

## **FUNDING YOUR BUSINESS**

### **Maria C. Pineda**

Outreach and Marketing Specialist  
San Francisco District Office

U.S. Small Business Administration

Email: [maria.pineda@sba.gov](mailto:maria.pineda@sba.gov)

Website: [sba.gov/district/san-francisco](https://sba.gov/district/san-francisco)

### **Lenesha Butts-Toney**

Community Development Officer

Working Solutions CDFI

Email [lenesha@workingsolutions.org](mailto:lenesha@workingsolutions.org)

Website: [www.workingsolutions.org](http://www.workingsolutions.org)

### **Jeff Jones**

Business Development Officer, VP

Bank of the West

Email [Jeff.jones@bankofthewest.com](mailto:Jeff.jones@bankofthewest.com)

Website: [www.bankofthewest.com](http://www.bankofthewest.com)

**DreamBuilder:** <https://www.sanpabloedc.org/dream-builder>

**SMALL BUSINESS TAX WORKSHOP:** <https://www.irsvideos.gov/Business/SBTW>

## **Formalizing Your Business**

Wednesday, April 26, 2023

10 AM – 11 AM

Register at: [www.SanPabloEDC.org/Calendar](http://www.SanPabloEDC.org/Calendar)

**Sugey Mojica**

Business & Housing Programs Manager

[SugeyM@sanpabloedc.org](mailto:SugeyM@sanpabloedc.org)

**Jessica Leal**

Business & Housing Programs Coordinator

[JessicaL@sanpabloedc.org](mailto:JessicaL@sanpabloedc.org)

For more information, visit: [www.sanpabloedc.org](http://www.sanpabloedc.org)

# Jeff Jones

---

Business Development Officer, VP  
(480) 267-3183  
Jeff.jones@bankofthewest.com

# Preparing for Business Lending

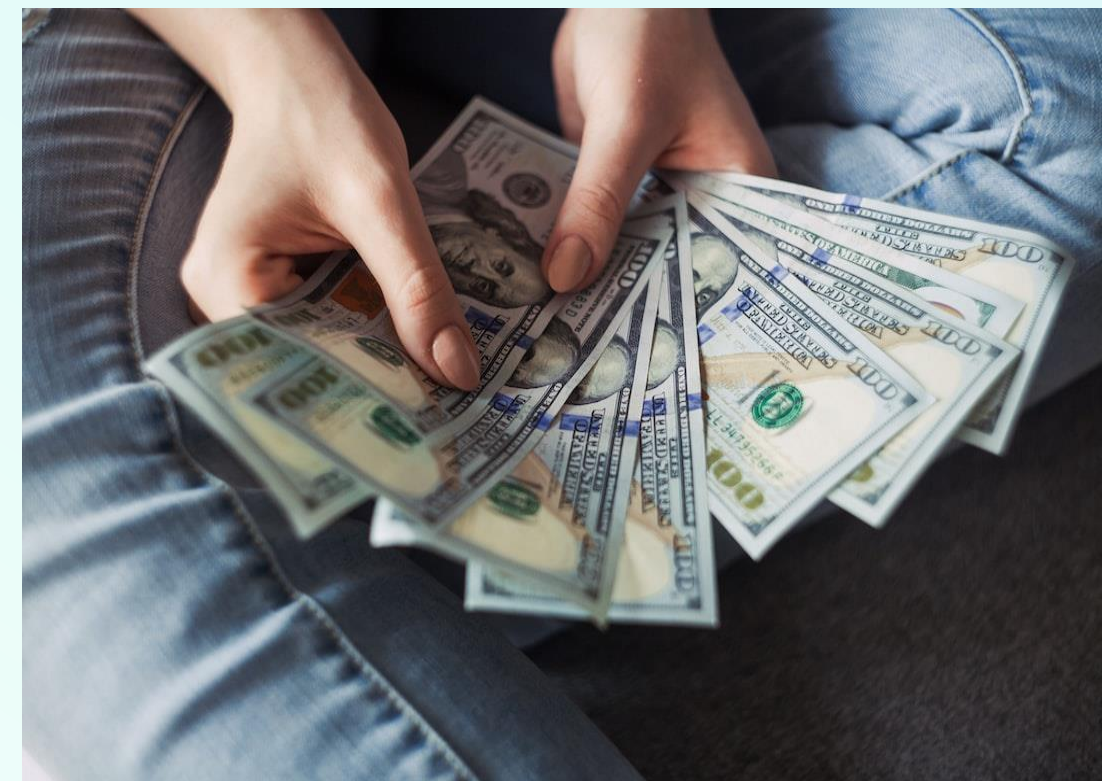
# THREE MAIN OPTIONS

1. Bank Lending
2. Hard Money Lending
3. Private Loans



# BANK LENDING

- Best interest rates, best terms
- General requirements to prepare:
  - Bank account
  - Tax returns
  - Profit & loss / balance sheet
  - 2-3 years in business
  - Good credit score





