

?? ? GRANTS ?? ?

There are grants for non-profits, research, and educational organizations. You can research grants on the government web site www.grants.gov and other web sites, just type in grants and search in any search engine. You may also check www.govbenefits.gov a resource for citizen benefits information and eligibility screening for Federal and State of Oklahoma. You may also check the Foundation Center websites www.fdncenter.org and the USDA Rural Development website www.rurdev.usda.gov. For research, inventions and technology search www.ocast.state.ok.us.

The following individuals have stated in their Small Business Seminars on the dates listed that they do not know of any grants available for a for-profit business start-up.

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|--------------------|--|
| September 25, 2003 | Stanley Balch – Business Coordinator
Oklahoma Small Business Development Center
Southwestern Oklahoma State University
Weatherford, Oklahoma
(580) 774-7123 or balchs@swosu.edu |
| September 25, 2003 | Sandra Ransome – Economic Dev. Specialist
U.S. Small Business Administration (SBA)
Oklahoma District Office
Oklahoma City, Oklahoma
(405) 609-8019 Ext. 247 or
sandra.ransome@sba.gov |
| January 20, 2004 | Truman Smith – Loan Administrator
Rural Enterprises of Oklahoma, Inc. (REI)
Durant, Oklahoma
(800) 658-2823
www.ruralenterprises.com |
| January 20, 2004 | John D. Veal, Jr. – Coordinator II
Oklahoma Small Business Development Center
Lawton, Oklahoma
(580) 248-4946 or jveal@sbcglobal.net |

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Oklahoma Department of Commerce – www.odoc.state.ok.us or (800) 879-6552. The following came from ODOC website's frequently asked questions.

Q: I've heard there is grant money available to help fund my for-profit start-up business. Where can I find those grants?

A: Typically, grant money is only available to assist non-profit organizations. If your business is non-profit you will want to start with the www.grants.gov and Foundation Center www.fdncenter.org websites. However, the availability of grant funds for for-profit businesses is extremely limited and typically highly specialized. We have found no consistent, reliable source for small businesses either public or private. We don't want to discourage you from searching for such funding, but the Oklahoma Department of Commerce is not aware of for-profit grant funding.

Oklahoma State University – www.fapc.okstate.edu Resources for Oklahoma Women in Business information from their fact sheet.

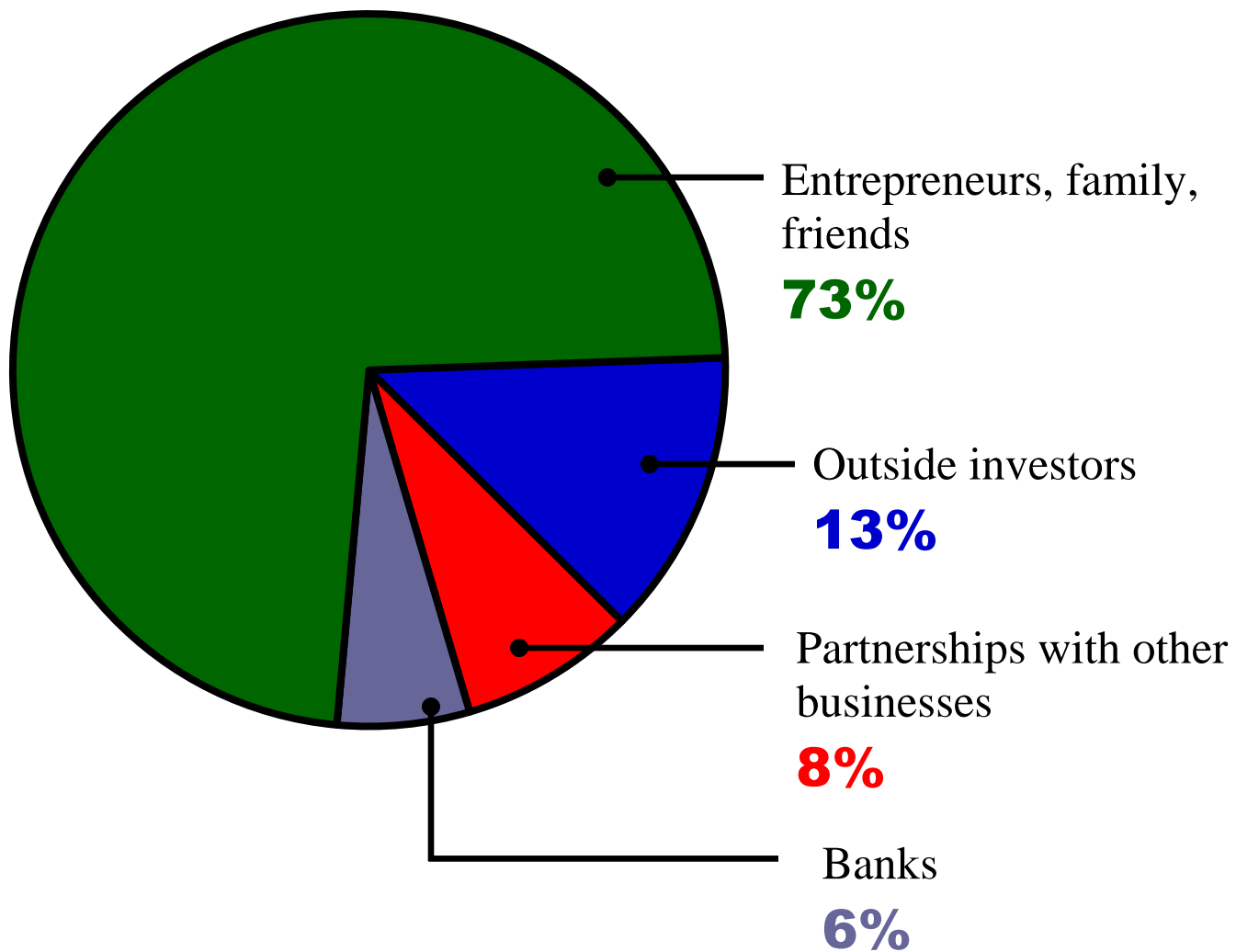
“Beware: A common myth is there is free money available from government agencies and private foundations for beginning businesses.

