





Acknowledgements

Thanks to everyone who has helped develop the Sources & Uses Template and this guide.

Bill Gessner– For creating the original Sources & Uses template, updating it regularly and sharing it with the co-op world.

Don Moffit– For adding new functionality and revisions.

Jeanie Wells– For getting the project rolling.

Stuart Reid– For creating the content of this guide with lots of assistance from Bill and Don.

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Introduction

A Sources and Uses budget (S&U) is one of the most important business planning tools that a startup co-op will use. The primary purpose of the S&U is to ensure that co-op organizers know how much money will be needed to open their storefront and where that money will come from. As long as your combined capital from all sources equals (or exceeds!) the expenses you will incur to open the store and provide necessary operating capital, you should be able to get a food co-op open.

However, having enough money to *open* a co-op will not ensure its long-term success. Additional business and financial planning is essential to determine feasibility.



The Purpose of This Tool

This template is designed to help startup co-op steering committees understand how much cash is required to open their co-op, as well as how much is needed in each stage of the development of their co-ops, and which sources (or pots) of funds should be used in each stage.

The stages used for the template are those in the [Four Cornerstones in Three Stages](#) development model, outlined on the CDS Consulting Co-op and Food Co-op Initiative web sites. The “4 in 3” model is also the framework used in the comprehensive [FCI Guide to Starting a Food Co-op](#).

In addition to the static “Sources and Uses,” this tool takes the budget for a project and spreads it out over all stages of development, showing when expenditures are likely to occur and which sources of funds should be considered for use during each stage.

Creating and maintaining a timely account of all sources and uses in the project is essential to good oversight and accountability. The organizing group can use this information to help build unity and understanding of the project with its owners. For example, by explaining when owner equity money will be spent or why ownership and capital goals must be met before the co-op can move forward.



The Sources & Uses Budget Template

The S&U budget is not something you create and then try to stick to throughout your project. It contains many assumptions that must be updated as you learn more about your project and as you move from rough estimates to fixed commitments.

By using the CDS Consulting Co-op's template, you can easily make changes and immediately see the impact to the overall budget. You can experiment with "what if" scenarios and use it as a strategic planning tool.

We suggest keeping at least one version of the S&U budget in its original format, without adding columns or changing formulas. Make extra copies for customization so you can refer back to the original formulas and benchmarks.

While this tool is intended for boards to use on their own, we recommend that you work with a professional co-op consultant to review your budget to ensure that the assumptions are realistic and will lead to viable financial projections.



Cash Flow

Having enough money to meet your expenses is essential, but it is also critical that the money be there *when* you need it. The S&U template has a “Cash Flow by Stage” tab where you can plan and monitor the timing of revenue and expenses to ensure that you don’t run out of money as you need it, even though it may be expected later.



Important Information for Users

- Since the template is updated regularly, the numbers you see on the examples in this guide may not be the same as the default values that appear on the most current template.
- The Sources & Uses Budget template is intended to be used for planning by co-op organizers. The Use of this tool and/or the benchmark recommendations within it, does not in any way ensure that your actual budget and outcomes will be the same as those projected. Users should consult with professional advisors whenever possible.

None of the authors or sponsors of this guide are responsible for the accuracy or outcomes resulting from use of the guide or template.



Getting Started: Assumptions

1

3

This is the first section of the main S&U budget template, showing the basic assumptions you have made about your co-op.

1. The costs of starting a co-op change frequently. Check that the template you are using is current.
2. The template has built-in formulas to automatically calculate many of the numbers. Make sure you only make entries in the yellow-highlighted areas to ensure those formulas will work properly.
3. The Notes column provides explanations and often benchmarks or typical results for startups.

Note that the template already has data entered, based on typical metrics for a smaller co-op. You will replace these with your information.

Start-Up Natural Food Co-op:		Date:	21-Jun-17	Notes:
Quick Start Sources & Uses Budget:		Drafted and Updated by Bill Gessner, CDS Consulting Co-op, 612-799-6238, BillGessner@cdsconsulting.coop		
2		Additional updates by Don Moffitt, CDS Consulting Co-op, 919-812-3474, DonMoffitt@cdsconsulting.coop		
Most cells are generated by formulas. Change cells in yellow to see your results.				
All costs are rough estimates, based on knowledge of prior projects and market rates. Costs will increase over time.				
Key Assumptions:		This scenario assumes a lease, not a purchase		
retail square feet	4,000	retail is typically 62 - 68% of total space		
total square feet	6,000			
Projected Sales	\$ 2,000,000	\$ 500	\$500/retail sq. ft is an initial projection prior to a market analysis, to be adjusted following a professional market/site/location analysis	
Lease Rate/sq ft, triple net	\$ 12.00	Leased site at triple net. Rates vary greatly. Research those in your community		
Real Estate Taxes	\$ 2.00	"Triple net" or "NNN" is the combination of Real Estate Taxes, Building Insurance and Common Area Maintenance. The expense is detailed in the lease and can vary greatly.		
Building Insurance	\$ 0.75			
Common Area Maintenance (CAM)	\$ 1.00			
Off Street Parking	24	You should have 6 parking spaces per 1000 sq ft of retail space for customers, local minimum requirements vary. Employees park elsewhere. An alternate ratio is 4-11 spaces/1000 sq ft of total space		
Membership share cost	\$ 200.00	Member share requirement might range from \$200 - \$300/member. Try changing this to see what effect it has on your bank debt and other "Sources" below.		
Assuming # members by opening:	1,000	End of: Stage 1 = 300 members, Stage 2A = 450 Stage 2B = 600 members, Stage 3A = 800 members Opening or within 2 months after Opening = 1000		



