

PREPARING TO MEET WITH YOUR FINANCIAL PROVIDER CHECKLIST

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HOW TO PREPARE FOR A LOAN APPLICATION AND BUILD A SOLID WORKING RELATIONSHIP WITH YOUR FINANCIAL PROVIDER

Applying for credit goes better when you are prepared. Details matter.

- Character – Honesty, integrity, credit history, your packaging
 - Show up on time
 - Finish what you start
 - Do what you say you are going to do
 - Is the plan I present mine or my accountants?
- Capacity - Profitability
 - Documents – Be prepared to provide better financial information to your lender
 - Government issued ID to verify your identity
 - Past income tax returns and/or accountant-prepared financial statements dating back three years
 - Existing loan agreements (if applicable)
 - Business plan
 - Executive Summary
 - Clearly state who you are (farm history), size, location, what your business does, key accomplishments, future business growth plans and how you will be successful
 - Business Strategy
 - What are your immediate, short-term and long-term goals?
 - What are your mission and vision statements?
 - Ownership, Management, and Human Resources
 - Describe the ownership structure of the business
 - Provide shareholder and lease agreements (if applicable)
 - Who are the key people required who you rely on to run your business?
 - Job descriptions - qualifications and training
 - Production Plan
 - What are you selling? Livestock? Crop(s)?
 - What activities are required during a production cycle and/or by season or fiscal year
 - Marketing/ Pricing Strategy
 - When/where do you sell your product(s) and
 - How you price your products (margin or markup)?
 - Who is the competition, who buys or will buy your product(s)
 - Cash Flow and Financial Plan
 - Farm Net Worth Statement - difference between what you own (assets) and what you owe (liabilities).
 - How much money is going in and out of your business monthly?
 - What does it cost you to produce each product that you sell? (fresh blueberries vs processed, corn vs hay, cattle vs sheep)
 - When is an operating loan necessary?
 - How do you measure success?
 - How do you measure your productivity and income for your business?

- SWOT Analysis (strengths, weaknesses, opportunities, and threats) allows you to evaluate your business from all angles.
- Risk Mitigation Plan. What steps are you taking to minimize risks to your business?
 - Do you use a program like [Agrishield](#) to identify risks?
 - Do you participate in [Agriculture Insurance and Income Protection](#) programs such as [AgriStability](#) , [Production Insurance](#) and [AgriInvest](#) ?
- Open and clear communication
 - Share when things have gone well, when they haven't, and why.
 - Ask what ratios your lender uses to evaluate your loan application and how they are calculated?
- Continuous Improvement
 - When do you Assess, Plan, Implement, Review your Business Plan?
 - Invest in yourself as well as your business. A key to a successful business is to always keep learning
- Collateral
 - What can you provide as security for a loan (land? equipment? quota?)
- Capital
 - How much you have invested in your business?
 - Debt-to-equity= calculated by total liabilities divided by farm net worth.
- Conditions and Trends
 - What is outside of your control that could affect your business? Such as the economy, political landscape and/or environmental concerns etc.?
 - What is the likelihood of a "Black swan event" such as fire, flood, disease outbreak, etc.?
 - What can you control? Such as what, when, how you produce? What, when, how you sell your products OR buy your inputs (forward contract or hedge)? Small improvements matter. A *"5% improvement on yield, a 5% on marketing and a 5% decrease in costs. In theory, this should only be a 15% improvement – but it adds 117% more to the bottom line"**
- Compliance – What are the reporting requirements?
 - What are the terms and conditions of your loans?

Resources

- o [Business plan resources \(PDF, 381KB\)](#)
- o [Business plan writing checklist \(PDF, 197KB\)](#)
- o [Planning for profits: Sample templates on net worth, income and expense, cash flow, partial budget, crop production plan, action plan \(XLSX, 1.6MB\)](#)
- o [Enterprise budgets - Province of British Columbia](#)
- o [Taking stock](#) business self assessment tool

Sources

- o Farm Credit Canada
 - o What to expect [Farm Credit Canada Working with FCC Team](#)
 - o [*5 small steps that help you move towards bigger profits | FCC](#)
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- o Bossy Naggy Group Six "C"s of credit. [History | Bossy Naggy Group](#)