

Money Smart

Who's Lending Money???

We Are!!!

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Who's Lending Money?- We Are!!

Welcome & Introductions

- Selecting the Right Financial Institution
- Paperwork, Paperwork, Paperwork!!!
 - From Application to Settlement

Q & A

Selecting the Right Financial Institution

The Organization

- Small Business Model
- Products/ Fees
- Locations

The Individual

- Who
- Experience

Paperwork, Paperwork, Paperwork!!!!

Where are my tax returns????

Is my Quickbooks or accounting software up to date???

Did I finish updating my business plan??

What are my business & personal credit scores????

Loan Request Checklist

1. Loan Application
2. Personal Financial Statement (All Owners)
3. Current Year Business Financial Statements
4. Past 3 Years Business & Personal Tax Returns
5. 4506-T (IRS Form)
6. A/R Aging
7. Contract Backlog Report
8. Business Summary/Overview
9. Resume of Owners/ Key Management
10. Use of Proceeds
11. Projections
12. Recession Recovery Plan
13. Lease
14. Franchise Agreement

Loan Request Checklist

1. Loan Application- Business & Demographic information
2. Personal Financial Statement (All Owners)- Available collateral, net worth, overall financial position
3. Current Year Business Financial Statements- How you are doing now
4. Past 3 Years Business & Personal Tax Returns- Trends & history
5. 4506-T (IRS Form)- Confirmation
6. A/R Aging- Diversity, concentrations, collection practices
7. Contract Backlog Report- Current clients, \$\$ in pipeline
8. Business Summary/Overview
9. Resume of Owners/ Key Management- Value to business, experience
10. Use of Proceeds- Where is the money going
11. Projections- Impact of loan, your future
12. Recession Recovery Plan- Impact of any changes made or to be made
13. Lease- Obligation
14. Franchise Agreement- Obligation

C's of Credit

- Cash Flow- the available \$\$ to repay
- Credit- how have you handled your past obligations
- Collateral- a secondary source of repayment
- Conditions- what's going on in your industry, community and the economy

Cash Flow???

Net Income

+ Interest Expense

+ Depreciation

+ Amortization

+ Non-Recurring Expenses =

Total Available for Debt

/ Annual Payment for New Debt =

Cash Flow Coverage

Click on Sign to add text and place signature on a PDF File.

Form **1120S** U.S. Income Tax Return for an S Corporation OMB No. 1545-0130
 Department of the Treasury Internal Revenue Service **2010**

Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation. See separate instructions.

For calendar year 2010 or tax year beginning , 2010, ending

A S election effective date 01/01/10	TYPE OR PRINT	Name [REDACTED]	D Employer identification number [REDACTED]
B Business activity code number (see instrs) 812190		Number, street, and room or suite no. If a P.O. box, see instructions. [REDACTED]	E Date incorporated 01/13/09
C Check if Sch M-3 attached <input type="checkbox"/>		City or town, state, and ZIP code [REDACTED] MD [REDACTED]	F Total assets (see instructions) \$ 350,812.

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If 'Yes,' attach Form 2553 if not previously filed

H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year 1

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

INCOME	1a Gross receipts or sales	854,965.	b Less returns and allowances		c Bal	1c 854,965.
	2 Cost of goods sold (Schedule A, line 8)				2	26,976.
	3 Gross profit. Subtract line 2 from line 1c				3	827,989.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)				4	
	5 Other income (loss) (see instrs - att statement)				5	
	6 Total income (loss). Add lines 3 through 5				6	827,989.
DEDUCTIONS	7 Compensation of officers				7	8,279.
	8 Salaries and wages (less employment credits)				8	428,134.
	9 Repairs and maintenance				9	5,233.
	10 Bad debts				10	
	11 Rents				11	63,151.
	12 Taxes and licenses				12	43,272.
	13 Interest				13	19,622.
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)				14	16,378.
	15 Depletion (Do not deduct oil and gas depletion)				15	
	16 Advertising				16	
	17 Pension, profit-sharing, etc, plans				17	
	18 Employee benefit programs				18	
	19 Other deductions (attach statement)*. STMT				19	173,390.
	20 Total deductions. Add lines 7 through 19				20	757,459.
	21 Ordinary business income (loss). Subtract line 20 from line 6				21	70,530.

Schedule M-1 Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				161,281.
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach stmt)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets			191,679.	
b Less accumulated depreciation			57,799.	133,880.
11a Depietable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a intangible assets (amortizable only)			60,348.	
b Less accumulated amortization			4,697.	55,651.
14 Other assets (attach stmt)				
15 Total assets				350,812.
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach stmt) ... Ln. 18. St.				6,178.
19 Loans from shareholders		56,741.		31,182.
20 Mortgages, notes, bonds payable in 1 year or more				309,856.
21 Other liabilities (attach statement)				
22 Capital stock				
23 Additional paid-in capital				
24 Retained earnings		-56,741.		3,596.
25 Adjustments to shareholders' equity (att stmt)				
26 Less cost of treasury stock				
27 Total liabilities and shareholders' equity		0.		350,812.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more -- see instructions

1 Net income (loss) per books	60,337.	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a Tax-exempt interest - \$

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Now What??

- Submit request (electronic preferred)
- Answer questions/ submit more documentation
- Wait.....2- 10 business days
- Declined ☹️.....why, options (in writing)
- Approved 😊.....now onward to settlement!!!



Pre-Closing Process

- May or may not get proposal/ commitment letter (2 different things)
- Pay money for third party vendors and any financial institution fees
- Borrower- start fulfilling conditions to obtain financing (insurance, leases, invoices, etc.)
- Lender- start process of pulling lien searches, UCC filings, ordering appraisals, etc.

Settlement/ On-going

- Sign paperwork- on behalf of yourself and the company (financial institution or attorney)
- Receive proceeds – Get the \$\$\$\$\$!!!!
- May get additional documents later (real estate)
- Stay in touch with lender- relationship!!!!!!



Prince George's Community FCU is a full-service financial institution dedicated to serving the financial needs of Prince George's County since 1967.

Because of PGCFCU's local roots and community affiliation, we are dedicated to providing your business the personal service it deserves with local experienced relationship managers who are in close proximity to your banking needs. We work with you to understand the goals of your business. Our unique solutions include diverse, flexible checking, savings and financing options and convenient online services.

Whether your business is just getting started, growing, or established we are here to be a partner in your business success.

Q & A

Thank You!!!!

Diane Brown, Vice President- Business Services

301-627-2666 ext. 1066

dbrown@princegeorgescfcu.org