

VOLUSIA COUNTY ECONOMIC DEVELOPMENT



CREATING A BUSINESS PRO FORMA

BALANCE SHEET

A pro forma balance sheet shows what you expect your company's financial situation to look like at a specific point in the future. You create one by listing all of the assets you anticipate owning at that point in time, including cash in the bank, inventory, equipment, leasehold improvements and accounts receivable owed to you. Then list your anticipated liabilities, such as balances that will be owed on loans and credit cards. Also include sums that you will have collected in payroll withholding and sales tax, but are not yet paid. Subtract the listed liabilities from the listed assets to calculate your company's pro forma net worth. ([See sample Balance Sheet](#))

INCOME STATEMENT

A pro forma income statement starts by listing all of your anticipated sources of income. If your company has multiple sources of revenue, such as retail and wholesale sales, use a separate line for each. Base your pro forma projections on past sales figures and trends, like recent annual growth rates, and also figure in anticipated changes, such as new products or added capacity. Next, list your anticipated expenses, such as rent, labor, payroll, utilities and marketing. Use historical trends such as the percentage of gross revenue that you typically spend on materials and labor. Also figure in specific upcoming expenses that are on your radar, such as a rent increase or equipment purchase. Subtract the total projected expenses from total projected revenue to calculate your pro forma net profit. ([See sample Income Statement](#))

CASH FLOW STATEMENT

A pro forma cash flow statement fills in the details of your pro forma income statement and balance sheet, showing how you came to earn and owe the numbers you've provided on those statements. Create a spreadsheet with a column for each month during the year. In the left hand column on the top half of the page, create fields for each type of revenue you earn, such as retail and wholesale. On the left hand column on the bottom part of the page, list all of your expected expenditures, even if they don't belong on your income statement, such as loan principal payments. Then subtract your total expected expenses from your total expected revenue month by month, using the amount left over in each month as the starting capital for the following month. ([See sample Cash Flow Statement](#))



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SAMPLE PRO FORMA BALANCE SHEET

Pro forma is for period ending December 31, 20XX

ASSETS

Current Assets

| | |
|---------------------|----------|
| Cash | \$40,000 |
| Accounts receivable | \$70,000 |
| Inventory | \$30,000 |

Total current assets \$140,000

Long-term assets

| | |
|-----------|----------|
| Machinery | \$5,000 |
| Equipment | \$40,000 |

Total long-term assets \$45,000

Total Assets **\$185,000**

LIABILITIES

Current liabilities

| | |
|----------------------------------|----------|
| Accounts payable | \$30,000 |
| Current portion - long term debt | \$20,000 |

Total current liabilities \$50,000

Long-term liabilities

| | |
|-----------|----------|
| Bank loan | \$50,000 |
| EIDL loan | \$50,000 |

Total long-term liabilities \$100,000

Total Liabilities **\$150,000**

OWNER'S EQUITY

| | |
|-------------------|----------|
| Owner's capital | \$25,000 |
| Retained earnings | \$10,000 |

Total owner's equity **\$35,000**

TOTAL LIABILITIES and OWNER'S EQUITY **\$185,000**



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SAMPLE PRO FORMA INCOME STATEMENT

Pro forma is for period ending December 31, 20XX

| | | |
|----------------------------|-----------|------------------|
| Sales | | |
| Product line #1 | \$300,000 | |
| Product line #2 | \$220,000 | |
| Total Sales | | \$520,000 |
| Cost of Sales | | |
| Material | \$170,000 | |
| Labor | \$125,000 | |
| Overhead | \$125,000 | |
| Total cost of sales | | \$420,000 |
| GROSS PROFIT | | \$100,000 |
| Operating expense | | |
| Salaries | \$50,000 | |
| Office Lease | \$15,000 | |
| Marketing, advertising | \$4,000 | |
| Maintenance | \$4,000 | |
| Insurance | \$12,000 | |
| Depreciation | \$5,000 | |
| OPERATING EXPENSE | | \$90,000 |
| NET INCOME | | \$10,000 |



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SAMPLE PRO FORMA CASH FLOW STATEMENT

Pro forma is for period ending December 31, 20XX

| | |
|---|------------------|
| Cash flows from operations | |
| Customer payments | \$500,000 |
| Material purchases | -\$160,000 |
| Payroll costs | -\$210,000 |
| Other payments | <u>-\$88,000</u> |
| Total cash flows from operations | \$42,000 |
| Cash flows from investing | |
| Equipment purchase | -\$10,000 |
| Other | <u>\$0</u> |
| Total cash flows from operations | -\$10,000 |
| Cash flows from financing | |
| Loan payments | -\$15,000 |
| Other | <u>\$0</u> |
| Total cash flows from operations | -\$15,000 |
| Net change in cash | \$17,000 |
| Beginning cash balance | \$23,000 |
| Ending cash balance | \$40,000 |

