



HOW TO PREPARE YOUR FINANCIAL PROJECTIONS

Cash Flow and Profit & Loss Projections Are Your Best Friends

One of the hardest parts of preparing a Business Plan for people looking to start up a business seems to be doing the financial forecasting (projections). In the scheme of things, people can talk about their businesses; tell what kind of products or services they'll be selling, who their competitors are, or where they want to be located. When it comes to having to put down numbers on paper, there's something very intimidating about it. It is often viewed as difficult and unnecessary; something only the people you're looking to borrow money from want to see.

On the contrary, these forms are your best planning chance to make sure that you're going to be able to get a paycheck out of your business, and that's a pretty important thing to know.

Let's try to take the mystery out of doing these projections.

What is a Projection, Anyway?

Let's look at the term *projection*. Doesn't that mean a guess? In a way, yes. You are guessing at what you think your business will do.

Once you start putting some thought into what you'll be able to sell, then that guess becomes more of an *estimate*. An estimate is an educated guess.

Projecting how much you think you will sell tells you whether you'll be able to pay your bills (including your paycheck) or not. Estimating your sales will give you a starting point to base paying your expenses. If you make an estimate/projection and your actual sales fall short of that number, you can make a plan for increasing your sales. You can also ask yourself why you were not able to sell what you thought you could.

If you estimate your sales and the actual revenue is higher than you thought, then you can look into the things that are selling well for you, and adjust your business accordingly. If you don't plan for your sales, then you don't know whether you are doing well or not, and how do you adjust for that?

Both *Cash Flow* and *Profit & Loss Projections* are based on your sales estimates. On the opposite side of Sales is *Expenses*. You know that you'll have to pay rent whether you sell anything or not.

The same is true for utility bills, phone bills, taxes, and insurance. These are your basic *fixed expenses*.

Other costs involved with your business may vary. One month they're at a certain number, the next month they could be twice that. These are your *variable expenses*. An example of variable expenses is INVENTORY. It cost you money to purchase inventory, right? Well, if you stock up on Shamrocks in January but don't sell any in February, you do not have to purchase more Shamrocks in March. In other words, if you don't sell your inventory, then you won't have the expense of buying more inventory to replace it.

Estimating Your Sales

When estimating your sales, you need to take the following into account:

- Your market research on your industry and product line,
- Who your competitors are,
- Who your customers are,
- Your location (whether brick & mortar or online),
- The time of year or season you open for business,
- Your sales and marketing strategy.

These will be the basis of your projections.

You have to take into account the business cycles that you'll go through. For instance, if your business were selling Christmas ornaments, then your sales would be very high in November and December, while the rest of the year would be relatively low (in comparison). You would also know that your inventory purchases would be high in August, September, or October in anticipation of bringing in your merchandise for the holiday season.

Where to Start

An easy way to start estimating your sales for the year is to break the year into quarters.

1. 1st Quarter - January, February, March
2. 2nd Quarter - April, May, June
3. 3rd Quarter - July, August, September
4. 4th Quarter - October, November, December

Which quarter, in your industry, should be the best selling quarter? Which quarter is the second best, the third, the fourth? Which is the strongest month in each quarter, the second strongest, the third? What percentage of the years' sales does each quarter represent?

If you were selling Christmas ornaments, probably 85% of your sales would be done in the 4th quarter (Oct - Dec.). This only leaves 15% of your sales for the rest of the year. This may be an extreme example, but many retail stores actually do 40-50% of their business during this season.

A Furnace Repair business will do most of their sales during the winter months, whereas an Air Conditioner business will do most of their business in the summer. Once you identify which quarters will be your best ones, then you have a better idea about how your year will shape up in terms of sales. It makes your forecasting a lot easier.

If you happen to be selling a small variety of products or services, then you should know the cost of your products and the price you will selling them for. You can then estimate how many of these you think you can sell based on your market research, including which will be the best selling months for your industry.

