

# Supporting Financial Statements

*Enough research will tend to support your theory.*  
~ Murphy's Law of Research

The following worksheets can be useful in creating your Supporting Documents. Consider including the Sensitivity Analysis, a presentation of the optimistic, pessimistic, and most likely case scenarios. Unique to BizPlanBuilder, it demonstrates that you have examined your assumptions and projections from multiple points of view. We also include several additional statements derived from your assumptions and financial projections.

- Break-Even Analysis
- Sensitivity Analysis (best/planned/worst case)

You may not want to include these documents when you make copies of your business plan or present it to investors.

- Valuation
- Capitalization Table
- Investor Analysis
- Personal Financial Statement

## Assembling Your Financial Plan

When you assemble your final plan, the system will show you a screen enabling you to check boxes for the financial model pages that you want to include with your printed plan. (Behind the scenes, it makes a copy of your comprehensive model, hides the pages you did not select.) Together with the narrative portion of your plan, your financials will be saved in the “Business Plan” folder on your desktop.

## Sensitivity Analysis

---

This analysis enables you to present a true picture of your potential for gain and loss. While the best case is what you hope for, the worst case is what you need to be prepared for; in the meantime, the most likely case will be the basis for many of your, and your investors', decisions.

In essence, the Sensitivity Analysis compares your Income Statement with worst/planned/best case scenarios. Instead of changing numbers throughout your financial model, with this unique page, you can play “what-if?” all in just one place.

It takes its base case numbers from the Income Statement (listed down the center of the model). In the columns to the left and right, you directly enter percentages (blue numbers) that project possible pessimistic and optimistic deviations from your original budgeted projections. Investors may want to enter their own assumptions about your business – here they can do it relatively quickly.

Microsoft Excel - Financials--Comprehensive.xls

File Edit View Insert Format Tools Data Window Help SpreadsheetConverter v5

Adobe PDF

Arial 11 B I

A7 Y

### Sensitivity Analysis

Your Company Name Here

(in thousands unless otherwise noted) Full Year 2017

This worksheet compares the best and worst case of each Income Statement summary line item to the planned values.  
The Planned amounts are taken directly from the Income Statements.

|  | Pessimistic           | Planned               | Optimistic            |
|--|-----------------------|-----------------------|-----------------------|
| <b>Sales</b>                               | <b>70%</b>            | <b>100%</b>           | <b>120%</b>           |
| Intro Offer                                | \$ 851                | \$ 1,216              | \$ 1,459              |
| Product 1                                  | \$ 1,957              | \$ 2,796              | \$ 3,355              |
| Product 2                                  | 1,446                 | 2,066                 | 2,479                 |
| Product 3                                  | 1,446                 | 2,066                 | 2,479                 |
| Product 4                                  | 1,106                 | 1,580                 | 1,896                 |
| Product 5                                  | 1,106                 | 1,580                 | 1,896                 |
| Product 6                                  | 170                   | 243                   | 292                   |
| Product 7                                  | -                     | -                     | -                     |
| Product 8                                  | 170                   | 243                   | 292                   |
| Product 9                                  | -                     | -                     | -                     |
| Other                                      | 51                    | 73                    | 88                    |
| <b>Product Returns</b>                     | <b>110%</b>           | <b>100%</b>           | <b>90%</b>            |
| Returns & Allowances                       | (13)                  | (12)                  | (11)                  |
| <b>Net Revenue</b>                         | <b>\$ 8,290</b>       | <b>\$ 11,851</b>      | <b>\$ 14,225</b>      |
| <b>Costs of Goods Sold</b>                 | <b>200%</b>           | <b>100%</b>           | <b>50%</b>            |
| Variable Cost of Goods Sold                | \$ 1,604              | \$ 802                | \$ 401                |
| Fixed Costs Reclassified to Variable Costs | -                     | -                     | -                     |
| <b>Total Variable Costs</b>                | <b>\$ 1,604</b>       | <b>\$ 802</b>         | <b>\$ 401</b>         |
| <b>Fixed Costs of Goods &amp; Services</b> | <b>110%</b>           | <b>100%</b>           | <b>90%</b>            |
| Fixed Costs of Goods & Services            | \$ 205,734            | \$ 187,031            | \$ 168,328            |
| <b>Total Costs of Goods Sold</b>           | <b>\$ 207,338</b>     | <b>\$ 187,833</b>     | <b>\$ 168,729</b>     |
| <b>Gross Profit</b>                        | <b>\$ (199,048)</b>   | <b>\$ (175,982)</b>   | <b>\$ (154,504)</b>   |
| % of Total Sales                           | -2401.1%              | -1485.0%              | -1086.1%              |
| <b>Operating Costs</b>                     | <b>120%</b>           | <b>100%</b>           | <b>90%</b>            |
| Sales & Marketing                          | \$ 429,692            | \$ 358,077            | \$ 322,269            |
| Research & Development                     | 276,282               | 184,188               | 156,560               |
| G & A (without Depreciation)               | 458,421               | 416,746               | 375,071               |
| Depreciation                               | -                     | -                     | -                     |
| Fixed Costs Reclassified to Variable Costs | -                     | -                     | -                     |
| <b>Total Expenses</b>                      | <b>\$ 1,164,395</b>   | <b>\$ 959,011</b>     | <b>\$ 853,900</b>     |
| <b>Income From Operations</b>              | <b>\$ (1,363,443)</b> | <b>\$ (1,134,993)</b> | <b>\$ (1,008,404)</b> |
| <b>Earnings Per Share</b>                  | <b>\$ (0.68)</b>      | <b>\$ (0.56)</b>      | <b>\$ (0.50)</b>      |

