

# Coffman Capital, Inc.

## *Professional Business Acquisition Financing*

### Personal Financial Statement FAQ's from Coffman Capital

Perhaps the most important form in a loan package concerning the borrower is the Personal Financial Statement or PFS. The SBA form for this is called the 413 Personal Financial Statement. Paradoxically, since it is a government form, it is actually simpler than many of the PFS forms banks use or incorporate into their long-form loan applications. There are some simple tips (delete: to know) that will help you complete the form so that it is best understood by the lender evaluating the application, and to make sure you include what they need to know.

Here is a list of things to keep in mind while you're filling it out, starting on the left side with Assets, then Liabilities on the right:

1. You are applying for an SBA 7(a) loan, please check that box on page 1.
2. If your business is a Woman-Owned Small Business (WOSB) you may want to check the Married – Yes/No on page 2 but we are not usually processing the specific program it describes on page 1.
3. Name: the form is to be completed **joint with spouse** even if the spouse is not expected to be a guarantor. There are no exceptions to completing and signing the form this way.
4. Business Name of Applicant - Your business is the borrower. If you are using an existing or newly created entity, that name goes here. If not, please use New Entity, d/b/a the business name you are buying.
5. The Business Type is what you plan to use as your entity structure. You may alter it later, so put the form of business entity you believe you are likely to use for now and then check with your accounting professional. Note: Tax ID or EIN is important and usually is not affected by the choice of entity structure if you change it later. If it is, the lender will use the new Tax ID.
6. **This is a “snap-shot” of your financial condition**, so please complete it with information as of when you expect to submit the loan. For example, if you expect to receive funds or pay off a loan, you may need to update it during the loan process, but you submit as-is at application.
7. Cash on Hand and in Banks & Savings – Please use all savings and checking balances, split them as you think best. Combined amount will be used as “liquidity” which is the important thing. Note: Cash kept in a safe etc. can be shown here or in Other Assets – your choice. If it needs to be verified in a bank, we can help you determine how best to document it.  
2<sup>nd</sup> Note: This may or may not include business bank balances. Lender wants total liquidity and this is where they look for it. It's a judgment call, you may ask your Coffman representative to help you on this as we do with the entire form.
8. Accounts Receivable – These are personal receivables for any personal loans etc. Business A/R is included in any business value under Other Assets. **Gifted Funds** not yet deposited may go here as a receivable, attaching the signed Gift Letter (ask your Coffman representative) and named in Section 5 to explain it.
9. Life Insurance – Term policies are Zero in assets. Please put face value, insured & beneficiary in Section 8. If you have a cash value policy you may put the cash surrender value here.

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10. Real Estate – this is the estimated value today, using whatever method you wish. Mortgages go under Liabilities, so they are separate. If you have multiple properties and the spaces on page 3 aren't enough, Coffman Capital can provide a schedule to help.
11. Autos – Please put year/make/model on page 3, section 5. Any guess of value is OK because the lender will not likely use it as collateral and discount the value heavily in any case.
12. Other Personal Property – You may use a combined figure for personal property, furniture, jewelry, electronics, collections etc., without a list (see Section 5, page 3). If you need to separate any items you may do that. We have a Section 5 Addendum to break down personal assets if you need it, when the form does not give you enough room.
13. Other Assets – Among other things, **the value of your own business** and **cash deposit held by the broker or seller** for your business acquisition go here. You then mention them in Section 5.
14. Accounts Payable – Most people do not have any that are appropriate – you do not need to show your monthly bills. Please ask your Coffman representative if you're not sure.
15. Installment Account (Auto) & (Other) – these will cover one or two auto or other installment loans. They do not need to be detailed in Notes Payable section, see below.
16. Notes Payable to Banks and Others – For credit cards, student loans and installment loans not already shown above. If you need, we can provide an addendum for this as well.
17. Unpaid Taxes – usually, this is for an outstanding formalized tax balance you have, not for regular scheduled taxes. If on a payment plan, please attach the statement with balance, payment and status. If you have any tax liens, please notify us immediately to find out how it may affect your transaction.
18. Other Liabilities – Can be used for overflow – student loans, accounts co-signed for that show on your credit but you do not pay, etc. Please put lender name, balance and payment in this box with explanation of the items.

If you have other questions we'll walk you through the form – and others – step by step. We hope this has been helpful and that you choose Coffman Capital for your Professional Business Financing!