

A photograph of two women, one with dark hair and one with curly hair, looking down at a laptop screen. The image is split diagonally from the bottom right corner. The top left portion shows the woman with dark hair, and the top right portion shows the woman with curly hair. The bottom portion is a white diagonal area containing text and a logo.

STABILISE AND GROW

Loans for charities and social enterprises

Wednesday 7th October 2020

CAF
Charities Aid Foundation

OUR SPEAKERS



Joanne Wedderspoon
Development Manager,
CAF Venturesome



Holger Westphely
Acting Head of CAF Venturesome



Richard Hunt
Head of Customer & Lending,
CAF Bank



Kemi Folarin
CEO and Founder of Young People Matter
Venturesome investee



Jonathan Bryant
CEO of York Conservation Trust
CAF Bank customer



CHARITIES AID FOUNDATION

We are CAF and we exist to make giving go further.

We are a charity, a bank and a champion for better giving, and for over 90 years we've been helping donors, companies, charities and social organisations make a bigger impact.

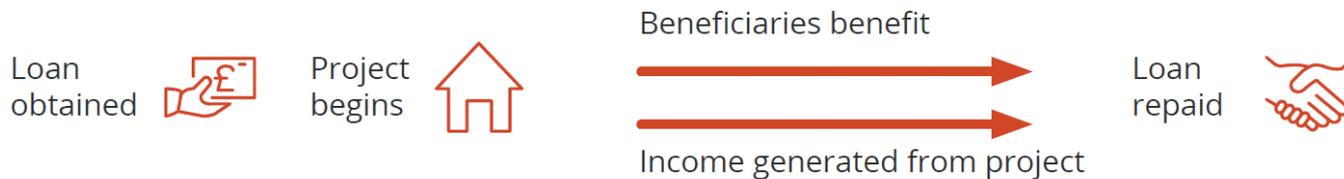
CAF supports charities and social enterprises in a whole host of ways, today we are going to discuss how repayable finance / borrowing can support your organisation to stabilise following the effects of the pandemic so that you can look forward and plan for growth.

We don't lend money to make a profit for our shareholders; we lend it because we see the value it can bring to great causes.

When the loans are repaid we lend the money out again to other organisations.



WHY CONSIDER BORROWING?



- To bring forward benefits for your beneficiaries
- To have funds to draw on while you wait for a contract or promised grant payment
- To be partly self-financing
- To make your funds go farther or to match-fund a grant
- To launch a new project to generate income

YOUR CHOICES

Organisation A

- **We need to borrow between £25k and £400k**
- We need help to stabilise and scale up our operations
- We have don't have any assets to use as security
- We need patient, flexible finance, possibly with a grant layer, to help us achieve our social impact
- We are a young or small charity / social enterprise but have been operating for more than a year
- We need support with our strategy and governance
- We need someone to believe in us



Social investment

Organisation B

- **We need to borrow between £150k and £5m (£9m)**
- We need help to grow and reach our full potential
- We have assets we can use to secure a loan
- We need a long-term, flexible loan to buy a building or develop a new project to increase our social impact
- We are an established charity or social enterprise
- We have a clear strategy and need help to carry it out
- We need someone to believe in us



Bank lending

A LASTING RELATIONSHIP

- CAF is for life, not just until loan drawdown
- We make sure we really get to know you and your organisation
- A relationship built on an regular reviews and sharing of information.
- We can help you to get the non-financial support that is on offer throughout CAF

The relationship with CAF is very open, honest and very supportive. I didn't realise when I first applied for a loan that you would get more than just money."

Caroline Morgan, CEO of Local Food Links



INTRODUCTION TO CAF VENTURESOME

18 YEARS OF SOCIAL INVESTMENT

- One of the first social investment funds in the UK, established in 2002
- We've supported hundreds of social enterprises and charities across the UK and overseas
- We work with charitable organisations of all shapes and sizes, including social enterprises with a charitable purpose

