

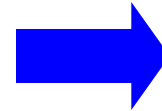
# Financing your Business

Timm Johnson, Director - Mason SBDC

October 22, 2025

# SBDC Services and Results

- One-on-one confidential business counseling
- Small group training seminars
- Conferences, workshops, seminar series
- Resource referral to local, state, federal and private sources



**JOBS**

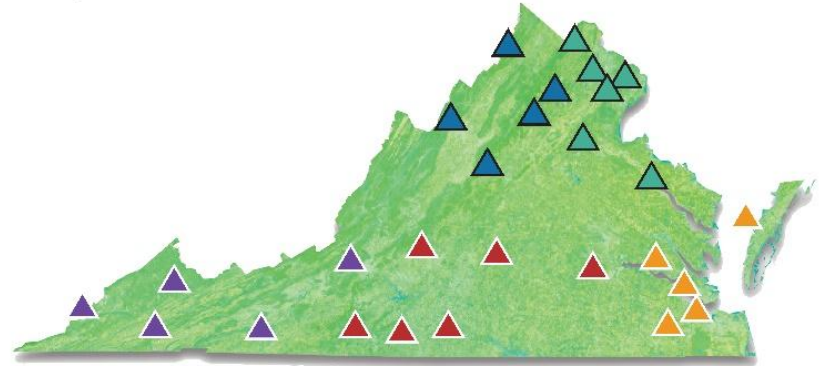
**SALES GROWTH**

**CAPITAL INVESTMENT**

**NEW BUSINESS  
STARTS**

# Virginia Small Business Support

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<https://www.virginiasbdc.org/>

<https://www.sba.gov/local-assistance/resource-partners/small-business-development-centers-sbdc>

<https://americassbdc.org/>

# Upcoming Workshops

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## **Marketing 101 \*Webinar (Live)\* - PW**

Wed 10/29/2025 - 10:00 AM to 12:00 PM

## **Building Your Value Proposition Design (VPD) - Webinar (Live) – PW**

Tues 11/04/2025 - 10:00 AM to 12:00 PM

## **Building Your Business Performance Dashboard Metrics - Webinar (Live) – PW**

Thur 11/13/2025 - 10:00 AM to 12:00 PM

## **Start a Business (Legal & Administrative Steps) - \*Webinar (Live)**

Wed 11/19/2025 - 10:00 AM to 12:00 PM

## **SEO and Social Selling - \*Webinar (Live)\* - PW County**

Wed 12/03/2025 - 10:00 AM to 12:00 PM

## **Mapping the Entrepreneurial Road Ahead - \*Webinar (Live)\* - PW County**

Thur 12/11/2025- 10:00 AM to 12:00 PM

<https://clients.virginiasbdc.org/events.aspx>

# Workshop Agenda

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- Financing Options – Equity, Grants, Crowd Funding, Loans
- Preparing for Financing
- Business Valuations

# Financing Your Business

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- How much capital do you need and for what?
- Startup Expenses?
- Working Capital?
- Investment for new products/services?
- Acquire a business or franchise?
- Buy a building?
- Expansion/Growth?

# Cash Needs – 2 Year Monthly Plan

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- Startup Expenses
- Predicting incoming cash from Sales
- Predicting expenses supporting Sales
- Payroll and Benefits, operating expenses
- One Time or Annual Paid Expenses
- Capital purchases and Investments
- Debt Repayment
- Cash Reserves

# Financing Your Business

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- Typical Funding Sources
- **YOU** – Savings, Home Equity Line of Credit, Family, 401K/IRA Rollover (ROBS)
- Equity Funding
- Grants and Government Funding
- Crowd Funding
- Micro Loans
- Bank Financing



# Financing Your Business

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## Raising Outside Money

- It is a **SALES** process
- Establishing Trust in You
- You are an **Expert** in your Market
- You have a Convincing Business Plan
- You are Creating a Relationship with your Banker/Investor/funder
- Understand their motivation

# Equity Financing

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## Angel Investors and Venture Capital

- They're in it for the money – 10X return
- High Growth with an exit within 4 years
- Challenging Valuation Negotiation
- Expensive for the Founders
  - Legal Fees
  - Cost of your Equity
  - Things don't go According to Plan

# Financing - Equity

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## Convertible Debt – Friends/Family or Angel Investors

- Valuation can't be established
- Promissory note – Converts to Equity at a later date
- Typical Conversion
  - 25% discount on the next round
  - Accrues interest 8%
  - No Payments for 2 years
  - May choose not to convert
- SAFE Note – Simple Agreement for Future Equity
  - Converts at a discount on the next round

# Investor Pitch Events

## Accelerate Breakfast Series



The Accelerate Breakfast Series offers a dynamic venue where entrepreneurs, investors, and business leaders engage and hear compelling investment opportunities from rapidly expanding technology firms. At each gathering, five carefully chosen high-growth companies are featured, granting them a platform to showcase their investment potential to an audience of 100+ early-stage investors and industry professionals.

