All business proceeds on beliefs, or judgments of probabilities, and not on certainties. ~ Charles Eliot

Making Your Financial Assumptions

This section walks you through the BizPlanBuilder Comprehensive Financial Model financial assumptions worksheets and provides definitions of key accounting terms and the factors to take into consideration when making your assumptions that form the foundation of your financial projections.

 \gg A WORD TO THE WISE: PROJECT YOUR BUDGET FIRST - The best place to begin preparing your projected financial statements is with your start-up Capital Requirements. Start with fixed operating expenses. Research your monthly expenses: electricity, telephone, water and sewer, rent, insurance, and other basic expenses. These are called fixed, not because they do not change, but because they do not change based on sales volume. Variable expenses such as material and labor are frequently estimated as a percentage of sales.

Operating expenses are commonly grouped into Sales & Marketing, Research & Development, and General & Administrative categories. These categories represent all of the expenses involved in the day-to-day operations of a company other than what is included in the Cost of Goods Sold section.

Your financial assumptions provide the foundation for projecting all of your financial statements. Your assumption numbers entered into each assumptions worksheet page flow via links and formulas throughout the entire financial model financial statements. The following pages define the terms found in the assumptions worksheets and offer suggestions for making your assumptions. You may also want to refer to the on-line help.

A unique aspect if BizPlanBuilder is your ability to project your numbers from both the "Top-Down" as well as "Bottom-Up" perspectives.

Top-Down Projection

Most of the Assumptions pages include a table at the top of each one enabling you to enter a cost assumption based upon a percentage of your overall revenue. This way, except for the HR Assumptions (because you want to manage your staffing a little more personally than other expenses), all of your expenses can 'float' depending upon your revenue projections. If you are a start-up, you will likely not yet have revenue and must enter your numbers from the bottom-up – those numbers will override the numbers generated from the percentages tables.

Bottom-Up Projection

While you will want to start with the top-down approach, you can then make adjustments from the bottom-up—enter actual numbers for expenses you will need to achieve certain objectives. These can be certain investments in product development, inventory, marketing, etc. which may not be included in the Capital Requirements page. Simply click on a cell in the assumptions worksheet and enter the number. For example you may want to budget a key-word ad campaign in Google starting in Jan, click cell B46 on the "Assumptions – Marketing" page and enter \$1,000.

What if I overwrite a formula and want to get it back?

No problem. If you type over or modify a cell formula and wish to return the cell to its original state, simply copy the formula from an adjacent cell and paste it into the cell you want to return to its original state.

The demand for certainty is one which is natural to man, but is nevertheless an intellectual vice. ~ Bertrand Russell

Basic Assumptions

This is where you set-up your financial model. As with all BizPlanBuilder financial models, we include many onscreen instructions as well as useful comments embedded in cells (with the little red triangles).

×	Microsoft Excel - Financials	Comprehe	nsive				
:2	<u>Eile E</u> dit <u>V</u> iew <u>I</u> nsert F <u>o</u> r	mat <u>T</u> ools	<u>D</u> ata <u>W</u> indo	w <u>H</u> elp		Type a ques	stion for help 🛛 🚽 🗗 🗙
) 🗃 🖬 🖪 🖨 🖪 🖪 🖉	° 🛍 🔏 🛛	🗅 🕰 • 🛷 🛛	9-14-18	$\Sigma - \frac{1}{2} \downarrow \frac{1}{4} \downarrow 1$	4 75% -	0 _
-	B19 🔻 🍂 Star	t-Ups					
	A	В	С	D	E	F	G
1 2 3 4 5 6 7 8 9 10 11 11	Basic Assumption: Update Completed on April 20, 2005 Projections Updated on: Company Name: Beginning Monthi: Beginning Year: Amounts entered as: Current Shares Outstanding: Type of Company:	04/20/05	ompany Ni First Month of First Fiscal Yea	ame Here gour Fiscal Year (ar (remember a Fis bers, T = thousan		mber)	
13 14 15 16 17 18 20 21 22 23 24 25 26 27 28	Enter the names of your products Type in your various sources of revenue here. Ve've provided a few ideas You are free to input whatever makes sense for your business.	Intro Offer Start-Ups Small Busi Businesses Association Affiliates Resellers Schools Corporatio Consultant	nesses USA Non-USA Is ns is	Alls here: Ideas_ Intro Offer Product A Product B Product C Product C Product C Service A Service A Service C Product Line A Miscellaneous Rever	Come here for tips. Food Service Intro Offer Bar Breakfast Lunch Dinner Catering Deliverg	Retail Store Intro Offer Walk-in Telephone Tradeshow Special Event Mail Order Internet Account Training	Technical Services Intro Offer Internet Direct Internet Indirect Resellers Assocations Software Sales Technical Support Fulfillment Advertising Subscriptions
29 30 I€ Rea	1	Other				<	NUM .

We recommend thinking in terms of "profit centers" that are appropriate for the management of your business because you can project sales and costs tied to each one. Keep in mind that, while you want detail, you also want to keep this simple enough for an investor or lender to immediately understand.

For example, if your company sells and services pumps, you may want to show sales separately for pumps, spare and replacement parts, and service. If you have two basic types of pumps, it may be helpful to show two product lines for pump sales. Having pump sales itemized for each pump type does not necessarily mean that parts and service should also be itemized by the pump type they relate to. In this scenario, you would probably want to show four product lines: two for pump sales, one for parts, and one for service. On-screen you will see several examples and suggestions – you can start and change it later!

Amounts entered as:

To make your financials easier to read, we recommend entering your numbers in thousands (1=1,000). It makes it much easier for you to mentally check your numbers for accuracy and reality (you should, your investors and lenders sure will!). Also, we <u>highly recommend eliminating pennies</u> and just use round dollar numbers. (\$1,500.32 = \$1.5 or 1,500.) When you see a page full of numbers, we believe that you will appreciate this advice.

Human history becomes more and more a race between education and catastrophe. ~ H.G. Wells

Historical Financials

If you have financial information from the recent past (last 1-3 years) enter it on this page. As you can see, there are not many numbers to enter. Please feel free to edit the heading to match your business requirements.

(We researched having these automatically entered from some of the popular accounting programs, but the programming complexities – mostly to do with the unlimited number of ways people can set up their charts of accounts – would likely generate more problems for you than just typing in these few figures.)

Eile Edit <u>V</u> iew Insert	F <u>o</u> rmat	<u>T</u> ools <u>D</u> ata	Wind	low <u>H</u> elp				- 8
) 😂 🖬 🖪 🖨 🛃 🚨 🕻	ABC 👸	🔏 🗈 📇	- 🥩	9 - 18	Σ	- 21 1	1 75	5% 👻 🕜
D7 - fx 0								
A		в		С		D	0	E
Historical Finan	cials							
(in thousands)	ciuis	Pre-Audit		Pre-Audit		Pre-Audit	i	Average
Profit (Loss)		2002		2003		2004	-	Prior 3 Years
Revenue	s		S	-	S	- 1	ls	
Cost of Sales		-		-		-	ľ –	-
Gross Profit	S		S	1	S	20. 20.	S	12
Gross Profit %		0%		0%		0%		0%
Operating Expenses							23	
R&D / Tech Support	S	-	S	-	S	.	S	-
Sales & Marketing		1.7		-		-		1.5
G&A		10		5		5 0		10
Depreciation		13		-		58		10
Amortization of Capitalized R&		12	-	-		25	-	82
Total Operating Expenses	S	-	S	-	S	-	S	
Operating Income	s				s		-	
Operating Income	3	-	S	-	3	-	S	10-
Interest Income	•		s		s		s	
3 Interest Expense	. T					-	~	
Net Income Before Tax	S		S	-	S	-	s	-
5	×.				200	2.8	×	
Income Tax	s	12	S	2	S	10	s	
7							832	
Net Income	S	-	S	-	S	-	S	() -
3 % of Total Revenue		0%		0%		0%		0%
EBITDA A A Fable of Contents		\$0	23	\$0		\$0	s	-

EBITDA stands for Earnings Before deducting for Interest, Taxes, Depreciation and Allowances. This is a more true measure of a company's performance in terms of generating profits and provides any wouldbe financier or acquirer with a more accurate picture of the business as a "money-making machine." It removes the effects of any financing structures (schemes...) and the resulting interest the company may be saddled with, it takes out taxes which an acquirer may be able to restructure, God knows what assets you own and how you are writing them off (depreciating them), and what else are you making allowances for? EBITDA is 'just the facts' ma'am. The rest of your Historical Financials can easily be taken from your accounting system in just a few minutes.

Microsoft Excel - Final	ncialsCon	nprehensive			
Eile Edit View Inse	ert F <u>o</u> rmat	<u>T</u> ools <u>D</u> ata	<u>W</u> indow	<u>H</u> elp	_ 8 ×
10 💕 🖬 🖪 🔒 🗐	🛕 🗳 🛍	🖹 🌖 🗸	🤮 Σ ᠇	2↓ 🛄	75% 🔹 🕜 🚆
A59 👻 ;	fx				
A		В	С		D
33 Balance Sheet		2002		2003	2004
34 Cash	S	-	S	- S	-
35 Investments		10		-	-
36 Accounts Receivable		12		-	
37 Notes Receivable		-		-	-
38 Inventory		12		5	5
39 Other Current Assets) 4	-		
40 Total Current Assets	S		S	- \$	-
41 42 Fixed Assets					
43 Land	S		S	- S	
44 Buildings			. *		
45 Accumulated Depreciation				-	
46 Building/Leasehold Improve	ments			2	1
47 Accumulated Depreciation		24		-	-
48 Machinery & Equipment		-		-	_
49 Accumulated Depreciation				2	2
50 Office Equipment				-	
51 Accumulated Depreciation		17		-	-
52 Computers & Software		12		2	
53 Accumulated Depreciation				-	
54 Total Fixed Assets	S	15	S	- S	-
55					
56 Other Assets	<u>S</u>		S	-	
57 Total Assets	2	-	S	- S	
60 Current Liabilities					
61 Short Term Debt	S		S	- S	-
62 Accounts Payable		12		_	2
63 Other Payables		1 		-	
64 Accrued Liabilities		05		-	
65 Total Current Liabilities	S	-	S	- S	-
66	-		-	-	
67 Long Term Debt 68 Total Liabilities	<u>S</u>	-	S S	- <u>\$</u> - \$	
68 Total Liabilities	2	-	3	- 3	
70 Shareholder Equity					
71 Common Stock	S	32	S	- S	-
72 Retained Earnings	N 10			÷ 22	-
73 Dividends Payable		12	5218	2	
74 Total Shareholders' Equi	ty S	-	S	- S	-
75	50 - <u>-</u>				
76 Total Liabilities & Equity 77	<u> </u>	-	S	- \$	-
78	*0	K! In Balance	*OK! In Ba	lance *O	(! In Balance 🛛 🔽
18					
Ready				NUM	

Notice: At the bottom of the page, we include a quick check to make sure that your balance sheet is indeed balanced. It compares your Total Assets with your Total Liabilities + Equity. Taken from your financial statements, they should already be in balance. If they're not in balance, it's likely a mistake was made when they were entered into this page. (This line won't print.)

Smart boss + smart employee = profit Smart boss + dumb employee = production Dumb boss + smart employee = promotion Dumb boss + dumb employee = overtime

Assumptions HR

How much space should you lease and for how long? How will your requirements change? Among other things, this worksheet helps you answer these questions.

Use this worksheet to account for your present and future employees and contractors and to calculate the office space you will need to accommodate your entire operation. While most of the assumptions pages can be driven by a percentage of sales (and overwritten in the case of start-ups), this page enables you to plan ahead for the number of people you will need in each position.

Each section is divided into two parts—one for people paid from the ongoing operation of your business and one for people paid from the proceeds of an investment or loan. An employee may be paid initially from financing proceeds, then shift to being paid from operations. This enables you to show an investor or lender that you plan to hire your initially team with their money, then shift to begin paying them through the business.

You can change any/all of the labels to suit your business.

The HR budget numbers are automatically filled into the subsequent expense assumptions pages – Use only this page to plan all of your hiring and staffing.

💾 Eile Edit View Insert		ools <u>D</u> ata <u>V</u>	<u>V</u> indow <u>H</u> el;				Type a quest	uon toi neip	
🗋 💕 🛃 💪 🔒 🛃 🙆	. 🍣 🔛 👌	6 🗈 📇 -	3 - 1	¥ 🖌 😫	$\Sigma - \frac{A}{Z} \downarrow \frac{Z}{A}$	1 🛄 🛷	75% 👻 🤇	2 -	
G24 🔻 fx									
A		в	C	D	E	F	G	н	1
Beople / Space	Require	ments V	Vorksh	eet					
17 Copie / Space	riequire	inches .	· ····						
18 Assumptions			1	2004	Jan-05	Feb-05	Mar-05	Apr-05	May-05
19 Projected Sales (from Revenue			- 8	\$.	\$ 408	\$ 466	\$ 524	\$ 466	\$ 4
20 Square Feet / Employee		200							
Avg. Monthly Cost/Square Foo	t		800						
	S S	\$3.00							
	(d)	\$3.00 \$2.00	3					_	
- Manufacturing/Warehouse	r s		-					1	
- Manufacturing/Warehouse Minimum Rentable Office Space	r s	\$2.00	-					1	
- Manufacturing/Warehouse 24 Minimum Rentable Office Spac 25 When to Start Renting	r s	\$2.00 700	Salary					1	
23 - Manufacturing/Warehouse 24 Minimum Rentable Office Spac 25 When to Start Renting 26 Executive	e Job Title	\$2.00 700	Salary (000)					1	
 Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Staff Funded by Operation 	e Job Title	\$2.00 700		0	1	1	1	1	1
Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive To Starf Funded by Operation Executive	e Job Title S	\$2.00 700	(000)	0	1	1	1	1	
Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Executive Executive XXX	Job Title S CEO	\$2.00 700	(000) \$ 175	0	1	1	1	1	1
Amufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Exacutive Executive Xxxx Xxx Jee CFO	Job Title s CEO COO	52.00 700 1ar-05	(000) \$ 175 125	0	1	1		1	1
Annufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Staff Funded by Operation Executive Axx Jee CFO Xxx	s e M Job Title CEO CEO CFO Admin Assist:	52.00 700 1ar-05	(000) \$ 175 125 150	0	1	1	1	1	1
Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Start Funded by Operation Executive XXX Je CFO XXX Total Staff Funded by Operatio	Admin Assistans	52.00 700 1ar-05	(000) \$ 175 125 150		1	1	1	1	1
Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Start Funded by Operation Executive Xxx Joe CFO Xxx Total Staff Funded by Operation Staff Funded by Operation Staff Funded by Operation Staff Funded by Operation	Admin Assistans	52.00 700 1ar-05	(000) \$ 175 125 150		1	1	1	1	1
Annufacturing Warehouse Minimum Rentable Office Space When to Start Renting When to Start Renting Executive Staff Funded by Operation Xxx Joe CFO Xxx Total Staff Funded by Operation Staff Funded by Operation Staff Funded by Operation Staff Funded by Operation Staff Funded by Compared Jee CFO	V S V Job Title CEO COO CFO Admin Assistant Proceeds	32.00 700 lar-05	(000) \$ 175 125 150 60		1	1	1	1	1
- Manufacturing Warehouse Minimum Rentable Office Space Winning Start Renting Executive Start Renting Executive Start Senting Ise CFO Start Funded by Operation Start Senting Ise CFO Start Funded by Operation Start Funded by Start	Job Title Job Title CEO COO CFO Admin Assista na Proceeds CFO	32.00 700 1ar-05	(000) \$ 175 125 150 60		1	1	1	1	1
Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Start Funded by Operation Executive Xxx Joe CFO Sxx Total Staff Funded by Operation Sx Total Staff Funded by Financing Joe CFO Sxxx	Se N Job Title CEO CEO CFO Admin Assist Proceeds CFO Admin Assist	32.00 700 1ar-05	(000) \$ 175 125 150 60		1	1	1	1	1
- Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting B We be to Start Renting B Staff Funded by Operation B Jac CFO I XXX Total Staff Funded by Operation Staff Funded by Operation Staff Funded by Operation Staff Funded by Staff	Solution States	32.00 700 1ar-05	(000) \$ 175 125 150 60		1	1	1		1
- Manufacturing Warehouse Minimum Rentable Office Space When to Start Renting Executive Start Renting Executive Start Renting 2 Start Renting 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 3 3 3 4 2 4 2 4 2 4 2 3 3 3	Solution States	32.00 700 1ar-05	(000) \$ 175 125 150 60		1 1 1 1 2	1	1 1 1 1 2	1 1 1 1	1

1. Input your estimated square footage required per employee. Usually this is from 140 to 250 square feet per employee. (Your commercial real estate representative can help you here.)

