

## Financial Plan – Amounts

You will need to obtain some numbers, and complete some analyses prior to the final development of your financial statements. Take your time to obtain accurate figures. At this time, you do not yet have all the information to fill out all of these forms, however, you should begin to collect cost estimates and bids now. Fill out what you can at this time, with the understanding that you will later need to review your estimates and make modifications.

### 1) *Quotations and Bids*

At this time, you will need to gather information and obtain quotations and bids for each of the sections covered in the “**Financial Plan – Account Itemizations**”:

- Business Insurance
- Contracted Services
- Debt
- Fixed Assets
- Miscellaneous Expense Items
- Occupancy Expenses
- Start up expenses

### 2) *Sheets to be completed*

- **Employees**
- **Employer Paid Employee Benefits (Burdened Costs)**

The employee sheets will not be able to be properly completed until after you have completed the “**Personnel Plan**”. At that time you will have detailed your staffing level requirements.

### 3) *Completion of analyses*

You will also need to complete the following analyses:

- **Seasonal Sales Cycle** – from “**The Product or Service**” – The seasonal cycles will help to determine some of the variable elements of your cash flow, as well as the cyclic nature of sales fluctuations.
- **Annual Sales Forecast** – from “**The Marketing Plan**” The marketing plan has not yet been completed, but, it is important to know that a good “guesstimate” will be necessary before financial statements can be completed.

You will need to complete each of the preparatory sheets prior to the final financial statements. These sheets will require that you obtain information and bids. Each preparatory sheet will need to be completed across all months for each applicable itemization. Please enter the annual total in the last column to the right. You will notice that you will also need to tabulate totals at the bottom of each column – this may indicate variations that may have severe cash flow implications.



**Business Insurance**

| <b>Premium Itemization</b> | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>Jul</b> | <b>Aug</b> | <b>Sep</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Total</b> |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Auto                       |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Crime                      |            |            |            |            |            |            |            |            |            |            |            |            |              |
| General Liability          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Inland Marine              |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Machinery                  |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Medical Malpractice        |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Professional Liability     |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Product Liability          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Property                   |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Umbrella Policy            |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Other</b>               |            |            |            |            |            |            |            |            |            |            |            |            |              |
|                            |            |            |            |            |            |            |            |            |            |            |            |            |              |
|                            |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Totals</b>              |            |            |            |            |            |            |            |            |            |            |            |            |              |

Contact your insurance broker or agent to obtain a quotation for the types of coverage most commonly purchased for your type of business. It is important to specify the frequency of premium payments and the amounts on a month-by-month, quarter-by-quarter, or annual basis.

**Contracted Services**

|                          | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|--------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| <b>Accounting</b>        |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Bookkeeping              |     |     |     |     |     |     |     |     |     |     |     |     |       |
| CPA                      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Payroll                  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Tax                      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Consulting</b>        |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Management               |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Organizational           |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Legal</b>             |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Contingency Use          |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Retained Firms           |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Maintenance</b>       |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Copier Maintenance       |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Facilities Maintenance   |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Industrial Machinery     |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Office Equipment         |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Janitorial Services      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Repair Services          |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Security System          |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Vehicle Maintenance      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Marketing</b>         |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Advertising Agency       |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Data Collection/Analysis |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Graphic Art              |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Market Research          |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Personnel</b>         |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Employee Leasing         |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Rent-an-Executive        |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Secretarial Services     |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Temporary Personnel      |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Other</b>             |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Totals</b>            |     |     |     |     |     |     |     |     |     |     |     |     |       |

**Debt**

|                           | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| <b>Bank – Home Equity</b> |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Principle                 |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Interest                  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Bank – Secured</b>     |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Principle                 |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Interest                  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Credit Union Loan</b>  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Principle                 |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Interest                  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Family Loan</b>        |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Principle                 |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Interest                  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Other</b>              |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Principle                 |     |     |     |     |     |     |     |     |     |     |     |     |       |
| Interest                  |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Total Principle</b>    |     |     |     |     |     |     |     |     |     |     |     |     |       |
| <b>Total Interest</b>     |     |     |     |     |     |     |     |     |     |     |     |     |       |

In the table above itemize the types of loans for the debt you currently have. Loans are considered to be monies where there is; 1) a principle amount, 2) a specified period of time for repayment, and 3) have a stated interest rate. You should not include a “loan” from mom or dad based on the assumption of “pay me back when you can” – this is venture capital or owners capitalization, unless a promissory note has been drafted and executed. It is also important to separate business from personal as clearly as possible by obtaining debt in the company's name (perhaps secured by your personal assets). Obtaining financing in the company name will begin to build a credit facility for your firm.

You will need to check an amortization table to obtain the accurate amount of principle and interest for each payment period – ask for one from your loan officer. If your loan amount is based on a variable interest rate, you will need to modify your figures as anticipated.

**Employees**

| <b>Job Titles</b>                      | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>Jul</b> | <b>Aug</b> | <b>Sep</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Total</b> |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| <b>1</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>2</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>3</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>4</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>5</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>6</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>7</b>                               |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Salary                                 |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Commission                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Owners</b>                          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Dividend or Draw<br>(if a corporation) |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Totals</b>                          |            |            |            |            |            |            |            |            |            |            |            |            |              |

List your employees and the amount of salary and commission they are projected to earn each month in the chart above. Commissions will probably vary month-by-month – you will need to refer to your seasonal sales cycles for degree of variance. The seasonal sales cycle will also help you to determine when you may need to hire part-time assistance. This chart will best be finalized after completion of the Personnel Plan.

