

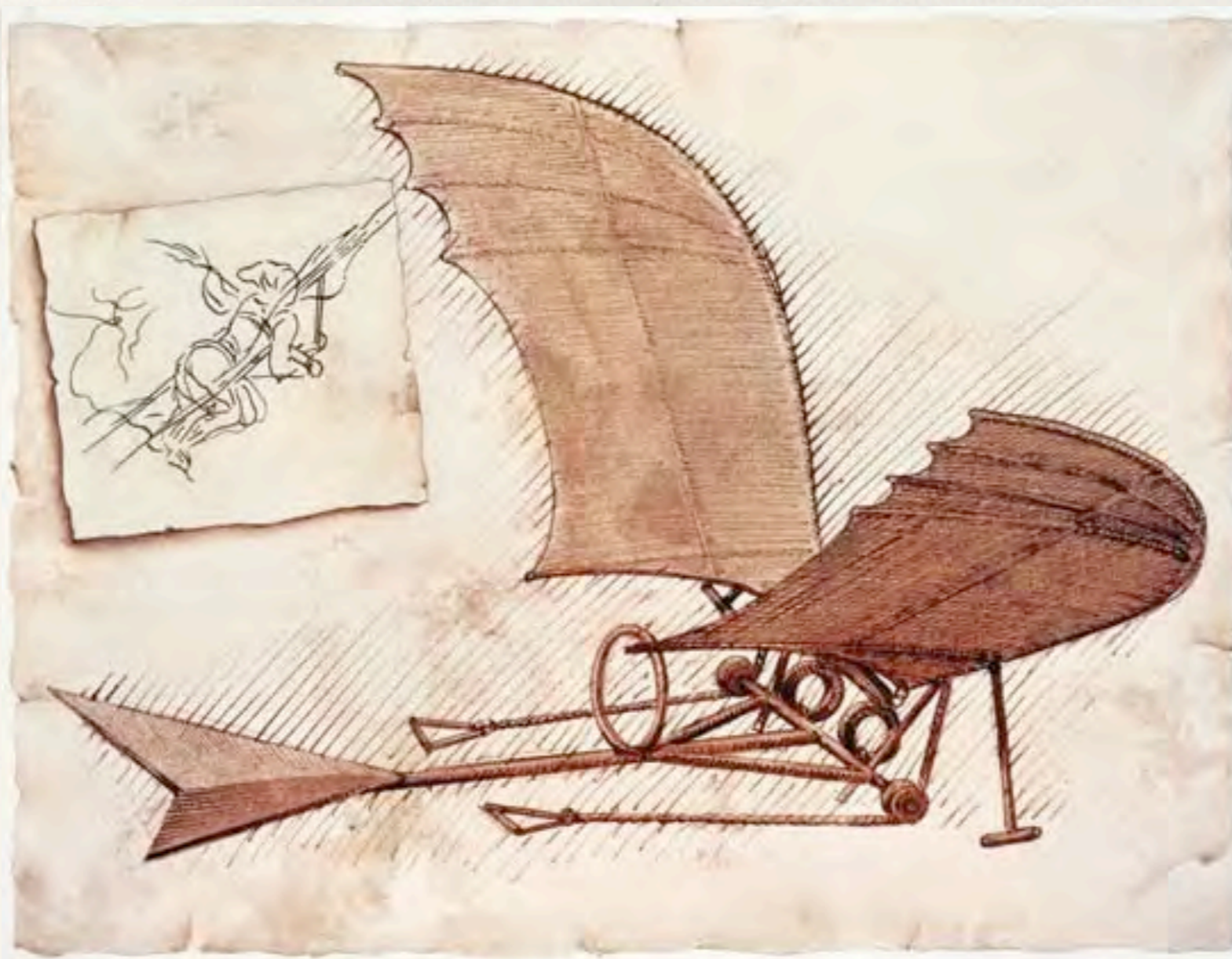
COMMUNITY
FORWARD
FUND



financing for nonprofits and charities

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„Dream no small dreams for they have no power to move the hearts of (wo)men.“

-- **Johann Wolfgang von Goethe**

What is the context for the development of the Community Forward Fund?

- Growing interest in new financing by the sector
- Financial pressures
- Foundations studying PRI and Mission related investments
- Some foundations have already been doing individual loans
- Looking for intermediaries who can help with loans for the sector
- Low interest rates plus financial upheaval
- Interest on the part of investors

Why a fund like CFF?

- Grants becoming scarce
- Long time lags (18 months)
- Traditional lenders often can't or won't fill the gap, at least for small and medium organizations and amounts under \$250,000
- Approach is individual, regional and there are gaps; some are lending, but feel they can't meet full demand
- Others want to lend, but don't have knowledge or infrastructure
- Even larger organizations can't get loans in some markets; some organizations seeking loans and lines are finding things difficult

What is the Community Forward Fund?

