COIN Annual Impact Survey – Example for Financial Performance Questions

Example: Condor CDFI has received two investments totaling $1,000. A debt investment of $600 was made three years ago and an equity investment of $400 was made a year ago. Both deposits will be held and controlled by Condor for 5 years. Condor makes four loans, three from the debt deposit (Loans 1-3) and one from the equity (Loan 4). Loans 1-3 were made three years ago and Loan 4 was made a year ago. The loan rate and term for each loan is provided in the table below. Condor's historical loss rate on loans is 0.5% or 50 bps.

	Amount	Loan Rate	Term (Yrs)
Loan 1	$100	1.0%	5
Loan 2	$200	6.0%	5
Loan 3	$300	7.0%	5
Loan 4	$400	9.0%	5
Fund Total	**$1,000**		

Sources of Funding Answers

1. Amount CDFI received as debt ($): $600
2. Amount CDFI received as equity ($): $400
3. Total amount received ($): $1,000
4. Elapsed weighted average years of borrowed funds: 2.2 years

The *Elapsed weighted average years of the borrowed funds* is 2.2 years ($600 x 3 years + $400 x 1 year, divided by $1,000).

Investment Returns Answers

5. What is the expected range of gross returns for your loans? 1.0% to 9.0%
6. What is the expected gross weighted average return of your loans? 7.0%
7. What is the net charge-off rate of your organization? 0.5%
8. What is the range of gross returns for your equity investments? N/A, Condor CDFI does not make equity investments.

	Amount	Loan Rate	Term (Yrs)	Amt x Rate	Wtd Avg Rate
Loan 1	$100	1.0%	5	1	
Loan 2	$200	6.0%	5	12	
Loan 3	$300	7.0%	5	21	
Loan 4	$400	9.0%	5	36	
Fund Total	**$1,000**			**70**	**7.0%**

To calculate the weighted average returns of the portfolio, first calculate the product of the loan amount and loan rate for each loan, column *Amt x Rate*. The sum of products is 70. The weighted average rate of loans is the sum divided by the total loans, 7.0% (70/$1,000).