BUDGETING: PLANNING AND IMPLEMENTATION FOR FINANCIAL SUCCESS

Presented by Brenda Barnes, CPA

IT'S NOT ABOUT THE NAIL!!

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B2

If you don’t know where you’re going, you’ll probably end up somewhere else.

---Yogi Berra

Budgeting Basics

- Future plan of the business
- Advantages to good budgeting
- Types of budgets
- Difference in a budget vs. forecast
- Tool to set and enforce policies
- Tool to encourage desired behaviors

More on Budgeting

- Budget is typically set for one operating cycle
- Focus on the income statement
- Align your budget with your business/strategic plan
- Accurate budgeting creates predictable owner compensation

Use Trends and Benchmark data

- “Trends are our friends.”
- They support and validate cash flow models
- Trend data can influence changes in behavior

  - Billing cycles
  - Collection cycles
  -Timing of draws and profit distributions.

- Use external data – surveys, benchmarks

Fee Budgets

- Revenue Drivers
- Billing Rates
- Productivity/Hours
- Realization
- Industry Measurements

Billing Rates

- Profit Driven vs. Client Driven
- Effective Rates
- Tracking discounts
- Market Rates

		What is your firm planning to do with billing rates for 2016?								Total	
		I Don't Know		than 5%		less		Hold them flat			
		%	Number of Firms	%	Number of Firms	%	Number of Firms	%	Number of Firms	%	Number of Firms
Size of Firm	1 to 9 Lawyers	50.0%	1	--	--	--	--	50.0%	1	100.0%	2
	10 to 24 Lawyers	18.2%	2	--	--	81.8%	9	--	--	100.0%	11
	25 to 40 Lawyers	13.3%	2	--	--	60.0%	9	26.7%	4	100.0%	15
	41 to 75 Lawyers	73.2%	52	1.4%	1	23.9%	17	1.4%	1	100.0%	71
	76 to 150 Lawyers	94.2%	195	.5%	1	5.3%	11	--	--	100.0%	207
	Over 150 Lawyers	81.5%	207	1.6%	4	16.9%	43	--	--	100.0%	254
Total		82.0%	459	1.1%	6	15.9%	89	1.1%	6	100.0%	560

2016 Survey of Law Firm Economics

		In 2015, approximately what percentage of your firms billing was valued through an arrangement that was not based on hourly rates?												Total	
		I Don't Know		10%		25%		50%		Greater than 50%		None			
		%	Number of Firms	%	Number of Firms	%	Number of Firms	%	Number of Firms	%	Number of Firms	%	Number of Firms	%	Number of Firms
Size of Firm	1 to 9 Lawyers	50.0%	1	--	--	50.0%	1	--	--	--	--	--	--	100.0%	2
	10 to 24 Lawyers	18.2%	2	36.4%	4	9.1%	1	9.1%	1	--	--	27.3%	3	100.0%	11
	25 to 40 Lawyers	13.3%	2	66.7%	10	20.0%	3	--	--	--	--	--	--	100.0%	15
	41 to 75 Lawyers	73.2%	52	18.3%	13	4.2%	3	--	--	1.4%	1	2.8%	2	100.0%	71
	76 to 150 Lawyers	94.2%	195	4.3%	9	1.0%	2	.5%	1	--	--	--	--	100.0%	207
	Over 150 Lawyers	84.6%	215	3.9%	10	8.3%	21	2.8%	7	.4%	1	--	--	100.0%	254
Total		83.4%	467	8.2%	46	5.5%	31	1.6%	9	.4%	2	.9%	5	100.0%	560

2016 Survey of Law Firm Economics

Cost per Billable Hour

Total Monthly Expenses:	$16,000
Less attorney's salary:	$8,000
Overhead costs:	$8,000
Divide by billable hours:	150 hours
Overhead per billable hour	$53.33
Plus Attorney cost ($8,000/150)	$53.33
Cost per billable hour	$106.66

Profit Margin per Billable Hour

Average partner billing rate -	$391/hour
Gross Billings at 1,500 hours -	$586,500
Billing Realization – 93%	$545,445
Collection Realization – 80% -	$436,000
Overhead per attorney -	$96,000
Net Available to pay attorney and deliver required profit margin-	$340,000
Profit Margin – 35%	$221,000 pay?

