

Financial Readiness Assessment

Red Flags: Factors that may inhibit provider from obtaining needed funding, meeting commitments, repaying loans

Green Flags: Factors that suggest project success

Financial Readiness Red Flags

- Difficulty meeting payroll or taxes
- Borrowing from officers/directors
- Unable to pay bills promptly
- Large amount of uncollected receivables
- Deficits in recent years
- Leader doesn't understand financial position
- Leader can't explain audit
- There is no cushion or cash reserve

Financial Readiness Green Flags

- Services are constrained by lack of space
- Provider is financially strong and growing
- Provider has shown success identifying and obtaining new funding sources each year
- Financial systems are strong and in place
- Leadership understands and guides financial position