The Financial Health Network is the leading authority on financial health. We are a trusted resource for business leaders, policymakers, and innovators united in a mission to improve the financial health of their customers, employees, and communities. Through research, advisory services, measurement tools, and opportunities for cross-sector collaboration, we advance awareness, understanding, and proven best practices in support of improved financial health for all.

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Small business ownership has the potential to build wealth for individuals, households, and communities. In the United States, small businesses are seen as an engine of economic growth and uniformly revered across an often divided public. Despite all the positive sentiment for small businesses, many still struggle to find the tools, resources, and capital they need from financial services providers. This is especially true for the vast majority of businesses that are quite small and rely on the owner as the CEO, CFO, and CMO. A recent study of established small businesses found that over half of owners forgo paying themselves in order to manage cash flow – demonstrating the long-lasting connection between a business’ finances and its owner’s.¹

While small businesses differ greatly in observable metrics, such as size and industry, and in harder-to-gauge aspects, such as their aspirations and growth potential, every small business can benefit from resources designed to support its financial health. For a small business, financial health comes about when its daily systems help it build resilience and pursue opportunities. Strong financial health can lead to greater business success.

Financial service and small business resource providers are well-positioned to identify and address the financial health challenges small businesses may face in financial management, planning, and accessing capital. To help solve these challenges, though, providers must begin by measuring small business financial health.

**Small Business Financial Health**

For a small business, financial health comes about when its daily systems help it build resilience and pursue opportunities.

- MANAGES
  - Meets financial obligations
  - Maintains sufficient cash reserves
  - Maintains a comprehensive financial management system

- PLANS
  - Plans for significant business risks
  - Plans for cash flow variability
  - Has appropriate insurance

- CAPITAL
  - Has access to affordable, timely credit
  - Has a sustainable debt load
  - Has access to investment capital

¹“Kabbage Data Shows How SMBs Would Repurpose Their Time If They Didn’t Have to Manage Cash Flow,” Kabbage, March 2019
This guide is designed to help financial services providers assess the financial health of their current and prospective small business customers.

In the guide, we include nine indicators of small business financial health with two measurement methods (survey data or observed data), as well as corresponding survey questions and suggested data points. The purpose of measurement is to help providers better understand customer needs so they can develop and offer products, services, and solutions that improve small business financial health. With greater investment in small business financial health, these businesses will be better positioned to achieve positive outcomes that will ultimately benefit their owners, employees, and communities.

INTRODUCTION

Small businesses are the bedrock of the U.S. economy and the communities they serve, providing a critical source of income for millions of families. Small businesses employ 68 million Americans, making their financial health important to everyone. Despite continued economic growth and record optimism by small businesses, there are troubling statistics that could be addressed through a concerted effort to improve small business financial health. For example, almost two-thirds of small businesses with employees reported financial challenges, such as paying operating expenses, in the prior year. Solving these challenges is critical to the long-term survival of small businesses and points to a need to understand more about their financial health.

Financial health is increasingly understood as the desired outcome for individuals, families, and small businesses. For a small business, financial health comes about when its daily systems help it build resilience and pursue opportunities.

In other words, a small business is financially healthy when its financial state is a source of support, as opposed to a drain on attention and resources. For a small business, financial health means continuing to operate even when a crucial piece of equipment breaks down, or being able to open a new location successfully.

“It’s really helpful to have a common language and way for us to all understand and evaluate how our clients are doing.”

– Donald Jones, Director at Next Street and head of its small business development centers in New York City and Buffalo, NY

2 “Small Business Optimism Shatters Record Previously Set 35 Years Ago,” NFIB, September 11, 2018.
Measuring financial health is foundational

To improve financial health, we need a common understanding of what financial health is as well as the many stakeholders working in tandem to support it. Small business financial services providers are uniquely positioned to impact the financial health of their customers. By aligning business practices with customer success, providers can establish long-term, mutually beneficial relationships with their customers. By measuring financial health, organizations can better understand how customers are faring, allowing them to identify and address customers’ unique financial health challenges and demonstrate a commitment to small business success.

This guide to measurement is primarily for financial services providers, because these providers are crucial to financial health. Since one of the levers for financial health is the products, services, and resources that a small business uses to manage, plan, and access capital, we have organized our guide around those three key needs.

