

Financial Worksheets

Instructions

Enter data and information in **green** shaded cells only.

Orange shaded cells calculate results within a spreadsheet.

Purple shaded cells bring in data from other spreadsheets.

Gray shaded cells are for information purposes only -- no data

Financial Projections Model

There are 4 principal spreadsheet outputs of this model:

INCOME: Income Statement

BALANCE: Balance Sheet

CASHFLOW: Cash Flow Statement

ANALYSIS: Analysis of key measures

All other spreadsheets are to be used for calculating the underlying assumptions of the 4 principal spreadsheets:

RATIOS: Industry Ratios and Company Benchmarks

REVENUES: Revenue Projections

COGS: Cost of Goods Sold

OPS EXPENSE: Operating Expenses

PP&E (for COGS and for Oprns): Capital Expenditures, Depreciation, and Net Fixed Assets

SALARIES: Salary Personnel

EXTRA: Extraordinary Income and Expense

TAXES: Tax calculation

WORKCAP: Working Capital

FUNDING: Equity, Debt, Interest Expense, Interest Income, Dividends and Retained

Earnings

These assumption spreadsheets are linked to each other and to the 4 principal spreadsheets. When you make a change in one of the spreadsheets, the impact is automatically recalculated for all other spreadsheets.

Before you begin, copy the workbook into a new file and then work in that new file.

There is an example in the model with which you can experiment. When you are ready to start your own projections, delete all the numbers in the green shaded cells, then you can begin to enter new numbers.

Revised 2018A

Source: **RMA Annual Statement Studies**

Steps indicated at the bottom

SIC NAICS Name	3841 339112 Surgical and Medical Instrument Manufacturing		
Number of Establishments	114		
Size of Establishments	0M~25M and over		
BALANCE SHEET		Common Size	% of Sales
ASSETS			
Cash & Equivalents	%	14.9%	12.2%
Trade Receivables - (net)	%	21.8%	17.8%
Inventory	%	24.8%	20.3%
All Other Current Assets	%	2.0%	1.6%
Total Current Assets	%	63.5%	52.0%
Fixed Assets (net)	%	19.4%	15.9%
Intangibles (net)	%	11.5%	9.4%
All Other non-Current Assets	%	5.5%	4.5%
Total Assets	%	100.0%	81.9%
LIABILITIES			
Notes Payable-Short Term	%	5.5%	4.5%
Current Maturities - Long Term Debt	%	2.4%	2.0%
Trade Payables	%	9.2%	7.5%
Income Taxes Payable	%	0.2%	0.2%
All Other Current Liabilities	%	12.0%	9.8%
Total Current Liabilities	%	29.3%	24.0%
Long Term Debt	%	16.4%	13.4%
Deferred Taxes	%	0.2%	0.2%
All Other Non-Current Liabilities	%	4.5%	3.7%
Net Worth	%	49.5%	40.5%
Total Liabilities & Net Worth	%	100.0%	81.9%
INCOME DATA			
Net Sales	%	100.0%	100.0%
Gross Profit	%	49.2%	49.2%
Operating Expenses	%	38.3%	38.3%
Operating Profit	%	10.9%	10.9%
All Other Expenses (net)	%	1.2%	1.2%
Profit Before Taxes	%	9.7%	9.7%
RATIOS		Median	Average
Current Ratio	X	2.4	2.2
Quick Ratio	X	1.2	1.3
Sales/Receivables	X	7.9	5.6
Cost of Sales/Inventory	X	3.8	2.5
Cost of Sales/Payable	X	12.7	6.7
Sales/Working Capital	X	5.4	-
EBIT/Interest	X	7.7	-
Net Profit + DDA/Curr Mat LTD	X	2.9	-
Fixed/Worth	X	0.5	-
Debt/Worth	X	0.9	-
% Profit before Taxes/Tangible Net Worth	%	34.80%	-
Sales/Net Fixed Assets	X	12.4	-
Sales/Total Assets	X	1.7	1.2
% Depr, Depl, Amort/Sales	%	2.60%	-
% Officers', Directors', Owners' Comp/Sale	%	2.70%	-
Net Sales	\$000	4684434000	
Total Assets	\$000	3834324000	

If the number says M next to it then it is in thousands, if it says MM then it is in millions

- 1) Go to the indicated website --> www.library.upenn.edu
- 2) Search for RMA Annual Statement Studies
- 3) Click the link to the online resource (goes to *eStatement Studies*)
- 4) Sort by NAICS code and look up your industry data

