University Impact (UI) Debt Criteria

Loans offered

Working capital loans: A loan used to finance a company's everyday operations, helping cover short-term operational needs.

- 1-year of revenue history
- Cash flow positive
- Collateral (at least one of the following)
    - Capital to be used to fulfill purchase orders (buy inventory for order)
    - High Accounts Receivable outstanding (waiting to receive cash)
        - Example: loan of 80% of Accounts Receivable
    - Non-unique inventory (easy to liquidate)
    - Other liquid assets
- Will consider an exception to the above criteria if:
    - Debt guaranteed by other third-party with large assets
    - Backed by collateral that exceeds the value of the loan
    - Company is raising an equity round and will have cash on hand in the future

Equipment purchase: A loan used to purchase equipment needed by the company to reduce costs or build capacity.

- 1-year of revenue history
- Cash flow positive
- Equipment is not highly customized
- Equipment shows a path to decrease costs or increase revenue
    - Prefer purchases of a duplicate piece of equipment already owned
- Collateral
    - Equipment that can be resold/liquidated
    - Other liquid assets

Refinancing: A loan used to consolidate other debt, typically with a lower avg. interest rate.

- History of on-time loan payments (6 - 12+ months)
- Collateral
    - Secure the loan with liquid assets if possible

Debt financing options & loan terms

Debt financing options:
- Amortized loan (principal+interest each payment)
- Interest-only

Loan terms:
- Flexible payment schedule
  - Monthly, quarterly, etc.
- Term length
  - 1 month - 3 years
- Interest rate is variable on country risk and company creditworthiness
  - 12% - 25%+
  - 1-3% warrants
- Standard governance terms

Impact criteria:
- Directly addressing one or more UN SDGs
- A clear theory of change
- Input, output, outcome measurements and reporting