



SHOREBANK ENTERPRISE CASCADIA
Let's change the world.®

Water Efficiency: Driving Sustainable Buildings and Sites

-ShoreBank Enterprise Cascadia-

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ShoreBank Enterprise Cascadia

- Who: 501c-3 Non-Profit Community Development Financial Institution
- Mission: We invest in people and their communities to create economic equity and a healthy environment.
- Where: Rural & Urban Communities in WA & OR.
- Capital: Manage over \$70MM in assets.
- Performance: We have invested over \$60MM in capital in rural and urban communities. We also provide business assistance and consulting services.



Metrics: What we measure

2007 performance

ECONOMY	ENVIRO	EQUITY
Jobs Created or Retained (#) 600	Riparian Zone (feet) 6,200	Minority / Women Owners (#) 30
Leveraged Third Party Investment (\$) \$30MM	Sustainable/ Certified Land (acres) 3,000	Low income Families Assisted (#) 5,700 (700)
Secondary Value Added (#) 11	Water Diverted from Waste Stream (gals.) 5,000,000	Local Land Tenure (\$) \$40MM



5 Cs of Credit

Capacity

Cash Flow

Collateral

Capital

Character



Sample Analysis

Financial Summary:		FISCAL YEAR ENDED DECEMBER 31,					
Borrower		In House		Projection		Projected	
INCOME STATEMENT		3 mos.		12 mos.		12 mos.	
		2008		2008		2009	
Revenues		\$ 48,996	100%	\$ 202,895	100%	\$ 215,251	100%
Operating Expenses		\$ 41,996	86%	\$ 169,417	83%	\$ 182,828	85%
Operating Income		\$ 7,000	14%	\$ 33,478	17%	\$ 32,423	15%
Net Interest		-		10,659	5%	13,417	6%
Extraordinary Loss/(Gain)		7	0%	-		-	
Taxes		-		-		-	
Net Income		\$ 6,993	14%	\$ 22,819	11%	\$ 19,006	9%
CASH FLOW FOR DEBT SERVICE							
Net Income		\$ 6,993		\$ 22,819		\$ 19,006	
plus:							
Depreciation/Amortization		-		-		-	
Interest		-		10,659		13,417	
Extraordinary Loss/(Gain)		7		-		-	
Cash Flow for Debt Service		\$ 7,000		\$ 33,478		\$ 32,423	
New CRF/SEP loan		\$0		22,932		22,932	
Total Debt Service		\$ -		\$ 22,932		\$ 22,932	
Cash Flow After Debt Service		\$ 7,000		\$ 10,546		\$ 9,491	
Debt Service Ratio		n/a		1.46 x		1.41 x	



Internal Rate of Return

- Investment Metric
- The discount rate that equates the net present value of a stream of cash outflows and inflows over a period of time to zero.
- Ideally should be a positive value.

Date	1/1/2008	1/1/2009	1/1/2010	1/1/2011
Interest		\$14,102	\$13,177	\$12,154
Principle	(\$145,000)			\$117,523
Total	(\$145,000)	\$14,102	\$13,177	\$129,677
IRR	3%			



Internal Rate of Return

- Another example:

Date	5/30/2008	10/30/2008	1/30/2009	4/30/2009	7/30/2009	10/30/2009	1/30/2010	4/30/2010	7/30/2010	10/30/2010	1/30/2011
Cash Flow	\$ (230,000)	\$ 50,000	\$ 32,000	\$ 24,000	\$ 28,800	\$ 32,117	\$ 32,117	\$ 32,160	\$ 32,160	\$ 32,117	\$ 32,117
IRR	28.0%										



Return on Investment

- **Return on investment (ROI)**, also known as Rate of Return (ROR)
- $ROI = \$ \text{ gained (or lost)} / \$ \text{ invested}$
- ROI is stated for a specific period of time, most often a calendar or fiscal year.
- Positive performance is $>0\%$.

$$\$500 / \$10,000 = 5\% \text{ ROI}$$

$$\$100 / \$2500 = 4\% \text{ ROI}$$



Return on Equity

- ROE = Net Income/Shareholders Equity
 - Measures how well managers employ funds invested by the shareholders
 - Calculated on periodic basis using both P&L and Balance Sheet
 - ROE should be greater than your investing cost
 - Can depend on industry
 - Consulting/investing firm: high ROE
 - Capital intensive: low ROE



Other Valuations

- Intangible assets values: These include business processes, patents, trademarks, reputations for ethics and integrity, quality, safety, sustainability, security, and resilience.
 - Puget Consumer's Coop (PCC)
- Reputation risk: This is the current and prospective impact on earnings and capital arising from negative public opinion.
 - Washington Mutual



Business & Ecology

- Ecological stewardship and good business practices can go together
 - Farmland preservation
 - Sustainable logging
 - Energy programs

- Questions?

Thank you!



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