

# Turning Your Expertise Into a Scalable Business

**Fireside Chat Workbook** · Is Your Business Funding-Ready?

*A Working Session from Lahteefah M. Parramore, CPA*

Oct 3, 2026 · @Lah

## Welcome: Your Revenue Is Not Your Readiness

Your business may be generating revenue, but are your numbers ready for your next funding opportunity? Lenders, grant makers, and investors don't fund passion or sales alone. They fund proof: clean documents, a clear structure, and numbers that tell a believable story.

Today we follow one fictional founder, Maya Thompson of **Maya Wealth, LLC**, as she prepares to apply for a \$250,000 loan to grow her energy drink brand. Every document in this workbook is the kind a lender will ask for. Read them the way a lender would.

### How to use this workbook

- 1. **Follow the case.** Each section shows one of Maya's documents, fully filled in.
- 2. **Read with the lender lens.** Look for the "Lender Lens" notes under each document. They show what a credit analyst checks first.
- 3. **Pause and reflect.** Answer the prompts about *your* business as we go.
- 4. **Leave with a plan.** Finish the Loan-Readiness Checklist before you leave the room.

### Session roadmap

| Part | Focus                | Documents                                                             |
|------|----------------------|-----------------------------------------------------------------------|
| 1    | Business Foundations | Articles of Organization, EIN letter, Operating Agreement             |
| 2    | The Numbers          | Personal Financial Statement, Balance Sheet, Profit & Loss, Cash Flow |
| 3    | The Lender Lens      | Key ratios, red flags, the tough questions                            |

| Part | Focus           | Documents                                                   |
|------|-----------------|-------------------------------------------------------------|
| 4    | Working Session | Exercises, readiness checklist, funding options, next steps |

**Important Notice:** This workbook is for educational purposes only. Maya Wealth, LLC, Maya Thompson, and every name, number, address, document, and identification number in this workbook are fictional. Any resemblance to actual persons or businesses is coincidental. Nothing in this workbook is legal, tax, accounting, lending, or investment advice, and no professional relationship is created by attending this session or using this workbook. Contact your own attorney, CPA, and qualified business professionals before acting on anything here. See the full disclaimer at the end of this workbook.

## The Case Study: Meet Maya Wealth, LLC

Maya Thompson turned her expertise into a product: a clean-label energy drink sold under the Maya Wealth brand. After four years, the company crossed \$1 million in sales. Now a regional grocery chain wants Maya Wealth in 85 more stores, and Maya needs capital to fill the order.

| Snapshot   | Detail                                                                      |
|------------|-----------------------------------------------------------------------------|
| Legal name | Maya Wealth, LLC                                                            |
| Entity     | Florida limited liability company, single member, taxed as an S corporation |
| Formed     | March 15, 2022                                                              |
| Owner      | Maya Thompson, 100% member and Managing Member                              |
| Product    | Maya Wealth Energy, a 12 oz canned energy drink in 4 flavors                |
| Production | Contract manufacturer (co-packer); Maya owns the formula and brand          |

| Snapshot           | Detail                                                                                     |
|--------------------|--------------------------------------------------------------------------------------------|
| Sales channels     | Grocery and retail (60%), distributors (28%), online direct-to-consumer (15%), events (2%) |
| Team               | Maya, 2 full-time employees, 1 part-time employee                                          |
| FY2025 net revenue | \$1,020,000                                                                                |
| FY2025 net income  | \$73,000                                                                                   |

## The Ask

Maya plans to request a **\$250,000 SBA 7(a) loan**, 10-year term, at an assumed 10.75% rate.

| Use of Funds                                             | Amount           |
|----------------------------------------------------------|------------------|
| Co-packer minimums and inventory for the 85-store launch | \$120,000        |
| Slotting fees, in-store demos, and launch marketing      | \$55,000         |
| Second refrigerated delivery van                         | \$40,000         |
| Working capital reserve                                  | \$35,000         |
| <b>Total</b>                                             | <b>\$250,000</b> |

## Pause and Reflect

- If a lender called you tomorrow, how much would you ask for, and could you name exactly where every dollar goes?
- What growth opportunity is your business saying "not yet" to because of capital?