In addition: The Risk Management Association
annual statement studies - Financial Ratio Benchmarks
Lippincott Library Reference Stack
HA214.R54

Source: **IndustriusCFO Industry Metrics**

Lippincott Library Online Reference (requires PennKey login)

URL <http://hdl.library.upenn.edu/1017/106509>

SIC	3841	
NAICS	339112	
Name	Surgical and Medical Instrument Manufacturing	
Number of Enterprises	716	
Year		

Income Statement		\$	% of Net Sales
1	Net Sales	\$3,012,448	100.0%
2	Cost of Sales	\$1,998,627	66.3%
3	Material Cost	\$1,271,209	42.2%
4	Labor Cost	\$595,218	19.8%
5	Overhead	\$132,201	4.4%
6	Gross Profit	\$1,013,821	33.7%
7	Operating Expenses	\$783,670	26.0%
8	Salaries / Wages	\$225,725	7.5%
9	Rent	\$13,001	0.4%
10	Bad Debt	\$5,481	0.2%
11	Advertising / Marketing	\$36,385	1.2%
12	Other Operating Expenses	\$503,079	16.7%
13	EBITDA	\$230,150	7.6%
14	Depreciation & Amortization	\$50,800	1.7%
15	EBIT	\$179,350	6.0%
16	Interest Expense	\$16,795	0.6%
17	Other Expense	\$21,511	0.7%
18	EBT	\$141,044	4.7%
19	Income Taxes	\$74,466	2.5%
20	Net Income	\$66,578	2.2%

Balance Sheet		\$	% of Total Assets
21	Total Assets	\$1,437,350	100.0%
22	Total Current Assets	\$982,399	68.3%
23	Cash	\$111,811	7.8%
24	Accounts Receivable	\$265,415	18.5%
25	Inventory	\$312,077	21.7%
26	Prepaid Expenses	\$63,798	4.4%
27	Other Current Assets	\$229,298	16.0%
28	Total Non-Current Assets	\$454,951	31.7%
29	Fixed Assets	\$210,673	14.7%
30	Intangible Assets	\$1,597	0.1%
31	Long-Term Investments	\$289	0.0%
32	Other Non-Current Assets	\$242,393	16.9%
33	Total Assets	\$1,437,350	100.0%
34	Total Liabilities	\$444,670	30.9%
35	Total Current Liabilities	\$379,268	26.4%
36	Accounts Payable	\$116,735	8.1%
37	ST Notes Payable	\$14,916	1.0%
38	Bank Loan Payable	\$8,528	0.6%
39	Current Maturities of LT Debt	\$0	0.0%
40	Other Current Liabilities	\$239,088	16.6%
41	Total Long Term Liabilities	\$65,402	4.6%
42	LT Notes Payable	\$29,493	2.1%
43	Other Non-Current Liabilities	\$35,910	2.5%
44	Net Worth	\$992,681	69.1%

Financial Ratios**Liquidity Ratios**

45	Quick Ratio	1.01
46	Current Ratio	2.59
47	Current Liabilities to Net Worth	37.90%
48	Current Liabilities to Inventory	123.90%
49	Total Liabilities to Net Worth	43.50%
50	Fixed Assets to Net Worth	20.90%
51	Interest Coverage	5.74

Asset Efficiency Ratios

52	Collection Period	29.41
53	Inventory Turnover	3.03
54	Assets to Sales	42.80%
55	Sales to Working Capital	5.24
56	Accounts Payable to Sales	3.70%

Profitability Ratios

57	Return on Assets	5.70%
58	Return on Investment	4.50%
59	Sales per Employee	\$139,732
60	Profit per Employee	\$2,652

Industry Ratios

			COMPARABLE COMPANY	COMPARABLE COMPANY	
SIC:	3841	3841	3841	3841	
NAICS:	339112	339112	339112	339112	
Name:	Surgical and Medical Instrument Manufacturing	Surgical and Medical Instrument Manufacturing	ConMed Corp	Globus Medical	VerroTouch
Source:	RMA	IndustriusCFO	PitchBook	PitchBook	

INCOME STATEMENT (% of Net Sales)

Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%
COGS	50.8%	66.3%	44.9%	25.5%	45.0%
Gross Margin	49.2%	33.7%	55.1%	74.5%	55.0%
Operating Expenses	38.3%	26.0%	44.8%	50.1%	30.0%
Taxes		2.5%	0.27%	4.0%	2.5%
Net Earnings (After-Tax)			10.0%	20.4%	22.5%

BALANCE SHEET (% of Net Sales)