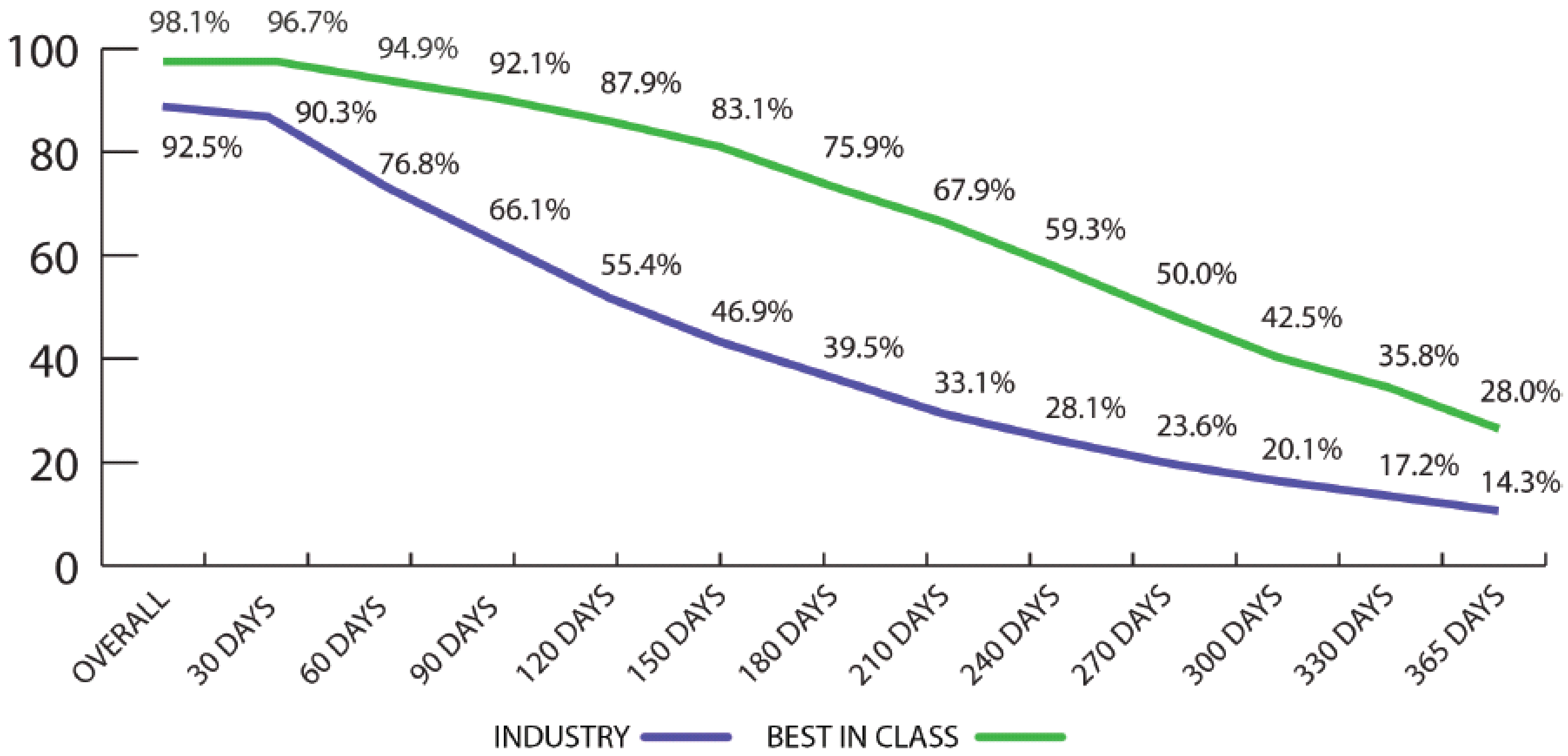
Productivity/Hours

- Budgeted Hours vs. Targeted Hours
- Historical Data
- Solicit input
- Reporting

Realization

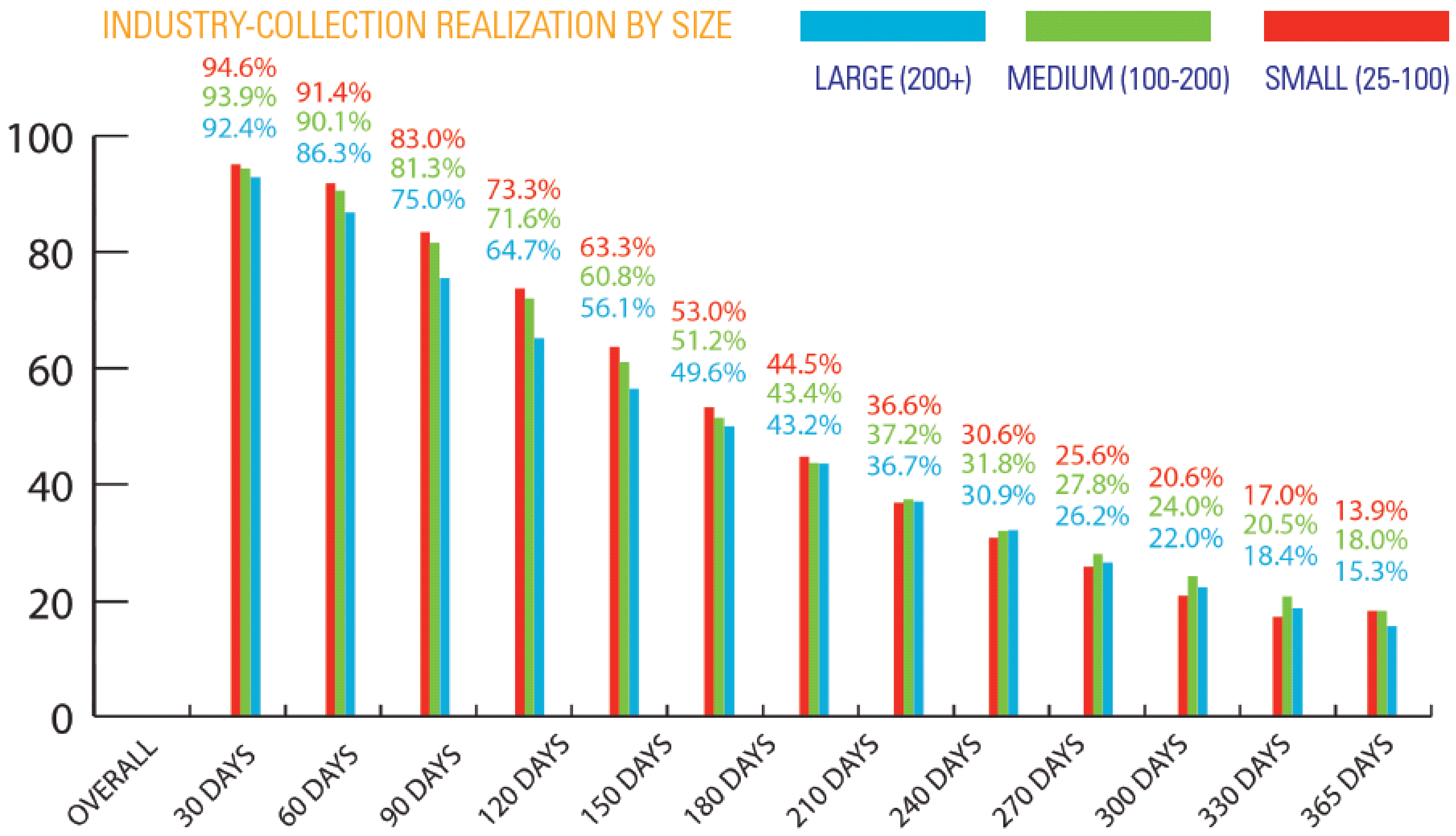
- Billing Realization
- Collection Realization
- Billing & Collection patterns
- Track client discounts and impact of flat fees

INDUSTRY-BILLING REALIZATION



Billing realization is somewhat dependent on the type of law you practice. What is universal is that billing realization decreases over time. So for every dollar you can bill sooner rather than later, your firm will realize more of its value.

