

Engineering Financial Strategies, Part II

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Congratulations!!

Welcome to *Engineering Financial Strategies, Part II*, your do-it-yourself guide to creating and understanding Financial Reports that works for your engineering firm.

Once you've been through this guide, you'll know precisely what it takes to write effective Engineering Financial Reports and supporting documentation. More importantly, you'll have a sample of three powerful Financial Reports to get you started.

This is the next step in your business story. From this point on, you won't have to stab in the dark – you'll have clear direction. You'll start to see some real results for your efforts.

Once completing the on-line course at our web-site www.engineeringbusinesspubs.com, you will be awarded with 3 PDH. The on-line seminar includes reading this guide and passing the 15 question test on our web-site.

Currently 30 U.S States require licensed engineers to obtain continuing education credits (CEU) or professional development hours (PDH) in order to renew their license. The PDH awarded by our seminar will be accepted by your state licensing board. **I personally guarantee it.** If your state board rejects our on-line seminar PDH, please forward us a copy of the board's letter and we will refund to you the cost of the on-line seminar.

How to Use this Guide

Each section covers an important aspect of your Financial Reports – these are terms and formulas used to create these reports. Understanding these reports will allow you to better understand the financial performance of your business.

You will be surprised how much this guide will reveal about your business financial efforts. It will get you to think about important issues that may have never crossed your mind in the past. It may also uncover new issues. But it is never a better time to put together or update your Engineering Financial Strategies than now.

While reading please go ahead and jot down some notes in the spaces provided. It will help to improve your Engineering Financial Plan.

Later sections will go into greater depth describing how to develop a Increasing Profitability, Decreasing Expenses, the three main Financial Reports, and Financial Indicators.

Now, it's time to get started.

Understanding Expense Reports



There are three key financial statements that every company needs to analyze to determine the financial health of their business: Balance Sheet, Income Statement, and Cash Flow Statement.

Balance Sheet

The Balance Sheet shows whether there is sufficient growth of net worth or a decline in net worth. The Figure below is the Balance Sheet Outline. Note that the Assets are on the left hand side and the Liabilities and Equity are on the right hand side. Equity is also referred to as Net Worth and Shareholders' Equity.

Figure 1 - Balance Sheet Model

Balance Sheet	
Assets	Liabilities
Cash	Accounts Payable
Investments	Long-Term Debt
Accounts Receivables	Equity
Inventory	Stock
Fixed Assets	Retained Earnings
Intangibles	

The Statement summarizes the company's financial by expanding on the equation below.

$$Assets = Liabilities + Equity$$

The Balance Sheets answers three questions; who owns the business, how lean is the business, and how liquid is the business.

Who Owns the Business?

Who ever gave the company money to operate owns the business. If you have debt, the Lenders own the business. If you have stocks, the stockholders own the business. If you have retained earnings, the business owns the business.

The bank usually has priority on receiving. If your company doesn't pay the interest on the loan the bank will foreclose on the business and take the collateral. The business may even have to go into bankruptcy, because it can not meet its obligations on the loan.

Stockholders expect to see a return on their investments into your company. If they don't see their share values increasing, they will pull their money. If they are accustomed to receiving Dividends they will continue to receive Dividends. If not they will become alarmed that the company is not making sufficient profits, and will pull their investments.

The company may also own the business due to the amount of Assets and Cash. The company can continue to reinvest in itself to grow the company. Also to reduce the amount of outside control of the company can buy back stocks to keep the value high, it can also pay down the bank loans to reduce its long-term debt.

How Lean is the Business?

A lean business has its Current Assets (Cash for Operations, Accounts Payable, and Inventory) slightly ahead of its Current Liabilities (Accounts Payable). The difference between Current Assets and Current Liabilities is known as Working Capital. So a lean company has a small amount of Working Capital, which indicates good management of resources.

How Liquid is the Business?

