

How to Obtain Bank Financing

SCORE Bucks County
Tuesday April 20, 2021

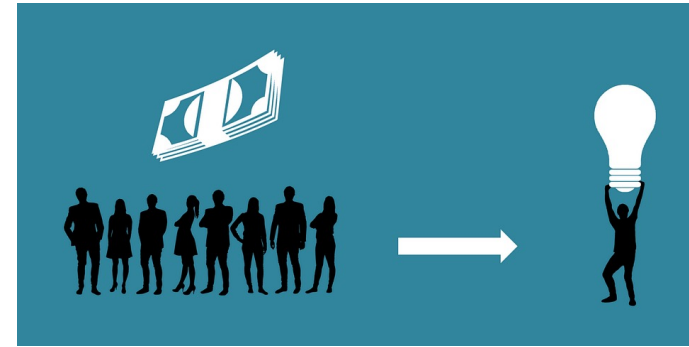
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Disclaimer

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Sources of Start-up Capital

- Friends
- Family
- Gifts
- Personal savings (cash, money market accounts, etc.)
- Other personal resources (investment accounts, 401(k)'s, IRA's, etc.)
- Crowdfunding, GoFundMe, and similar sources



If none of these sources are available or sufficient, then what?!

Sources of Debt Funding

- Commercial and savings banks
- Credit unions
- Microlenders
- Non-bank working capital lenders
- Commercial mortgage lenders
- SBA loans



How Will Loan Funds be Used?

- Working capital lines of credit
- Leasehold improvements
- Equipment purchases
- Commercial mortgages
- Business acquisitions
- Partner buyouts



Financial Information Package

- Complete copies of the last 3 years of corporate tax returns and/or financial statements
- Complete copies of the last 3 years of federal personal tax returns of the principals/owners
- Completed personal financial statement, accounts receivable and accounts payable agings if applicable
- Business plan required for start-ups
- Copy of purchase order for equipment if applicable

Business Plan Components

- Executive Summary
- Narrative
- Projections
- Assumptions
- Miscellaneous



5 C's of Credit Analysis

- **Character** Applicant's credit history
- **Capacity** Applicant's debt to income ratio
- **Capital** Applicant's capital contribution
- **Collateral** Business and personal
- **Conditions** The loan purpose, loan amount, and interest rate



Aka "credit history"



Assesses borrower's debt-to-income ratio



Indicates the borrower's level of seriousness

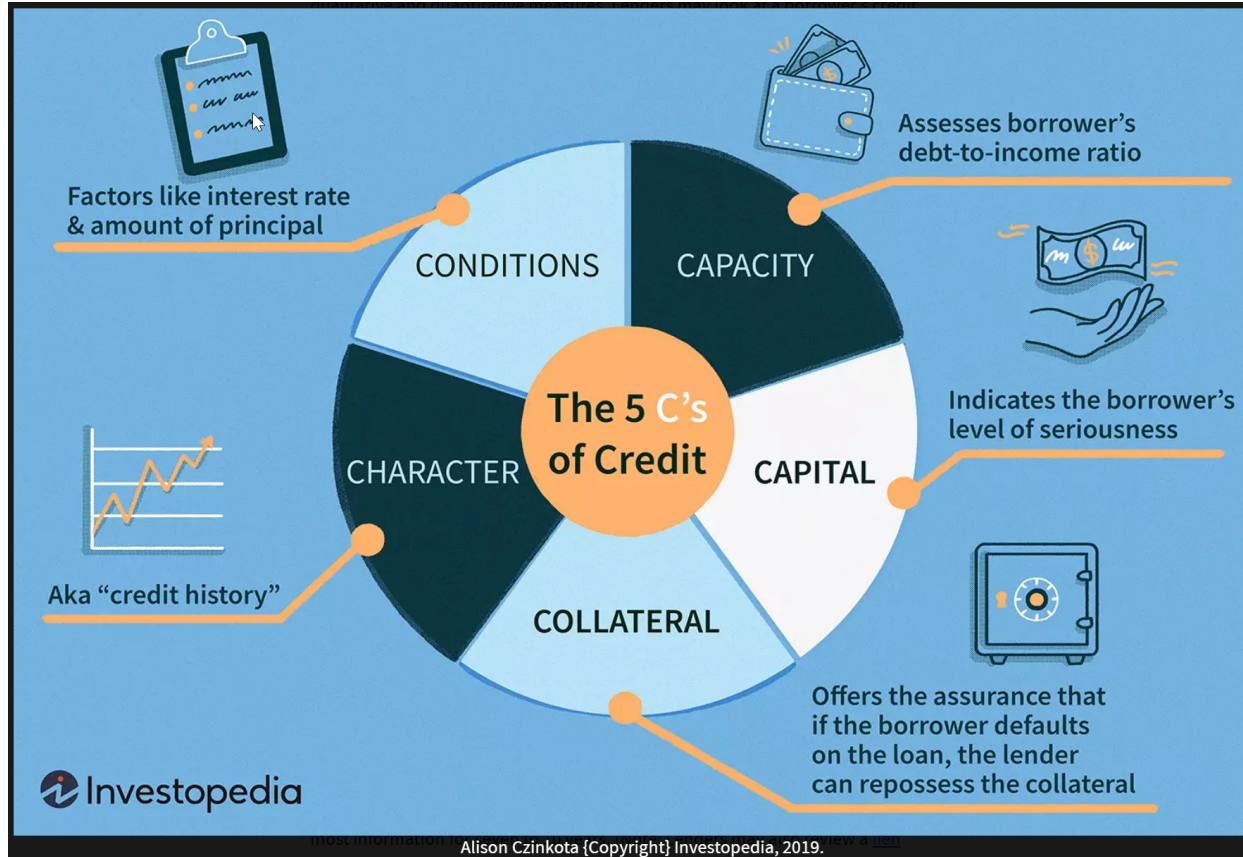


Offers the assurance that if the borrower defaults on the loan, the lender can repossess the collateral



Factors like interest rate & amount of principal

5 C's of Credit Analysis



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Questions?



