

Financial Information

Financial information is an important part of your business plan. Financial plans help you decide if your business will be successful. Plans must be realistic. The Board uses financial plans to determine if you are capable of providing the service you are proposing.

Financial statements are a key part of financial plans. Financial statements include:

1. income statements (for existing operations)
2. cash flow projections
3. balance sheets or personal net worth statements.

Income Statements

This is an annual statement of revenues, expenses and profit (or loss). Annual income statements should be submitted for each of the past two years unless your business does not have a 2 year history.

An income statement is required only from passenger transportation businesses with existing business operations.

Cash Flow Projections

Cash flow projections show how money will flow in and out of your business each month. You must provide the Board with month-by-month cash flow projections for 36 months. You must include start up costs. You must explain assumptions and monthly fluctuations.

Cash flow projections include a detailed breakdown of operating expenses and revenues. You must be realistic in your projections. If you have a business with highs and lows, these should be reflected in your projections.

Balance Sheet or Personal Net Worth Statement

This is a snapshot of a company's assets, liabilities and equity (or net worth if you are a sole proprietorship or partnership).

- You should explain each of the three financial statements listed above. Be sure to list all of the assumptions you used in forecasting your revenues and expenses.
- If your business is receiving outside financing, include proof of the financing.

If you are starting a new service, you need to include your start up expenses and your operating expenses. **Start up** expenses may include such things as:

- licensing fees
- vehicle purchases
- rent
- professional services
- equipment purchases

Operating expenses are ongoing expenses and may include such things as:

- salaries
- vehicle maintenance
- fuel costs
- dispatch services

The total of your operating expenses tells you what it will cost you to run your business each month.

If you are new to the business, your financial plan will include cash flow projections.

If you are an existing business your financial plan will include projected financial statements. The Board prefers computer generated, historical and actual bookkeeping or accounting program prepared reports or statements.

Note *Please do not send in your income tax returns, social insurance number or bank account statements.*

Here is an excerpt from a decision in which the Board had questions about the financial plans:

Income projections were provided for Year 1 and 2. The cash flow projections were based on the type of service with an assumption made regarding the number of trips as well as income per month. However, it is not clear what rates proposed by the applicant were used in the calculations. Also not clear are the assumptions behind ridership or the number of trips contained in the revenue projections for Year 2...