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Sustainable Infrastructure for Asia and the Pacific (51367-001)

Investment Readiness Toolkit N°6

for: SME BlueImpact Asia

# GUIDANCE REPORT:

Sample Documents, Guides &  
Courses for SME Fundraising

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For SME Fundraising*

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# I. ESSENTIAL DOCUMENTS

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## A. EXECUTIVE SUMMARY:

### Equity Fundraising

*Please note that this is a generic sample executive summary, and you should tailor it to your specific company, industry, and capital-raising needs.*

#### Executive Summary: Raising Capital for [Company Name]

[Company Name] is a dynamic and innovative [industry] company with a clear vision to revolutionize the market. We are seeking to raise capital to fuel our growth, expand our operations, and capture a significant share of the market.

#### **Overview:**

[Company Name] was founded in [year] with the aim of [mission/purpose]. Since then, we have made significant progress in [key achievements], positioning ourselves as a leader in the industry. Our unique approach, cutting-edge technology, and dedicated team have resulted in a rapidly growing customer base and a strong market presence.

#### **Market Opportunity:**

The [industry] market presents a substantial growth opportunity, driven by [market trends]. Market research projects a [percentage] CAGR over the next [number] years, reaching a value of [market value]. With our differentiated products and services, we are well-positioned to capitalize on this opportunity and become a dominant player in the market.

#### **Business Model:**

At [Company Name], our business model centers around [core strategy]. We offer [products/services] that cater to the needs of our target customers, providing them with [key benefits]. Our revenue model primarily relies on [revenue streams], ensuring multiple sources of income and a sustainable business model.

**Competitive Advantage:**

We have developed a compelling competitive advantage through [unique features/technologies]. This allows us to deliver superior value to our customers, differentiate ourselves from competitors, and create barriers to entry. Our innovative approach has been recognized with [industry awards/accolades], reinforcing our position as a market leader.

**Financial Highlights:**

To date, we have achieved significant financial milestones, including [revenue growth, profit margins, etc.]. These achievements demonstrate the scalability and profitability of our business model. With the infusion of capital, we aim to further accelerate our growth trajectory and drive even greater financial success.

**Capital Requirements:**

To seize the market opportunity and execute our growth strategy, we are seeking [amount of capital] in this round of funding. The capital will be allocated towards [key areas of investment, such as research and development, marketing, infrastructure, etc.]. This investment will enable us to strengthen our market position, expand our customer base, and enhance our product offerings.

**Management Team:**

Our team comprises highly experienced professionals with a proven track record in the industry. Led by our visionary founder and supported by a talented group of executives, we have the expertise and leadership necessary to drive [Company Name] towards success. Our team's collective experience includes [relevant experience, industry knowledge, etc.].

**Conclusion:**

[Company Name] is an exciting investment opportunity in the [industry] sector. With a strong market presence, a compelling competitive advantage, and a dedicated management team, we are well-positioned to deliver exceptional returns for our investors. We invite you to join us on this exciting journey as we disrupt the industry and create long-term value.

## Loan Application

Please note that this is a general template for an executive summary for a loan application. It is essential to customize it to reflect your specific company, industry, loan requirements, and any additional information requested by the lending institution.

### Executive Summary: Loan Application for [Company Name]

[Company Name] is a well-established and successful [industry] company seeking a loan to support our ongoing operations, fund strategic initiatives, and drive growth. We have a strong track record, a solid business model, and a clear plan for utilizing the loan funds effectively.

#### **Company Overview:**

[Company Name] was founded in [year] and has since become a recognized leader in the [industry] sector. We specialize in [products/services] and have built a loyal customer base due to our commitment to quality, customer service, and innovation. Our financial performance has been strong, with consistent revenue growth and healthy profit margins.

#### **Loan Purpose:**

The loan funds will be used for several key purposes that will enhance our business operations and fuel our growth. These include:

- 1. Working capital:** The loan will provide the necessary liquidity to support our day-to-day operations, manage cash flow fluctuations, and meet ongoing financial obligations.
- 2. Expansion initiatives:** We have identified strategic opportunities for expansion, such as entering new markets, launching new product lines, or acquiring complementary businesses. The loan will enable us to execute these initiatives and capture additional market share.
- 3. Technology investments:** To maintain our competitive edge, we plan to invest in advanced technologies, systems, and infrastructure upgrades. This will improve operational efficiency, enhance product development, and enable us to deliver better value to our customers.

