

### CLIENT INSTRUCTIONS

In preparation for meeting with your Consultant, we recommend that you fill out the following sections to the best of your ability, drawing upon your expertise as the business owner. Please fill in each box as appropriate for your business. Enter **N/A** for those aspects that do not apply to your business. For questions that you are unclear, please enter a **?** in order to make certain you discuss those items in greater detail with your Consultant as information can have a direct affect upon the accuracy of this analysis.

We recommend that you bring any financial statements that you feel would benefit. These would include the past 3 years of company tax returns, your most recent Balance Sheet and if your business deals with Accounts Receivable or Accounts Payable, an "Aging Report" on these.

### Step 1: THE BUSINESS TODAY

*Collecting the current fundamentals about the business that directly impact Cash Flow*

**Instructions:** Enter the company's name. From the Balance Sheet, also enter available cash, Accounts Receivable owed by customers and Accounts Payable owed to vendors. Then put in best estimates for the timing of the collection of the existing A/R and timing of the payments of the existing A/P. Make certain the total of the four individual months add up to a figure equal to the current balances. Customize the beginning month by choosing from the dropdown box and year for the projections

Business Name:	<input type="text"/>	Starting Month for Projections:	<input type="text"/>								
		Year:	<input type="text"/>								
Current Cash on Hand:	<input type="text" value="\$"/>										
Current Accounts Receivable:	<input type="text" value="\$"/>	A/R Collection:	<table><tr><th>Next 30 Days</th><th>30-60 Days</th><th>60-90 Days</th><th>90-120 Days</th></tr><tr><td><input type="text" value="\$"/></td><td><input type="text" value="\$"/></td><td><input type="text" value="\$"/></td><td><input type="text" value="\$"/></td></tr></table>	Next 30 Days	30-60 Days	60-90 Days	90-120 Days	<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value="\$"/>
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<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value="\$"/>								
Current Accounts Payable:	<input type="text" value="\$"/>	A/P Payment:	<table><tr><th>Next 30 Days</th><th>30-60 Days</th><th>60-90 Days</th><th>90-120 Days</th></tr><tr><td><input type="text" value="\$"/></td><td><input type="text" value="\$"/></td><td><input type="text" value="\$"/></td><td><input type="text" value="\$"/></td></tr></table>	Next 30 Days	30-60 Days	60-90 Days	90-120 Days	<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value="\$"/>
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### Step 2: BUSINESS REVENUES AND SEASONALITY

*Businesses are in a time of unprecendented uncertainty. This section captures the anticipated sales for the next 5 years. Later, we will look at the impact on cash flow if sales should be higher or lower than these projections.*

**Instructions:** Looking at current sales trends, estimate the most likely sales for the next 12 months. Then project the annual change in sales for the remaining 4 years (Years 2 through 5).

Sales, Next 12 months:  (Year 1)

	Year 2	Year 3	Year 4	Year 5
Annual Sale Growth Rate:	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>

**Instructions:** Knowing that many businesses are seasonal and this has a direct bearing on monthly Cash Flow, enter in the break down of monthly revenues as a percentage of annual sales. Once completed, the total must add up to 100%.

January	<input type="text" value=""/>	May	<input type="text" value=""/>	September	<input type="text" value=""/>
February	<input type="text" value=""/>	June	<input type="text" value=""/>	October	<input type="text" value=""/>
March	<input type="text" value=""/>	July	<input type="text" value=""/>	November	<input type="text" value=""/>
April	<input type="text" value=""/>	August	<input type="text" value=""/>	December	<input type="text" value=""/>

### Step 3: PAYROLL INFO

For many businesses Payroll is one of the largest expenses. In this section payroll will be broken into 3 types: Owner's Compensation, Fixed Employee Wages and Variable Employee Wages.

**Instructions:** Enter in the total compensation needs of the owner(s) for Year 1. Then, enter the anticipated increases for Years 2 through 5.

		Annual Increase			
		Year 2	Year 3	Year 4	Year 5
Owner Salary: \$	<input type="text"/> Year 1	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

**Instructions:** Enter in the total wages for Fixed (Overhead) Employees. These are wages that do not fluctuate heavily with changes in sales. Then, enter the anticipated raises/increases for Years 2 through 5.

		Annual Increase			
		Year 2	Year 3	Year 4	Year 5
Fixed Employee Wages: \$	<input type="text"/> Year 1	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

**Instructions:** Now, enter in the percentage of revenue that typically goes towards Variable Employee Wages. Wages of this type are common in manufacturing as well as service industries such as restaurants. Enter 0% if there are no employee wages or if all wages are Fixed Employee Wages.

	Year 1	Year 2	Year 3	Year 4	Year 5
Variable Wages as a % of Revenues:	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

### Step 4: PAYROLL TAXES AND OTHER PAYROLL BURDEN

With Payroll comes taxes, worker's compensation insurance and the possibility of employee benefits. Refer to the tax returns from prior years to compare the historical costs and then convert these to a percentage of wages.