## Part 1: Business Foundations

Before a lender reads a single number, they confirm the business legally exists, who owns it, and who can sign. Three documents answer those questions.

## Document 1: Articles of Organization

Corporations file *Articles of Incorporation*. Because Maya Wealth is an LLC, its formation document is called *Articles of Organization*. Same purpose: it creates the company with the state.

### **SAMPLE — FICTIONAL, FOR EDUCATIONAL USE ONLY**

**ARTICLES OF ORGANIZATION FOR FLORIDA LIMITED LIABILITY COMPANY** Filed with the Florida Department of State, Division of Corporations Document Number: L22000000000 (sample) · Filed: March 15, 2022

**Article I – Name:** Maya Wealth, LLC

**Article II – Address:** Principal office: 1200 Sample Avenue, Suite 4, Miami, FL 33100. Mailing address: same as principal office.

**Article III – Registered Agent:** Sample Registered Agents, Inc., 500 Example Street, Miami, FL 33100. *Acceptance:* Having been named registered agent for the above company, I accept the appointment and agree to comply with the duties of the position. Signature of Registered Agent: \_\_\_\_\_

**Article IV – Manager or Authorized Representative:** Title: AMBR (Authorized Member). Name: Maya Thompson, 1200 Sample Avenue, Suite 4, Miami, FL 33100.

**Article V – Effective Date:** Effective upon filing.

**Signature:** I submit this document and affirm the facts stated herein are true.  
\_\_\_\_\_ Maya Thompson, Authorized Representative

## Lender Lens

- **Exact legal name.** "Maya Wealth, LLC" must match the bank account, EIN letter, tax returns, and loan application, character for character.
- **Active status.** The lender will pull a Certificate of Status. Missing the Florida annual report (due by May 1 each year) can leave the company inactive or dissolved.
- **Registered agent and address.** An outdated address is a small but visible red flag.
- **Time in business.** Formation date proves how long the business has operated; many lenders want two years or more.

## Document 2: EIN Confirmation Letter (IRS Notice CP 575)

The Employer Identification Number (EIN) is the business's federal tax ID. The IRS issues a confirmation notice, the CP 575, when the number is assigned. Lenders ask for it to match the business to its tax returns.

### SAMPLE — FICTIONAL, FOR EDUCATIONAL USE ONLY

**Department of the Treasury · Internal Revenue Service** Notice CP 575 · Date of this notice: March 22, 2022

MAYA WEALTH LLC MAYA THOMPSON SOLE MBR 1200 SAMPLE AVENUE STE 4  
MIAMI FL 33100

**Employer Identification Number: 00-1234567** (fictional)

Thank you for applying for an EIN. This number identifies your business on all federal tax returns, payments, and correspondence. Keep this notice in your permanent records.

| Item                  | Detail                                                                      |
|-----------------------|-----------------------------------------------------------------------------|
| Entity type at filing | Single-member LLC                                                           |
| Responsible party     | Maya Thompson                                                               |
| Employment tax filing | Form 941 (quarterly), Form 940 (annual)                                     |
| Later election        | S corporation status elected by Form 2553; income tax return is Form 1120-S |

### Lender Lens

- **Name match.** The name on the CP 575 must match the Articles and the bank account. A mismatch slows underwriting.
- **Tax return consistency.** The lender will request two to three years of business returns (Maya's: Form 1120-S plus her K-1) and verify them directly with the IRS using Form 4506-C.
- **Lost the letter?** Call the IRS Business and Specialty Tax Line and request a 147C verification letter. Don't wait until the week of your application.
- **S corp election.** If you elected S corp status, keep the IRS acceptance letter with your EIN notice. Lenders want to see both.

## Document 3: Operating Agreement

The Operating Agreement is the LLC's internal rulebook: who owns it, who decides, and who can borrow. Florida doesn't require you to file it with the state, but lenders almost always require you to produce it.

## **SAMPLE — FICTIONAL, FOR EDUCATIONAL USE ONLY**

### **OPERATING AGREEMENT OF MAYA WEALTH, LLC** A Florida Single-Member Limited Liability Company · Effective March 15, 2022

**Article 1 – Formation.** The Company was formed by filing Articles of Organization with the Florida Division of Corporations under the Florida Revised Limited Liability Company Act, Chapter 605, Florida Statutes.