On the Balance Sheet the most liquid asset is Cash, and the least liquid are Fixed Assets like equipment and buildings and Intangibles like brand name and patents. A company is more liquid the further up the list and less liquid the further down the list. The liquidity of a company determines its ability to make changes if the market or the competition changes direction.

Income Statement

The Income Statement is also known as the P&L, Profit and Loss, and Statement of Revenues and Expenditures. The Income Statement is based on the equation that profit is the difference between Revenues and Expenses. Other names for profit are earnings, income, and net income.

$$\text{Profit} = \text{Revenues} - \text{Expenses}$$

The Income Statement further breaks down the Expenses by Costs to determine the Gross Profit Margin, Operating Profit Margin, and the Net Profit Margin. The Income Statement can be summarized as shown in the Figure below.

Figure 2 - Income Statement Model

Income Statement
Sales
Less Cost of Goods Sold
<hr/>
Gross Margin
Less Operating Costs
<hr/>
Operating Margin
Less Taxes, Other
<hr/>
Net Income or Net Profit Margin

Cash Flow Statement

Cash flow projections are critical to the success of your business. Having adequate cash flow is essential to keep your business running. If you are out of available cash, you run the risk of not being able to meet your obligations for payroll, accounts payable, and loan payments.

Cash versus Accrual Method of Accounting

The Cash Flow Statement is a fairly simple Financial Report to understand. You have a starting cash amount at the beginning of the financial period. The company then generates and spends Cash during the financial period. And then at the end of the financial period you either have more or less cash than you began with. If you are like most other engineering companies that use the Accrual method of Accounting (Accounts Receivables), the Ending Cash Value will not be the same as Net Profit Margin. The Cash Flow Statements deals with the actual cash not credit. This Financial Report is summarized in the Figure below.

Figure 3 - Cash Flow Statement Model

Cash Flow Statement	
Beginning CASH	
Plus CASH Collected	
Less CASH Paid	
<hr/>	
Ending CASH	

Relationship between the Financial Statements

Now, let's look at how the three reports relate to one another.

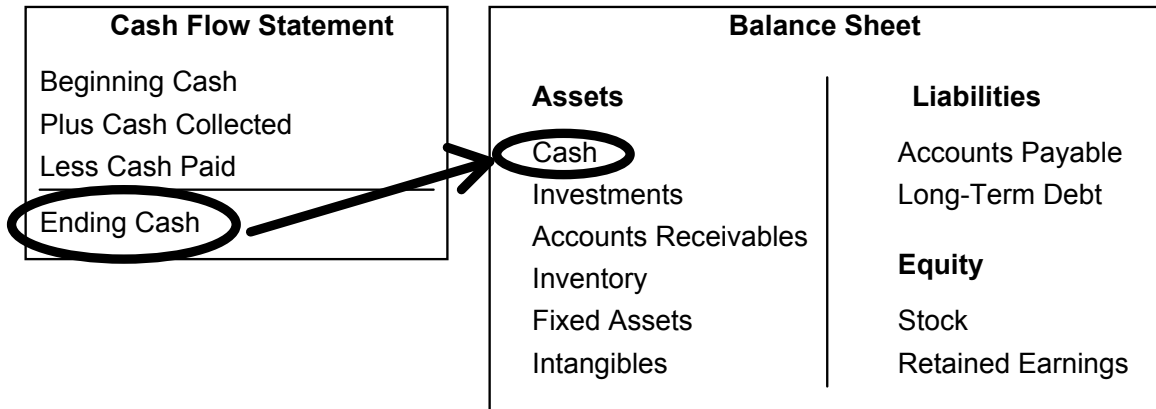
The Net Profit Margin (The Bottom Line) on the Income Statement is related to the Retained Earnings on the Balanced Sheet.