2. Enter your area's typical cost per square foot and the minimum rentable office space for your area, again checking with your commercial real estate representative for assistance.

3. Enter the month-year during the first fiscal year of your plan when you expect to start paying rent on

office space.

4. Enter your staffing needs by individual or job title as appropriate.

You can add more rows, click where you want to add a row (click/hold and pull-down to highlight as many rows as you want...) Pull-down under Insert and click Rows. You will need to add rows in the same places on the next worksheet as well—more later.

- Use the sections titled "Staff Funded by Operations" for employees whose costs (salaries & benefits) are funded from operations.

- Use the sections titled "Staff Funded by Financing Proceeds" for employees whose costs (salaries & benefits) are funded from financing proceeds (i.e., venture capital, business loans, sale of stock, etc.)

- As in the examples, enter the number of individuals for each job title and salary combination for each period that those individuals will work for you.

- When an employee originally designated as being Funded by Financing Proceeds begins to be funded from operations, stop showing the employee in the "Staff Funded by Financing Proceeds" section and begin showing the employee in the "Staff Funded by Operations" section. For example, take a look at the "CFO" in the "Executive" section - rows 30 and 34 - note what happens in the middle of year 1.

4. Enter manufacturing, product or warehouse space requirements at the bottom.

🕙 Eile Edit View Insert Format Tools Data <u>W</u> i	ndow <u>H</u> elp	5			Type a quest	ion for help	8
🗅 💕 🛃 💪 🔒 🛃 💁 🖏 🗱 🖌 🐿 🕰 • 🔇	3 - 1 - 1	× 😣 🗴	$E - \frac{A}{Z} \downarrow \frac{Z}{A}$	🛄 🛷	75% 👻 🤇		
G24 🕶 fx							
AB	С	D	E	F	G	н	1
02 XXX Contractor							
03 XXX XXX							
04 Total Staff Funded by Financing Proceeds		0	0	0	0	0	0
05 Total Production Management	8	0	0	0	0	0	0
06 % of All Employees		0%	0%	0%	0%	0%	0%
107							
08 Finance / Operations	Salary	2004	Jan-05	Feb-05	Mar-05	Apr-05	May-05
09 Staff Funded by Operations	(000)						
10 XXX Financial Manager	\$ 75						
11 XXX Office Manager	60						
12 XXX Accountant	60						
13 XXX XXX							
14 Total Staff Funded by Operations		0	0	0	0	0	0
15 Staff Funded by Financing Proceeds							
16 XXX Office Manager	50						
17 XXX Accountant	50						
18 xxx Contractor							
19 XXX XXX							
20 Total Staff Funded by Financing Proceeds		0	0	0	0	0	0
21 Total Finance/Operations		0	0	0	0	0	0
22 % of All Employees		0%	0%	0%	0%	0%	0%
23							
24 Total Headcount		1	2	2	2	2	2
25 Sales / Employee (000)		\$0	\$204	\$233	\$262	\$233	\$233
26							700
27 Total Office Space Required (3q ft)		0	0	0	700	700	
28 Manufacturing / Production / Warehouse Space (sq ft)		1000	1000	1000	1000	1000	1000
23 Total Space Required		1,000	1,000	1,000	1,700	1,700	1,700
30 Expected Rent per Month (in thousands) Image:	1	S 2.0	S 2.0		S 4.1	S 4.1	S 4.

The very bottom of this worksheet shows the total amount of office as well as warehouse space you will require. (You can change any/all of the labels to suit your business.)

The 'Expected Rent per Month' will be automatically included in the "Assumptions – General & Administrative" page.

On the next page (HR-Plan), the Salary entered below is multiplied by the number of people for each time period to produce an HR budget

Hard work spotlights the character of people: some turn up their sleeves, some turn up their noses, and some don't turn up at all. ~ Sam Ewing

HR Plan

This page multiplies the number of people in each position by the salary input on the previous page then adds the costs of benefits.

Enter your employee benefits percent this includes all employer taxes and benefits costs and is calculated as a percent of salaries.

If you add more categories/people on the previous (Assumptions-HR) page, you will need to add the corresponding lines on this page. (We added, then hid, extra lines at the top of this page to make the row numbers align with the Assumptions-HR page to help you check your work.)

Microsoft Excel - FinancialsComprehensive												Þ
💾 Eile Edit View Insert Format Tools Data Y	<u>N</u> indow <u>H</u> e	þ					Т	ype a	a question	for help		7)
🗋 🗃 🔒 🔒 🛃 💁 🖏 🐇 💺 🛍 🕰 •	🏈 ၅ 🛨	(18	Σ -	A↓	X ↓ ∭	4	75%	- 0	-		
🛃 🔩 💁 🖾 🗞 🎽 🗁 🖄 🔒 🔂 🕸 🖓 Reg	olv with Chan	ies	End	Review.								
B24 ▼ <i>f</i> 10%						-						
D24 ▼ /x 10%	C		D	E	-	F	G	_	н		J	Ť.
		-				- F	u				0	-1
21 Human Resources	(in tho	usand	s)								
22	1 1000000											
23 Assumptions	2004	Jar	1-05	Feb-0	5	Mar-05	Apr-0	15	May-05	Jun-05	Jul-05	
24 Employee Benefits: 10%	_1											
25 Annual Salary Increase: 3.5%	- -											
26 Executive Job Title												
27 Staff Funded by Operations		· · · · · · · · · · · · · · · · · · ·					Y					,
28 Executive CEO		S	16	\$	16	\$ 16	S	16	\$ 16	\$ 16	S 16	1
29 XXX COO		ļ	-			-		-	-	-	-	-
30 Joe CFO CFO		ļ	-		-	-		-	-	14	14	
31 xxx Admin Assistant		S	- 16		- 16	s 16	S	- 16	s 16	s 30	S 30	
32 Total Staff Funded by Operations 33 Staff Funded by Financing Proceeds		•	10	S	16	ə 10	3	10	3 10	\$ 30	ື່ວ ວເ	
33 Staff Funded by Financing Proceeds 34 Joe CFO CFO			14		14	14		14	14			
34 JOE CLO CLO 35 XXX Admin Assistant		1			-							
36 XXX Editor Assistant		·····										
37 XXX XXX		1			-	_		-		_		-
38 Total Staff Funded by Financing Proceeds		S	14	S	14	S 14	S	14	S 14	s -	S -	
39 Total Executives		S	30		30	\$ 30	S	30	\$ 30	\$ 30	\$ 30	П
40 % of All Employees		10	0%	1009	6	100%	1009	6	100%	100%	100%	٦
▲ ▲ ▶ ▶ / Table of Contents / Historical Financials	/ Assumpt	ions-l	HR \	HR-P	lan	Capit	२ 1 m	1		1		5
Ready	V		- /					0		NUM		-

While you get your company off the ground, you may want to offer reduced benefits.

Typical benefits seem to average about 35%.

To enter additional/increased benefits for subsequent years, scroll to the right and update the percentages under the appropriate year.

Using just one percentage number for everyone for an entire year may seem simplistic, but it does enable you estimate salary increases without getting too complicated on this issue.

To enter additional increases for subsequent years, scroll to the right and update the increase percentages under the appropriate year.

Several studies indicate that 87% of employees in the United States should receive an increase in their base pay in 2005, which is up from 83% who received a raise in 2003. In 2005, employers planned to grant average pay increases of 3.3% which is comparable to 2004's increase. 2005 (and likely 2006) budgets call for an average increase in base pay of approximately 3.5%.

Money is better than poverty, if only for financial reasons. ~ Woody Allen

Capital Requirements

How will you apply the proceeds of debt or equity financing? Use this sheet to determine your financing needs. While many investors or lenders may be satisfied with a summary listing of what you will do with the (their) money (See "Use of Funds Summary" (next worksheet)), often they will want a detailed list of what you intend to purchase. You will also likely want to list everything you will need.

The amounts entered here will automatically flow into the appropriate assumption pages and will be included on your financial statements.

All of the screens in this section belong to one spreadsheet page.

Note: Removing Rows

If any of these sections or rows are unnecessary, please HIDE them (First highlight the row(s) you don't want, then pull-down under Format to Row, then click <u>H</u>ide. Deleting them may cause formula problems elsewhere in the model.)

Start-Up Costs

This section can easily be changed to **Expansion Costs** for a growing company.

You may add line item by simply inserting rows (Pull-down under Insert (above) and let go on Rows).

Just be sure that the Total at the bottom of the section includes all rows in the section. (The Total numbers are the ones carried throughout the model.)

Microsoft Excel - FinancialsCom	prehensiv	/9						>
Eile Edit View Insert Format	<u>T</u> ools <u>D</u> a	ata <u>W</u> ind	ow <u>H</u> elp		Тур	oe a questio	n for help	8 >
id 🖬 🖬 B 🗿 🖻 D 🗳 🛍	X 🖻 I	🔁 • 🍼	1) - (2	- 🧕 🛛	Σ - <u>A</u> ↓ 2/2	(† <u>(11</u>) 4	72%	- 🕐 🚽
🔻 🗙 🗸 🏂 Total Dire	ct Mail							
A	В	С	D	E	F	G	Н	
7 Capital Requirements (in thousands)							2005	
10 Start-Up Costs	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05
11 Accounting	0					ĺ		l
12 Brochures								
13 Business Plan								
14 Insurance						ļ		Ļ
15 Insurance								
16 Legal Fees - Agreements 17 Legal Fees - Patent Application								
17 Legal Fees - Patent Application 18 Licenses & Permits								
19 Logo/Brand Development								•
20 Office Supplies							•	
21 Postage					•		•	1
22 Printed Materials								
23 Property Inspection								
24 Rent - Office								
25 Rent - Warehouse								
26 Telephone					ļ	ļ		Ļ
27 Web Hosting								
28 Vebsite						ļ		
29 XXX 30 XXX								+
31 XXX								
32 Total Start-Up Costs	-	-	-	-	× _	× _	-	- 6
H + + H / HR-Plan) Capital Require	ments /	Use of Pro	ceeds / I	Revenue I	Model	1		
	incirco A	000 01110	COCCO X	terende i			NUM	
Edit			-				NUM	

4	<u>Eile Edit View Insert Format</u>	Tools	Data	<u>W</u> indo	w <u>H</u> e	elp		T	ype a questi	ion for help	
-	📴 🖬 🖪 🚔 🛃 🗳 🖏			- 31	27 -	14 -	. Σ		1 4 7	5% - (0 -
	5 ▼ f _x		-						The second		
2	A		в	С		D	E	F	G	н	
4	Product Development	Jar	1-05	Feb-05	Ma	ır-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05
5	R&D										
6	XXX	S	-	S	- 5	-	s -	<u>s</u> -	<u>s</u> -	<u>s</u> -	S -
7	XXX										
8	XXX										
9	XXX										
0	XXX						_	_	_	_	_
1	Total R&D		-	×				·			
2	101011000					2000	5.66				
3	New Products & Services										
4	XXX		-		-	-	-	-	-	-	-
5	xxx		-		-	-	-	-	-	-	-
6	XXX		-			-	-	-	_	_	_
7	XXX		-			_	-	2	_	_	_
8	XXX		-	•		-	-	-	_	_	-
9	XXX		-			-	-	-	-	-	-
ů,	XXX		-		-	-	_	-	-	-	-
1	Total New Products & Services							-			
2			-			-	-	-	-	-	-
3	Acquisitions				Ì						
4	xxx		-	1	-	-	-	-	-	-	-
5	XXX		-		•	-	-	-	-	-	-
6	XXX		-		-			-	-	-	-
7	Total Acquisitions		-		. 7	221		-	<u> </u>	· ·	-
8			-			-	-	-	-	-	-
9	New Hires - R&D		-	9		030		-	-	-	-
n	Total Additional R&D Investment	S		S	- S	201	S -	S -	S -	S -	S -

You can change this entire section – add or remove sub-sections. (For example, change "Product Development" to "Services Development" or anything else that will work for your business.)

Just make sure that the Total at the bottom of this section includes everything in this section.

The "New Hires" at the bottom will automatically roll-up from the HR pages and continue to carry forward. Always manage your HR planning from the "Assumptions – HR" page.

On the "Use of Proceeds" summarizes everything from this page -- the table will be picked up by your Financing Requirements page in the text of BizPlanBuilder.

Sales & Marketing

Sales & Marketing costs can add up quickly. Smart investors realize that you will need to spend money on marketing in order to be successful. Use this page to itemize your launch costs—we recommend listing at least 9 months worth of sales and marketing budget items to get your "pump primed."

