



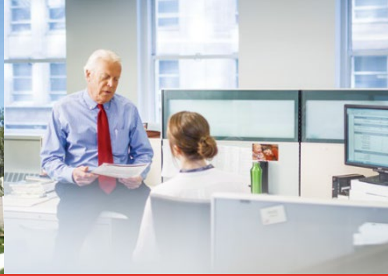

IFF

The Midwest's Leading Community Development Financial Institution (CDFI)

Webinar Prepared for:
OCCD
Delivered from Columbus, Ohio
Oct 2021

Sharing a mission of change

Vision

At IFF, we believe that every person has the right to a good education, fresh food, health care, and affordable housing, and to grow up in a safe environment, regardless of income level. And we are here to provide you and your organization with the tools and resources to help your community thrive for years to come.

Joe Neri, IFF CEO

Get Money
Deploy Money
Share Knowledge
Create Programs
Government
Philanthropy
Nonprofits
Business
Banks
Strategic Priorities
Pipeline
Enabling Environment
Connect with Community
Build Organizational & Financial Capacity
Organize & Empower Communities

Capital Solutions

- Accessible capital for nonprofits
- Tailored solutions for community facilities
- 5- to 20-year loans
- Financing from $10,000 to $6 million
- New markets tax credits
- Affordable housing loans

Typical Projects

- Community Development Corp
- Community Health Centers (FQHC)
- Quality Charter Schools
- Affordable Housing
- Early Child Care Centers
- Community Action Agencies
- Mental Health Facilities
- Workforce Development Organizations
- General Human Service Based Organizations

Real Estate Services

- Affordable facilities planning and project management
- Effective community development
- Housing development services
- Energy-efficient solutions

Community Strategies

- Proactive community development
- Short- and long-term real estate ownership
- Community conditions analysis
- Stakeholder engagement and relationship building
- Resource marshalling

Case Studies

C Fresh Market

A startup grocery store in a food desert

On January 23, 2013 IFF closed on a $712,121 loan secured by a Mortgage and UCC but that isn't when the story begin.

A new 35,000 square foot facility was built for a Top Value grocery store that closed in 2004, less than two years after it opened. Our customer looked into why they didn't succeed. They believed Top Value did not succeed because it was not in tune with its low income clientele, marking up prices of their goods in order to pay down their large $7.5MM in debt. This created an issue with the community, further exacerbated by a lack of community outreach, which led to boycotting of the store.

The City of Des Moines ended up with the 35,522 square foot building

- The City split the building into two commercial condos
- 12,800 sf was sold to the Community Foundation of Greater Des Moines
- A local Community College opened a new center in the building which helps 4,000 people a year link with local businesses, education providers and community support groups to help working families obtain livable wage jobs.

Here is what our customer did:

- Held several community meetings seeking input on their business plan for the store
- A special emphasis was placed on ethnic and international groceries. These items were intended to target the unique, diverse and complex demographics of the area.
- Our customer obtained 22,722 sq. ft. using 20,687 for the grocery store and the remaining 2,035 for two commercial leases.

Community Support was more than words

- The Community College that acquired the space next door pledged to refer people to the new grocery store for shopping.
- The Community Foundation provided a $100K interest-free loan to the owner of the grocery store to provide enough financing to get the store open.
- The local YMCA held classes in collaboration with the C-Fresh calling it a Healthy Living Program to help people make wise food selections and how to prepare healthy meals.
- Local food suppliers and a dietician from the local hospital were found who also helped shoppers in how to prepare healthy meals.

The Customer had two tenants

The tenants provided the cash for tenant fit up. Both tenants were expanding into this area; that is they weren't startups. The tenants were in place and paying $36K a year. They had leases at closing.

- One was a Jewelry store. Full disclosure; he owned 70% of C-Fresh. He operated some jewelry stores and decided to expand into this facility.

- A small Nail Salon business opened in 1,150 square feet.

Sources and Uses

- Total maximum debt was $966K or $47 per square foot with debt payments less than 2% of sales.
- They had $732K for inventory and start up costs. They projected a net cash loss of $177K in the first 12 months of operations.
- They had a Line of Credit available to help with cash flow management.
- The owner had $1.3MM in cash

Sources/Uses:

Project Costs	$ Amount	Sources of Funds	$ Amount
Acquisition Reimbursement	500,000	Owner's Equity – Simon	1,346,000
Leasehold Improvements	460,000	Secured Lines of Credit	254,000
New Equipment	300,000	IFF Loan*	712,121
Used Equipment	200,000		
Origination Fee (1%)	7,121		
Soft Costs (incl. 5% contingency)	45,000		
Cash Flow – for start-up & operations	732,559		
Capitalized P&I Payments – 12 months	67,441		
Total	$2,312,121	Total	$2,312,121

The Market plan was thorough:

- They looked at community demographics
- Visited other stores in the community
- Met with people in the community and surveyed over 300 residents
- They looked into why the previous store closed
- Obtained three market analyses along with their own research.

