

HOW TO USE THE SBDC FINANCIAL TEMPLATE

It is strongly suggested that, if you are not well acquainted with Financial Statements and their interrelationships, that you seek the assistance of the Small Business Development Center. There is no charge for this service.

Worksheet 1 - Introduction

The introduction has brief instructions and the usual disclaimer for tools of this type.

Worksheet 2 – Detailed Start Up

By popular demand additional instructions were added.

Worksheet 3 – Detailed Start Up

The third worksheet is one for Detailed Startup Expenses. Fill these in as best you can and add more if your business idea dictates it. Some of the totals (expensible items) are inserted into the Cash Flow statement worksheet for Month One.

Worksheet 4 – Profit and Loss

Lenders normally want two years of month-by-month sales and expenses and this worksheet provides that. It is also linked to the Break Even analysis and the Cash Flow worksheets, *for Year One only*. For this reason the P&L should be the first place to make entries and changes in data that affect the P&L. In Column B are arbitrary percentages (of total revenue) entered to facilitate calculations of sales discounts, COGS (Cost of Goods Sold), and payroll taxes. Please change these to reflect your true estimates, or replace the formula cells with your actual dollar figure estimates.

Worksheet 5 – Financial Assumptions

The Financial Assumptions worksheet is not a traditional worksheet, but more of a check list. It is to help you prepare to defend your figures to a lender, investor, or yourself. All numbers must have a firm conceptual basis, grounded in reality, and be able to be explained. One of the most basic assumptions is that of seasonality and should be reflected in the P&L sales and expense figures.

Worksheet 6 – Break Even

The Break Even sheet takes its data from the annuals total of *Year One* from the P&L and also from the Year One “Other Cash” total from the Cash Flow statement. There are actually two Break Even points: one for Profit and one for Cash. If you have no “Other Cash” in your Cash Flow worksheet, then the calculated Break Even will be for Profit only; i.e. the amount you need to sell to pay all your tax-deductible expenses. If you do have “Other Cash” items in your Cash Flow worksheet, such as owner draw, loan principal repayment, or capital purchases, then the calculated Break Even point will be for Cash; i.e. the amount you need to sell to pay all your expenses plus all non-operational cash items.

Worksheet 7 – Cash Flow

In the Cash Flow statement worksheet, subtotals from the P&L are automatically inserted. As an instructional device, those rows in the Cash Flow statement marked in Column A with a “p” mean that those figure come from the P&L. Those rows marked with an asterisk are non-operational cash items. The non-operational Cash Flow items in Column C that have small triangles in the upper left-hand corner of the cell are linked to other worksheets, such as the Detailed Startup and the Amortization worksheet. For columns beyond C (D,E, etc.) you must enter the figures manually. The percentage figure for Estimated Tax Reserve in cell C26 can be modified, but should not go below 15.3%, which is the amount of Self Employment Tax.

Worksheet 8 – Balance Sheet

The Balance Sheet worksheet is not linked to any other worksheet. Get help from your Business Advisor with this.

Worksheet 9 - Amortization OPTIONAL

The Amortization worksheet is where you calculate loan payments. You should only enter data into cells that are in red. The interest for month one is inserted into the P&L and the principal payment for month one is inserted into the Cash Flow.

Worksheet 10 - Quick Calculations for Multiple Loans OPTIONAL

This sheet will give you a quick estimate for the first month's payment for up to three loans. You should take care to calculate each month's interest and principal if you are going to have more than the one loan that is depicted in the Amortization sheet.

Tips and Notes:

There are some limitations to this Template. This is a series of spreadsheets for a generic business. It will not fit your, or any, business exactly. You may, and should, modify the spreadsheets to fit your business. When you do so, bear in mind that the constructors of this Template assumed a basic working knowledge of Excel. Cells are not protected, as in some other templates, so flexibility is maximized. The down side of that flexibility is the potential to delete or change formulae that might make the totals inaccurate. After any modification to the structure of a spreadsheet, check your totals to make sure they reflect what you intended. Again, for modification purposes *start with the P&L*. Remember that if you are inserting rows at the bottom of a section make sure the formulae for the totals include the newly inserted rows.

If you have difficulties or questions, please call the Solano Small Business Development Center at (707) 646-1071. There is no charge for this service. And, please, enjoy the process!