**Article 2 – Name and Principal Office.** The Company's name is Maya Wealth, LLC. Its principal office is 1200 Sample Avenue, Suite 4, Miami, FL 33100.

**Article 3 – Purpose.** The Company may develop, produce through third-party manufacturers, market, and sell beverage products, including energy drinks, and engage in any other lawful business.

**Article 4 – Member and Ownership.** Maya Thompson is the sole Member and holds 100% of the membership interest.

**Article 5 – Capital Contributions.** The Member contributed \$35,000 in cash plus the Maya Wealth formulas, recipes, and brand assets at formation. Additional contributions are not required. Member loans to the Company are documented by promissory note and are not capital.

**Article 6 – Allocations and Distributions.** All profits and losses are allocated to the Member. Distributions are made at the Member's discretion, provided the Company can pay its debts as they come due after the distribution.

**Article 7 – Management.** The Company is member-managed. The Member, as Managing Member, has full authority to bind the Company, including authority to **open bank accounts, borrow money, sign promissory notes, grant security interests in Company assets, and execute loan documents.**

**Article 8 – Tax Treatment.** The Company has elected to be taxed as an S corporation. The Member is paid reasonable compensation through payroll.

**Article 9 – Transfers and Succession.** The Member may transfer all or part of her interest. On the Member's death or incapacity, her interest passes to her designated successor, who is admitted as a Member.

**Article 10 – Liability and Indemnification.** The Member is not personally liable for Company debts solely by being a Member. The Company indemnifies the Member for acts taken in good faith on its behalf.

**Article 11 – Dissolution.** The Company dissolves on the Member's written decision or as required by law. Assets go first to creditors, then to the Member.

Signed: \_\_\_\_\_ Maya Thompson, Sole Member · Date: March 15, 2022

## Lender Lens

- **Authority to borrow.** Article 7 is the first thing a lender reads. If it's missing, the lender will ask for a separate resolution authorizing the loan.
- **Ownership percentages.** SBA lenders generally require a personal guarantee from every owner holding 20% or more. Maya owns 100%, so she will guarantee the loan.
- **Member loans.** The \$30,000 Maya has lent the company shows up on the balance sheet. Lenders often ask the owner to sign a *standby agreement*, promising not to repay herself while the bank loan is outstanding.
- **Liability shield, with a catch.** The LLC protects Maya's personal assets from business debts, but her personal guarantee puts them back on the table for this loan.

## Pause and Reflect

- Is your entity's legal name identical on every document, account, and filing?
- Do you have a signed operating agreement (or bylaws) that says who can borrow on the company's behalf?
- When did you last file your state annual report?

## Part 2: The Numbers

For a small business loan, the lender underwrites two balance sheets: the company's and the owner's. Maya's personal finances are part of the credit decision because she will personally guarantee the loan.

### Document 4: Personal Financial Statement

*Modeled on SBA Form 413. Sample, fictional. Prepared for Maya Thompson as of September 30, 2026.*

#### Assets

| Asset                      | Detail                                          | Value (\$)     |
|----------------------------|-------------------------------------------------|----------------|
| Cash: checking and savings | Personal accounts                               | 18,400         |
| Retirement accounts        | Rollover IRA (former employer 401(k))           | 64,000         |
| Brokerage account          | Index funds                                     | 22,500         |
| Primary residence          | Condo, Miami (estimated market value)           | 385,000        |
| Automobile                 | 2023 SUV                                        | 24,000         |
| Business ownership         | 100% of Maya Wealth, LLC (book value of equity) | 196,000        |
| Personal property          | Furniture, jewelry, other                       | 15,000         |
| <b>Total assets</b>        |                                                 | <b>724,900</b> |

## Liabilities

| Liability                     | Monthly Payment (\$) | Balance (\$)   |
|-------------------------------|----------------------|----------------|
| Mortgage on primary residence | 2,150                | 268,000        |
| Auto loan                     | 520                  | 13,500         |
| Student loans                 | 260                  | 21,800         |
| Credit cards                  | 120 (minimum)        | 4,200          |
| <b>Total liabilities</b>      | <b>3,050</b>         | <b>307,500</b> |