650 SOCIAL INVESTMENTS MADE

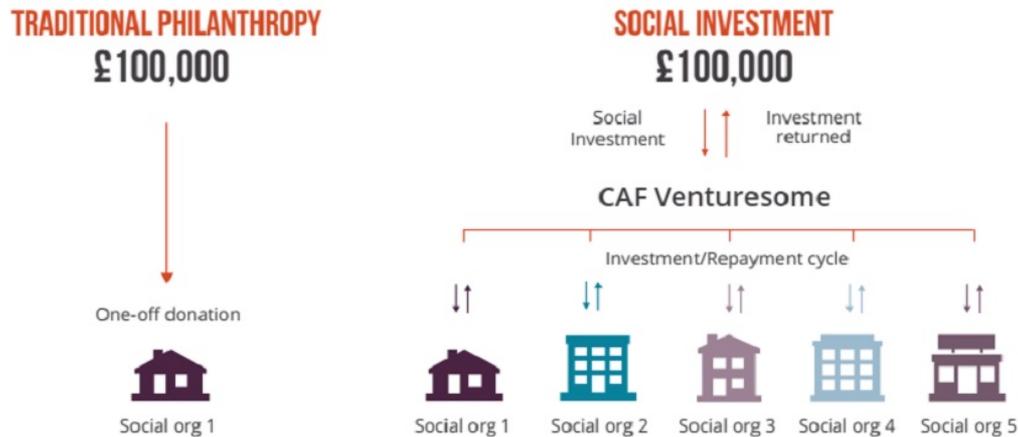
504 SOCIAL ORGANISATIONS

£55_M COMMITTED TO DATE

130 GENEROUS FUNDERS

WHAT IS SOCIAL INVESTMENT?

Social investment is the use of money to achieve a social as well as financial return.



It is not a grant or donation; it's a loan to be repaid with interest.

WHAT WE OFFER

Loans from £25,000 to £400,000 +,
repayable up to 10 years at approx. 6.5%
interest

We offer patient, flexible finance with no early
repayment penalty:

- Unsecured loans
- Secured loans
- Standby facilities
- Other tailored social investment products such as
Social Impact Bonds
- Pre-Development and Development Finance for
Community-led Housing projects

In certain circumstances we are able to offer a layer
of **grant funding** with our loans.

This is to support organisations that have been
affected by the pandemic and may not be seen as
otherwise investable but continue to have a high
social impact.



WHY TAKE ON SOCIAL INVESTMENT NOW?

- We are a charity and we understand the challenges that social organisations face
- We are able to take a higher level of risk as we are supported by funders who want to use their charitable funds to achieve a social and a financial return
- We are flexible. We know your needs will change over the course of the loan. We can vary repayment schedules where necessary and don't charge early repayment fees
- We offer standby facilities to ensure there is money to draw down in case contract payments are delayed
- We work in partnership with you and our team is always ready to help





INTRODUCTION TO CAF BANK

AN ESTABLISHED BANK FOR GOOD

- Established over 30 years
- Providing core banking services for over 13,500 clients, from micro charities to house hold names
- Provides accounts, cards, lending, payment services
- Has lent over £221 million since 2012
- Highest rated for sector knowledge

WHAT WE OFFER

- A secured loan product, aimed at providing affordable commercial mortgages
- Can be used to support development, purchase or equity release
- A minimum of £150,000 and a maximum of £5 million, rising to £9 million for social housing providers
- Active in a range of settings from social housing to heritage railways

WHY A SPECIALISED LENDER?

- Knowledge
- Motivation
- Understanding



HELPING YOUR GROWTH PLANS

- Balancing the benefits and the timing
- Keeping donors engaged – and leveraging their donations
- Proven affordability based on results