COLLECTION STATISTICS



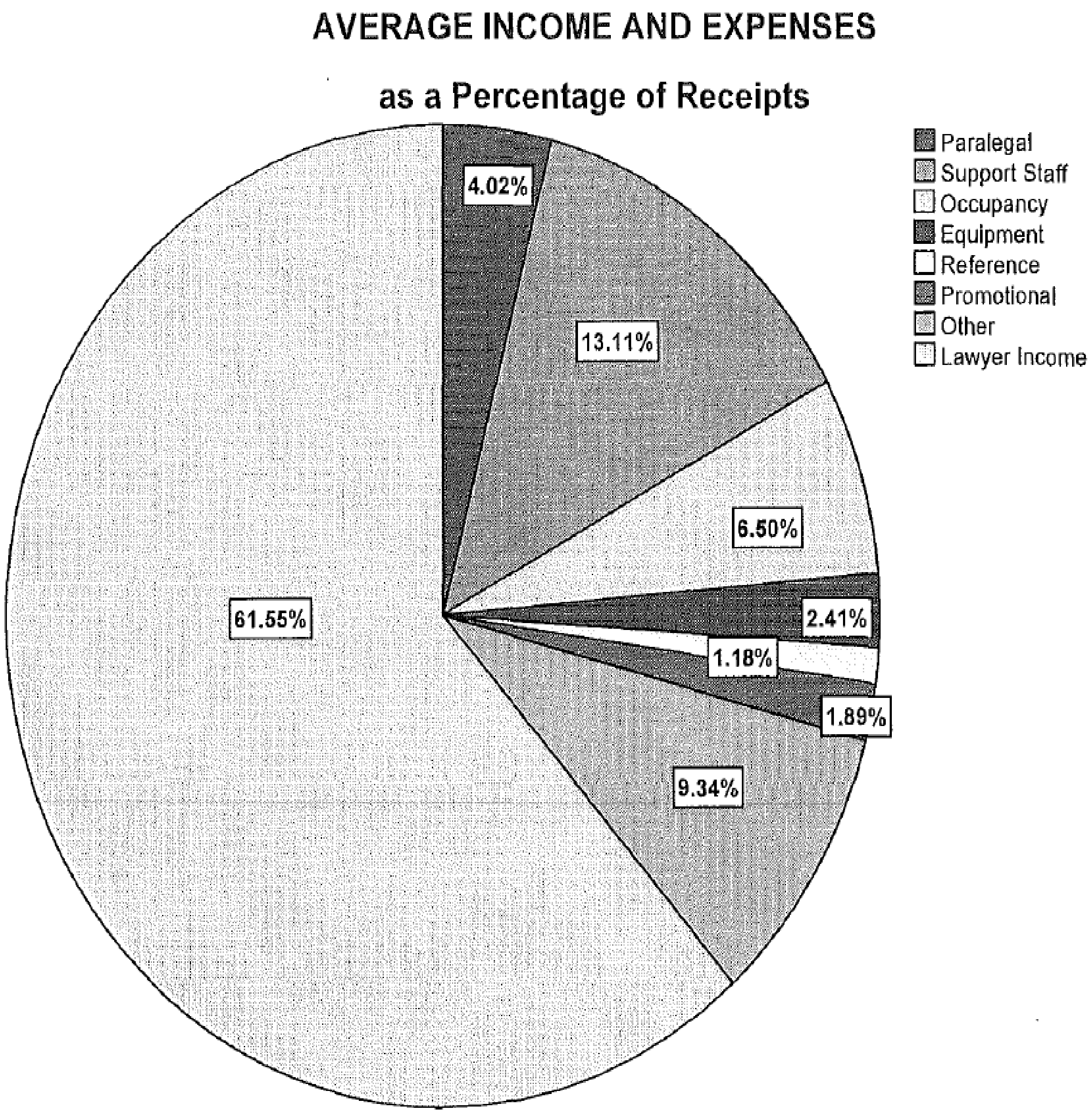
AVERAGE REALIZATION DATA USING STANDARD RATES

		Firms	Billing Realization %	Collection Realization %	Overall Realization %
Region	Middle Atlantic	8	79.3	96.7	76.7
	South Atlantic	13	89.3	98.1	87.6
	West South Central	6	89.2	96.3	85.9
	East North Central	7	89.1	97.5	86.9
Population Area	Micropolitan/Rural	5	88.3	97.5	86.1
	Metropolitan	33	85.3	97.2	82.9
	Metropolitan Division	5	98.2	96.6	94.9
Size of Firm	25 to 40 Lawyers	8	88.7	95.2	84.5
	41 to 75 Lawyers	13	90.1	96.9	87.2
	76 to 150 Lawyers	10	83.3	97.1	80.8
	Over 150 Lawyers	8	86.9	97.6	84.8
Practice Area	Commerical Litigation	11	91.0	97.3	88.5
	Corporate/Commercial	7	85.4	98.0	83.7
	Other	14	83.7	97.3	81.5
Multioffice		31	86.7	97.2	84.3
ALL FIRMS		43	86.5	97.2	84.1

2016 Survey of Law Firm Economics

Expense Budgeting

- Review firm’s strategic plan
- Identify areas of potential cost savings
- Fixed Costs vs. Variable Costs
- Solicit input – vendors, department leaders, administrative team



2016 Survey of Law Firm Economics

GROSS RECEIPTS, EXPENSES AND INCOME
AVERAGE PER EQUITY PARTNER
BY RANK** WITHIN FIRM SIZE

			Firms	Average Gross Receipts $	Average Total Expenses $	Average Total Expenses %*	Average Firm Income $	Average Firm Income %*
Size of Firm	25 to 40 Lawyers	Quarter 2	5	667,771	379,718	54.5	288,052	45.5
	41 to 75 Lawyers	Quarter 1	7	675,442	412,834	59.4	262,607	40.6
		Quarter 4	7	1,918,281	1,203,841	57.9	714,440	42.1
	76 to 150 Lawyers	Quarter 1	6	939,762	620,945	61.2	318,818	38.8
		Quarter 4	5	1,898,299	1,146,443	60.3	751,855	39.7

*Percent of Gross Receipts
**Quarter 1 includes 25% of the firm size group with lowest firm income.
Quarter 4 includes 25% of the firm size group with the highest average firm income.