**Net worth: \$724,900 – \$307,500 = \$417,400**

## Annual Income

| Source                              | Amount (\$)   |
|-------------------------------------|---------------|
| W-2 salary from Maya Wealth, LLC    | 60,000        |
| Distributions from Maya Wealth, LLC | 30,000        |
| <b>Total</b>                        | <b>90,000</b> |

## Contingent Liabilities

- Personal guarantee on the company's \$50,000 line of credit (\$25,000 drawn)
- Personal guarantee on the company's vehicle and equipment loan (\$32,000 balance)

### Lender Lens

- **Liquidity matters more than net worth.** Most of Maya's \$417,400 net worth is home equity, retirement funds, and her own business. Only \$40,900 is readily available (cash plus brokerage).
- **Retirement funds are discounted.** Lenders treat the IRA as less available because of taxes and penalties on early withdrawal.
- **Equity injection.** SBA loans for expansion may require the owner to put in cash. If the lender asks for 10% (\$25,000), Maya's liquidity drops sharply. She should know this answer before the meeting.
- **Global cash flow.** The lender adds Maya's personal income and debts to the business picture. Her \$3,050 in monthly personal payments must be covered after the new loan payment.
- **Credit report.** Expect a personal credit pull. Maya should check her report and correct errors 60 to 90 days before applying.

### Document 5: Balance Sheet

Maya Wealth owns \$375,500 in assets, owes \$179,500, and has \$196,000 in owner's equity. The balance sheet is a snapshot of one day; it must always balance.

*Maya Wealth, LLC · Balance Sheet · As of December 31, 2025 · Sample, fictional*

#### Assets

| Line Item                                       | Amount (\$) | Subtotal (\$) |
|-------------------------------------------------|-------------|---------------|
| <b>Current assets</b>                           |             |               |
| Cash: operating checking                        | 46,800      |               |
| Cash: savings reserve                           | 15,000      |               |
| Accounts receivable: retailers and distributors | 118,500     |               |
| Less: allowance for doubtful accounts           | (4,500)     |               |
| Inventory: finished goods (canned cases)        | 72,600      |               |
| Inventory: ingredients and raw materials        | 21,400      |               |

| Line Item                                                | Amount (\$) | Subtotal (\$)  |
|----------------------------------------------------------|-------------|----------------|
| Inventory: cans, labels, and packaging                   | 18,300      |                |
| Prepaid expenses (insurance, slotting)                   | 9,900       |                |
| <b>Total current assets</b>                              |             | <b>298,000</b> |
| <b>Fixed assets</b>                                      |             |                |
| Refrigerated delivery van                                | 42,000      |                |
| Warehouse equipment (racking, pallet jack, cold storage) | 38,500      |                |
| Leasehold improvements                                   | 12,000      |                |
| Office equipment and computers                           | 9,500       |                |
| Total fixed assets at cost                               | 102,000     |                |
| Less: accumulated depreciation                           | (36,000)    |                |
| <b>Net fixed assets</b>                                  |             | <b>66,000</b>  |
| <b>Other assets</b>                                      |             |                |
| Trademarks and brand registration                        | 6,500       |                |
| Security deposits                                        | 5,000       |                |
| <b>Total other assets</b>                                |             | <b>11,500</b>  |
| <b>TOTAL ASSETS</b>                                      |             | <b>375,500</b> |

## Liabilities and Equity

| Line Item                                                  | Amount (\$) | Subtotal (\$) |
|------------------------------------------------------------|-------------|---------------|
| <b>Current liabilities</b>                                 |             |               |
| Accounts payable (co-packer, can and ingredient suppliers) | 64,200      |               |
| Line of credit (\$50,000 limit)                            | 25,000      |               |
| Credit card payable                                        | 11,800      |               |

