



**Thank You for Joining Us,  
The Webinar Will Begin Shortly.**



# Women Accessing Capital Training 130: Understanding Your Funding Sources

Course Instructor:

**Michelle Hoffman, CPA**  
**CEO, Hoffman CFO Consulting**





- The Voice for Women in Business in our Nation's Capital.
- National nonpartisan public policy organization representing over half a million Women Business Owners including 54 business organizations.
- Advocates for and on behalf of women and minorities in business.
- Thirty-one local Instant Impact teams across the country engaging with legislative officials and the business community to advocate for Women Business Owners.

[www.WIPP.org](http://www.WIPP.org)

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[www.WIPP.org](http://www.WIPP.org) [www.WomenAccessingCapital.com](http://www.WomenAccessingCapital.com)

1-888-488-WIPP

# Women Accessing Capital Program:

*National program from WIPP's "Women, Money and Opportunity" series.*

*The program is designed to educate women business owners on how to secure the money that will support and grow your business.*

[www.WomenAccessingCapital.com](http://www.WomenAccessingCapital.com)



# Instructor

Michelle Hoffman, CPA  
CEO and Founder  
Hoffman CFO Consulting

[www.hoffmancfo.com](http://www.hoffmancfo.com)



# Course Goals

- Evaluate and understand various funding sources and the pros and cons of each
- Financial Statements & Credit Scores: What you need to have and know for successful funding
- Using Your Money: Owners investment capital and loans, cash draws on credit cards, and bootstrapping
- Using the Money of Others: Friends and Family, Banks, AR Factoring and Private Equity



# Using Your Money

- **Bootstrapping** – Running on revenues or owner resources.
- **Owner’s Capital Investment** - Generally start up capital
- **Loan from Owner** – Up to \$10,000 without documentation, as long as you charge interest at least equal to the IRS “applicable federal rate.”  
Larger loan amounts require documentation.



# Using Your Money

- **Cash draws from credit cards / days-same-as-cash promotions** – For days-same-as-cash deals promotions, it's reported that 90% of people DO NOT pay the balance off in the promotional time frame and end up paying the retroactive interest.
- **Credit Cards** – Use with extreme caution. Also, if you take a cash draw from a credit card, DO NOT also use it as a credit card. Most fine print will note that payments will be applied to the open balance that has the lowest interest rate.



# Using the Money of Others – Be Prepared

- Credit History / Credit Score: Equifax, Experian, and TransUnion. [www.annualcreditreport.com](http://www.annualcreditreport.com)
- Personal Financial Statements – Form 413  
[www.sba.gov/content/personal-financial-statement](http://www.sba.gov/content/personal-financial-statement)
- Business Financial Statements
- Business Plan and 5 years financial projections





**PERSONAL FINANCIAL STATEMENT**

U.S. SMALL BUSINESS ADMINISTRATION

As of \_\_\_\_\_, \_\_\_\_\_

Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name	Business Phone
Residence Address	Residence Phone
City, State, & Zip Code	
Business Name of Applicant/Borrower	

ASSETS		(Omit Cents)	LIABILITIES		(Omit Cents)
Cash on hand & in Banks .....	\$	_____	Accounts Payable .....	\$	_____
Savings Accounts .....	\$	_____	Notes Payable to Banks and Others .....	\$	_____
IRA or Other Retirement Account .....	\$	_____	(Describe in Section 2)		
Accounts & Notes Receivable .....	\$	_____	Installment Account (Auto) .....	\$	_____
Life Insurance-Cash Surrender Value Only .....	\$	_____	Mo. Payments \$ _____		
(Complete Section 8)			Installment Account (Other) .....	\$	_____
Stocks and Bonds .....	\$	_____	Mo. Payments \$ _____		
(Describe in Section 3)			Loan on Life Insurance .....	\$	_____
Real Estate .....	\$	_____	Mortgages on Real Estate .....	\$	_____
(Describe in Section 4)			(Describe in Section 4)		
Automobile-Present Value .....	\$	_____	Unpaid Taxes .....	\$	_____
Other Personal Property .....	\$	_____	(Describe in Section 6)		
(Describe in Section 5)			Other Liabilities .....	\$	_____
Other Assets .....	\$	_____	(Describe in Section 7)		
(Describe in Section 5)			Total Liabilities .....	\$	_____
<b>Total</b>	\$	_____	Net Worth .....	\$	_____
			<b>Total</b>	\$	_____

Section 1. Source of Income	Contingent Liabilities
Salary .....	As Endorser or Co-Maker .....
Net Investment Income .....	Legal Claims & Judgments .....
Real Estate Income .....	Provision for Federal Income Tax .....
Other Income (Describe below)* .....	Other Special Debt .....

Description of Other Income in Section 1.