GROSS RECEIPTS, EXPENSES AND INCOME
AVERAGE PER LAWYER
BY RANK** WITHIN FIRM SIZE

			Firms	Average Gross Receipts $	Average Total Expenses $	Average Total Expenses %*	Average Firm Income $	Average Firm Income %*
Size of Firm	25 to 40 Lawyers	Quarter 1	5	349,251	174,403	48.5	174,848	51.5
	41 to 75 Lawyers	Quarter 1	7	358,164	149,889	41.5	208,275	58.5
		Quarter 4	9	506,274	165,988	32.6	340,286	67.4
	76 to 150 Lawyers	Quarter 4	5	557,230	187,839	34.2	369,391	65.8

*Percent of Gross Receipts
**Quarter 1 includes 25% of the firm size group with lowest firm income.
Quarter 4 includes 25% of the firm size group with the highest average firm income.

Expense Budgeting

- People
  - Use a spreadsheet that tracks base compensation, payroll taxes and benefits. Plan for growth
- Facilities

  - Rent escalations, additional space, subleases, office moves and leasehold improvements
- Marketing

  - get a budget from practice section heads

Expense Budgeting

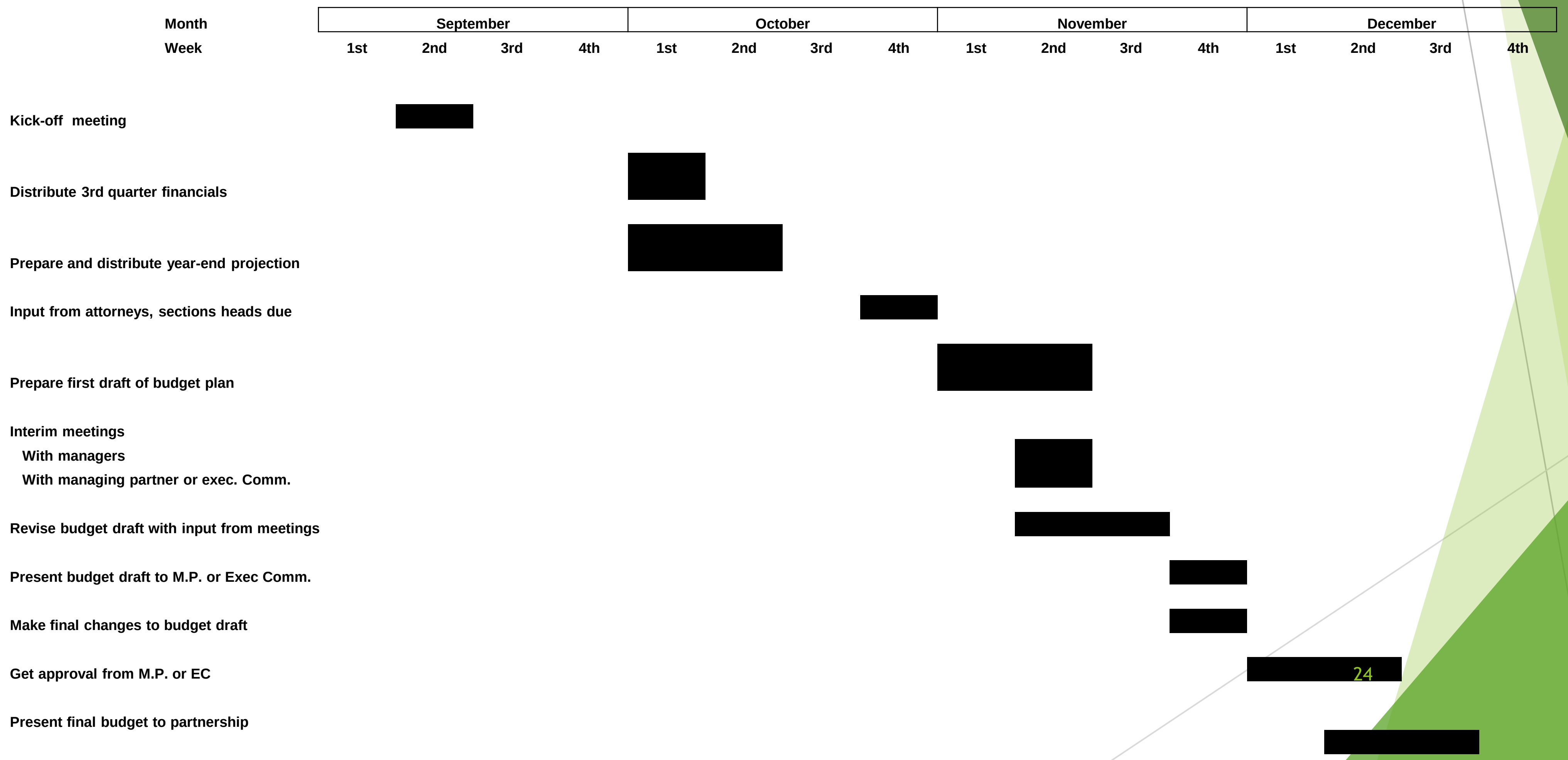
- Technology

  - get input from your IT company or department
  - hardware, software, maintenance fees
  - training
- Insurance renewals – health, professional liability, business
- Firm functions – retreats, holiday party, summer picnic, recruiting

Timeline for Financial Budget

Your Law Firm

Timeline for Financial Budget



FEE BUDGET

My Law Firm

Fee Income Budget

	Hours			Billing Rate			2015	93.00% Realized	80.00% Realized	Monthly Spread						
	Actual 2014	Actual 2013	Budget 2015	Actual 2014	Actual 2013	Budget 2015	Billed Income	Billed Income	Collected Income	Jan	Feb	Mar	Oct	Nov	Dec	Total
Partners							-	-								
A			1,500			225.00	337,500	313,875	251,100	20,925	20,925	20,925	20,925	20,925	20,925	251,100
B			2,400			450.00	1,080,000	1,004,400	803,520	66,960	66,960	66,960	66,960	66,960	66,960	803,520
C			1,800			395.00	711,000	661,230	528,984	44,082	44,082	44,082	44,082	44,082	44,082	528,984
D			1,800			395.00	711,000	661,230	528,984	44,082	44,082	44,082	44,082	44,082	44,082	528,984
Non-Equity Partners																
A			2,000			350.00	700,000	651,000	520,800	43,400	43,400	43,400	43,400	43,400	43,400	520,800
B			2,000			350.00	700,000	651,000	520,800	43,400	43,400	43,400	43,400	43,400	43,400	520,800
Associates								-								
A			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
B			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
C			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
D			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
E			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
F			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
G			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
H			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
I			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960
J			2,200			325.00	715,000	664,950	531,960	44,330	44,330	44,330	44,330	44,330	44,330	531,960

