrison

Robert and Janis Nagelhout Patrick O'Beirne Deena Perkins Mickey Powell Saretta Ramdial

Eugene Sepulveda Kyle Spears Chelsea Staires

Carl and Claire Stuart Earl Swisher F. Gary Valdez

Ardina Washington

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Andrew Sams

Matthew Wedgwood

BUSINESS CONTRIBUTORS

Chaparral Ice Center

City of AustinComerica

Frost National Bank

Dr. Pea's Active Health Center

Emma S. Barrientos Mexican

American Cultural Center

Greater Texas Federal Credit Union

Cielo Water

Greenling

IBM

Hohoken Pie

Hotel San Jose

HousingWorks

JPMorgan Chase

Lonestar Riverboat

Live Oak Brewery

Live Oak Pharmacy

Montemayor Hill & Company

Opportunity Finance Network

Sage Advisory Services

Salvage Vanguard Theater

Tapestry Dance Company

Texas Capital Bank

The Personnel Store

The Highhall

Southwest Strategies Group

Myo Massage

Prosperity Bank

Thinkwell Corporation ACCION Texas ACE Custom Tailors Alamo Drafthouse Austin Community College Austin Involved AVP Management Services, Inc. Balcones Recycling, Inc. Bank of America FOUNDATION **BBVA Compass** Birds Barbershop Blanton Museum of Art Camino Real Ventures **Foundation Contributors** Capital One Bank Castle Hill Specialized Fitness

F.B. Heron Foundation Levit Family Fund MFI Foundation Mueller Foundation

INVESTORS

Alice K. Head

Bank of America **BBVA Compass**

> Carl and Claire Stuart First Citizens Bank

Shield-Avres Foundation

Wells Fargo Bank Friends Meeting of Austin

Tool and Instruments United Way Capital Area urbanspace Realtors **USAA Federal Savings Bank** Wells Fargo Bank Whole Foods Women and Their Work Gallery

The Thompson Group

CONTRIBUTORS

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LET'S WORK TOGETHER