Assumptions

1. How big will your store be? To begin with, use a guess based on your vision of the co-op. As your plans mature, update as needed.
2. **Projected sales** is a very rough idea of what a store of a given size would need to achieve to be successful after opening. The default value of \$500 in the third column means that the co-op expects to sell \$500 of goods annually for every square foot of retail space.
3. Most new co-ops end up in a leased site. If you will be purchasing your building, this can be adapted to show purchase costs, but you may want to get assistance from a co-op developer to make the right changes.

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All costs are rough estimates, based on knowledge of prior projects and market rates. Costs will increase over time.			
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total square feet	6,000		
2 Projected Sales	\$ 2,000,000	\$ 500	\$500/retail sq. ft is an initial projection prior to a market analysis, to be adjusted following a professional market/site/location analysis
3 Lease Rate/sq ft, triple net	\$ 12.00		Leased site at triple net. Rates vary greatly. Research those in your community
Real Estate Taxes	\$ 2.00		"Triple net" or "NNN" is the combination of Real Estate Taxes, Building Insurance and Common Area Maintenance. The expense is detailed in the lease and can vary greatly.
Building Insurance	\$ 0.75		
Common Area Maintenance (CAM)	\$ 1.00		
Off Street Parking	\$ 24.00		You should have 6 parking spaces per 1000 sq ft of retail space for customers, local minimum requirements vary. Employees park elsewhere. An alternate ratio is 4-11 spaces/1000 sq ft of total space
Membership share cost	\$ 200.00		Member share requirement might range from \$200 - \$300/member. Try changing this to see what effect it has on your bank debt and other "Sources" below.
Assuming # members by opening:	1,000		End of: Stage 1 = 300 members, Stage 2A = 450 Stage 2B = 600 members, Stage 3A = 800 members Opening or within 2 months after Opening = 1000



Assumptions

1. Parking is incredibly important for most food co-ops. This field is just a place to record the number of parking spaces you hope to (or will) have.
2. Enter your full owner equity requirement here.
3. Enter your goal for total owners signed up by the time the store opens.

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Building Insurance	\$ 0.75			
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2 Membership share cost	\$ 200.00			Member share requirement might range from \$200 - \$300/member. Try changing this to see what effect it has on your bank debt and other "Sources" below.
3 Assuming # members by opening:		1,000		End of: Stage 1 = 300 members, Stage 2A = 450 Stage 2B = 600 members, Stage 3A = 800 members Opening or within 2 months after Opening = 1000



Uses

1. Every site needs updates and renovations. Utilities, heating and air conditioning almost always need significant investment. Do not assume you can beat the average unless you have concrete cost estimates!
2. Equipment includes refrigeration, shelving, office equipment and more. The benchmarks are based on buying new equipment. Refurbished may be available, but is likely to cost more over time due to lower efficiency and more repairs.

Note: Both of these apply to the gross square footage of your site. The totals are calculated automatically from the square footage you entered in the assumptions at the top of the worksheet.

Uses:			
Acquisition	n/a		The initial scenario provided assumes a lease , not a
1 Leasehold Improvements	\$ 600,000	\$ 100	typical range = \$100 - 115/total sqft but it can be + or -
2 Equipment	\$ 570,000	\$ 95	typical range = \$90- 110/total sqft but it can be + or -
Inventory	\$ 160,000	\$ 40	typical range = \$35 - 45/retail sqft
Fees	\$ 199,500	15%	includes consultants, architect/engineer, store design, legal, financing, environmental, misc. Fees are initially estimated at 15% of the total for Leasehold Improvements, Equipment and Inventory.
Project Management	\$ 30,000		Varies greatly.
Overhead/Admin prior to Opening	\$ 15,000		Basic expenses incurred in years prior to opening
Start-up Promotion	\$ 12,500		Allows for promotion before opening day. Equivalent to 3 months of Year 1 advertising budget added on. (2.5% of Year 1 sales divided by 4)
Start-up Staffing	\$ 125,667		Initially estimated as 1/12 of Year 1 labor (25% of sales) + salary/benefits/taxes for G.M. for 1 yr before Opening (\$70K plus 20%) GM salaries vary greatly.
		\$ 70,000	General Manager salary (this is included in cell C34)
Holding/Site Costs	\$ 20,000		lease deposit, if required, plus option/rent/taxes/ins/CAM/utilities before opening
Interest during project	\$ 17,500		initially estimated at \$1,000,000 of debt at blended interest of 7% for 6 months at 50% avg. draw
Post Opening Professional Support	\$ 20,000		set aside for consulting support to develop operating systems and provide support in Year 1
NCG Membership Deposit	\$ -		Co-ops opening at a scale to join NCGA should plan their deposit as part of pre-opening expenses. However most will join after opening.
Working Capital, allowance	\$ 200,000	10%	Initial estimate to provide adequate cash flow to cover initial operating losses. Range is 6 - 10% of Yr 1 sales
subtotal Uses	\$ 1,970,167		
Overrun Allowance	\$ 295,525	15%	Initially calculated at 15% of subtotal. Lowered to no lower than 10% as estimated costs become firm.. Assumes overrun allowance is 50% leasehold improvements and 50% equipment.
Total Uses	\$ 2,265,692	\$ 378	/sq ft.