# HOW TO PREPARE FOR ACCESS TO CAPITAL

- Trusted CPA
- Tracking expenses daily or weekly
- Accounting software, Wave or Quickbooks
- Check your personal credit: [annualcreditreport.com](https://annualcreditreport.com)
- Business checking accounts
- Make a business plan



# Thank you!

Jeff Jones

Business Development Officer, VP

(480) 267-3183



# Capital Readiness:

*How to Prepare for a Business Loan*

Name: Lenesha Toney  
Title: Community Development Officer  
Date: April 19, 2023



# AGENDA

- About Working Solutions
- Mental Readiness
- Business Plans
- Documentation Readiness
- Approval Readiness
- Q + A



Nona Lim, Owner  
Nona Lim

# OVERVIEW

- Small business lender (\$5,000-\$100,000)
- Mission-driven nonprofit
- Specializing in microloans to start-up and early-stage entrepreneurs
- Offering free technical assistance and business consulting services
- Serving 19 counties in Northern California, from Mendocino to Monterey
- Community Development Financial Institution (CDFI), certified by U.S. Department of Treasury



Lauren Crabbe & Michael McCrory, Owners  
Andytown Coffee Roasters



# PRODUCT OFFERING



## Capital

- Small Business Loans
  - Microloans
- Small Business Grants



## Consulting

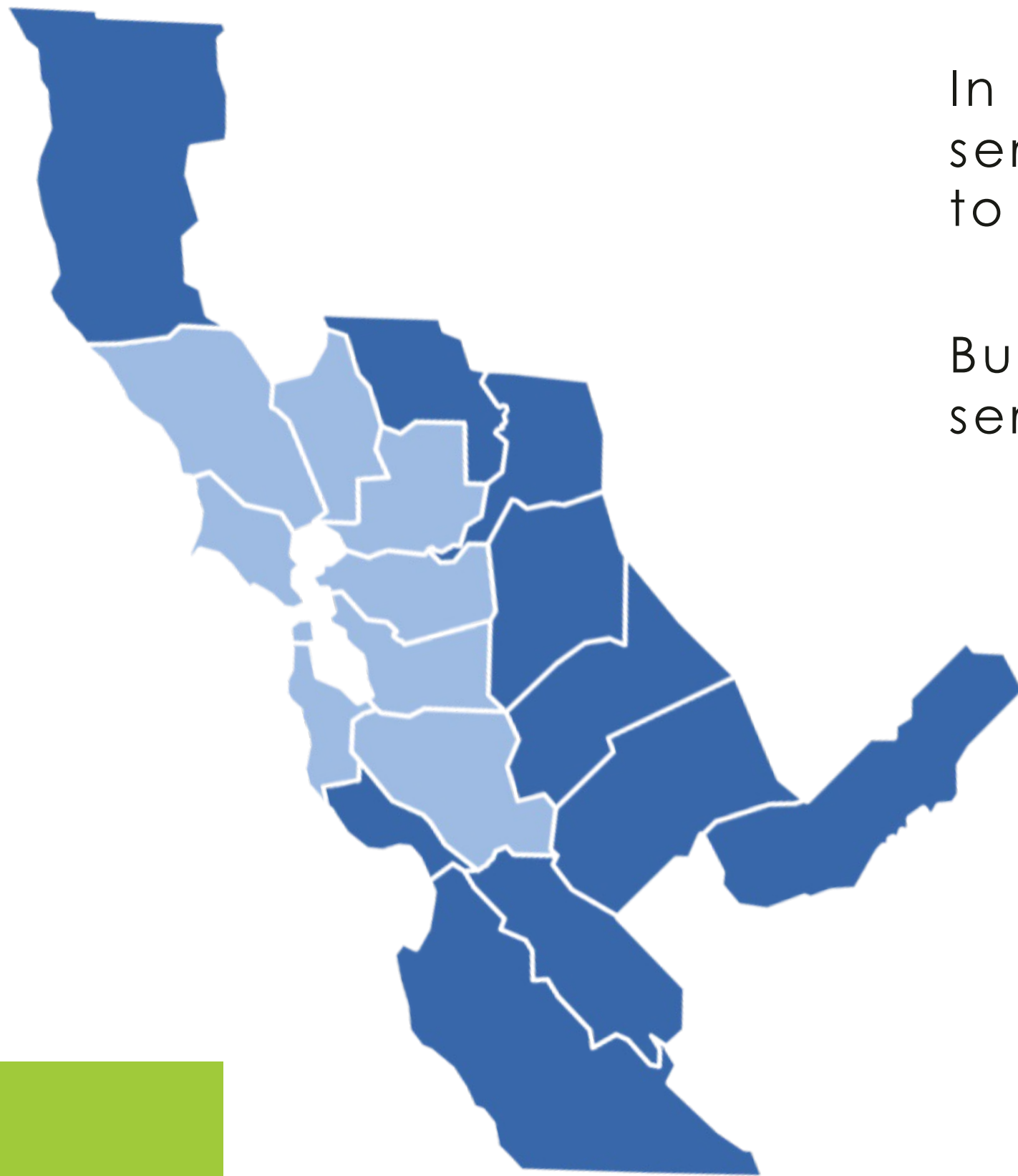
- Pre-Loan Technical Assistance
- Post-Loan Business Consulting

