

## GUIDE

# The Capital Readiness Checklist

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A printable version of our readiness assessment, with notes on how to close each gap before you approach a lender.

## How to use this checklist

Work through each section and check only what is true today. Any unchecked box is a gap — write the owner and target date in the plan at the end. Most organizations need 60 to 180 days to close their gaps before approaching a lender.

### Section 1 • Legal & governance

- ☐ Entity is registered and in good standing with the state
- ☐ EIN letter, formation documents, and bylaws are on file
- ☐ 501(c)(3) determination letter on file (nonprofits and ministries)
- ☐ Board roster with terms, officers, and meeting minutes for the last 12 months
- ☐ Conflict-of-interest and financial policies adopted in writing

### Section 2 • Financial records

- ☐ Three years of financial statements (or since inception)
- ☐ Three years of tax filings — 990, 1120, 1065, or Schedule C
- ☐ Current year-to-date profit & loss and balance sheet, within 60 days
- ☐ Bookkeeping maintained monthly in accounting software, not spreadsheets
- ☐ Business bank account fully separate from personal accounts

### Section 3 • Cash flow & capacity

- ☐ 12-month cash flow projection with stated assumptions
- ☐ Debt service coverage ratio of 1.20x or better on projected income
- ☐ Two to three months of operating reserves
- ☐ Revenue concentration understood — no single source above 40% without a plan

### Section 4 • Credit & collateral

- ☐ Business credit report pulled and reviewed within the last 6 months
- ☐ Guarantor personal credit scores known (680+ is a common threshold)

- ☐ Collateral identified with a supporting value estimate
- ☐ All existing debt listed with balances, rates, and maturity dates

## Section 5 • The project itself

- ☐ Written use-of-funds broken down line by line
- ☐ Vendor quotes or contractor bids supporting each cost line
- ☐ Contingency of 10 to 15% built into the budget
- ☐ Repayment source named and defensible

## Gap plan

| Gap identified | Owner | Target date | Done |
|----------------|-------|-------------|------|
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|                |       |             |      |
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*Scoring: 20 or more boxes checked means you are close — focus on documentation. 12 to 19 means start a 90-day readiness sprint. Under 12 means build the foundation first; applying now likely results in a decline that stays on record.*