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SCORE 
Bucks County



Payroll for a Start Up Entity

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Steve Sabel
The Payroll Factory, Inc.



SCORE 
FOR THE LIFE OF YOUR BUSINESS

The SCORE logo consists of the word 'SCORE' in a bold, sans-serif font. To its right is a graphic of three slanted parallel lines. Below the logo is the tagline 'FOR THE LIFE OF YOUR BUSINESS' in a smaller, all-caps sans-serif font.

Payroll for a Start Up Entity

- Congratulations for opening up your new entity.
- You plan on hiring employees.
- You have a Federal EIN proof.
- You have a bank account and quite possibly have opened up a payroll account specifically to handle payroll and depositing taxes.
- Great! But where do I go from here and what is needed for me to actually do payroll and be “payroll compliant.”

Payroll for a Start Up Entity

- So you have your Federal EIN proof but since your entity is located within the Commonwealth of Pennsylvania, you need to register for Pennsylvania withholding and Pennsylvania Unemployment.
- The form to do the above is called the PA100 form and can be accessed at www.PA100.State.PA.US.
- This is a generic form for all entities within or doing business in the Commonwealth. The two payroll related items to check off on the form are for withholding and unemployment.
- Once completed you will receive an email from the Department of Revenue with your account number. The Department of Labor and Industry which handles the unemployment compensation part will most likely send your account number and experience rate via the US Mail.

Payroll for a Start Up Entity

- Okay, I took care of getting registered with Pennsylvania. Is there any other tax agencies I need to deal with?
- Yes there is. If your entity is located in a municipality outside of Philadelphia, chances are very good there is either a Local Earned Income Tax and/or a Local Service Tax. Pennsylvania ACT 32 requires Pennsylvania based entities to deduct the higher of the Earned Income Tax based on where the employee lives or works.
- The two major players involving Local Earned Income Tax and Local Service Tax remittance is Keystone and Berkheimer. The website to retrieve who administers that is [www. https://dced.pa.gov/local-government/local-income-tax-information/](https://dced.pa.gov/local-government/local-income-tax-information/). Just type in the address and the screen will show you the municipality, percentage of local tax and who administers it.

Payroll for a Start Up Entity

- I will be hiring an employee who lives in Philadelphia. Even though my business is in the suburbs, do I need to withhold City Wage Tax?
- Yes you do and it is mandated. You can register with the city on line via their website at <https://www.phila.gov/departments/departments-of-revenue/>.
- I am hiring an employee from New Jersey. Am I responsible for taking out New Jersey withholding. Pennsylvania and New Jersey have a reciprocal agreement regarding payroll taxes. The recommendation would be to register with New Jersey at <https://business.nj.gov/>.
- Okay, I did all of the above and is there anything my employees to need to fill out?

Payroll for a Start Up Entity

- Here are the documents to present to each of your newly hired employees:
- 1. I-9 form The employee should have documentation meaning a drivers license or passport to name a few that they can work in the United States.
<https://www.uscis.gov/sites/default/files/document/forms/i-9-paper-version.pdf>.
- 2. W4 form This is for the employee to fill out in regards to federal withholding (marital status and exemptions) for their pay. <https://www.uscis.gov/sites/default/files/document/forms/i-9-paper-version.pdf>.
- 3. For entities located in Pennsylvania suburbs regarding Local Earned Income Tax and Local Service Tax. The employee should fill out the portion in regards to where they live and municipality along with a Political Sub Division Code (PSD) which can be retrieved thru <https://www.uscis.gov/sites/default/files/document/forms/i-9-paper-version.pdf>.
- You should create for each of these employees a permanent file of the above documents.

Payroll for a Start Up Entity

- Is there anything else needed in regards to registration or requirements? Yes there is.
- Workers Compensation Insurance. This is mandated for every Pennsylvania entity with one or more employees. It is payroll related based on the kind of work the entity does and protects you for things that can happen at your entity. Your commercial insurance provider can get that for you as well as payroll services where it is called Pay by Pay Workers Compensation.
- Labor Law Compliance Posters. These posters have both the state and federal labor law regulations such as OSHA and minimum wage. Any entity over one employee should get one and place in a break room or kitchen so the employees can see it. You can get them thru a payroll service, online or a Staples. But please make sure to be current since labor laws and minimum wage can change anytime during a calendar year.

Payroll for a Start Up Entity

- Okay, so I did all of the registrations, hired the employees, had them fill out the necessary documents, got Workers Compensation insurance and have a Labor Law poster in the breakroom. Now I want to pay my employees? Where do I go for that?
- You have options to handle the payroll processing. They include payroll service providers (The Payroll Factory for example) which for a per pay fee will generate payroll checks, direct deposit, deposit and file all payroll taxes when due, quarterly and annually and generate the W-2's at year end.
- There are inhouse options such as QuickBooks that offer store shelf packages as well.
- You should definitely have an accountant to handle your books and provide guidance for your entity. Some accountants offer payroll as one of their niches.
- There are bookkeeping firms that will come in and do your payroll as well.
- With all of the above before you settle in and get ready to pay your employees, do your homework. Your accountant can be of great assistance since they have experience with all of the above.

Payroll for a Start Up Entity

- If I can answer any questions for you, please don't hesitate to call me via my cell or email. I would be honored to help you.



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- Thank you very much and best of luck in your endeavors.