Uses

1. Your costs for inventory will vary somewhat based on what you plan to sell. Inventory costs are based on retail square footage.
2. **Fees** encompasses a wide range of costs that you will incur for consultants, professional services, etc. A breakdown is generated on the **Uses Detail** tab so you can fine tune these when you have actual bids.
3. Almost all startups will need a project manager in Stage 3 to help coordinate and manage the store renovations and equipment selection. Many co-ops benefit from having a project manager on board earlier.

Uses:			
Acquisition	n/a		The initial scenario provided assumes a lease , not a
Leasehold Improvements	\$ 600,000	\$ 100	typical range = \$100 - 115/total sqft but it can be + or -
Equipment	\$ 570,000	\$ 95	typical range = \$90- 110/total sqft but it can be + or -
1 Inventory	\$ 160,000	\$ 40	typical range = \$35 - 45/retail sqft
2 Fees	\$ 199,500	15%	includes consultants, architect/engineer, store design, legal, financing, environmental, misc. Fees are initially estimated at 15% of the total for Leasehold Improvements, Equipment and Inventory.
3 Project Management	\$ 30,000		Varies greatly.
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Uses

1. Overhead and Admin covers all the incidental “office expenses” along the way.
2. Startup Promotion is critical to ensure your co-op gets the attention it needs to bring people in when you open. Don't skimp!
3. You will need to hire and pay a general manager and most of your staff before the store is open. You enter what you think you will need to pay your GM and the payroll costs for other staff are automatically calculated.

Uses:			
Acquisition	n/a		The initial scenario provided assumes a lease , not a
Leasehold Improvements	\$ 600,000	\$ 100	typical range = \$100 - 115/total sqft but it can be + or -
Equipment	\$ 570,000	\$ 95	typical range = \$90- 110/total sqft but it can be + or -
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Uses

1. Once you commit to a site, you may have to pay a deposit, rent or other related costs. There is a breakdown of these costs on the **Uses Detail** tab.
2. In order to pay for site improvements and equipment, you will probably be drawing on your loans well before opening. In many cases interest payments will be due.
3. New food co-ops typically run into problems after they open and it is recommended that you set aside funds to pay for professional support during the first year after you open.

Uses:			
Acquisition	n/a		The initial scenario provided assumes a lease , not a
Leasehold Improvements	\$ 600,000	\$ 100	typical range = \$100 - 115/total sqft but it can be + or -
Equipment	\$ 570,000	\$ 95	typical range = \$90- 110/total sqft but it can be + or -
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		\$ 70,000	General Manager salary (this is included in cell C34)
1 Holding/Site Costs	\$ 20,000		lease deposit, if required, plus option/rent/taxes/ins/CAM/utilities before opening
2 Interest during project	\$ 17,500		initially estimated at \$1,000,000 of debt at blended interest of 7% for 6 months at 50% avg. draw
3 Post Opening Professional Support	\$ 20,000		set aside for consulting support to develop operating systems and provide support in Year 1
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Uses

1. Typically, startup co-ops are only eligible to join National Co+op Grocers after opening, so there will be no cost here.
2. Almost all new businesses lose money for a while after opening, and would run out of cash if they did not have reserves set aside before opening.
3. The overrun allowance is your protection against unforeseen expenses, which are common.
4. The total cost will probably surprise you, but be assured that it is typical.