Image: Sector Secto		Microsoft Excel - FinancialsCom	prehensiv	/9						-	
A91 ▲ Total Direct Mail 7 Marketing & Sales Jan-05 Feb-05 Sales Jan-05 Jan-05 Jan-05 Jan-05 Jan-05 Jan-05 Jan-	:1	<u>File E</u> dit <u>V</u> iew Insert Format	<u>T</u> ools <u>D</u> a	ata <u>W</u> indo	ow <u>H</u> elp			Type a	question fo	or help 🚽	- 8 ×
A B C D E F G H I J 77 Marketing & Soles Jan-05 Feb-05 Mar-05 Mag-05 Mag-05 Jun-05 Jun-05 Jun-05 Jun-05 Jun-05 Aug-05 Sep- 78 Advectising - <t< th=""><th></th><th>i 😂 🛃 💪 🔒 🛃 🕰 🖤 🛍</th><th> X 🗈 I</th><th>🄁 - 🍼 </th><th>5 - 6</th><th>- 😫 🛛</th><th>$\Sigma - \frac{A}{Z} \downarrow \frac{Z}{A}$</th><th>1 🛄 4</th><th>3 72%</th><th>• 🕜 🚽</th><th></th></t<>		i 😂 🛃 💪 🔒 🛃 🕰 🖤 🛍	X 🗈 I	🄁 - 🍼	5 - 6	- 😫 🛛	$\Sigma - \frac{A}{Z} \downarrow \frac{Z}{A}$	1 🛄 4	3 72%	• 🕜 🚽	
Track Jan-05 Feb-05 Mar-05 Apr-05 May-05 Jun-05 Jul-05 Aug-05 Sep- 3 Advertising - <th></th> <th>A91 🔻 🏂 Total Dire</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>		A91 🔻 🏂 Total Dire									
78 Avertising - - - - 80 max Magazine - - - - - 81 max Magazine - - - - - - 81 max Magazine - - - - - - - 81 max Magazine -										Aug-05	
80 xxx Magazine - <	78		oun oo		,					- -	
81 828 82 828 83 828 84 84 85 Total Advertising 86 Total Advertising 87 Direct Mail 88 Direct Mail 89 Direct Mail 80 Direct Mail 80 Direct Mail 81 Direct Mail 82 Direct Mail 83 Direct Mail 84 Direct Mail 85 Direct Mail 86 Direct Mail 87 Direct Mail 88 Direct Mail 89 Total Direct Mail 91 Total Direct Mail 93 Internet Search Engines - Google 94 Internet Search Engines - Duetrue 95 Internet Advertising - Veb Links 96 Poetaging 97 Poetaging 98 Total Direct Mail 99 Total Direct Mail 90 Poetaging 91 Poetaging 92 Direct Mail 93 Total Direct Mail 94 Total Direct Mail 95 Internet Search Engines - Coogle 96 Poetaging 97 Poetaging 98 Total Direct Mail 99 Total Direct Mail 99 Total Direct Mail 90 Poetaging 91 Poetaging 92 Poetaging 93 Poetaging 94 Poetaging 95<									-		
average average average birect Mail birect Mail <td< th=""><th>1.</th><th></th><th></th><th>-</th><th></th><th></th><th></th><th></th><th></th><th>-</th><th></th></td<>	1.			-						-	
88 Total Advertising -											
88 Direct Mail	83	888	1					2	C11	5. 5	
97 Direct Mail 98 Direct Mail 91 Total Direct Mail 93 Internet 94 Internet 95 Internet 96 Internet 97 Total Direct Mail 98 Internet 99 Internet 90 Packaging 91 Total Packaging 92 Internet 93 Internet 94 Internet 95 Internet 96 Internet 97 Total Internet 98 Total Internet 99 Total Internet 90 Packaging 91 Total Packaging 92 Total Packaging 93 Total Packaging 94 Total Packaging 95 Internet 96 Public Relations 97 PRFirm 98 Total Packaging 99 Total Packaging 91 Total Packaging 92 Internet 93 Internet 94 Total Packaging 95 Internet 96 Public Relations 97 PRFirm 98 Total Packagines 99 Total Packagines 99 Internet 90 Packaging 91 Internet 92 Internet 93 Internet 94 Total Packaging 95 Internet 96 <th>85</th> <th>Total Advertising</th> <th></th> <th>-</th> <th></th> <th><u>.</u></th> <th></th> <th><u>a</u> 4</th> <th></th> <th></th> <th></th>	85	Total Advertising		-		<u>.</u>		<u>a</u> 4			
Bit Contail Bit Contail <											
30 1				•							
32 Internet 33 Internet Search Engines - Google 34 Internet Search Engines - Overture 35 Internet Search Engines - Overture 36 Internet Advertising - Web Links 37 Total Internet 38 Total Internet 39 Total Internet 30 Packaging 31 Packaging 32 Internet 33 Internet 34 Internet 35 Internet 36 Internet 37 Total Internet 38 Internet 39 Total Packaging 304 Total Packaging 305 PRF Imm 306 Public Relations 307 PRF Imm 308 PR Film 309 Protal Packaging 3010 Total PR 302 Protal Regines 303 Protal Regines - Google 304 Internet Search Engines - Overture 305 S S S S S											
33 Internet 34 Internet Search Engines - Google 35 Internet Search Engines - Overture 36 Internet Advertising - Web Links 37 Total Internet 38 Total Internet 39 Total Internet 30 Pack aging1 31 - 32 Pack aging1 33 - 34 - 35 Pack aging1 36 - 37 - 38 - 39 Total Internet 30 Pack aging1 31 - 310 Pack aging1 32 - 331 - 343 - 344 - 345 - 346 - 347 - 348 - 348 - 349 - 340 - 341 - 342 - 344	91 92	Total Direct Mail	· ·		-	-	· ·	· ·		· ·	
95 Internet Search Engines - Overture 96 Internet Advertising - Veb Links 97 Total Internet 98 Total Internet 99 Packaging 100 Packaging 101 Packaging 102 xx8 103 Packaging 104 Total Packaging 105 Public Relations 106 Public Relations 107 PR Firm 108 PR Materials 109 PR Firm 108 PR Advertials 109 Proteines 101 Internet Search Engines 102 Total PR 103 Internet Search Engines - Overture 113 Internet Search Engines - Overture 114 Internet Search Engines - Overture 115 Internet Search Engines - Overture 116 Internet Search Engines - Overture 117 New Hires - Marketing \$ 118 Internet Search Engines - Overture 119 New Hires - Marketing \$ 119 Tot	93										
set Internet Advertising - Veb Links 97 Total Internet 98 Total Internet 99 Packaging 101 Packaging 102 xxxx 103 Total Packaging 104 Total Packaging 105 Public Relations 106 Public Relations 107 PR Firm 108 PR Materials 109 Total PR 111 Search Engines 1111 Search Engines 1111 Internet Search Engines - Google 1112 Search Engines 1113 Internet Search Engines - Overture 116 Total Search Engines 117 New Hires - Marketing 118 New Hires - Marketing 119 Total Marketing Requirements 119 Total Marketing Requirements 119 Total Marketing Requirements 119 New Hires - Marketing Requirements	1.1.1.1.1.1.1.1.1										
98 Total Internet -											
38 Packaging		Total Internet									_
101 Packaging/Launch 102 xxxx 103 Total Packaging 105 Public Relations 106 Public Relations 107 PR Firm 108 PR Materials 109 Total PR 101 Total PR 102 Search Engines 103 Internet Search Engines - Google 104 Internet Search Engines - Overture 105 Total Search Engines - Overture 106 Internet Search Engines - S 107 Total Search Engines - S 108 New Hires - Marketing 109 S 101 Total Search Engines - S 102 S 103 Internet Search Engines - S 104 Hird + Mil (Historical Financials (Assumptions-HR (HR-Plan) Capital Requirement ()	99										
102 ### 1 <th></th>											
104 Total Packaging -				¢							
105 Public Relations 106 Public Relations 107 PR Firm 108 PR Materials 109 100 100 Total PR 101 Total PR 102 Search Engines 103 Internet Search Engines - Google 114 Internet Search Engines - Overture 115 Total Search Engines 116 Total Search Engines 117 Internet Search Engines 118 New Hires - Marketing 119 Total Marketing Requirements 119 Total Marketing Requirements 119 Total Marketing Requirements 114 + H / Historical Financials / Assumptions-HR / HR-Plan / Capital Requirement	104	Total Packaging		· .					· .		
07 PR Firm 08 PR Materials 09 PR Materials 09 0 100 Total PR 0 0 111 Search Engines 0 0 112 Search Engines - Google 0 0 113 Internet Search Engines - Overture 0 0 116 Total Search Engines 0 0 117 New Hires - Marketing \$ \$ \$ \$ \$ 118 New Hires - Marketing \$ <td< th=""><th>105</th><th>Public Belations</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></td<>	105	Public Belations									
103 Total PR - <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></td<>											
100 Total PR 111 12 112 Search Engines 113 Internet Search Engines - Google 114 Internet Search Engines - Overture 116 116 117 117 118 New Hires - Marketing 119 117 118 New Hires - Marketing 119 118 119 118 119 119 119 110 119 110 119 111 119 111 119 111 119 111 119 111 110 111 111 111 112 111 113 111 114 111 115 111 116 111 117 111 118 111 119 111 119 111 111 111 112 111 113 111 114 111 115 111 116 111 117 111 118 111 119 <th>108</th> <th>PR Materials</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	108	PR Materials									
112 Search Engines 113 Internet Search Engines - Google 114 Internet Search Engines - Overture 118 Total Search Engines 119 Total Search Engines 118 New Hires - Marketing 119 Total Marketing Requirements 119 Total Marketing Requirements 110 Total Marketing Requirements 111 Total Marketing Requirements 112 Total Marketing Requirements 113 Total Marketing Requirements 114 Historical Financials / Assumptions-HR / HR-Plan / Capital Requirement	110	Total PR		•					-		
113 Internet Search Engines - Google 114 Internet Search Engines - Overture 115 Total Search Engines 116 Total Search Engines 117 Internet Search Engines 118 New Hires - Marketing 119 Total Marketing Requirements 119 Capital Requirement		Search Engines									
116 116 117 117 118 New Hires - Marketing \$		Internet Search Engines - Google									
116 Total Search Engines · <th>114</th> <th>Internet Search Engines - Overture</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th>	114	Internet Search Engines - Overture									
118 New Hires - Marketing \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	116	Total Search Engines	-		<u> </u>	<u> </u>	· .	4	-		
Its Total Marketing Requirements \$ <th></th> <th>New Hires - Marketing</th> <th>\$ -</th> <th>\$-</th> <th>\$-</th> <th>\$-</th> <th>\$ -</th> <th>\$-</th> <th>\$ -</th> <th>\$ -</th> <th>\$</th>		New Hires - Marketing	\$ -	\$-	\$-	\$-	\$ -	\$-	\$ -	\$ -	\$
		Total Marketing Requirements	\$ -		•	•	•		\$ -	\$ -	\$
Dead https://www.commons.com/	14 -	🕩 🕨 📈 Historical Financials 🖌 Ass	umptions-	HR / HR-	Plan \ Ca	pital Req	uirement				
Ready NUM NUM	Rea	dy							NL	JM	

Sales & Marketing costs will be carried to the "Use of Proceeds - Summary" page by sub-total of the bold-heading sections. *If you change a bold heading here, it will automatically change on the Use of Proceeds page*. You can add sub-sections... just make sure you add matching sub-sections on the "Use of Proceeds – Summary page."

The "New Hires" at the bottom will automatically roll-up from the HR pages and continue to carry forward. Always manage your HR planning from the "Assumptions – HR" page.

Inventory

🕙 Eile Edit View Insert Forma	it <u>T</u> ools <u>D</u> ata	<u>W</u> indow	<u>H</u> elp	Т	ype a questi	on for help		1 3
🗋 💕 🖬 🖪 🔒 🗐 🚳 💁 🖤 🕯	🔍 🔏 🕩 🖺	- 🦪 🖻	- 12 -	😫 Σ 🖣		75%	• 🕜	
15 🔻 🏂								
A	В	С	D	E	F	G	Н	I
62 Inventory	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	
63							Y	y
64 Intro Offer	S -							4
65 Start-Ups								
66 Small Businesses USA								1
67 Businesses Non-USA								
68 Associations								
69 Affiliates								
70 Resellers								
71 Schools								
72 Corporations								
73 Consultants								
74 Other								1
75 Total Inventory	S -	S -	S -	S	S -	S -	S -	1

Inventory will be carried to the "Use of Proceeds – Summary" page as a single line item.

Capital Equipment

The bold headings are common accounting terminology—we recommend using them as they are. Go ahead and change the blue headings to suit yourself.

You can add as many rows as you like (remember to HIDE the rows that you don't want).

Also, remember to make sure that the total in each section include all of the rows you have added.

	Tools	Data	_		10 5		ype a questi			
L) 😂 🛃 L≥ 🚑 I 🛃 L≥, I 🍄 🚉 I 15 🗸 🗸	¥ 4	1 🗖	a - → -	e) + (a +	🛃 Σ	→ A ↓ Z ↓	11 49 /	5% • (2	
A	E	3	С	D	E	F	G	н	- I	Π
Capital Equipment	Jan	-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	ľ
2 Land (Non-Depreciable Asset)	_									······
3 Property A	S	-								
4 Property B										
5 Property C	- Construction									
6 Total Land	S	100	S -	S -	S -	S -	S -	S -	S -	4
7 8 Buildings & Leasehold Improvements									-	ų.
9 XXX 9 XXX									-	- Yer
0 XXX						-				1
1 XXX				••••••					-	4
2 XXX						-		••••••		1
3 Total Buildings & Improvements	s	12	s -	s -	s -	s -	s -	s -	s -	1
4					-				-	1
5 Furniture & Fixtures		-	-	-	-	-	-	-	-	
6 XXX			ļ							
7 XXX										
8 XXX										- with
9 XXX		0-0-02 2								_
0 Total Furniture & Fixtures	S		S -	S -	S	S -	S -	S -	S -	4
1 2 Machinery & Equipment		-	-	-	-	-	-	-	-	- with
3 XXX										- year
4 XXX								1		-
5 XXX			•			1			1	
6 XXX						-				1
7 Total Machinery & Equipment	s		s -	s -	s -	s -	s -	s -	s -	٦

The highest use of capital is not to make more money, but to make money do more for the betterment of life. ~ Henry Ford

Use of Proceeds - Summary

This is a page for investors and lenders will want to see. This page rolls up and summarizes everything you entered on the previous "Capital Requirements" page. The only things you may need to customize are the addition of any matching sections to incorporate what you added on the previous page.

	Toc	ols <u>D</u> ata	Windov	v <u>H</u> elp				Type a q	uestion for	help 🚽	- 8
	LI V			0 - 01	- 19 -	- AI	ZII (Afla	70%	- @		
								Station -		Ŧ	
Ele Edit Yene Numer Figure 1 Tools Data Window Help Type a question for help - </th											
A sector of the	-		C I		E	F (à I	4	1		
Use of Proceeds - Sur	n'm:	arv								Your	Cor
Bit Edit Yee Insert Figure 3 Look Data Window Help Type a question for help -											
A2 A B C D E F G H J K 1 Use of Proceeds - Sum mary Your Con 4 Start-Up / Expansion Costs dan-05 Feb-05 Mar-05 Apr-05 Mag-05 Jul-05 Sep-05 Oct-05 Notestanding 5 Start-Up / Expansion Investment \$											
	_										
Total Start-Up / Expansion Investment	t \$	- \$	- \$	- \$	• \$	- \$	- \$	- \$	- \$	• \$	
Product / Service Development											
	\$. **	. **	. **	. **	. **	. **	. **	. **	. **	. •
New Products & Services	1										
Acquisitions						-		2			
New Hires - R&D		- 20	-		84	- S			8÷	- 33	12
Total Additional R&D Investment	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	• \$	- \$	
Production & Inventor											
	\$	- \$	- \$	- \$. \$. \$	- \$	- \$. \$. \$	
				201 - C			23	- 10 C	100 100		
Total Additional Production	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	
L -	\$	* \$		*				- \$	- \$	\$	- ÷,
	-										٠,
	-										
		. *	. *			. *	. *				
		. •	. *	. •		. •	. •	. •		. •	
New Hires - Marketing & Sales											
Total Additional Marketing	\$	- \$	- \$	- \$	• \$	- \$	- \$	- \$	- \$	- \$	
	\$	14 \$	14 \$	14 \$	14 \$	14 \$. \$	- \$. \$	* *	
								10 M	20 0.000	63 M * M	
	\$	14 \$									
	\$	- \$	- \$	- \$	- \$	- \$		- \$	- \$	- \$	- °,
	1						10.00				- · · ,
-	+				-						
	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- 2
Bit Edit View Insert Figmat Tools Data Window Help Type a question for											
Total Additional Investment	\$						- \$	- +	- \$	- \$	-
A N N / UR Blog / Conital Require	omon	to \ Iloo	of Droc	ande / E	lavanua I	Indal /	Accu Fa	(manual)			IK.