“As a mission-based organization, we want to make sure that the connections we make to products and services are improving business owners’ lives. Financial health is how we measure the impact of our work and our mission. The survey helps us identify and target pain points with the right products and services.”

– Gina Harman, CEO, U.S. Network at Accion, which used the Financial Health Network’s Small Business Financial Health Survey with current and potential U.S. loan clients in 2018

The Financial Health Network’s Leaders program recognizes early adopters of financial health measurement. Accion, Kabbage, and Opportunity Fund used an early version of the Financial Health Network’s Small Business Financial Health Survey, demonstrating their commitment to small business financial health while learning more about their own customers and clients. The survey pilot helped the Financial Health Network refine the survey questions and get more specific on the indicators of small business financial health.
Small business financial health goes beyond profitability

Small business financial health, and this guide, are applicable across all sizes and stages of business. Of course, size and maturity influence the health of the business, the same way that age and income impacts an individual’s financial health. Importantly, small business financial health is not a measure of the profitability of the business. Profitability and long-term wealth creation are interrelated to financial health. While it is nearly impossible to remain financially healthy without a viable business, it is certainly possible to have a viable business and not be financially healthy.

“As Kabbage grows and expands its offerings, it’s important that we understand the financial health of small businesses as a whole.”

– Christian Warner, Director of State and Local Policy, Kabbage

When a small business is financially healthy, it has greater capacity to succeed. Also, like physical health, financial health is interrelated to socio-economic factors that can make it more difficult to be healthy. This means small businesses in underserved communities need more resources to support their health and counteract a historical lack of investment.
Owner and small business financial health are deeply entwined

For small businesses, the financial health of the business is closely related to that of the small business owner(s). In fact, the owner-operators of many small businesses do not distinguish between how their businesses and their personal financial lives are faring. Funds often shift between the two, either mentally or literally between bank accounts, and planning for cash flow variability means thinking about household and business income variability as well as household and business expenses. Access to capital and the owner’s financial health are so intertwined that both our consumer and small business measurement tools use the personal credit score as a key data point. The connections between small business owners and their businesses can mature into more arm’s-length relationships, but the connection is never severed. A provider may find it most helpful to assess the financial health of both the owner and the small business, especially if they are open to solving for consumer or small business challenges.

Methodology

To develop the definition of small business financial health and this guide to measurement, the Financial Health Network started with our deep understanding of consumer financial health. As the leading experts on consumer financial health, we have produced research and resources for financial services providers on U.S. consumer financial health and the tools to measure their own customers’ financial health. To develop this guide, the Financial Health Network conducted qualitative interviews with small business owners, solicited the input of small business providers, including our Small Business Working Group members, and relied on existing research into the state of U.S. small businesses and their financial challenges. Additionally, four small business providers piloted our Small Business Financial Health Survey in 2018: U.S. Network at Accion, Opportunity Fund, Kabbage, and Next Street’s NYC Business Solution Centers. This guide to measurement builds on lessons learned from the pilot and our Financial Health Leaders who are measuring consumer financial health.
Providers can measure or assess the financial health of small businesses in two primary ways: by sending small business owners a survey to complete, or by using financial data that a provider already collects through normal business operations. Small business financial health measurement is not the same as underwriting or calculating the ability to repay a loan, though these processes collect some of the data that providers could also use to assess or monitor financial health. There are costs and benefits to each approach. A survey is a point-in-time, subjective response by a customer who may or may not be representative of a larger population of customers. Financial data is objective and less onerous to collect when using what a provider already has on hand, but may be only offer a partial view of the small business’ financial health.

“The survey highlights a need to strengthen the resilience of our small business clients. Many are operating on razor-thin cash reserves. To support financial health and the well-being of these small business owners, we need to support them in building a greater cushion.”

– Gwendy Brown, Vice President of Research and Policy at Opportunity Fund, which used the Small Business Financial Health Survey with clients in 2018

### Financial Health Measurement Approaches

<table>
<thead>
<tr>
<th></th>
<th>Financial Data</th>
<th>Survey Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectivity of data</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Ability to update frequently to track progress</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Ability to assess all customers</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Executability simplicity</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Holistic view of customer’s situation</td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>
## Meets Financial Obligations

The business is able to pay bills, employees, taxes, and other obligations on time and in full.

