



Native CDFI Industry Profile 2017





About CDFIs and First Nations Oweesta Corporation

A Community Development Financial Institution (CDFI) is a specialized financial institution that works with people or in communities that are underserved by traditional financial institutions. CDFIs provide loan products and development services (financial education, entrepreneurship training, homeownership counseling, etc.) that may not be easily accessible in some communities. CDFIs can be structured in many ways and include for-profit and non-profit entities. They include regulated institutions like community development banks and community development credit unions, and unregulated institutions such as loan funds and venture capital funds. A **Native CDFI** is a CDFI that provides at least half of its financing products and development services to Native peoples. Though there are many kinds of Native CDFIs, this report focuses on Native CDFI revolving loan funds (RLFs).

Oweesta, a subsidiary of First Nations Development Institute, is a national non-profit organization located in Longmont, Colorado. It is the only existing Native CDFI intermediary offering financial products and development services exclusively to Native CDFIs and Native communities. Specifically, Oweesta provides training, technical assistance, investments, and research to help Native communities develop an integrated range of asset-building products and services. To learn more about Oweesta, visit www.oweesta.org.

Oweesta's mission is to provide opportunities for Native people to develop financial assets and create wealth by assisting in the establishment of strong, permanent institutions and programs contributing to economic independence and strengthening sovereignty for all Native communities. Embedded in our strategy is the belief that when armed with the appropriate resources, Native peoples hold the capacity and ingenuity to ensure the sustainable, economic, spiritual, and cultural well-being of their communities.

Acknowledgements

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Oweesta would also like to thank all of the Native CDFIs that participated in this initiative. In total, 29 Native CDFI RLFs completed the survey for Oweesta's Snapshot 2018: The Growing Native CDFI Movement report (which was the same survey we used to collect data for this report) as well as sent in fiscal year 2017 financial statements. We are very thankful that we have such thoughtful and committed Native CDFIs to work with and on behalf of.

This snapshot was written by First Nations Oweesta Corporation. We believe in widely sharing best practices, key findings and successful or promising models with practitioners in Indian Country, government entities (federal, state, local and tribal), mainstream philanthropy, and the public at large. For more information, or to order additional copies of this report, please email info@oweesta.org.

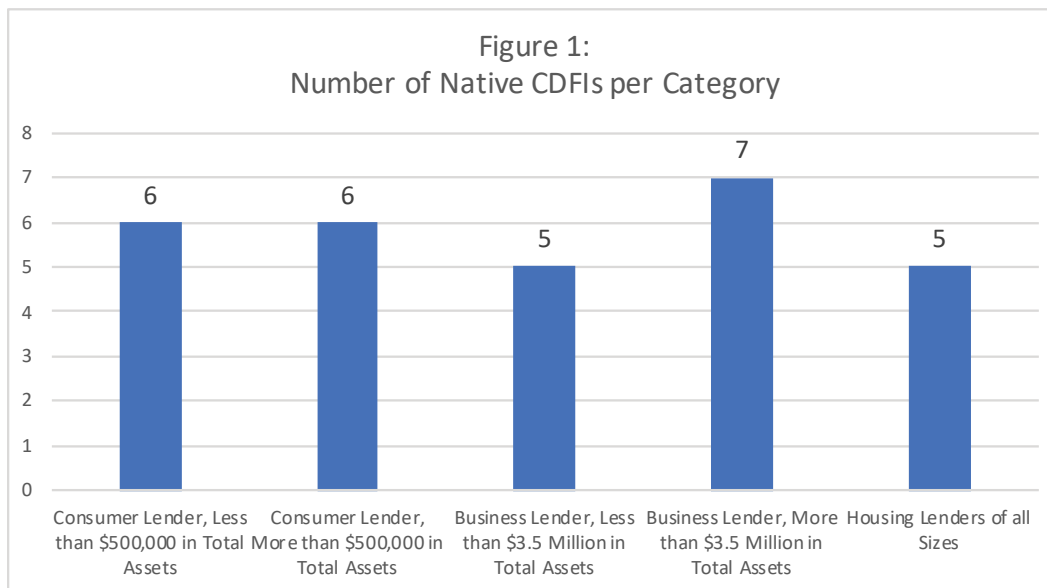


Overview of Industry Snapshot

This industry snapshot is a reference guide for Native CDFIs and all stakeholders in the Native CDFI industry. In this report, we focus on Native CDFI revolving loan funds, though there are several different types of Native CDFIs¹. A research report about Native CDFI banks, credit unions, and venture capital funds is being published later this year. The data presented is from fiscal year 2017.