If you operate a business in the service industry, you are selling your skills and knowledge. Your inventory of parts and supplies is deductible as part of your Cost of Goods Sold if you use them to deliver your services. Your direct labor costs are the wages you pay to the professionals who deliver the services.

The parts and supplies you use are your *direct* materials costs. *Indirect* costs, also known as factory overhead, are the wages paid to your support staff, dispatchers and cleaning crew.

Some Businesses Estimate *Expenses* First

If you have a large variety of products or services, then you may want to list expenses first, then figure out how many dollars in sales it would take to pay for those expenses. If you do your projections using this method, you will need to do a lot of homework on each item you stock. If you make too many wrong decisions on inventory purchases, then you may have too much money tied up in items that don't sell. The same holds true if you have a service business. If you have to schedule more jobs than there is time to do them, you won't be able to meet your expenses. This could really challenge, or even collapse your business.

Let's look at the two sets of projections and put them into perspective.

Profit & Loss Projections

Your Profit & Loss Projections deal with how and when your business becomes profitable. It is broken down into five categories:

1. Estimated Sales
2. Cost of Goods Sold
3. Gross Profit
4. Operating Expenses
5. Net Income

1. SALES Estimates

- a. Start with the first period (1) on the worksheet. Pick the month that you think your business will first be open and put it into Period 1. Continue on through month 12.
- b. Next, put in your sales estimates for each month.

2. COST OF GOODS SOLD

- a. Under each sales estimate, place the cost of those goods – meaning, what you paid for them.
- b. **For example:** If you buy 200 Widgets at \$5.00 each in the month of March, your Cost of Goods Sold for March is: **\$1000**.
- c. Include any direct expenses for services provided if your business is service-based. For example, if you have a hair salon, you would include shampoo, hair color, and other styling products in your Cost of Goods sold.

2. GROSS PROFIT

- a. If you estimate that you will sell 180 Widgets in March, and each one sells for \$10, your March Sales Estimate will be **\$1800** (180 x \$10).
- b. If your Cost of Goods Sold is **\$1000**, then your *Gross Profit* will be **\$800**.

The Gross Profit is what you will use to pay your monthly expenses.

Continue through the months until you've completed your year. Then total your Sales, Cost of Goods Sold, and your Gross Profit for all months to give you an idea of your year. These estimates should reflect all your research.

3. OPERATING EXPENSES

- a. On the *Profit & Loss Worksheet*, you will see a list of possible expenses; pick the ones that apply to your business. Fixed expenses are the easiest to start with. You already have an idea of where you would like to be located, so start with lease/rent, insurance, and any other fixed or set costs.



TIP! Call around for cost estimates: Insurance agent for a quote on the types of insurance you'll need; utility company, phone company, etc. Also reach out to other business owners to see what costs they faced when starting their businesses in your location.

- b. Once you have an idea of your fixed costs, start putting these numbers into the appropriate boxes on the worksheet for the year.
- c. Fill in the other monthly expenses using your research as your guide. Remember that some of these expenses will vary with the business cycles you'll go through. You may be putting extra advertising dollars into your better selling seasons, like Christmas. This needs to be reflected. These costs may be altered at that time, depending on how your year is shaping up.

2. NET INCOME

- a. Total each month's expenses and subtract the expenses from your Gross Profit. This will be your monthly NET INCOME. Add up all twelve months to give you a yearly total.

You now have an idea about what your business should be producing in profits and expenses. Now look to the bottom line. Is there enough to give yourself a paycheck? If not, why not? Are you missing areas of sales? Are your expenses too high? **What's standing in the way of your paycheck?**

Do this for every month of the first year and you'll see which months are good and which need some help. All the months may not be profitable. Your job is to make sure that enough of them are profitable to cover the bad ones, and make sure there is enough left over to pay yourself.

When you see which months are weak, then you'll also see when your cash reserves are weak. The following *Cash Flow Projection* will point out how much of a strain this will put on you. It would be nice if you could sell the same amount every month, but it rarely works out this way. Remember that the end result is what's left for your paycheck, so we want to plan for that.