<https://acceleratedeals.org/accelerate-breakfast-series/>  
<https://www.eventbrite.com/d/dc--washington/pitch/>

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Funded through a cooperative agreement with the U.S. Small Business Administration and George Mason University. All opinions, conclusions or recommendations are those of the author(s) and do not necessarily reflect the views of the SBA.

# Financing - Equity

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## Friends and Family

- Common Stock Class
- Reasonable Valuation?
- Buy Back Clauses in Operating Agreement

## Angel/VC Investors

### Preferred Stock Class

- Decision Approvals
- Dilution of Founders
- Tranche the funds over time

# Financing - Equity

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## Angel Investor Groups

- New Dominion Angels, 757 Angels
- Invest as a group or as Individuals

## Angel/VC Investors

- Seed Stage
- Series A
- Mezzanine

# Financing Your Business

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## Grant Funding

- Grants.gov – Grant listings for US Government
- SBIR.gov – Agency research grants
  - STTR – University Partnership
- Candid.org (formerly foundationcenter.org)
  - Non Profit and Foundation
- DC Foundation Center Library
- Your Public Library



Opportunity Number	Opportunity Title	Agency	Opportunity Status	Posted Date	Close Date
<a href="#">DE-FOA-0003574</a>	Request for Information (RFI): Accelerating Speed to Power/Winning the Artificial Intelligence Race: Federal Action to Rapidly Expand Grid Capacity and Enable Electricity Demand Growth	DOE-NETL	Posted	10/21/2025	11/21/2025
<a href="#">DHS-USCG-STATE-2026</a>	State Recreational Boating Safety (RBS) Grant Program	DHS-USCG	Posted	10/17/2025	12/17/2025
<a href="#">CMS-202-26-001</a>	Innovation in Behavioral Health (IBH)	HHS-CMS	Posted	10/16/2025	06/03/2026
<a href="#">CDC-RFA-JG-26-0176</a>	Strengthening the HIV treatment and care program in Sierra Leone to accelerate progress to achieve epidemic control under the President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0177</a>	Strengthening community engagement and quality improvement of HIV/AIDS services in Sierra Leone under the President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0170</a>	Enhancing sustainable and integrated health, strategic information, and laboratory systems for quality comprehensive HIV services through technical assistance to the Republic of Rwanda under the President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0178</a>	Strengthening Ghana Health Service laboratory systems activities under the President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0174</a>	Implement and sustain a comprehensive response to HIV and technical assistance to strengthen the capacity of regional authorities in the United Republic of Tanzania under PEPFAR	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0188</a>	Strengthening national laboratory and HIV epidemiologic monitoring capacities and systems to enhance an efficient, resilient and self-reliant response to HIV, TB and related public health threats in the Kingdom of Eswatini under PEPFAR	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0172</a>	Sustaining HIV services in Ukraine through targeted testing, treatment, prevention, and differentiated services under the President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">CDC-RFA-JG-26-0179</a>	Supporting life-saving HIV services and related health systems in Zambia on a pathway to self-reliance under the President's Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/16/2025	
<a href="#">RFA-OH-26-010</a>	Promoting World Trade Center Health Program Youth Research Cohort Recruitment and Retention Using Principles of Community Engaged Research (CEnR) to Build Community Participation (U01)	HHS-CDC-HHSCDCERA	Forecasted	10/15/2025	
<a href="#">RFA-OH-26-015</a>	Exploratory/Developmental Grants Related to the World Trade Center Health Program (R21)	HHS-CDC-HHSCDCERA	Forecasted	10/15/2025	
<a href="#">FR-CCD-23-012</a>	FY26-23-CCD-New_Haven_Line_Improvements New Haven Line - Track Speed Improvement Phase 1	DOT-FRA	Posted	10/10/2025	10/30/2025
<a href="#">DE-FOA-0003607</a>	Notice of Intent (NOI) DE-FOA-0003607, is to Issue Notice of Funding Opportunity (NOFO) No. DE-FOA-0003606, titled, "Improving Efficiency, Reliability, and Flexibility of Coal-Based Power Plants"	DOE-NETL	Posted	10/06/2025	10/31/2025
<a href="#">DE-FOA-0003605</a>	Restoring Reliability: Coal Recommissioning and Modernization	DOE-GFO	Posted	10/03/2025	11/13/2025
<a href="#">CDC-RFA-JG-26-0167</a>	Strategic support for human resources for health for the Ministry of Health and Social Services (MOHSS) to sustain HIV epidemic control in Namibia under the U.S. President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/02/2025	
<a href="#">CDC-RFA-JG-26-0169</a>	Strengthening government capacity for implementation and management of public health systems for quality improvement, monitoring and evaluation, survey/surveillance and health information system for program sustainability in Nigeria under PEPFAR	HHS-CDC-GHC	Forecasted	10/02/2025	
<a href="#">CDC-RFA-JG-26-0155</a>	Improving quality of care and health outcomes through innovative systems and technologies in Malawi under the President's Emergency Plan for AIDS Relief (PEPFAR)	HHS-CDC-GHC	Forecasted	10/02/2025	