| Line Item                                        | Amount (\$) | Subtotal (\$)  |
|--------------------------------------------------|-------------|----------------|
| Current portion of vehicle and equipment loan    | 9,600       |                |
| Accrued payroll and payroll taxes                | 8,400       |                |
| Customer deposits (distributor prepayment)       | 6,000       |                |
| Sales tax payable                                | 2,100       |                |
| <b>Total current liabilities</b>                 |             | <b>127,100</b> |
| <b>Long-term liabilities</b>                     |             |                |
| Vehicle and equipment loan, less current portion | 22,400      |                |
| Note payable to member (Maya Thompson)           | 30,000      |                |
| <b>Total long-term liabilities</b>               |             | <b>52,400</b>  |
| <b>TOTAL LIABILITIES</b>                         |             | <b>179,500</b> |
| <b>Member's equity</b>                           |             |                |
| Member capital contributions (cumulative)        | 85,000      |                |
| Retained earnings, beginning of year             | 68,000      |                |
| Net income, 2025                                 | 73,000      |                |
| Less: member distributions, 2025                 | (30,000)    |                |
| <b>Total member's equity</b>                     |             | <b>196,000</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>              |             | <b>375,500</b> |

## Lender Lens

- **Receivables.** \$114,000 in net receivables is about 41 days of sales. The lender will ask for an aging report: who owes what, and for how long.
- **Inventory.** \$112,300 in inventory is about 78 days of cost of goods. For a drink with a shelf life, the lender will ask about expiration dates and slow-moving flavors.
- **Payables.** \$64,200 owed to suppliers. Are any past due? Late payments to the co-packer can stop production.
- **Member note.** The \$30,000 Maya lent the company may be treated as quasi-equity if she signs a standby agreement.

## Document 6: Profit and Loss Statement

Maya Wealth earned \$73,000 on \$1,020,000 of net revenue in 2025, a 7.2% net margin. The P&L shows performance over a full year.

*Maya Wealth, LLC · Profit and Loss Statement · January 1 to December 31, 2025 · Sample, fictional*

| Line Item                                     | Amount (\$)      | % of Net Revenue |
|-----------------------------------------------|------------------|------------------|
| <b>Revenue</b>                                |                  |                  |
| Grocery and retail wholesale                  | 612,000          | 60.0%            |
| Distributor sales                             | 288,000          | 28.2%            |
| Direct-to-consumer (online store)             | 148,500          | 14.6%            |
| Events and sampling sales                     | 21,500           | 2.1%             |
| Gross sales                                   | 1,070,000        | 104.9%           |
| Less: returns and allowances                  | (18,400)         | (1.8%)           |
| Less: slotting fees and promotional discounts | (31,600)         | (3.1%)           |
| <b>Net revenue</b>                            | <b>1,020,000</b> | <b>100.0%</b>    |
| <b>Cost of goods sold</b>                     |                  |                  |
| Co-packing (contract manufacturing)           | 214,200          | 21.0%            |
| Ingredients and raw materials                 | 143,800          | 14.1%            |
| Cans, labels, and packaging                   | 96,900           | 9.5%             |
| Warehousing and fulfillment                   | 34,500           | 3.4%             |
| Inbound freight                               | 28,600           | 2.8%             |
| Inventory shrink and spoilage                 | 7,000            | 0.7%             |
| <b>Total cost of goods sold</b>               | <b>525,000</b>   | <b>51.5%</b>     |
| <b>GROSS PROFIT</b>                           | <b>495,000</b>   | <b>48.5%</b>     |
| <b>Operating expenses</b>                     |                  |                  |
| Salaries and wages (2 full-time, 1 part-time) | 120,000          | 11.8%            |

| Line Item                                    | Amount (\$)    | % of Net Revenue |
|----------------------------------------------|----------------|------------------|
| Officer salary (Maya Thompson)               | 60,000         | 5.9%             |
| Marketing and advertising                    | 48,000         | 4.7%             |
| Outbound freight and delivery                | 32,400         | 3.2%             |
| Rent: office and warehouse                   | 30,000         | 2.9%             |
| Payroll taxes and benefits                   | 24,000         | 2.4%             |
| Brand ambassadors and in-store sampling      | 18,200         | 1.8%             |
| Depreciation                                 | 18,000         | 1.8%             |
| Insurance (product liability, general, auto) | 14,400         | 1.4%             |
| Professional fees (CPA, legal)               | 12,600         | 1.2%             |
| Travel and trade shows                       | 8,600          | 0.8%             |
| Utilities                                    | 7,200          | 0.7%             |
| Merchant and platform fees                   | 6,100          | 0.6%             |
| Software and subscriptions                   | 5,400          | 0.5%             |
| Vehicle expense                              | 4,500          | 0.4%             |
| Office supplies                              | 3,200          | 0.3%             |
| <b>Total operating expenses</b>              | <b>412,600</b> | <b>40.5%</b>     |
| <b>OPERATING INCOME</b>                      | <b>82,400</b>  | <b>8.1%</b>      |
| <b>Other income and expense</b>              |                |                  |
| Interest expense                             | (9,800)        | (1.0%)           |
| Interest income                              | 400            | 0.0%             |
| <b>NET INCOME</b>                            | <b>73,000</b>  | <b>7.2%</b>      |

