



# After the Pandemic (Rent and Debt Reconciliation) Workshop Manual

Spectrum Small Business Services, LLC welcomes you to the *After the Pandemic* workshop. You have chosen to participate because you have accumulated unusual debt during the pandemic that will need to be repaid upon the resumption of a post-pandemic economy.

It might be unpaid rent. Landlords will soon be asking you to pay additional rent and you must know what a logical amount for you is. If you agree to too much, you are jeopardizing your return to profitability. If the amount is too low, you will be paying back for a longer than necessary period. This could be detrimental to your relationship with your landlord and be a drag on your business.

Perhaps you have unpaid bills from vendors that offered forbearance during this time. Or maybe you need to repay some other kind of debt that was offered because of the extreme business client.

This short course is designed to help you calculate the correct monthly payment and the number of payments. You **MUST** know this before you negotiate any kind of repayment agreement with any of these types of parties.

We recommend you print this document so you can have the contents easily accessible as you participate in this program.

Congratulations on your success as an entrepreneur. We look forward to a much-improved 2021.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Cohen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Cohen

CEO, Spectrum Small Business Services, LLC

## Table of Contents

Cash Flow Report from 2019	Page 4
Assigning Variable and Fixed Expenses	Page 5
Determination of Expense Formulas	Page 6
Break Even Calculation 2019	Page 7
Break Even Calculation 2020	Page 8
Break Even Calculation 2021	Page 9

## Cash Flow for 2019

<b>Income</b>			
	On-Site Revenue	\$	145,265
	Off-Site Revenue	\$	256,879
	Other	\$	35,847
	<b>Total Cash Inflows</b>	<b>\$</b>	<b>437,991</b>
<b>Operating Expenses</b>			
	Advertising	\$	18,000
	Bank Service Charges	\$	300
	Computer Expense	\$	240
	Credit Card Fees	\$	8,760
	Employee Payroll	\$	44,000
	COGS - Product	\$	157,667
	Insurance	\$	9,000
	Rent - Store Space	\$	48,000
	COGS - Services	\$	21,900
	Miscellaneous	\$	5,000
	Professional Fees	\$	5,000
	Taxes & Licenses	\$	6,000
	Internet/Phone	\$	3,600
	Transportation and Travel	\$	5,000
	Utilities	\$	12,000
	<b>Subtotal</b>	<b>\$</b>	<b>344,467</b>
<b>Other Cash Out Flows:</b>			
	Loan Payment	\$	8,400
	Capital Purchase	\$	5,000
	Owner's Draw	\$	50,000
	<b>Subtotal</b>	<b>\$</b>	<b>63,400</b>
	<b>Total Cash Out</b>	<b>\$</b>	<b>407,867</b>
	<b>Ending Net Cash Balance (Retained Earnings)</b>	<b>\$</b>	<b>30,124</b>

## Assigning Variable and Fixed Expenses

### Cash Flow for 2019

Income			Var/Fixed
On-site Revenue	\$	145,265	
Off-Site Revenue	\$	256,879	
Other	\$	35,847	
<b>Total Cash Inflows</b>	<b>\$</b>	<b>437,991</b>	
<b>Available Cash Balance</b>			
<b>Operating Expenses</b>			
Advertising	\$	18,000	F
Bank Service Charges	\$	300	F
Computer Expense	\$	240	F
Credit Card Fees	\$	8,760	V
Employee Payroll	\$	44,000	F
COGS - Product	\$	157,667	V
Insurance	\$	9,000	F
Rent - Store Space	\$	48,000	F
COGS - Services	\$	21,900	V
Miscellaneous	\$	5,000	F
Professional Fees	\$	5,000	F
Taxes & Licenses	\$	6,000	F
Internet/Phone	\$	3,600	F
Transportation and Travel	\$	5,000	F
Utilities	\$	12,000	F
<b>Subtotal</b>	<b>\$</b>	<b>344,467</b>	
<b>Other Cash Out Flows:</b>			
Loan Payment	\$	8,400	F
Capital Purchase	\$	5,000	N
Owner's Draw	\$	50,000	F*
<b>Subtotal</b>	<b>\$</b>	<b>63,400</b>	
<b>Total Cash Out</b>	<b>\$</b>	<b>407,867</b>	
<b>Ending Net Cash Balance (Retained Earnings)</b>	<b>\$</b>	<b>30,124</b>	

