



June 12-14
Pacific Grove, California
nativecdficonvening.org

2018 Native CDFI Capital Access Convening

*Bringing Native CDFIs, Funders, and
Investors Together to Bring Capital to
Native Communities*





Advanced Capitalization Strategies

Pacific Grove, California



Your Presenters



- Lisa Wagner, Bluestem Consulting
- In this session you will learn how to develop an appropriate, balance sheet-driven capitalization strategy for your CDFI. This will include evaluation of where you stand now, aligning capitalization with your strategic goals, understanding what types of capital are available, and overcoming existing capitalization challenges.



Session Goals



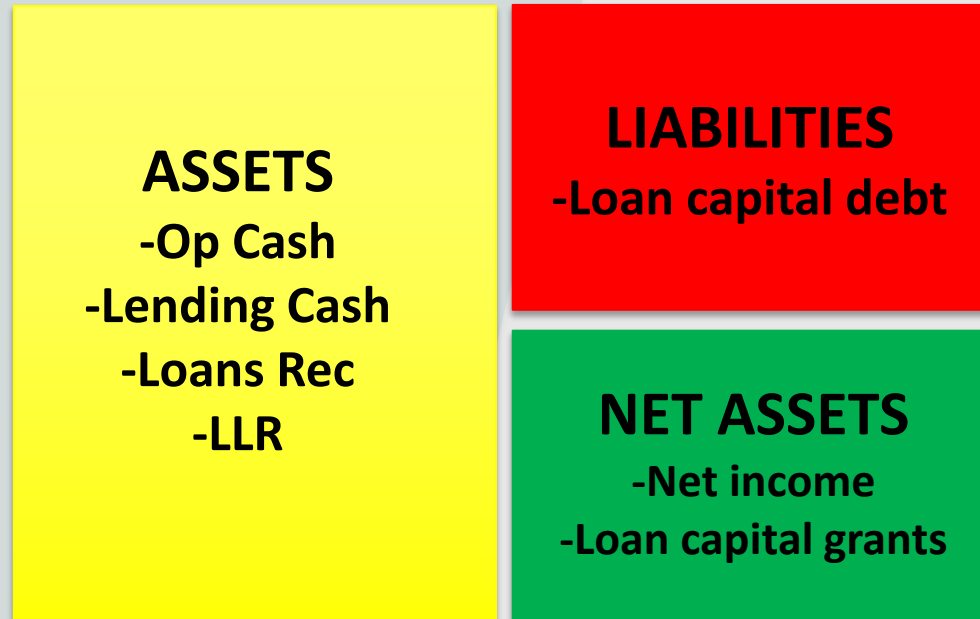
- Key components of a capitalization strategy



Capitalization Strategy



- A plan to build the right balance sheet



Process



Considerations



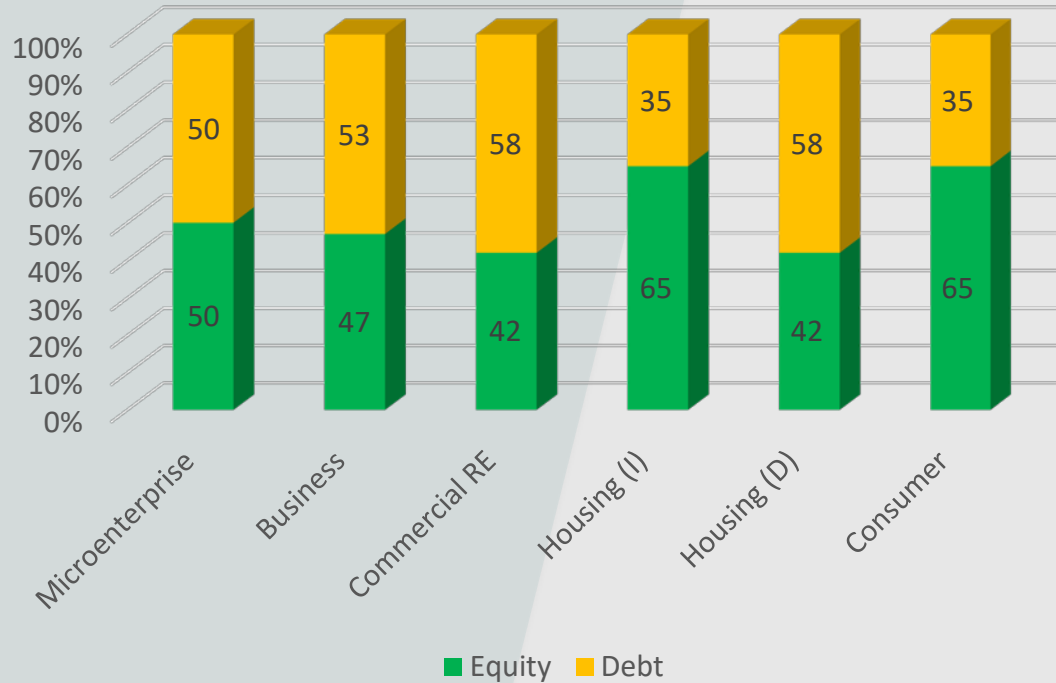
- Appropriate level of debt for your CDFI
 - Cost of capital
 - Projected growth
 - Addition of new products or services
 - Need for reserves and liquidity
 - Diversification of funding sources
 - Other financial targets
- Capital strategies are driven by your strategic plan



What's the right level of debt?