# Service Area

In 2022, Working Solutions expanded its service area from the nine county Bay Area to **19 Counties in Northern California.**

Business must operate in one of these counties served by Working Solutions:

- Alameda
- Contra Costa
- Madera
- Marin
- Mendocino
- Merced
- Monterey
- Napa
- Sacramento
- San Benito
- San Francisco
- San Joaquin
- San Mateo
- Santa Clara
- Santa Cruz
- Solano
- Sonoma
- Stanislaus
- Yolo





# Eligibility

- Owner(s) must be at least 18 years old and have at least 1 year of recent, paid, same-industry experience in an eligible industry.
- Owner(s) must be current on all debt, have no active liens or judgement, and not have declared bankruptcy within the last 12 months.
- Startups must have a secondary source of income.

## Ineligible Industries

### Excluded industries:

- Cannabis
- Adult entertainment
- Real estate investment
- Gambling
- Non-profit

### Restricted industries (which require additional review):

- Hookah lounges
- Bars
- Smoke shops



Maria Palacio, Owner  
Progeny Coffee

## ALL-TIME IMPACT

(since 2005)

# \$42 million

TOTAL AMOUNT OF LOANS & GRANTS

## 35,000+

TECHNICAL ASSISTANCE HOURS

## 2,500

BUSINESSES FUNDED

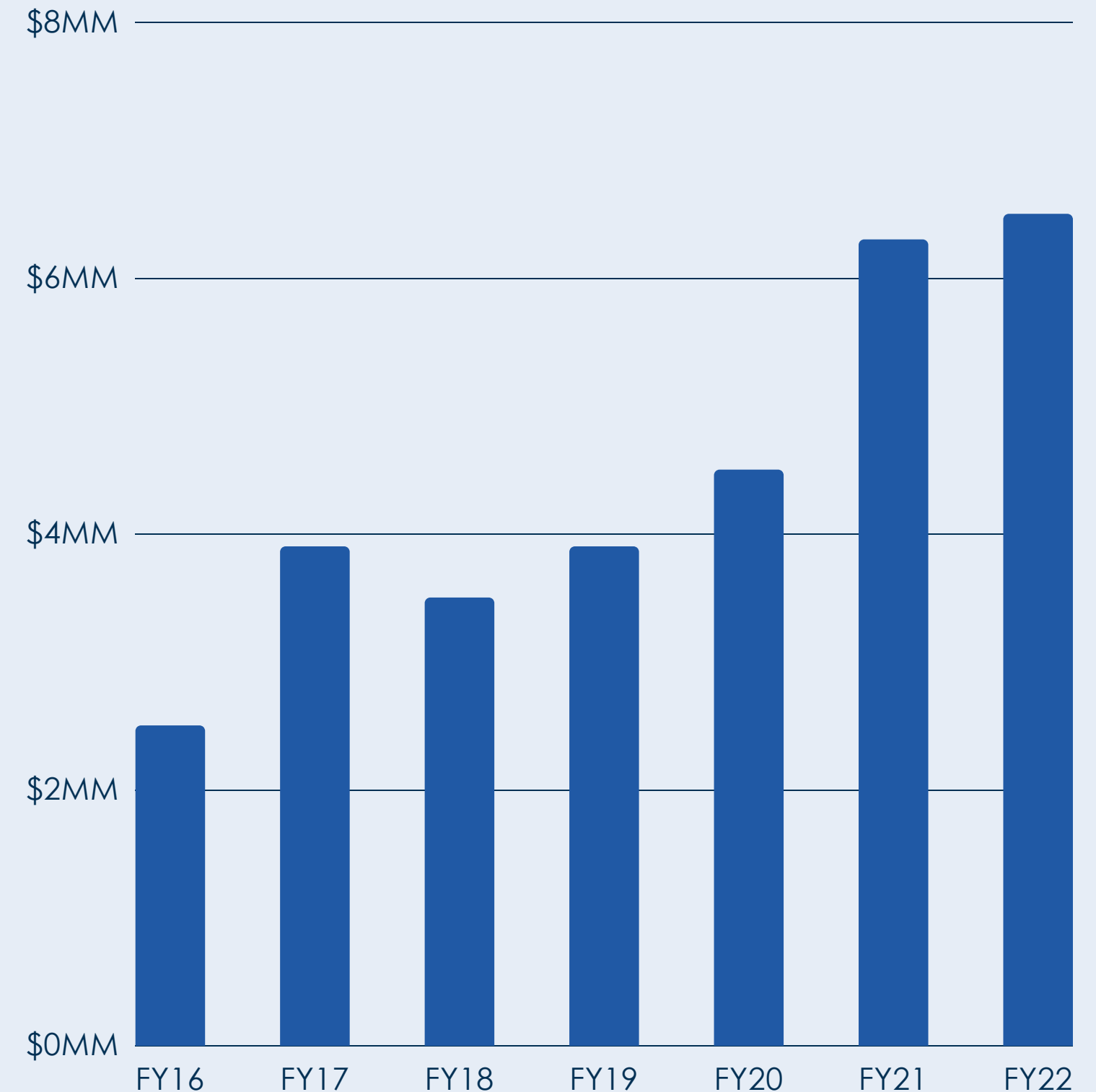
## \$25,000

AVERAGE LOAN AMOUNT

## 95%

REPAYMENT RATE

## ANNUAL DEPLOYMENT (FY16-FY22)



# Business Plan

Are you ready?

## Traditional Business Plan

This comprises a written document containing information about the goals, structure, and potential market sector of your company.

## Conventional Business Plan

What most financial entities expect from entrepreneurs when **applying for loans**. This is because it is a more comprehensive document that covers your prospective venture in depth.