Uses:			
Acquisition	n/a		The initial scenario provided assumes a lease , not a
Leasehold Improvements	\$ 600,000	\$ 100	typical range = \$100 - 115/total sqft but it can be + or -
Equipment	\$ 570,000	\$ 95	typical range = \$90- 110/total sqft but it can be + or -
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Interest during project	\$ 17,500		initially estimated at \$1,000,000 of debt at blended interest of 7% for 6 months at 50% avg. draw
Post Opening Professional Support	\$ 20,000		set aside for consulting support to develop operating systems and provide support in Year 1
1 NCG Membership Deposit	\$ -		Co-ops opening at a scale to join NCGA should plan their deposit as part of pre-opening expenses. However most will join after opening.
2 Working Capital, allowance	\$ 200,000	10%	Initial estimate to provide adequate cash flow to cover initial operating losses. Range is 6 - 10% of Yr 1 sales
subtotal Uses	\$ 1,970,167		
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Sources

1. This reflects your goals for fundraising events and donations. As for-profit businesses, co-ops do not usually raise much of their capital this way.
2. You may be eligible for economic development grants, Food Co-op Initiative Seed Grants, or other programs.
3. Member Equity is the money you raise when people join the co-op.

Sources:			
1	Cash from benefits, donations	\$ 20,000	Net Proceeds, unless expenses are shown in Uses (line 33 or 34)
2	Grants	\$ 30,000	
3	Member Equity	\$ 200,000	This number is calculated from inputs in cells C21 and C22 above. Member equity needs to be fully raised within 2-3 months of opening. 4000 sq ft of retail has potential for 2500 - 3000 members by Year 5.
	Preferred Shares	\$ 500,000	100 members investing at an average of \$5,000. Minimum = \$1,000. Seek appropriate legal & consultant advice
	Member Loans	\$ 500,000	125 loans at an average size of \$4,000. Min. size loan is \$2,000. Seek appropriate legal & consultant advice. Length of loan term: 4, 5, 6, 7, 8, 9 and 10 years, possibly longer. Blended interest rate typically 3.5 - 4.0%
	Equity Fund		
	Miscellaneous	\$ -	Other types of equity investors. Does not include donations of time or in-kind contributions.
	subtotal Owner's Contribution	\$ 1,250,000	Owner's Contribution should be 50% of the total Sources (or higher)
			55.2%



Sources

1 & 2. Your co-op may opt to use preferred shares, member (owner) loans, or a combination to raise a large part of your startup capital. Enter your capital raising goals in the appropriate area.

3. At this time, there is no equity fund available to startups.

4. Miscellaneous is for anything that did not fit another category.

The subtotal at the bottom includes all of the sources we have looked at so far. The total usually needs to be at least half of your total startup budget.

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Grants	\$ 30,000	
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3 Equity Fund		
4 Miscellaneous	\$ -	Other types of equity investors. Does not include donations of time or in-kind contributions.
subtotal Owner's Contribution	\$ 1,250,000	55.2% Owner's Contribution should be 50% of the total Sources (or higher)



Sources

1. When you negotiate your lease, you may be able to get your landlord to agree to pay some of the renovation costs. You can enter a per square foot amount and the total landlord contribution will calculate automatically...
2. ... or enter a lump sum by overwriting the landlord contribution cell.
3. Vendor credit is basically a very short-term loan you get with payment "terms" that allow you to pay for deliveries at a later date.

Landlord Contribution per square foot			1	\$20
Landlord Contribution	2	\$ 120,000		Possible credit of up to 25% of leasehold improvements provided by the landlord (i.e. tenant improvement allowance, range equals \$15 - 25/sq ft, but not always. a % of inventory covered by extended terms with vendors (not just opening order terms). Terms need to be established with vendors over time. There is no guarantee of initial terms. Initial terms might be COD.
3 Vendor Credit		\$ 24,000	15%	% of initial inventory provided by manufacturers, accessed by working with distributor
Free Fill		\$ 16,000	10%	low interest, long term loan accessed through local sources (city, neighborhoods, foundations) (3%, 10-15yrs) (not easy to find, not always available, if available. possibly lots of red tape and hoops to jump
City/Community		\$ 150,000		
Gap		\$ -		
Co-op Loan Funds		\$ 200,000		Co-op Loan funds, CFNE, NCDF, LEAF are possible sources. ~7% for 5-10 yrs. Ability to qualify for such loans depends on the quality of the project.
subtotal External/Subordinated		\$ 510,000	22.51%	Owner's Contribution plus External/Subordinated should be 75% or higher
Bank Debt		\$ 505,692	22.32%	Bank Debt (Senior Debt)(First Position) should be 25% of total or less. ~6-7% for 7 yrs. Bank financing can be difficult to obtain.
Total Sources		\$ 2,265,692	100.00%	



Sources

1. Free and discounted merchandise is typically offered by distributors to encourage you to stock specific products.
2. **City/Community** is for any kind of local business or community development funds that you can access.
3. **Gap** is the amount of money you will need, but have not yet found. It needs to be zero before you are done.
4. There are several lenders that work closely with co-ops that may be willing to provide part of your capital.