<table>
<thead>
<tr>
<th>DATA POINT</th>
<th>SURVEY QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overdraft / non-sufficient funds fees</strong></td>
<td><strong>Over the past year, which of the following statements best describes how well your business is keeping up with its financial obligations? Please consider bills, taxes, payroll, and debt payments.</strong></td>
</tr>
<tr>
<td>Good: None</td>
<td>Good: a) Pay all on time</td>
</tr>
<tr>
<td>Caution: 1-3 per year</td>
<td>b) Pay almost all on time</td>
</tr>
<tr>
<td>At Risk: 3+ per year</td>
<td>Caution: c) Pay most on time</td>
</tr>
<tr>
<td><strong>Late fees by vendors or lenders</strong></td>
<td>At Risk: d) Pay some on time</td>
</tr>
<tr>
<td>Good: None</td>
<td>e) Pay very few on time</td>
</tr>
<tr>
<td>Caution: 1-3 per year</td>
<td></td>
</tr>
<tr>
<td>At Risk: 3+ per year</td>
<td></td>
</tr>
<tr>
<td><strong>Tax liens / judgements</strong></td>
<td></td>
</tr>
<tr>
<td>Good: None</td>
<td></td>
</tr>
<tr>
<td>Caution: 1-3 per year</td>
<td></td>
</tr>
<tr>
<td>At Risk: 3+ per year</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCE**
- Transactional account(s), such as business checking account and credit card account
- Lenders can use internal data on timely payments; also transactional account(s)
- Business credit report
“We’re pretty conservative with the amount of cash we keep on hand so that we don’t have to borrow money when things come up. If sales went to zero, we could probably operate for three months. But generally speaking... there was a big expense early this year, we put in air conditioning at the bar and the owners got the cash accounts up a little bit and just was ready for it when it came.”

— Bar owner
“I just create my own Excel spreadsheet for income and expenses. And sometimes, I get behind on entering those. So, a lot of times I end up, at the end of the year, having to go through a lot of old receipts and that type of thing in order to make sure I’ve got all the expenses covered.”

— Tutoring company owner
**Plans for Significant Business Risks**

Identifying business risks and ways to mitigate those risks, such as diversifying revenue sources, is essential to building a resilient small business.

<table>
<thead>
<tr>
<th>DATA POINT</th>
<th>DATA POINT</th>
<th>SURVEY QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed a business planning session or module</td>
<td>Able to provide a business plan for common, applicable business risks</td>
<td>“I have a plan to address common business risks (new competition, loss of key personnel or customer, natural disaster damage, etc.).”</td>
</tr>
<tr>
<td><strong>Good</strong> Complete</td>
<td><strong>Good</strong> Complete/nearly</td>
<td><strong>Good</strong> a) Strongly agree</td>
</tr>
<tr>
<td><strong>Caution</strong> Partially or for a specific risk</td>
<td><strong>Caution</strong> Partial, only covers some risks or is weak in risk mitigation</td>
<td><strong>b) Somewhat agree</strong></td>
</tr>
<tr>
<td><strong>At Risk</strong> Never</td>
<td><strong>At Risk</strong> Not able to provide</td>
<td><strong>Caution</strong> c) Somewhat disagree</td>
</tr>
<tr>
<td><strong>At Risk</strong></td>
<td></td>
<td><strong>At Risk</strong> d) Strongly disagree</td>
</tr>
</tbody>
</table>

**SOURCE**
- Business planning resources, such as online modules or in-person coaching or advising sessions.
- Provider request for business plan covering risks and risk mitigation.
“We have to time our work to the billing to keep cash flow regular. So, what a lot of small contractors do is they’ll do a real simple thing of 50% down and then 50% when they’re complete. It’s very simple accounting. This system works really well for managing the cash flow, because then we always have the cash that we need to pay everybody, as well as money for work that we haven’t yet done so that we can prepare for it – whether it’s purchasing materials or staging a project or whatever.”

– Construction and remodeling business owner
**INDICATOR #6**

# Has Appropriate Insurance

Insurance can compensate small businesses for large losses that are impractical to save for, such as natural disaster damage or accidents.

