WE BELIEVE IN OPPORTUNITY.
FOR ALL.

Performance Counts
December 16, 2015
1:00 PM - 2:00 PM
Agenda

- Performance Counts
- Liquidity & Cash Management Paper
- CDFI Example
- Q&A
Presenters

- Beth Lipson, Opportunity Finance Network
- Fran Lutz, Opportunity Finance Network
- David Provost, Corporation for Supportive Housing
- Matt Glatting, Capital Impact Partners
Performance Counts Working Group

- Capital Impact Partners
- Chicago Community Loan Fund
- Corporation for Supportive Housing
- Craft3
- FAHE
- LIIF
- New Jersey Community Capital
- New Hampshire Community Loan Fund
- Northern California Community Loan Fund
- Opportunity Finance Network
- Self-Help Ventures Fund
- The Progress Fund
- The Reinvestment Fund
Accounting Advisors

- Alexander, Aronson, Finning & Company
- CohnReznick LLP
- Novogradac & Company LLP
- RSM US LLP
Performance Counts

- Publishing papers to encourage standards and best practices
  - Net Assets and Grants
  - Portfolio Definitions and Reporting
  - Liquidity and Cash Management

- Online Community for CDFI CFOs and Finance professionals
  - Post documents, ask and answer questions
  - More than 70 people in the community
  - E-mail blipson@ofn.org and flutz@ofn.org if you want to join
Liquidity and Cash Management: Paper Outline

- Liquid Assets: Cash, Cash Equivalents, and Marketable Securities
- Restrictions and Limitations on Liquid Assets
- Liquidity Management Practices
  - Operating vs Capital Liquidity
  - Ratios and Covenants
  - Cash Flow Projections
  - Additional Liquidity Management Tools and Considerations
  - Policies
  - Reporting & Oversight
Liquid Assets

- Definitions: Cash, Cash Equivalents, and Marketable Securities

- Restrictions and Limitations on Liquid Assets

  Recommendation:
  - Restricted cash on face statement of financial positions
  - Limitation on liquid assets in footnotes
    - Sample disclosure note
Liquidity Practices: Operating vs Capital Liquidity

- **Operating liquidity** is defined as the availability of liquid assets to fund operating expenses of the organization.

- **Capital liquidity** is the availability of liquid assets to fund loans and investments and to repay investors.

- Ratios and Covenants
  - Recommended: Operating Liquidity Ratio and Capital Liquidity Ratios are two best to use in covenants
Cash Flow Projections

- What information is captured?
- What is frequency?
- Who should you receive input from?
- How do projections relate to Asset Liability Management?
- How do you incorporate sensitivity analysis?
Liquidity Management Practices

- Additional Liquidity Management Tools and Considerations
  - Lines of Credit
  - Loan Sales and Risk Participations
  - Managing Deployment Ratios

- Policies
  - Investment and Cash Management Policies

- Reporting & Oversight
  - Board or senior management committee to discuss risks associated with liquidity
Liquidity and Cash Management: CDFIs in Practice

- Corporation for Supportive Housing
  - Cash flow projections

- Capital Impact Partners
  - Asset Liability Management Committee
  - Reports and analysis
Question?