*Maya Wealth is taxed as an S corporation, so income passes through to Maya's personal return. No federal entity-level income tax is shown, and Florida has no personal income tax.*

## Lender Lens

- **Gross margin of 48.5%.** Healthy for a co-packed beverage, but every point lost to slotting fees and discounts at the new chain cuts directly into it.
- **Channel concentration.** 60% of revenue comes from grocery and retail. How much comes from the single largest customer? Lenders ask.
- **EBITDA.** Operating income \$82,400 + depreciation \$18,000 = **\$100,400**. This is the cash the business generates to repay debt.
- **Owner pay is reasonable.** Maya's \$60,000 salary is real. A lender worries when an owner pays herself nothing, because profit looks inflated.

## Document 7: Statement of Cash Flows

Maya Wealth earned \$73,000 in profit but generated only \$58,000 in operating cash in 2025. The difference is cash tied up in receivables and inventory, which is exactly why growth companies borrow.

*Maya Wealth, LLC · Statement of Cash Flows (indirect method) · January 1 to December 31, 2025 · Sample, fictional*

| Line Item                                        | Amount (\$) | Subtotal (\$) |
|--------------------------------------------------|-------------|---------------|
| <b>Cash flows from operating activities</b>      |             |               |
| Net income                                       | 73,000      |               |
| Add back: depreciation                           | 18,000      |               |
| Increase in accounts receivable, net             | (32,700)    |               |
| Increase in inventory                            | (28,100)    |               |
| Increase in prepaid expenses                     | (2,400)     |               |
| Increase in accounts payable                     | 18,900      |               |
| Increase in customer deposits                    | 6,000       |               |
| Increase in credit card payable                  | 3,300       |               |
| Increase in accrued payroll and payroll taxes    | 1,600       |               |
| Increase in sales tax payable                    | 400         |               |
| <b>Net cash provided by operating activities</b> |             | <b>58,000</b> |
| <b>Cash flows from investing activities</b>      |             |               |

| Line Item                                        | Amount (\$) | Subtotal (\$)   |
|--------------------------------------------------|-------------|-----------------|
| Purchase of cold storage unit                    | (14,500)    |                 |
| Purchase of computers                            | (2,500)     |                 |
| Trademark registration costs                     | (1,500)     |                 |
| <b>Net cash used in investing activities</b>     |             | <b>(18,500)</b> |
| <b>Cash flows from financing activities</b>      |             |                 |
| Draws on line of credit                          | 40,000      |                 |
| Repayments on line of credit                     | (30,000)    |                 |
| Principal payments on vehicle and equipment loan | (9,000)     |                 |
| Loan from member (Maya Thompson)                 | 10,000      |                 |
| Distributions to member                          | (30,000)    |                 |
| <b>Net cash used in financing activities</b>     |             | <b>(19,000)</b> |
| <b>Net increase in cash</b>                      |             | <b>20,500</b>   |
| Cash, beginning of year (January 1, 2025)        |             | 41,300          |
| <b>Cash, end of year (December 31, 2025)</b>     |             | <b>61,800</b>   |

*Supplemental disclosure: interest paid in cash, \$9,800.*

### How the three statements connect

- **Net income** of \$73,000 on the P&L is the first line of the cash flow statement and flows into equity on the balance sheet.
- **Ending cash** of \$61,800 here equals checking (\$46,800) plus savings (\$15,000) on the balance sheet.
- **Equity** rolls forward: \$85,000 capital + \$68,000 beginning retained earnings + \$73,000 net income – \$30,000 distributions = \$196,000.

### Lender Lens

- **Profit is not cash.** Receivables and inventory absorbed \$60,800 of cash. An 85-store launch will absorb far more, before the stores pay.
- **Line of credit use.** Maya drew \$40,000 and repaid \$30,000. Lenders like to see a line that goes up *and* comes down.