SALARY & BENEFIT BUDGET

My Law Firm

Compensation Schedule

	Compensation			Payroll Taxes					Benefits					
		Draw/Salaries		FICA		Unemployment		Total	Health	Dental	Vision	Other	Parking	Total
	Hire Date	Pay Period	Annual	SS	Med	Fed	State							
Partners														
A	01/01/00	10,000.00	240,000.00	-	-	-	-		18,000.00	900.00	600.00	250.00	2,400.00	22,150.00
B	01/01/00	10,000.00	240,000.00	-	-	-	-		18,000.00	900.00	600.00	250.00	2,400.00	22,150.00
C	01/01/00	10,000.00	240,000.00	-	-	-	-		18,000.00	900.00	600.00	250.00	2,400.00	22,150.00
D	01/01/00	10,000.00	240,000.00	-	-	-	-		18,000.00	900.00	600.00	250.00	2,400.00	22,150.00
			960,000.00						72,000.00	3,600.00	2,400.00	1,000.00	9,600.00	88,600.00
Non-Equity Partners														
A	01/01/00	7,500.00	180,000.00	5,580.01	2,610.00	56.00	154.00	8,400.01	18,000.00	900.00	600.00	250.00	2,400.00	22,150.00
B	01/01/00	7,500.00	180,000.00	5,580.01	2,610.00	56.00	154.00	8,400.01	18,000.00	900.00	600.00	250.00	2,400.00	22,150.00
			360,000.00	11,160.01	5,220.00	112.00	308.00	16,800.01	36,000.00	1,800.00	1,200.00	500.00	4,800.00	44,300.00
Associates														
A	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
B	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
C	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
D	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
E	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
F	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
G	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
H	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
I	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
J	01/01/00	5,000.00	120,000.00	5,580.01	1,740.00	56.00	154.00	7,530.01	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
K	01/01/00	3,750.00	90,000.00	5,580.00	1,305.00	56.00	154.00	7,095.00	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
L	01/01/00	3,750.00	90,000.00	5,580.00	1,305.00	56.00	154.00	7,095.00	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
M	01/01/00	3,750.00	90,000.00	5,580.00	1,305.00	56.00	154.00	7,095.00	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
N	01/01/00	3,750.00	90,000.00	5,580.00	1,305.00	56.00	154.00	7,095.00	5,400.00	420.00	300.00	100.00	2,400.00	8,620.00
			1,560,000.00	78,120.06	22,620.00	784.00	2,156.00	103,680.06	75,600.00	5,880.00	4,200.00	1,400.00	33,600.00	120,680.00
Estimated 3% salary increase			46,800.00	2,901.60	678.60	-	-	3,580.20						

BUDGET

My Law Firm
Budget

	Actual 2014	Actual 2013	Budget 2015	Jan	Feb	Mar	Apr	May	Jun	Spread Jul	Aug	Sep	Oct	Nov	Dec	Total
Income																
Fee Income-Hourly			11,978,028	998,169	998,169	998,169	998,169	998,169	998,169	998,169	998,169	998,169	998,169	998,169	998,169	11,978,028
Fee Income-Contingency			1,000,000	-	-	-	-	1,000,000	-	-	-	-	-	-	-	1,000,000
Total Income			12,978,028	998,169	998,169	998,169	998,169	1,998,169	998,169	998,169	998,169	998,169	998,169	998,169	998,169	12,978,028
Expense																
Employee Costs																
Salaries-Non equity partners			360,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	360,000
Payroll taxes-non equity partner			16,800	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Ins & other benefits-non equity			44,300	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	3,692	44,300
Salaries-Associates			1,966,800	163,900	163,900	163,900	163,900	163,900	163,900	163,900	163,900	163,900	163,900	163,900	163,900	1,966,800
Payroll Taxes-Associates			124,060	10,338	10,338	10,338	10,338	10,338	10,338	10,338	10,338	10,338	10,338	10,338	10,338	124,060
Insurance & Benefits-Associates			120,680	10,057	10,057	10,057	10,057	10,057	10,057	10,057	10,057	10,057	10,057	10,057	10,057	120,680
Salaries-Paralegals			154,518	12,877	12,877	12,877	12,877	12,877	12,877	12,877	12,877	12,877	12,877	12,877	12,877	154,518
Payroll taxes-Paralegal			12,451	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	1,038	12,451
Insurance & benefits-Paralegal			25,860	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	25,860
Salaries-Legal Secretaries			422,400	35,200	35,200	35,200	35,200	35,200	35,200	35,200	35,200	35,200	35,200	35,200	35,200	422,400
Payroll Taxes-Legal Secretaries			33,994	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	33,994
Insurance & Benefits-Secretary			68,960	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	5,747	68,960
Salaries-Management			214,200	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	17,850	214,200
Payroll Taxes-Management			14,798	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	14,798
Insurance & Benefits-Management			17,240	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	1,437	17,240
Salaries-Accounting			96,240	8,020	8,020	8,020	8,020	8,020	8,020	8,020	8,020	8,020	8,020	8,020	8,020	96,240
Payroll Taxes-Accounting			7,992	666	666	666	666	666	666	666	666	666	666	666	666	7,992
Insurance & Benefits-Accounting			25,860	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	2,155	25,860
Salaries-Support Staff			226,800	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	226,800
Payroll Taxes-Support			18,610	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	1,551	18,610
Salary Increase - Support Staff			23,227	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	1,936	23,227
Insurance & Benefits-Support			51,720	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	4,310	51,720
Bonuses			177,801												177,801	177,801
Contract Attorneys			145,600	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	12,133	145,600
Temp Secretarial Services			26,572	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	2,214	26,572
401K Contribution			50,000												50,000	50,000
Salaries-Temporary Office Staff			38,326	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	38,326
Total Employee Costs			4,485,809	354,834	354,834	354,834	354,834	354,834	354,834	354,834	354,834	354,834	354,834	354,834	582,635	4,485,809