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The Management Team had lots of diverse experience:

- The 70% owner and guarantor acted as the General Manager. He had 24 years of experience as an entrepreneur with his jewelry business.
- A Manager and 20% owner had 10 years of experience in managing five stores including starting a new one.
- A Manager and 10% owner had 14 years of experience working in large, 70,000 sq. ft. stores.
- Another Manager had 40 years experience in operating a family owned grocery store
- An Account Manager with 35 years of experience oversaw the HR, payroll and accounting

So how did the store operate in the first few years?

- In the first year they had $5.4MM in sales while the budget was $4.7MM; however the margin was 24.7% and not the 28% budgeted. They lost $137K on a cash basis.

- Sales continue to grow beyond their projections from $4.5MM to $9.9MM but the margins were about 22%. Still enough net income to service debt and have some excess cash for the owners.

- In the final reporting year with IFF they had 10.3MM in sales but the margin was only 19% which resulted in a loss. The lease income was sufficient for the owners to realize a small profit.

Any updates?

- They refinanced their IFF loan with a bank
- The Community Foundation of Greater Des Moines decided to relocate and sold their unit to C-Fresh for $700K in December 2018.

Lessons Learned that helped make this work:

1. Low debt
2. Lots of cash for inventory, initial losses and time to make adjustments
3. Good variety of people with experience in management positions
4. Support from the community.
5. Very thorough market plan with information from several sources

Smart Development CDC

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Smart Development LLC

16 units

Total Cost	Developer Equity	City of Cleveland HTF	Developer Grant Equity	Perm Lender	TOTAL LINE COST	PER UNIT COSTS
$ 1,553,309.60	$ 450,982	$ 600,000	$ 95,000	$ 406,328	$ 1,552,310	$ 97,019

Pivot Center

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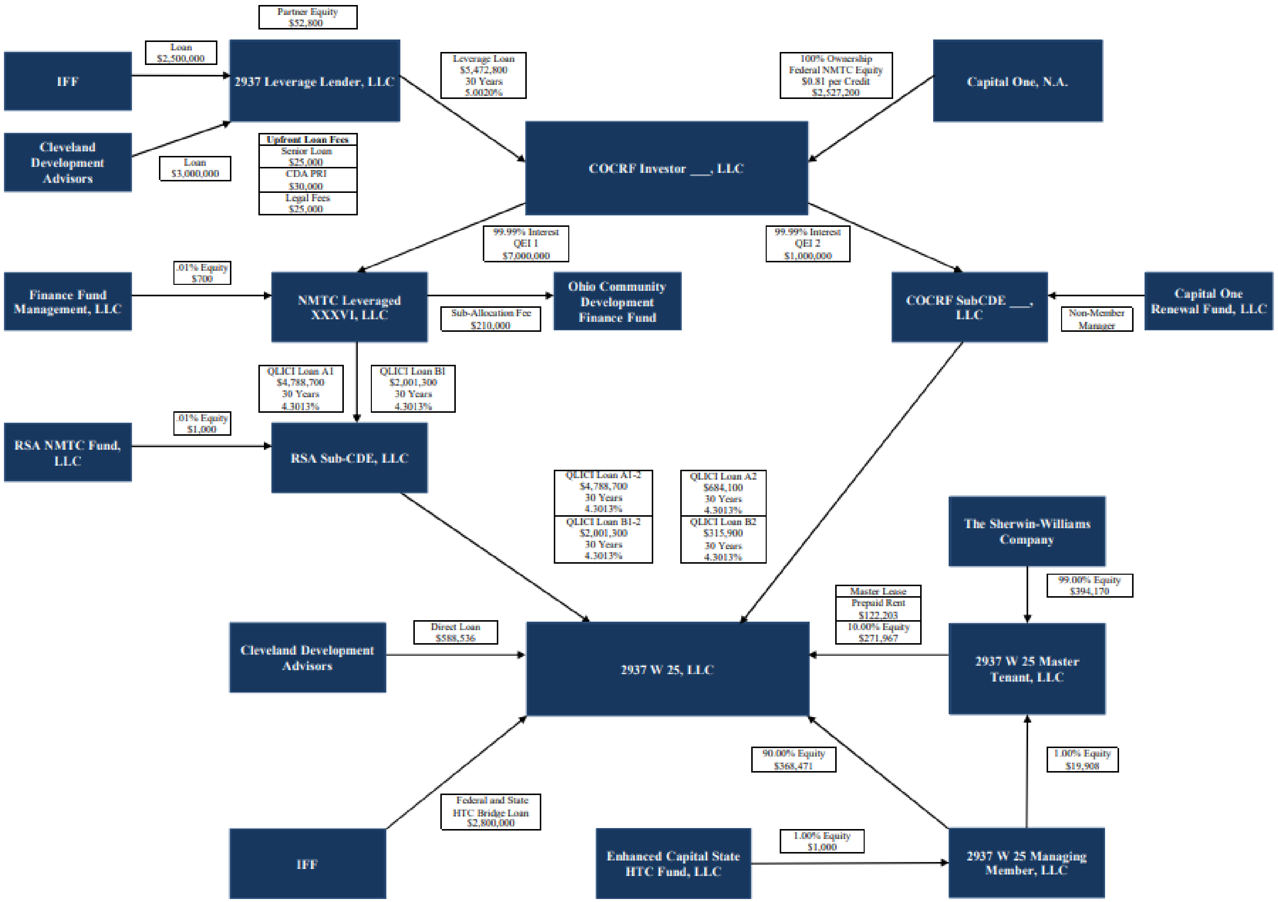
2937 W 25, LLC
FINANCIAL FORECAST
SUPPLEMENTAL SCHEDULE OF FORECASTED FLOW OF FUNDS - CLOSING