# VIPC Startup Funding

## Startup Funding Opportunities by Company Maturity



### Launch Grant



### Launch Note



### VVP Pre-Seed Investment



### VVP Seed Investment

Amount	\$50,000	Up to \$150,000	Up to \$250,000	\$500,000 – \$1 million
Match	1:1	2:1	Variable / Round	Variable / Round
Company Stage	Pre-MVP	MVP	MVP – Early Traction	MVP – Growth
Round Size	N/A	\$300,000 – \$750,000	\$750,000 – \$2 million	\$2 – 10 million
Revenue	Pre-Revenue	0 – \$200,000	0 – \$500,000	0 – \$3 million

<https://vipc.org/funding/virginia-venture-partners/>

# Private Grants

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**National Association for the Self-employed (NASE) Growth Grants:** ([www.nase.org](http://www.nase.org)) these grants are intended for members that want to grow their business, and they offer \$4,000 and the awarded funds can be used for a wide range of business activities

**City of Manassas Cash Grants:** 1) **Façade Improvement Grant** - cash grants can fund up to 33% of the cost of making exterior renovations and repairs. 2) **Landscape Improvement Grant** - cash grants can fund up to 33% of the cost of landscape design and construction. 3) **Economic Opportunity Fund** - cash grant to offset costs like site acquisition, construction or renovations, permitting fees or relocation costs. - <https://choosemanassas.org/locate-and-expand/grants-incentives/>

**City of Fairfax Grants and Incentives:** The Fairfax City Façade & Interior Improvement Grant FIIG provides financial assistance to new and existing businesses through reimbursing 50% of project costs, up to \$20,000 for both façade and interior improvements, with preference given to projects that include façade improvements. - <https://gofairfaxcity.com/wp-content/uploads/2025/07/FIIG-FY26-Application.pdf.pdf>.

**Technology Zone (Business License Tax Abatement Program - Fairfax):** This program offers special tax exemptions to [Qualified Technology Businesses](#).

# Private Grants

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**Lease Incentive for Fairfax Tenants:** The Lease Incentives for Fairfax Tenants (LIFFT) program has been created to attract businesses of all sizes to Fairfax City's priority office buildings and support existing business expansions. This grant may be used by the incoming tenant for programs, personnel costs, or any operational needs. Applications for the LIFFT program will be accepted on a rolling basis. <https://gofairfaxcity.com/business-assistance/lifft>

**Amber grant:** these range from \$4,000 - \$30,000 per award, and awards are made monthly. In addition, they offer "year-end" grants of \$25,000. Applicant businesses must be women-owned, and owners must be able to explain how the business will use the funds.  
<https://ambergrantsforwomen.com/get-an-amber-grant/>

**Pollination Project** - Grants for non-profits. Annual budget for your group or organization must be less than \$50,000. The total cost for the immediate project for which you are requesting funding must be less than \$10,000. <https://thepollinationproject.org/apply/>

# Private Grants

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**American Seed Fund:** via the National Science Foundation, and targets early stage companies needing to prove their technology. Since 2012 there have been 3,400 grants awarded and during that time 153 exited the program that have received \$9.1 billion in private source funding (a “success” rate of .045%), and provide up to \$200 million annually - <https://seedfund.nsf.gov/> (Currently affected by funding lapses)