Assets					
Cash & Cash Equivalents	12.2%	3.7%	4.7%	49.6%	8.0%
Accounts Receivable	17.8%	8.8%	17.3%	20.0%	15.0%
Inventory	20.3%	10.4%	21.6%	24.9%	12.0%
Other Current Assets	1.6%	9.7%	1.7%	1.6%	2.0%
Total Current Assets	52.0%	32.6%	45.2%	96.1%	37.0%
Net Fixed Assets	15.9%	7.0%	123.9%	47.7%	15.0%
Other Non-Current Assets	4.5%	8.0%	10.8%	53.4%	6.0%
Total assets	81.9%	47.7%	179.9%	197.2%	58.0%
Liabilities					
Short Term Debt	4.5%	0.5%	0.0%	0.0%	0.0%
Accounts Payable	7.5%	3.9%	5.6%	7.3%	9.0%
Other Current Liabilities	9.8%	8.2%	14.6%	6.6%	9.0%
Total Current Liabilities	24.0%	12.6%	20.2%	13.9%	18.0%
Long Term Debt	13.4%	1.0%	0.0%	0.0%	0.0%
Other Non-Current Liabilities	3.7%	1.192%	83.7%	6.5%	2.0%
Total liabilities	41.3%	14.8%	103.9%	20.4%	20.0%
Stockholders Equity	40.5%	33.0%	76.1%	176.7%	38.0%
Total Liabilities and Equity	81.9%	47.7%	180.0%	197.1%	58.0%

RATIOS (Based on Above Values)

Solvency					
Current Ratio	2.2	2.6	2.2	6.9	2.1
Quick Ratio	1.3	1.8	1.2	5.1	1.4
Debt to Capital (LT + Equity)	0.25	0.03	0.00	0.00	0.00

Efficiency

Collection Period (Days)	65	32	63	73	55
Payables Period (Days)	54	21	46	104	73
Inventory Turnover (Days)	146	57	176	356	97
Asset Turnover Ratio	1.2	2.1	0.6	0.5	1.7
Fixed Asset Turnover Ratio	6.3	14.3	0.8	2.1	6.7

Profitability

Gross Profit %	49.2%	33.7%	55.1%	74.5%	55.0%
Net Earnings (After-Tax) %			10.0%	20.4%	22.5%
Return on Assets			5.6%	10.3%	38.8%
Return on Equity			13.2%	11.6%	59.2%
Return on Capital (LT + Equity)			13.2%	11.6%	59.2%

VerroTouch**Revenue Projections**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Units Sold	0	0	49	95	179	407	800
Price per Unit	\$0.00	\$0.00	\$40,000.00	\$40,000.00	\$50,000.00	\$50,000.00	\$50,000.00
					Open to APAC		
Net Revenue	\$0	\$0	\$1,960,000	\$3,800,000	\$8,950,000	\$20,325,000	\$40,000,000

VerroTouch**Property, Plant and Equipment (\$)**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
NET REVENUES	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
Capital Expenditures for Producing Goods PP&E for Manufacturing Plant, Equipment, Packaging, QC, Warehousing, etc.	0	1,000,000	0	400,000	750,000	1,000,000	
Depreciation for Producing Goods							
Depreciation Rate: Years	7	7	7	7	7	7	
Year 1	0	0	0	0	0	0	
Year 2		142,857	142,857	142,857	142,857	142,857	
Year 3			0	0	0	0	
Year 4				57,143	57,143	57,143	
Year 5					107,143	107,143	
<i>Total Depreciation for COGS</i>	0	142,857	142,857	200,000	307,143	307,143	
Net Fixed Assets for Producing Goods							
Gross Asset Value	0	1,000,000	1,000,000	1,400,000	2,150,000	3,150,000	
Accumulated Depreciation	0	142,857	285,714	485,714	792,857	1,100,000	
Net Property, Plant and Equipment	0	857,143	714,286	914,286	1,357,143	2,050,000	
Capital Expenditures for Operations							
R&D Facilities & Equipment	250,000	100,000	100,000	200,000	500,000	10,000	
Office Facilities & Equipment, Furnishings, Computers, etc.	100,000	80,000	20,000	40,000	40,000	40,000	
<i>Total Capital for Operations</i>	350,000	180,000	120,000	240,000	540,000	50,000	
Depreciation for Operations							
Depreciation Rate: Years	7	7	7	7	7	7	
Year 1	50,000	50,000	50,000	50,000	50,000	50,000	
Year 2		25,714	25,714	25,714	25,714	25,714	
Year 3			17,143	17,143	17,143	17,143	
Year 4				34,286	34,286	34,286	
Year 5					77,143	77,143	
Year 6						7,143	
<i>Total Depreciation</i>	50,000	75,714	92,857	127,143	204,286	211,429	
Net Fixed Assets for Operations (non-COGS)							
Gross Asset Value	350,000	530,000	650,000	890,000	1,430,000	1,480,000	
Accumulated Depreciation	50,000	125,714	218,571	345,714	550,000	761,429	
Net Property, Plant and Equipment	300,000	404,286	431,429	544,286	880,000	718,571	
TOTAL PP&E							
Total Capital Expenditures	350,000	1,530,000	1,650,000	2,290,000	3,580,000	4,630,000	
Total Accumulated Depreciation	50,000	268,571	504,286	831,429	1,342,857	1,861,429	
Total Net Property, Plant and Equipment	300,000	1,261,429	1,145,714	1,458,571	2,237,143	2,768,571	
Fixed Asset Turnover Ratio	0.0	0.0	1.7	2.6	4.0	7.3	6.7