Often, investors will ask if you can "sharpen your pencil" to see if you can do more with less. Ugh! Nevertheless, be mindful of trying to buy your way out of problems. Investors and lenders are usually astute business people and want to see money spent only on things that really require money. We have a customer who needed jet aircraft. Plan A was to raise capital and buy them. Plan B was to find a person who owned jets who liked our customer's proposition to lease them when he needed them. With that deal in place, a lot of capital was saved and any investment money could be applied to other things (instead of buying jets, many other things!). Also, this kind of financial creativity sends a very positive message to investors and lenders—you will be careful, creative and conscious with their money.

Extraordinary claims demand extraordinary proof. There are many examples of outsiders who eventually overthrew entrenched scientific orthodoxies, but they prevailed with irrefutable data.

~ Barry L. Beyerstein

Revenue/Demand Model

How Big Can Your Company Become?

One of the first things you must demonstrate to your investors is the overall potential for your company. How big can it get? Completing this section and revising your assumptions, if necessary, will help to justify and defend your sales assumptions to a potential lender or investor. This worksheet will help you do this as well as explain / prove it.

The Revenue/Demand Model is unique to BizPlanBuilder. Remember, if you are seeking financing, you are creating a brochure, of sorts, to sell your business concept to investors and lenders – let's make sure that you prove your point, yet keep this simple enough for any investor or lender to follow.

If you are reorganizing your company, hopefully we have added enough sections to provide the detail you need. This Revenue/Demand Model page enables you to demonstrate the growth your business can achieve given a set of reasonable assumptions. (It is more believable when you build from a set of smaller, believable numbers...)

- First, enter your market segments
- Project the response by category
- Calculate the number of customers
- Enter your planned prices
- Project response to additional products & services
- Calculate total revenue (this feeds the entire model)

Eile	<mark>e <u>E</u>dit <u>V</u>iew <u>I</u>nsert F<u>o</u>rmat</mark>	<u>T</u> ools <u>D</u> ata <u>W</u> indo	ow <u>H</u> elp		Type a	a question for hel	P - 8
1 12	i 🖬 🖪 🔒 🗐 🛃 🔯 🖏 l	🐰 🗈 🖪 • 🖋 I	9 - 12 - 18	$\Sigma - A \downarrow Z \downarrow$	1 🛺 🦚 75%	• • 🕜 🗕	
D			, 33				
A	В	C	D	E	F	G	н
	Demand/Revenue N	Iodel			our Com	pany Nan	ne Here
	(in thousands unless otherwise noted) Market Size	Annual Growth	2005	2006	2007	Friday, July 15, 2 2008	2005 5:34 PM
	New Start-Up Businesses USA	5.0%	800	840	882	926	972
	Sailboat Owners Worldwide	5.0%	800	840	882	926	972
	People Over 50	5.0%	800	840	882	926	972
	Market 4	5.0%	800	840	882	926	972
_	Market 5	5.0%	800	840	882	926	972
	Market 6	5.0%	800	840	882	926	972
	Market 7	5.0%	800	840	882	926	972
	Market 8	5.0%	800	840	882	926	972
	Market 9	5.0%	800	840	882	926	972
_	Market 10	5.0%	800	840	882	926	972
	Total Projected World Market		9,000	9,450	9,923	10,419	10,940
	Market Share (%)	•	1	92			
	New Start-Up Businesses USA		5.00%	0.10%	0.20%	0.30%	0.409
	Sailboat Owners Worldwide	-	1.00%	0.10%	0.20%	0.30%	0.409
_	People Over 50		0.50%	0.10%	0.20%	0.30%	0.409
	Market 4	-	0.05%	0.10%	0.20%	0.30%	0.409
	Market 5	-	0.05%	0.10%	0.20%	0.30%	0.409
- 1	Market 6	-	0.05%	0.10%	0.20%	0.30%	0.409
	Market 7	-	0.05%	0.10%	0.20%	0.30%	0.409
	Market 9		0.05%	0.10%	0.20%	0.30%	0.409
	Market 10		0.05%	0.10%	0.20%	0.30%	0.409
4 1	N / Capital Requirements / Us	e of Proceeds \ Re	venue Model /	Assumptions-	Sale C	111	>
adv	V strangered V or	A second s			Termine	NUM	

Setting up the sections.

Edit the blue headings to suit yourself. They will automatically update calculations elsewhere throughout the model.

1) The first thing to research and show is how many people exist in a particular market segment. Who experiences the pain for which you provide relief and how many of them are there? (You will need some qualified market/research reports. For example, the US Small Business Administration recently released figures estimating the number of small businesses in the USA to be approximately 24.7 million.) A good place to look, for example, would be with industry trade associations.

Annual Growth is your assumption as to how fast this market segment is growing. The market segment growth will be a part of the overall compounding effect of your own growth.

💌 Mi	crosoft Excel - FinancialsCompreh	ensive					
:1	<mark>Eile Edit ⊻iew I</mark> nsert F <u>o</u> rmat <u>T</u> ool	s <u>D</u> ata <u>W</u> ind	low <u>H</u> elp		Туре	a question for help	8 ×
	🗃 🖬 💪 🔒 🖪 💪 🖤 🛍 🕹	🐚 🛍 • 🕩	¹ 7 + (² +	🧕 Σ - ϟ↓	👬 🛄 🦓 75%	6 🔹 🕜 🖕	
	D7 🔻 fx						
1		С	D	E	F	G	H
37	Projected New Customers						
38	New Start-Up Businesses USA		40	1	2	3	4
39	Sailboat Owners Worldwide		8	1	2	3	4
40	People Over 50		4	1	2	3	4
41	Market 4		0	1	2	3	4
42	Market 5		0	1	2	3	4
43	Market 6		0	1	2	3	4
44	Market 7		0	1	2	3	4
45	Market 9		0	1	2	3	4
46	Market 10		0	1	2	3	4
48	Total Projected New Customers		52	9	18	27	36
49	Total Projected Customer Base	10	62	71	89	116	152
50	Projected World Market Share (%)		0.7%	0.8%	0.9%	1.1%	1.4% 💟
14 4	H / Capital Requirements / Use of All All All All All All All All All Al	Proceeds λR	evenue Mode	Assumption	ns-Sale 🔇		>
Ready						NUM	

2) Next, building upon the projected percentages of market-share for each segment, you can reasonably establish how many actual customers you will have.

💌 м	licro	soft Ex	xcel - Fina	incials	Comp	rehens	ive.xls						_ 🗆 🛛
:8	Eile	<u>E</u> dit	Save <u>A</u> s	⊻iew	Insert	Format	<u>T</u> ools	<u>D</u> ata	<u>W</u> indow	<u>H</u> elp Save <u>A</u> s.	Туре	a question for he	p - ₽ ×
: 🗅	2		616	💁 🎗	ا 🖧 🎔	አ 🗈	🖺 • <	1 10	- (2	😫 Σ - Ž↓	X 🚯 🛍 🕹 7	5% 🔹 🕜 💂	
	B13	}	•	<i>f</i> ≁ Ne	w Start-	Up Bus	sinesses	USA					
	A		E				С		D	E	F	G	H A
52 53	Pi	rojected	World Mark	tet Shai	re (%)				0.7%	0.8%	0.9%	1.2%	1.5%
54	P	roduct	s/Services	Pricin	a (\$)								
		tro Off			8 (*/		5%	\$	10.00	11	11	12	12
56		tart-Up:					5%	\$	100.00	105	110	116	122
			sinesses USA	4			5%	\$	100.00	105	110	116	122
58	B	usiness	es Non-USA				5%	\$	100.00	105	110	116	122
59	A	ssociati	ons				5%	\$	100.00	105	110	116	122
60	A	ffiliates					5%	\$	100.00	105	110	116	122
61	R	esellers					5%	\$	100.00	105	110	116	122
62	So	chools					5%	\$	100.00	105	110	116	122 🚍
63	C	orporat	ions				5%	\$	100.00	105	110	116	122
64	C	onsulta	nts				5%	\$	100.00	105	110	116	122
66 67	P	robabi	lity of Purcl	hase (9	%)								
		tro Off			~				100.0%	100.0%	100.0%	100.0%	100.09
69		art-Up:							10.0%	5.0%	7.0%	9.0%	12.09
70			sinesses USA	2					0.0%	5.0%	7.0%	9.0%	12.09
71	B	usiness	es Non-USA						0.0%	5.0%	7.0%	9.0%	12.09
72	A	ssociati	ons						0.0%	5.0%	7.0%	9.0%	12.09
73	A	ffiliates							0.0%	5.0%	7.0%	9.0%	12.09
74	R	esellers							0.0%	5.0%	7.0%	9.0%	12.09
75	So	chools							0.0%	5.0%	7.0%	9.0%	12.09
76	C	orporat	ions						0.0%	5.0%	7.0%	9.0%	12.09
77	C	onsulta	nts						0.0%	5.0%	7.0%	9.0%	12.09
78 79	ΙU	nits So	ld										~
14 4				eds 🗼 F	Revenue	e Mode	🖌 Assu	mption	s-Sales 🖌	Assumptions-0			

3) List your profit centers (which may be individual products, services, product lines or marketing channels) and enter their respective selling prices. If it is an annual subscription/membership, then use an annualized number – whatever the likely quantity per year would calculate to be. You can automatically increase or decrease the selling prices by changing the growth percentage. (If you will add value or if you must drive prices and costs down.)

4) Next, estimate the probability of customers purchasing additional follow-on products/services at given prices. We presume that the initial product/service is at 100% because by definition this is what makes them a paying customer. (It takes about $1/6^{th}$ the cost to sell an existing customer another product.)

-		soft E	xcel - Fina	ancials	Comp	rehens	ive.xls										_ 🗆	
	File	<u>E</u> dit	Save <u>A</u> s	<u>V</u> iew	Insert	F <u>o</u> rmat	<u>T</u> ools	<u>D</u> ata	<u>W</u> indow	Help	Save <u>A</u> s.		Тур	be a (question for	help		1
D.	2				ا 😫 🎙	X Da	🖺 - 🌖	10	- (° -		Σ - 4↓	Z↓ I A	🛄 🦚 7	5%	- 🕜 🗌			
_	B13		•			-	inesses			35	2.			-		1		
	A	,		B	m oran		C		D		E		F		G		Н	F
		nits So		-			_				_							1
:0	In	tro Off	èr						52		10		20		30		40	
1	St	art-Up	s						6		4		6		11		19	
2	Si	nall Bu	sinesses US <i>I</i>	A					0		4		6		11		19	
3	B	usiness	es Non-USA						0		4		6		11		19	
4		ssociat							0		4		6		11		19	
5	A	ffiliates	;						0		4		6		11		19	
6	R	esellers							0		4		6		11		19	
7	So	hools							0		4		6		11		19	
8	C	orporat	ions						0		4		6		11		19	
:9 10	C	onsulta	nts						0		4		6		11		19	
		t	al Draduat	Conio	a a Dan ma													
1		tro Off	ed Product	Servic	es Reve	nue			520	r	105	<u>م</u>	221	_ م	247	<u>م</u>	400	
2		art-Up						\$ \$	520 600	\$ \$	420	\$ \$	662	\$ \$	347 1,273	\$ \$	486 2,309	
3		-	s sinesses US <i>I</i>					\$	600	Ф \$	420	Ф \$	662	Ф \$	1,273	Ф \$	2,309	
4	1		sinesses USA es Non-USA	-				ъ \$	-	Դ Տ	420	ъ \$	662	Ф \$	1,273	Ф \$	2,309	
5	1-	usiness ssociat						\$	-	Ф \$	420	Ф \$	662	Ф \$	•	Ф \$	2,309	
6	1	ffiliates						\$	-	Ф \$	420	Ф \$	662	Ф \$	1,273 1,273	Ф \$		
7	1	esellers						\$	-	Φ \$	420	Φ \$	662	Φ \$	1,273	Ф \$	2,309	
8		eseners :hools						\$	-	Ф \$	420	Ф \$	662	Ф \$	1,273	Ф \$	2,309 2,309	
9	1	noois orporat						\$	-	Ф \$	420	Ф \$	662	Ф \$	1,273	Ф \$	2,309	
0		orporai onsulta						\$	-	Φ \$	420	Φ \$	662	φ \$	1,273	Φ \$	2,309	
1	10	onsulta	nis					Ð	-	Φ	420	Φ	002	Φ	1,273	Φ	2,309	
3	T	otal Pro	jected Produ	ict/Servi	ces Rever	rue (119)	% average ş	<u>р</u> \$	1,120	\$	3,885	\$	6,174	\$	11,808	\$	21,271	7
4	1 0	ther				An	nual Growth	<u>ı</u>										
5			Other Reven				100%	\$	10	\$	20	\$	40	\$	80	\$	160	
6			Other Reven				100%	\$	10	\$	20	\$	40	\$	80	\$	160	
7			Other Reven				100%	\$	20	\$	40	\$	80	\$	160	\$	320	
8			Other Reven				50%	\$	10	\$	15	\$	23	\$	34	\$	51	
9			ojected Servia				e growth)	\$	50	\$	95	\$	183	\$	354	\$	691	
	K. T	otal Re	venue (1'	18% ave	erage gr	owth		\$	1,170	\$	3,980	\$	6,357	\$	12,162	\$	21,962	
L			-4-1 7	n	D-4-						0.4004		60%		0.494		0404	1
2			otal Revenue						18	~	240% 54	~	60% 67	\$	91% 97	~	81% 131	
3			Product Revi Total Process					\$ \$	10 19	\$ \$	04 55	\$ \$	69	3 5	97 100	\$ \$	131 136	
4 5			Total Revem	•									69	۵ ا	100	¢	736	
•	F 1	n 🔏 Us	e of Proce	eds \lambda R	levenue	Model	Assum	ption	s-Sales 🖌	Assu	imptions-(OGS	<		1111		>	ľ

At the bottom of the page, it all adds up. Reviewing these assumptions in a logical, orderly format enables you to double check and revise your sales projections, if necessary, and to provide your investors with a financial justification for your assumptions that is based on a logical progression of believable assumptions.

The Total Gross Revenue is carried over to the next page (Assumptions – Sales); however, this page can be used as a One-Page Trial Feasibility Analysis for your business. (You will need to change the 'Set Print Area' (pull-down under File) to include the lower portion of the page in a printed document.)

The assumptions that you enter into this Revenue/Demand Model are absolutely critical. These are also the assumptions most likely to be questioned by your investors!

Art is making something out of nothing and selling it. ~ Frank Zappa

Assumptions - Sales

Sales are the revenues you generate from selling your products or services, and are generally recorded when your product is shipped or your service is provided.

This section of the Assumptions Worksheet allows you to estimate revenues for up to ten product/service sales items.