**Employer Paid Employee Benefits (Burdened Costs)**

| <b>Job Titles</b>                                      | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>Jul</b> | <b>Aug</b> | <b>Sep</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Total</b> |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| <b>Standard Benefits *</b>                             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Social Security FICA<br>(7.65% up to \$72,600 salary)  |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Federal Unemployment Tax<br>(0.8% - up to \$7,000 )    |            |            |            |            |            |            |            |            |            |            |            |            |              |
| State Unemployment Tax<br>(up to 5.4% - up to \$7,000) |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Worker’s Compensation<br>(subject to change)           |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Standard Benefit Total</b>                          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Optional Benefits **</b>                            |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Dental insurance                                       |            |            |            |            |            |            |            |            |            |            |            |            |              |
| ESOP   |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Life insurance   |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Medical insurance                                      |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Pension/Retirement plan                                |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Profit-sharing plan                                    |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Vision insurance                                       |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Optional Benefit Total</b>                          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Total</b>   |            |            |            |            |            |            |            |            |            |            |            |            |              |

\* Please note that all of the percentage amounts in the table above are subject to change. The amounts stated should give you a general idea as to the cost of adding employees. These “burdened costs” may conservatively be estimated at 11.5 % of employee payroll. For the self-employed business owner, (one who takes profits as personal income - sole proprietorships, partnerships, or S-corporations) the taxes are same except that your Social Security will be computed at a rate of 15.3%, up to a salary of \$72,600, and 2.9% above that.

\*\* Optional benefits packages often are negotiated differently for different employees. As an example, your managers might get a better optional benefits package than your drivers. You may determine what your costs are by contacting various insurance agents to obtain quotations. These “burdened costs” may run as high as 27 % of employee salaries.

**Fixed Assets**

| <b>Fixed Assets</b> | <b>Acquisition Cost</b> | <b>Date of Purchase</b> | <b>Depreciable Period in Months</b> | <b>Date Fully Depreciated</b> | <b>Monthly Depreciation Expense</b> |
|---------------------|-------------------------|-------------------------|-------------------------------------|-------------------------------|-------------------------------------|
| <b>Plant</b>        |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
| <b>Equipment</b>    |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
| <b>Machinery</b>    |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
| <b>Furniture</b>    |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
|                     |                         |                         |                                     |                               |                                     |
| <b>Totals</b>       |                         |                         |                                     |                               |                                     |

Fixed Assets typically include assets that are neither expected to be consumed nor converted to cash in the coming year. You will need to check with your accountant regarding the following:

1. Can you consider it a fixed asset?
2. What type of depreciation method and schedule should you use? You may use different methods for different types of assets, if they fall into different account codes (categories).
3. What is the allowable depreciation period for the asset? The IRS has very specific rules regarding the allowed depreciation period length.





**Occupancy Expenses**

|                | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>Jul</b> | <b>Aug</b> | <b>Sep</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Total</b> |
|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Rental Expense |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Electricity    |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Gas            |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Water          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Telephone      |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Trash          |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Other          |            |            |            |            |            |            |            |            |            |            |            |            |              |
|                |            |            |            |            |            |            |            |            |            |            |            |            |              |
|                |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Totals</b>  |            |            |            |            |            |            |            |            |            |            |            |            |              |

Please be sure to include deposits and installation fees. Also itemize according to when the billing statements fall due. As an example, your water bill may fall due every two months.

***Start up expenses***

|                      | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>Jul</b> | <b>Aug</b> | <b>Sep</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Total</b> |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Permits              |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Licenses             |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Pre-opening Expenses |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Legal                |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Accounting           |            |            |            |            |            |            |            |            |            |            |            |            |              |
| Other                |            |            |            |            |            |            |            |            |            |            |            |            |              |
|                      |            |            |            |            |            |            |            |            |            |            |            |            |              |
|                      |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Totals</b>        |            |            |            |            |            |            |            |            |            |            |            |            |              |

**Sales Cycles and Cost of Goods Sold (COGS)**

|   | <b>Jan</b> | <b>Feb</b> | <b>Mar</b> | <b>Apr</b> | <b>May</b> | <b>Jun</b> | <b>Jul</b> | <b>Aug</b> | <b>Sep</b> | <b>Oct</b> | <b>Nov</b> | <b>Dec</b> | <b>Total</b> |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| <b>Total Sales</b>  |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Cost of Goods Sold (COGS)</b><br>Projected cost of the products sold to support the total sales estimate |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Total Sales</b>  |            |            |            |            |            |            |            |            |            |            |            |            |              |
| <b>Total Cost of Goods Sold</b>   |            |            |            |            |            |            |            |            |            |            |            |            |              |

The table above includes monthly sales projections, as estimated within the marketing plan. Be sure that the sales figures reflect the cyclic nature of your projected sales. Additionally, the table includes the cost of goods sold (COGS). The COGS estimate includes the projected product, service and inventory costs incurred to support the monthly estimated sales figures. The COGS amount, however, does not include costs for inventory not yet sold (being held in inventory).