Income Statement……..

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Actual 2010 | Actual 2011 | Forecasted 2012 | Forecasted 2013 | Forecasted 2014 |
| Sales | $101,000 | $202,000 | $304,000 | $423,000 | $448,000 |
| Cost of goods sold | $65,000 | $125,000 | $179,000 | $236,000 | $250,000 |
| Gross Profit | $36,000 | $77,000 | $125,000 | $187,000 | $198,000 |
| Marketing expenses | $13,000 | $35,000 | $44,000 | $52,000 | $58,000 |
| General and administrative | $12,000 | $12,000 | $12,000 | $12,000 | $12,000 |
| Depreciation | $4,000 | $18,000 | $21,000 | $24,000 | $27,000 |
| EBIT | $7,000 | $12,000 | $48,000 | $99,000 | $101,000 |
| Less Interest | $2,000 | $2,000 | $3,000 | $3,000 | $3,000 |
| Earnings before taxes | $5,000 | $10,000 | $45,000 | $96,000 | $98,000 |
| Less taxes (40% rate) | $2,000 | $4,000 | $18,000 | $38,400 | $39,200 |
| Net income | $3,000 | $6,000 | $27,000 | $57,600 | $58,800 |
| Less cash distributions | $0 | $0 | $0 | $0 | $0 |
| Added retained earnings | $3,000 |  |  |  |  |

Balance Sheet………

Cash Flows……….

Need to:

* Create pro-forma financial statements for the first five years of operations.
* Document all your assumptions
* Support your use of the assumptions.

\*\*\*\*\*Company is seeking growth capital in the amount of $50,000 for the purpose of purchasing new and more modern equipment and for training existing personnel in the use of that new equipment. The newer modern equipment will increase production by 40% and decrease unit cost by 30% and repayment can start within 30 days of the receipt of funds, further secured by the building owned by the company valued at $125,000.\*\*\*\*\*\*