**Financial Position:**

Our financial performance reflects a stable and profitable business. We have consistently generated positive cash flow, achieved healthy profit margins, and maintained a strong balance sheet. The loan will further strengthen our financial position, enabling us to seize growth opportunities while maintaining a healthy debt-service coverage ratio.

**Repayment Plan:**

We have developed a comprehensive repayment plan that ensures timely and consistent repayment of the loan. Our repayment plan takes into account our projected cash flow, profit margins, and other financial indicators. We are confident in our ability to meet the loan obligations within the agreed-upon terms.

**Management Team:**

Our management team consists of seasoned professionals with extensive experience in the [industry] sector. They have successfully navigated market challenges, led strategic initiatives, and achieved notable milestones. Their expertise, coupled with a strong organizational structure, ensures effective management and oversight of the loan funds.

**Collateral and Guarantees:**

To secure the loan, we are prepared to offer collateral in the form of [assets]. Additionally, the personal guarantees of the company's key stakeholders will be provided, further mitigating risk and providing assurance to the lender.

**Conclusion:**

[Company Name] is a strong and reputable company with a proven track record of success in the [industry] sector. We have a clear vision for growth, a robust business model, and a sound plan for utilizing the loan funds to drive our strategic objectives. We are confident that with this loan, we will not only strengthen our business but also generate a favourable return on investment. We appreciate your consideration and look forward to discussing this loan application in more detail.

## II. SAMPLE PITCH DECKS:

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### A. Equity

- [Founder Institute: Pitch Deck Guide](#)
- [HubSpot: Template & 12 Pitch Decks](#)
- [SlideBean: Template & 30 Pitch Decks](#)
- [Visible VC: 18 Pitch Decks](#)
- [Pitch.com: How to Pitch Your Business](#)
- [YouTube: 8 Key Slides for Your Pitch Deck](#)
- [Pitch.com: The Art of Online Pitching](#)

### B. Debt

- [SlideTeam: 1 pg Business Loan Agreement Presentation](#)
- [Swoop Funding: Loan/Equity Pitch Deck](#)
- [Dribbble: Business Agreement](#)
- [SECA: Convertible Loan Agreement](#)

## III. TERM SHEET

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The purpose of a term sheet is to outline the key terms and conditions of a potential investment or business transaction between parties. It serves as a preliminary agreement or roadmap that sets the foundation for further negotiations and the eventual creation of legally binding documents.

### Sample Term Sheets:

- [TemplateLab: 47 Simple Term Sheet Examples](#)
- [PdfFiller: Term Sheet Templates](#)

## A Key Features of a Term Sheet:

### 1. Parties Involved:

Clearly identify the parties involved in the transaction, such as the company seeking financing (Issuer) and the investor(s) providing the funds.

### 2. Description of Transaction:

Provide a brief overview of the transaction, including the purpose, type of financing (equity or debt), and the intended use of funds.

### 3. Investment Amount and Valuation:

Specify the amount of investment being offered by the investor(s) and the valuation of the company. This section may also include details on the investment structure, such as the issuance of shares or convertible debt.

### 4. Funding Conditions:

Outline any conditions that need to be met for the investment to proceed, such as completion of due diligence, legal documentation, or obtaining necessary regulatory approvals.

### 5. Investment Terms:

Define the key terms related to the investment, including the type of securities being issued, the price per share or conversion terms, any investor rights or board representation, and the expected timeline for the investment.



## **6. Capitalization Table:**

Provide a summary of the company's capitalization table, indicating the existing ownership structure, any outstanding shares, and the proposed ownership percentages after the investment.

## **7. Use of Funds:**

Describe how the funds will be utilized by the company, including specific purposes such as product development, marketing, expansion, or working capital.

## **8. Corporate Governance:**

Specify any governance provisions, such as board representation, voting rights, or consent requirements, that may be applicable to the investor(s) as a result of the investment.

## **9. Protective Provisions:**

Identify any protective provisions that the investor(s) may require to safeguard their investment, such as anti-dilution clauses, veto rights, or information rights.

## **10. Conditions Precedent:**

List the conditions that need to be fulfilled before the investment can be completed, such as the execution of definitive legal documentation, obtaining shareholder approvals, or fulfilling regulatory requirements.

## **11. Confidentiality and Exclusivity:**

Include provisions to protect the confidentiality of the term sheet and establish a period of exclusivity during which the parties negotiate and finalize the transaction.