OUR GUEST SPEAKERS

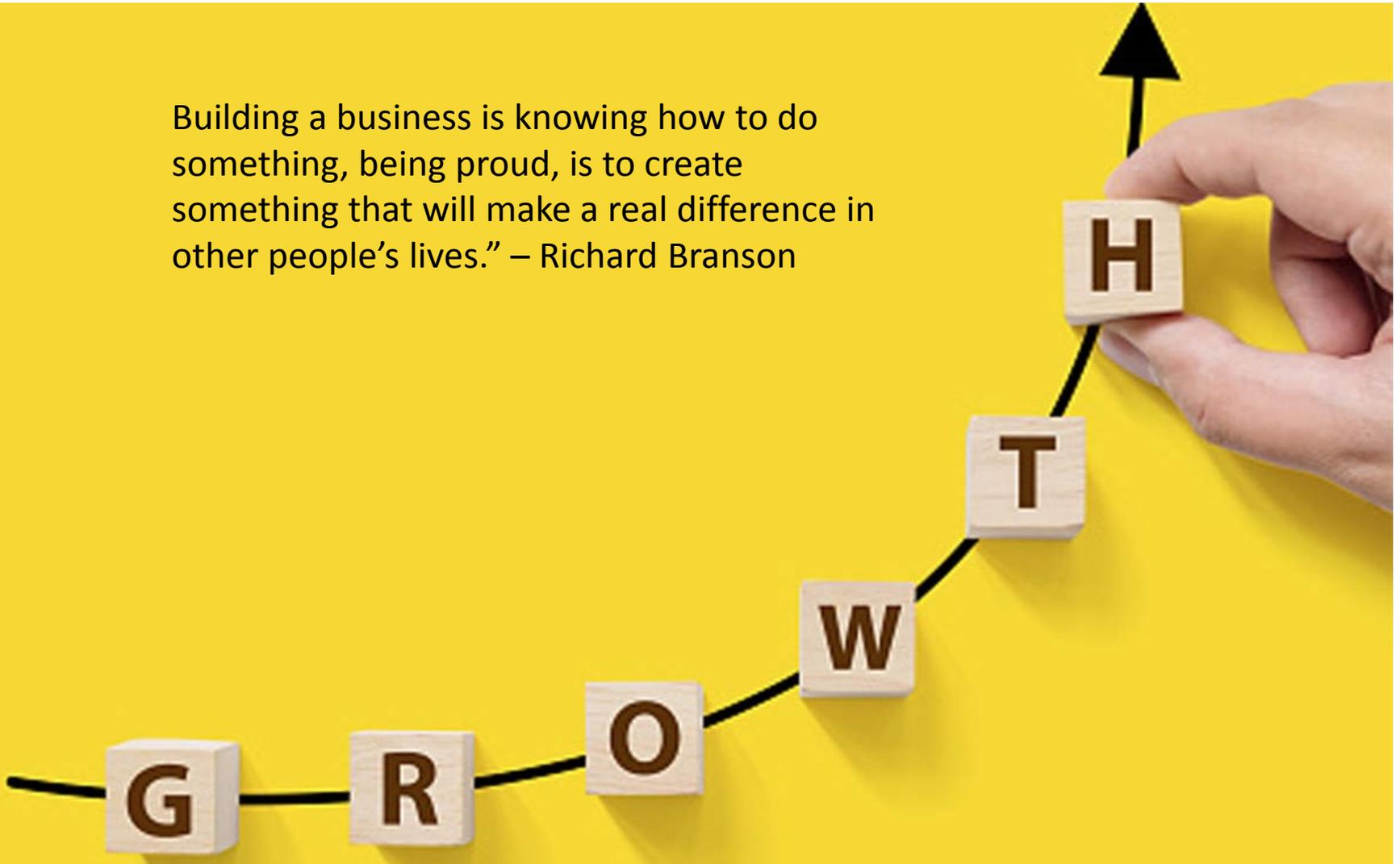
KEMI FOLARIN – CEO & FOUNDER YOUNG PEOPLE MATTER

Kemi is the founder of Young People Matter Charity (YPM), an award winning, diverse charity and community action group. To enable YPM to open a new after school club in early 2020, CAF Venturesome provided them with a £60,000 standby facility, to be drawn down as an unsecured loan.

Kemi will talk about how she built the business case for a loan with internal and external stakeholders. She'll also share why the charity decided to fund their project in this way and the benefits that have been realised for the children who use their services.

Who Wants To Grow A Project or Idea?

Building a business is knowing how to do something, being proud, is to create something that will make a real difference in other people's lives." – Richard Branson



Young People Matter



Impact of Our Work



- New Opportunities & Experiences
- Over 190 children access our services weekly
- Affordable childcare and service
- Supports with the development of confidence self- esteem and resistance
- Boost academic Performance
- Reduce risky behaviours
- Promote Physical Health
- Provide a safe environment



Building A Business Case



Repayments of The Loans



CAF Provides Opportunity

ima **G** ination
inspi **R** ation
visi **O** n
kno **W** ledge
crea **T** ivity
tec **A** nology



A portrait of Jonathan Bryant, a middle-aged man with short grey hair, wearing a light-colored striped shirt. The portrait is overlaid with a semi-transparent orange filter. The background of the slide is a solid orange color with a white diagonal shape in the bottom right corner.