VerroTouch

Salaried Personnel

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Net Revenues	0	0	1,960,000	3,800,000	8,950,000	20,325,000
Sales & Marketing						
Sales Manager			45,000	46,800	97,344	101,238
Marketing Manager		60,000	62,400	64,896	67,492	70,192
Public Relations Manager			55,000	57,200	118,976	123,735
Sales Reps			118,870	247,250	449,994	935,988
Customer Service			130,000	135,200	281,216	365,581
Marketing Associate			40,000	41,600	86,528	89,989
Sales Support Rep			0	0	0	0
Total Salary	0	60,000	451,270	592,946	1,101,550	1,686,722
Benefits & Payroll Taxes						
Percent (%)	15%	15%	15%	17%	17%	20%
Amount	0	9,000	67,691	100,801	187,264	337,344
Total S & M Compensation	0	69,000	518,961	693,746	1,288,814	2,024,067
% of Revenue	#DIV/0!	#DIV/0!	26.5%	18.3%	14.4%	10.0%
Research and Development						
R & D Manager	105,000	110,250	115,763	121,551	255,256	268,019
Engineers	285,000	399,000	418,950	549,872	692,839	848,727
Technicians	85,000	178,500	187,425	196,796	309,954	325,452
Total Salary	475,000	687,750	722,138	868,219	1,258,049	1,442,198
Benefits & Payroll Taxes						
Percent (%)	15%	15%	15%	17%	17%	20%
Amount	71,250	103,163	108,321	147,597	213,868	288,440
Total R & D Compensation	546,250	790,913	830,458	1,015,816	1,471,917	1,730,638
% of Revenue	#DIV/0!	#DIV/0!	42.4%	26.7%	16.4%	8.5%
General & Administration						
Executive Officer	120,000	124,800	129,792	134,984	140,383	145,998
Financial Officer	105,000	109,200	113,568	118,111	122,835	127,749
Technology Officer	105,000	109,200	113,568	118,111	122,835	127,749
Marketing Officer	100,000	104,000	108,160	112,486	116,986	121,665
Operating Officer	100,000	104,000	108,160	112,486	116,986	121,665
Accounting	60,000	62,400	64,896	67,492	70,192	72,999
Secretarial	40,000	41,600	86,528	89,989	93,589	145,998
Human Resources Manager	0	0	0	0	52,644	54,750
Total Salary	630,000	655,200	724,672	753,659	836,449	918,573
Benefits & Payroll Taxes						
Percent (%)	15%	15%	15%	17%	17%	20%
Amount	94,500	98,280	108,701	128,122	142,196	183,715
Total G & A Compensation	724,500	753,480	833,373	881,781	978,646	1,102,288
% of Revenue	#DIV/0!	#DIV/0!	42.5%	23.2%	10.9%	5.4%
Cost of Goods Sold						
Manufacturing Manager		65,000	65,000	67,600	140,608	219,348
Manufacturing Analyst		60,000	60,000	62,400	129,792	202,476
Quality Control Manager		55,000	55,000	57,200	118,976	185,603
Quality Control Technician		50,000	50,000	52,000	108,160	168,730
Procurement Manager		55,000	55,000	57,200	118,976	185,603
Procurement Analyst		40,000	40,000	41,600	86,528	134,984
Operations Manager		50,000	50,000	52,000	108,160	168,730
Operations Analyst		40,000	40,000	41,600	86,528	134,984
Total Salary	0	415,000	415,000	431,600	897,728	1,400,456
Benefits & Payroll Taxes						
Percent (%)	15%	15%	15%	17%	17%	20%
Amount	0	62,250	62,250	73,372	152,614	280,091
Total COG's Compensation	0	477,250	477,250	504,972	1,050,342	1,680,547
% of Revenue	#DIV/0!	#DIV/0!	24.3%	13.3%	11.7%	8.3%
Total Salary	1,105,000	1,817,950	2,313,080	2,646,423	4,093,776	5,447,949
% of Revenue	#DIV/0!	#DIV/0!	118.0%	69.6%	45.7%	26.8%
Total Benefits	165,750	272,693	346,962	449,892	695,942	1,089,590
% of Revenue	#DIV/0!	#DIV/0!	17.7%	11.8%	7.8%	5.4%
Total Salary & Benefits	1,270,750	2,090,643	2,660,041	3,096,315	4,789,718	6,537,539
% of Revenue	#DIV/0!	#DIV/0!	135.7%	81.5%	53.5%	32.2%