## **12. Dispute Resolution:**

Specify the method for resolving disputes, such as through arbitration or mediation, and indicate the jurisdiction or governing law applicable to the agreement.

It's important to note that a term sheet is a non-binding document and serves as the basis for negotiating the final agreement. It should be reviewed by legal and financial professionals to ensure accuracy, completeness, and alignment with the specific needs of the transaction and the parties involved.

# IV. FINANCIAL STATEMENTS

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## A. Resources

To prepare your financial statements :

- [FinanceHire: 4 Basic Financial Statements](#)
- [Investopedia: Financial Statements and How to Read Them](#)
- [Sample Templates: 9 Essential Business Financial Statements](#)

## B. Four Types of Financial Statements

### 1. Income Statement (also known as Profit and Loss Statement):

The income statement provides information on a company's revenues, expenses, and net income or net loss over a specific period. It shows the company's ability to generate profits by matching revenues with corresponding expenses.

### 2. Balance Sheet:

The balance sheet presents a snapshot of a company's financial position at a specific point in time. It outlines the company's assets, liabilities, and shareholders' equity, providing insights into its financial health and solvency. The balance sheet follows the fundamental accounting equation:  $\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$ .

### 3. Cash Flow Statement:

The cash flow statement reports the cash inflows and outflows from operating activities, investing activities, and financing activities over a given period. It helps assess the company's ability to generate cash and its cash liquidity. The statement provides insights into how cash is generated and used by the company.

#### 4. Statement of Shareholders' Equity *(also known as Statement of Changes in Equity)*:

The statement of shareholders' equity shows the changes in equity over a specific period. It includes the contributions from shareholders, net income or net loss, dividends, and other factors affecting shareholders' equity. This statement helps track the changes in ownership interest and retained earnings of the company.

These financial statements collectively provide a comprehensive view of a company's financial performance, position, cash flows, and changes in equity. They are essential tools for investors, creditors, management, and other stakeholders to analyze and evaluate a company's financial condition and make informed decisions.

## V. BUSINESS PROJECTIONS

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A financial projection predicts the business's upcoming finances. They project future numbers, like costs, revenues, debt, cash flow, etc. It uses a balance sheet, cash flow, and income statement to make the projections.


Projections are detail-oriented and conclude outcomes for hypothetical plans, while a financial forecast speculates an overall overview of the company's future. It is an essential part of any business plan. It helps create budgets, identify potential risks & investment opportunities, and make decisions.

### RESOURCES

- [Score: Financial Projections Template](#)
- [Plan Buildr: Business Plan Projections](#)
- [Educba: Financial Projections](#)

### SAMPLES

**Cash flow projections** help understand the company's near-term cash needs. They show the amount of money coming in from operations and going out in expenses. For debt finance, cash flow projections are especially important. Here is one example:

IBM Financial Modeling  EDUCBA	Historicals					Forecasts				
	(All Data is in Millions \$, Except Per Share Information)	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
<b>Cash flows from operating activities</b>										
Net income (loss)	5,753	8,728	9,432	5,591	5,742	7,863	8,091	8,206	8,331	
<b>Adjustments for :</b>										
Depreciation	3,021	3,127	4,209	4,227	3,888	1,717	1,903	2,084	2,214	
Amortization of intangibles	1,520	1,353	1,850	2,468	2,529	2,529	2,529	2,529	2,529	
Stock-based compensation	534	509	678	937	982	1,205	1,240	1,257	1,274	
Deferred Taxes	-	853	(1,527)	(3,205)	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)	
Net (gain)/loss on asset sales and other	(917)	123	(1,096)	(70)	(307)	(307)	(307)	(307)	(307)	
<b>Total</b>	<b>9,911</b>	<b>14,693</b>	<b>13,546</b>	<b>9,950</b>	<b>10,834</b>	<b>11,007</b>	<b>11,455</b>	<b>11,768</b>	<b>12,040</b>	
<b>Change In Working Capital</b>										
Receivables (including financing)			502	5,297	1,372	1,372	1,372	1,372	1,372	
Retirement related			301	936	1,038	1,038	1,038	1,038	1,038	
Inventory			67	(209)	138	138	138	138	138	
Other assets/other liabilities			858	2,087	(671)	(671)	(671)	(671)	(671)	
Accounts payable			(503)	138	85	85	85	85	85	
<b>Total</b>	<b>6,813</b>	<b>554</b>	<b>1,225</b>	<b>8,249</b>	<b>1,962</b>	<b>1,962</b>	<b>1,962</b>	<b>1,962</b>	<b>1,962</b>	
<b>Net cash used in operating activities</b>	<b>(a) 16,724</b>	<b>15,247</b>	<b>14,771</b>	<b>18,199</b>	<b>12,796</b>	<b>12,969</b>	<b>13,417</b>	<b>13,730</b>	<b>14,002</b>	
<b>Cash flows from investing activities</b>										
Purchase of property, plant, and equipment	(3,229)	(3,395)	(2,286)	(2,618)	(2,062)	(2,218)	(2,281)	(2,312)	(2,344)	
Proceeds from disposition of PP&E	460	248	537	188	387	388	388	388	388	
Investment in software	(544)	(569)	(621)	(612)	(706)	(704)	(704)	(704)	(704)	
Acquisition of businesses, net of cash	(496)	(139)	(32,630)	(335)	(3,561)	(500)	(500)	(500)	(500)	
Divestiture of businesses, net of cash	(205)	-	1,076	502	3,147	200	200	200	200	