- * A developing loan and financing fund for Canadian nonprofits and charities
- * Designed to address a gap in access to patient capital, working capital, bridge financing and growth capital for the sector.
- * CFF will also offer financial advisory services,



Model for Development: The Nonprofit Finance Fund

- ❖ Developed through the Foundation system
- ❖ Significant private sector investors, including Canadian Banks
- ❖ Well respected, and have branched out to create a suite of financing and advisory services
- ❖ They were prepared to offer support, templates and materials



The Loan Process

- ❖ Focus on working capital, growth and bridge loans.
- ❖ Anticipate between \$35,000 and \$250,000, (but have had requests for up to 1 million.)
- ❖ We expect that these size parameters will complement existing lenders.
- ❖ For larger amounts, we plan to work with partner institutions to syndicate these loans.



Financial Capacity Building and Advisory Services

- ❖ Feedback tells us there is a great need for services that:
 - ❖ Provide a clear financial diagnostic
 - ❖ Help to determine cost models in program areas for opportunity and risk management
 - ❖ Scenario planning for the future
 - ❖ Appropriate financial planning



Working with regional colleagues

- ❖ No wish to reinvent the wheel or develop unnecessary infrastructure
- ❖ Recognition of existing organization with expertise in many organizations across the country who have community knowledge
- ❖ Possible guarantees and financial advisory services to complement existing funds

Who has invested in CFF?

- Citizens Bank (a subsidiary of Vancity credit union) provided initial development support and financing for a demonstration loan fund.
- Contributions of time and materials from our advisors, co-founders, Macquarie Financial, Communicarium Communication, Gowlings law firm, and several individual financial experts
- Team includes the former CFO of the Credit Union Central organization, individuals with strong fund development, loan development, legal, charitable management and private sector experience

Our goal: a strong and well financed nonprofit and charitable sector

Conventional Wisdom (and questions)
about Charities, Nonprofits and debt financing

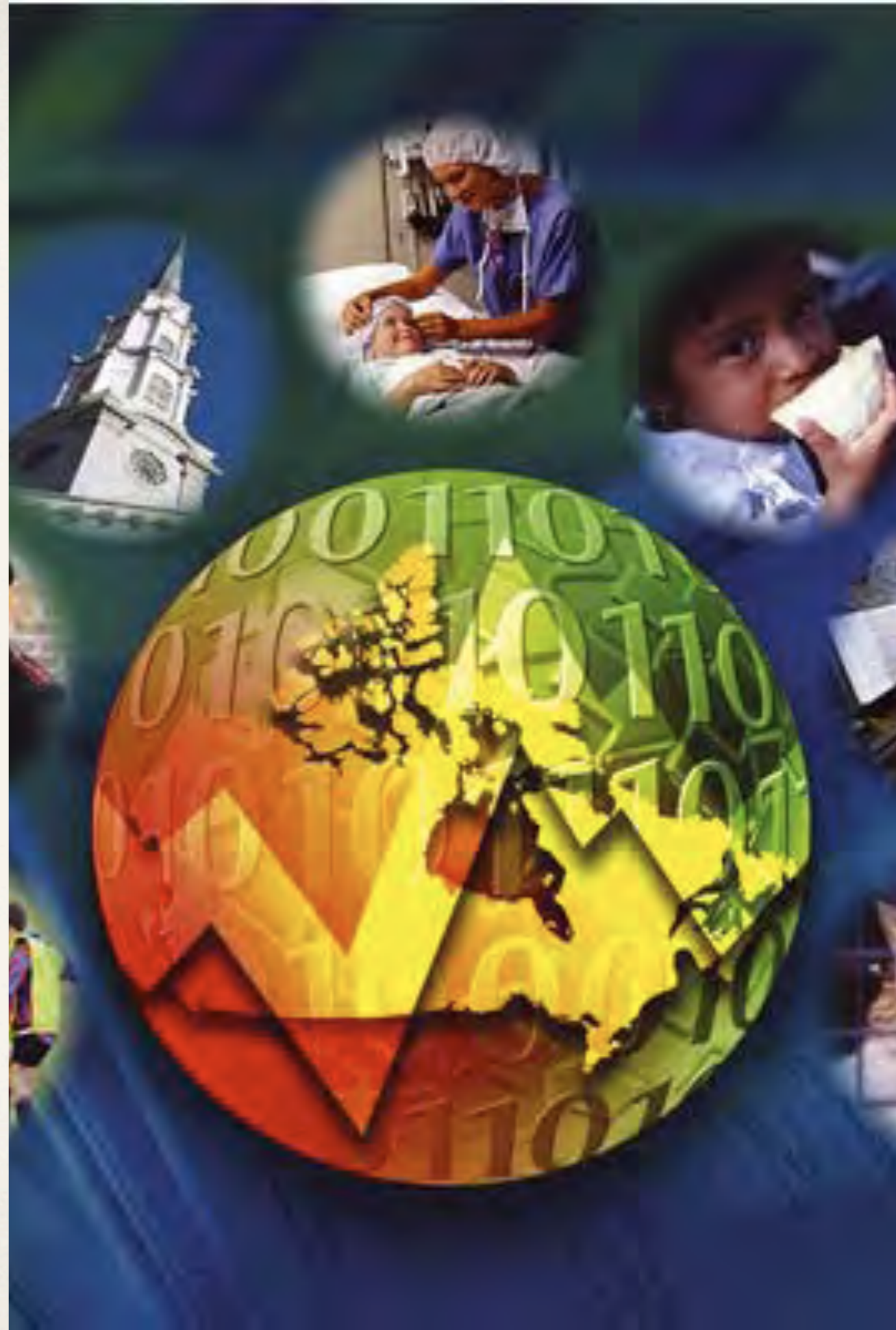
Isn't this already being done?