	Landlord Contribution per square foot		\$20	
	Landlord Contribution	\$ 120,000		Possible credit of up to 25% of leasehold improvements provided by the landlord (i.e. tenant improvement allowance, range equals \$15 - 25/sq ft, but not always.
	Vendor Credit	\$ 24,000	15%	a % of inventory covered by extended terms with vendors (not just opening order terms). Terms need to be established with vendors over time. There is no guarantee of initial terms. Initial terms might be COD.
1	Free Fill	\$ 16,000	10%	% of initial inventory provided by manufacturers, accessed by working with distributor
2	City/Community	\$ 150,000		low interest, long term loan accessed through local sources (city, neighborhoods, foundations) (3%, 10-15yrs) (not easy to find, not always available, if available. possibly lots of red tape and hoops to jump
3	Gap	\$ -		
4	Co-op Loan Funds	\$ 200,000		Co-op Loan funds, CFNE, NCDF, LEAF are possible sources. ~7% for 5-10 yrs. Ability to qualify for such loans depends on the quality of the project.
	subtotal External/Subordinated	\$ 510,000	22.51%	Owner's Contribution plus External/Subordinated should be 75% or higher
	Bank Debt	\$ 505,692	22.32%	Bank Debt (Senior Debt)(First Position) should be 25% of total or less. ~6-7% for 7 yrs. Bank financing can be difficult to obtain.
	Total Sources	\$ 2,265,692	100.00%	



Sources

1. The second subtotal shows how much capital you expect to raise in addition to the member-owner contributions. Much of this will be in the form of loans that are “subordinate” to your primary lender (usually a bank.)
2. Bank debt is the third and final subcategory of sources. Banks will be reluctant to finance more than 25% of your total budget. Any difference falls in the “gap” until another source is found.
3. **Total Sources** should equal your **Total Uses**.

Landlord Contribution per square foot			\$20
Landlord Contribution	\$ 120,000		Possible credit of up to 25% of leasehold improvements provided by the landlord (i.e. tenant improvement allowance, range equals \$15 - 25/sq ft, but not always. a % of inventory covered by extended terms with vendors (not just opening order terms). Terms need to be established with vendors over time. There is no guarantee of initial terms. Initial terms might be COD.
Vendor Credit	\$ 24,000	15%	% of initial inventory provided by manufacturers, accessed by working with distributor
Free Fill	\$ 16,000	10%	low interest, long term loan accessed through local sources (city, neighborhoods, foundations) (3%, 10-15yrs) (not easy to find, not always available, if available. possibly lots of red tape and hoops to jump
City/Community	\$ 150,000		
Gap	\$ -		
Co-op Loan Funds	\$ 200,000		Co-op Loan funds, CFNE, NCDF, LEAF are possible sources. ~7% for 5-10 yrs. Ability to qualify for such loans depends on the quality of the project.
1 subtotal External/Subordinated	\$ 510,000	22.51%	Owner's Contribution plus External/Subordinated should be 75% or higher
2 Bank Debt	\$ 505,692	22.32%	Bank Debt (Senior Debt)(First Position) should be 25% of total or less. ~6-7% for 7 yrs. Bank financing can be difficult to obtain.
3 Total Sources	\$ 2,265,692	100.00%	



Uses Detail

1. The Uses Detail breaks down **Fees** and **Holding Costs** to show the specific uses of those funds.
2. This worksheet uses estimates from the "Sources & Uses Overall" worksheet to derive more detail, which is then used in the third worksheet, "S&U Cash Flow by Stage."
3. Other than **Fees** and **Holding/Site Costs**, categories are not further broken down and will be the same as on the "overall" budget.

1	The amounts provided below are very rough estimates. The user MUST confirm the amounts provided. Any use of this workbook is at the user's risk.					
2	Everything on this worksheet is automatically calculated.					
	These numbers carry forward to the worksheet "S&U Cash Flow by Stage"					
3	Leasehold Improvements	\$	600,000			
	Equipment	\$	570,000			
	Inventory	\$	160,000			



Uses Detail

1. **Fees** are broken down to specific tasks or consultants for your reference.
2. **Legal Fees** are further broken down
3. **Total Fees** will be the same as the **Fees** line on the overall budget from the first tab *unless* you enter any overrides here.

Once you have firm bids and estimates for the breakdown of **Fees** on this worksheet you can overwrite these calculated approximations. Use the new **Total Fees** (4) from this worksheet to overwrite **Total Fees** in the “Sources & Uses Overall ” worksheet.
Note: Once you overwrite these, they will no longer be updated when other changes are made.

