



**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?