Startup Expenses

Your Company

-

Sources of Capital

Owners' Investment

(name & % ownership)

Your name & % ownership

Other Investor

Other Investor

Other Investor

Total Investment

Amount

Notes

-	
-	

\$ -

Bank Loans

Bank 1

Bank 2

Bank 3

Bank 4

Total Bank Loans

\$0 automatically entered from amortization page

-	
-	
-	

\$ -

Other Loans

Source 1

Source 2

Total Other Loans

\$ -

\$ -

\$ -

Startup Expenses

Buildings / Real Estate

Purchase

Construction

Remodeling

Other

Total Buildings and R / E

\$ -

-

\$ -

Leasehold

Improvements

Item 1

Item 2

Item 3

Item 4

Total L / H

Improvements

\$ -

-

-

-

\$ -

Capital Equipment

List

Furniture

Equipment

Startup Expenses

Your Company

Fixtures	-	
Machinery	-	
Other		
Total Capital Equipment	\$ -	

Location and Admin Expenses

Rental	\$ -	
Utility Deposits		
Legal and Accounting Fees	-	
Prepaid Insurance	-	
Pre-opening Salaries		
Other		
Total Location and Admin Expenses	\$ -	

Opening Inventory

Category 1		
Category 2		
Category 3	-	
Category 4	-	
Total Inventory	\$ -	

Advertising and Promotional Expenses

Advertising/Domain		
Hosting		
Signage		
Printing		
Travel & Entertainment		
Other / Additional categories		
Total Adv and Promo expenses	\$ -	

Other Expenses

Other Expense 1		
Other Expense 2		
Total Other Expenses	\$ -	

Reserve for Contingencies

--

Working Capital

--

Summary Statement

Startup Expenses

Your Company

Sources of Capital

Owners' and Other		-
Investments	\$	-
Bank Loans		-
Other Loans		-
Total Source of Funds	\$	-

Startup Expenses

Bldgs / Real Estate	\$	-
Leasehold		
Improvements		-
Capital Equipment		-
Location / Admin		
Expenses		-
Opening Inventory		-
Advertising / Promo		
Expenses		-
Other Expenses		-
Contingency Fund		-
Working Capital		-
Total Startup Expenses	\$	-

Security and Collateral for Loan Proposal

Collateral for Loans

	Value	Description of Property
Real Estate		<input style="width: 100%; height: 20px;" type="text"/>
Other Collateral	-	<input style="width: 100%; height: 20px;" type="text"/>
Other Collateral	-	<input style="width: 100%; height: 20px;" type="text"/>
Other Collateral	-	<input style="width: 100%; height: 20px;" type="text"/>

Owners

Your name here	<input style="width: 100%; height: 20px;" type="text"/>
Other owner	<input style="width: 100%; height: 20px;" type="text"/>
Other owner	<input style="width: 100%; height: 20px;" type="text"/>

Loan Guarantors (other than owners)

Loan Guarantor 1	<input style="width: 100%; height: 20px;" type="text"/>
Loan Guarantor 2	<input style="width: 100%; height: 20px;" type="text"/>
Loan Guarantor 3	<input style="width: 100%; height: 20px;" type="text"/>

Your Company

Financial Assumptions Used in Preparation of Financial Projections

Revenues

Gross Revenue	
Gross Revenue	
Other Revenue	
Promotions/Allowance/discounts	

Cost of Goods Sold

Direct Materials & Freight	
Labor	
P/R Taxes & Work Comp	
Other Employee Benefits	
Credit/debit Card Expense	
Other Direct Expenses	

Fixed Expenses

Payroll Admin Staff	
Employer Taxes	
Workers Compensation rate =	
Other Employee Benefits	
Rent	
PGE	
Water & Garbage	
Security	
Telecommunications	
Internet - Domain Hosting	
Property Taxes	
Insurance	
Building Repairs & Maint	
Equipment Repairs & Maint	
Licences & Permints	
Dues & Subscriptions	
Bank Fees	
Office Supplies	
Postage	
Computer maintenance	
Bookeeping/Accounting/Taxes	
Legal	
Travel & Trade Shows	
Misc	
Loan Interest	