Peer Group Definitions

For this report, we received fiscal year 2017 financial statements for a total of 29 Native CDFI revolving loan funds. To group similar Native CDFIs together, we split these 29 organizations into five groups based on their primary type of lending and asset size. Within the group of Native CDFI RLFs, there are many different types of lenders. Some Native CDFIs focus on housing lending, and others focus on business lending or consumer lending. Nearly all Native CDFI RLFs do more than one type of lending. We defined a Native CDFI's primary type of lending to be the product that composed the majority of their portfolio at the end of fiscal year 2017. See the chart below to see our group definitions and how many Native CDFIs are in each group.



¹Banks, credit unions, and venture capital funds.



Ratio Definitions

Net Asset Ratio	<i>Net Assets / Total Assets</i> . This ratio shows the amount of equity an organization has as a percentage of its total assets. A general guideline is that a financially healthy CDFI has a net asset ratio of at least 20%.
Unrestricted Net Asset Ratio	<i>Unrestricted Net Assets / Total Assets</i> . This ratio shows what percentage of an organization's total assets are composed of unrestricted net assets.
Leverage Ratio	<i>Total Debt / Total Net Assets</i> . This ratio shows the rate at which an organization is leveraging its net assets. A ratio of 100% would show that for every \$1 in net assets, an organization is leveraging \$1 in debt.
90+ Delinquency Ratio	<i>Total \$ Amount of Loans 90+ Delinquent / Portfolio Balance</i> . This ratio shows the percentage of the portfolio that is 90 days or more delinquent.
Charge Off Ratio	<i>Total Loans Charged Off / Portfolio Balance</i> . This ratio shows the percentage of the year end portfolio balance that was charged off during the year.
Loan Loss Reserve Ratio	This ratio shows the percentage by which the value of the portfolio has been reduced to account for expected loan losses.
Self-Sufficiency Ratio	<i>Earned Revenue / Total Expenses</i> . This ratio shows the percentage of operating expenses covered by earned revenue.
Earned Revenue	<i>Earned Revenue</i> . The average amount, in dollars, of earned revenue generated over the year. Earned revenue is defined as income generated from operations. Typically earned revenue is generated from loan interest and fees or a contract to provide development services.
Net Income	<i>Total Income – Total Expenses</i> . The difference between income and expenses.
# Loans Closed to Financing FTE	<i># Loans Closed / # Financing FTE</i> . This ratio shows how many loans were closed per financing FTE ¹ over the year.
\$ Loans Closed to Financing FTE	<i>\$ Loans Closed / # Financing FTE</i> . This ratio shows how many dollars in loans were closed per financing FTE over the year.
Operating Expenses to # Loans Closed	<i>Operating Expenses / # Loans Closed</i> . This ratio shows how many dollars, on average, it costs the organization to close a loan.
Liquidity	<i>Cash & Cash Equivalents / (Operating Expenses / 12)</i> . This ratio shows how many months of cash the organization had at fiscal year end 2017. This does not separate operating cash from lending cash and therefore does not represent a true operating liquidity ratio.

²We asked all the Native CDFI RLFs that completed the survey for our capital access report to indicate the number of financing FTE (full-time equivalent) employed at their organization at fiscal year end 2017. This number is often not as simple as 1 FTE for a loan officer. Many Native CDFIs have their executive directors or development service providers assist with the provision of financing. If an ED dedicates 25% of their time, the loan officer dedicates all of their time, and the development service provider dedicates 25% of their time towards financing, then financing FTEs would total 1.5.



How to Read and Use this Industry Snapshot

The first section of this report has data representing all 29 organizations. It shows the impact that all 29 organizations had in fiscal year 2017. The following five sections are for each of the groups discussed above. **Each data point is an average of all the Native CDFIs in that group.** The groups are shown in this order: C1 (Consumer Lenders with Less Than \$500,000 in Total Assets), C2 (Consumer Lenders with More Than \$500,000 in Total Assets), B1 (Business Lenders with Less than \$3.5 Million in Total Assets), B2 (Business Lenders with More Than \$3.5 Million in Total Assets), and H (Housing Lenders of All Sizes).

