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









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AMERICA



AMERIND Risk



Advanced Capitalization Strategies

Pacific Grove, California

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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.

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Tribes Protecting Tribes









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Session Goals



• Key components of a capitalization strategy











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Capitalization Strategy



A plan to build the right balance sheet

ASSETS -Op Cash -Lending Cash -Loans Rec -LLR LIABILITIES -Loan capital debt

NET ASSETS -Net income -Loan capital grants











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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







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What's the right level of debt?





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How are CDFI's capitalized?



CDFI



Source: 2016 OFN Side by Side



Learn the







Tribes Protecting Tribes















Debt Strategies

- Foundation PRI
- Bank EQ2
- Bank Senior Debt
- CDFI Intermediary
- Religious institutions
- Government debt



- Institutional investors
- Individuals
- Capital pools
- Bonds

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• Line of credit



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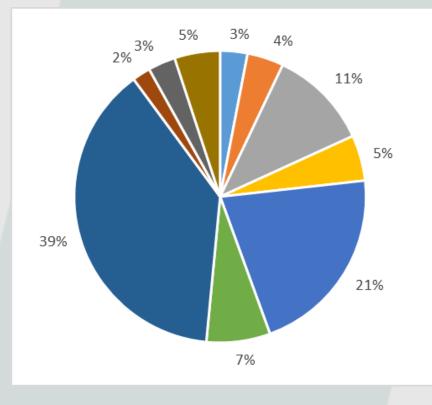




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Sources of CDFI Debt Capital



- Individuals
- Religious Institutions
- Foundations
- Corporations
- Federal Gov't
- State/Local Gov't
- Banks/Credit Unions

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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 <u>http://www.cdt.biz/whatwedo.htm</u>

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Crowdfunding



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Other Strategies



- Loan participations
- Credit enhancements
- Capital campaign

Consider Aeris rating (or prep)



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Overcoming Challenges

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











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