VerroTouch**Cost of Goods and Services**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
Units Sold	0	0	49	95	179	407	
Revenue	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
Directs Costs							
Material Cost per Unit							
Labor Cost per Unit							
Subcontract Costs per unit							
Scrap and Rework per unit							
Shipping and Freight per unit							
Other Costs per Unit							
Total Direct Costs per Unit	0.00	0.00	12,000.00	12,000.00	15,000.00	17,000.00	
Total Direct Costs	0	0	588,000	1,140,000	2,685,000	6,910,500	
% of Revenue	#DIV/0!	#DIV/0!	30.0%	30.0%	30.0%	34.0%	
Indirect Costs							
Salaries and Benefits	0	477,250	477,250	504,972	1,050,342	1,680,547	
Depreciation COGS	0	142,857	142,857	200,000	307,143	307,143	
Other Indirect Costs							
Facility Costs (rent, utilities, insurance, maintenance)							
Subcontract Costs							
Warehouse and Shipping							
Production Supplies & Expenses							
Subtotal Indirect Costs	3,000	3,000	3,000	60,000	150,000	200,000	
Total Indirect Costs	3,000	623,107	623,107	764,972	1,507,485	2,187,690	
% of Revenue	#DIV/0!	#DIV/0!	31.8%	20.1%	16.8%	10.8%	
Cost of Goods & Services	3,000	623,107	1,211,107	1,904,972	4,192,485	9,098,190	
% of Revenue	#DIV/0!	#DIV/0!	61.8%	50.1%	46.8%	44.8%	45.0%

VerroTouch**Operating Expenses**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
Net Revenues	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
Sales & Marketing							
Salaries and Benefits	0	69,000	518,961	693,746	1,288,814	2,024,067	
Other Sales & Marketing Costs							
Commissions							
Telephone, Fax							
Travel and Entertainment							
Advertising, Promotion and Website							
Exhibitions							
Brochures and Literature							
Customer Service							
Technical Support							
Recruiting and Relocation							
Other							
Subtotal Other Sales & Marketing Costs	0	15,000	120,000	150,000	255,000	315,000	
Total Sales and Marketing	0	84,000	638,961	843,746	1,543,814	2,339,067	
% of Revenue	#DIV/0!	#DIV/0!	33%	22%	17%	12%	
Research & Development							
Salaries and Fringes	546,250	790,913	830,458	1,015,816	1,471,917	1,730,638	
Other Research & Development Costs							
Subcontract Services							
Laboratory Rent and Utilities							
Equipment							
Materials							
Telephone, Fax							
Travel and Entertainment							
Subtotal Other R&D Costs	75,000	112,500	112,500	131,250	206,250	225,000	
Total Research & Development	621,250	903,413	942,958	1,147,066	1,678,167	1,955,638	
% of Revenue	#DIV/0!	#DIV/0!	48.1%	30.2%	18.8%	9.6%	
General & Administration							
Salaries and Fringes	724,500	753,480	833,373	881,781	978,646	1,102,288	
Other General & Administration costs							
Rent and Utilities							
Legal and Accounting							
Subcontract Services							
Telephone, Fax							
Equipment Leases							
Travel and Entertainment							
Insurance							
Supplies and Postage							
Subtotal Other G & A Costs	50,000	50,000	50,000	50,000	50,000	50,000	
Total General & Administration	774,500	803,480	883,373	931,781	1,028,646	1,152,288	
% of Revenue	#DIV/0!	#DIV/0!	45%	25%	11%	6%	
Depreciation OpEx (R&D Facilities, Exec Offices, etc.)	50,000	75,714	92,857	127,143	204,286	211,429	
Total Operating Expenses	1,445,750	1,866,607	2,558,149	3,049,736	4,454,912	5,658,421	
% of Revenue	#DIV/0!	#DIV/0!	130.5%	80.3%	49.8%	27.8%	30.0%