Cash Flow Projections

Cash flow is one of the most misunderstood areas of a business. It is simply a way to make sure that you have enough cash on hand to run your business.

Cash Flow worksheets help identify weak areas of the year where you will need to have money on hand in order to support your business. Whether you have a line of credit at your bank, bringing money forward from strong sales periods, or from your savings, it requires that you have a plan.

The *Cash Flow Projections* look very much like the *Profit & Loss Statement (P&L)*. The main differences are:

1. In the *P&L Statement*, the Cost of Goods Sold only covers the cost of the items sold and not for inventory purchases that exceed that quantity.
2. The P&L Statement deals with profit margin (Gross Profit), while Cash Flow is only concerned with 'Cash In' and 'Cash Out'.
3. In the P&L statement, only the interest can be captured and expensed on a loan payment, but you have to make full payments, which represents extra money. The Cash Flow statement captures the entire payment.
4. The Cash Flow captures the cash from your sales when they actually come into your business. Anyone who has to invoice their sales knows that 'when' those receivables come in, is very important to their financial health.

Preparing the *Cash Flow Projection* requires almost the same data that was used on the P&L.

1. Start by putting your starting month in Period 1, followed by the other months.
2. In the first box under 'Beginning Cash Balance', put in the amount of Working Capital that will be coming into the business. The Working Capital amount will come from your Sources and Uses of Funds Worksheet in the section to follow.
3. Now fill out the sales figures that you used in your P&L, making sure to put in the cash sales

(those sales where you get cash immediately) into the proper box and then the sales that you have invoiced (for later collection) into the month that they become due. If all your sales are cash, credit card, and checks, then it all goes into cash sales (Cash Inflow).

4. Next, fill in each of the expenses in their proper months. Note that you'll have to put in your inventory purchases into the month that you must pay for them and you'll put in the entire amount of a loan payment.
5. Add up your Beginning Cash Balance plus your Total Cash Inflow and subtract the Cash Outflow to give you an Ending Cash Balance. This Ending Cash Balance then moves up to the Beginning Cash Balance of the next month. Do this for every month.

You now have a model of your business's cash outlook for the year.

- How many of the months have *negative* numbers as the Ending Cash Balance?
- If you don't have enough money at the end of the month, what will you have to give up to balance your accounts? Your Paycheck?
- Do the strong months outweigh the weak ones? Is there money left at the end of the year?
- Can you make arrangements with your vendors to delay payments until the better months?
- Do you have a line of credit at your bank that can help smooth out these rough areas?
- Do you have a nest egg that you can tap?

You'll see some examples of cash flow in the case study at the end of this booklet.

Sources and Uses of Funds

Now that you've prepared your *Profit & Loss Statement* and your *Cash Flow Statement*, and figured out that your business can be profitable enough to let you make a living, you now need to figure out what it's going to cost you to get into your business. The *Sources and Uses of Funds Worksheet* will ask you where will this money come from, and how will you be spending this money?

Uses

Let's start from the Uses portion of this worksheet. This is important. List the expenses that you'll incur in getting your business started. You don't want to get your business started and then be surprised by something costly that you forgot to plan for. Here are a few common questions that come up for start-up businesses:

- Do you have to lease your location? Then you'll need at least one; maybe two month's rent as a security deposit.
- Chances are that you'll need to put a security deposit on your Utilities.
- Will you need to remodel the space you're going into?
- How much will you need to spend on displays or other fixtures?
- What about equipment? Will you need a computer, computer programs, cash register, fax machine, copier, phones, or other equipment?
- What about business cards, stationery, invoices, purchase orders, or other office items?
- You'll have to pay in advance for your insurance.
- How much money will you need for your inventory to get you started?

- Do you need desks, tables, or other furniture?
- What about advertising?
- What about a security system?

Once you identify these costs, then ask yourself, "Where am I getting these funds"?