Reporting

- Percentage change – budget to actual, prior years
- Historical Statistics – Revenue per lawyer..etc.
- Ratio Analysis
- KPIs
- Industry Statistics
- Variance Analysis

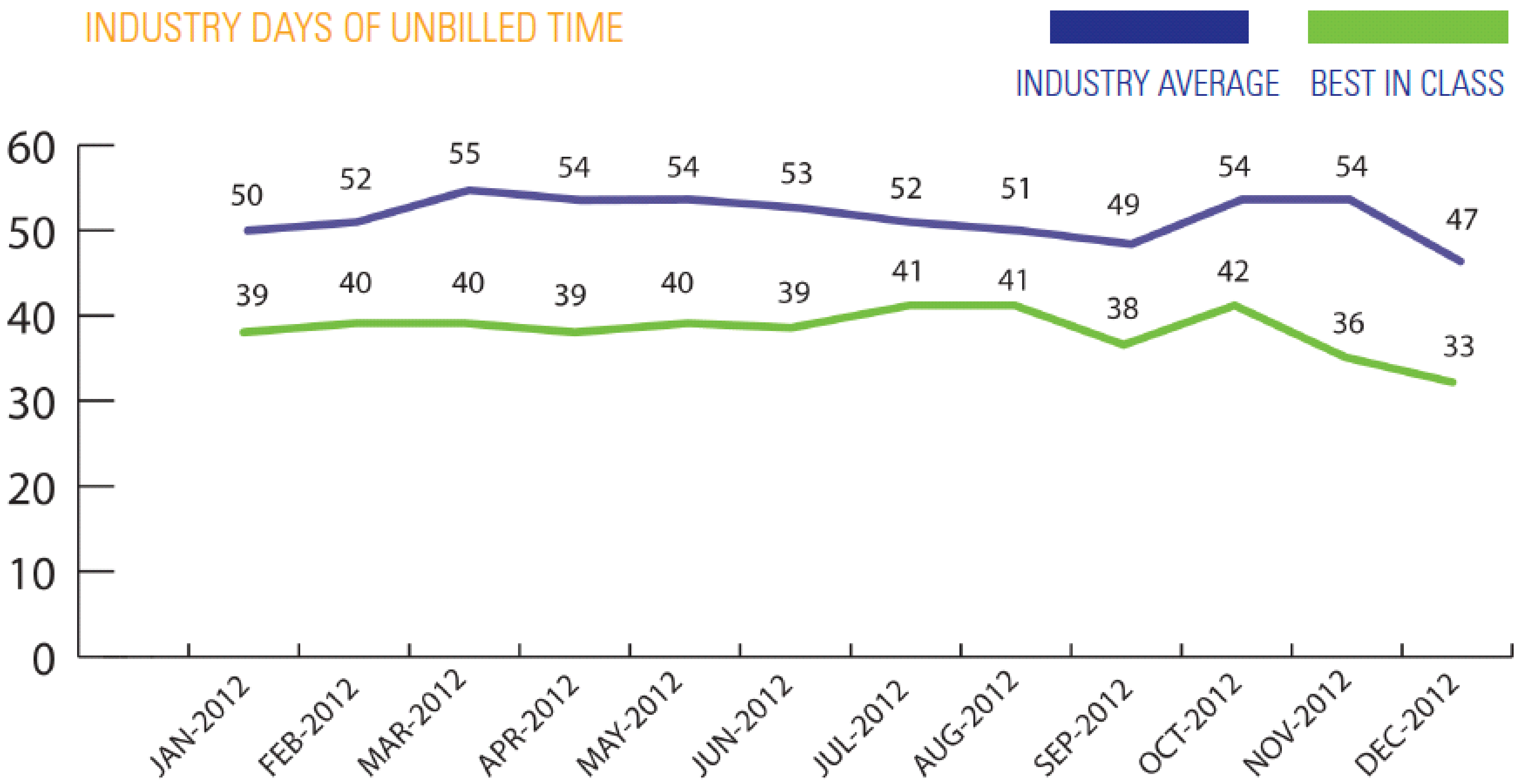
Hockey great Wayne Gretsky-

“I skate to where the puck is going to be, not where it is.”