VerroTouch

Extraordinary Income & Expense

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Income (Taxable)						
(None)	0	0	0	0	0	0
Total Extraordinary Income	0	0	0	0	0	0
Expenses (Tax Deductible)						
Outside Legal and Accounting	25,000	100,000	50,000	100,000	0	0
Technology Licensing Expense	120,000	0	0	0	0	0
Total Extraordinary Expense	145,000	100,000	50,000	100,000	0	0
Total Extraordinary Income & Expense	(145,000)	(100,000)	(50,000)	(100,000)	0	0

VerroTouch

Taxes

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
Net Revenues	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
Income Tax (Rate Federal & State)	0.400	0.400	0.400	0.400	0.400	0.400	
Net Earnings Before Taxes	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603		
Loss Carryforward from Prior Year	0	(1,593,750)	(4,183,464)	(6,042,720)	(7,297,428)	(6,994,825)	
Earnings Net of Tax Loss Carryforward	(1,593,750)	(4,183,464)	(6,042,720)	(7,297,428)	(6,994,825)	(6,994,825)	
Taxable Income this Year	0	0	0	0	0	0	
Taxes	0	0	0	0	0	0	
Percent of Revenues	#DIV/0!	#DIV/0!	0.0%	0.0%	0.0%	0.0%	-2.5%

VerroTouch**Income Statement**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
NET REVENUES	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
COST OF GOODS SOLD	3,000	623,107	1,211,107	1,904,972	4,192,485	9,098,190	
% of Revenues	#DIV/0!	#DIV/0!	61.8%	50.1%	46.8%	44.8%	45.0%
GROSS PROFIT	(3,000)	(623,107)	748,893	1,895,028	4,757,515	11,226,810	
% of Revenues	#DIV/0!	#DIV/0!	38.2%	49.9%	53.2%	55.2%	55.0%
OPERATING EXPENSES							
Sales & Marketing	0	84,000	638,961	843,746	1,543,814	2,339,067	
Research & Development	621,250	903,413	942,958	1,147,066	1,678,167	1,955,638	
General and Administration	774,500	803,480	883,373	931,781	1,028,646	1,152,288	
Depreciation of Operating Assets	50,000	75,714	92,857	127,143	204,286	211,429	
Total Operating Expenses	1,445,750	1,866,607	2,558,149	3,049,736	4,454,912	5,658,421	
% of Revenues	#DIV/0!	#DIV/0!	131%	80%	50%	28%	30.0%
EARNINGS FROM OPERATIONS	(1,448,750)	(2,489,714)	(1,809,256)	(1,154,708)	302,603	5,568,389	
EXTRAORDINARY INCOME (EXPENSE)	(145,000)	(100,000)	(50,000)	(100,000)	0	0	
EARNINGS BEFORE INTEREST & TAXES	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,568,389	
INTEREST INCOME (EXPENSE)	0	0	0	0	0	100,000	
NET EARNINGS BEFORE TAXES	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,668,389	
TAXES	0	0	0	0	0	0	
NET EARNINGS (LOSS)	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,668,389	
% of Revenues	#DIV/0!	#DIV/0!	-94.9%	-33.0%	3.4%	27.9%	22.5%

VerroTouch**Balance Sheet**

	Begin	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
ASSETS							
CURRENT ASSETS							
Cash	50,000	656,250	655,108	823,622	662,368	621,136	4,519,415
Accounts Receivable		0	0	294,000	570,000	1,342,500	3,048,750
Inventories		0	0	323,366	508,628	1,119,393	2,429,217
Other Current Assets		0	0	39,200	76,000	179,000	406,500
Total Current Assets	50,000	656,250	655,108	1,480,188	1,816,995	3,262,030	10,403,881
NET FIXED ASSETS							
		300,000	1,261,429	1,145,714	1,458,571	2,237,143	2,768,571
TOTAL ASSETS	50,000	956,250	1,916,536	2,625,902	3,275,567	5,499,172	13,172,453
LIABILITIES & SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Short Term Debt		0	0	0	0	0	0
Accounts Payable & Accrued Expenses		0	0	242,221	380,994	838,497	1,819,638
Other Current Liab		0	0	176,400	342,000	805,500	1,829,250
Current Portion of Long Term Debt		0	0	0	0	0	0
Total Current Liabilities	0	0	0	418,621	722,994	1,643,997	3,648,888
LONG TERM DEBT (less current portion)							
		0	0	0	0	0	0
STOCKHOLDERS' EQUITY							
Common Stock	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Preferred Stock		2,500,000	6,050,000	8,200,000	9,800,000	10,800,000	10,800,000
Retained Earnings		(1,593,750)	(4,183,464)	(6,042,720)	(7,297,428)	(6,994,825)	(1,326,435)
Total Equity	50,000	956,250	1,916,536	2,207,280	2,552,572	3,855,175	9,523,565
TOTAL LIABILITIES & EQUITY	50,000	956,250	1,916,536	2,625,902	3,275,567	5,499,172	13,172,453