Sources of Funds

You now have an estimate of how much money it will take to get this business started. You'll need to identify the Sources of those funds.

- Will you have to borrow the money? If so, then you'll need to have a minimum 20% of your own money injected into your business.
- Are you prepared for this? Do you have a nest egg behind that to protect you if you need it?

You now have the tools that you need to evaluate and plan for your business. When you get your business started, you'll need to monitor and update your *Cash Flow* and *Profit & Loss* to keep track of a growing business with changing needs. Let's look at an example of a start-up company and how they handled their Projections and planning.

The XYZ Company - A Case Study of a Start-up

Jane McGillicuddy is going to open a retail store and will be selling only a few main lines of goods. The goods will cost Jane \$9.50 each. She can sell them in her store for \$20.00 each. Jane believes, based on her market research, that she can sell approximately 5,000 of these during the course of the year.

Since Jane's line of goods is gift-related, she has determined that the 4th quarter will account for 45% of her sales for the year. This means that she will sell 2,250 ($5000 \times .45$) of her total projected 5,000 pcs. in Q4 alone.

The 1st quarter (Q1) represents 10% (or 500 pcs.), the 2nd quarter (Q2) represents 25% (1250 pcs.), and the 3rd quarter (Q3) represents 20% (1000 pcs.). This accounts for 100% of the year.

The monthly breakdowns are as follows:

Quarter	%	Pieces	Best	2 nd Best	3 rd Best
Q1	10	500	Jan 250 pcs	Feb 150 pcs	Mar 100 pcs
Q2	25	1250	May 550 pcs	Apr 400 pcs	Jun 300 pcs
Q3	20	1000	Sep 400 pcs	Jul 300 pcs	Aug 300 pcs
Q4	45	2250	Dec 1050 pcs	Nov 700 pcs	Oct 500 pcs
Total		5000 pcs.			

These represent what we think that each month can produce in sales.

Sales for January would then be \$5,000 (250 x \$20), with the Cost of Goods Sold \$2,375 (250 x \$9.50), and Gross Profit of \$2625 (\$5,000 - \$2,375). Feb \$3,000 w/ \$1,450 CofGSold, Mar \$2,000 w/ \$950 CofGS, Apr \$8,000 w/ \$3,800 CofGS, May \$11,000 w/ \$5,225 CofGS, Jun \$6,000 w/ \$2,850 CofGS, Jul \$6,000 w/ \$2,850 CofGS, Aug \$6,000 w/ \$2,850 CofGS, Sep \$8,000 w/ \$3,800 CofGS, Oct \$10,000 w/ \$4,750 CofGS, Nov \$14,000 w/ \$6,650 CofGS, and Dec \$21,000 w/ \$9,975 CofGS. You'll see these numbers show up under both the Profit and Loss Worksheet and the Cash Flow Worksheet.

Jane is going to start her business in June. Her research has given some estimates of expenses and our start-up costs. Let's look at the example:

Sources and Uses of Funds for XYZ Company

Uses of funds Inventory - 1300 pcs. of goods at \$9.50 = \$12,350.

Since we're starting in June, we're buying 4 months of goods to get us through September (Jun-300, July-300, Aug-300, and Sept-400).

- Leasehold Improvements- painting, fix-up, etc. \$2,500
- Fixtures- displays, shelving \$7,500
- Office supplies- stationery, invoices, etc. \$1,200
- Equipment- cash register, fax machine, computer, credit card machine, phone system, copier, etc. \$4,800
- Advertising- brochures, ad space, phone book \$4,850
- Rent Deposit- first and last month's rent \$1,700
- Utility Deposit- \$600
- Insurance- business insurance, one year \$500
- Working Capital - \$0

Total Start-up Costs - \$36,000

Sources of Funds → Loan Proceeds \$28,800 + Owner's Equity Injection \$7,200 = Total \$36,000

Note that there is no Working Capital left in this example. This means that Jane is using all of her money to get this business started. The business is expected to start producing immediately. Let's move to the *Profit & Loss Statement* and see how this first year shapes up.