How are CDFI's capitalized?



Source: 2016 OFN Side by Side



Learn the



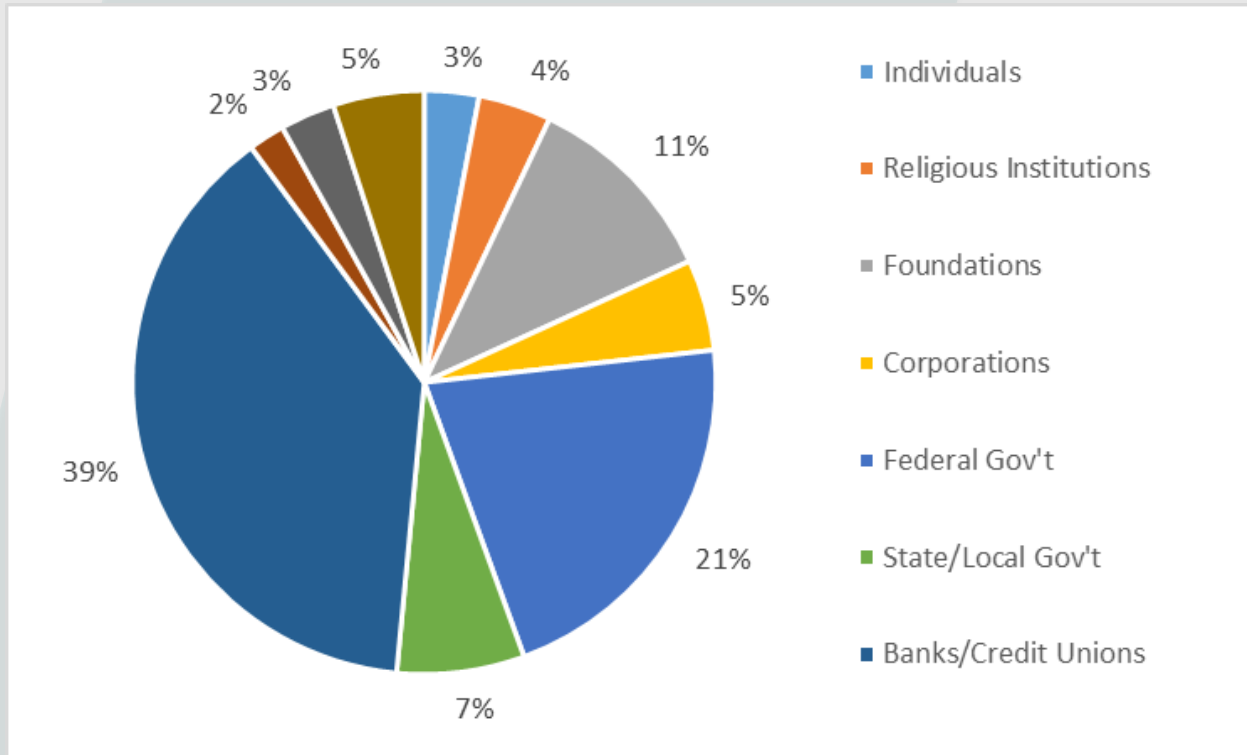
Debt Strategies



- Foundation PRI
- Bank EQ2
- Bank Senior Debt
- CDFI Intermediary
- Religious institutions
- Government debt
- Institutional investors
- Individuals
- Capital pools
- Bonds
- Line of credit



Sources of CDFI Debt Capital



Average cost of funds:
2.3%

Average term:
108 months

Source: OFN FY2016 Side-by-Side



Net Asset Strategies



- Earned revenue
 - Contracts for service
- Grants/contributions
- Sale of loans
 - Community Reinvestment Fund <http://www.crfusa.com>
 - Impact Community Capital <http://www.impactcapital.net>
 - Community Development Trust <http://www.cdt.biz/whatwedo.htm>
- Crowdfunding



Other Strategies



- Loan participations
 - Credit enhancements
 - Capital campaign
- Consider AERIS rating (or prep)



Overcoming Challenges



- Inability to scale
- Low self-sufficiency rate
- Size of investment needed
- Others?