JONATHAN BRYANT - SECRETARY / CEO OF YORK CONSERVATION TRUST

Jonathan is the new Secretary / CEO of York Conservation Trust which is custodian of historic and related buildings in York. The Trust's principle business accounts are with CAF Bank which has also provided secured lending and occasional overdraft facilities.

Jonathan will join us to outline the Trust's business model which contrasts with much the heritage sector in which he has held senior executive, trustee and consultant roles in England and in Scotland. He will talk about the role of secured lending particularly in the Trust's development since 1945 and in its future planning.

YORK CONSERVATION TRUST



Established 1945 as a family property company (Ings) with a strong sense of civic responsibility

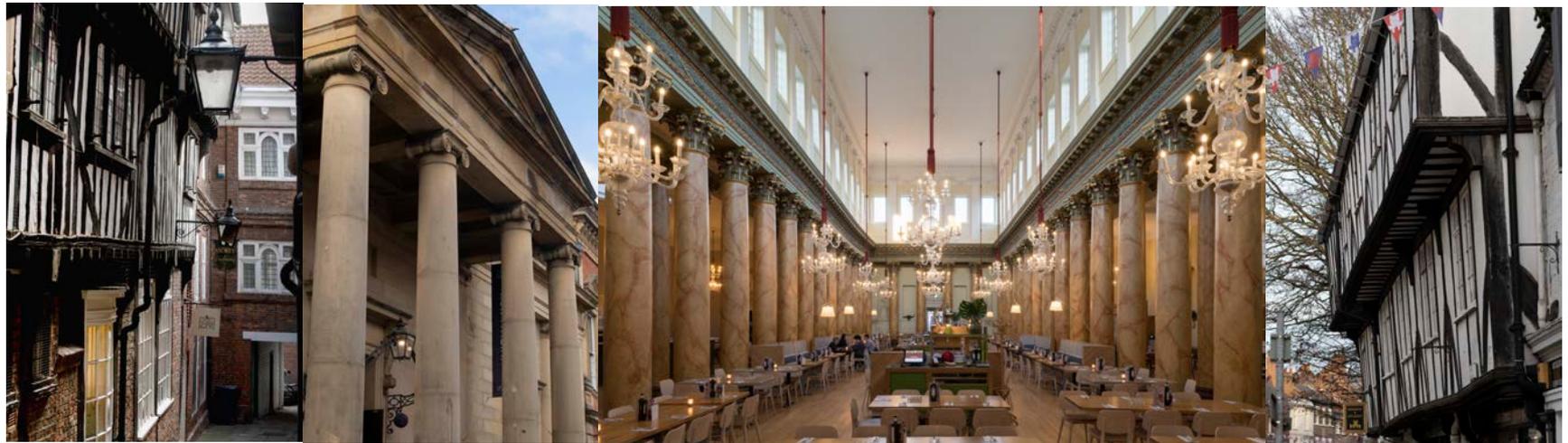
Bequeathed 7 historic buildings in York

Portfolio now 81 buildings with 175 tenantable units, 52% residential / 48% commercial

Renamed York Conservation Trust with charitable company status from 1976

Rent role (currently only source of income) c £2.5m

Fixed 'heritage' assets £30m. Buildings sum insured £150m



A TALE OF TWO LOANS



Property purchase

Case - significant addition to portfolio of historic buildings

Repayment - from strong anticipated rental income

Impact - acquisition & restoration project could proceed with confidence given likely 'conservation deficit'

Restructure balance sheet (less exciting!)

