

## PROJECT FINANCING | READINESS ASSESSMENT

1. Does your organization have a clear, written roadmap for where they want to be in the next 3-5 years? Strategic plans are always good regardless the size of organization; however, it is especially important to have a well thought out plan if the size of your project exceeds the size of your annual operating budget.
2. Is your Board of Directors actively engaged in achieving your organization's strategic plan?
3. Have your financial statements been recently reviewed or audited by an independent auditor, with no areas of concern?
4. With respect to your upcoming project (if real estate purchase, equipment purchase, facility renovation, etc.) have you compiled sufficient input from third parties as to the scope and cost? Specifically, have you received bids from multiple parties that have no conflict of interest with your organization?
5. Are you certain that your financing request is not for the purpose of supporting operating losses?
6. What is your primary and secondary form of repayment<sup>1</sup>? If pledges or grants, over what time frame will they be received? Do you have written confirmation of the larger pledges and/or grants?
7. Have you estimated that some (for example, 15%) pledges/grants/receivables will not materialize? How will you cover that shortfall? Have you allowed for some cost overruns on your project?
8. Is your organization capable of servicing the interest payments during the life of the loan? Budget \$675/month for every \$100,000 borrowed assuming an interest rate of 8%.
9. If you are relying on government support (i.e. Medicare, Medicaid), have you adequately considered the typical timing delays?
10. Are you sufficiently equipped (staff, systems) to provide monthly and year-to-date financial reports?

<sup>1</sup> A primary form of repayment, for example, could be pledges from a capital campaign or Medicare receivables. A secondary form of repayment is your back-stop if the primary form does not materialize; for example, a draw from an endowment or liquidation of an asset.