## Business Model Canvas (BMC)

A lean business plan and presents the same information in a much more concise, visual format on a single page

## What Are the 3 Main Purposes of a Business Plan?

. Securing financial  
investment

Assessing the feasibility  
of management goals

. Planning future strategy  
for the business

## What Are the 5 Elements of a Business Plan?

- **Executive Summary** - Simple description of what your business is and why it'll be a success.
- **Company Description** - Detail what your company will do, who it will target, and the main strengths it has in its market.
- **Marketing and Advertising Plan** - Explanation how you'll communicate the new business and its services to the public as well as the marketing channels you'll go through.
- **Operational Plan** - How your company will function, types of services or products that you will offer as well as how you will provide it functionally. If you have patents, copyright, and trademarks that will need to be acquired.
- **Financial Plan** - Explain what financial backing you need and what you've already secured. This should indicate the amount of time you'll need the money for (for example over 5 years) and with which precise necessities it will be put to use.
- **Financial Projections:** An investor's key goal in putting money into your business is to eventually turn a profit. Therefore in this part of the plan, you need to show when you expect to make your first profits and what will need to happen to reach that goal.



# Mental Readiness

Are you ready for a business loan?

## Awareness

Identify your confidence level. Be prepared for the possibility of being declined.

## Discovery

If declined, understand the reason and learn from the opportunity.

## Recovery

Commit to a new road map. Find mission-centric institutions (like CDFIs) and understand the lender's expectations.