## A CAPITALISATION TABLE

A capitalisation (cap) table tracks the equity ownership of a company in terms of the number and type of shares (as well as series) along with any special terms such as liquidation preferences or protection clauses.

The cap table for a start-up can start off quite simple at first, initially including just the founders and/or the first handful of employees. As the company's employee base grows and more outside investors join in, it can quickly become more complicated. For this reason, a cap table must be used and kept up-to-date to calculate the dilutive impact from each funding round, employee stock options, and issuances of new securities.

### SAMPLES :

- [Wall Street Prep: Capitalisation Tables](#)
- [Investopedia: Capitalisation Tables](#)
- [Carta: Capitalisation Tables](#)

## Example: Cap Table to be Dated & Verified

### Startup.com capitalization table

Shareholder	Title	Common Stock	Series A Preferred	Series B Preferred	Common Equivalent	Full Diluted % owned
Joe B.	CEO	1,200,000			1,200,000	8.8%
Jane B.	CFO	1,200,000			1,200,000	8.8%
Cindy N.	COO	600,000			600,000	4.4%
Adam D.	Officer	200,000			200,000	1.5%
Chris Y.	Officer	700,000			700,000	5.1%
Tara W.	Officer	500,000			500,000	3.7%
					-	0.0%
Jim B.	Investor		2,500,000		2,500,000	18.3%
Marc A.	Investor		2,500,000	909,091	3,409,091	25.0%
					-	0.0%
Reid H.	Investor			909,091	909,091	6.7%
David S.	Investor			909,091	909,091	6.7%
Peter F.	Investor			909,091	909,091	6.7%
					-	0.0%
Employee Stock Option Pool		600,000			600,000	4.4%
<b>Total</b>		<b>5,000,000.0</b>	<b>5,000,000.0</b>	<b>3,636,363.6</b>	<b>13,636,363.6</b>	<b>100.0%</b>

## VI. TRADE FINANCE AGREEMENT

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Trade Finance facilitates domestic and international trade transactions by providing capital for import and export activities. Trade finance protects importers and exporters from counterparty risks. This could be a default from any party involved.

The importer needs to pay the supplier cash advance for goods to be shipped, while the exporter needs this capital as a security to avoid the risk of non-payment.

- [ICBC Exporter Trade Finance: Standard Terms](#)
- [VeloTrade: What is Trade Finance?](#)

### A. Checklist: Terms of SME Trade Finance Agreement

#### 1. Financing Amount:

The agreed-upon amount of financing that will be provided to the SME for their trade transactions. This amount may vary depending on the specific needs and requirements of the SME.

#### 2. Interest Rate:

The rate at which interest will be charged on the financing provided. It is important for the SME to understand and agree upon the interest rate as it will impact the cost of borrowing and the overall financial obligations.

#### 3. Repayment Terms:

The terms and schedule for repayment of the financing amount, including the frequency and amount of installment payments. It is essential for the SME to clearly understand and meet the repayment obligations to avoid any penalties or default.

#### 4. Collateral or Security:

The type of collateral or security required by the financing institution to secure the trade finance facility. This may include assets, such as inventory, accounts receivable, or personal guarantees from the SME's owners.

#### 5. Trade Transactions:

The scope and nature of the trade transactions that the financing will be used for, including import/export activities, purchase orders, letters of credit, or other trade-related activities.

## **6. Fees and Charges:**

Any applicable fees and charges associated with the trade finance facility, such as application fees, processing fees, commitment fees, or documentary fees. These charges should be clearly outlined to ensure transparency and understanding.