Use this method if you want to enter specific revenue values for sales for each month of the budget year. This is the best method if you are a start-up business, where your sales may be zero for the first few months and then grow rapidly, or if your business has seasonal sales cycles, where certain months of the year generate more revenue than others.

	dicrosoft E	xcel - Fina	ancialsCo	mprehen	sive.xls													_	
2	<u>E</u> ile <u>E</u> dit	Save <u>A</u> s	⊻iew Ins	ert F <u>o</u> rma	t <u>T</u> ools	<u>D</u> ata <u>V</u>	<u>V</u> indow <u>F</u>	<u>t</u> elp Save	<u>A</u> s				1	Гуре	a questi	on for	help	• -	8
	💕 🛃 🛛	3 🔒 🛯 🛃	🛕 🍣 🕯	🙏 🔏 🗈	1 🕮 - 🤇	🄰 🗐 🚽	CH - 1 8	Σ - 2		1 🚯 7	5%	- (0						
_	K19	•	<i>f</i> _x =D19																
		A		В	С	D	E	F	G	Н		1	J		К		L	M	
16	Assum	ptions	- Sales							Your	Co	mp	anv	Na	me F	lere	2		
17	1 100 111	Puono	is all of										,					Avera	ae F
18						Sales Mix							Re	even	ue Allo	catior	n		
19	0 Intro Offer 46% 3% 4% 3% 2% \$ 520 \$ 105 \$ 221 \$ 347 \$ 486															10			
20	Intro Offer 46% 3% 4% 3% 2% \$ 520 \$ 105 \$ 221 \$ 347 \$ 486 Start-Ups 54% 11% 11% 11% 11% \$ 600 \$ 420 \$ 662 \$ 1,273 \$ 2,300															486			
21	Start-Ups 54% 11% 11% 11% 11% \$ 600 ⁺ \$ 420 \$ 662 \$ 1,273 \$ 2,309 2 Small Businesses USA 0% 11% 11% 11% 11% 420 662 1,273 \$ 2,309																		
22												-					•		
23												-		120 120	662 662		1,273 1,273		
24 25	Association: Affiliates	5												F20 F20	662		1,273		309 309
25	Resellers			+ 0%										120 120	662		1,273		309
26	Schools			+ °%										20	662		1,273		309
28	Corporation	15		T 0%										20	662		1,273		309
29	Consultants			T 0%	11%			11%					4	20	662		1,273	2,	309
30	Total Prod	uct/Services	Revenue	100%	100%	100%	100%	100%			\$	1,120	\$ 3,8	385 :	\$ 6,174	\$	11,808	\$ 21,	,271
				F	F	F													
- 21	Other			her Line (31)	0%	0%	0%	0%			\$	50	\$	95 :	\$ 183	\$	354	\$	691
31 32	Other Total Reve	nue		ther Line (31) 100%			0%	0%			\$	50 1,170			183 6,357	· ·	354	\$ \$ 21,5	
		nue														· ·			
32		nue				100%		100%	easonal A	djustme	\$	1,170	\$ 3,9	980 :	\$ 6,357	· ·			
32 33	Total Reve Monthly Gro		nal Adjustn	100%	100% Feb-06	100% Mo Mar-06	100% nthly Brea Apr-06	100% ak-Out / Se May-06	Jun-06	Jul-06	\$ nt (% Au	1,170 of To g-06	\$ 3,5 tal Rev Sep-0	980 : enue 16	\$ 6,357 \$) Dct-06	\$ No:	12,162 7-06	\$ 21,3 Dec-0	962)6
32 33 34	Total Reve Monthly Gro Intro Offer		nal Adjustn	100% 100% 100% 100%	100% Feb-06	100% Mo Mar-06 9%	100% nthly Brea Apr-06 8%	100% ak-Out / So May-06 8%	Jun-06 <mark>9%</mark>	Jul-06	\$ nt (% Au	1,170 of To g-06 8%	\$ 3,5 tal Rev Sep-0	980 : enue 6 9%	8 6,357 ≥) Dct-06 9%	\$ Nov	12,162 7-06 9%	\$ 21,3 Dec-0	962 96 96
32 33 34 35 36 37	Total Reve Monthly Gro Intro Offer Start-Ups	owth/Seaso	nal Adjustn	100% 100% 100% 100% 100% 100% 100% 100%	100% Feb-06 8% 8%	100% Mo Mar-06 9%	100% nthly Brea Apr-06 8% 8%	100% ak-Out / Se May-06 8% 8%	Jun-06 9% 9%	Jul-06	\$ nt (% Au	1,170 of To g-06 8% 8%	\$ 3,5 tal Rev Sep-0	980 : enue 6 9% 9%	e) Dot-06 9%	\$ Nov	12,162 7-06 9% 9%	\$ 21,: Dec-(962 96 8% 8%
32 33 34 35 36 37 38	Total Reve Monthly Gro Intro Offer Start-Ups Small Busines	owth/Seaso	nal Adjustn	100% 100% 100% 100% 100% 100% 7% 7%	100% Feb-06 8% 8%	100% Mo Mar-06 9% 9% 9%	100% nthly Brea Apr-06 8% 8% 8%	100% hk-Out / Se May-06 8% 8% 8%	Jun-06 9% 9%	Jul-06 8% 8% 8%	\$ nt (% Au	1,170 of To g-06 8% 8% 8%	\$ 3,9 tal Rev Sep-0	980 ====================================	\$ 6,357 ≥) Oct-06 9% 9% 9%	\$ Nov	12,162 7-06 9% 9% 9%	\$ 21,: Dec-0	962 96 8× 8× 8×
32 33 34 35 36 37 38 39	Total Reve Monthly Gru Intro Offer Start-Ups Small Busines Businesses No	owth/Seaso	nal Adjustn	100% 100% 7% 7% 7% 7% 7%	100% Feb-06 8% 8% 8% 8%	100% Mo Mar-06 9% 9% 9% 9%	100% nthly Bre: Apr-06 8% 8% 8% 8%	100% hk-Out / Se May-06 8% 8% 8% 8%	Jun-06 9% 9% 9% 9%	Jul-06 8% 8% 8% 8%	\$ nt (% Au	1,170 of To g-06 8% 8% 8%	\$ 3,9 tal Rev Sep-0	980 :: 974 974 974 974 974 974 974 974 974 974	\$ 6,357 ≥) Oct-06 9% 9% 9% 9%	\$ Nov	12,162 7-06 9% 9% 9% 9%	\$ 21,1	962 96 8% 8% 8%
32 33 34 35 36 37 38 39 40	Total Reve Monthly Gro Intro Offer Start-Ups Small Busines Businesses No Associations	owth/Seaso	nal Adjustn	100% 100% 100% 100% 7% 7% 7% 7% 7% 7%	100% Feb-06 8% 8% 8% 8% 8% 8%	100% Mor-06 9% 9% 9% 9% 9%	100% nthly Brea Apr-06 8% 8% 8% 8% 8% 8% 8%	100% hk-Out / So May-06 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9%	Jul-06 8% 8% 8% 8% 8%	\$ Au :	1,170 of To g-06 8% 8% 8% 8%	\$ 3,5 tal Rev Sep-0	980 :: enue 9% 9% 9% 9% 9%	 € 6,357 ⇒) Oct-06 9% 9% 9% 9% 9% 9% 	\$ Nov	r-06 9% 9% 9% 9% 9%	\$ 21.	962 96 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41	Total Reve Monthly Gru Intro Offer Start-Ups Small Busines Businesses No	owth/Seaso	nal Adjustn	100% 100% 7% 7% 7% 7% 7%	100% Feb-06 8% 8% 8% 8%	100% Mo Mar-06 9% 9% 9% 9%	100% nthly Bre: Apr-06 8% 8% 8% 8%	100% hk-Out / Se May-06 8% 8% 8% 8%	Jun-06 9% 9% 9% 9%	Jul-06 8% 8% 8% 8%	\$ mt (% Au	1,170 of To g-06 8% 8% 8%	\$ 3,5 tal Rev Sep-0	980 :: 974 974 974 974 974 974 974 974 974 974	\$ 6,357 ≥) Oct-06 9% 9% 9% 9%	\$ Nov	12,162 7-06 9% 9% 9% 9%	\$ 21,5 Dec-(962 96 8% 8% 8%
32 33 34 35 36 37 38 39 40	Total Reve Monthly Gro Intro Offer Start-Ups Small Business Businesses No Associations Affiliates	owth/Seaso	nal Adjustn	100% 100% 72 72 7% 7% 7% 7% 7% 7%	100% Feb-06 8% 8% 8% 8% 8% 8%	100% Mor-06 9% 9% 9% 9% 9% 9%	100% nthly Brea Apr-06 8% 8% 8% 8% 8% 8% 8%	100% hk-Out / Se May-06 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9%	Jul-06 8% 8% 8% 8% 8% 8%	\$ nt (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8%	\$ 3,5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9%	 b) b) ct-06 9% 	\$ Nov	r-06 9% 9% 9% 9% 9% 9%	\$ 21; Dec-(962 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 42	Total Reve Monthly Gr Intro Offer Start-Ups Small Business Businesses No Associations Affiliates Resellers	owth/Seaso	nal Adjustn	100% 100% 7% 7% 7% 7% 7% 7% 7% 7%	100% Feb-06 8% 8% 8% 8% 8% 8% 8%	100% Mor-06 9% 9% 9% 9% 9% 9%	100% nthly Brea Apr-06 8% 8% 8% 8% 8% 8% 8%	100% May-Out / Se May-O6 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9%	Jul-06 872 872 872 872 872 872 872 872 872	\$ Mu (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3,5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9%	* 6,357 * 6,357 Dct-06 97 97 97 97 97 97 97 97 97 97	\$ Nov	r-06 9% 9% 9% 9% 9% 9% 9%	\$ 21,: Dec-(962 8% 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 41 42 43	Total Reve Monthly Gr Intro Offer Start-Ups Small Business Businesses No Associations Associations Affiliates Resellers Schools	owth/Seaso	nal Adjustn	100% 100% 72 72 72 72 72 72 72 72 72 72 72 72 72	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8%	100% 100% Mar-06 9% 9% 9% 9% 9% 9% 9%	100% nthly Brea Apr-06 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% ak-Out / So May-06 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9%	Jul-06 872 872 872 872 872 872 872 872 872 872	\$ Au 	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3,5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9%	* 6,357 * 6,357 Dct-06 97 97 97 97 97 97 97 97 97 97	* Nov	r-06 9% 9% 9% 9% 9% 9% 9% 9%	\$ 21,: Dec-(962 8% 8% 8% 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 42 43 44	Total Reve Monthly Gr Intro Offer Start-Ups Small Business Businesses No Associations Affiliates Resellers Schools Corporations	owth/Seaso	nai Adjustn	100% 100% 72 72 72 72 72 72 72 72 72 72 72 72 72	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% 100% Mo 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	100% nthly Bres Apr-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% May-Od 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ Mt (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3.5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9%	 6,357 6,357 0ct-06 9% 9%	* Nos	2,162 9% 9% 9% 9% 9% 9% 9% 9%	\$ 21,- Dec-(962 8% 8% 8% 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 42 43 44 45	Total Reve Monthly Gr Intro Offer Start-Ups Small Busines Businesses Mc Associations Businesses Mc Associations Affiliates Resellers Schools Corporations Consultants Other	owth/Seaso ses USA m-USA	nai Adjustn	100%	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mar-06 9% 9% 9% 9% 9% 9% 9% 9% 9%	100%	100% Mag-O6 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ nt (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3,8 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	 6,357 6,357 9% 9%	* Nov	06 9% 9% 9% 9% 9% 9% 9% 9% 9%	\$ 21,3 Dec-(962 962 8% 8% 8% 8% 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 45 46 47 48	Total Reve Monthly Gri Intro Offer Start-Ups Small Business Businesses No Associations Affiliates Resellers Schools Corporations Consultants Other Projected S	owth/Seaso ses USA m-USA	nal Adjustn	100% 11 Jan-06 722 73% 73% 73% 73% 73% 73% 73% 73% 73% 73%	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mar-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	100%	100% Mag-Out / So Mag-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 872 872 872 872 872 872 872 872 872 872	\$ mt (% Au	1,170 g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3.8 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9% 9% 9%	 6,357 6,357 97 97	* Nov	12,162 9% 9% 9% 9% 9% 9% 9% 9% 9%	\$ 21,3 Dec-(962 968 87 87 87 87 87 87 87 87 87 87 87 87 87
32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49	Total Reve Monthly Gr Intro Offer Start-Ups Small Busines Businesses No Associations Affiliates Resellers Schools Corporations Consultants Other Projected S Intro Offer	owth/Seaso ses USA m-USA	nal Adjustn	100% 10 Jan-06 72 72 72 72 72 72 72 72 72 72	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mar-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	100% Apr-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mag-Out / So Mag-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 872 872 872 872 872 872 872 872 873 873 873 874 874 874 874 874 874 874 874 874 874	\$ mt (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3.5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 6 47	b 6,357 b) Cot-06 9%<	Nov Nov	2-06 3x 3x 3x 3x 3x 9x 9x 9x 9x 9x 9x 9x 9x 9x 9	\$ 21.1 Dec-(962 06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50	Total Reve Monthly Gr Intro Offer Start-Ups Small Business Businesses No Associations Affiliates Resellers Schools Corporations Corporations Consultants Other Projected S Intro Offer Start-Ups	owth/Seaso ses USA m-USA	nal Adjustn	100% 11 Jan-06 722 73% 73% 73% 73% 73% 73% 73% 73% 73% 73%	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mar-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	100%	100% Mag-Out / So Mag-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 872 872 872 872 872 872 872 872 872 872	\$ mt (% Au	1,170 g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3.8 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9% 9% 9%	b 6,357 b) Cot-06 9%<	Nov Nov	12,162 9% 9% 9% 9% 9% 9% 9% 9% 9%	\$ 21,3 Dec-(962 06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%
32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51	Total Reve Monthly Gr Intro Offer Start-Ups Small Business Businesses No Associations Affiliates Resellers Schools Corporations Consultants Other Projected S Intro Offer Start-Ups Small Busines	owth/Seaso ses USA m-USA iales ses USA		100%	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mar-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	100% Apr-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% May-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 82 83 87 87 87 87 87 87 87 87 87 87 87 87 87	\$ nt (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3.5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 6 47	b 6,357 b) Cot-06 9%<	Nov Nov	2-06 3x 3x 3x 3x 3x 9x 9x 9x 9x 9x 9x 9x 9x 9x 9	\$ 21.1 Dec-(962 962 87 87 87 87 87 87 87 87 87 87
32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50	Total Reve Monthly Gr Intro Offer Start-Ups Small Business Businesses No Associations Affiliates Resellers Schools Corporations Consultants Other Projected S Intro Offer Start-Ups Small Busines	owth/Seaso ses USA m-USA		100% 10 Jan-06 72 72 72 72 72 72 72 72 72 72	100% Feb-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% Mar-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	100% Apr-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	100% May-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	Jun-06 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 9%	Jul-06 82 83 87 87 87 87 87 87 87 87 87 87 87 87 87	\$ nt (% Au	1,170 of To g-06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%	\$ 3.5 tal Rev Sep-0	enue 6 9% 9% 9% 9% 9% 9% 9% 9% 9% 9% 6 47	b 6,357 b) Cot-06 9%<	Nov Nov	2-06 3x 3x 3x 3x 3x 9x 9x 9x 9x 9x 9x 9x 9x 9x 9	\$ 21.1 Dec-(962 06 8% 8% 8% 8% 8% 8% 8% 8% 8% 8%

Cheat me in the price, but not in the goods. ~ Thomas Fuller

Assumptions - Cost of Goods Sold (COGs)

The costs of goods sold are recorded in the same time period (monthly or annually) as the sales revenue. In other words, you always record the sale and the costs associated with the products sold together. Cost of Goods Sold consists of Material, Labor and Fixed Cost of Goods Sold expenses.