**Patagonia Corporate Grant Program** - Patagonia’s corporate grant program offers between \$10,000 and \$20,000 of funding to nonprofits with missions to protect and preserve the environment. (<https://www.patagonia.com/how-we-fund/>)

**Etsy Emergency Relief Fund at CERF+:** All Etsy sellers are eligible for a grant if they have experienced a federally declared natural disaster within the past year, have been an active seller on Etsy for at least one year, and their accounts with Etsy are in good standing.  
<https://survey.alchemer.com/s3/7001185/Disaster-Relief-Grant-App>

**Work Opportunity Tax Credit** (Federal) is a federal tax credit that encourages companies to hire employees from groups who have historically [faced significant barriers](#) to gainful employment.  
<https://www.irs.gov/businesses/small-businesses-self-employed/work-opportunity-tax-credit#targeted>

# Private Grants

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## **Virginia Tourism Corporation (VTC) funding and grants**

The Virginia Tourism Corporation (VTC) offers several funding programs to assist the Virginia travel industry <https://www.vatc.org/grants/>

**Youth and At-Risk Youth Grants:** Grants for youth programs, out of school youth, disadvantaged youth, grants for youth sports, at-risk youth, youth leadership and youth shelters. See a collection of foundations and grants (<https://virginia.grantwatch.com/cat/41/youth-out-of-school-youth-grants.html>)

**\$10,000 Breakthrough Grant** - Honeycomb Credit is offering a [\\$10,000 Breakthrough Grant](https://www.honeycombcredit.com/breakthrough) to support small businesses in achieving their next big milestone, such as opening a new location, launching a food truck, or franchising. <https://www.honeycombcredit.com/breakthrough>

**The Comcast Innovation Fund** was created to support technology and public policy research that contributes to the betterment of the Internet, and the continued evolution of connectivity products and services. The fund provides grants to technologists, researchers, and academics to support Internet- and connectivity-focused projects within the fund's areas of interest, which are updated annually. <https://innovationfund.comcast.com/>

# Private Grants

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**SPUR (Shared Purpose, Unlimited Reach) Pathways:** Macy's, Inc. and Momentus will provide access to a range of capital options from microloans to growth capital to equity investments. This effort aims to galvanize the retail industry to invest in the next generation of entrepreneurs. S.P.U.R. Pathways is specifically designed to support underrepresented growth-stage businesses offering loans or investments \$20,000 and above; no grants are available.

<https://www.macysinc.com/purpose/diversity-equity-and-inclusion/spur-pathways/default.aspx>

**Faire Small Business Grant** - The Faire Small Business Grant provides \$5,000 grants to select new retail businesses to help them stock their stores and cover their inventory expenses. To be eligible, applicants must be U.S.-based and have opened their retail store in 2023-2024 or plan to open this year. Applications are due June 30, 2025 - <https://www.faire.com/small-business-grant>

**Binc Foundation Emergency Financial Assistance** - [provides emergency financial assistance](#) to bookstore owners, booksellers, and comic store employees and owners facing unforeseen financial needs. <https://bincfoundation.org/>

# Private Grants

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**Start.Pivot.Grow. Micro Grant.** The Start.Pivot.Grow. Micro Grant provides \$2,500 in non-dilutive funding to small businesses for essential expenses like rent, inventory, or marketing. Open to U.S.-based, for-profit companies with at least two years of operation, eligible applicants must generate \$50,000+ annually and have no more than two employees, including the owner. (<https://www.startpivotgrow.com/microgrant>)

**DoorDash Local Business Disaster Relief Fund.** funding available to help small businesses like restaurants, flower shops, liquor stores, convenience stores, pet stores, and local grocery stores recover and thrive. Selected small businesses will receive grants ranging from \$5,000 to \$15,000 to invest in rent, utilities, maintenance, supplies, payroll, and other essential expenses that strengthen business operations and fuel recovery. Applications January 6, 2026 at 6 PM ET – <https://helloalice.com/grants/doorDash/>

**Verizon's Digital Ready** program is awarding 50 small businesses \$10,000 each. Enroll for free to apply and gain access to valuable resources, including workshops, personalized coaching, and networking opportunities. <https://digitalready.verizonwireless.com/>

# Private Grants

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**Walmart Spark Good Local Grants.** The Walmart Spark Good Local Grants program, provided by Walmart and Sam's Club, offers grants ranging from \$250 to \$5,000 for organizations that address the unique needs of local communities.