# FINANCIAL VOCABULARY

## Owner's Draw

How much you take monthly from the business for your personal living expenses.

## Personal Guarantee

Your responsibility to pay back a loan.

## Variable Rate

Flexible interest rate, usually tied to the prime rate.

## Fixed Rate

Set interest rate for the term of the loan

## UCC Lien (Uniform Commercial Code)

A lender's claim on your business assets, meaning that you can't sell your business without paying off your loan first

# Documentation Readiness

Do you have all your documents ready?

## Financial Documents

- Bank Statements
- Tax Returns
- Pay Stubs
- Financial Statements

## Legal Documents

- Business License
- Articles of Organization
- Articles of Incorporation
- Bylaws

## Planning Documents

- Business Plan
- Recovery Plan
- Lease Agreement

# Documentation Readiness:

## Financial Documents

### PURPOSE

To verify recent income and expenses

### EXAMPLES

Bank Statements, Tax Returns, Pay Stubs, Financial Statements

### BEST PRACTICES

- Keep separate business and personal bank accounts
- Transfer funds needed for personal expenses into your personal bank account

### RESOURCES

- Use reputable platforms: QuickBooks Advisors or NABA SF (National Association of Black Accountants) to hire a bookkeeper
- Take classes from SBDC ([norcalsbdc.org](http://norcalsbdc.org)) or get additional tutorials at [businessadvising.org](http://businessadvising.org)
- If the business is simple, use Excel to track sales and expenses – start now!

# Documentation Readiness:

## Legal Documents

### PURPOSE

To verify the legal structure of the company

### EXAMPLES

- *Individual/Sole Proprietorship/Partnership*: Fictitious Business Name/Business License
- *LLC*: Operating Agreement/Articles of Organization
- *Corporation*: Article of Incorporation/Bylaws

### BEST PRACTICES

- Keep good records and renew licenses when due
- Consult with an attorney (for free access to a business attorney, visit [startsmallthinkbig.org](http://startsmallthinkbig.org))

### RESOURCES

- County Clerk's Office
- California Secretary of State's office:  
[www.sos.ca.gov/business-programs/contact](http://www.sos.ca.gov/business-programs/contact)



# Documentation Readiness:

## Planning Documents

### PURPOSE

To verify feasibility of the business

### EXECUTIVE SUMMARY

Summarize in one page how the business operates and what makes it unique

### BUSINESS/RECOVERY PLAN

- The length of the business plan is not as important as the key points
- Topics: Product/Service, Competition, Marketing, Operations, Finance

### LEASE AGREEMENTS

- If you are renting a space, the lender will need to know the terms of your lease and how many years you have access to the space
- If possible, get a proposed lease agreement and wait for your loan approval before committing to the lease

# Approval Readiness

Do you know everything about your business?

## Cash Flow

- Show business profitability OR
- Show secondary source of income

## Credit History

- Keep your credit healthy
- Be prepared to share the reasons for any delinquencies

## Commitment

- Time in Business or Industry Experience
- Owner Injection (Time and/or Money)

## Communication

- Explanation of ups & down in business financials
- Provide timely clarifications

**DON'T GIVE UP!**

**We can work with you to prepare for financing.**



# CAPITAL: LOAN PRODUCT

- \$5,000-\$100,000
- 3- or 5-year loan terms
- 9%-11% interest
- Application Fee: \$50
- Closing Fees: 5% of loan amount
- Personal guarantee required
  
- No minimum credit score
- No minimum business revenue (can be pre-revenue)
- No collateral needed
- No prepayment penalties



