



FINANCIAL PROJECTIONS USING EXCEL FOR CASH FLOW AND BREAK-EVEN ANALYSIS



DEVELOPING FINANCIAL PROJECTIONS

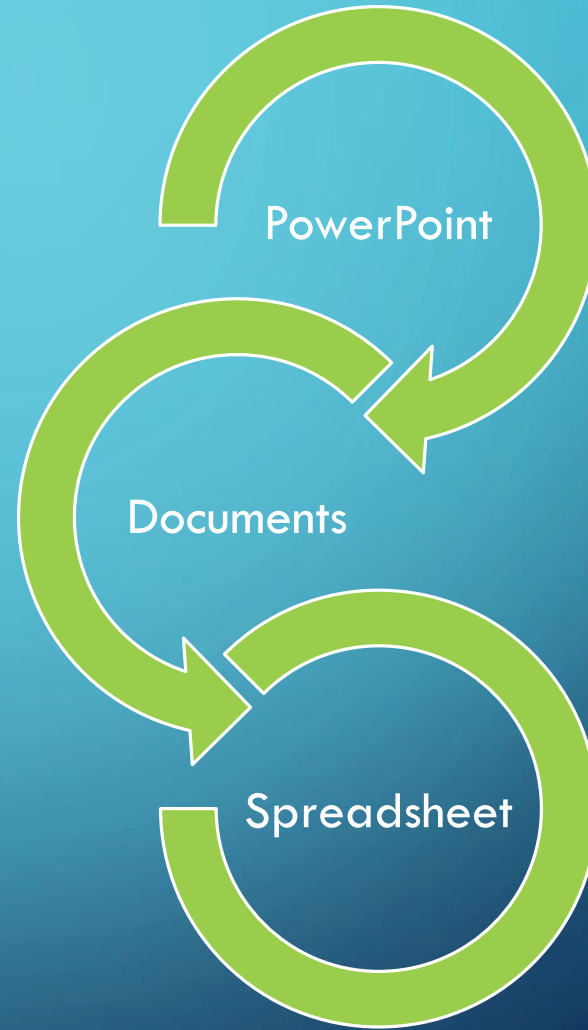
PRESENTED BY: BETSY OLIVANTI AND CURT WALCZAK

CONSULTANTS FOR NORTHEAST MINNESOTA SBDC

~Helping Entrepreneurs and Businesses Grow and Succeed~

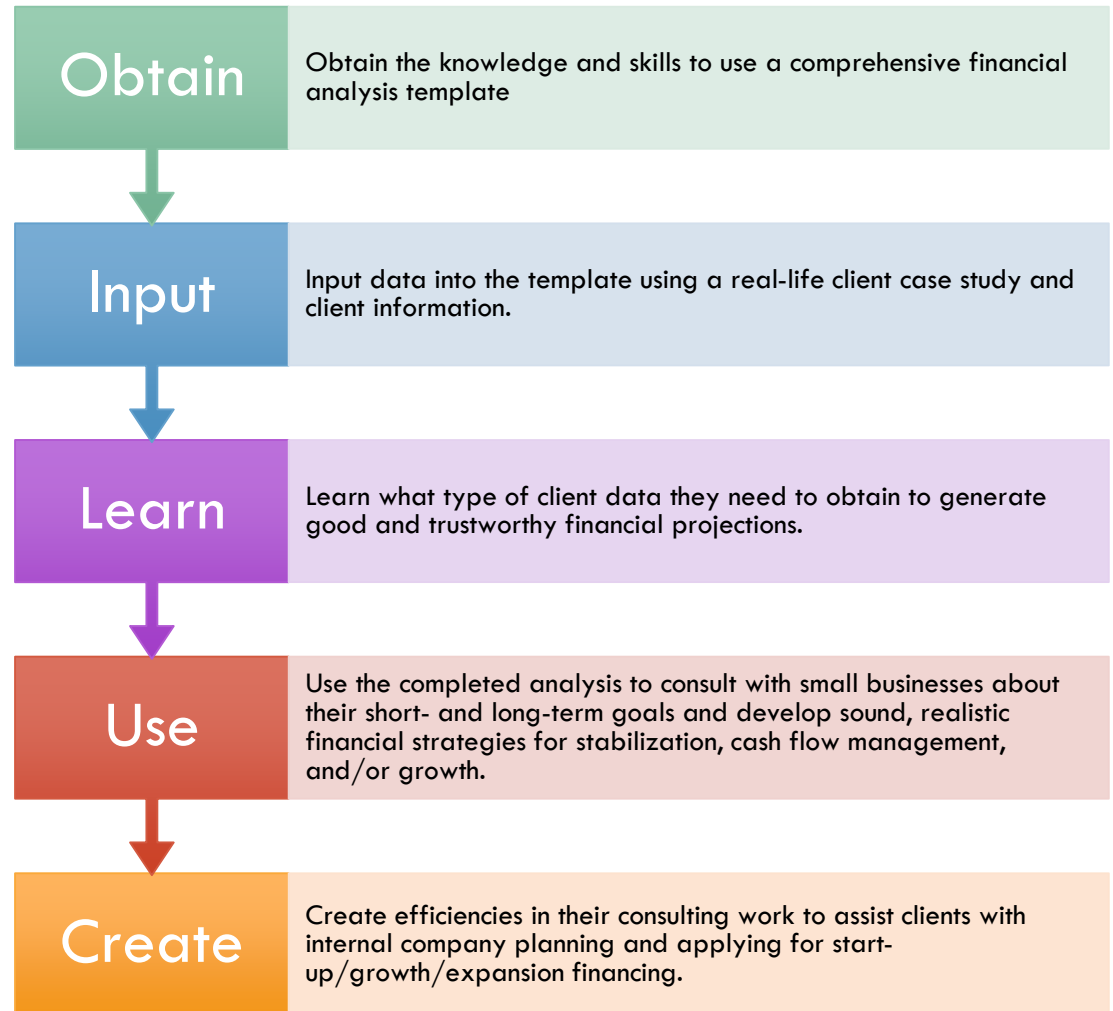


ROAD MAP





LEARNING OBJECTIVES/ OUTCOMES





AGENDA

Sources & Uses

Loan Amortizations

Debt Schedule

Sales Projections & Income Statement

Projections vs Actual

Cash Flow Statement

Balance Sheet

Projections vs Actual

Summary Projections

Financial Ratios & Break-Even Analysis

SOURCES & USES STATEMENT ~ WHAT IS IT?