Figure 4 - Relationship between the Income Statement and the Balance Sheet

Income Statement	Balance Sheet	
Sales	Assets	Liabilities
Less Cost of Goods Sold	Cash	Accounts Payable
<hr/>	Investments	Long-Term Debt
Gross Margin	Accounts Receivables	Equity
Less Operating Costs	Inventory	Stock
<hr/>	Fixed Assets	Retained Earnings
Operating Margin	Intangibles	
Less Taxes, Other		
<hr/>		
Net Income or Net Profit Margin		

The Ending Cash (The Bottom Line) on the Cash Flow Statement is detailed description of the Cash line item on the Balanced Sheet.

Figure 5 - Relationship between the Cash Flow Statement and the Balance Sheet



Now let's look how these statements apply to an engineering company.

Cash Sales

A cash sale has just been agreed to between the client and the engineer for \$500 for a drainage compliance report. Cash is to be paid before the engineer gives the client the report. The engineer can finish the report in less than day. It will cost the engineering company \$250 to produce the report.

Figure 6 - Example Income Statement for a Cash Sale

Income Statement	
Sales	500
Cost of Goods	250
Gross Margin	
	250
Operating Costs	0
Operating Margin	
	250
Less Taxes, Other	0
Net Income	
	250

Now let's use the Cash Flow Statement. The company's cash on hand has just increased by \$500. The cost to produce the report, mostly the engineer's salary, will be paid later.

Figure 7 - Example Cash Flow Statement for a Cash Sale

Cash Flow Statement	
Beginning CASH	
+ CASH Collected	500
- CASH Paid	0
<hr/>	
Ending CASH	500

Now let's fill out the Balance Sheet. The cost to produce the report is taken into account, yielding a Retained Earning of \$250.

Figure 8 - Example Balance Sheet for a Cash Sale

Balance Sheet			
Assets	Liabilities		
Cash	500	Accounts Payable	
Investments		Long-Term Debt	
Accounts Receivables		Equity	
Inventory	- 250	Stock	
Fixed Assets		Retained Earnings	250
Intangibles			
<hr/>		<hr/>	
	250		250

Note: Retainers are Cash Sales. Because this money is received at the beginning of the contract, there is no credit extended to the client for the Retainer. Invoices are for services completed by the engineering company, which the company is extending credit to the client. Invoices are filed in the engineering company's Accounts Receivables records (See below).

Credit Sales

Most sales in an engineering company are with credit. An invoice is issued for services completed and the client pays the invoice 30 or more days later. A credit sale is handled a little different on the three statements. A month of services has been completed on a design contract and the engineer issues the client an invoice for \$5,000. The engineering company has spent \$3,500 to provide the month of services.

This transaction is recorded on the Income Statement as shown in the Figure below.

Figure 9 - Example Income Statement for a Credit Sale

Income Statement	
Sales	5,000
Cost of Goods	3,500
<hr/>	
Gross Margin	1,500
Operating Costs	0
<hr/>	
Operating Margin	1,500
Less Taxes, Other	0
<hr/>	
Net Income	1,500

Since the Cash Flow Statement only shows the actual cash received this month, the company's cash on hand has not changed.

Figure 10 - Example Cash Flow Statement for a Credit Sale

Cash Flow Statement	
Beginning CASH	0
+ CASH Collected	0
- CASH Paid	0
<hr/>	
Ending CASH	0

The Balance Sheet reflects the transaction by adding \$5,000 to Accounts Receivables and costing the company \$3,500 to complete the services, which means the company has retained earnings of \$1,500. The Figure below summarizes this transaction on the Balance Sheet.

Balance Sheet		
Assets		Liabilities
Cash	0	Accounts Payable
Investments	0	Long-Term Debt
Accounts Receivables	+5,000	
Inventory	- 3,500	Equity
Fixed Assets		Stock
Intangibles		Retained Earnings
	+1,500	+1,500
		+1,500

Now that the client has paid the invoice within the 30 days, how is this transaction reflected on the 3 statements? Since you sold nothing to earn this payment the Income Statement is not affected.

