



Capital for  
Opportunity and Change



### COASTAL ENTERPRISES, INC.

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### CEI NEWS

CEI closed the 2016 fiscal year on September 30, having deployed \$18.2 million in 81 new loans and investments in a diverse portfolio. The year marked major transitions for the organization with a change in leadership, and a move to new headquarters in Brunswick. A strategic plan is in development, allowing CEI to re-examine its work and mission to help create opportunity and shared prosperity for all, especially those with low incomes. In 2016:

- 2,294 clients received business advising services,
- 2,140 jobs were created or retained,
- 1,063 clients received housing counseling and education,
- 277 affordable housing units were created or preserved,
- 829 acres of farmland were kept in production,
- and \$15.6 million was deployed to 21 natural resources sector projects, including a Working Waterfront Access Program project.

## Financial Overview

### HIGHLIGHTS FROM FY2016

CEI parent financials are healthy heading into FY17 and compliant with all financial covenants. Please note that financial information in this report is based on unaudited financials, and that FY16 audited financials for the year ended September 30, 2016 will be available in late December.

### BALANCE SHEET

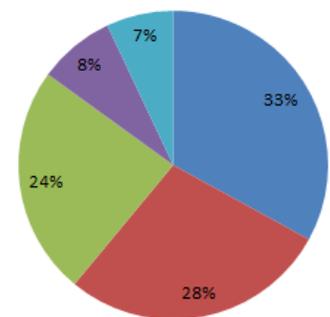
- CEI borrowed \$2 MM in net additional debt capital for new business lending, resulting in a decrease from 42% to 40% in the Net Asset to Total Asset ratio.

### INCOME STATEMENT

- CEI parent posted an unaudited Net Loss of \$1.6 MM in FY16. The primary driver of this loss was \$2.7 MM of extraordinary expenses mostly incurred in Q3 and Q4 of FY16. These one-time expenses are non-cash in nature, due to historical accounting reconciliations and intercompany receivable adjustments.
- CEI continues to perform well and has exhibited tight control of operational expenses in recent years.

### CEI LOAN & INVESTMENT PORTFOLIO

- Core Mission Investments
- State Historic Tax Credit (SHTC) Program
- Federal/State Programs
- Natural Resource Sector Investments
- Sub-Debt/Capital for Subsidiaries



### OTHER FINANCIAL NEWS

- CEI was recently granted a \$1.75 MM Financial Assistance Award from the U.S. Treasury to expand its mission-driven community lending and economic development work.
- CEI was selected to be eligible to borrow \$20 MM from USDA Rural Development under the Community Facility Direct Relending Program.



CEI's CEO Betsy Biemann and  
President Keith Bisson



# Core Mission Investments

## OUR CURRENT PORTFOLIO

LOAN PORTFOLIO BY SECTOR				
<i>Economic Sector</i>	<i>\$ Balance</i>	<i>% of \$ Balance</i>	<i># of Loans</i>	<i>% of # Loans</i>
Agriculture & Food Systems	\$3,619,451	25%	22	21%
Small & Medium Enterprise	\$3,240,431	23%	30	29%
Energy	\$2,116,275	15%	6	6%
Housing	\$2,031,789	14%	19	18%
Forestry	\$1,515,454	11%	4	4%
Health	\$672,377	5%	5	5%
Tourism	\$650,018	5%	4	4%
Microenterprise	\$270,487	2%	12	11%
Fisheries & Aquaculture	\$112,394	1%	3	3%
<b>TOTAL</b>	<b>\$14,228,684</b>	<b>100%</b>	<b>105</b>	<b>100%</b>

## OUR IMPACT

JOBS CREATED AND RETAINED		
<i># of Jobs at Time of Loan</i>	<i># of Projected New Jobs</i>	<i># of Projected Construction Jobs</i>
1,917	469	283

WOMEN OWNED/CONTROLLED BUSINESSES			
<i>\$ Balance</i>	<i>% of \$ Balance</i>	<i># of Loans</i>	<i>% of Loans</i>
\$2,803,302	20%	17	16%

ENVIRONMENTAL BENEFIT			
<i>\$ Balance</i>	<i>% of \$ Balance</i>	<i># of Loans</i>	<i>% of Loans</i>
\$9,027,017	63%	55	52%

## CORE MISSION INVESTMENTS

CEI pooled together debt capital from funding sources with similar financial and impact objectives and named this “Core Mission Investments.”

