



## Entrepreneurship & Small Business: Finances

*Despite what you might hear, there are very few grant sources that provide direct financing for entrepreneurs and small businesses. Remember that funding your new venture needs to come primarily from you. However, there are various sources of possible financial (loan-based) and technical assistance available from any number of the following sources. For more information, continue reading below and/or contact the [Rock County Development Alliance](#).*

### Friends & Family

Some entrepreneurs and small businesses can convince friends or family to invest in a business venture with them. If you choose this route, work with a legal professional, and accountant and possibly a financial planner to ensure that the transaction is properly documented and each party's interests are preserved.

### Traditional lenders

At a minimum, most traditional lenders will look for entrepreneurs or small businesses with strong capital backing, a stellar credit history, and a business venture that has strong financial projections. If you are missing any one of the above components, it is unlikely that a traditional lender will provide you with financing. For a listing of local lenders, please visit the [B2B Directory](#) and/or contact your local [Chamber of Commerce](#).

### Micro lenders & Local Revolving Loan Funds

Micro lenders and/or local community (provided) Revolving Loan Funds may be willing to lend to entrepreneurs and small businesses that have been rejected by traditional lenders. While each provider is different in their lending criteria, it is likely that the loans you receive from a micro lender will have a higher interest rate. For additional information, contact the [Rock County Development Alliance](#).

### Small Business Administration

The SBA has a variety of loans available for entrepreneurs and small business owners. For additional SBA information, click [here](#) and/or contact your [local lender](#).

### Angel Investors & Venture Capitalists

Angel Investors are traditionally wealthy individuals who will finance a prospective high-growth business venture. Information regarding [local Angel Investors](#) can be found online. Venture Capitalists provide financing for prospective high-growth (and high-risk) business opportunities. Generally, these funds are reserved for technology-orientated projects.

*Financial Documents are the most important part of your Business Plan. Investors or lenders are primarily concerned with your company's financial outlook.*

The financial documents are the heart of your business plan. At a minimum, you will be required to provide:

- A full schedule of start-up costs & how you are financing your business
- Monthly Expense schedules
- Margin Projections
- Sales Forecasts, accounting for the seasonality of business sales
- Credit & Collection procedure and policy (if applicable)
- Traditional Financial statements (3-years worth of projections)
  - Balance Sheet
  - Profit & Loss Statement
  - Statement of Cash Flows
- Full listing of common financial ratios and ratio analyses.

If you do not have experience in accounting practices, work with a [service provider](#) (such as a CPA) to aid you in both the creation of your financial section, as well as the development of your business. Maintain this relationship as your business grows.