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# **FINANCIAL FEASIBILITY STUDIES**

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# PRESENTATION OVERVIEW

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Financial Feasibility Study Components

Challenges in the Application Process

Misteps in the Application Process

Questions and Discussion

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# FINANCIAL FEASIBILITY STUDY COMPONENTS

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Required for most Significant Debt Issuances

Agreed-Upon Procedures, Compilation, and Examination

Detailed Description and Evaluation of Project and Related Assumptions

Business Plan for Management

Industry Experience and Expertise is Necessary

# FINANCIAL FEASIBILITY STUDY COMPONENTS

- Overall summary
- Financial statements
- Description of the organization
- Project description
- Financing plan
- Accounting policies
- Financial assumptions
- Market assumptions
- Sensitivity analysis

# FINANCIAL FEASIBILITY STUDY COMPONENTS

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## Financial Assumptions

- Understanding Financial Statements and Ratios

- Understanding Industry and Revenue Streams

- Understanding Current Economic Conditions and Marketplace

## Market Assumptions

- Understanding “Competition”

- Understanding Data Available

- Understanding Future Trends

## Management and Governance Evaluation

## Sensitivity Analysis

# CHALLENGES IN THE APPLICATION PROCESS

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Upfront Planning (Lack Thereof)

Client, Architect, Advisors, etc.

Financial Strength of the Applicant

Historical Performance

Project Size and Scope

Balance Facility Needs with Capacity

Understanding Terms

Cash Flow

Non-Project Related Initiatives

Information Technology

Recruitment

# MISSTEPS IN THE APPLICATION PROCESS

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Preliminary Architectural Feasibility Report

Debt Structure / Test for Other Credit

- Direct vs. Guaranteed

- Terms and Rates

- Existing Debt

Timing and Updates to the Forecast

- Construction Costs

- Interest Rates

- Updated Financial Information

# QUESTIONS AND DISCUSSIONS

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# THANK YOU

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