× 1	Microsoft I	Excel - Financials(Compre	hei	nsive.xls															X
	Eile Edit	: Save <u>A</u> s ⊻iew Ir	isert F	orm	iat <u>T</u> ools	: <u>D</u> ata	<u>W</u> indow	<u>H</u> elp S	iave į	<u>A</u> s				٦	Type a que:	stion for h	elp		8	>
) 阔 🔛 [3 🗿 🖪 🐧 🖤		6 🗉	h 🙉 🗸	a 🔊	- 01 -	Ω 😥	- A	↓ Z↓	111 23	75%	- 👩 🗌							
	A42	✓ fx	230 I V	· .		V		- es	-	• •										
	MAZ	* /x A	В		C	D	F	F		G	н			K	1	м		N		
_	A				a da C	-1-1	<u> </u>			u I		-	· ·							1
15	Assun	nptions - Cos	ų or v	G 0	oas 5	ola					YO	ur Cor	npany	Name	Here					
16					_											These p	ercent	ages i	alloc	2
17	14-1-11-0	000 11				IATERIA							- LABOR							
18 19	Variable C	OGS Allocation	2006 % Sale		2007	2008 % Sales	2009 % Sales	2010 % Sales			2006	2007 % Sales	2008 % Sales	2009	2010			006	- 1	
	Intro Offer			es 8%	% Sales	% Sales	2 Sales				% Sales	% Sales		% Sales	% Sales	1	~	otal	×	ſ
	Start-Ups			8%	18%	18%	187	182	-		27	27	-	2%	2%			50%	+	1
	Small Busine	sses USA		0%	0%	0%	07		-		0%	0%		0%	0%			0%		1
23	Businesses N	on-USA		0%	0%	0%	07	07	4		0%	0%	. 0%	0%	0%			0%		
	Associations	1		0%	0%	0%	0%	07	٤		0%	0%	. 0%	0%	0%			0%]
	Affiliates			0%	0%	0%	0%		-		0%	0%	-	0%	0%			0%		_
	Resellers			0%	0%	0%	0%		-		0%	0%		0%	0%			0%		_
	Schools			0%	0%	0%	0%		-		0%	0%		0%	0%			0%		-
	-	5		0%	0%	0%	07		_		0%	07		0%	0%		-	0%		-
29 30	Consultants Other			0% 0%	0% 0%	0% 0%	0%		_		0% 0%	07		0% 0%	0%		-	0% 0%		-
31	other		<u> </u>	0.					-					07.	07.			100%	_	1
32			2006	;	2007	2008	2009	2010												1
33	Fixed COG	S	% Sale	es	% Sales	% Sales	% Sales	% Sales	_											Ĩ
		Management Salaries	Linked	l fro	m "HR-Pla	n"	_	_			Note:									
		Facility Expense		0%	0.0%	0.0%	0.0%		-		Variable	COGS in	cludes Inve	ntory from	n "Capital	Require	ment	s"'		
	-	Equipment Rental		0%	0.0%	0.0%	0.0%	-	_											
	Small Tools		0.	_	0.2%	0.2%	0.27	-	_											
	Packaging Su Other Deck	ipplies ction Expenses	0.	-	0.5%	0.5%	0.5%	0.52	-											
		ction Expenses		0%	0.0%	0.0%	0.02	0.02	-											
41		ction Expenses	0.	_	0.0%	0.0%	0.07	0.02	_											
43		•			`		·	·	-											1
	Revenue fr	om "Assumptions-Sale	\$	82	\$ 94	\$ 106	\$ 94	\$ 94	\$	106	\$ 94	\$ 94	\$ 106	\$ 106	\$ 106	\$ 94	\$	1,177		
45	Mariahla C	000																		
	Variable C Intro Offer	065	Jan-0 \$	_	Feb-06	Mar-06 \$ 9	Apr-06 \$ 8	Mag-06 \$ 8		in-06 9	Jul-06 \$8	Aug-06 \$ 8	Sep-06 \$ 9	Oct-06 \$ 9	Nov-06 \$ 9	Dec-06 \$ 8	_	104 104	200 8	
	Start-Ups		\$			5 9 5 11	\$ 10			11	⊅ o \$ 10	\$ 10		5 11	\$ 11	\$ 10		104	1	
	Small Busine	sses USA	\$		\$ -	\$ -	\$ -	\$ -	-	-	\$ 10 \$ -	\$ -	-	\$ -	\$ -	\$ 10	∣*	120	Ċ	
	Businesses N		\$	_	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	1		Ğ	
_	Associations		\$	_	\$ -	\$ -	\$ -	\$ -	- · ·	-	\$ -	\$ -	· ·	\$ -	\$ -	\$-	1		6	
	Affiliates		\$		\$-	\$-	\$-	\$ -	\$	-	\$ -	\$-	\$ -	\$-	\$ -	\$-		-	6	2.[
•	< н н <u>/ U</u>	Jse of Proceeds 🏑 Re [.]	venue N	Iod	el 🖌 Ass	umption:	s-Sales 👌	Assump	tion	ns-CO(GS / As:	sumption:	s-Mar < 🗋				_		>	Ĩ
lea	dv															NUM				Ĩ
				_					_								_	-	_	1

Cost of Goods Sold: - Material -

This expense category is for materials purchased from other companies that are assembled or processed to become part of your product. Frequently, a percentage such as 2% to 5% is added to the material costs to allocate "freight in," the charges for shipping the material to your factory.

Cost of Goods Sold: - Labor -

This expense category is for the cost of the salaries for people directly involved with the assembly and manufacture of your products or the providing of your services. Frequently, a percentage such as 40% to 100% is added to the labor costs to allocate the employee benefit expenses for these people.

Labor and material are considered variable costs, meaning that they vary directly with the volume of sales or production.

Cost of Goods Sold: - Fixed -

Fixed costs of goods sold are the costs associated with producing your products that tend to remain the same

whether your sales volume increases or decreases. This additional table enables you to allocate, by percentages, your Fixed COGS amongst your Products/Services/Product Lines/Marketing Channels – some products/services may have no fixed COGs, therefore you would enter zero here. While overall Variable COGS and Fixed COGs are listed as separate line items on your Income Statement as expected, this allocation of Fixed COGs by Products / Services / Product Lines / Marketing Channels distinction is picked up in the Gross Profit analysis pages – more accurately reflecting your true costs involved with each Product / Service / Product Line / Marketing Channel.

The following are common fixed cost of goods sold expenses:

Fixed COGS: Production Management Salaries

These are salaries of personnel who hold "permanent" production management positions. These positions exist independent of sales volume, unlike positions that are regularly added or eliminated as sales volume fluctuates. This includes most supervisor and foreman positions and may include functions such as shipping or receiving, that remain fairly constant regardless of sales volume.

Fixed COGS: Production Facility Expense

These are the costs to operate production related facilities, including warehouse space and distribution centers. If you have a single facility where both your production and business office staffs operate, you may want to estimate the portion of your facility expenses that apply to your production operations, and allocate that portion here as a fixed cost of goods sold.

Fixed COGS: Production Equipment Rental

These are the costs for production equipment that you rent or lease rather than purchase.

Fixed COGS: Small Tools/Supplies

These are the costs of small tools and production supplies that are consumed in the production process or are inexpensive, and therefore are not capitalized as fixed assets.

Fixed COGS: Packaging Supplies

These are the costs of the supplies used to prepare and/or box your product for shipment to your customers.

Fixed COGS: Other Production Expenses

Any other production related expenses that were not covered by the previous categories could be summarized in a general category such as this.

> NOTE ON COST OF GOODS SOLD: All costs associated with producing your products or providing your services should be included in the "Cost of Good Sold" section of your Assumptions. Any significant cost that is variable in nature should be allocated on a percent-age basis to material, labor or both. Costs that are not significant may be easier to include in the Fixed COGS section, even if they are variable in nature.

Nothing happens until somebody sells something. ~ (not sure)

Assumptions - Marketing

Here you can estimate your marketing budget and see the entire projection over the next 5 years.

Enter your projected Sales & Marketing Expense as a % of sales. Each monthly budget number below (Including years 2-3 quarterly and 4, 5 annually) is calculated by multiplying the appropriate annual "% of Sales" by 'Projected Revenue' from the "Assumptions-Sales" page.

The "From Capital Requirements" line includes the marketing line items you listed in that previous section. You may want to reduce the additional marketing expenses on this page to avoid duplication.

Even though the text in the Sales & Marketing Expense sections are black, you can overwrite the formulas without unprotecting the sheet. This was done to allow you to account for start-up/extraordinary/seasonal costs that may occur from time to time.

The Prior Years' Marketing Investment section can be used to refine your future budget projections. The Average percentage of sales will be a good guideline for future marketing investments.

Kicrosoft Excel - FinancialsC	ompreher	nsive.xls										_ 0
🕙 Eile Edit Save <u>A</u> s <u>V</u> iew In:	sert F <u>o</u> rm	at <u>T</u> ools	<u>D</u> ata <u>W</u>	jindow <u>H</u> e	lp Save <u>A</u> s.				Т	ype a quest	ion for help	B
🗅 📂 🖬 💪 🔒 🛃 💪 🖤 i	🕄 X 🗉	🖹 🔁 🗸 🧹	🌮 🗸	CI + I 😣	Σ·A↓	X 🛄 -	🤣 75%	- 🕜 📮				
F4 ▼ <i>f</i> ×												
A	В	С	D	E	F	G	Н	I	J	К	L	M
Assumptions - Sale	s & M	arketii	ng				١	four Co	ompan	y Nam	e Here	
18	Prio	r Years' Ma	arketing In	vestment	000)		% of Sales	% of Sales	% of Sales	% of Sales	% of Sales	
19	2003	2004	2005		% of Sales		2006	2007	2008	2009	2010	
20 Advertising	\$ -	\$ -	\$-	\$ -	0%		0%	5%	5%	5%	5%	
21 Direct Mail	-	-	-	-	0%		0%	5%	5%	5%	5%	
2 Literature	-	-	-	-	0%		0%	1%	1%	1%	1%	
23 PR 24 Internet Advertising	-	-	-	-	0%		0%	2% 5%	2% 5%	2% 5%	2% 5%	
24 Internet Advertising 25 Website Development & Maintenance	-	-	-	-	0%		0%	5% 2%	5% 2%	5% 2%	5% 2%	
26 Reseller Co-op & Product Trade	-	-	-	-	0%		0%	2%	2%	2%	2%	
7 Travel & Trade Shows		-			0%		0%	2%	2%	2%	2%	
28 Payroll	Linked Fro	m "HR-Plan		-			Linked From		2.70	270	2.70	
29 Commissions & Bomises	-	-	-	-	0%		0%	9%	9%	9%	9%	
30 [Add your own category] One	-	-	-	-	0%		0%	0%	0%	0%	0%	
31 [Add your own category] Two	-	-	-	-	0%		0%	0%	0%	0%	0%	
32 [Add your own category] Three	-	-	-	-	0%		0%	0%	0%	0%	0%	
33 Misc. Department Expenses	-		-	-	0%		0%	1%	1%	1%	1%	
34 Total	\$-	\$ -	\$-	\$ -	0%		0%	34%	34%	34%	34%	
35 Total from the 'Start Page'												
36 % of Sales												
37												
38 Projected Revenue from "Assumptions-Sal 39	\$ 82	\$ 94	\$ 106	\$ 94	\$ 94	\$ 106	\$ 94	\$94	\$ 106	\$ 106	\$ 106	\$ 94
40	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
From "Capital Requirements"	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	· -	· -	· -	· -	· -	· -	· -	· -	· -	· -	· -	· -
43 Direct Mail	-	-	-	-	-	-	-	-	-	-	-	-
4 Literature	-	-	-	-	-	-	-	-	-	-	-	-
45 PR	-	-	-	-	-	-	-	-	-	-	-	-
46 Internet Advertising	-	-	-	-	-	-	-	-	-	-	-	-
47 Website Development & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
18 Reseller Co-op & Product Trade				-	-	-	-	-	-	-		-
49 Travel & Trade Shows		-	· ·	-	-	-	-	-	-	-	-	-
50 Payroll	-	-	-	-	-	-	-	-	-	-		-
51 Commissions & Bomises			· ·	-	-	-	-	-	-	-	-	-
12 [Add your own category] One ▲ ▶ ▶ ∑Assumptions-Marketing	ng / Assu	mptions-R8	&D / Ass	umptions-(68:A / Ass	umptions	-Other 🚶	Assur <		-	-	>

"That the automobile has practically reached the limit of its development is suggested by the fact that during the past year no improvements of a radical nature have been introduced." ~ Scientific American, January 2, 1909

Assumptions – Product/Service Development

This expense category includes all the costs associated with the research, development, prototyping and maintenance of your products or services.

× 1	Microsoft Excel - FinancialsCo	omprehei	nsive.xls										
3				Data Wi	ndow Helj	p Save As.				1	fyne a gues	tion for help	· _ 8
_		-	-								, ypo a qaos	donnor noip	· - 0
Ari	al - 10 - B	<u>I</u> U ab	• ≣ ≡	= -2-	\$%,	00. 0.↓ 0.↓ 00.	< >	🔛 + 🆄 •	· 🔺 - 📮				
	🖻 🔒 👌 🎒 🚨 💔 🕯	🖏 🔏 🗉	🖹 🔁 🗸 🍕	3 🖌 🗸 (× - 😣	Σ - <u>2</u> ↓	X 🛍 🔺	75%	• 🕜 📮				
	H21 ▼ f×												
-	A	В	С	D	E	F	G	Н		J	К	L	M
17 18	Assumptions - Prod	luct/Se	ervice	Develo	pmen	t				Your C	ompar	ny Nam	e Here
		2006	2007	2008	2009	2010							
19 20				2008 % of Sales									
20	Contract Development Services	0.0%	2.0%	2.0%	0.0%	0.0%			1				
	Equipment (Expensed Purchases)	0.0%	0.0%	1.0%	0.0%	0.0%							
	R & D Materials	0.0%	0.0%	0.0%	0.0%	0.0%							
			n "HR-Plan"			0.07							
	Product Support	2.0%	2.0%	2.0%	2.0%	2.0%							
	Misc. R & D Department Expenses	1.0%	1.0%	1.0%	1.0%	1.0%							
	Total % of Sales	3.0%		6.0%	3.0%	3.0%							
28													
29	Projected Revenue from "Assumptions-Sale	\$ 82	\$ 94	\$ 106	\$ 94	\$ 94	\$ 106	\$ 94	\$ 94	\$ 106	\$ 106	\$ 106	\$ 94
30	r lojeotear le tende nom r issamptions oai	* 02	÷ 0,	· .00	* 0.	* 0,	·	¥ 0,	φ 0,	· .00		·	φ 0,
31		Jan-06	Feb-06	Mar-06	Apr-06	Mag-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
	From "Capital Requirements"	\$-	\$-	\$-	\$ -	\$ -	\$-	\$ -	<u>s</u> -	· · ·	\$ -	\$ -	\$ -
33	Contract Development Services	-	-	-	-	-	-	-	-	-	-	· ·	-
34	Equipment (Expensed Purchases)	-	-	-	-	-	-	-	-	-	-	-	-
35	R & D Materials	-	-	-	-	-	-	-	-	-	-	-	-
36	R & D Salaries	-	-	-	-	-	-	-	-	-	-	-	-
37	Product Support	2	2	2	2	2	2	2	2	2	2	2	2
38	Misc. R & D Department Expenses	1	1	1	1	1	1	1	1	1	1	1	1
39	Total R & D Expenses	\$2	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
40	R & D as a % of Total Sales	.25	.25	.25	.25	35.	.25	.25	.75	.25	<u>5.</u>	c .ca	
41	-												
42	Projected Revenue from "Assumptions-Sale	\$ 969	\$ 969	\$ 969	\$ 969	\$ 3,877		\$ 1,549	\$ 1,549	\$ 1,549	\$ 1,549	\$ 6,194	
43							% of Total						% of Total
44		Q1-Yr2	Q2-Yr2	Q3-Yr2	Q4-Yr2	2007	Budget	Q1-Yr3	Q2-Yr3	Q3-Yr3	Q4-Yr	3 2008	Budget
45	From "Capital Requirements"	\$.	\$.	\$-	\$-	\$-	au	\$.	\$.	\$-	\$. \$.	au
1 6	Contract Development Services	19	19	19	19	78	40%	31	31		-	1 124	.22%
	Equipment (Expensed Purchases)					-	an:	15	15	15	15	5 62	1720
	R & D Materials						au					. <u> </u>	au
49	R & D Salaries						au:						au.
	Product Support	19	19	19	19	78	40%	31	31				.2.2%
51	Misc. R & D Department Expenses	10	10	10	10	39	20%	15	15	15	15	5 62	17%
													-
	Assumptions-COGS / Assumptio	Assumption	ons-Marketi	ng \lambda Assi	umptions	-R&D 🖉 🗛	ssumption:	s-G&A 🖌	Assum <				>

 \gg NOTE ON CAPITALIZING DEVELOPMENT COSTS: In some cases, a portion of your development costs can be capitalized rather than expensed on your budget. This means that they are added to the balance sheet as an asset and amortized over the expected useful life of the feature or product. For a new or growing company, this tends to decrease expenses, increase profitability, and increase the total assets owned by the company-all good things. However, it also tends to increase income taxes, decrease cash, and make outsiders question your projections-all bad things. There is also additional accounting that must be done to properly calculate and defend the amount capitalized and then the amount amortized. If you are considering capitalizing a portion of your development costs, we suggest you consult your tax and financial advisors for assistance.