- Collects data on
 - Financing needed
 - Equity invested
 - Assets purchased
 - Working Capital
 - Depreciation/Amortization



SOURCES & USES ~ WHAT TO ENTER

- Enter:
 - Depreciation
 - Amortization
 - The month to start
 - No earlier than the month prior to the first payment
- Monthly depreciation, amortization and loan payments will calculate on income statement.
- Enter loan, equity, & asset amounts manually in the cash flow statement

LOAN AMORTIZATIONS

- Loan amounts transfer from the Sources & Uses
- For each loan, enter:
 - Loan description
 - Interest rate
 - Term of the loan
 - Month of first payment



EXISTING LOAN AMORTIZATIONS

- Allows you to enter up to 8 existing loans
- For each loan enter the:
 - Lender
 - Interest rate
 - Loan balance
 - Number of months remaining at the end of the prior year
 - Enter Y/N for Interest only payments
- Do not enter loans that are being refinanced

EXISTING LOANS TO BE REFINANCED

- Use if existing debt is to be refinanced
- Enter the total amount to be refinanced on Sources & Uses and not in the Comprehensive Cash Flow
- For each loan to be refinanced enter:
 - Lender
 - Interest rate
 - Loan balance
 - Should be the starting loan balance at the beginning of the current year
 - Number of months remaining at end of the prior year
 - Enter Y/N for Interest only payments
 - Refinance month

EXISTING LINES, NOTES & CC AMORTIZATIONS

- Used to develop amortization schedules for:
 - Short-term lines of credit
 - Notes payable
 - Credit cards payable



EXISTING LINES, NOTES & CC AMORTIZATIONS

- For each note enter the:
 - Lender
 - Interest rate
 - Loan balance
 - Number of months remaining at the end of the prior year
 - Enter Y/N for Interest only payments
- Enter the amount in the current liabilities on the Balance Sheet

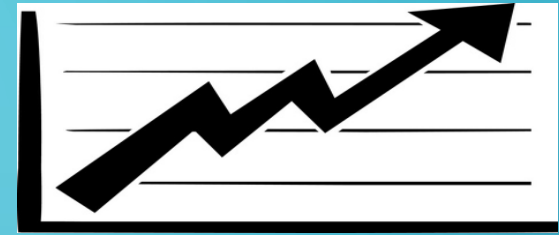


DEBT SCHEDULE

- Pulls existing loan amortizations together in one simple form
- Can be included in a loan package
- Enter the date of the information



SALES PROJECTIONS



- Develop sales by product or service & COGS goals
- Enter the target monthly sales for year 1
- For each product enter:
 - Target % of total sales
 - Expected COGS % (Cost of Goods Sold)
 - Optional - price per unit
- Enter new sales goal & COGS % in years 2 & 3

INCOME STATEMENT

- For each year enter:
 - Monthly expenses
 - Days Receivable & Payable in column M
 - Merchant Credit Card Fees
 - % of total sales & fee % in column P
 - Other Income/Expense
- Sales, COGS, amortization, depreciation & interest data is transferred from the sales projections worksheet
- Payroll Tax is set at 12% and can be changed

CASH FLOW STATEMENT

- Uses data entered and reports the monthly change in cash
- In year 1, manually enter:
 - Assets
 - Liabilities
 - Equity Accounts
- Check “out of balance” line at bottom of worksheet



BALANCE SHEETS

- Enter the prior year's balance sheet in blue fields in the "Beginning Column"
- Inventory – cell formula will calculate balance
 - Enter expected monthly purchases of inventory in blue fields across the top
- Optional: create a formula if needed based on the client's business

PROJECTIONS VS. ACTUAL

- Enter actual income & expenses for the first year in the blue fields
- Compare each month to the projected numbers
 - These automatically transfer from the income statement



LOOKING BEYOND: YEARS 2 & 3

- Enter new sales goals, products/services, and COGS
- Enter expenses, including increases or decreases as the client is planning for in the growth or expansion of their business in the IS sheet
- Enter any new capital expenditures in the Cash Flow sheet
- Enter inventory purchases in the balance sheet

SUMMARY PROJECTIONS

- Summary report including the Sources & Uses, Income Statement, Cash Flow and Capital Investments.
- Can be included in a loan package



FINANCIAL RATIOS

- Calculated based on data entered
- Industry numbers can be entered for comparison purposes



BREAK EVEN

- Determined for each year
- Calculates how much sales must increase when fixed costs increase
- Fixed costs moved to Variable to get a true break even



CONCLUSION

The financial projections template is one tool you can use to help business owners in the development of successful financial strategies.

- Spreadsheets and documents can be accessed at: <https://www.northlandsbdc.org/templates/>
- Password to unlock: nemnsbdc





HELPING ENTREPRENEURS AND BUSINESSES GROW AND SUCCEED

ONTO THE DOCUMENTS AND SPREADSHEET...

www.northlandsbdc.org
info@northlandsbdc.org
218-726-7298