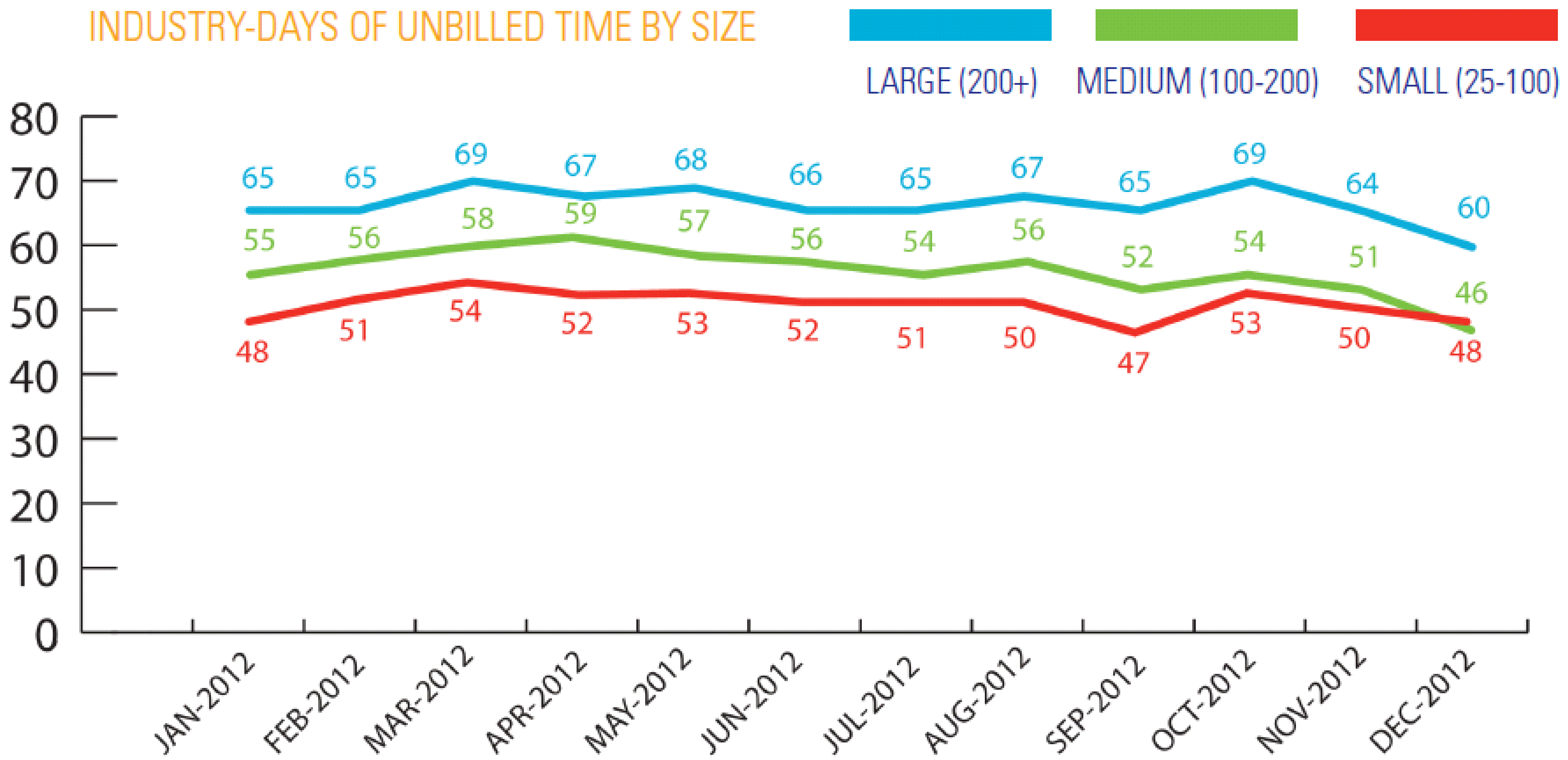
Cash Flow Forecasting

- Cash does not equal profits!
- Cash flow drivers
- Rolling 12 months
- What- if scenarios
- Reporting

INDUSTRY DAYS OF UNBILLED TIME



Calculate this for your own firm. Take the last 12 months' worth of billing and divide that by 365. Take that number and divide it into the amount you have in WIP today. The number you come up with is the Days of Unbilled for your firm for the current month.



- Small firms excel at billing quickly (days of unbilled), as well as getting high billing realization. The universal rule is that the longer it takes to convert worked time into an invoice, the less value you will receive.

RECOVERY PERFORMANCE AGAINST BILLED HOURS

YEAR	RECOVERY % OF TOTAL AR OPPORTUNITY	AVG. DAYS OF AR AGAINST OPPORTUNITY	YEARLY WRITE-OFF
2012	78.08%	76	3.22%
2011	78.30%	71	3.15%
2010	80.06%	71	3.05%
2009	81.45%	67	3.38%
2008	83.08%	62	2.63%

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SIZE BREAKOUTS

SMALL (SIZE) 25-100			
YEAR	COLLECTION % OF TOTAL AR OPPORTUNITY	AVG. DAYS	AR WRITE-OFFS
2012	78.82%	75	2.41%
2011	79.12%	69	2.36%
2010	81.05%	68	2.31%
2009	82.17%	64	2.87%
2008	83.59%	60	2.18%

MEDIUM (SIZE) 100-200			
YEAR	COLLECTION % OF TOTAL AR OPPORTUNITY	AVG. DAYS	AR WRITE-OFFS
2012	79.54%	69	2.67%
2011	80.05%	67	2.68%
2010	79.70%	68	2.76%
2009	81.94%	66	2.40%
2008	83.13%	62	2.01%

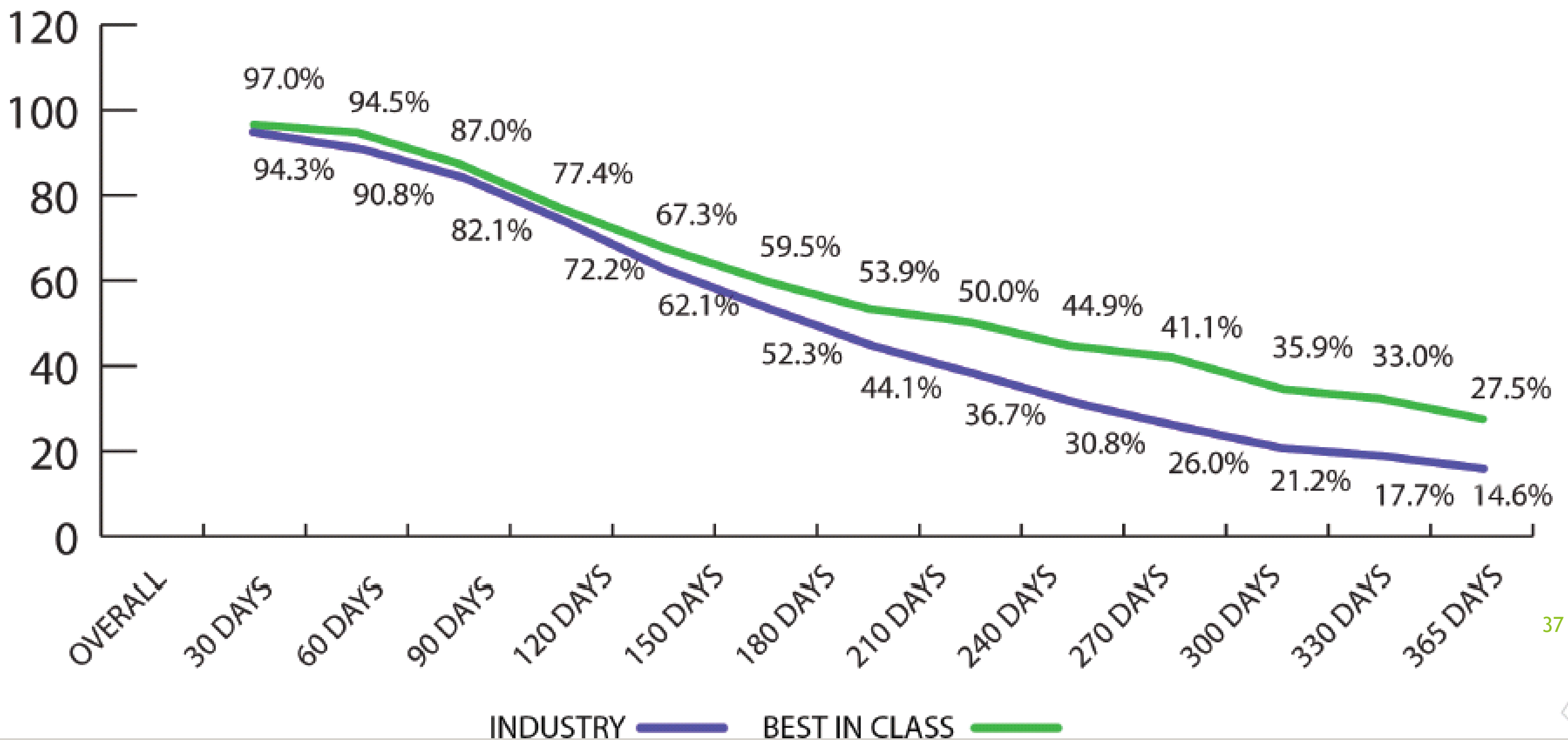
LARGE (SIZE) 200			
YEAR	COLLECTION % OF TOTAL AR OPPORTUNITY	AVG. DAYS	AR WRITE-OFFS
2012	71.26%	94	3.94%
2011	72.75%	88	3.47%
2010	76.20%	83	3.39%
2009	78.18%	83	3.28%
2008	81.32%	71	2.78%