## **7. Documentation Requirements:**

The specific documentation that the SME needs to provide to access the trade finance facility. This may include invoices, bills of lading, purchase orders, contracts, or other supporting trade documents.

## **8. Termination:**

The conditions and procedures for terminating the trade finance agreement, including events of default, breach of terms, or mutual agreement. This section should outline the rights and obligations of both parties in case of termination.

## **9. Governing Law and Jurisdiction:**

The governing law and jurisdiction under which any disputes or legal matters related to the trade finance agreement will be resolved. This provides clarity and ensures that both parties are aware of the legal framework that governs the agreement.

## **10. Confidentiality:**

A provision outlining the confidentiality obligations of both parties regarding any sensitive information shared during the course of the trade finance agreement. This protects the interests and proprietary information of both the SME and the financing institution.

It is important for SMEs to carefully review and negotiate the terms of the trade finance agreement with the financing institution to ensure that they align with their business requirements, financial capabilities, and risk tolerance. It is advisable to seek legal counsel to ensure that the agreement is comprehensive and protects the interests of the SME.

## VII. COURSES:

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### A. FUNDRAISING FOR SMEs

There are various fundraising courses available for SMEs that can help business owners and entrepreneurs enhance their fundraising skills and knowledge. Here are some popular and highly regarded online courses:

#### 1. ["Raising Capital for Startups" by Stanford University:](#)

This online course provides insights into fundraising strategies, valuation methods, and investor pitches. It covers topics such as venture capital, angel investors, crowdfunding, and bootstrapping.

#### 2. ["Fundraising for Small Businesses" by Udemy:](#)

This course offers practical guidance on raising funds for small businesses. It covers essential topics such as creating a compelling pitch, understanding different funding options, building investor relationships, and developing a fundraising strategy.

#### 3. ["Fundraising for Nonprofits" by NonprofitReady:](#)

This course specifically caters to nonprofit organizations and focuses on effective fundraising techniques. It covers key fundraising principles, donor cultivation, grant writing, and fundraising planning.

#### 4. ["Financial Modeling and Valuation" by Wall Street Prep:](#)

While not specific to fundraising, this course equips entrepreneurs with the financial modeling skills needed to create comprehensive financial models, including those required for fundraising purposes. It covers topics such as forecasting, valuation, and investor presentation skills.

#### 5. ["Startup Fundraising Masterclass" by Angellist:](#)

This course provides an in-depth understanding of startup fundraising, including strategies for approaching investors, conducting due diligence, negotiating term sheets, and managing investor relationships.



## 6. [SME Trade Academy](#)

is the online learning platform of the International Trade Centre (ITC), a joint agency of the United Nations and the World Trade Organization. Over 100 online courses on trade and trade-finance, specifically tailored for learners in developing countries.

## 7. Local Workshops and Seminars:

Check with your local business development centers, entrepreneurship organizations, or industry-specific associations for workshops and seminars on fundraising. These events often provide valuable insights and networking opportunities.

Remember to research each course to ensure that it aligns with your specific needs, budget, and learning preferences. Additionally, consider seeking recommendations from other SME owners or entrepreneurs who have successfully raised funds for their businesses.

# B. IMPACT METRICS FOR SMEs

Understanding impact metrics is essential for SMEs aiming to measure and communicate their social and environmental impact. Here are some courses that can help SMEs gain a better understanding of impact metrics and reporting:

## 1. ["Introduction to Impact Measurement and Management" by Acumen Academy:](#)

This course provides an introduction to impact measurement concepts and practices. It covers topics such as theory of change, impact measurement frameworks, and practical approaches to measuring social and environmental impact.

## 2. ["Measuring Social Impact" by Harvard Kennedy School:](#)

This course focuses on measuring social impact for nonprofit organizations and social enterprises. It covers topics such as impact evaluation methods, data collection techniques, and reporting frameworks.

### **3. "Impact Measurement for Entrepreneurs" by Social Value International:**

This course is designed specifically for entrepreneurs and SMEs. It provides guidance on identifying and measuring social value, understanding impact measurement frameworks, and integrating impact measurement into business practices.

### **4. "Impact Measurement and Management for Investors" by GIIN Academy:**

This course is targeted towards impact investors but can be valuable for SMEs seeking to understand impact metrics from an investor perspective. It covers topics such as impact due diligence, impact measurement frameworks, and reporting to stakeholders.