Other Notes

Your Company

Profit and Loss Statement

Year 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total	% of total sales
Revenues													\$ -	
Gross Revenue														
Other Revenue														
Less: Promotions/Allowances/discout	-2%													
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ -	
Cost of Goods Sold													\$ -	
Direct Materials & Freight	0.0%													
Labor	0.0%													
P/R Taxes & Work Comp	15.0%													
Other Employee Benefits	0.0%													
Credit/Debit Card Expense	1.0%													
Other Direct Expenses	0.0%													
Other Direct Expenses	0.0%													
Total Cost of Goods Sold (COGS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gross Profit (Revenue - COGS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contribution Margin (Gross Profit Margin)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Fixed Expenses (F/E) (Overhead)													\$ -	
Payroll Admin Staff														
Employer Taxes	10.0%													
Workers Compensation rate =	5.0%													
Other Employee Benefits	0.0%													
Advertising/Marketing														
Bank Fees														
Bookkeeping/Accounting/Taxes														
Building Repairs & Maintenance														
Computer maintenance														
Dues & Subscriptions														
Equipment Repairs & Maintenance														
Insurance														
Internet														
Legal														
Licenses & Permits														
Misc														
Office Supplies														
PGE														
Postage														
Property Taxes														
Rent														
Security														
Telecommunications														
Travel & Trade Shows														
Vehicle Expense														
Water & Garbage														
Loan Interest														
Other														
Other														
Total Fixed Expenses (F/E)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (Gross Profit - F/E)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Year 2

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total	% of total sales
Revenues													\$ -	
Gross Revenue														
Other Revenue														
Less: Promotions/Allowances/discout	-2%													
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ -	
Cost of Goods Sold													\$ -	
Direct Materials & Freight	0.0%													
Labor	0.0%													
P/R Taxes & Work Comp	15.0%													
Other Employee Benefits	0.0%													
Credit/Debit Card Expense	1.0%													
Other Direct Expenses	0.0%													
Other Direct Expenses	0.0%													
Total Cost of Goods Sold (COGS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Gross Profit (Revenue - COGS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Contribution Margin (Gross Profit Margin)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Fixed Expenses (F/E) (Overhead)													\$ -	
Payroll Admin Staff														
Employer Taxes	10.0%													
Workers Compensation rate =	5.0%													
Other Employee Benefits	0.0%													
Advertising/Marketing														
Bank Fees														
Bookkeeping/Accounting/Taxes														
Building Repairs & Maintenance														
Computer maintenance														
Dues & Subscriptions														
Equipment Repairs & Maintenance														
Insurance														
Internet														
Legal														
Licenses & Permits														
Misc														
Office Supplies														
PGE														
Postage														
Property Taxes														
Rent														
Security														
Telecommunications														
Travel & Trade Shows														
Vehicle Expense														
Water & Garbage														
Loan Interest														
Other														
Other														
Total Fixed Expenses (F/E)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (Gross Profit - F/E)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Your Company

Break Even Analysis (Annual)

<i>Break Even Point Formula</i> <i>(Fixed Expenses divided by Contribution Margin)</i>	=	$\frac{\text{Fixed Expenses}}{\text{(Gross Profit / Total Revenue)}}$								
Contribution Margin %	=	Gross Profit / Total Revenue								
Your Fixed Operating Expenses	=	<input type="text" value="-"/>								
Your Cost of Goods Sold (COGS)	=	<input type="text" value="-"/>								
Your Sales	=	<input type="text" value="-"/>								
Your COGS as a % of Sales COGS / Sales	=	<input type="text"/>								
Your Contribution Margin 1 - (COGS / Sales)	=	<input type="text"/>								
Your Break Even Calculation	=	<table border="0"> <tr> <td>Fixed Exp. =</td> <td><input type="text" value="-"/></td> </tr> <tr> <td>Other Cash =</td> <td><input type="text" value="-"/></td> </tr> <tr> <td>Total FIXED</td> <td><input type="text" value="-"/></td> </tr> <tr> <td></td> <td><input type="text"/></td> </tr> </table>	Fixed Exp. =	<input type="text" value="-"/>	Other Cash =	<input type="text" value="-"/>	Total FIXED	<input type="text" value="-"/>		<input type="text"/>
Fixed Exp. =	<input type="text" value="-"/>									
Other Cash =	<input type="text" value="-"/>									
Total FIXED	<input type="text" value="-"/>									
	<input type="text"/>									
Fixed Expenses / Contribution Margin	=	Contr. Mar. = <input type="text"/>								
Your Break Even Point	=	<input type="text"/>								

Your Company

Cash Flow Statement	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Beginning Cash Flow (from Prev. Mo.)	\$ -	\$ -	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Cash Receipts (Cash In)												
• Gross Revenue (from Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Equity Infusion (not from Operations)	\$ -											
• Loans Received (not from Operations)	\$ -											
• Other Sources	\$ -											
Total Cash Receipts (Cash In)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments (Cash Out) from Operations - from Profit and Loss Report												
p Cost of Goods Sold (COGS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
p Total Fixed Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payments Because of Operations (COGS + Overhead)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
p Net Income (From P&L -Used for tax calculation)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operational Payments (Cash Out - Reflected on Balance Sheet)												
• Loan Principal Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Estimated Tax % (For Reserve Calculation)	20.00%											
• Reserve for Taxes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Owner's Draw	\$ -											
• Buildings & Leaseholds	\$ -											
• Capital Purchases (Equipment etc.)	\$ -											
• Inventory	\$ -											
• Other Start Up	\$ -											
• Savings Account/Reserve	\$ -											
Total Non-Operational Payments	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payments (Total Cash Out) (Operational plus non-Operational)	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Change [Surplus or (Deficit)] (Total Cash Receipts - Total Payments)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Cash Balance (Beginning Cash Balance + Net Cash Change)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)