Case - avoid overdrafts & annual renewal cost / process

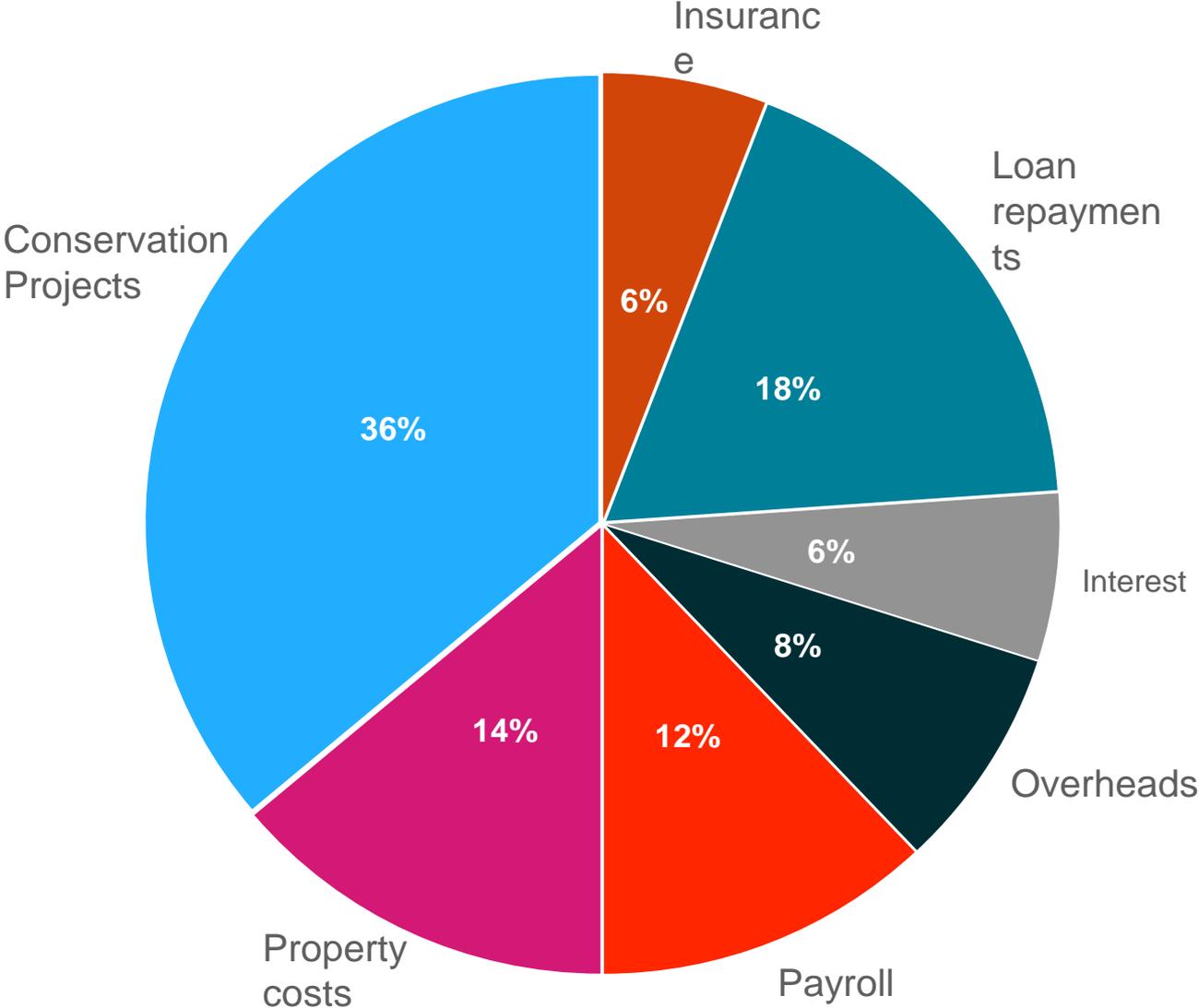
Repayment - long term revenues across the portfolio

Impact - improved focus on charitable purpose

Unplanned impact - Covid resilience!