<https://www.walmart.org/how-we-give/program-guidelines/spark-good-local-grants-guidelines>

**IFundWomen Universal Grant Application.** Grants are a debt-free source of funding to help you launch and grow your business. At IFW by Honeycomb, our members have access to a variety of grants from our corporate partners like Poker Power, BOTOX® Cosmetic, Visa, Angel City Football Club, Caress, Johnnie Walker, adidas, American Express, and more. This is a resource for female entrepreneurs seeking grants -

<https://www.ifundwomen.com/grants/apply-for-grants>



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**30+**

Match Factors



**10X**

Faster Discovery



**1M+**

Grants Scored

**9**

**Safe Streets and Roads for All** 

 AI-matched • 90% compatibility

- Free searches within their databases
- AI enhanced searches based on your profile and body of work
- AI Grant writing support – eligibility, compliance and content
- Team of 28 grant writers under contract

# Questions?

# CrowdFunding

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## **Donation Crowdfunding**

Goal is to support a cause (Sick Individual, Non-profit) – no expectation of return.

GoFundME, CrowdRise

## **Regulation Crowdfunding**

Allows entrepreneurs to raise up to \$4 million/year in exchange of equity from non-accredited investors. Average raise is 200K/company.

CrowdFunder, Start Engine

## **Reward Crowdfunding**

Product pre-selling or rewards (e.g. t-shirt, discounts) in exchange of capital. No equity involved. Average raise is 30K/company.

KickStarter, Indiegogo, Bonfire

## **Lending Crowdfunding**

Focused on loans that the borrower will pay back to the lender (pre-determined timeframe and interest rate).

Lending Club

# Financing Programs

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## Micro Loan Programs

- Virginia Small Business Financing Authority
  - \$10-150K
  - Credit Score – 650, Personal Guarantee
  - In Business for 2 years
- Latino Economic Development Center
  - Loans to \$250K – 2 years in Business
  - Loans to \$20K – over 1 year in business
  - Loans to \$5K for Startups under 1 year in Business
  - Interest rates 6.5%

# Alternative Lenders

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- Claims to fund you when banks will not.
- Short Term loans – Daily Payback
- Factoring companies – Advance on your receivables
- Funds are created from Equity Investments
  - Need a high rate of return so high interest rates
- Can you generate enough profit to cover interest?

# Alternative Lenders – Non Recourse

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- Utilizes Client's Good Credit (the Government)
- Purchases Invoices to those clients (Government, Large Prime Contractors).
- 90% advance, Remaining 10% less fee on receivable collection
- 30 Net Averages a 12% annual Interest Rate
- No company or personal financial Review
- Non-Recourse – No company guarantee

# Bank Financing

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- Term Loans and Line of Credit.
- Cheap Money – Good Interest Rates, You are in Control
- Understand their Motivations and Processes
  - Sensitivity to Risk
  - Do you Fall inside their BOX?



# 5 C's of Business Credit

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- 1.Capacity
- 2.Character
- 3.Collateral
- 4.Capital
- 5.Conditions

# Financing Your Business

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- Loan Underwriting Process – a Risk Assessment
  - Ability to Service the Debt
  - Personal Credit Review and Situation
  - Collateral Position
  - Collection and Review of Documentation
    - Personal Financial Statement, Tax Returns, Business Plan and supporting Documentation

# Financing Your Business

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- Banks Supporting Small Business
  - Big Banks
  - Medium Banks
  - Community Banks

# Financing Your Business

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- Community Banks
  - \$100K to \$2M Loan Target
  - SBA Preferred Lenders
  - Loan Officers work with Underwriters and have Direct Access to the Loan Committee
  - Act as Business Advisors
  - Collateral Still is Important

# Financing Your Business

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- SBA Backed Loans (SBA 7a)
  - Loan Guarantee Program – Reduces Risk to the Lending bank.
  - The Bank Still Underwrites the Loan
  - Does NOT Reduce your Collateral or Exposure
  - Can Result in Higher Fees, More Paperwork
  - If you Default, The Bank Collects from You Before Turning to the Guarantee.