- On October 1, we absorbed CEI Notes (previously a subsidiary entity) into the CEI parent entity – creating a now larger pool of assets.
- This pool of capital has been deployed over time by our team into a loan portfolio of 105 deals totaling \$14.2 MM.





# Preserving Commercial Fishing Access

## MILLERS' WHARF LOBSTER LLC



By all measures, Maine's lobstering industry is an economic powerhouse, providing thousands of jobs and adding more than \$1 billion annually to the state's economy. This bright picture, however, belies two startling statistics: a very small percentage of Maine's 3,500 mile coastline provides commercial access to fishermen and nearly half the licensed lobstermen are over the age of 50. Transitioning this industry to the younger generation, while preserving working waterfront access, is crucial to the future of Maine's economy.

Purchased in 1978, Millers' Wharf in Tenants Harbor serves as home base for a lobstering business operated by the four Miller brothers and their extended families. Over twelve years, CEI worked closely with the Millers, providing a loan in partnership with Key Bank to expand the wharf and dredge so that bait and catch can be off-loaded regardless of the tide. With CEI financing, the Millers added four hoists, increasing efficiency and the number of boats they could serve.

"Without CEI, this project never would have flown. It was clear from the start that CEI had an in-depth knowledge of the fishing industry and understood the importance of preserving the working waterfront," said Hale Miller.

CEI also helped the Millers secure the property through the Working Waterfront Access Protection Program, ensuring access not only for future generations of Miller fishermen, but to other Tenants Harbor fishermen as well.



# Career Paths

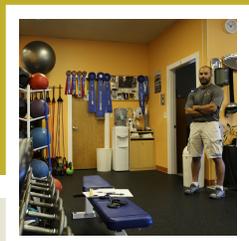
## AMERICAN ROOTS

American Roots is a family-run business that trains and hires job seekers and keeps manufacturing in Maine. Launched in 2015 by Ben Waxman and Whitney Reynolds, American Roots is a union company, manufacturing and selling 100 percent American-made Polartec outerwear. Its owners are committed to paying livable wages and providing benefits to its employees.

"CEI has been instrumental in helping us find and train workers who will be the backbone of American Roots," says Reynolds. "We were excited to collaborate with CEI's Portland Jobs Alliance on a training program. The microloan CEI provided for sewing machines took American Roots from concept to reality."

Within the manufacturing sector in Maine, stitchers are in short supply. The training program developed by CEI and American Roots will help address this shortage, providing viable career paths for employees. While the program isn't tailored specifically to them, many Mainers who arrive as immigrants and refugees have stitching experience, making this program a promising route to earning a livelihood in their new community.





*"CEI looks at the person, not just the bank statements, and took a chance on a 27 year old when no one else would."*

—JOE DE SILVA, OWNER,  
NATURAL FITNESS



*"We honestly couldn't have gotten this accomplished without CEI's hard work, dedication and tenacity."*

—SARAH MORNEAULT, CO-OWNER,  
TILLER & RYE



*"Knowing that CEI was just one call away gave us the confidence to execute this transaction, and continue our mission of bringing low-cost solar power to schools and municipalities across the NorthEast."*

—BOBBY LAMBERT, VP OF FINANCE,  
SUNRAISE INVESTMENTS LLC

## DISCLAIMERS

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## FOR MORE INFORMATION

CEI enters into private debt contracts of \$500,000 and over. To learn more, contact David Wedick, CFO, david.wedick@ceimaine.org or 207-504-5860.

CEI's offers private notes for accredited investors in amounts of \$5,000 and higher, with terms ranging from 3 to 10 years and rates from up to 2% to up to 3.5%. To learn more about CEI's investment notes, contact Elizabeth Rogers, SVP, elizabeth.rogers@ceimaine.org or 207-504-5890.

## ABOUT CEI

Coastal Enterprises, Inc. (CEI) is a mission-driven lender and investor specializing in rural economic development in Maine and throughout the U.S. CEI combines financing, advising services and policy leadership to help create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential.

CEI works closely with small and medium-sized businesses that drive sustainable local economies and quality jobs, including natural resource-based industries in the farm, fishery, aquaculture, forestry, renewable energy, and nature-based tourism sectors; as well as community facility and affordable housing development.

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