Figure 11 - Example Income Statement for Receiving Payment on a Credit Sale

Income Statement	
Sales	0
Cost of Goods	0
Gross Margin	0
Operating Costs	0
Operating Margin	0
Less Taxes, Other	0
Net Income	0

Because the company has received cash, the Cash Flow Statement is affected. The company has collected \$5,000, and in this scenario there is no sub-consultants to be paid.

Figure 12 - Example Cash Flow Statement for Receiving Payment on a Credit Sale

Cash Flow Statement	
Beginning CASH	0
+ CASH Collected	5,000
- CASH Paid	0
<hr/>	
Ending CASH	5,000

The Balance Sheet shows that the company has received \$5,000 in cash and that \$5,000 has been removed from the Accounts Receivables.

Figure 13 - Example Balance Sheet for Receiving Payment on a Credit Sale

Balance Sheet	
Assets	
Cash	+5,000
Investments	0
Accounts Receivables -	5,000
Inventory	0
Fixed Assets	
Intangibles	
<hr/>	
	0
Liabilities	
Accounts Payable	
Long-Term Debt	
Equity	
Stock	
Retained Earnings	
<hr/>	
	0

Expenses

Non-depreciated Expenses are items that are small ticket items. Office supplies usually fit this category. As an example let's say you purchased a new binding machine for \$350. On the Income Statement your net income is reduced by \$350.

Figure 14 - Example Income Statement for Non-Depreciating Expense

Income Statement	
Sales	0
Cost of Goods	0
<hr/>	
Gross Margin	0
Operating Costs	350
<hr/>	
Operating Margin	0
Less Taxes, Other	0
<hr/>	
Net Income	- 350

The company's cash flow is also reduced by \$350 affecting the Cash Flow Statement.

Figure 15 - Example Cash Flow Statement for Non-Depreciating Expense

Cash Flow Statement	
Beginning CASH	0
+ CASH Collected	0
- CASH Paid	- 350
<hr/>	
Ending CASH	- 350

The Balance Sheet will show that the company's Cash and Retained Earnings have been reduced \$350.

Figure 16 - Example Balance Sheet for Non-Depreciating Expense

Balance Sheet			
Assets		Liabilities	
Cash	- 350	Accounts Payable	
Investments	0	Long-Term Debt	
Accounts Receivables	0		
Inventory	0	Equity	
Fixed Assets		Stock	
Intangibles		Retained Earnings	-350
	- 350		-350

Capitalized Expenses (Depreciating Assets)

Now let's see what happens when the company decides to purchase a new plotter for \$10,000. Since this is a large purchase, Accounting will want to depreciate it over a period of time, usually 5 years. On the day of the purchase the income statement will have not been affected.

Figure 17 - Example Income Statement for Depreciating Expense - Day 1

Income Statement	
Sales	0
Cost of Goods	0
Gross Margin	
	0
Operating Costs	0
Operating Margin	
	0
Less Taxes, Other	0
Net Income	
	0

Because the company has paid cash for the plotter, the Cash Flow Statement is affected. The company's cash on hand has been used to purchase a \$10,000 plotter.

Figure 18 - Example Cash Flow Statement for Depreciating Expense - Day 1

Cash Flow Statement	
Beginning CASH	0
+CASH Collected	0
- CASH Paid	- 10,000
<hr/>	
Ending CASH	- 10,000

The Balance Sheet will show that the company Cash has been reduced by \$10,000 and the Fixed Assets will be increased by \$10,000.

Figure 19 - Example Balance Sheet for Depreciating Expense - Day 1

Balance Sheet			
Assets		Liabilities	
Cash	- 10,000	Accounts Payable	
Investments		Long-Term Debt	
Accounts Receivables		Equity	
Inventory		Stock	
Fixed Assets	+10,000	Retained Earnings	
Intangibles			
	<hr/>		<hr/>
	0		0

Since the company decides to depreciate the value of the plotter over 5 years, each year the value of the plotter will be further reduced by one-fifth of its value (\$2,000/year). Each year the Income Statement will show that the Operating Costs and thus the Net Income has been reduced by \$2,000.