p = From Operations (Shown on Profit and Loss Statement)
 - Non-Operational Cash Transactions (not shown on Profit and Loss Statement, but which are reflected on the Balance Sheet)

\$ - Net Income for Year 1

Cash Flow Statement	Year 2											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Beginning Cash Flow (from Prev. Mo.)	\$ (0)	\$ (0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Cash Receipts (Cash In)												
• Gross Revenue (from Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Equity Infusion (not from Operations)	\$ -											
• Loans Received (not from Operations)	\$ -											
• Other Sources	\$ -											
Total Cash Receipts (Cash In)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments (Cash Out) from Operations - from Profit and Loss Report												
p Cost of Goods Sold (COGS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
p Total Fixed Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payments Because of Operations (COGS + Overhead)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
p Net Income (From P&L -Used for tax calculation)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Operational Payments (Cash Out - Reflected on Balance Sheet)												
• Loan Principal Repayment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Estimated Tax % (For Reserve Calculation)	20.00%											
• Reserve for Taxes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
• Owner's Draw	\$ -											
• Buildings & Leaseholds	\$ -											
• Capital Purchases (Equipment etc.)	\$ -											
• Inventory	\$ -											
• Other Start Up	\$ -											
• Savings Account/Reserve	\$ -											
Total Non-Operational Payments	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Payments (Total Cash Out) (Operational plus non-Operational)	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Change [Surplus or (Deficit)] (Total Cash Receipts - Total Payments)	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Cash Balance (Beginning Cash Balance + Net Cash Change)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)

\$ - Net Income for Year 2

Your Company

Balance Sheet

Assets (What you own)

Current Assets

Cash
Inventory (at cost)
Accounts Receivable
Other
Total Current Assets _____ -

Other Assets

Equipment (net)
Deposits
Prepaid Expenses

Total Other Assets _____ -

Total Assets _____ -
(Can be turned into Cash)

Liabilities (What you owe)

Current Liabilities

Accounts Payable
Accrued Taxes
Other

Total Current Liabilities _____ -

Long Term Liabilities

Loan Payable

Total Liabilities _____ -

Equity (What's left after "Own minus Owe")

Owner's Equity _____ -
Total Equity _____ -

Total Liabilities and Equity _____ -
(Must "balance" Assets)

Formula: Total Assets = Total Liabilities + Total Equity

Important Financial Ratios:

<i>Current Ratio</i>	=	<i>Current Assets / Current Liabilities</i>	=	<i>Healthy value ></i>	<i>2.00</i>
<i>Quick Ratio</i>	=	<i>(Current Assets - Inventory) / Current Liabilities</i>	=	<i>Healthy value ></i>	<i>1.00</i>
<i>Debt Ratio</i>	=	<i>Total Liabilities/Total Equity</i>	=	<i>Healthy value <</i>	<i>3.00</i>

Loan Payment Finder											
	Loan 1			Loan 2			Loan 3			Total	
	Loan Amt	\$0		Loan Amt	\$0		Loan Amt	\$0		Loan Amt	\$0
	Ann. Rate	0.00%		Ann. Rate	0.00%		Ann. Rate	0.00%		Ann. Rate	
	Term inYrs	1		Term inYrs	1		Term inYrs	1		Term inYrs	
	Mo. Pmt	\$0.00		Mo. Pmt	\$0.00		Mo. Pmt	\$0.00		Mo. Pmt	\$0.00
	Principal	\$0.00		Principal	\$0.00		Principal	\$0.00		Principal	\$0.00
	Interest	\$0.00		Interest	\$0.00		Interest	\$0.00		Interest	\$0.00
	Mo. Pmt	\$0.00		Mo. Pmt	\$0.00		Mo. Pmt	\$0.00		Mo. Pmt	\$0.00

Startup/Expansion Calculations

Startup/Expansion Hard Costs	\$0
ADD Working Capital	
Total Project Cost	<u>\$0</u>
LESS Equity Investment	
Total Loan Request	<u>\$0</u>