\*Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

**Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).**

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

**Section 4. Real Estate Owned.** (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

**Section 5. Other Personal Property and Other Assets.** (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency)

**Section 6. Unpaid Taxes.** (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

**Section 7. Other Liabilities.** (Describe in detail.)

**Section 8. Life Insurance Held.** (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries)

I authorize SBA/Lender to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by the U.S. Attorney General (Reference 18 U.S.C. 1001).

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

**PLEASE NOTE:** The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance Officer, Paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. **PLEASE DO NOT SEND FORMS TO OMB.**

# Common Bank Products

- ***Unsecured Bank Line of Credits*** – Up to \$25,000, directly to the business with good credit.
- ***Term Bank Loans and Larger Lines of Credits*** – While each bank evaluates how much they will lend differently, some general rules of thumb are that banks will not lend more than 80% of sales revenue or your accounts receivable balance.
- ***Small Business Administration (SBA) Loan*** – If you only marginally meet of the banks lending requirements, they may be willing to do the loan as an SBA loan. An interesting SBA loan program right now is the CDC/504 loan program, one use for which is to allow the borrower to purchase a building with 10% down. [Click here for SBA Loan Products.](#)



# Invoice / AR Factoring

- **Factoring** is when a business sells unpaid client invoices to the factoring company.
- The factoring company advances a percentage of the value of the “factored” invoices to the business and then charges interest on the value until the time the invoices are paid by the client.
- **This form of financing is generally used by established companies that don’t qualify for bank financing** because of low credit scores or other reasons. The interest rates charged by factoring companies are extremely high, similar to that of credit cards. However, for non-bankable companies experiencing rapid growth, factoring might be one of your only options for getting the cash you need while you improve your credit.



# Private Equity

## ✓ Friends and Family

## ✓ Angel Investors

✓ UNH Center for Venture Research (CVR) states that historically, angels have been the major source of seed and start-up capital for entrepreneurs.

✓ 2008 Angel Investments totaled \$19.2B with 55,480 companies, mostly in early stage, receiving funding

✓ Q2 2010 investments by sector: Healthcare 24%, Biotech 20%, Software 12% Industrial/Energy 11%, Retail 9% and Media 5%.

✓ CVR List of venture capital resources "to help entrepreneurs in their networking process of finding early stage capital".

[http://wsbe.unh.edu/Centers\\_CVR/cap\\_locator.cfm](http://wsbe.unh.edu/Centers_CVR/cap_locator.cfm)

## ✓ Venture Capitalists

✓ *Washington Business Journal* recently released its *2010 Book of Lists* which includes a ranking of 18 DC area Venture Capital Firms with the most capital under management.



# Technology Accelerator Programs

Open to all:

- <http://www.techstars.org/>
- <http://www.launchboxdigital.com/>
- [http://www.nvta.org/tec/fasttrac.php?utm\\_source=eBlast011411FastTrack&utm\\_medium=email&utm\\_campaign=eBlast011411](http://www.nvta.org/tec/fasttrac.php?utm_source=eBlast011411FastTrack&utm_medium=email&utm_campaign=eBlast011411)

For Women-Owned Business Only

- <http://www.goldenseeds.com/home>
- <http://springboardenterprises.org/>



# Other Programs & Resources

Other resources:

- Programs in local business groups: Example:  
[www.theleadership.org](http://www.theleadership.org)
- [www.countmein.org](http://www.countmein.org)
- [www.paladincapgroup.com](http://www.paladincapgroup.com) – Private equity with focus on defense and homeland security
- <http://www.onbid.org/bids/DoD-SBIR-Program.sq5488765.htm> - DoD Funding
- <http://www.iqt.org/> - Intelligence Community



# Questions?

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C F O C O N S U L T I N G



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## Powered by WIPP Education Foundation:

**Women, Money and Opportunity** brings resources and a wealth of knowledge from experts within the WIPP community to educate women business owners.



**Give Me 5**  
WIPP Gateway Program for Federal Contracting  
[www.GiveMe5.com](http://www.GiveMe5.com)



**Women Accessing Capital**  
WIPP Gateway Program for Securing Funding  
[www.WomenAccessingCapital.com](http://www.WomenAccessingCapital.com)



**Entrepreneurs, Energy & Environment (E3)**  
WIPP Gateway Program for Opportunities in Energy & Environment  
[www.EntrepreneursandEnergy.com](http://www.EntrepreneursandEnergy.com)



**Women And Technology Today**  
WIPP Gateway Program for Understanding Technology in Business.  
[www.WomenAndTechnologyToday.com](http://www.WomenAndTechnologyToday.com)



**Women For Wounded Warriors (W4WW)**  
WIPP Mentorship Program for Women Veterans & Spouses of Disabled Veterans in Small Business  
[www.WomenForWoundedWarriors.com](http://www.WomenForWoundedWarriors.com)



## Get Involved!

- Access to Capital, Energy, Procurement & Healthcare Committees
  - Local Instant Impact Teams
  - Weekly Policy Updates Relating to Your Business

1-888-488-WIPP

[www.wipp.org](http://www.wipp.org)

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