Cash Flow - Yrs 2-3 Cash Flow - Yrs 1-5 Break

### Weighted probability of cases

At the bottom of the Sensitivity Analysis, you can also enter the weighted probability of each scenario happening—you don't want someone dwelling on the possibility of only the worst case happening! (Make sure they add up across to 100%).

The resulting math will multiply each case by its weight percentage and calculate your Weighted Average Income, shown in the center.)

The screenshot shows an Excel spreadsheet with the following data:

|    | A  | B         | C              | D         |
|----|--|-----------|----------------|-----------|
| 56 |  | 110%      | 100%           | 90%       |
| 57 | Fixed Costs Reclassified to Variable Costs | -         | -              | -         |
| 58 | <b>Total Expenses</b>                      | \$ 13,392 | \$ 11,236      | \$ 10,079 |
| 59 |  |           |                |           |
| 60 |  |           |                |           |
| 61 | <b>Income From Operations</b>              | \$ (305)  | \$ 9,654       | \$ 15,881 |
| 62 |  |           |                |           |
| 63 | <b>EPS</b>                                 | \$ (0.03) | \$ 0.97        | \$ 1.59   |
| 64 |  |           |                |           |
| 65 | Probability                                | 30%       | 50%            | 20%       |
| 66 |  | (\$92)    | \$4,827        | \$3,176   |
| 67 | <b>Weighted Average Income</b>             |           | <b>\$7,912</b> |           |
| 68 |  |           |                |           |
| 69 | <b>Investor's Scratch Pad</b>              |           |                |           |
| 70 | If IRR =                                   | 40%       |                |           |
| 71 | ...and if the P/E ratio =                  | 10        | \$79,117       |           |
| 72 | Then the NPV Valuation =                   |           | \$14,711       |           |
| 73 | Investment (000) =                         | \$1,000   | \$15,711       |           |
| 74 | Investor Gets:                             |           | 6%             |           |
| 75 | Investment Future Value in Year:           | 5         | \$5,036        |           |
| 76 | Which is...                                |           | 5.04 x         |           |

### Investor's Scratch Pad

Let's say you send your financial model to an investor or lender. (In your email, you will likely want to suggest they review this entire page as well as 'play' with this section.)

Investors can enter their own perceptions for your best and worst cases, they can enter their own assumptions for the probabilities of each case coming true.

Next they can work with some of their own investment criteria to see what happens.

Instructions for investors are to the right of the shaded area above—directing them how to fill-in/change the blue numbers in the Investor's Scratch Pad. Nevertheless, it should be self-explanatory.