

Capital Readiness Workbook

Prepare your business, organization, or community development project to pursue grants, loans, investments, and other sources of capital.

HOW TO USE THIS WORKBOOK

- 1 Work through each section in order — capital readiness builds from your need to your full capital stack.
- 2 Check each box that reflects where you are today, and fill in the worksheets as you go.
- 3 If an item does not apply to your project or organization, mark N/A.
- 4 Items marked with a star are especially important to resolve before approaching a lender or funder.
- 5 Use the Capital Stack Worksheet to map your full funding picture and identify any gap.
- 6 Carry your open questions and gaps into the Capital Readiness Action Plan on the last page.

1. WHAT KIND OF CAPITAL DO YOU ACTUALLY NEED?



Before approaching any funder or lender, clarify what you actually need.

This table is a starting point for the conversation — not a determination of what you qualify for or should pursue. Most needs can be met more than one way.

NEED	POTENTIAL CAPITAL TYPE
Early planning or feasibility	Grant / recoverable grant
Technical assistance	Grant / subsidized assistance
Equipment	Loan / grant / lease financing
Working capital	Line of credit / term loan
Acquisition	Loan / equity / subordinate capital
Construction or rehabilitation	Construction financing / grant / subordinate debt
Permanent real estate financing	Term debt
Project with multiple funding sources	Blended capital / capital stack

What will this capital be used for, specifically? _____

How much capital do you estimate you need? _____

How did you determine this amount?

- | | |
|--|--|
| ☐ Project budget / cost estimates | ☐ Financial projections |
| ☐ Contractor/vendor quotes | ☐ Acquisition or property costs |
| ☐ Working-capital analysis | ☐ Other: _____ |

The amount you request should come from an identifiable use of funds — not the maximum amount you believe you could obtain.

Over what time period do you need it (one-time, phased, or ongoing)? _____

Is this need tied to a specific deadline or opportunity? _____

2. PROJECT & BUSINESS READINESS



Is your project or business ready to move forward?

- | | | |
|---|------------------------------|---|
| ☐ We have a clear, written description of the project or business, including its scope, timeline, and expected outcomes. | ☐ N/A | ★ |
| ☐ We have site control or ownership where applicable — a lease, purchase agreement, or deed — for any real estate involved. | ☐ N/A | |
| ☐ We hold, or have applied for, the permits, licenses, zoning, or regulatory approvals the project or business requires. | ☐ N/A | |
| ☐ We have a defined use of funds — what the capital will pay for, and in what order. | ☐ N/A | ★ |
| ☐ We have evidence of demand or need for the project, business, or service, such as market research, community input, or letters of support. | ☐ N/A | |
| ☐ We have identified the people or team who will manage the project or business through implementation. | ☐ N/A | |

Checked ____ N/A ____ / 6

3. FINANCIAL POSITION



Can we show funders and lenders a clear financial picture?

- | | | |
|---|------------------------------|---|
| ☐ We have current financial statements — profit and loss, balance sheet, or equivalent — and can produce prior years' history if we have been operating that long. | ☐ N/A | ★ |
| ☐ We know our current cash position and how long it will last without new capital. | ☐ N/A | |
| ☐ We can list our existing debts, their balances, payment terms, and any collateral already pledged. | ☐ N/A | ★ |
| ☐ We understand our credit profile — personal and/or organizational — and any issues that could affect financing. | ☐ N/A | |
| ☐ We have a realistic budget or pro forma for the project or business, including contingency. | ☐ N/A | |
| ☐ Our books are current and, if a funder or lender requires it, can be reviewed, compiled, or audited. | ☐ N/A | |

Checked ____ N/A ____ / 6

4. CAPITAL SOURCES

Do we understand what kind of capital fits our need?



- | | |
|--|--------------------------------|
| ☐ We understand the difference between grants, loans, equity, and other forms of capital, and how each affects ownership, repayment, and control. | ☐ N/A ★ |
| ☐ We have used the capital-need table on page 1 to identify which kinds of capital likely fit our need. | ☐ N/A |
| ☐ We have identified specific funders or lenders whose mission, size, and terms match our project or business. | ☐ N/A |
| ☐ We understand each source's eligibility criteria, and where we may not yet qualify. | ☐ N/A |
| ☐ We know whether our need can realistically be met by one source, or will require a blended capital stack. | ☐ N/A ★ |
| ☐ We have a realistic timeline for pursuing capital, including how long each source typically takes to close. | ☐ N/A |

Checked ____ N/A ____ / 6

5. REPAYMENT & REVENUE CAPACITY

If we take on debt, can we repay it?



- | | |
|--|--------------------------------|
| ☐ We have a defined source of revenue or repayment for any debt we take on, separate from the capital itself. | ☐ N/A ★ |
| ☐ We can project our cash flow with reasonable confidence, including seasonal or cyclical variation. | ☐ N/A |
| ☐ We understand debt service coverage, how lenders assess whether available cash flow is sufficient to meet required debt payments, and roughly where we stand. | ☐ N/A ★ |
| ☐ We have identified any collateral we could offer, and what that would mean for us if repayment is missed. | ☐ N/A |
| ☐ We have more than one source of revenue supporting repayment, or a clear plan if our primary source changes. | ☐ N/A |
| ☐ We have considered how new debt affects our overall financial position and our capacity to take on future capital. | ☐ N/A |

Checked ____ N/A ____ / 6

6. CAPITAL STACK WORKSHEET



Can you see your full capital stack in one place?

Most projects and businesses are financed with more than one source. Mapping your full capital stack — and the resulting gap — is often the single most useful exercise before approaching any funder or lender.

Total Project Cost: _____

SOURCE	TYPE	AMOUNT	STATUS <i>Committed / Pending / Prospective</i>	RESTRICTIONS / TERMS
Applicant equity	Equity			
Grant	Grant			
Senior loan	Debt			
Subordinate loan	Debt			
Other				
Total Sources				

Total Sources \$_____ – Total Uses \$_____ = Funding Gap \$_____

Your capital stack is the complete combination of funding sources — equity, grants, and debt — used to finance your project. Funders and lenders will want to see the full stack, not just their piece of it.

CAPITAL READINESS ACTION PLAN

Turn your open questions and gaps into next steps. For each priority tier, list what needs to change, who owns it, and by when.

BEFORE YOU APPLY <i>Gaps that would stop a funder or lender from considering your request</i>			
GAP IDENTIFIED	ACTION NEEDED	RESPONSIBLE PERSON	TARGET DATE

TO STRENGTHEN YOUR POSITION <i>Star items and gaps that could strengthen your overall capital readiness</i>			
GAP IDENTIFIED	ACTION NEEDED	RESPONSIBLE PERSON	TARGET DATE

LONGER-TERM CAPITAL STRATEGY <i>Steps that build your capacity for future capital needs</i>			
GAP IDENTIFIED	ACTION NEEDED	RESPONSIBLE PERSON	TARGET DATE

This workbook is a self-assessment to help you prepare for grants, loans, investments, and other sources of capital. It is not a loan approval, a commitment of funds, or a determination of eligibility or creditworthiness, and it does not guarantee financing from any funder or lender. Requirements, terms, and underwriting standards vary, so confirm specifics with the appropriate funder, lender, or professional advisor.

Need help preparing for capital?

EDF provides technical assistance to help businesses, nonprofits, and community development projects prepare for grants, loans, and other capital — including reviewing your capital stack, strengthening your financial position, and connecting you with the right sources for your need.