# Financing Your Business

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## SBA 504 Loan

- Commercial Building Purchase
- Funding Sources
  - Commercial Bank – 50%
  - SBA – 40%
  - Business 10%
- 51% Occupancy Requirement
- Prepayment Penalty for 10 Years

# Financing Your Business

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## Strategies for your Bank Presentation

- Which Bank to Target First – Referrals are good.
- Remember this is a SALES Presentation
- Compelling Business Brief (in PowerPoint)
- Meet at a Neutral Site
- Have the Paperwork Ready to Go
- Respond to Additional Information Requests

# Bank Presentation Prep

- Review you Credit Score and History
  - Personal Credit Score – 700 or higher
  - Business Credit – Dunn & Bradstreet
  - 20% Business Owners required to participate
  - NAV.com/sbdc – Free Credit review

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business financing

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[Get Started](#)

It's free and won't hurt your credit scores.



dun & bradstreet

experian

EQUIFAX

TransUnion



# Financial Projections

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- Predicting Cash and Profit by month for the next 2 years
- Compare future predictions against prior years
- Create in the same P&L Format
  - Sales (cash income)
  - Cost of Sales – Labor, Materials Subcontractors, ODCs
  - Fringe Expenses
  - Sales & Marketing Expenses
  - Overhead Expenses
  - G&A Expenses

# Sales Projections

- All businesses should have a **sales** driver that is in **their control**
- Think critically about how to project different items
  - Backlog of Exist Contracts
  - Capacity to deliver
  - Quality of Pipeline
  - Average Renewals
  - Inventory Acquisition
  - Similar Business Comparison

**What's Your  
Sales Driver?**

Be careful not to “over-model”

# Projections (Cont'd)

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- Labor Costs – **Bottoms Up Staff Plan**
  - Salaries and Wages calculated each for each employee starting in the month of hire.
- Other Costs associated with Headcount
  - Fringe Expenses - Medical, Taxes, Retirement
  - Communications, Tools, Equipment
  - Bonus, Raises
- Categorize at the Cost Center Level

# Projections (Cont'd)

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- Non-Labor Overhead/G&A Expenses
  - Normal Monthly Spending
  - Annual One Time Expenses (i.e. Liability Insurance)
- Growth Spending
  - Recruiting
  - Facilities
  - New Hire one time costs

# Summary Financial Plan

## Software Platform License, LLC Summary P&L (000s)

	2019 Actuals	2022 Budget	2023 Plan	2024 Plan	2025 Plan
<b>Revenue</b>					
<b>Platform Sales</b>					
SaaS License Platform	3,298	13,054	21,281	30,672	38,766
Reseller Sales	-	-	-	-	-
Professional Services	-	-	-	-	-
<b>Total Revenue</b>	<b>3,298</b>	<b>13,054</b>	<b>21,281</b>	<b>30,672</b>	<b>38,766</b>
<b>Direct Expenses</b>					
Customer Support Costs	113	234	322	381	381
Consulting Costs	421	1,115	1,735	1,758	1,758
Hosting/Platform Costs	77	77	77	77	77
<b>Total Direct Expense</b>	<b>612</b>	<b>1,426</b>	<b>2,135</b>	<b>2,216</b>	<b>2,216</b>
<b>Gross Profit</b>	<b>2,686</b>	<b>11,628</b>	<b>19,147</b>	<b>28,455</b>	<b>36,549</b>
Margin %	81%	89%	90%	93%	94%
Sales & Marketing	669	2,378	3,718	5,035	6,092
General & Administrative	418	726	1,001	1,258	1,281
Research & Development	251	514	557	658	658
<b>Total Operating Expenses</b>	<b>1,338</b>	<b>3,618</b>	<b>5,276</b>	<b>6,951</b>	<b>8,031</b>
<b>Net Operating Margin</b>	<b>1,348</b>	<b>8,010</b>	<b>13,871</b>	<b>21,505</b>	<b>28,518</b>
Depreciation & Amortization	5	16	26	30	30
<b>Profit Before Taxes &amp; Interest</b>	<b>1,343</b>	<b>7,993</b>	<b>13,845</b>	<b>21,475</b>	<b>28,488</b>
Net margin %	41%	61%	65%	70%	73%

