



SICIL PINE

Credit underwriting and financial due diligence



SCREENING MEMO

Science Education Nonprofit Exhibit Loan

October 2026

Anonymized sample

Names, locations and history have been changed, and every dollar figure and count has been scaled by a single factor. Ratios, structure and the analysis are unchanged.

RECOMMENDATION

Proceed to full diligence. Ridgeline Science Center (the “Center”) is requesting a \$1.23MM program-related loan at 2.00% fixed, fully amortizing over ten years and subordinate to a \$410K SBA loan. On the Center’s projections, as adjusted for this review, cash available for debt service covers total debt service 2.07x in the first year, including a planned \$522K payoff of a related-party note, and 2.03x if attendance is flat. The loan is small relative to the Center’s balance sheet, and coverage rises sharply once the related-party note is retired.

Two features of the request need answers in full diligence. The \$820K donor match for the marine science exhibit is not yet committed, and public grants supply 45% to 60% of revenue. The sensitivity analysis shows coverage holding above 1.25x whenever grant revenue stays at 90% or more of plan. Coverage falls below 1.25x if grant revenue drops to 80% of plan while attendance declines, or to 75% of plan unless attendance grows about 5%.

Items for full diligence to resolve

1. Evidence that the donor match is committed, or a structure that releases the exhibit portion of the loan only as matching funds arrive.
2. The status and renewal timing of the Center’s largest public grants, including what drove the FY2024 decline.
3. The SBA lender’s consent to subordinate debt, and the final terms of the related-party note payoff.

DEAL SNAPSHOT

Item	Detail
Borrower	Ridgeline Science Center, a 501(c)(3) science education nonprofit operating a 47,560 square foot facility in a large metropolitan region
Request	\$1.23MM program-related loan
Terms	2.00% fixed, ten-year term, fully amortizing with quarterly payments
Security and position	General assets of the Center, subordinate to an existing \$410K SBA loan
Use of proceeds	\$820K toward a \$1.64MM permanent marine science exhibit, with the balance from a donor match, and \$205K for each of two seasonal festival exhibits. Total project cost \$2.05MM.
FY2025 position	Revenue \$7.96MM, EBITDA \$2.09MM, total assets \$16.82MM, 74 days cash on hand, debt to assets 7.4%
Mission reach	About 147,000 visitors a year, including about 39.6K students on field trips (26.9% of attendance), with 10.7% of visits free or subsidized
Basis of review	The Center’s summary financials for FY2023 to FY2025 and its projections, as submitted with the loan request. Figures are as reported and have not been verified.

REPAYMENT CAPACITY

Historical results are uneven. Grant revenue fell by roughly half in FY2024 and EBITDA turned slightly negative before recovering in FY2025. Earned operating revenue grew in each of the three years, which is the more durable base for repayment. Free cash flow was negative in FY2024 and FY2025 because of about \$3.1MM of facility and equipment purchases across the two years, not operating losses.

Historical results (\$ millions)

Metric	FY2023A	FY2024A	FY2025A
Total revenue	7.9	5.4	8.0
Grant revenue	4.8	2.3	3.6
Earned operating revenue	2.7	3.0	3.2
EBITDA	2.7	(0.1)	2.1
Net income	2.0	(0.9)	1.1
Free cash flow	2.7	(0.7)	(0.4)
Debt to assets	13.5%	10.8%	7.4%

The projections assume attendance grows 1% in FY2026 as the new exhibits open, 8% in FY2027 and FY2028 as they mature, and 3% after that. Management expects a 10% to 15% lift, so the base case is deliberately below management's view. The downside case holds attendance flat.

Projected coverage

Metric	FY2026E	FY2027E	FY2028E
Cash available for debt service (base)	\$1,483K	\$1,498K	\$1,950K
Total debt service	\$718K	\$293K	\$184K
Coverage, base case	2.07x	5.11x	10.59x
Cash available for debt service (downside)	\$1,457K	\$1,257K	\$1,464K
Coverage, downside case	2.03x	4.29x	7.94x
Days cash on hand (base)	140	160	255

FY2026 debt service includes the planned \$522K payoff of the related-party note. Excluding that payoff, FY2026 coverage on scheduled debt service is 7.57x. Annual debt service on the requested loan is about \$136K.