The trouble with doing something right the first time is that nobody appreciates how difficult it was. ~ Anonymous

Assumptions - General & Administrative

This expense category includes all the costs associated with the general management and administration of your company, including human relations and finance. Salaries should be increased by a percentage, typically 30% to 50%, to allocate the cost of employee benefits for general and administrative personnel.

Microsoft Excel - FinancialsCo	omprehens	sive.xls										
🕙 Eile Edit Save <u>A</u> s <u>V</u> iew Ins	ert F <u>o</u> rmal	t <u>T</u> ools	<u>D</u> ata <u>W</u> in	idow <u>H</u> elp	Save <u>A</u> s				T	ype a questi	on for help	6
Times New Roman 🔹 11 🔹 🛛 B	<i>I</i> U abe	EE	≣ • a •	\$ %,	€.0 .00		- 👌 -	A -				
🗅 💕 🔒 🔓 🔒 🗳 🗳 🕯) 🖪 • 💚	. =) + (* 😸 ·	∠ • <u>z</u> ↓ 7	(† 🛄 🍕	9 75%	- 🤍 🚽				
A20 🔻 🏂 Accou												
A	В	С	D	E	F	G	Н		J	К	L	M
🛿 Assumptions – Gene	eral & .	Admiı	uistrati	ve Ex	pense			,	Your C	ompan	v Nam	e Her
7											,	
8	2006	2007	2008	2009	2010							
9			% of Sales			1						
0 Accounting	1.0%	1.0%	1.0%	1.0%	1.0%							
Administrative Salaries		n "HR-Plan'										
2 Executive Salaries	Linked Fron											
Customer Service	1.0%	1.0%	1.0%	1.0%	1.0%							
Equipment Rental / Small Purchases	1.0%	1.0%	1.0%	1.0%	1.0%							
5 Insurance	1.0%	1.0%	1.0%	1.0%	1.0%							
Legal Fees Office Expenses (Supplies, etc.)	1.0%	1.0%	1.0%	1.0%	1.0%							
Office Expenses (Supplies, etc.) Occupancy (Rent)		n "HR-Plan'	1.0%	1.0%	1.0%							
Occupancy (Kent) Postage	Linked From	n HR-Plan 1.0%	1.0%	1.0%	1.0%							
Telephone	1.0%	1.0%	1.0%	1.0%	1.0%							
I Information Systems	1.0%	1.0%	1.0%	1.0%	1.0%							
2 Outside Services	1.0%	1.0%	1.0%	1.0%	1.0%							
3 Miscellaneous G & A Expenses	1.0%	1.0%	1.0%	1.0%	1.0%							
4 Total	11.00%	11.00%	11.00%	11.00%	11.00%							
5						1						
6												
7 Projected Revenue from "Assumptions-Sale	s 82	\$ 94	\$ 106	\$ 94	\$ 94	\$ 106	\$ 94	\$ 94	\$ 106	\$ 106	\$ 106	\$ 9
8								• • • •				
9 General & Administrative Expense	e Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-0
0 Start-Up Costs from "Use of Proceeds"	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$
G&A from "Use of Proceeds"	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$-	\$-	\$-	\$-	\$-	\$-	\$
Accounting	1	1	1	1	1	1	1	1	1	1	1	
3 Administrative Salaries			· ·							· ·	· ·	
Executive Salaries	16	16	16	16	16	30	30	30	30		-	-
Customer Service	1	1	1	1	1	1	1	1	1	-		-
Equipment Rental / Small Purchases	1	1	1	1	1	1	1	1	· · ·	-	· · · · ·	-
7 Insurance	1	1	1	1	1	1	1	1	-	-	· · · · ·	-
3 Legal Fees	1	1	1	1	1	1	1	1	-	-	-	-
() () () () () () () () () () (1	1	1	1	1	1	1	1	-		-	-
9 Office Expenses (Supplies, etc.)												
0 Occupancy (Rent)	4	4	4	4	4	4	4	4	<u> </u>	4	4	L
Occupancy (Rent)	4 Assumption		<u> </u>	4 umptions-F		umptions		Assum (<)	L 4	4	[4	>

 \gg NOTE ON DEPRECIATION: Though depreciation ordinarily appears as a General and Administrative Expense, because BizPlanBuilder automatically calculates depreciation from your assumptions, it does not appear as a line item in your Assumptions Worksheet. It will appear on your Income Statement and all other appropriate financial statements. In ordinary usage, depreciation means a decline in value. For accountants, depreciation is the application of the cost of fixed assets like buildings, equipment, furniture and fixtures, and cars and trucks to the sales they help generate. Unlike inventory, which is sold fairly quickly, these assets usually last for a number of years. Depreciation, therefore, is a method for expensing (prorating) the cost of the asset over its expected lifetime.

On the other hand, you have different fingers. ~ Stephen Wright

Assumptions - Other

This section of your budget includes non-operating costs such as interest income and interest expense. These items relate to the financing of a business and not to the operations of a business. Separating these costs makes it easier to evaluate the fundamental profitability of your business without regard to whether the company is financed with debt or equity or both.

🛋 Mic	rosoft Excel - FinancialsC	Comp	rehen	sive.	xls																	
-	ile <u>E</u> dit Save <u>A</u> s <u>V</u> iew <u>I</u> n				ools	Data	Win	dow Hel	lo Sa	ave As.						_	т	vpe	a questi	on for help		- 8
			_	_		_		-		_			A.		1.0							
Times I	New Roman 👻 11 👻 B	Ι	<u>U</u> ab	e 📕	≣	= -a-		\$%,	.00	→.0	*		🛛 🕶 🌺	• 🐣	• • =							
	🎽 🛃 🔒 🔒 🛃 🖏	13	¥ 🖣	a 🛍	🔇	1 9	- 0	- 😫	Σ	- A	X 🛍	14	3 75%	•	?							
A	×16 ▼ f≈	_	_	_	_				_	_	_											
	A		в	0	0	D		E		F	G		Н		1		J		К	L		М
» A	ssumptions - Oth	er 1	Inco	me	&	Exp	en	se)	601	ur Co	om	nnany	/ Nam	еH	lere
9 (in	1 thousands unless otherwise noted)																	••••		,	· ·	
10	,												Estir	nated	l Annua	վեր	rowth F	lates	<u></u>			
11 200	06		rts In:					Annual					2007	_	2008	-	009	-	2010			
12		(mm	√уууу)	Ra		Starting	g\$ (Growth %	Inci	rease			Growth %	Gro	wth %	Gro	wth %	Gro	wth %			
	erest Income erest Expense	T-s	n-06	2.0	0%	\$	_	0.00%		\$0		Г	0%		0%		0%		0%			
15	creat publice				I	*	-	0.0076		40		L		1	070		070	I	070			
17		Já	an-06	Fel	b-06	Mar-()6	Apr-06	Ma	ay-06	Jun-()6	Jul-06	A	ug-06	S	ep-06	(Oct-06	Nov-06	D	ec-06
18 Int	terest Income																					
	sh Balance for Interest Calculation	\$	(14)	\$	4	•		\$42	\$	70	\$		\$ 108	\$	136	\$	161	\$	173	\$ 208	\$	246
	erest Income		-		0		0	0		0		0	0		0		0		0	0		0
21 XXX			1.1				7	-		-		7	-						-	-		-
22 xxx 23 Tot	x tal Interest Income	\$		\$	0	\$	-	- \$0	\$	- 0	\$	-	- \$ 0	\$	- 0	\$	- 0	\$	0	- \$ 0	\$	
23 101	tal Intelest Income	Ψ		Ψ		Ψ	<u> </u>	φ <u>υ</u>	Ψ		Ψ	-	<u>ψ υ</u>	Ψ		4		Ψ		<u>Ψ υ</u>	+	<u> </u>
	terest Expense																					
	erest Expense	\$	-	\$	-	\$	-	\$-	\$	-	\$	-	\$-	\$	-	\$	-	\$	-	\$-	\$	-
	x company (\$800K @ 10%, 3 yrs) `				-		-	-		-		-	-		-		-		-	-		-
	her Vendors (1,000K @0%, 3yrs)				-		-	-		-		-	-		-		-		-	-		-
	tal Interest Expense	\$	-	\$	-	\$	-	\$-	\$	-	\$	-	\$-	\$	-	\$	-	\$	-	\$ -	\$	-
30																						
	erest Income	0)1-Yr2	02	2-Yr2	Q3-Y	(r2	Q4-Yr2	1	2007	01-)	T 3	Q2-Yr3		03-Yr3	6	94-Yr3	1	2008	2009	d l	2010
	sh Balance for Interest Calculation	\$	491	\$	746	\$ 1,00		\$ 1,260	\$ '	1,260	\$ 1,68		\$ 2,125	\$	2,571		3,018	\$	3,018	\$ 6,856	-	14,076
34 Inte	erest Income		2		4		5	6	r' -	17		8	11		13		. 15	r' -	47	34		70
35 ×××	x				-		-	-		-		-	-		-		-		-	-		-
36 xxx			-		-		-	-	-	-		-	-	_	-		-	-	-	-	-	-
	tal Interest Income	\$	2	\$	4	\$	5 :	\$6	\$	17	\$	8	\$ 11	\$	13	\$	15	\$	47	\$ 34	\$	70
38 29 T est	terest Expense																					
	erest Expense erest Expense	\$		\$	-	\$	-	s -	\$	-	\$	-	s -	\$	-	\$	-	\$	_	\$ -	\$	
	x company (\$800K @ 10%, 3 yrs)	*		•	_	•	2	-	ľ	_	•	2	•	*	_	*	_	1	_	•	l *	_
	her Vendors (1,000K @0%, 3yrs)				-		-	-		-		-	-		-		-		-	-		-
	tal Interest Expense	\$	-	\$	-	\$		\$-	\$		\$	-	\$ -	\$	-	\$	-	\$	-	\$-	\$	-
4 4 4	M / Assumptions-Marketing	3 (Assu	mptio	ns-R8	ωζA	Assur	mptions-G	68:A	Ass	umptic	ns-	Other 🖉	Ass	ur (<)			111	1			>

Enter any existing and/or planned interest income or expenses.

You can also enter how much the initial interest expense will be and if it will grow, by what percentage, what dollar amount, both or neither. You choose.

This expanded choice only exists for Year 1, subsequent years allow adjustment only by percentage growth.

Warning! This field must be properly filled in for the interest expense calculations to work. Make sure that the starting date for your Interest Expense starts AFTER the date of your plan. If you do not expect to pay interest expense enter the first month of your first fiscal year. If you get a #VALUE! error, verify that

this date falls within your first fiscal year. This is an easy oversight, but an easy fix.

Debt Restructuring

We also include a couple of lines enabling you to calculate and enter possible vendor or other debt restructuring. At the bottom is space for footnotes briefly explaining the nature of your payment plan(s).

Taxes

Death and taxes... taxes are actually a "high-class problem." You must be making a profit in order to pay taxes! BizPlanBuilder calculates your business income taxes based on the percent. In the income statement and elsewhere taxes are concerned, they will be automatically calculated. Fill in the Tax-Rate Look-up Table (at the bottom of the page), including the income break points between brackets and the appropriate percentages. These will depend on the state you pay taxes in, whether you have a local income tax on business and the latest federal business tax rates. You'll probably need to check with your financial advisor to get current information.

TT1 4 '

Corporate Income Tax Rates

(Taxable Years Beginning After Dec. 31, 1992)

If taxable income is:

If taxable income is:	The tax is:
 Not over \$50,000 	15% of taxable income
 Over \$50,000 but not over \$75,000 	\$7,500 plus 25% of the amount over \$50,000
 Over \$75,000 but not over \$100,000 	\$13,750 plus 34% of the amount over \$75,000
 Over \$100,000 but not over \$335,000 	\$22,250 plus 39% of the amount over \$100,000
Over \$335,000 but not over \$10,000,000	\$113,900 plus 34% of the amount over
	\$335,000
Over \$10,000,000 but not over \$15,000,000	\$3,400,000 plus 35% of the amount over
	\$10,000,000
Over \$15,000,000 but not over \$18,333,333	\$5,150,000 plus 38% of the amount over
	\$15,000,000
 Over \$18,333,333 	35% of taxable income

Qualified personal service corporations are taxed at a flat 35% tax rate.

NOL Carry-forward

In fact, we even include the Net Operating Loss (NOL) carry-forward calculation to provide an even more accurate picture of your true tax expense into the future. Here's something for your attorney and CPA... what if you were to possibly sell your NOL for much needed cash today? (In Hawaii, they encourage it for small companies, and by their law, you must be paid at least 75% of the tax value of the NOL!) Hmmm.

Obstacles are things a person sees when he takes his eyes off his goal. ~ E. Joseph Cossman

Assumptions - Balance Sheet

The Balance Sheet, also known as a Statement of Financial Position, reflects everything your company owns (assets), owes (liabilities) and the equity of the owner(s). The Balance Statement functions as a "snapshot" because it shows your financial position on a specific day, not what has occurred over a period of time.

The balance sheet is divided into two parts which must always equal each other: Assets = Liabilities + Equity.