				In Sources & Uses there is a single line for Fees. This section splits them out in more detail.		
1	Fees:					
	Consulting (General, Process)	\$ 27,930		14.0%		
	Market Analysis	\$ 11,970		6.0%		
	Capital Campaign, plan/implement	\$ 9,975		5.0%		
	Financial Pro Forma	\$ 5,985		3.0%		
	Preliminary Design	\$ 5,985		3.0%		
	Design (Arch, Eng, Store Design)	\$ 49,875		25.0%		
	Training (Governance)	\$ 12,968		6.5%		
	Training (Management/Staff)	\$ 9,975		5.0%		
	Store Operations/Specialty Depts	\$ 24,938		12.5%		
2	Legal Fees					
	Incorporation	\$ 998		0.5%		
	Lease	\$ 2,993		1.5%		
	Member Loans, Preferred Shares	\$ 5,985		3.0%		
	Architect/Contractor contracts	\$ 1,995		1.0%		
	Financing	\$ 6,983		3.5%		
	Hiring Expense	\$ 3,990		2.0%		
	Accounting	\$ 2,993		1.5%		
	Environmental	\$ 5,985		3.0%		
	Miscellaneous	\$ 7,980		4.0%		
3	Total Fees		\$ 199,500	100.0%		

4



Uses Detail

1. All of the Uses are included on the Detail tab, including those that are not broken down further.
2. **Holding/Site Costs** is the second category that shows additional detail.

As with **Fees**, you can use the updated breakdown of **Total Holding Costs** to overwrite **Total Holding Costs** on the Sources & Uses Overall worksheet.

	Project Management	\$ 30,000				
1	Overhead/Admin prior to Opening	\$ 15,000				
	Start-Up Promotion	\$ 12,500				
	Start-Up Staffing	\$ 125,667				
						In Sources & Uses there is a single line for Holding Costs. This section splits them out in
2	Holding/Site Costs					
	Lease Deposit	\$ 6,000		30.0%		
	Option/Rent	\$ 6,000		30.0%		
	Taxes, Insurance, Maintenance	\$ 2,000		10.0%		
	Utilities	\$ 6,000		30.0%		
	Total Holding Costs		\$ 20,000	100.0%		
	Interest During Project	\$ 17,500				
	Post-Opening Professional Support	\$ 20,000				
	NCG Membership Deposit	\$ -				
	Working Capital Allowance	\$ 200,000				
	Overrun Allowance	\$ 295,525				



Sources & Uses Cash Flow by Stage



The purpose of the *Cash Flow by Stage* budget

As you move along the development timeline, money will keep coming in and bills will keep getting paid. Like any other business (or household), it is important that the money is there before the bills come due.*

Most of your capital will be raised in the final stages of the co-op's development and the major expenses come due just as that money is coming in. In the early stages, new owner equity may cover almost all of your organizing costs. If you hire a project manager, will you be able to continue her salary if ownership growth slows or the main capital campaign is delayed? The cash flow budget can help you analyze your options and plan ahead.

The **S&U Cash Flow by Stage** worksheet breaks down everything according to when it happens. Initially, all of the entries are made automatically based on the **Sources & Uses Overall** budget. As your co-op moves to a new stage, the information in the preceding stages should be changed to reflect actual history.

*Unlike a household, putting it on the credit card to pay later is NOT a viable option!



Cash flow during the organizing process

Sources & Uses Cash Flow by Stage		This page automatically calculates from entries on "Sources & Uses Overall" and "Uses Detail". Enter actual cash uses as you incur them in each stage.									
	Total	Stage 1 Organizing	Stage 2A Feasibility/ Planning	Stage 2B Planning	Stage 3 A Implementation Preconstruction	Stage 3B Implementation Construction/Renovation	Stage 3C Implementation Preparation for Opening	Stage 3D Implementation Sustaining	Total		
Updated: June 21, 2017	Uses of Cash	6-12+ months	3-6 months	3-6 months	3-6 months	3-6 months	1 month	(forever)	19-37+months	Check	Notes:
Uses:											Drafted by Updated by
Leasehold Improvements	\$ 600,000					\$ 480,000	\$ 120,000		\$ 600,000	-	
Equipment	\$ 570,000					\$ 470,250	\$ 99,750		\$ 570,000	-	
Inventory	\$ 160,000					\$ 56,000	\$ 64,000	\$ 40,000	\$ 160,000	-	Opening Order Terms negoti
Fees:	\$ -										199,500 = Fee Subtot

The third tab of the Sources & Uses template breaks down everything according to when it happens. All of the entries are made automatically based on the Sources & Uses Overall budget, so *don't make changes on this tab*.

1. The first two columns will contain the breakdown and values you entered or calculated in the Overall budget, and also include the extra detail for Fees and Holding/Site Costs.
2. The column headings identify which stage of development various expenses are expected in, and when the various sources of capital should become available.
3. Pay attention to any notes for more details and suggestions.



Stage 1 and 2 Example

1. The Uses are broken down to show how much of each is anticipated during each stage of development. For example, part of the Consulting expenses is budgeted for Stage 1, Stage 2A, and Stage 2B

Suggestion: This example and most of the following show only a small section of the full spreadsheet. If you open a copy of the template as you work through this section, you can see how the excerpts fit into the bigger picture.