Many great regional organizations working to fill need but:

- Intermediaries generally:
 - mortgages
 - social housing
 - small business or business related (microcredit)
 - social enterprise
- Very few lines of credit, working capital, growth capital
- Not enough capacity building and financial advisory support
- Those who would like to lend would like partners who can share the loan or who have expertise in loaning to the sector
- Very few looking at the full financing needs of the sector

ISN'T THE POTENTIAL MARKET TOO SMALL?

- 161,000 registered charities and nonprofit organizations
- 87 billion dollars in revenue
- Represents approximately 7% of the GDP (larger than manufacturing, retail, trade, mining, oil and gas extraction).
- Approximately 37,000 organizations who are of sufficient size and scope to contemplate using loans as part of their financial strategy.



Is there a demand for loans in the sector?

- Vartana: interest in lines of credit, bridge, term loans, working capital and mortgages: 70% have considered a loan
- We already have inquiries about 1.6 million dollars of loans
 - Roughly 50% of charities and nonprofits in forthcoming ONN/SVX study will consider a loan
 - NFF has loaned over 212 million
- Vancity, Assiniboine have a large portfolio of loans



How could they be used?

- ❖ Bridge to a grant, contract or agreement
- ❖ Working Capital
- ❖ Planned Growth
- ❖ Asset financing: equipment and Facilities



But are there real opportunities?

- ❖ Current providers telling us demand exceeds need for these types of loans (particularly growth)
- ❖ Case studies reveal solid loan candidates



Donors and Funders won't like it.....

- ❖ Clear it is being done successfully in many places and by organizations with donors and funders
- ❖ Fundraise for program and mission; loans are a management tool
- ❖ Grants are a scarce and precious resource
- ❖ Loans are a means to learn about and manage your financial picture

Accomplishments to date

(first round financing received May 1, 2010)



Market research

- ❖ Reviewed research: demand and supply
- ❖ Examined many existing and proposed funds
- ❖ Met with banks, funds, sector groups
- ❖ Potential collaborations identified
- ❖ Large gap in availability for key needs in many places