SENSITIVITY

FY2026 coverage under combinations of grant revenue, as a share of the base case, and attendance growth.

Grant revenue	Attendance - 10%	Attendance - 5%	Attendance 0%	Attendance 1%	Attendance 5%	Attendance 10%
110%	2.04x	2.22x	2.40x	2.44x	2.59x	2.77x
100%	1.67x	1.85x	2.03x	2.07x	2.21x	2.39x
90%	1.29x	1.47x	1.66x	1.69x	1.84x	2.02x
80%	0.92x	1.10x	1.28x	1.32x	1.46x	1.64x
75%	0.73x	0.91x	1.09x	1.13x	1.27x	1.46x

Coverage stays above 1.25x in every case where grant revenue holds at 90% or more of plan. It drops below 1.25x when grant revenue falls to 80% of plan and attendance declines, and below 1.00x when grant revenue falls to 80% with a 10% attendance decline or to 75% with a 5% decline. At 75% of plan, coverage stays below 1.25x unless attendance grows about 5%. Cells below 1.25x are shaded, and cells below 1.00x are shaded darker.

KEY RISKS

Risk	Why it matters	What full diligence would test
Public grant concentration	Public grants supply 45% to 60% of revenue, and grant revenue fell by about half in FY2024.	Grant agreements, renewal dates, funder concentration and the timing of past appropriations.
Uncommitted donor match	The marine exhibit needs \$820K from donors, none of it committed, and pledges may depend on this loan closing.	Pledge documentation, and a disbursement structure tied to matching funds.
Attendance assumptions	Overhead is largely fixed, so margins move with attendance. The base case assumes 1% growth in FY2026 rising to 8%.	Attendance history by segment, pre-sales for the seasonal exhibits and results from past exhibit launches.
Subordination and related-party obligations	The loan sits behind an SBA loan, and the Center pays a related-party note and a shared services charge to its sister organization.	The SBA loan agreement and consent, the related-party note terms and the shared services agreement.
Exhibit construction	A permanent exhibit build carries cost and schedule risk.	Exhibit budget and contingency, fabrication contracts and the opening timeline.

QUESTIONS FOR MANAGEMENT

1. Which donors have been approached for the \$820K match, what is committed in writing, and what happens to the marine exhibit if the match falls short?
2. Which public grants make up the largest share of revenue, when do they renew, and what drove the FY2024 decline?
3. How did attendance move in the first season after the Center's last major exhibit opened?
4. What are the terms of the related-party note and the shared services agreement, and does either continue after the payoff?
5. Does the SBA loan agreement permit subordinate debt, and has the SBA lender been asked to consent?
6. What contingency is carried in the exhibit budget, and who bears cost overruns?
7. What liquidity policy does the board follow, and is the 60-day cash target written down?

DOCUMENTS FOR FULL DILIGENCE

- Audited financial statements for FY2023 to FY2025 and current interim statements
- Board-approved FY2026 budget and the multi-year projection model
- Grant agreements for the five largest public funders
- Donor pledge documentation for the exhibit match
- SBA loan agreement and the related-party note
- Shared services agreement with the sister organization
- Exhibit budget, design contract and fabrication schedule
- Attendance and membership reports by segment for three years
- IRS Form 990 for three years and current certificates of insurance

DISCLAIMER

This screening memo is an anonymized sample prepared by Sicil Pine LLC to illustrate its credit analysis. Names, locations and history have been changed, and every dollar figure and count has been scaled by a single factor, while ratios, structure and the analysis are unchanged. It is not an offer, solicitation or recommendation concerning any security, and it is not investment, legal, tax or accounting advice.

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