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# Simple One Year Forecast

Cash Flow Projection - Year 1 for: <i>SAMPLE Business CY 2021</i>														
<i>After reviewing these samples, begin with your new Start-up Sheet. Hover the mouse across cells with red triangles for tips about that cell. Work with your SBDC Business Advisor to edit the rows to fit your specific business and test your assumptions.</i>														
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% of sales
Beginning Cash Balance	6,200	5,104	3,883	2,337	425	(421)	(817)	(2,029)	(2,075)	(2,921)	(4,533)	(5,229)	6,200	
<b>CASH RECEIPTS</b>														
Sales	5,000	5,000	5,000	6,000	6,000	6,000	7,000	7,000	7,000	6,000	6,000	6,000	72,000	100%
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
<b>Total Cash Receipts</b>	<b>5,000</b>	<b>4,250</b>	<b>4,500</b>	<b>6,000</b>	<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>6,000</b>	<b>5,500</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>72,000</b>	<b>100%</b>
<b>CASH DISBURSEMENTS</b>														
Cost of Goods Sold	1,500	1,275	1,350	1,800	1,650	1,650	1,650	1,800	1,650	1,500	1,500	1,500	18,825	26%
Gross Wages	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	2,623	31,476	44%
Payroll Expenses				866			866			866			2,598	4%
Supplies (Office & Operating)	100	100	100	100	200	100	100	100	200	100	100	100	1,400	2%
Repairs and Maintenance				50		50		50		50		50	250	0%
Marketing	500	100	100	100	500	100	100	100	500	100	100	100	2,400	3%
Travel													-	0%
Accounting and Legal				1,000									1,000	1%
Rent	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	17%
Telephone	30	30	30	30	30	30	30	30	30	30	30	30	360	1%
Utilities	100	100	100	100	100	100	100	100	100	100	100	100	1,200	2%
Insurance	-												-	0%
Taxes (Real estate, personal prop)			500										500	1%
<b>Total Cash Disbursements</b>	<b>5,853</b>	<b>5,228</b>	<b>5,803</b>	<b>7,669</b>	<b>6,103</b>	<b>5,653</b>	<b>6,469</b>	<b>5,803</b>	<b>6,103</b>	<b>6,369</b>	<b>5,453</b>	<b>5,503</b>	<b>72,009</b>	<b>100%</b>
<b>Net Cash Flow</b>	<b>(853)</b>	<b>(978)</b>	<b>(1,303)</b>	<b>(1,669)</b>	<b>(603)</b>	<b>(153)</b>	<b>(969)</b>	<b>197</b>	<b>(603)</b>	<b>(1,369)</b>	<b>(453)</b>	<b>(503)</b>	<b>(9)</b>	
<b>Adjustments to Net Cash Flow</b>														
(+) New Owner Investment														0%
(+) Other Investments														0%
(-) Debt-Loan Paymts	243	243	243	243	243	243	243	243	243	243	243	243	2,916	4%
(-) Owner Withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-	0%
<b>Adjusted Net Cash Flow</b>	<b>(1,096)</b>	<b>(1,221)</b>	<b>(1,546)</b>	<b>(1,912)</b>	<b>(846)</b>	<b>(396)</b>	<b>(1,212)</b>	<b>(46)</b>	<b>(846)</b>	<b>(1,612)</b>	<b>(696)</b>	<b>(746)</b>	<b>(2,925)</b>	
<b>Ending Cash Balance</b>	<b>5,104</b>	<b>3,883</b>	<b>2,337</b>	<b>425</b>	<b>(421)</b>	<b>(817)</b>	<b>(2,029)</b>	<b>(2,075)</b>	<b>(2,921)</b>	<b>(4,533)</b>	<b>(5,229)</b>	<b>(5,975)</b>	<b>3,275</b>	
for loan calculator: use <a href="https://www.bankrate.com/calculators/business/business-calculator.aspx">https://www.bankrate.com/calculators/business/business-calculator.aspx</a> Loan Amount * Loan Term in Years * Interest Rate = Monthly payment Entering our Loan amount of \$8,000 for 3 years at 6%, we end w/ a monthly payment (principle & Interest) of \$243.38														

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# Presentation Outline

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- Storyboard – Telling your Story
- About “You”
- Your Customer
- Your Offer
- Typical Sale
- Competition
- Marketing Plan
- Summary Financial Plan and History
- Your Ask

# Financing Your Business

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- Term Loans – Usually to Buy Something
  - Banks Don't Finance 100% of need
  - The Term is Based on Asset Life
  - Interest rates are typically fixed over the term.
  - Cash Flow Critical to Servicing the Debt



# Financing Your Business

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- Working Line of Credit
  - Accounts Receivable Based (75% of your 90-day A/R Balance) – Borrowing base
  - Interest Rates are variable – tied to the Prime Rate
  - Requires Regular Financial Reporting
  - Annual Renewal Fees
  - Could be Combined with a Term Loan