VerroTouch**Working Capital**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
Net Revenue	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
Cost of Goods & Services	3,000	623,107	1,211,107	1,904,972	4,192,485	9,098,190	
Accounts Receivable							
% of Revenue	0.0%	0.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Days Outstanding	#DIV/0!	#DIV/0!	54.8	54.8	54.8	54.8	54.8
Receivable Value	0	0	294,000	570,000	1,342,500	3,048,750	
Change in A/R	0	0	294,000	276,000	772,500	1,706,250	
Inventory							
% of COGS	0.0%	0.0%	26.7%	26.7%	26.7%	26.7%	26.7%
Inventory Turnover (Days)	0	0	97	97	97	97	97
Inventory Value	0	0	323,366	508,628	1,119,393	2,429,217	
Change in Inventory	0	0	323,366	185,262	610,766	1,309,823	
Other Current Assets							
% of Revenue	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other Current Asset Value	0	0	39,200	76,000	179,000	406,500	
Change in Other Current Assets	0	0	39,200	36,800	103,000	227,500	
Accounts Payable							
% of COGS	0.0%	0.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Days Outstanding	0.0	0.0	73.0	73.0	73.0	73.0	73.0
Payables Value	0	0	242,221	380,994	838,497	1,819,638	
Change in A/P	0	0	242,221	138,773	457,503	981,141	
Other Current Liabilities							
% of Revenue	0.0%	0.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Other Current Liability Value	0	0	176,400	342,000	805,500	1,829,250	
Change in Other Current Liabilities	0	0	176,400	165,600	463,500	1,023,750	
NET WORKING CAPITAL							
Current Assets - Current Liabilities	656,250	655,108	1,061,566	1,094,001	1,618,033	6,754,993	

VerroTouch**Cash Flow Statement**

	Begin	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
OPERATING ACTIVITIES							
Net Earnings		(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,668,389
Depreciation		50,000	218,571	235,714	327,143	511,429	518,571
Working Capital Changes							
(Increase)/Decrease Accounts Receivable		0	0	(294,000)	(276,000)	(772,500)	(1,706,250)
(Increase)/Decrease Inventories		0	0	(323,366)	(185,262)	(610,766)	(1,309,823)
(Increase)/Decrease Other Current Assets		0	0	(39,200)	(36,800)	(103,000)	(227,500)
Increase/(Decrease) Accts Pay & Accrd Expenses		0	0	242,221	138,773	457,503	981,141
Increase/(Decrease) Other Current Liab		0	0	176,400	165,600	463,500	1,023,750
Net Cash Provided by Operating Activities		(1,543,750)	(2,371,143)	(1,861,486)	(1,121,254)	248,768	4,948,278
INVESTING ACTIVITIES							
Plant & Equipment		(350,000)	(1,180,000)	(120,000)	(640,000)	(1,290,000)	(1,050,000)
Other							
Net Cash Used in Investing Activities		(350,000)	(1,180,000)	(120,000)	(640,000)	(1,290,000)	(1,050,000)
FINANCING ACTIVITIES							
	50,000	(1,893,750)	(3,551,143)	(1,981,486)	(1,761,254)	(1,041,232)	3,898,278
Increase/(Decrease) Short Term Debt							
Increase/(Decrease) Current Long Term Debt							
Increase/(Decrease) Non-Current Long Term Debt							
Increase/(Decrease) Common Stock							
Increase/(Decrease) Preferred Stock		2,500,000	3,550,000	2,150,000	1,600,000	1,000,000	
Dividends Declared		0	0	0	0	0	0
Net Cash Provided / (Used) by Financing		2,500,000	3,550,000	2,150,000	1,600,000	1,000,000	0
INCREASE/(DECREASE) IN CASH		606,250	(1,143)	168,514	(161,254)	(41,232)	3,898,278
CASH AT BEGINNING OF YEAR		50,000	656,250	655,108	823,622	662,368	621,136
CASH AT END OF YEAR	50,000	656,250	655,108	823,622	662,368	621,136	4,519,415