Remember, if you are prepaying some of your expenses, as in this example with prepaid advertising and business insurance, then these won't show up on your projections until further expense is incurred.

The XYZ Company's Profit and Loss Projection

Let's look at the *Profit & Loss Projection* for the XYZ Company marked as **WORKSHEET 1** at the end of this Help Guide.

You can see how the monthly sales figures were put in, as well as the Cost of Goods Sold and the monthly expenses. The advertising was pre-paid except for the extra holiday ads in November and December. The insurance was for health insurance and the interest was for a business loan used to help start the business. Look at how Jane had to arrange the owner's salary during this first year. She had to stagger the amounts to account for the different amounts of sales and the payroll taxes reflect those changes. The rent is listed monthly as is the phone and utilities. Look at how the utilities reflect the colder months, which typically would cost more. The Gross Profit shows you how much money would be needed to pay these bills with.

Starting the business in June resulted in three negative months in a row, but nothing that Jane can't handle. The negative \$85 will have to be paid though, and it will probably come out of the owner's pocket.

Look at the rest of the month's Net Operating Income. The extra profits in September, October, November, and December can be carried forward to make up for the losses in January, February, and March.

Had Jane started the company in January, look at how her negative profit would have affected her:

- The first three months (Jan, Feb, & Mar) would have put her in the hole by \$4,635 (-\$665, -\$1740, & -\$2230 respectively). Who doesn't get paid in order to make it through those months? Jane and who else?
- If Jane had any Working Capital or money in the bank, she would be using it now.
- Look at the monthly Net Operating Income. You can see that six out of the twelve months were run at a loss, BUT the year came out with a \$10,650 profit. This profit can be used to help boost your next year's sales.

Question: How can I improve my Profit and Loss Statement?

Answer: There are only two ways to do this.

1. Increase your sales without increasing your expenses (which may include raising your prices), or
2. Decrease your expenses.

The XYZ Company's Cash Flow Projections

Let's look at the XYZ Company's Cash Flow projections, which show if Jane has enough cash on hand to run her business.

WORKSHEET 2 at the end of this Help Guide shows you how the company will perform if she gets it started with the cash sales coming in from the beginning.

WORKSHEET 3 at the end of this Help Guide shows you what happens to the business if it can't generate immediate sales.

You'll recognize the numbers from the *Profit & Loss Statement* with the exception of a full loan payment being taken and the inventory purchases that Jane will need to stay in business. When you look at the two statements you'll see a great deal of difference, even though the numbers are basically the same.

In **WORKSHEET 2** you see that the Ending Cash Balance looks pretty good up until September, when the purchase of new inventory takes place. We have identified both September and October as weak sales months during the year. Jane will have to make arrangements to borrow or acquire money to get through these months. Otherwise, her year doesn't look too bad.

Now look at **WORKSHEET 4** at the end of this Help Guide showing the effects of a Split Inventory Purchase. XYZ Company altered their big inventory purchase so products were split up into three separate shipments. That means that Jane will be paying for them at three different times, which gives her a stronger cash position. She'll be carrying \$15,025 into next year.

WORKSHEET 3 shows what happens when Jane doesn't get the proper start on her business and delays collecting sales dollars by just one month. You can see how she gets into trouble immediately and will have trouble digging out from there. Had she accounted for an extra month's worth of expenses at the pre start-up phase, this would look a lot better. It points out the importance of planning for our business

Question: How can I improve my Cash Flow position?

Answer(s):

- Make sure that when you are starting your business, the expenses you incur *before* you open your doors are covered in your pre-business start-up costs.
- Have some money put aside for emergency uses.
- Put money away during the stronger months.
- Keep a watchful eye on your expenses, especially in this first year where you are trying to get your business to grow to better levels.
- Find ways to stretch your money, just as Jane did by splitting inventory shipments of the XYZ Company.
- Don't assume that the money that you make in your good months will go straight into your pocket. It must be used to stabilize your business cycles.
- Good ideas help to start a business, but Cash is what keeps it running.