<table>
<thead>
<tr>
<th>DATA POINT</th>
<th>DATA POINT</th>
<th>SURVEY QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proof of insurance relevant for the industry and operation</strong>&lt;br&gt;Good Complete/nearl y&lt;br&gt;Caution Coverage is partial&lt;br&gt;At Risk Not insured</td>
<td><strong>Payment to insurance carriers</strong>&lt;br&gt;Good Complete/nearl y&lt;br&gt;Caution Coverage is partial&lt;br&gt;At Risk Not insured</td>
<td>“I am confident that the business’s insurance policies will provide enough support in case of an emergency.”&lt;br&gt;Please consider the coverage you have for vehicle(s), property, and liability insurance, if applicable.&lt;br&gt;Good a) Strongly agree&lt;br&gt;b) Somewhat agree&lt;br&gt;Caution c) Somewhat disagree&lt;br&gt;At Risk d) Strongly disagree</td>
</tr>
<tr>
<td><strong>SOURCE</strong> Insurance provider or provider request</td>
<td><strong>SOURCE</strong> Transactional account(s), such as business checking account used to pay insurance, business accounting system, such as Quickbooks, Xero, or other system</td>
<td></td>
</tr>
</tbody>
</table>
Has Access to Affordable, Timely Credit

When a business needs credit, there are two factors that weigh heavily as to whether the credit is helpful: 1) affordability, or the price and terms of credit, and 2) how quickly the funds are available.

<table>
<thead>
<tr>
<th>DATA POINT</th>
<th>SURVEY QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business owner’s credit score</td>
<td>How would you rate your credit score? Your credit score is a number that tells lenders how risky or safe you are as a borrower.</td>
</tr>
<tr>
<td>Good Prime</td>
<td>Good a) Excellent b) Very Good</td>
</tr>
<tr>
<td>Caution Near prime</td>
<td>Caution c) Good, Fair</td>
</tr>
<tr>
<td>At Risk Subprime</td>
<td>Caution c) Somewhat disagree</td>
</tr>
<tr>
<td>Credit capacity on existing lines of credit</td>
<td>At Risk d) Poor, Don’t Know</td>
</tr>
<tr>
<td>Depends on the size and type of the business</td>
<td>At Risk d) Strongly disagree</td>
</tr>
</tbody>
</table>

“When I like to do is to put things on my credit and then pay them off just because it builds my credit. So that’s what I pretty much always do with everything, which may not be the best way of going about it, but I have a really high credit limit so it’s never been an issue.”

-Realtor and masseuse
## Has a Sustainable Debt Load

Over-indebtedness can siphon funds away from business expenses and investment in order to make debt payments.

<table>
<thead>
<tr>
<th>DATA POINT</th>
<th>DATA POINT</th>
<th>SURVEY QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt-to-equity ratio</td>
<td>Debt service coverage ratio, cash flow available for debt service</td>
<td><strong>How would you describe the business’s debt?</strong> Including any personal debt you took on for the business.</td>
</tr>
</tbody>
</table>
| Depends on the type and stage of the business | Depends on the size and type of the business | **Good** a) Do not have debt 
 b) Has manageable amount of debt  |
| **Caution** c) Has a bit more debt than it can manage | **At Risk** d) Has much more debt than it can manage |

**Source:** Business financial statements

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## Has Access to Investment Capital

Many small businesses struggle to find adequate funding to start, sustain, and grow a business.

<table>
<thead>
<tr>
<th>DATA POINT</th>
<th>DATA POINT</th>
<th>SURVEY QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business’s credit score</td>
<td>Retained earnings</td>
<td><strong>I have access to the funding needed to achieve my business goal(s).</strong></td>
</tr>
</tbody>
</table>
| Depends on the score - scoring scales vary by type of score | Depends on the size and type of business | **Good** a) Strongly agree 
 b) Somewhat agree  |
| **Caution** c) Somewhat disagree | **At Risk** d) Strongly disagree |

**Source:** Business credit score provider, Business financial statements
CONCLUSION

Small business financial health is complicated but crucial to our economy, communities, and the households of the owners and employees.

With healthier small businesses, we can expect better resiliency in economic downturns and more stable income and returns for employees and owners. Small business financial service providers are highly incentivized to support the financial health of their customers; in the long term, healthier small businesses are better able to take advantage of small business products and services.