**Instructions:** Enter the payroll taxes, based on a review of prior year tax returns. Do the same for Employee Benefits. If Work Comp Insurance is tracked separately within the company's financials, enter it here. Otherwise, if it is lumped in with general Business Insurance, enter 0% and include it in Step 6.

	As a Percentage of Wages (not % of revenue)		
	Payroll Taxes	Work Comp	Benefits
Owner Salary:	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %
Employee Wages:	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

### Step 5: VARIABLE EXPENSES

Similar to Payroll, other costs of operating a business can be viewed as either "Fixed" or as "Variable". Variable Expenses would be those that change directly with changes in revenue. An example would be Merchant Account/Credit Card Fees. If sales double, these costs are likely to double, since twice as many customers are using credit cards to pay for their purchases.

**Instructions:** Refer to past tax returns to calculate the Cost of Goods Sold as a percentage of sales.

	Year 1	Year 2	Year 3	Year 4	Year 5
Cost of Goods Sold	%	%	%	%	%

**Instructions:** Feel free to edit the titles of these expenses. Then, enter in the cost in Year 1 as a percentage of Revenue. For convenience, Years 2 through 5 will assume this percentage to remain constant, however, feel free to edit if costs are anticipated to change over time.

	Year 1	Year 2	Year 3	Year 4	Year 5
Merchant Account Fees	%	%	%	%	%
Bad Debts	%	%	%	%	%
Shipping/Freight	%	%	%	%	%
Supplies	%	%	%	%	%
Franchise Adv. & Royalties	%	%	%	%	%
Other (describe):	%	%	%	%	%
Other (describe):	%	%	%	%	%
Other (describe):	%	%	%	%	%

### Step 6: FIXED (OVERHEAD) EXPENSES

Now that we have the Variable Expenses separated out, the remaining expenses will fall into the Fixed Expense category. Since the purpose of these projections is a quick analysis of Cash Flow, we will ignore the non-cash expenses of Depreciation and Amortization. Similarly, we will treat the entire payment on any loans as an expense (though in reality only the interest is truly expensed as the tax-deductible portion).

**Instructions:** the first step is to customize the titles of the expenses that are in **Blue**. Next, enter in the monthly expenses for each under "Year 1". Step three is to enter in the annual percentage increase for each year. Keep in mind, you can go back and edit the expenses in Years 2 through 5 manually. Finally, enter the total of all monthly loan payments.

	Year 1	Year 2	Year 3	Year 4	Year 5	
		%	%	%	%	Percentage Increase
	(monthly \$\$)	<b>Use percentage increase above and/or specific amounts below</b>				
Advertising	\$	\$	\$	\$	\$	
Equipment Lease	\$	\$	\$	\$	\$	
Garbage	\$	\$	\$	\$	\$	
Insurance	\$	\$	\$	\$	\$	
Maintenance & Repair	\$	\$	\$	\$	\$	
Office Expense	\$	\$	\$	\$	\$	
Professional Fees	\$	\$	\$	\$	\$	
Real Estate Taxes	\$	\$	\$	\$	\$	
Rent	\$	\$	\$	\$	\$	
Supplies	\$	\$	\$	\$	\$	
Telephone	\$	\$	\$	\$	\$	
Travel	\$	\$	\$	\$	\$	
Utilities	\$	\$	\$	\$	\$	
Vehicle Expenses	\$	\$	\$	\$	\$	
Other:	\$	\$	\$	\$	\$	
Other:	\$	\$	\$	\$	\$	
Other:	\$	\$	\$	\$	\$	
Other:	\$	\$	\$	\$	\$	
Other:	\$	\$	\$	\$	\$	
Other:	\$	\$	\$	\$	\$	
Miscellaneous	\$	\$	\$	\$	\$	

  

	Year 1	Year 2	Year 3	Year 4	Year 5
Monthly Loan Payment(s)	\$	\$	\$	\$	\$

### Step 7: FUTURE RECEIVABLES AND PAYABLES

Here are the final steps for translating Profits into Cash Flow. Since we are most interested in Cash Flow and whether the subject business will have enough operating capital to sustain itself, it is important that we factor in the impact of Accounts Receivable on future sales and Accounts Payable on inventory purchases. In addition, with the uncertainty of revenues over time, you can run a Sensitivity Analysis comprising of various "what if" scenarios, based on changes to the expected revenues.

**Instructions:** Some businesses provide their customers with the ability to pay later (Accounts Receivable). Some vendors may provide you the ability to pay later (Accounts Payable). If either of these situations apply, customize the percentages in the two columns to approximate these timings. Make certain each column adds up to exactly 100%.

Timing of the collection of new revenues (Accounts Receivable)

Month of the sale:	%	(cash, check, credit card)
30 days out:	%	(Accounts Receivable)
60 days out:	%	(Accounts Receivable)
90 days out:	%	(Accounts Receivable)
120 days out:	%	(Accounts Receivable)
	100%	

Timing of payments on inventory (Accounts Payable)

At time of Purchase:	%	(cash/check/COD)
30 days out:	%	(Acct Payable)
60 days out:	%	(Acct Payable)
90 days out:	%	(Acct Payable)
120 days out:	%	(Acct Payable)
	100%	