Every bad expense that you have to pay comes right out of your paycheck. Time is the only thing you have in this world to make money from. You can choose to make \$6.00 an hour or \$600.00. Gauging the productivity of your time is one of the most important management decisions that you'll ever make.

We all need some luck for our businesses to grow. But the more you plan, the luckier you get!

Motivation to succeed in business is 80% of the battle. Motivation is also what it takes to do the planning necessary to battle the other 20%.

Do the work. Leaving your future and well-being in the hands of others is like leaving your pet parakeet in the hands of your cat and assuming that your cat has your best interests in mind.

If you have questions about the business planning process, or would like to chat with one of our Loan Officers, we would be happy to take your call or emails.

Visit our website: <http://ciclending.com> for more information.

Best wishes to you!!

WORKSHEET 1 -- XYZ COMPANY Projected Profit and Loss Statement

Period	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Gross Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	
Less Sales Returns													
Net Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	100,000
Materials	2850	2850	2850	3800	4750	6650	9975	2375	1450	950	3800	5225	
Labor													
Other Direct Expenses													
Total Cost of Goods Sold	2850	2850	2850	3800	4750	6650	9975	2375	1450	950	3800	5225	47,525
Gross Profit	3150	3150	3150	4200	5250	7350	11025	2625	1550	1050	4200	5775	52,475
Advertising						475	475						
Bad Debts													
Bank Charges													
Car Expense													
Credit Card Fees													
Delivery Expenses													
Depreciation / Amortization													
Dues and Subscriptions													
Employee Benefits													
Equipment Rental													
Insurance	230	230	230	230	230	230	230	230	230	230	230	230	2760
Interest	350	350	350	350	350	350	350	350	350	350	350	350	4200
Maintenance													
Miscellaneous													
Office Expense													
Owner's Salary	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	20500
Operating Supplies													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	1640
Permits and Licenses													
Postage													
Rent	850	850	850	850	850	850	850	850	850	850	850	850	10200
Taxes - other													
Telephone	55	55	55	55	55	55	55	55	55	55	55	55	660
Travel													
Utilities	130	130	130	130	145	155	185	185	185	185	165	140	1865
Total Operating Expense	3235	3235	3235	3235	3790	4815	4845	3290	3290	3290	3270	3245	41825
Net Operating Income	-85	-85	-85	965	1460	2535	6180	-665	-1740	-2240	930	2530	10,650
Other income (expense)													
Net Income Before Tax													10650

WORKSHEET 2 -- XYZ Company-Cash Flow Budget Worksheet

Period	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Beginning Cash Balance		2415	4830	7245	-9715	-3855	4980	16035	17395	16755	3240	7620	
Cash Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	
Accounts Receivable													
Other													
Loan Proceeds													
Total Cash Inflow	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	100000
Available Cash Balance	6000	8415	10830	15245	285	10145	25980	21035	20395	18755	11240	18620	
Advertising						475	475						
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance	230	230	230	230	230	230	230	230	230	230	230	230	
Insurance													
Interest													
Inventory Purchases				21,375			4750			11,875			
Maintenance													
Office													
Officer Salary													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	
Professional Fees													
Rent or Lease	850	850	850	850	850	850	850	850	850	850	850	850	
Subscriptions & dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone	185	185	185	185	200	210	240	240	240	240	220	195	
Other													
Travel													
Maintenance													
Subtotal Cash Outflow	1385	1385	1385	22760	1440	1965	6745	1440	1440	13315	1420	1395	
Capital Purchases													
Loan Payment	700	700	700	700	700	700	700	700	700	700	700	700	
Owner's Draw	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	
Other:													
Subtotal Other Cash Outflow	2200	2200	2200	2200	2700	3200	3200	2200	2200	2200	2200	2200	
Total Cash Outflow	3585	3585	3585	24960	4140	5165	9945	3640	3640	15515	3620	3595	84975
Ending Cash Balance	2415	4830	7245	-9715	-3855	4980	16035	17395	16755	3240	7620	15025	