Funding Projections

	Begin	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Equity							
Change in Common Equity	50,000						
Common	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Change in Preferred Equity		2,500,000	3,550,000	2,150,000	1,600,000	1,000,000	
Preferred		2,500,000	6,050,000	8,200,000	9,800,000	10,800,000	10,800,000
Debt							
Short Term Debt							
Change in Short Term Debt							
Short Term Debt		0	0	0	0	0	0
Long Term Debt							
Change in Current Portion							
Current Long Term Debt		0	0	0	0	0	0
Change in Non-Current Portion							
Non-Current Long Term Debt		0	0	0	0	0	0
Total Long Term Debt	0	0	0	0	0	0	0
Interest Rate							
Interest Rate							
Short Term Debt							
Long Term Debt							
Interest Expense							
Short Term Debt		0	0	0	0	0	0
Long Term Debt		0	0	0	0	0	0
Total Interest Expense		0	0	0	0	0	0
Interest Income							
Interest Earning Investments							5,000,000
Interest Rate							2.0%
Interest Income		0	0	0	0	0	100,000
Retained Earnings							
Net Income	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,668,389	
Dividends							
Increase / (Decrease) Retained Earnings	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,668,389	
Beginning Retained Earnings	0	(1,593,750)	(4,183,464)	(6,042,720)	(7,297,428)	(6,994,825)	
Ending Retained Earnings	(1,593,750)	(4,183,464)	(6,042,720)	(7,297,428)	(6,994,825)	(1,326,435)	

VerroTouch**Summary**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Industry
Summary Financials (\$)							
Revenue	0	0	1,960,000	3,800,000	8,950,000	20,325,000	
Gross Profit	(3,000)	(623,107)	748,893	1,895,028	4,757,515	11,226,810	
EBIT	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,568,389	
Net Earnings	(1,593,750)	(2,589,714)	(1,859,256)	(1,254,708)	302,603	5,668,389	
Net Cash from Operating Activities	(1,543,750)	(2,371,143)	(1,861,486)	(1,121,254)	248,768	4,948,278	
Capital Expenditures	350,000	1,180,000	120,000	640,000	1,290,000	1,050,000	
Dividends							
Cash	656,250	655,108	823,622	662,368	621,136	4,519,415	
Total Equity	956,250	1,916,536	2,207,280	2,552,572	3,855,175	9,523,565	
Total Debt	0	0	0	0	0	0	
Growth							
Revenue Growth Rate - CAGR:		#DIV/0!	#DIV/0!	94%	136%	127%	
Net Earnings Growth Rate - CAGR:		62%	-28%	-33%	-124%	1773%	
Ratios							
Solvency							
Current Ratio	#DIV/0!	#DIV/0!	3.5	2.5	2.0	2.9	2.1
Quick Ratio	#DIV/0!	#DIV/0!	2.8	1.8	1.3	2.2	1.4
Debt to Capital (LT Debt + Equity)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Efficiency							
Collection Period (Days) (DPC)	#DIV/0!	#DIV/0!	55	55	55	55	55
Payables Period (Days) (DPO)	0	0	73	73	73	73	73
Inventory Turnover (Days) (DOI)	0	0	97	97	97	97	97
Asset Turnover Ratio	0.0	0.0	0.7	1.2	1.6	1.5	1.7
Fixed Asset Turnover Ratio	0.0	0.0	1.7	2.6	4.0	7.3	6.7
Cash Conversion Cycle			79	79	79	79	79
Profitability							
Gross Profit %	#DIV/0!	#DIV/0!	38.2%	49.9%	53.2%	55.2%	55.0%
Operating Expenses %	#DIV/0!	#DIV/0!	130.5%	80.3%	49.8%	27.8%	30.0%
Net Earnings (After Tax) %	#DIV/0!	#DIV/0!	-94.9%	-33.0%	3.4%	27.9%	22.5%
Return on Net Fixed Assets	-531.3%	-205.3%	-162.3%	-86.0%	13.5%	204.7%	150.0%
Return on Assets	-166.7%	-135.1%	-70.8%	-38.3%	5.5%	43.0%	38.8%
Return on Equity	-166.7%	-135.1%	-84.2%	-49.2%	7.8%	59.5%	59.2%
Return on Capital (LT Debt + Equity)	-166.7%	-135.1%	-84.2%	-49.2%	7.8%	59.5%	59.2%