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COCRF INVESTOR ___, LLC

FORECASTED SOURCES AND USES OF CASH

FOR THE PERIOD FROM OCTOBER 15, 2019 TO OCTOBER 15, 2026

	2.5 Months 2019	2020	2021	2022	2023	2024	2025	*9.5 Months* 2026	Total
SOURCES:									
Federal NMTC Equity	$ 2,527,200	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,527,200
Additional Contributions from Investor	1,517	7,187	7,187	7,187	7,187	7,187	7,187	5,690	50,328
Leverage Loan	5,472,800	-	-	-	-	-	-	-	5,472,800
Operating Distributions from NMTC Leveraged XXXVI, LLC	50,568	239,534	239,534	239,534	239,534	239,534	239,534	189,777	1,677,551
Dividends from COCRF SubCDE ___, LLC	5,708	27,036	27,036	27,036	27,036	27,036	27,036	21,404	189,328
Beginning Cash Balance	-	2	9	16	23	31	38	45	-
TOTAL SOURCES	$ 8,057,793	$ 273,759	$ 273,766	$ 273,773	$ 273,781	$ 273,788	$ 273,795	$ 216,916	$ 9,917,207
USES:									
QEI to NMTC Leveraged XXXVI, LLC	$ 7,000,000	$ -	$ -	$ -	$ -	$ -	$ -	-	$ 7,000,000
QEI to COCRF SubCDE ___, LLC	1,000,000	-	-	-	-	-	-	-	1,000,000
Leverage Loan Interest Payments	57,792	273,750	273,750	273,750	273,750	273,750	273,750	216,719	1,917,010
Ending Cash Balance	2	9	16	23	31	38	45	197	197
TOTAL USES	$ 8,057,793	$ 273,759	$ 273,766	$ 273,773	$ 273,781	$ 273,788	$ 273,795	$ 216,916	$ 9,917,207

Sources	**Closing 10/15/2019**	**Post Closing 10/16/2019 - 12/31/2019**	**2018 Total**
Federal NMTC Equity	$ 2,527,200	$ -	$ 2,527,200
Leverage Loan	5,472,800	-	5,472,800
Operating Distributions from NMTC Leveraged XXXVI, LLC	-	50,568	50,568
Beginning Cash Balance	-	1,001,517	-
Total Sources	$ 8,001,517	$ 1,052,086	$ 8,052,086
Uses			
QEI to NMTC Leveraged XXXVI, LLC	$ 7,000,000	$ -	$ 7,000,000
Leverage Loan Interest Payments	-	57,792	57,792
Ending Cash Balance	1,001,517	994,294	994,294
Total Uses	$ 8,001,517	$ 1,052,086	$ 8,052,086

The Well CDC

Agency: Middlebury 31-Dec

	Budget	% of Total	*Stress Test 2%	200 bp Rate Shock
SUPPORT AND REVENUE				
Government grants and contracts	$0	0.00%		
Rents Received	$361,020	105.38%		
Vacancy (5%)	($18,419)	-5.38%		
Other	$0	0.00%		
Total Support and Revenue	$342,601	100.00%	$336,488	$342,601
EXPENSES				
Salaries and benefits	$0		$0	$0
Occupancy	0		0	0
Interest	0		0	0
Depreciation	0		0	0
Other	204,120		204,120	204,120
Total Expenses	$204,120		$204,120	$204,120
Net Surplus/(Deficit)	$138,481		$132,368	$138,481
Add: Interest	$0		$0	$0
Depreciation	0		0	0
Other - Debt Payment Included in Expenses	56,794		56,794	56,794
Cash Flow for Debt Service	$195,275		$189,162	$195,275
IFF debt service ($11,031/month)	132,368 (#)		132,368	150,176
Other debt service ($4,733/month)	56,794 (#)		56,794	56,794
Total Debt Service	$189,162		$189,162	$206,970
DEBT SERVICE COVERAGE	**1.03**		**1.00**	**0.94**

Why IFF?

- Complement to existing CDFI and bank resources
  - www.ohiocdfi.org
- Lending available statewide
- Program available across all nonprofit sectors as types serving low-income individuals and/or disadvantaged communities
- **Standard program is <u>not</u> appraisal based**

Facilitated Dialog

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