Figure 20 - Example Income Statement for Depreciating Expense - 1 Year Later

Income Statement	
Sales	0
Cost of Goods	0
<hr/>	
Gross Margin	0
Operating Costs	- 2,000
<hr/>	
Operating Margin	0
Less Taxes, Other	0
<hr/>	
Net Income	- 2,000

Because the company has not received or paid out any cash, the Cash Flow Statement is not affected. The company's cash on hand has not changed due to depreciation.

Figure 21 - Example Cash Flow Statement for Depreciating Expense - 1 Year Later

Cash Flow Statement	
Beginning CASH	0
+ CASH Collected	0
- CASH Paid	0
<hr/>	
Ending CASH	0

Due to the new plotter, the Balance Sheet for the whole year will show the company's cash has been reduced by \$10,000, and the value of the \$10,000 plotter in Fixed Assets has decreased in value by \$2,000. Also the Retained Earnings will be reduced by \$2,000. This is summarized in the Figure below.

Figure 22 - Example Balance Sheet for Depreciating Expense - 1 Year Later

Balance Sheet			
Assets		Liabilities	
Cash	- 10,000	Accounts Payable	
Investments		Long-Term Debt	
Accounts Receivables			
Inventory		Equity	
Fixed Assets		Stock	
Plotter	+10,000	Retained Earnings	- 2,000
Less Accum Deprec-	- 2,000		
Intangibles			
	- 2,000		- 2,000

At the end of the second year the Balance Sheet will show that the Fixed Assets has depreciated another \$2,000, and the Retained Earnings has also decreased by \$2,000. The Figure below summarizes the Balance Sheet for this asset depreciation.

Figure 23 - Example Balance Sheet for Depreciating Expense - 2 Years Later

Balance Sheet			
Assets		Liabilities	
Cash	0	Accounts Payable	
Investments	0	Long-Term Debt	
Accounts Receivables	0		
Inventory	0	Equity	
Fixed Assets	- 2,000	Stock	
Intangibles		Retained Earnings	- 2,000
	- 2,000		- 2,000

Working with the Budget

Often when the engineering market begins a downward slide there are several indicators ahead of time. It is important for the firm to be constantly on the watch anticipating these changes in the market forces, and begin making plans to compensate as early as possible. In 2008, the land

development industry saw the residential market fall by as much as 60% in some areas of the country. Those who recognize the down turn early in 2007 had already made adjustments to their budgets by increasing their presence in the commercial development market and adjusting their budgets.

Although there was no way of projecting how big of an impact the decline would have on the companies' bottom lines, it was obvious that some affect would occur. The first indicator was that most home loan's with Adjustable Rate Mortgages (ARMs) were about to be readjusted. At first this didn't seem too big of a concern until foreclosures began to rapidly increase from the norm. Beginning in 2008 banks basically stopped lending. Developer's bank loans were being pulled and new loans were non-existing. Needless to say most development stopped. The next indicator occurred at the end of the first quarter of 2008 when gas prices rapidly increased to above \$4 per gallon. Wallets and bank accounts were being squeezed. People could not afford the rising prices and were struggling to meet their monthly mortgage payments and rents.

A successful company is constantly watching their budgets and reviewing market projections. The market indicators in 2007 and 2008 were telling engineering companies in land development that their revenues were most like to decrease by mid 2008. In order to keep the doors open the companies' budgets needed to be reviewed and determined what expenditures needed to be reduced or eliminated. As the revenues began decreasing the budgets were again adjusted. Finally as the recession deepened, the indicators started to suggest that the revenues in land development design would slow to a trickle. Throughout the downward slide of the economy, budgets were reviewed again and again, and each time additional cuts were necessary.