		Stage 1	Stage 2A	Stage 2B
	Total	Organizing	Feasibility/	Planning
Updated: June 21, 2017	Uses of	Organizing	Feasibility	Planning
	Cash	6-12+ months	3-6 months	3-6 months
Uses:				
Leasehold Improvements	\$ 600,000			
Equipment	\$ 570,000			
Inventory	\$ 160,000			
Fees:	\$ -			
1 Consulting (General, Process)	\$ 27,930	\$ 3,910	\$ 5,865	\$ 5,865
Market Analysis	\$ 11,970		\$ 11,970	
Capital Campaign, plan/implement	\$ 9,975			\$ 5,985
Financial Pro Forma	\$ 5,985		\$ 4,000	\$ 1,000
Preliminary Design	\$ 5,985		\$ 3,000	\$ 2,985
Design (Arch, Eng, Store Design)	\$ 49,875			
Training (Governance)	\$ 12,968	\$ 2,000	\$ 2,000	\$ 2,000
Training (Management/Staff)	\$ 9,975			
Store Operations/Specialty Depts	\$ 24,938			



Total Uses for each Stage

1. After all the listed Uses have been allocated to the correct development stage, the total Uses in each stage is shown. This represents the amount of cash that needs to be available during that time. For example, this budget calls for \$16,408 to cover Stage 1 costs.
2. The dotted line after Stage 2B identifies the major decision point when feasibility has been demonstrated and the board goes forward to make a site commitment.

Note: not all of the Uses lines are shown here, but do appear on the full template.

	Stage 1	Stage 2A	Stage 2B
Total	Organizing	Feasibility/	Planning
Uses of	Organizing	Feasibility	Planning
Cash	6-12+ months	3-6 months	3-6 months

Start-Up Promotion	\$ 12,500	\$ 1,000		\$ 1,500
Start-Up Staffing	\$ 125,667			
Holding/Site Costs				
Lease Deposit	\$ 6,000			
Option/Rent	\$ 6,000			
Taxes, Insurance, Maintenance	\$ 2,000			
Utilities	\$ 6,000			
Interest During Project	\$ 17,500			
Post-Opening Professional Support	\$ 20,000			
NCGA Membership Deposit	\$ -			
Working Capital Allowance	\$ 200,000			
Overrun Allowance	\$ 295,525			
Total Uses	\$ 2,265,692	\$ 16,408	\$ 40,820	\$ 41,313

1

2



Stage 3 Uses

		Stage 3 A	Stage 3B	Stage 3C	Stage 3D	Total
	Total	Implementation	Implementation	Implementation	Implementation	
Updated: June 21, 2017	Uses of	Preconstruction	Construction/Renovation	Preparation for Opening	Sustaining	
	Cash	3-6 months	3-6 months	1 month	(forever)	19-37+months
Uses:						
Leasehold Improvements	\$ 600,000		\$ 480,000	\$ 120,000		\$ 600,000
Equipment	\$ 570,000		\$ 470,250	\$ 99,750		\$ 570,000
Inventory	\$ 160,000		\$ 56,000	\$ 64,000	\$ 40,000	\$ 160,000
Fees:	\$ -					
Consulting (General, Process)	\$ 27,930	\$ 5,865	\$ 6,424			\$ 27,930
Market Analysis	\$ 11,970					\$ 11,970
Capital Campaign, plan/implement	\$ 9,975	\$ 3,990				\$ 9,975
Financial Pro Forma	\$ 5,985	\$ 985				\$ 5,985
Preliminary Design	\$ 5,985					\$ 5,985
Design (Arch, Eng, Store Design)	\$ 49,875	\$ 39,900	\$ 9,975			\$ 49,875

1. The final column shows the total for each line item through store opening, including post-opening working capital and startup expenses.
2. Stage 3D is not officially part of the development model, but represents the planned Sources & Uses that occur after opening.
3. Note the big numbers in Stage 3B. This is when the expenses of transforming a "site" into a co-op are happening.



Stage 3 Sources

	Stage 3 A	Stage 3B	Stage 3C	Stage 3D	Total
	Implementation	Implementation	Implementation	Implementation	
	Preconstruction	Construction/Renovation	Preparation for Opening	Sustaining	
	3-6 months	3-6 months	1 month	(forever)	19-37+months
Cash from benefits, donations					\$ 20,000
Grants					\$ 30,000
Member Equity	\$ 40,000	\$ 20,000	\$ 10,000	\$ 10,000	\$ 200,000
Preferred Shares	\$ 500,000				\$ 500,000
Member Loans	\$ 500,000				\$ 500,000
Miscellaneous					\$ -
subtotal Owner's Contribution					

1. The final column shows the total Sources for each line item through store opening, including post-opening owner equity budgeted as part of the startup capital.
2. Note the big numbers on the Sources side of the budget come with the influx of owner investments in Stage 3A, in advance of the big expenditures in Stage 3B.



