

DETERMINING YOUR OPERATING COSTS

Operating Costs are the expenses that you incur monthly or annually to keep your business operating. These can be estimated according to how your business incurs expenses (daily, weekly, monthly, annually) but for purposes of preparing a income and expense projection and cash flow forecast, they should be itemized monthly or annually.

| | <u>\$ Monthly</u> | <u>\$ Annually</u> |
|---|--------------------------|---------------------------|
| <u>Occupancy Costs</u> (fixed, should use actual estimates) | | |
| Rent/Mortgage Payment (from bank/landlord) | _____ | _____ |
| Taxes (from previous owner/municipality) | _____ | _____ |
| Utilities/Heat/Light/Water (from previous owner, sample bills) | _____ | _____ |
| Insurance (from insurance company/brokers) | _____ | _____ |
| Repairs & Maintenance (industry average/estimate) | _____ | _____ |
| Other: | _____ | _____ |
| | | |
| <u>Personnel Costs</u> (variable or fixed, calculated based on staffing needs) | | |
| Wages and Salaries (estimate #hours x employees x wage) | _____ | _____ |
| Employee Costs Benefits | | |
| (CPP/EI/Workers' Comp/Holiday pay – min. 6-10% of wages) | _____ | _____ |
| Other Benefits (health insurance, etc.) | _____ | _____ |
| Other: | _____ | _____ |
| | | |
| <u>General Costs</u> (fixed, can be estimated using industry average, % sales) | | |
| Advertising and Promotional (estimate using industry averages) | _____ | _____ |
| Professional Fees/Accounting/Legal | _____ | _____ |
| Vehicle Expenses, Travel & Meals | _____ | _____ |
| Business Taxes, Fees & Licenses | _____ | _____ |
| Equipment Maintenance | _____ | _____ |
| Furniture/Fixture/Tools | _____ | _____ |
| Membership Dues/Subscriptions | _____ | _____ |
| Phone/Fax/Internet | _____ | _____ |
| Office Supplies & Stationary | _____ | _____ |
| Postage/Courier/Freight | _____ | _____ |
| Bank Charges/Service Fees | _____ | _____ |
| Loan Payments/Interest | _____ | _____ |
| Income Tax (minimum 25%) | _____ | _____ |
| Owners Drawings | _____ | _____ |
| Other | _____ | _____ |

Have you allowed a realistic income for yourself based on your personal/family needs?
 Have you allowed enough for advertising, repairs, wages, utilities & other contingencies?
 Have you determined your borrowing requirement and the costs of this?