YORK CONSERVATION TRUST LIMITED					
BALANCE SHEET					
AS AT 31 MARCH 2019					
Company no. 00395954					
Notes	£	2019	£	2018	£
FIXED ASSETS					
Tangible assets	8		841,363		883,412
Heritage assets	7		<u>28,114,225</u>		<u>27,529,413</u>
			28,955,588		28,412,825
CURRENT ASSETS					
Debtors	9	626,662		501,819	
Cash at bank and in hand		<u>1,494,049</u>		<u>172,022</u>	
		2,120,711		673,841	
CREDITORS: amounts falling due within one year					
	11	<u>1,500,607</u>		<u>2,038,317</u>	
NET CURRENT ASSETS/(LIABILITIES)					
			620,104		(1,364,476)
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>29,575,692</u>		<u>27,048,349</u>
CREDITORS: amounts falling due after more than one year					
	12		<u>5,459,870</u>		<u>3,539,698</u>
NET ASSETS					
			<u>£24,115,822</u>		<u>£23,508,651</u>
CAPITAL AND RESERVES					
Unrestricted Funds					
Designated fund	14		22,032,317		22,731,216
Undesignated fund					
- Share capital	13		130,000		130,000
- Income and expenditure account			1,946,844		640,488
Restricted Funds	14		<u>6,661</u>		<u>6,947</u>
			<u>£24,115,822</u>		<u>£23,508,651</u>

TYPICAL ANNUAL EXPENDITURE



ACQUISITION



Robson & Cooper, Lendal, York
Former saddlers / leather goods
workshop with ground floor retail

Purchased 2015 for £850k with
CAF Bank secured loan of £595k
over ten years

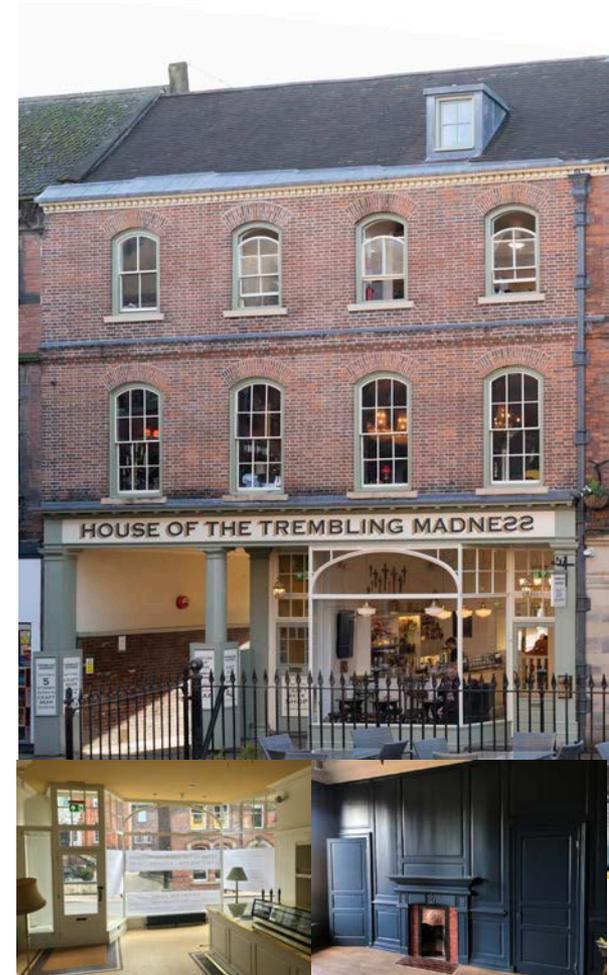
Refurbishment cost £750k in 2017

Conservation deficit £500k

Let to House of Trembling
Madness in 2018 at rent of £60k
per year

Current rent £0 & two quarters
behind!!

Future prospects - good



WORKING CAPITAL

YORK CONSERVATION TRUST LIMITED

BALANCE SHEET AS AT 31 MARCH 2019

Company no. 00303954

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Balance sheet, phase one
Former overdrafts with two
banks

£725k

Net current liabilities
incompatible with future grant
applications

£2m twenty five year money
secured on mixed commercial
& residential properties in a
'plainer vanilla' category

High street banks useless

CAF Bank understand us and
the underlying strength of our
fixed assets

Reasonable rate over base.