Stage 3 Sources

		1		3		
		Stage 3 A	Stage 3B	Stage 3C	Stage 3D	Total
		Implementation	Implementation	Implementation	Implementation	
		Preconstruction	Construction/Renovation	Preparation for Opening	Sustaining	
		3-6 months	3-6 months	1 month	(forever)	19-37+months
Landlord Contribution	\$ 120,000		\$ 40,000	\$ 40,000	\$ 40,000	\$ 120,000
Vendor Credit	\$ 24,000				\$ 24,000	\$ 24,000
Free Fill	\$ 16,000				\$ 16,000	\$ 16,000
City/Community	\$ 150,000		\$ 150,000			\$ 150,000
Co-op Loan Funds	\$ 200,000		\$ 200,000			\$ 200,000
subtotal External/Subordinated	\$ 510,000					
Bank Debt	\$ 505,692	\$ -	\$ -	\$ 247,034	\$ 258,658	\$ 505,692
Total Sources	\$ 2,265,692	\$ 1,040,000	\$ 410,000	\$ 297,034	\$ 348,658	\$ 2,265,692

1. The double green line after Stage 3A represents the final “go/no-go” decision. Once site work begins, there is no turning back.
2. The total Sources in Stage 3A include the member loans and/or preferred shares that have been committed, ensuring that the co-op will have the capital needed to make that final decision.
3. The blue line after Stage 3C represents when the co-op opens for business!



Cash Flow Summary

	Stage 1	Stage 2A	Stage 2B	Stage 3 A	Stage 3B	Stage 3C	Stage 3D	Total
Total	Organizing	Feasibility/	Planning	Implementation	Implementation	Implementation	Implementation	
Uses of	Organizing	Feasibility	Planning	Preconstruction	Constr/Renovation	Prep for Opening	Sustaining	
Cash	6-12+ months	3-6 months	3-6 months	3-6 months	3-6 months	1 month	(forever)	19-37+months
1 Beginning Cash	0	64,574	73,518	82,567	1,013,962	767,569	256,862	
2 Total Uses	(15,426)	(36,056)	(35,950)	(108,605)	(1,116,200)	(560,707)	(346,862)	(2,219,807)
3 Total Sources	80,000	45,000	45,000	1,040,000	869,807	50,000	90,000	2,219,807
4 Ending Cash	64,574	73,518	82,567	1,013,962	767,569	256,862	0	

After all the Sources and Uses have been listed and broken down, the template provides a cash flow summary for each Stage

1. **Beginning Cash** is the same as Ending Cash from the previous Stage. This is the capital balance you have at the start of the Stage.
2. **Total Uses** is everything you spent money on during this stage.
3. **Total Sources** is all the new money that has come in during this stage.
4. **Ending Cash** is the balance of your capital at the end of each stage after adding any new receipts and deducting payments made.



Cash Flow of Member-Owner Investments

Stage 1	Stage 2A	Stage 2B	Stage 3 A	Stage 3B	Stage 3C	Stage 3D	Total
Organizing	Feasibility/Planning		Implementation	Implementation	Implementation	Implementation	
Organizing	Feasibility	Planning	Preconstruction	Constr/Renovation	Prep for Opening	Sustaining	
6-12+ months	3-6 months	3-6 months	3-6 months	3-6 months	1 month	(forever)	19-37+months

1	Accumulated Funds for Use Through Stage 3A	80,000	125,000	170,000	210,000		
2	Accumulated Expenses Through Stage 3A	15,426	51,482	87,433	196,038		
3	Accumulated Surplus (Deficit)	64,574	73,518	82,567	13,962	This line should be positive in every stage.	

1. **Accumulated Funds for Use Through Stage 3A** represents all the capital you have raised, *except* the major loans, preferred shares and other funding that has been set aside (possibly escrowed) for the work that begins in Stage B, Construction/Renovation. These are the only funds that should be spent until the board has made a final decision to move forward with the site and store opening.
2. **Accumulated Expenses** are all the costs incurred to date and should match **Total Uses**, above.
3. Accumulated Surplus (Deficit) is the difference between 1 and 2. As noted, you need a positive balance!



In Conclusion

The Sources & Uses budget may seem complicated and difficult to understand when you first start working with it, but it is worth the time it takes to get comfortable using it. Remember that this budget is intended to be used as a planning and strategic tool. You can change the numbers as often as you like or even create multiple budgets to see how different scenarios play out.

Often a co-op founding team will look for ways to cut the costs of their project, and in some cases you may be able to do so through in-kind donations of labor or services. Hundreds of co-ops have used this template and we can say from experience that if your budget deviates significantly from the recommended benchmarks, there may be some assumptions that need to be looked at more carefully.



One of many tools...

The Sources & Uses Budget is only one of many important pieces of your financial planning. You will also need a professional market study and professionally created financial projections (pro formas) to establish the feasibility of your co-op.

For more information on all the development work that shows up in the Sources & Uses Budget, contact Food Co-op Initiative at info@fci.coop, or visit our web site at www.fci.coop.

CDS Consulting Co-op provides specialized consulting services to startup food co-ops in many areas, including working with budgets, capital campaigns, market studies, and board training. You can reach them at manager@cdsconsulting.coop, or through their web site www.cdsconsulting.coop.