WORKSHEET 3 -- XYZ Company-Cash Flow Budget Worksheet -- No Immediate Sales

Period	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Beginning Cash Balance		-3585	-1170	1245	-17715	-13855	-9020	-4965	12395	13755	1240	-380	
Cash Sales		6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	
Accounts Receivable													
Other													
Loan Proceeds													
Total Cash Inflow	0	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	89000
Available Cash Balance	0	2415	4830	7245	-9715	-3855	4980	16035	17395	16755	3240	7620	
Advertising						475	475						
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance	230	230	230	230	230	230	230	230	230	230	230	230	
Insurance													
Interest													
Inventory Purchases				21,375			4750			11,875			
Maintenance													
Office													
Officer Salary													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	
Professional Fees													
Rent or Lease	850	850	850	850	850	850	850	850	850	850	850	850	
Subscriptions & dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone	185	185	185	185	200	210	240	240	240	240	220	195	
Other													
Travel													
Maintenance													
Subtotal Cash Outflow	1385	1385	1385	22760	1440	1965	6745	1440	1440	13315	1420	1395	
Capital Purchases													
Loan Payment	700	700	700	700	700	700	700	700	700	700	700	700	
Owner's Draw	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	
Other:													
Subtotal Other Cash Outflow	2200	2200	2200	2200	2700	3200	3200	2200	2200	2200	2200	2200	
Total Cash Outflow	3585	3585	3585	24960	4140	5165	9945	3640	3640	15515	3620	3595	84975
Ending Cash Balance	-3585	-1170	1245	-17715	-13855	-9020	-4965	12395	13755	1240	-380	4025	

WORKSHEET 4 -- XYZ Company-Cash Flow Budget Worksheet -- Split Inventory Purchase

Period	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Beginning Cash Balance		2415	4830	7245	2160	1845	4980	16035	17395	16755	3240	7620	
Cash Sales	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	
Accounts Receivable													
Other													
Loan Proceeds													
Total Cash Inflow	6000	6000	6000	8000	10000	14000	21000	5000	3000	2000	8000	11000	100000
Available Cash Balance	6000	8415	10830	15245	12160	15845	25980	21035	20395	18755	11240	18620	
Advertising						475	475						
Bank Service Charges													
Credit Card Fees													
Delivery													
Health Insurance	230	230	230	230	230	230	230	230	230	230	230	230	
Insurance													
Interest													
Inventory Purchases				9,500	6175	5700	4750			11,875			
Maintenance	Look at what happens when you put in the same 2250 pc. order but split up the delivery (1000 pcs, 650pcs, and 600pcs) and payment schedule												
Office													
Officer Salary													
Payroll													
Payroll Taxes	120	120	120	120	160	200	200	120	120	120	120	120	
Professional Fees													
Rent or Lease	850	850	850	850	850	850	850	850	850	850	850	850	
Subscriptions & dues													
Supplies													
Taxes & Licenses													
Utilities & Telephone	185	185	185	185	200	210	240	240	240	240	220	195	
Other													
Travel													
Maintenance													
Subtotal Cash Outflow	1385	1385	1385	10885	7615	7665	6745	1440	1440	13315	1420	1395	
Capital Purchases													
Loan Payment	700	700	700	700	700	700	700	700	700	700	700	700	
Owner's Draw	1500	1500	1500	1500	2000	2500	2500	1500	1500	1500	1500	1500	
Other:													
Subtotal Other Cash Outflow	2200	2200	2200	2200	2700	3200	3200	2200	2200	2200	2200	2200	
Total Cash Outflow	3585	3585	3585	13085	10315	10865	9945	3640	3640	15515	3620	3595	84975
Ending Cash Balance	2415	4830	7245	2160	1845	4980	16035	17395	16755	3240	7620	15025	