When your company's targeted market begins to shrink the last resort should be laying-off employees. The first action that should be taken is to increase revenues by collecting on invoices and marketing for new projects. In a down turning market it is absolutely imperative to collect on outstanding debts. Long term outstanding debts (over 90 days) are most likely not to be collected. Any new projects the company is able to obtain should have a long life to stabilize the revenue streams into the company. The average length of time for a recession is about eighteen months. If your future projected revenues far exceed this timeline, then your firm should be able to weather the recession as long as your clients continue to pay. Contracts with short time lines (less than 3 months) actually cost the company more money due to the additional marketing efforts to maintain revenues. The survival of the company depends on revenues.

The Sample Budget Sheet at the end of this guide shows the budget for a small professional services firm. As the market indicators begin showing that the company's revenues were anticipated to be decreasing, the company calculated that the net yearly loss for the company would be \$15,535. In order to make the necessary changes to head off this loss the company immediately implemented several cost savings.

First, the company decided to reduce the line item budgets for advertising, auto expenses, depreciation, and travel and expenses. Although advertising was reduced from \$8,187 (about \$682 per month) to \$2,000 (about \$167 per month), marketing efforts remained the same by refocusing

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the company's strategies into less costly activities like speaking engagements, writing articles in various trade magazines, and calling old clients. These efforts may actually improve the company's name recognition in the community. The auto expense budget was also reduced by decreasing the amount of out of office trips and making use of multiple deliveries per trip. Depreciated items not in use were sold to remove the negative impact. Travel and Entertainment was almost completely removed by replacing out of state seminars with online courses. By being aware of the market conditions, the company's projected Income changed from a Projected Loss to a projected Profit.

SAMPLE Budget Sheet

Steve's Civil Engineering Firm's Revised Budget (Owner and 1 employee)

	BEFORE		AFTER	
	Year to Date	%	Year to Date	%
SALES				
Fix-Fee Contracted Budgets	\$165,600	77.71%	\$165,600	77.71%
T&M	\$45,000	21.12%	\$45,000	21.12%
Reimbursable	\$2,503	1.17%	\$2,503	1.17%
Write-Offs	\$0	0.00%	\$0	0.00%
TOTAL SALES	\$213,103	100%	\$213,103	100%
COST OF SALES				
Purchases	\$500	0.38%	\$500	0.38%
Outside Vendors	\$12,000	9.02%	\$12,000	9.02%
Equipment & Supplies	\$750	0.56%	\$750	0.56%
TOTAL COST OF SALES	\$13,250	6.22%	\$13,250	6.22%
GROSS PROFIT	\$199,853	93.78%	\$199,853	93.78%
OPERATING EXPENSES				
Salaries and Wages	\$139,261	64.66%	\$139,261	71.70%
Partners' Salaries	\$0	0.00%	\$0	0.00%
Taxes on Payroll	\$27,852	12.93%	\$27,852	14.34%
→ Advertising	→ \$8,187	3.80%	→ \$2,000	1.03%
→ Auto Expenses	→ \$3,152	1.46%	→ \$900	0.46%
Bad Debt Expenses	\$320	0.15%	\$320	0.16%
Copier Service	\$906	0.42%	\$906	0.47%
→ Depreciation	→ \$9,297	4.32%	→ \$0	0.00%
Dues/Subscriptions	\$417	0.19%	\$417	0.21%
Insurance	\$2,434	1.13%	\$2,434	1.25%
Internet Service	\$45	0.02%	\$45	0.02%
Professional Liability Insurance	\$2,600	1.21%	\$2,600	1.34%
Health Insurance	\$1,474	0.68%	\$1,474	0.76%
Legal and Accounting	\$2,828	1.31%	\$2,828	1.46%
Office Expense	\$1,813	0.84%	\$1,813	0.93%
Rent	\$8,688	4.03%	\$8,688	4.47%
Repairs & Maintenance	\$1,359	0.63%	\$1,359	0.70%
Supplies	\$356	0.17%	\$356	0.18%
Business License	\$100	0.05%	\$100	0.05%
Telephone	\$648	0.30%	\$648	0.33%
→ Travel & Entertainment	→ \$3,651	1.70%	→ \$227	0.12%
Utilities	\$0	0.00%	\$0	0.00%
TOTAL OPERATING EXPENSES	\$215,388	100.00%	\$194,228	100.00%
TOTAL OPERATING PROFIT	(\$15,535)	-7.29%	\$5,625	2.64%