- Large firms seem to have been hit the hardest, while the mid-sized firms performed slightly better than the other groups.

A/R AGING PERCENTAGE BY BUCKET (THIS IS YEAR-END DATA)

SIZE	0-30	31-60	61-90	91-120	121-150	151-180	181+
LARGE	34.06%	13.26%	7.63%	6.24%	3.68%	2.71%	32.42%
MEDIUM	33.98%	13.01%	8.85%	8.70%	4.14%	3.00%	28.32%
SMALL	25.10%	12.32%	7.70%	5.41%	3.91%	3.81%	41.76%
ALL	33.09%	13.12%	7.82%	6.52%	3.77%	2.87%	32.81%

INDUSTRY-COLLECTION REALIZATION



AVERAGE COLLECTION SPEED IN DAYS			
FIRM SIZE	2010	2011	2012
0-100	100	102	103
101-200	78	80	75
201+	80	80	80
ALL	83	83	82

AVERAGE BILL SPEED			
FIRM SIZE	2010	2011	2012
0-100	51	63	64
101-200	73	81	85
201+	60	63	70
ALL	62	68	72

INDUSTRY BILL SPEED AND COLLECTIONS SPEED

The above chart illustrates how long it takes the average firm to bill, and more importantly, to get paid. We look at how old the WIP was, on average, when it was billed, and the same for A/R age when it was paid. Notice that the smaller firms are the quickest to bill, but the slowest to get paid, highlighting the fact that it is not enough to concentrate on only one area.

These are dollar weighted, so they highlight the true momentum for the firm, as opposed to individual invoice counts.

Cash Flow Projections	ACTUAL			PROJECTED							
	August	September	October	November	December	January	February	March	April	May	June
BEGINNING CASH											
Operating											
Payroll											
Money Market											
Cash & Cash Equivalents	24,814	17,129	644	27,037	38,185	6,998	(6,090)	(1,393)	(26,981)	(17,069)	(7,371)
REVENUE											
Fee Income	105,788	101,277	201,837	135,000	105,000	115,000	115,000	115,000	120,000	120,000	120,000
Interest Income	-	-	-	-	-	-	-	-	-	-	-
Client Cost Reimbursements	1,578	1,048	1,437	4,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Software Referral Fees	-	44	-		-						
Insurance Referral Fees	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income		-	-	-	-	-	-	-	-	-	-
Total Revenue	107,366	102,369	203,274	139,500	106,000	116,000	116,000	116,000	121,000	121,000	121,000

EXPENSES											
Compensation & Benefits											
Employee Compensation	89,220	54,016	57,983	60,000	60,000	61,800	61,800	92,300	61,800	61,800	61,800
Commissions	912	565	985	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Bonus	-	-	500	-	20,000	-	-	-	-	-	-
Social Security Tax	3,520	4,944	3,414	3,500	3,500	3,700	3,700	3,700	3,700	3,700	3,700
Medicare Tax	823	1,156	799	900	900	900	900	900	900	900	900
FUTA	110	67	31	120	120	120	120	120	120	120	120
SUTA	833	777	225	500	500	500	500	500	500	500	500
Health Insurance	(381)	807	2,820	9,000		2,500	2,500	2,500	2,500	2,500	2,500
LTD	279	526	436	450	450	450	450	450	450	450	450
Life/AD&D	215	-	-	215			215			215	
SIMPLE IRA Retirement Plan	2,196	1,157	1,261	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total Compensation & Benefits	97,727	64,015	68,454	76,885	87,670	72,170	72,385	102,670	72,170	72,385	72,170
Building & Facilities											
Rent	8,252	8,252	8,494	8,252	8,252	8,252	8,252	8,252	8,252	8,252	8,252
Facilities M&R	-	-	-	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	-	-	-	-	-
Total Buildings & Facilities	8,252	8,252	8,494	8,252	8,252	8,252	8,252	8,252	8,252	8,252	8,252

Other Uses/Sources of Cash											
Line of Credit-Frost	23,431	1,000	(24,431)								
FFE			(483)								
Loan Payment -	-	-	-	(200)	(200)	(18,200)	(200)	(200)	(200)	(200)	(200)
Loan	20,000	-	-								
Expenses Reimbursements Payable	6,638	(1,897)	(1,897)	(1,897)	(1,897)	(1,897)	(1,897)	(1,897)	(1,897)	(1,897)	(1,897)
Payroll Liabilities - Timing Differences	7,584	(9,935)	(14)								
Client Costs Advanced	(1,442)	(354)	81	1,500	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
	56,211	(11,186)	(26,744)	(597)	(3,597)	(21,597)	(3,597)	(3,597)	(3,597)	(3,597)	(3,597)
Ending Cash Balance	17,129	644	27,037	38,185	6,998	(6,090)	(1,393)	(26,981)	(17,069)	(7,371)	2,541

THANK YOU!!!

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