With this guide, providers and the broader small business ecosystem are armed with the tools to measure their customers’ financial health and use the insights to address deficits that may have been out of view. The Financial Health Network will work to develop independent data sources so that providers have data to benchmark their customers and formulas to convert assessments into scores and guidance. Measuring and diagnosing financial health challenges is an initial step. What must follow are strategies to support the financial health of small business customers.
Small Business Financial Health Survey

Survey Introduction (example)

This introduction language can be customized as desired. This survey is to help <<PROVIDER>> understand your business finances in order to better serve your business and those like you. Your responses are confidential and will not be shared or sold to marketers, nor will they change your access to products and services.

Screening

Note: This survey is designed for small businesses that are owner-managed. To confirm this survey is applicable to you, please answer the following three questions:

1. Do you have a business?
   Yes (include)
   No (exclude)

2. Are you an owner in the business?
   Yes (include)
   No (exclude)

3. Are you a primary decision-maker in the business?
   Yes (include)
   No (exclude)

About the Business

Note: The provider may have this information on file and opt not to collect it in the survey. They also may opt to add questions as well.

4. When was your business established?
   <Year>

5. Zip code of the primary business location:
   <5-digit zip code>

6. Where is your business located?
   a. Business is based out of my home or virtual (e.g., all sales or services are done over the phone or internet).
   b. Business is mobile (e.g., services are provided in people’s homes or moved from site to site, such as a food truck).
   c. Business is located in a rented or owned place; including an incubator (this can include rented space at a swap meet).
7. Which of the following BEST describes your business’ primary activity? Please select ‘All Other’ if you don’t see your industry or if you are unsure.
   a. Professional Services (including Lawyers, Accounting, Engineers, Architects, Advertising & PR)
   c. Accommodation and Food Services (including Hotels, Restaurants, Caterers, Coffee Shops, Bars)
   d. Retail Trade (including Retail Stores, Non-store & Online Retailers, Gas Stations, Motor Vehicle & Parts Dealers)
   e. Personal Services and Repair Services (including Hairstylists & Cosmetologists, Personal Trainers, Laundry Services, Repair & Maintenance (including auto))
   f. Health Care and Child Care (including Nursing Services & Medical Assistants, Medical Technicians, Home Health Care, After-school Care, Educational & Tutoring Services)
   g. Construction, Construction Managers & Workers, and Contractors
   h. Wholesale Trade
   i. Real Estate and Rental Services (including Real Estate Agents & Brokers, Rental Services (including auto & equipment rentals))
   j. Finance and Insurance (does NOT include Accounting Services)
   k. Manufacturing
   l. Transportation, Warehousing, and Storage (including Postal/Courier Services, Moving Services, Taxi Services, Trucking)
   m. Agriculture, Forestry, Fishing, Hunting, Mining, Quarrying, Oil & Gas Extraction
   n. All other industries or unsure

8. Is the business your primary source of income?
   a. Yes
   b. No

9. Total revenue/sales earned by the business in 2018:
   a. $0 - $50,000
   b. $50,001 - $150,000
   c. $150,001 - $300,000
   d. $300,001 - $500,000
   e. $500,001 - $1 million
   f. $1,000,001 - $5 million
   g. Over $5 million

10. At the end of 2018, was the business at a profit, break-even, or loss?
    a. At a profit
    b. Break-even
    c. At a loss
11. How much did your business allow you to take home last year, in salary and distributions?
   a. $0
   b. $1 - $10,000
   c. $10,001 - $50,000
   d. $50,001 - $100,000
   e. $100,001 - $200,000
   f. $200,001 - $500,000
   g. Over $500,000
   h. Don’t know

3. How would you describe the business’ debt (including any personal debt you took on for the business)?
   a. Does not have any debt
   b. Has a manageable amount of debt
   c. Has a bit more debt than it can manage
   d. Has much more debt than it can manage

4. When is the last time you reviewed a profit and loss statement for the business?
   a. In the last month
   b. Over a month ago
   c. Over six months ago
   d. Over 12 months ago
   e. Do not have a profit and loss statement

Small Business Financial Health Survey
Questions 1 – 11 are required.