Native CDFI Groups

C1 → Consumer Lenders with Less Than \$500,000 in Total Assets

C2 → Consumer Lenders with More Than \$500,000 in Total Assets

B1 → Business Lenders with Less Than \$3.5 Million in Total Assets

B2 → Business Lenders with More Than \$3.5 Million in Total Assets

H → Housing Lenders of All Sizes

We recommend this report be used by Native CDFIs to see where they fall relative to their peers. This is not for competition, but to understand what you are doing well and what your peers are doing well.

For stakeholders in the Native CDFI industry, we hope that this report will be used to understand Native CDFIs. And, finally, we hope that this will be an advocacy tool. Native CDFIs are growing stronger and stronger every year. This data presented here is evidence of that.



2017 Collective Impact³

Total Loans Closed by Native CDFIs	3461
Total Loans Closed by Native Americans	3156
Total Dollar Amount Lent by all Native CDFIs	\$ 55,344,119
Total Dollar Amount Lent to Native Americans	\$ 50,715,844
Average Size of Loan	\$ 15,991
Average Size of Loan to Native Americans	\$ 16,070
Total Number First Mortgages	82
Total Number Home Improvement	61
Total Number Down Payment	51
Total Number Microenterprise	156
Total Number Small Business	52
Total Number Credit Builder / Credit Repair	652
Total Number Auto	124
Total Number General Consumer	1655
Total Dollar First Mortgages	\$ 12,245,530
Total Dollar Home Improvement	\$ 800,699
Total Dollar Down Payment	\$ 1,525,326
Total Dollar Microenterprise	\$ 2,886,720
Total Dollar Small Business	\$ 5,655,579
Total Dollar Credit Builder / Credit Repair	\$ 1,672,406
Total Dollar Auto	\$ 953,606
Total Dollar General Consumer	\$ 2,968,038

³As a part of the survey for the “Snapshot 2018: The Growing Native CDFI Movement,” we asked all 37 respondents for their lending impact totals for FY 2017. While this publication focuses on 29 of those groups, the collective impact totals above represent all 37 that completed our survey.



Breakdown by Type of Lending and Asset Size

There are six sections below. The first section shows **average figures** for all 29 Native CDFI RLFs together. These figures represent an average Native CDFI RLF without controlling for asset size or type of lending.

All 29 Native CDFI RLFs

Entity Characteristics	
Age of Organization (Years)	12.2
Number of FTE	4.5
Capital Structure	
Asset Size	\$ 5,522,821
Net Asset Ratio	79.1%
Leverage Ratio	33.1%
Unrestricted Net Asset Ratio	56.8%
Portfolio	
Portfolio Size	\$ 3,567,641
90+ Delinquency	2.9%
Chargeoff	1.0%
Loan Loss Reserve Ratio	8.6%
Earnings	
Self-sufficiency	43.3%
Earned Revenue	\$ 220,906
Net Income	\$ 250,295
Liquidity (Months)	132.1
Operating Expenses	\$ 680,945
FY 2017 Lending	
# Loans Closed	108.6
\$ Loans Closed	\$ 1,800,748
Efficiency	
# Loans Closed / Financing FTE	55.3
\$ Loans Closed / Financing FTE	\$ 699,886
Operating Expenses / # Loans Closed	\$ 64,294
Operating Expenses / \$ Loans Closed	\$ 1.4



C1: Consumer Lenders with Less Than \$500,000 in Total Assets

Entity Characteristics	
Age of Organization (Years)	7.0
Number of FTE	1.9
Capital Structure	
Asset Size	\$ 364,796
Net Asset Ratio	87.4%
Leverage Ratio	21.5%
Unrestricted Net Asset Ratio	50.1%
Portfolio	
Portfolio Size	\$ 84,214
90+ Delinquency	1.5%
Charge Off	0.2%
Loan Loss Reserve Ratio	14.1%
Earnings	
Self-sufficiency	12.8%
Earned Revenue Total	\$ 27,291
Net Income	\$ 178,641
Liquidity (Months)	8.4
Operating Expenses	\$ 159,069
FY 2017 Lending	
# of Loans Closed	50.2
\$ of Loans Closed	\$ 93,558
Efficiency	
# Loans Closed / Financing FTE	54.2
\$ Loans Closed / Financing FTE	\$ 97,361
Operating Expenses / # Loans Closed	\$ 3,748
Operating Expenses / \$ Loans Closed	\$ 1.7



