Financial Statement Consolidation

We will consolidate the previously completed worksheets in this financial plan. In order to complete this section of the plan, you must have already completed all of the worksheets in the "Financial Plan - Amounts" which include the following:

- Business Insurance
- Contracted Services
- Debt
- Employees
- Employer-paid Employee Benefits
- Fixed Assets
- Supplies and Miscellaneous Expenses
- Occupancy Expenses
- Start-up Expenses
- Sales Cycles and Cost of Goods Sold

Completion of the above mentioned financial sheets will allow consolidation and the development of your key financial statements. The financial statements that follow include the following:

1) Operating Expenses
2) Break Even Sales Volume
3) Balance Sheet
4) Cash Flow Statement
5) Profit and Loss Statement
6) Statement of Personal Net Worth

Operating Expenses

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Employee Expenses													
Salaries													
Commissions and Bonus													
Training and recruitment													
Employee Insurance (Burden)													
Other													
Non-Employee Expenses													
Non-employee Business Insurance													
Worker's Comp Insurance													
Contracted Services													
Occupancy Expenses													
Start-up Expenses													
Marketing Expenses													
Supplies Expenses													
Miscellaneous Expenses													
Other													
Totals													

One of the primary purposes for this financial statement is to obtain expense breakdowns related to operations so that fixed and variable expense amounts can be itemized. A breakeven analysis can be completed after we determine how expenses related to operations correlate to varying sales amounts. Some expenses remain fixed regardless of sales levels. Examples of fixed expenses might include facility rental expenses, janitorial services, or trash expenses. Other types of expenses rise along with rising sales levels, and are subject to going up or down over time. Examples of variable expenses might include employee commissions, certain types of insurance expenses, copier or vehicle maintenance fees (based on increased usage requirements), temporary personnel expenses, telephone expenses (especially for a telemarketing organization), or electricity expenses.

Break Even Sales Volume

A break-even analysis, based on sales volume, determines what level of sales the company needs to achieve just to cover its expenses. In other words, at what sales level will the company neither make nor lose money? The simplified formula for the break even sales amount is to divide fixed costs by the contribution margin. The contribution margin is computed by subtracting the cost of goods sold (COGS) and all variable operating expenses from total sales, and then dividing this number by the total sales amount.

Total Sales	$____________	
COGS	($____________)	
Variable Cost [Specify Type]		($____________)
Variable Cost [Specify Type]		($____________)
Variable Cost [Specify Type]		($____________)
Variable Cost [Specify Type]		($____________)
Variable Cost [Specify Type]		($____________)
Total Variable Costs	($____________)	
(Total Sales) - (COGS) - (Total Variable Costs) = Contribution Margin	$____________	
(Contribution Margin) / (Total Sales) = Contribution Percentage (as decimal)	.____________	
(Total Operations Costs) - (Total Variable Costs) = Total Fixed Costs	$____________	
(Fixed Costs) / (Contribution Percentage) = Break Even Sales Point	$____________	

Balance Sheet

Assets

Current Assets		
Cash		
Accounts Receivable		
Inventory		
Prepaid Expenses		
Deposits		
Other Current Assets		
Total Current Assets		$
Fixed Assets		
Land and Buildings (less depreciation)		
Leasehold Improvements		
Machinery (less depreciation)		
Cash value of corporate-owned life insurance policies (for key employees)		
Total Fixed Assets		$
Total Assets	$	

Liabilities

Current Liabilities		
Accounts Payable		
Accrued Expenses (e.g., payroll, taxes)		
Short-term Loans - Notes Due		
Total Current Liabilities		$
Long-term Liabilities		
Long-term loans (bonds)		
Mortgage Notes		
Total Long-term Liabilities		$
Total Liabilities	$	

Equity (Total assets) - (Total Liabilities)	$

Cash Flow Statement

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Cash Inflow													
+Cash sales													
+A/R - Collected													
+Sales of businesses													
+Sales of fixed assets													
+Investment Income													
+Other													
Total Inflow													
Cash Outflow													
(Cash purchases)													
(A/P - Paid)													
(Businesses purchased)													
(Fixed assets purchased)													
(Operating expenses)													
(Other)													
Total Outflow ( )													
Cash Flows from Financing													
+Cash from Debt													
(Debt payments)													
(Additional Debt payments)													
+Owner capital infusion													
(Owner cash withdrawal)													
Other													
Financing Total + / (-)													
Cash Increase or (Decrease)													
Beginning Cash													
Cash on Hand													

The Cash Flow Statement will keep track of how much cash you have available to sustain operations. Cash inflows are positive numbers, while cash outflows are negative numbers () in the sheet above. Start by indicating the Beginning Cash (on hand) for the first period, then, starting at the top, work your way down the column until you have determined a new figure for Cash on Hand. That number becomes the new Beginning Cash for the next period - continue down the column starting from the top.

Profit and Loss Statement

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Revenue													
Sales													
Interest Received													
Dividends Received													
Other													
Total Revenues													
Expenses													
COGS **-** Cost of Goods Sold													
Employee Expenses													
Non-employee Expenses													
Depreciation													
Debt (Interest paid)													
Other													
Total Expenses													
Net Profit (Loss) Before Tax													
Taxes													
Net Profit (Loss)													

The Profit and Loss Statement will keep track of how much profit (or loss) your company will make each month, along with the tax implications. It is important to realize that this statement reflects "paper profits", which is much different than the Cash Flow Statement. This statement counts depreciation as an expense, and only accounts for the interest portion of debt payments. This statement may show that your firm is extremely profitable, yet you might face the very real risk of not having the ability to make payroll (pay your employees), because your cash flow (which is not reflected here) might be negative.

Statement of Personal Net Worth

Assets

Cash (savings and checking accounts)	
Investments	
Personal property (market value)	
Equipment (market value)	
Automobile (market value)	
House (Market value)	
Rental Property (cost value less depreciation)	
Total Assets	$

Liabilities

Mortgage balance	
Mortgage balance (Rental property)	
Automobile loan balance	
Credit card/ Other debt balances	
Total Liabilities	$

(Total assets) - (Total Liabilities) =	$
Cash (savings and checking accounts)	
Investments	
Personal property (market value) - (Mortgage balance)	
Equipment (market value) - (Debt balance)	
Automobile (market value) - (Debt balance)	
House (Market value) - (Mortgage balance)	
Rental Property (Cost value less depreciation) - (Mortgage balance)	
Total Equity (Net Worth)	$