Late-night infomercials and Internet sites claim they know where free grant money is available for small businesses. The fact is most grants are awarded to non-profit organizations. Some of the top non-profit organizations receiving grants are the arts, humanities, education, environment, health and human services. You can find more information about grants for non-profit organizations at www.fdncenter.org. There are government grants available for businesses involved in research and development of crucial government projects. An example of a program is called Small Business Innovative Research, which awards grants up to \$100,000 for promising research ideas to be developed successfully. This program was created to meet federal research and development needs and is coordinated by the Small Business Administration. However, these grants are not available for people interested in opening a typical small business.

SBA's Website States: The U.S. Small Business Administration does not offer grants to start or expand small businesses, although it does offer a wide variety of loan programs. (See www.sba.gov/financing for information)

Sources of Money

Where the money comes from to start a business.



Finding Funding for Your Business

by Paul Bozzo, of 10X Consulting Group January 5, 2010

www.the10XGroup.com

Banks focus most often on existing businesses (3 to 5 years old) that have strong cash flow and are looking to expand and grow their business. Banks are looking for solid profitability and a strong possibility for future growth. Banks want to get a good rate of return, with little risk and a pretty good guarantee that the loan will be paid back. Banks don't want to lend money to start-ups or troubled businesses – so apply for a line of credit early and establish a good banking relationship. Banks decision to lend money is 70% based on credit history and the financial statements (profit and loss; balance sheet; and cash flow) of the small business as well as the entrepreneur.

Normal funding sources come in this order:

- (1) Founder, Friends and Family
- (2) Bank or Credit Union (they want the entrepreneur's skin \$\$ in the game)
- (3) SBA (they are required by law to take collateral)
- (4) Private Equity – Angel Investors or Venture Capital (10% is the desired rate of return)

Start-Up Funding Hierarchy:

- 1st – the first \$100,000 of investment usually comes from the founder.
- 2nd – the second \$200 to \$250,000 usually comes from friends and family.
- 3rd - Angel Investors (they want entrepreneurs time and personal resources invested) or Venture Capital (they want part ownership).

Top Mistakes Existing Business Owners Make When Seeking Funding:

They look too late – look for credit lines when business is good – look early and often. Remember Cash is King!

Clearly understand your needs – do not underestimate how much you need – projections are usually too low.

Financial statements must be impeccable – work with a CPA to make sure they meet industry standards and ratios.

Keep your business plan current – it is a working document to be used to develop your business and marketing strategy.

A line of credit is a good thing for any business.

What the Banker Evaluates – The Six C's

Character – The degree to which a borrower feels a moral obligation to pay his/her debts, measured by the credit and payment history. Will he/she try to honor the loan agreement even when difficult financial times arise?

Capacity to Pay – A subjective determination made by a lender based upon an analysis of the borrower's financial statements and other information. The lender wants to know: Does the borrower have the ability to repay the debt? Can he/she honor the loan agreement even in difficult times? Will sufficient cash flow be generated to service the debt? (You can now get a free credit report from www.AnnualCreditReport.com and learn about your FICO score at www.myfico.com; Bankers look at both of these reports.)

Capital – The amount of capital in a business is equal to the total of capital from debt and equity. Lenders prefer low debt-to-asset and debt-to-worth ratios and high current ratios. These indicate financial stability. Lenders want to know your net worth and the financial position of the company.

Collateral – An asset owned by the borrower, but promised to a lender against non-payment of the loan. The amount of collateral varies from lender to lender. The closer the collateral value is to the loan amount, the more comfortable the lender will be that the loan will be repaid. What assets can you pledge as security for the debt? Certain assets, such as receivables and inventory, make very good collateral for short-term debt, while other assets, such as plant and equipment, make good collateral for long-term debt.

Conditions – General economic, geographic and industry conditions expected during the time the debt is outstanding. How will the economic conditions affect the firm's ability to generate the cash needed to service the debt? Some firms are very cyclical in nature, and their cash flows fluctuate closely with the economy. For such firms, when the economy is bad, so is the cash flow generated. In the Oil Belt, for example, bankers have been reluctant to lend funds against oil revenues because such revenues have been especially unpredictable.

Confidence - A successful borrower instills confidence in the lender by addressing all the lender's concerns on the other Five C's. Their loan application sends the message that the company is professional, with an honest reputation, a good credit history, reasonable financial statements, good capitalization and adequate collateral.