C2: Consumer Lenders with Greater Than \$500,000 in Total Assets

Entity Characteristics	
Age of Organization (Years)	8.3
Number of FTE	4.5
Capital Structure	
Asset Size	\$ 1,931,255
Net Asset Ratio	79.0%
Leverage Ratio	28.3%
Unrestricted Net Asset Ratio	57.5%
Portfolio	
Portfolio Size	\$ 1,132,938
90+ Delinquency	5.9%
Charge Off	2.7%
Loan Loss Reserve Ratio	7.7%
Earnings	
Self-sufficiency	25.3%
Earned Revenue Total	\$ 93,442
Net Income	\$ 245,110
Liquidity (Months)	29.2
Operating Expenses	\$ 559,346
FY 2017 Lending	
# of Loans Closed	208.8
\$ of Loans Closed	\$ 844,830
Efficiency	
# Loans Closed / Financing FTE	98.4
\$ Loans Closed / Financing FTE	\$ 440,203
Operating Expenses / # Loans Closed	\$ 16,310
Operating Expenses / \$ Loans Closed	\$ 0.7



B1: Business Lenders with Less Than \$3.5 Million in Total Assets

Entity Characteristics	
Age of Organization (Years)	12.2
Number of FTE	5.9
Capital Structure	
Asset Size	\$ 2,144,745
Net Asset Ratio	74.1%
Leverage Ratio	54.5%
Unrestricted Net Asset Ratio	57.8%
Portfolio	
Portfolio Size	\$ 889,807
90+ Delinquency	0.4%
Charge Off	1.2%
Loan Loss Reserve Ratio	11.2%
Earnings	
Self-sufficiency	18.8%
Earned Revenue Total	\$ 96,763
Net Income	\$ 227,571
Liquidity (Months)	29.9
Operating Expenses	\$ 873,581
FY 2017 Lending	
# of Loans Closed	73
\$ of Loans Closed	\$ 456,172
Efficiency	
# Loans Closed / Financing FTE	54.8
\$ Loans Closed / Financing FTE	\$ 398,773
Operating Expenses / # Loans Closed	\$ 23,663
Operating Expenses / \$ Loans Closed	\$ 1.9



B2: Business Lenders with Greater Than \$3.5 Million in Total Assets

Entity Characteristics	
Age of Organization (Years)	18.4
Number of FTE	5.2
Capital Structure	
Asset Size	\$ 9,894,915
Net Asset Ratio	79.2%
Leverage Ratio	29.4%
Unrestricted Net Asset Ratio	52.4%
Portfolio	
Portfolio Size	\$ 6,603,478
90+ Delinquency	2.9%
Charge Off	0.6%
Loan Loss Reserve Ratio	6.8%
Earnings	
Self-sufficiency	41.0%
Earned Revenue Total	\$ 406,585
Net Income	\$ 271,195
Liquidity (Months)	398.5
Operating Expenses	\$ 979,984
FY 2017 Lending	
# of Loans Closed	149
\$ of Loans Closed	\$ 4,537,327
Efficiency	
# Loans Closed / Financing FTE	55.2
\$ Loans Closed / Financing FTE	\$ 1,420,291
Operating Expenses / # Loans Closed	\$ 23,707
Operating Expenses / \$ Loans Closed	\$ 0.2



H: Housing Lenders

Entity Characteristics	
Age of Organization (Years)	14.0
Number of FTE	5.5
Capital Structure	
Asset Size	\$ 13,318,610
Net Asset Ratio	76.5%
Leverage Ratio	35.8%
Unrestricted Net Asset Ratio	68.9%
Portfolio	
Portfolio Size	\$ 9,097,059
90+ Delinquency	3.2%
Charge Off	0.7%
Loan Loss Reserve Ratio	3.0%
Earnings	
Self-sufficiency	131.4%
Earned Revenue Total	\$ 448,173
Net Income	\$ 310,289
Liquidity (Months)	138.8
Operating Expenses	\$ 841,826
FY 2017 Lending	
# of Loans Closed	37
\$ of Loans Closed	\$ 2,509,844
Efficiency	
# Loans Closed / Financing FTE	16.1
\$ Loans Closed / Financing FTE	\$ 1,053,504
Operating Expenses / # Loans Closed	\$ 65,773
Operating Expenses / \$ Loans Closed	\$ 0.3



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