SAMPLE Income Statement

Steve's Civil Engineering Firm's P&L (Owner and 1 employee)

	2009	
	Year to Date	%
SALES		
Fix-Fee Contracted Budgets	\$165,600	77.71%
Time & Material	\$45,000	21.12%
Reimbursable	\$2,503	1.17%
Write-Offs	\$0	0.00%
TOTAL SALES	\$213,103	100%
COST OF SALES		
Purchases	\$500	0.38%
Outside Vendors	\$12,000	9.02%
Equipment Supplies	\$750	0.56%
TOTAL COST OF SALES	\$13,250	6.22%
GROSS PROFIT	\$199,853	93.78%
OPERATING EXPENSES		
Salaries and Wages	\$139,261	64.66%
Partners' Salaries	\$0	0.00%
Taxes on Payroll	\$27,852	12.93%
Advertising	\$8,187	3.80%
Auto Expenses	\$3,152	1.46%
Bad Debt Expenses	\$320	0.15%
Copier Service	\$906	0.42%
Depreciation	\$9,297	4.32%
Dues/Subscriptions	\$417	0.19%
Insurance	\$2,434	1.13%
Internet Service	\$45	0.02%
Professional Liability Insurance	\$2,600	1.21%
Health Insurance	\$1,474	0.68%
Legal and Accounting	\$2,828	1.31%
Office Expense	\$1,813	0.84%
Rent	\$8,688	4.03%
Repairs & Maintenance	\$1,359	0.63%
Supplies	\$356	0.17%
Business License	\$100	0.05%
Telephone	\$648	0.30%
Travel & Entertainment	\$3,651	1.70%
Utilities	\$0	0.00%
TOTAL OPERATING EXPENSES	\$215,388	100.00%
TOTAL OPERATING PROFIT	(\$15,535)	-7.29%
TAXES		
State Taxes	\$0	0%
Federal Taxes	\$0	0%
NET PROFIT MARGIN	(\$15,535)	-7.29%

SAMPLE Cash Flow Statement

Steve's Civil Engineering Firm's Projected Cash Flow

CASH FLOW STATEMENT			
	FY 2009	FY 2010	FY 2011
BEGINNING CASH BALANCE	\$145,000	\$130,612	\$129,384
CASH RECEIVED			
Cash from Operations	\$2,450	\$2,450	\$2,575
Cash Sales	\$25,500	\$25,500	\$26,775
Cash from Receivables	\$175,250	\$175,250	\$184,000
SUBTOTAL CASH FROM OPERATIONS	\$203,200	\$203,200	\$213,350
ADDITIONAL CASH RECEIVED			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest free)	\$0	\$0	\$0
New Long Term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$2,500	\$0	\$0
Sales of Long-term Assets	\$5,500	\$0	\$0
New Investments Received	\$0	\$0	\$0
SUBTOTAL CASH RECEIVED	\$8,000	\$0	\$0
EXPENDITURES			
Expenditures from Operations	\$215,388	\$194,228	\$194,228
Cash Spending	\$0	\$0	\$0
Payment of Accounts Payable	\$10,200	\$10,200	\$10,200
SUBTOTAL SPENT ON OPERATIONS	\$225,588	\$204,428	\$204,428
ADDITIONAL CASH SPENT			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Other Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
SUBTOTAL CASH SPENT	\$0	\$0	\$0
NET CASH FLOW	(\$14,388)	(\$1,228)	\$8,922
CASH BALANCE	\$130,612	\$129,384	\$138,306