1. Over the past year, which of the following statements best describes how well your business is keeping up with its financial obligations? Please consider bills, taxes, payroll, and debt payments.
   a. Pay all on time
   b. Pay almost all on time
   c. Pay most on time
   d. Pay some on time
   e. Pay very few on time

2. Generally, the business has cash available to cover:
   a. Less than 1 month of operating expenses
   b. 1-3 months of operating expenses
   c. 4-6 months of operating expenses
   d. 7-12 months of operating expenses
   e. More than one year of operating expenses

5. How would you rate your credit score?
   Your credit score is a number that tells lenders how risky or safe you are as a borrower.
   a. Excellent
   b. Very Good
   c. Good
   d. Fair
   e. Poor
   f. Don’t Know
Please indicate the extent to which you agree or disagree with the following statements.

6. I have access to affordable funding to meet my business goals. Please consider business profits, personal funds, and external funding such as debt or equity.
   a. Strongly agree
   b. Somewhat agree
   c. Somewhat disagree
   d. Strongly disagree

7. I have access to affordable, timely credit to meet my business needs.
   a. Strongly agree
   b. Somewhat agree
   c. Somewhat disagree
   d. Strongly disagree

8. I am confident that the business’ insurance policies will provide enough support in case of an emergency. Please consider the coverage you have for vehicle(s), property, and liability insurance, if applicable.
   a. Strongly agree
   b. Somewhat agree
   c. Somewhat disagree
   d. Strongly disagree

9. I have a plan to address common business risks (new competition, loss of key personnel or customer, natural disaster damage, etc.).
   a. Strongly agree
   b. Somewhat agree
   c. Somewhat disagree
   d. Strongly disagree

10. I know how much money needs to come in and when in order to meet financial obligations.
    a. Strongly agree
    b. Somewhat agree
    c. Somewhat disagree
    d. Strongly disagree

11. I have a plan in case of a cash shortfall due to late customer payments or an emergency expense.
    a. Strongly agree
    b. Somewhat agree
    c. Somewhat disagree
    d. Strongly disagree

12. Optional: Please provide any comments or suggestions regarding this survey.
# APPENDIX B

## Measuring using financial data, by provider and source

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>SOURCE</th>
<th>Bank or credit union</th>
<th>Lender</th>
<th>Lender or advisor</th>
<th>Advisor</th>
<th>Business accounting system provider</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Transactional account(s) such as business checking account and credit card account</td>
<td>Lender</td>
<td>Lenders can use internal data on timely payments</td>
<td>Provider request</td>
<td>Business planning resources such as online modules or in-person coaching or advising sessions</td>
<td>Business financial statements</td>
</tr>
</tbody>
</table>

### 1. Meet financial obligations

- Overdraft / non-sufficient funds fee
- Late fees charged by vendors or lenders
- Tax liens / judgements

### 2. Maintain sufficient cash reserves

- Cash buffer days

### 3. Maintains a comprehensive financial management system

- Time lapse between when transactions occur and when they are classified
- Business and personal funds are separated

### 4. Plans for significant business risks

- Completed a business planning session or module
- Able to provide a business plan for common, applicable business risks
### Measuring using financial data, by provider and source, continued

<table>
<thead>
<tr>
<th>PROVIDER</th>
<th>SOURCE</th>
<th>Lender or advisor</th>
<th>Advisor</th>
<th>Business accounting system provider</th>
</tr>
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<tbody>
<tr>
<td>Bank or credit union</td>
<td>Transactional account(s) such as business checking account and credit card account</td>
<td>Personal credit report</td>
<td>Business credit report</td>
<td>Lenders can use internal data on timely payments</td>
</tr>
</tbody>
</table>

#### 5. Plans for cash flow variability
- Completed a cash flow planning session or budget
- Able to provide a cash flow budget

#### 6. Has appropriate insurance
- Proof of insurance relevant for the industry and operation
- Payment to insurance carriers

#### 7. Has access to affordable, timely credit
- Business owner’s credit score
- Credit capacity on existing lines of credit

#### 8. Has a sustainable debt load
- Debt to equity ratio
- Debt service coverage ratio, cash flow available for debt service

#### 9. Has access to investment capital
- Business’ credit score
- Retained earnings