Decided not to hedge against
rate rise. Right call



KEY RATIOS

Lending to
stated fixed
assets
19%

Lending to
buildings
sum insured
4%

12. CREDITORS: amounts falling due after more than one year

Bank loans (secured)

The bank loans are secured on the properties 111 Walmgate, 56 Bootham, 66 Bootham, De Grey Rooms and House, Brereton Cottage, Corner and House, 1 Museum Street, Assembly Rooms, 14 - 16 Lendal and 23 Stonegate. They are repayable as follows:

Within one year

More than one year but not more than two years

More than two years but not more than five years

More than five years

2020

£5,006,776

2019

£5,459,870

452,288

470,061

462,931

437,136

1,455,965

1,386,938

3,087,880

3,635,796

£5,459,064

£5,929,931



Q & A TIME



NEXT STEPS



Give us a call or send us an email so that we can help you decide whether CAF Venturesome or CAF Bank is best for your organisation



We will arrange to meet you and your trustees, via video at the moment, to understand your social impact and governance



We will review your finances and projections



We will write the application for you



Our investment committee or senior directors will review your application and we will let you know the decision right away



We will help you to draw down the funds ASAP



THANK YOU

Please pick up the phone or email us if you want to find out more.

We will point you in the right direction if you're not sure who to speak to.

CAF Venturesome

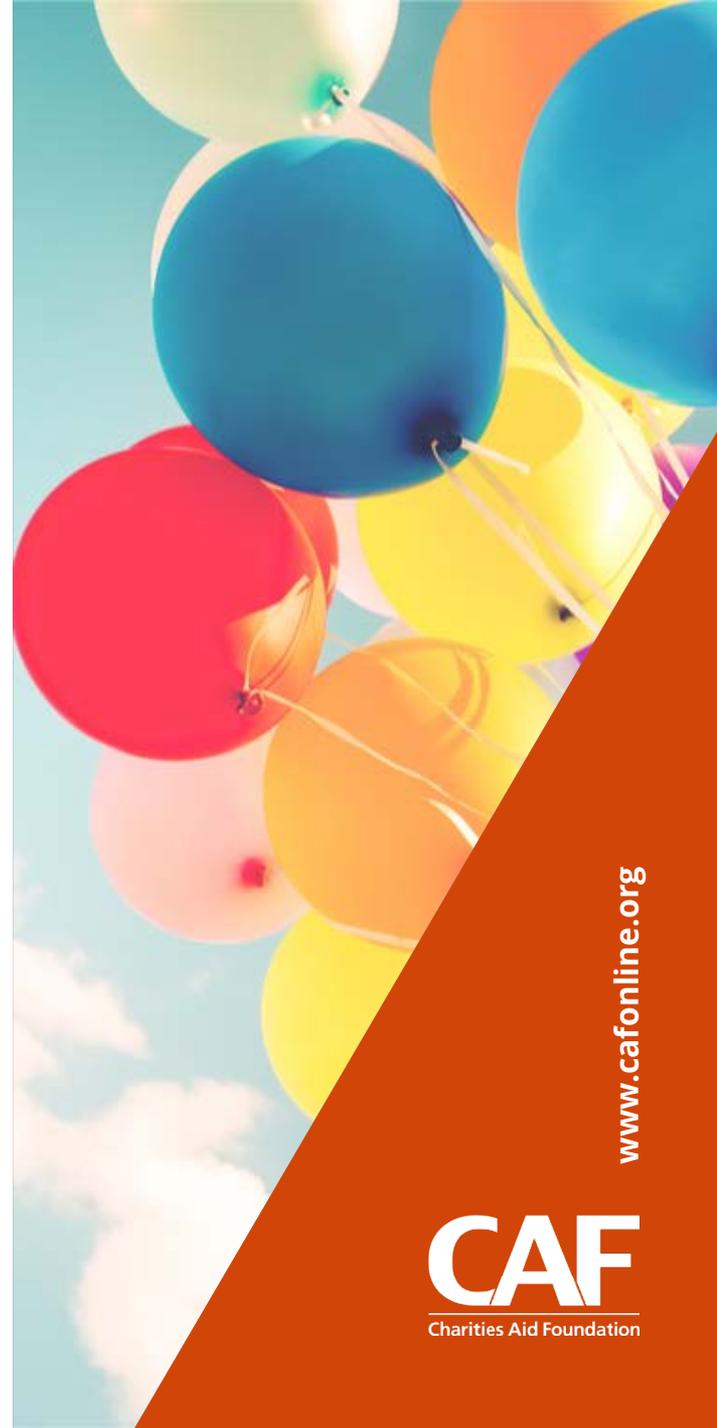
T: 03000 123 300

E: venturesome@cafonline.org

CAF Bank

T: 03000 123 444

E: CBank@cafonline.org



www.cafonline.org

CAF
Charities Aid Foundation