

## Small Business Administration Budget Information

To effectively manage your finances, plan a sound, realistic budget by determining the actual amount of money needed to open your business (start-up costs) and the amount needed to keep it open (operating costs). The first step to building a sound financial plan is to devise a start-up budget. Your start-up budget will usually include such one-time-only costs as major equipment, utility deposits, down payments, etc.

The start-up budget should allow for these expenses.

### Start-up Budget

- personnel (costs prior to opening)
- legal/professional fees
- occupancy
- licenses/permits
- equipment
- insurance
- supplies
- advertising/promotions
- salaries/wages
- accounting
- income
- utilities
- payroll expenses

An operating budget is prepared when you are actually ready to open for business. The operating budget will reflect your priorities in terms of how you spend your money, the expenses you will incur and how you will meet those expenses (income). Your operating budget also should include money to cover the first three to six months of operation. It should allow for the following expenses.

### Operating Budget

- personnel
- insurance
- rent
- depreciation
- loan payments
- advertising/promotions

- legal/accounting
- miscellaneous expenses
- supplies
- payroll expenses
- salaries/wages
- utilities
- dues/subscriptions/fees
- taxes
- repairs/maintenance

**The financial section of your business plan should include any loan applications you've filed, a capital equipment and supply list, balance sheet, breakeven analysis, pro-forma income projections (profit and loss statement) and pro-forma cash flow. The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years.**