10 Ways to Raise Capital Without Banks or Investors

Curious about the many ways to raise capital? Start with what you have: look at your balance sheet to see what assets you can leverage for capital. If you don't have any available assets to finance, look to your income statement for sales financing or cash flow based financing. We summarized the important points of each option here to help you run the list of what's possible. Of course, each deal is subject to its own terms, pricing and structure, depending on the lender.

Accounts Receivable Financing Required: (1) diversified basket of A/R that's (2) not overdue, and (3) payable by high quality credits. Borrow up to ~80% of outstanding qualified A/R. Deal secured by A/R. Best used for working capital.	**A/R Factoring (Purchase & Sale)** Similar to A/R Financing but you sell A/R for up to 90% upfront. When the invoice pays, the Factor holds back fees, and pays the rest to you. More expensive, but safer because factors assume credit risk.
Inventory Line of Credit Requires consistent inventory on hand. Borrow up to a certain % of asset value, to buy new inventory. It's a productive use of capital because it generates new sales.	**Equipment Financing** Ironically, this does *not* require you have equipment. Instead, you use lender's capital *to actually buy the collateral*. This is a very productive use of capital.
2nd Lien Mortgages Companies can secure a 2nd lien mortgage on property with enough equity. The amount you can finance is roughly equal to 60-70% of the net equity available in the property.	**Hard Money Loans** Loans secured by property. These loans are usually very short term and expensive, and should be used as a last resort, because you run the risk of losing property.
C&I Term Loans For businesses with big balance sheets, a commercial & industrial loan is a great option. This is usually a very long term deal which should be used for long term investments.	**Future Sales Financing** With revenue history, businesses can sell a fixed amount of future revenue in exchange for a fixed payback. Get up to 15% of TTM sales. Good for asset-lite businesses.
Bridge Loans If you're expecting a future liquidity event, like VC money or ERTC tax credits, a bridge loan is a great way to fill the gap until that money comes in.	**Purchase Order Financing** If you have POs, you can finance the cost of goods sold to execute on the order and deliver product. Very productive use of capital because it generates new sales.

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