# Financing Your Business

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- What is Collateral?
  - Lien on Real Estate – 2<sup>nd</sup> Position to your Mortgage Company.
  - Business Assets
  - Cash in the form of Certificates of Deposit
  - Everything else establishes Net Worth but not as Collateral – Retirement Accounts, Securities held by your Broker, Vehicles, Jewelry, etc.
  - A Personal Guarantee is Required in ALL cases

# Avoiding Personal Collateral

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- Establishing a Formal Board of Directors with financial oversight
- Audited Financials
- History of profitability
- Industry Metrics
  - Current Ratio
  - Gross Margin %
  - Net Income %
  - Average A/R Days

The following financial benchmark data is based on annual financial statements submitted by member institutions of the Risk Management Association from Q2 of the first year listed through Q1 of the following year.

## Financial Ratios (Electrical Contractors, Industry-wide)

MEASURE	2020-21	2021-22	2022-23
Current Ratio ?	1.76	1.80	1.62
Quick Ratio ?	1.42	1.37	1.2
Days Inventory ?	5.0	7.0	8.96
Days Receivables ?	69	66	74
Days Payables ?	28.0	33.0	34.93
Pre-tax Return on Revenue ?	6.75%	7.13%	4.66%

# Financing Your Business

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## Why Banks may say NO

- Two Mortgages on your house – bank in a 3<sup>rd</sup> Position
- Low Credit Score, Credit Report Issues
- Personal Debt
- Business Experience
- Perceived Risk of the Market – i.e. Startup Restaurants, Untested Markets

# Questions?

# Business Valuation

# Market Value of your Business

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- Why value your business?
- Future Sale of the company
- Buyout a partner
- Estate or Divorce
- Equity Investment
- Stock Options for Employees
- Succession Planning



# Methods of Valuation

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- Real value is what someone else is willing to pay to buy it.
- Public Company Market Cap – Stock Price X Issued Shares
- Looking for a low or high valuation?
- Hire a certified business appraiser?

# Methods of Valuation

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- Back of the envelop valuation
  - .25 to 1 X of Annual Sales
  - 4 to 7 X of Net Income
  - 2.7 X Owner's Discretionary Income
- Formal Cash Discount Model
  - Cash Profit over X years
  - Discounted each year for Inflation (Net Present Value)
  - Book Value

## Business Valuation

This data on business valuations is supplied by DealStats, an online database with the most complete financial details on nearly 36,000 acquired companies. These companies are mostly small and medium-sized private firms.

### Summary Valuation Data for Car Washes

	MEDIAN	MEAN	# TRANSACTIONS	DATES
Price to Net Sales	0.88	1.48	134	02/05/1992–05/07/2021
Price to Gross Profits	1.11	2.01	124	02/05/1992–05/07/2021
Price to EBITDA	3.16	7.54	91	02/05/1992–05/07/2021
Price to EBIT	3.9	13.02	115	02/05/1992 –05/07/2021

# Compare Businesses for Sale



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## Building and Construction Businesses For Sale

Established Businesses

Franchises

Asset Sales

Start-Up Businesses

Real Estate

Classifieds

▾ Modify Your Search

▾ Sort

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### Well Established Licensed Construction Company-29971

**\$2,300,000**

Cash Flow: \$700,000

Well Established Licensed Construction Company-29971

Suffolk County, NY

Specializing in construction, drainage, asphalt, masonry and more. State, city, town and private work for major contractors. Heavy equipment included. Scalable business. This is a minority owned and operated business. For further information on this...

Contact Seller



### C&D Landfill, Waste Management & Demolition Op w/\$800K Net!

**\$4,950,000**

Cash Flow: \$800,000

Seller Financing

100yr old C&D Landfill/Waste Disposal&Demo.Biz 3yr \$800KSDE. !!!

Joplin, MO

Regional Commercial Waste Disposal and C&D Landfill & Industrial Demolition Op for sale with \$5M sales(3yr avg) \$800K net cashflow(3yr avg) This 100 year old company provides turnkey commercial waste disposal services and solutions. Business has a...

Contact Seller



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# Next Steps

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- Build a forward looking forecast
- Consider Contract Backlog and Pipeline
- New investment opportunity/New Offer
- Intangibles
  - Brand/Reputation/Certifications
  - People and Processes

## Questions?

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