X N	licrosoft Excel - FinancialsC	omprehensive.xls					
8	<u>File E</u> dit Save <u>A</u> s <u>V</u> iew In:	sert F <u>o</u> rmat <u>T</u> ools	Data Window	<u>H</u> elp Save <u>A</u> s	Туре	e a question for help	
: •		654 IV 🖎 🚳	 		Ba 🔂 7504		
: 🔟	📂 🔒 🔒 🔒 🖏 💖	🕄 🕹 💷 🔁 🕶	🔉 =) + (= + 🤅	$\sum \cdot \sum \cdot \sum_{z \neq z} \sum_{A \neq z} \sum_{z \neq$	🛄 🎝 /5% 🔹 🤇		
	E10 - fx =D10						
	A	В	С	D	E	F	G
	Please make adjustments to the asset		y pay close attention	n to the cell comments.			-
2	<u>Click here for Balance Sheet defir</u>	nitions.					
3		61 (
4	Assumptions - Bala	nce Sheet					
5	Beginning Balances, if applicable.						
6	(in thousands unless otherwise noted)				1	_	
7		2003	2004	2005	2006		
<u> </u>	Assets				Beginning		
-	Current Assets	-			\$0	า	
10	Cash	\$ -	\$-	\$ <u>()</u> -		4 4	=
	Investments	-	-		-	-	=
16	Accounts Receivable Notes Receivable	-	-	-		-	
10	Notes Receivable Inventory	-	-	-	-	-	
	Other Current Assets	-	-	-	-	-	
1.4	Total Current Assets	\$ -	\$-	\$ -	\$ -	Depreciation S	chedule
17	iolai Cuitent Instels	Ψ -	Ψ -	Ψ -	Ψ -		lew Assets
	Property, Plant & Equipment					-	Jseful Life
	Land (Non-Depreciable Asset)	\$-	\$-	\$-	\$ -		Months?
	Buildings & Leasehold Improvements	-	-	-	-	6	40
21	Accumulated Depreciation	-	-	-	-		
22	Furniture & Fixtures	-	-	-	-	5	5
	Accumulated Depreciation	-	-	-	-		
	Machinery & Equipment	-	-	-	-	5	5
	Accumulated Depreciation	-	-	-	-		
	Office Equipment	-	-	-	-	10	10
	Accumulated Depreciation	-	-	-	-		
	Computers & Software	-	-	-	-	3	3
	Accumulated Depreciation	-	-	-	-		
	Total Net Property, Plant & Equipment	\$ -	\$ -	\$-	\$ -		
30 31	rdahucu					_	
	Other Assets	\$-	\$-	\$-	s -	1	
01	Total Assets	\$ -	\$ -		\$ -		
34					-	=	
	Liabilities						
~~	Current Liabilities						
	Short Term Debt	\$-	\$-	\$-	\$-	1	
	▶ ▶ 🗶 Assumptions-R&D 🖌	Assumptions-G&A /	Assumptions-Othe	Assumptions	Balan		
	· ····································	-ssampdons-dax A	- Assumptions/Othe	Amosumptions	Doight 1 + 1		-

Balance Sheet: Assets

Assets are those items your company owns. On a balance sheet, assets are commonly grouped into Current Assets, Fixed Assets, and Other Assets categories.

Balance Sheet: Current Assets

These are cash and other assets that you expect will turn into cash or be consumed within one year. These include investments; accounts receivable and notes receivable; inventory (including raw materials, work in process and finished goods); and other current assets. Other current assets include prepaid expenses, such as insurance premiums or advertising costs that must be paid in advance but are "used up" over a period of time.

Balance Sheet: Fixed Assets

Also called Plant and Equipment, these are assets which are of a durable nature and are expected to help generate revenue over a period of a year or longer. Fixed assets can include equipment, automobiles, furniture and fixtures, land, and buildings. They are listed at cost on the balance sheet and are depreciated over a period of years. Accumulated depreciation here is the total amount of depreciation that has already been recognized in periods prior to the business plan.

Balance Sheet: Other Assets

This asset category may include such accounts as patents, copyrights or goodwill.

On the other side of the balance sheet are liabilities and equity. Balance Sheet: Liabilities

Liabilities are those accounts or debts that your business owes others, and they are commonly grouped into Current Liabilities and Long Term Debt.

Balance Sheet: Current Liabilities

These are debts that are expected to be repaid within a year, including short term debt pay-able to the bank (including the portion of long term debt due within one year); accounts payable to suppliers for materials, supplies, etc.; other payables for items like payroll taxes or sales taxes; and accrued liabilities (such as bonuses or pension plans that are paid in the future but relate to performance over the current or prior fiscal period).

Balance Sheet: Long-Term Debt

These are those loans from a bank or other lenders that are due to be repaid over a period of a year or longer. Usually these loans are mortgages or were used to purchase fixed assets.

Balance Sheet: Equity

The final category on the balance sheet is equity. Although the exact listing of accounts is determined by what type of business you own (that is, a proprietorship, partnership, or corporation), the equity category summarizes the accumulated wealth of your company. This includes capital, which is the amount that has been invested in your company, retained earnings, which is the accumulated profits (or losses) the company has earned from operations less dividends declared, and dividends payable, which are dividends that have been declared but not yet paid to the shareholders. Equity is the value that is left after you've subtracted your total liabilities from your total assets.

Balance Sheet: Beginning Balances

As soon as you spend or invest your first dollar, you have a financial position that can be presented on a balance sheet. The equity section should reflect your personal investment, as well as any money invested from other sources. Assets may have been purchased, liabilities may have been incurred, and expenses have probably been incurred, such as purchasing BizPlanBuilder.

Since a balance sheet reflects your cumulative financial position through a certain day, all activity that occurs prior to your first budget month must be added to the new activity for that month to accurately project your balance sheet as of the end of the first budget month.

Because of this, you will need to calculate what your beginning balance sheet balances are (what your balance sheet would show on the day before you start your budget period), so that these beginning balance sheet amounts can be incorporated into your projections.

If you have an established business, you may already have a balance sheet as of the day before your new budget period begins. If so, you may need to identify the best match between the balance sheet accounts used by your accountant and the accounts used in your projected balance sheet statement, then incorporate

your beginning balances into the appropriate accounts.

If you are a start-up, you will need to identify and summarize all of the financial transactions associated with your business to create a balance sheet as of the day before your budget begins. Review your business activities and calculate or estimate the amounts for each balance sheet item that applies to your business (refer to the sections above for discussions of the balance sheet categories and accounts). Remember, the total of all your assets must equal your total liabilities plus owners' equity. When these do not match, you should review all of the accounts for errors or omissions. If there is still a difference and you think that there have been some unrecorded expenses, retained earnings should probably be reduced to resolve the difference.

Microsoft Excel - Financials-	-Comprehensiv	ve.xls			-	
🗐 Eile Edit Save <u>A</u> s <u>V</u> iew	<u>I</u> nsert F <u>o</u> rmat	<u>T</u> ools <u>D</u> ata	<u>W</u> indow <u>H</u> elp	Save <u>A</u> s		_ 8 ×
🗄 💕 🛃 🖪 🔒 🗐 🚳 🔍 🗳	۵ 🔏 ا 🖧 🛍	🔁 • 🝼 🖻	- (° - 🧕 Σ	z → Az↓ ZA↓ A	<u>i</u> 🦓 75%	▼
E10 ▼ fx =D1	10					
A	В		C	D	E	
35 Liabilities						^
36 Current Liabilities	3 <u>7</u>	10 to				
37 Short Term Debt	\$	- \$	- \$	-	\$	-
38 Accounts Payable		-	-	-	<u> </u>	-
39 Other Payables	8	-	-	-		-
40 Accrued Liabilities	*	-	-	-	đ	-
41 Total Current Liabilities	\$	- \$	- \$		\$	
42 43 Long Term Debt	œ	æ	- \$		\$	
	\$	- \$	- Þ - \$		\$	
TT	Þ	- ⊅	- ⊅		Þ	<u> </u>
45 46 Stockholder Equity						
46 Stockholder Equity 47 Common Stock	\$	- \$	- \$	-	\$	
48 Retained Earnings	*	- +	- +		*	_
49 Dividends Payable	5		-			_
50 Total Stockholders' Equity	\$	- \$	- \$		\$	- 1
51	•				•	
52 Total Liabilities & Equity	\$	- \$	- \$	14 <u>1</u> 4	\$	-
53						
54	"OK! In Bala	nce "OK!	In Balance "O	K! In Balance	*OK! In Balar	ice
55		aanoofik 1977,547.				0450
56 *Remaining useful life will not corre:	spond to the useful	life for fixed as:	ets, unless fixed asse	ts entered above v	<i>r</i> ere	
57 not put in service until year-end, in v	which case the usefi	ıl lives will com	espond. Generally ac	cepted useful lives	are noted below	
I ► ► Assumptions-R&D /	Assumptions-G	i&A / Assur	nptions-Other λ	A <		
M HEREIT A		A 1.000	A series a series V			

At the bottom, we include an automatic check to make sure your Balance Sheet is indeed balanced.

I believe in Spinoza's God who reveals himself in the orderly harmony of what exists, not in a God who concerns himself with fates and actions of human beings. ~ Albert Einstein (1879-1955)

Assumptions - Cash Flow

The Cash Flow Statement, also known as a Statement of Changes in Financial Position, summarizes your cash-related activities over a period of time and shows where your cash came from and where it went. One resulting figure is your net cash balance.

No matter how profitable your business, it is critical that you manage cash effectively. Profit does not pay the bills or the bankers—only cash does. The "burn rate" of cash is the net amount of cash you go through every month. Potential lenders and investors want to see positive cash flow that indicates your business can generate enough money to repay their investment.

The Cash Flow Assumptions section allows you to estimate non-operational cash transactions on a monthly basis for a year, as well as provide monthly Working Capital timing estimates for Accounts Receivable, Inventory, and Accounts Payable.

! 🖪	<u>File E</u> dit Save <u>A</u> s <u>V</u> iew <u>I</u> nsert	Format <u>T</u> o	ols <u>D</u> ata	<u>W</u> indow <u>H</u>	lelp Save <u>A</u> s	i		Туре	a question fo	r help 🔹 .	- 8
	🗃 🖬 🖪 🖨 🖪 🖉 🖏 🛙	X 🗈 🕰	- 🥑 🔊	- (Σ - 41	ZI M	3 75%				
100 C 100 C 100 C 100	B65 ▼ f≈ 0		V	1.54	9 – <u>4</u> •	ATT					
_	A A	В	С	D	E	F	G	Н	1	J	
1				0	-		u			Ň	-
1A	Assumptions - Cash Fl	ow								Your	Co
2		2									
_	wentory Assumptions	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	00
-	Days Inventory On-Hand	30	30	30	30	30	30	30	30	30	
5 In	nventory On-Hand	15	16	18	16	16	18	16	16	18	
	ccounts Receivable Assumptions	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	0
3 D	Days A/R Outstanding	30	30	30	30	30	30	30	30	30	
	Accounts Receivable Outstanding	80	92	103	92	92	103	92	92	103	
U	xed Asset Purchases (000)	Jan-06	F-1 00				L 00	1.1.00	A	0 00	-
	From 'Capital Requirements')	Jan-Ub	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	0
-	.and (Non-Depreciable Asset)	\$.	\$.	\$.	\$.	\$.	\$.	\$.	\$.	\$.	\$
	buildings & Leasehold Improvements	÷ .	· ·	•	•	•	•	•		·	*
	furniture & Fixtures			-			-	-			
-	Aachinery & Equipment									-	
-	Office Equipment		-	-	-		-	-	-	-	
	Computers & Software						-	-			
	otal Fixed Asset Purchases	\$ -	\$.	\$-	\$-	\$-	\$.	\$.	\$ -	\$ -	\$
0											
	nancing Proceeds (000) Sale of Stock	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	00 \$
3	Cash Dividends Declared - Common	*	* *		•	• •		• •	• •	Ф -	*
4	Cash Dividends Declared - Common Cash Dividends Declared - Preferred							-			-
5	Cash Dividends Paid								-	-	-
_	Proceeds from Short Term Loans			· · · · · · · · · · · · · · · · · · ·		· · · · · ·					
7	Repayment of Short Term Loans						-	-		· · ·	1
	Proceeds from Long Term Loans					-		-			
1	Repayment of Long Term Loans		0						3		
In	iterest Expense	. · · ·		. ×.				12		. · · · · ·	
	кх company (\$800К @ 10%, 3 yrs)	. A.		1	-			. · · · ·		- 1	
	ther Vendors (1,000K @0%, 3yrs)	-							-	-	
	otal Interest Payments on Long Term Loan	\$.	\$.	\$.	\$.	\$.	\$.	\$.	\$.	\$.	\$
+ 5 01	ther Balance Sheet Accounts (000)	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	0
	Purchase of Investments	3 · ·	1.60-00	141-00	Ah1-00	141 39- 00	JUII-00	JUI-00	Aug-00	Sep-00	
7	Sale of Investments		5								
_	Increase in Notes Receivable	10 1	8		0	о —		о 	а – 2	3	1 1
	Collection of Notes Receivable										<u> </u>

The Cash Balance from the Cashflow Statement runs through this page so you can immediately see the

effects of any additions and changes made on this page. Here is where you will see when your cashflow may go negative, and is one of the best places to calculate how much money you will need to start, build and run your business. Enter amounts representing inflows and outflows of cash by category and period. You will also see many small "red triangles" on this page representing on-screen prompts that will give you ideas and tell what to do.

Inventory Assumption: Enter the total number of days of Inventory expected to be on-hand each month. If no inventory is to be maintained, type '0' (zero).

Accounts Receivable Assumption: Enter the total number of days of Accounts Receivable expected to be outstanding (e.g. days to turn).

Enter **Financing Proceeds** (sale of stock to Venture Capitalists, Angel Investors, etc.; SBA / Bank loans) below. (In which month will you deposit that \$10 million investment?)

All values should be entered as positive numbers.

Working Capital Assumptions (In Days)

These values represent timing estimates (number of days) for cash flow purposes of the three Working Capital items described below.

Accounts Receivable

This is money owed to you by your customers for sales on account (when a sale has been made but payment has not been received).

Accounts Receivable Days are the number of days, on average, that it takes to collect payment for your sales. It is also referred to as Days of Sales Outstanding. One method to estimate this is to take your accounts receivable balance at the end of the year divided by your total sales for the year, and then multiply by 365 days.

If you are starting a new business and have no sales from a prior period, your Accounts Receivable number of days for the first month should not be greater than 30. (In this scenario, a number of days greater than 30 will project more money owed to you for the first month than the total sales you've projected for the first month, which is illogical for a new business.)

Inventory

This represents the value of materials, work in process and finished goods you have on hand ready for sale to your customers.

Inventory Days are the average number of days of cost of goods sold you have in inventory. One method to estimate this is to take your inventory dollar value at the end of the year divided by your total cost of goods sold for the year, and then multiply by 365 days. Another method is to calculate how many days your current inventory would last before you sold all of it, if you didn't add any more inventory.

Cash Flow: Accounts Payable

This is money you owe to your suppliers for purchases on credit (when you purchase items but have not yet paid for them).

Accounts Payable Days are the number of days, on average, that you take to pay your sup-pliers. One method to estimate this is to take your accounts payable balance at the end of the year divided by your total cost of goods sold for the year, and then multiply by 365 days.

Break-Even Analysis Assumptions

The Break-Even Analysis section calls for you to estimate the average monthly portion of fixed costs that are to be reclassified to variable costs for the purposes of break-even analysis for the first year.

For simplicity sake, most categories are treated as fixed. However, think what would happen to your "fixed" production management salary expense or "fixed" telephone expense if your sales doubled. Salaries and the telephone bill might be higher but they would not double. Since sales rise and fall, it follows that a lot of "fixed" expenses are variable in nature.