Client base development

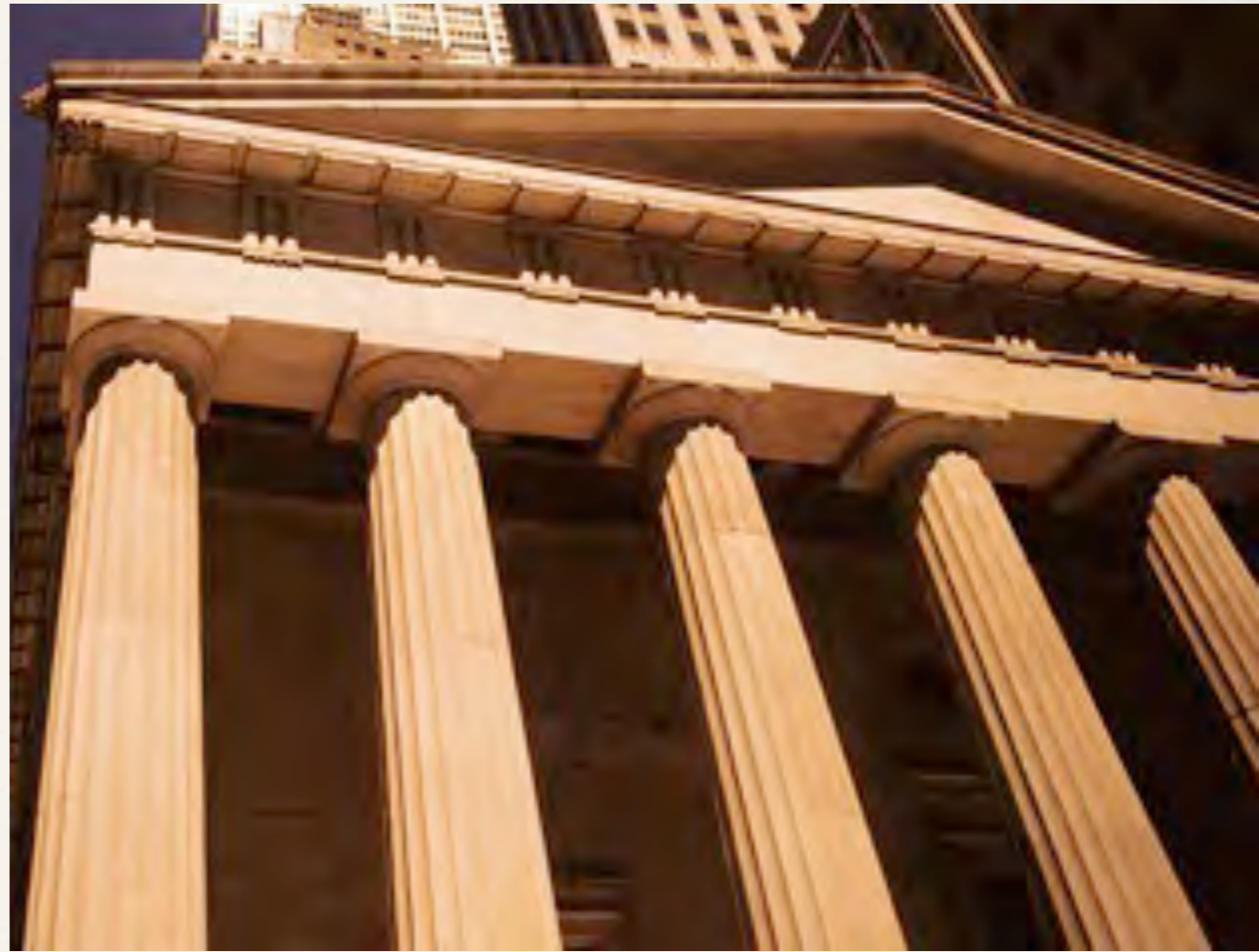


- ❖ Case Studies
- ❖ Financial reviews
- ❖ Education / Feedback sessions
- ❖ Materials and information



Investor intelligence

- ❖ Individual meetings with Wealth Managers and Advisors (Education/feedback)
- ❖ Results: Interest in a Fund that will preserve capital and provide modest return (Hope report)



Collaboration with existing organizations

- ❖ Vancity; NFF
- ❖ Credit Unions, United Ways, Foundations, Regional Loan Funds
- ❖ Meetings with Ottawa, Winnipeg, Hamilton, Halifax, St. Johns and Toronto based organizations to start
- ❖ In negotiation with three potential collaboration partners



Financial Model

- ❖ Developed by advisor analyst with considerable background in financial and fund modeling
- ❖ Tested many scenarios for size of fund, costs to borrowers, returns to investors, cost of the operation
- ❖ Model proves out we could provide modest return, commensurate with some investment instruments



Legal structure

- ❖ Nonprofit General Partner
- ❖ Syndicate, LP and other structures
- ❖ Further structures will be contemplated if necessary



Demonstration loans and cases

- ❖ Small environmental organization taking advantage of the MicroFit program
- ❖ Mid-size youth serving organization (bridge and facilities)
- ❖ First nations art group (bridge and growth)
- ❖ Large community based multi-service and housing organization (growth)



Outcomes

- ❖ By the end of 2010, our initial development investment will have led to key deliverables for nonprofit and charitable organizations which include:
 - ❖ Loans or applications for at least two sector organizations
 - ❖ Education sessions for sector organizations (90 organizations) and the promise of several more
 - ❖ Engagement of nonprofits and charities, to make organizations more aware of a range of financing options that they could employ
 - ❖ Materials and information for the sector organizations
 - ❖ Examples of both loan demand and investor interest in this type of fund
 - ❖ Potential partnerships to deliver

Join us!

Become a partner in CFF:

- 1.) **Share** your foundation or organizational interest in lending or investing
- 2.) **Connect** us with potential loan and financial advisory clients
- 2.) **Support** us as we scale our loan and financial advisory services
- 3.) **Expressions of interest** in investment

Where do we
go from here?



Continuity gives us roots; change gives us branches, letting us stretch and grow and reach new heights.

~Pauline R. Kezer

The Advisors and Founders of the Community Forward Fund
would like to thank you for your interest:

Further information:

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