- **Distributions.** Maya took \$30,000 out while borrowing \$10,000 back in from herself. Expect a question about why.
- **Ask for the timing.** Lenders often request a 12-month cash flow projection showing when the new loan payment is covered.

## Part 3: The Lender Lens

Maya Wealth passes the key tests: with the new loan, it earns \$1.69 for every \$1.00 of debt payments. But passing the math is only half the conversation.

### The Ratios a Lender Calculates

| Ratio                                 | Formula                                                                                        | Maya Wealth                                | Common Lender Benchmark                 |
|---------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------|
| Debt service coverage (with new loan) | $(\text{Net income} + \text{depreciation} + \text{interest}) \div \text{annual debt payments}$ | $\$100,800 \div \$59,700 = \mathbf{1.69x}$ | 1.25x or higher                         |
| Current ratio                         | $\text{Current assets} \div \text{current liabilities}$                                        | $\$298,000 \div \$127,100 = \mathbf{2.34}$ | 1.2 or higher                           |
| Quick ratio                           | $(\text{Cash} + \text{receivables}) \div \text{current liabilities}$                           | $\$175,800 \div \$127,100 = \mathbf{1.38}$ | 1.0 or higher                           |
| Debt to equity                        | $\text{Total liabilities} \div \text{equity}$                                                  | $\$179,500 \div \$196,000 = \mathbf{0.92}$ | Under 3.0 for many small business loans |
| Gross margin                          | $\text{Gross profit} \div \text{net revenue}$                                                  | $\mathbf{48.5\%}$                          | Compare to industry peers               |
| Net margin                            | $\text{Net income} \div \text{net revenue}$                                                    | $\mathbf{7.2\%}$                           | Consistent and positive                 |
| Days sales outstanding                | $\text{Receivables} \div \text{net revenue} \times 365$                                        | $\mathbf{41 \text{ days}}$                 | Close to your payment terms             |
| Days inventory                        | $\text{Inventory} \div \text{cost of goods} \times 365$                                        | $\mathbf{78 \text{ days}}$                 | Well inside product shelf life          |

*How the debt payment is built:* existing loan principal (\$9,000) + existing interest (\$9,800) + new SBA loan payments (about \$3,410 per month, or \$40,900 per year, on \$250,000 over 10 years at 10.75%) = \$59,700.

## Red Flags in Maya's File

- **Thin personal liquidity.** \$40,900 in liquid personal assets against a possible \$25,000 equity injection.
- **Distributions while borrowing.** \$30,000 out to Maya, \$10,000 back in as a member loan.
- **Customer concentration.** The growth plan depends on one grocery chain.
- **Working capital squeeze.** Receivables and inventory are growing faster than cash.
- **Year-old statements.** FY2025 numbers alone won't do. The lender will want 2026 year-to-date financials.

## The Tough Questions Maya Must Answer

1. What percentage of revenue comes from your top three customers?
2. What are the chain's payment terms, and how will you carry the inventory until they pay?
3. What happens to your margin after slotting fees and promotions at 85 new stores?
4. If the new stores sell half of what you forecast, can you still make the loan payment?
5. Is your co-packer able to handle the higher volume, and do you have a backup?
6. Why did you take distributions in the same year you lent money back to the company?
7. How much cash can you personally put into this deal?
8. Do you have product liability insurance that covers the new retailer's requirements?
9. What collateral can you offer, and are you prepared to pledge your home if asked?
10. Who runs the business if you are unavailable for 90 days?

## Pause and Reflect

- Which of these ten questions would be hardest for *you* to answer today?
- What is your business's debt service coverage ratio? If you don't know, that is your first homework assignment.

## Part 4: Working Session

Now it's your turn. Use your own numbers, even rough ones. A clear estimate today beats a perfect number you never calculate.

### Exercise 1: Your Debt Service Coverage Ratio

| Line                                          | Your Number (\$) |
|-----------------------------------------------|------------------|
| Net income (last full year)                   |                  |
| + Depreciation and amortization               |                  |
| + Interest expense                            |                  |
| = Cash available for debt service (A)         |                  |
| Annual principal and interest on current debt |                  |
| + Annual payment on the loan you want         |                  |
| = Total annual debt service (B)               |                  |
| <b>DSCR = A ÷ B</b>                           |                  |

At 1.25x or higher, you're in the conversation. Below 1.0x, the business can't yet carry the debt.