Dionne McCray, Owner  
Iva Jewell by Dionne

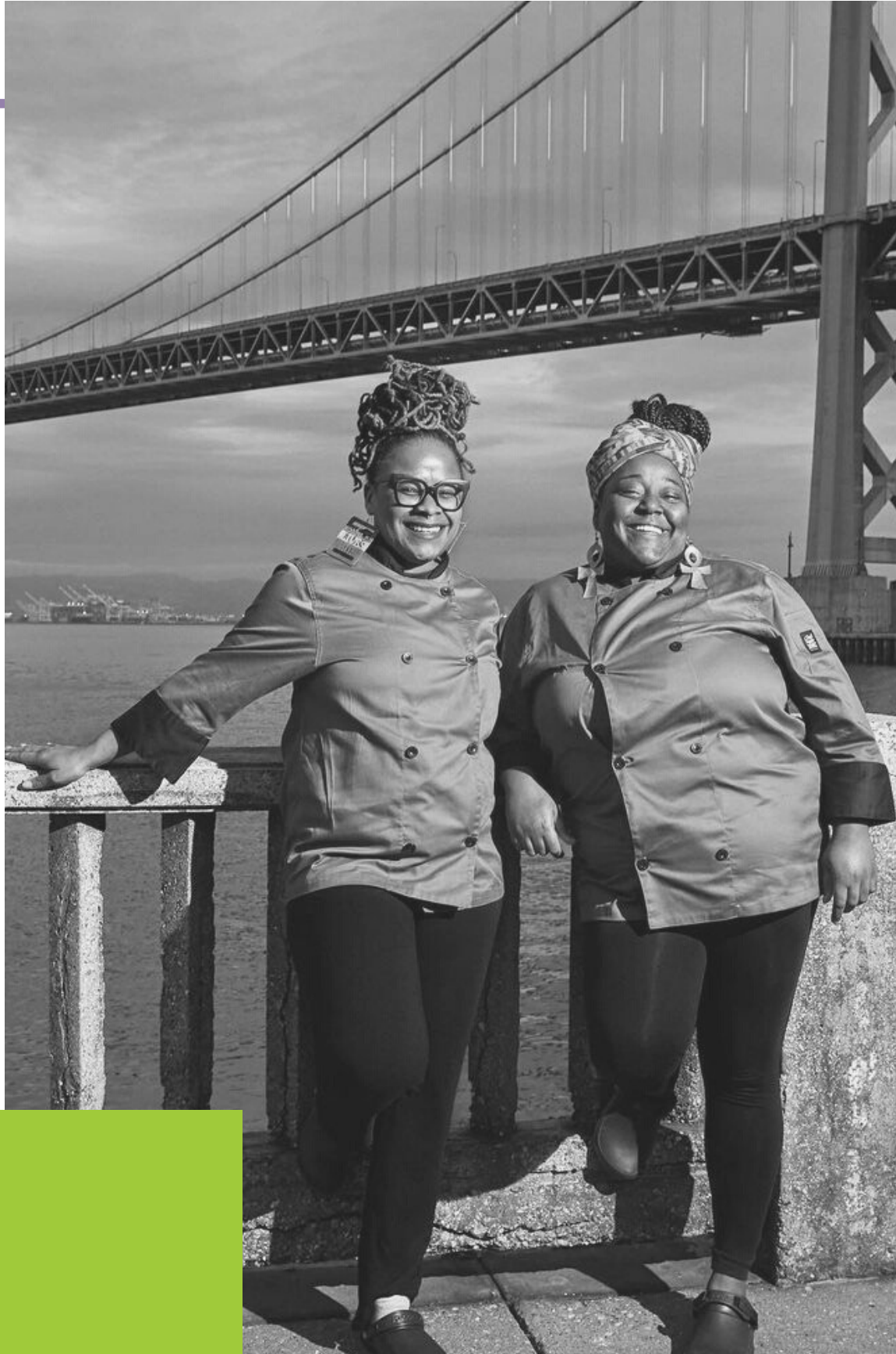


# CONSULTING

- Pre-loan = financial education and application assistance
- Post-loan = exclusive access to:
  - Digital Library of Self-Paced Tools
  - One-on-One Consulting Sessions
  - Connections to Partner Resources
- Consulting Program focuses on:
  - Money
  - Management
  - Marketing



First to Believe in *The Vegan Hood Chefs*



## THE VEGAN HOOD CHEFS SAN FRANCISCO

- Motivated by the lack of access to healthy foods in their community, chefs Ronnishia Johnson-Hasan and Rheema Calloway co-founded The Vegan Hood Chefs to support food justice and improve health outcomes in communities of color.
- Capital and consulting from Working Solutions helped Ronnishia and Rheema purchase a food truck and expand their menu of vegan soul foods.
- Today, The Vegan Hood Chefs regularly serve up healthy foods at events around the Bay Area and recently published their first e-cookbook, "The Hoodest Winter Ever."