SAMPLE Balance Sheet

Steve's Civil Engineering Firm's Projected Balance Sheet

	FY 2009	FY 2010	FY 2011
ASSETS			
CURRENT ASSETS			
Cash	\$130,612	\$129,384	\$138,306
Accounts Receivable	\$75,000	\$75,000	\$75,000
Other Current Assets	\$15,500	\$15,500	\$15,500
SUBTOTAL CURRENT ASSETS	\$221,112	\$219,884	\$228,806
LONG-TERM ASSETS			
Long-term Assets	\$56,500	\$56,500	\$56,500
Accumulated Depreciation	(\$4,300)	(\$4,300)	(\$4,300)
SUBTOTAL LONG-TERM ASSETS	\$52,200	\$52,200	\$52,200
SUBTOTAL ASSETS	\$273,312	\$272,084	\$281,006
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$10,200	\$10,200	\$10,200
Current Borrowing	\$0	\$0	\$0
Long-Term Debt	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
SUBTOTAL LIABILITIES	\$10,200	\$10,200	\$10,200
EQUITY			
Paid-In Capital (Stock)	\$278,647	\$256,259	\$260,081
Retained Earnings	(\$15,535)	\$5,625	\$10,725
SUBTOTAL EQUITY	\$263,112	\$261,585	\$270,806

About the Author

Joe Alvin Haun, PE, MSE

Joe Haun is a highly experienced Civil Engineer, author, public speaker, and business advisor who have worked in the engineering profession since 1983.

Mr. Haun's early career was in the United States Air Force as an Engineer Assistant. A Desert Storm veteran he has a unique perspective of the Middle East.

Mr. Haun graduated from the University of Las Vegas, Nevada in 1994 with a BS degree in Civil Engineering and in 1995 with a MSE in Civil and Environmental Engineering.

Mr. Haun worked with several engineering firms in the Las Vegas valley until February 2005 when open his own engineering company HAUNTEC, which has grown to a designing multi-million dollar projects in Nevada and Utah and in the countries of Iraq and Costa Rica. Review his growing company's website at www.haunteceng.com to see the firm's latest capabilities.

Mr. Haun has published articles in engineering magazines and has given speeches on water resources, and is currently working on several articles on permeable pavements.

In 2009, Mr. Haun started Engineering Business Seminars and Publications to. His first publication is the "Engineering Business Success." He has created many self-study engineering business seminars for Professional Development Hours credits. Visit the web-site www.engineeringbusinesspubs.com to review the latest seminars and publications.

Recommended Reading List

Engineers are constantly learning about new techniques, products and design methods. Improving your skills as a business leader is no different. Reading books is one of the best ways to improve your skills. Below is a list of books we recommend.

- *Engineering Business Success* by Joe A Haun (book)
 - *Engineering Business Plan* by Joe A Haun (seminar)
 - *Engineering Marketing Strategies* by Joe A Haun (seminar)
 - *Engineering Operations Strategies* by Joe A Haun (seminar)
 - *Engineering Financial Strategies* by Joe A Haun (seminar)
 - *Engineering Proposal Strategies* by Joe A Haun (seminar)
 - *Engineering Joint Venture Strategies* by Joe A Haun (seminar)
 - *7 Habits of Highly Effective People* by Steven Covey
 - *First Things First* by Steven Covey
 - *Awaken the Giant Within* by Anthony Robbins
 - *Unlimited Power* by Anthony Robbins
 - *The E-Myth Revisited* by Michael E. Gerber
 - *Get Clients Now* by C. J. Hayden
 - *Dress for Success* by John T. Molloy
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- ❖ Please visit our web-site www.engineeringbusinesspubs.com to order Joe Haun products from our recommended book list.

 - ❖ Our on-line seminars include the manual, down-loadable from the web-site www.engineeringbusinesspubs.com , and sample letters and forms. After completing the seminars the participant will receive a PDH certificate showing the number of units awarded.

Contact Us

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