### Exercise 2: Your Use of Funds

| What the Money Buys  | How It Creates Revenue or Savings | Amount (\$) |
|----------------------|-----------------------------------|-------------|
|                      |                                   |             |
|                      |                                   |             |
|                      |                                   |             |
| <b>Total request</b> |                                   |             |

### Exercise 3: Your Funding Story in Three Sentences

Complete each sentence. This is the story your numbers must support.

1. My business solves \_\_\_\_\_ for \_\_\_\_\_.
2. With \$\_\_\_\_\_, I will \_\_\_\_\_.

3. This capital will be repaid from \_\_\_\_\_, and I know that because \_\_\_\_\_.

## Loan-Readiness Checklist

### Business foundations

- ☐ Articles of Organization or Incorporation, with a current Certificate of Status
- ☐ EIN confirmation letter (CP 575 or 147C)
- ☐ Signed Operating Agreement or Bylaws stating who can borrow
- ☐ Business licenses and permits
- ☐ Legal name identical across bank, IRS, state, and application

### Financial documents

- ☐ Balance sheet, last 2 to 3 year-ends plus year-to-date
- ☐ Profit and loss statement, last 2 to 3 years plus year-to-date
- ☐ Statement of cash flows
- ☐ 12-month cash flow projection including the new loan payment
- ☐ Accounts receivable and payable aging reports
- ☐ Business tax returns, last 2 to 3 years
- ☐ Business bank statements, last 6 to 12 months
- ☐ Debt schedule: every loan, balance, payment, and lender

### Owner documents

- ☐ Personal financial statement, dated within 90 days
- ☐ Personal tax returns, last 2 to 3 years
- ☐ Personal credit report reviewed and corrected
- ☐ Resume showing industry and management experience

### The story

- ☐ Written use of funds with amounts
- ☐ Short business plan or executive summary
- ☐ Answers prepared for the ten tough questions

## Beyond the Loan: Matching Capital to the Need

The right capital depends on what the money buys and how fast it pays back. Maya could fund parts of her plan in different ways.

| Capital Type                        | Best For                                 | What They Look At                        | Maya Wealth Fit                         |
|-------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------|
| SBA 7(a) loan                       | Growth, equipment, working capital       | Cash flow, credit, collateral, guarantee | Full \$250,000 plan                     |
| Bank line of credit                 | Seasonal or short-term working capital   | Receivables, inventory, cash cycle       | Carrying inventory until the chain pays |
| Equipment financing                 | Vehicles and machinery                   | The equipment itself as collateral       | Second delivery van                     |
| Purchase order or invoice financing | Large orders from creditworthy buyers    | The buyer's credit and the order         | The 85-store order                      |
| Grants                              | Mission, community, or industry programs | Eligibility, impact, reporting ability   | Partial; often small and competitive    |
| Equity investors                    | Fast scaling with higher risk            | Market size, growth rate, exit potential | Possible, but Maya gives up ownership   |

**Grants still require clean books.** Grant applications often ask for the same financial statements, a budget, and proof of good standing. The documents in this workbook serve every type of capital.

### Your Next Steps

- ☐ **This week:** Gather the documents you already have and list what's missing.
- ☐ **Within 30 days:** Get year-to-date financials prepared and reconciled to your bank statements.
- ☐ **Within 60 days:** Calculate your DSCR and draft your use of funds.
- ☐ **Within 90 days:** Meet with a lender *before* you need the money.

### Notes

Write your key takeaways and what you will do about each one.

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*Revenue gets you noticed. Readiness gets you funded.*

## Notes Pages

Use these pages to capture ideas, numbers, and questions as we talk.

## Notes: Business Foundations

[illegible]

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## Notes: The Numbers

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## Notes: The Lender Lens

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Questions for My Attorney, CPA, or Lender

Write each question, then note who you will ask: your attorney, CPA, lender, or another advisor.

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## My Numbers to Find

List each number or document you need and where it lives. Check it off when you have it.

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## Additional Notes

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