# LOAN APPLICATION STEPS:

WHAT TO EXPECT





# CONTACT US



@workingsolutionsmicroloans



@working\_solutions



@ws\_microloans



Working Solutions Microloans



**Working  
Solutions**  
Capital. Consulting. Community.

Online

**[www.workingsolutions.org](http://www.workingsolutions.org)**

Email

**[info@workingsolutions.org](mailto:info@workingsolutions.org)**

Phone

**(415) 780-1217**





U.S. Small Business  
Administration

# ***Funding Your Business***

**Maria Pineda**  
**Outreach and Marketing Specialist**  
**San Francisco District Office (SFDO)**

April 2023

# Today's Objectives

- Provide SBA overview
- How we help small businesses
  - SBA-guaranteed business loans
  - International trade loans
  - Free business counseling

# Who is SBA?

- **Mission:** The U.S. Small Business Administration (SBA) helps Americans start, build, and grow businesses. SBA was **created in 1953 (Eisenhower Administration) as an independent agency of the federal government** to aid, counsel, assist and protect the interests of small business concerns; preserve free competitive enterprise; and maintain and strengthen the overall economy of our nation
- **Network of 68 district offices (DO) across the country**
  - **San Francisco District Office (SFDO) serves 14 counties:** Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma. **There are 6 state of CA DO:** Fresno, Los Angeles, Orange County/Inland Empire, Sacramento, San Diego and San Francisco

# SBA Business Loan Programs At-A-Glance

	Microloans	Community Advantage	7(a)	504
Maximum Loan Amount	\$50,000	\$350,000	\$5,000,000	\$5,000,000
FY22 average loan amount (SFDO)	\$24,695	\$185,806	\$748,057	\$1,242,939
Interest Rate	Fixed. 8-13%	Max rate is WSJ Prime + 4.5-6.5% depending on loan amount	Max rate is WSJ Prime + 3%-6.5% depending on loan amount	Fixed. 5.9-6.7%
Maximum Loan Term	6 years	25 years	25 years	25 years
Collateral	Microlender's policy	Business assets	Business assets	Property being acquired
Use of Proceeds	Working capital, inventory, supplies, and equipment	Working capital, inventory, supplies, raw materials, equipment, commercial real estate, refinance certain outstanding business debts, business acquisition	<b>Working capital, inventory, supplies, raw materials, equipment, commercial real estate, refinance certain outstanding business debts, business acquisition</b>	Acquisition or construction of commercial real estate or heavy equipment
Lenders	Non-profit microlenders	Mission-oriented lenders, primarily nonprofit financial intermediaries focused on economic development	Banks/credit unions/nonprofits	Certified Development Companies (CDC) + Bank (40-50-10% split)
Guarantee	N/A	Varies 75-85%	Varies 50-90%	40% of total project costs



# Interested in International Trade or Exporting?



Nearly 96% of consumers live outside the U.S.



Two-thirds of the world's purchasing power is in foreign countries



Evaluate your readiness & learn more by visiting <https://www.sba.gov/about-sba/sba-locations/headquarters-offices/office-international-trade>



# Who Can Help?

---

If you are looking to go global with international trade, tap a USEAC to:

- **Explore** the process of exporting
  - **Get help** with export financing and transactions
- 

## US Export Assistance Centers (USEAC)

Office of International Trade

Phone: (855) 722-4877

Phone: (415)-601-9708

michael.fazio@sba.gov

Website: <https://www.sba.gov/business-guide/grow-your-business/export-products>

Website: <https://www.sba.gov/local-assistance/export-trade-assistance/export-finance-managers#section-header-5>

# SBA Resource Partner Network

## Free business counseling



Approved and  
funded by SBA



- 34 offices in Northern CA
- 300+ advisors
- Free business advising



Find local resource  
partners near you at  
[SBA.gov/local-assistance](https://www.sba.gov/local-assistance)



# SBA Resource Partners

## SCORE

- <https://www.score.org/find-mentor>



## Small Business Development Centers

- <https://americassbdc.org/find-your-sbdc/>



## Veterans Business Outreach Centers

- <https://www.norcalvboc.org/>



## Women's Business Centers

- <https://californiawbc.org/location-finder/>





U.S. Small Business  
Administration

## *Questions?*

[maria.pineda@sba.gov](mailto:maria.pineda@sba.gov)

Follow the SBA on Twitter: @SBAgov

**For more information about SBA programs and services visit:**

U.S. Small Business Administration ([www.sba.gov](http://www.sba.gov))

San Francisco District Office website

[www.sba.gov/district/san-francisco](http://www.sba.gov/district/san-francisco)