## Determination of Variable Formulas

### Cash Flow for 2019

Income			Var/Fixed	Formula
On-site Revenue	\$	145,265		
Off-Site Revenue	\$	256,879		
Other	\$	35,847		
<b>Total Cash Inflows</b>	<b>\$</b>	<b>437,991</b>		
<b>Operating Expenses</b>				
Advertising	\$	18,000	F	
Bank Service Charges	\$	300	F	
Computer Expense	\$	240	F	
Credit Card Fees	\$	8,760	V	2%
Employee Payroll	\$	44,000	F	
COGS - Product	\$	157,667	V	36%
Insurance	\$	9,000	F	
Rent - Store Space	\$	48,000	F	
COGS - Services	\$	21,900	V	5%
Miscellaneous	\$	5,000	F	
Professional Fees	\$	5,000	F	
Taxes & Licenses	\$	6,000	F	
Internet/Phone	\$	3,600	F	
Transportation and Travel	\$	5,000	F	
Utilities	\$	12,000	F	
<b>Subtotal</b>	<b>\$</b>	<b>344,467</b>		
<b>Other Cash Out Flows:</b>				
Loan Payment	\$	8,400	F	
Capital Purchase	\$	5,000	N	
Owner's Draw	\$	50,000	F*	
<b>Subtotal</b>	<b>\$</b>	<b>63,400</b>		
<b>Total Cash Out</b>	<b>\$</b>	<b>407,867</b>		
<b>Ending Net Cash Balance (Retained Earnings)</b>	<b>\$</b>	<b>30,124</b>		

# Break Even Calculation 2019

Break Even Analysis		FORMULA		
		2019		
Gross Sales		\$437,991		
COVID Funding (PPP I)		N/A		
COVID Funding (PPP II)		N/A		
Gross Revenue		\$437,991		
<b>Classified Costs as Fixed or Variable</b>				
<b>Variable Costs</b>				
COGS - Product		\$157,667	36%	Note: Gross Sales and NOT Gross Revenue
COGS - Services		\$21,900	5%	
Credit Card Fees		\$8,760	2%	
<b>Total Variable Costs</b>		<b>\$188,327</b>		
<b>Fixed Costs</b>				
Advertising		\$18,000		
Payroll (Fix)		\$44,000		
Rent		\$48,000		
Insurance		\$9,000		
Utilities		\$12,000		
Loan Payments		\$8,400		
Capital Purchase		\$5,000		
Owner's Draw		\$50,000		
Operations (Fixed)		\$25,140		
<b>Total Fixed Costs</b>		<b>\$219,540</b>		
<b>Contribution Margin</b>		<b>\$249,664</b>	(Sales minus variable costs)	
<b>CM as a percent of sales</b>		<b>57.00%</b>		
<b>Break Even Sales</b>		<b>\$385,144</b>	(Fixed costs/CM)	
Average revenue per month:		<b>\$36,499</b>		Note: Gross Revenue and NOT Gross Sales
Average revenue per month required:		<b>\$32,095</b>		
Average Surplus Revenue/month		<b>\$4,404</b>		
Minus Variable Costs (43%)	\$	<b>1,894</b>		
Surplus Funds Available	\$	<b>2,510</b>		

## Break Even Calculation 2020

Break Even Analysis				FORMULA	
	2019	2020			
Gross Sales	\$437,991	\$180,000			
COVID Funding (PPP I)	N/A	\$25,100			
COVID Funding (PPP II)	N/A	N/A			
Gross Revenue	\$437,991	\$205,100			
<b>Classified Costs as Fixed or Variable</b>					
<b>Variable Costs</b>					
COGS - Product	\$157,667	\$64,800	36%		Note: Gross Sales and NOT Gross Revenue
COGS - Services	\$21,900	\$9,000	5%		
Credit Card Fees	\$8,760	\$3,600	2%		
<b>Total Variable Costs</b>	<b>\$188,327</b>	<b>\$77,400</b>			
<b>Fixed Costs</b>					
Advertising	\$18,000	ZERO			
Payroll (Fix)	\$44,000	\$20,000			
Rent	\$48,000	\$24,000			
Insurance	\$9,000	\$9,000			
Utilities	\$12,000	\$12,000			
Loan Payments	\$8,400	\$8,400			
Capital Purchase	\$5,000	ZERO			
Owner's Draw	\$50,000	\$23,500			
Operations (Fixed)	\$25,140	\$20,000			
<b>Total Fixed Costs</b>	<b>\$219,540</b>	<b>\$116,900</b>			
<b>Contribution Margin</b>	<b>\$249,664</b>	<b>\$102,600</b>		(Sales minus variable costs)	
<b>CM as a percent of sales</b>	<b>57.00%</b>	<b>57.00%</b>			
<b>Break Even Sales</b>	<b>\$385,144</b>	<b>\$205,088</b>		(Fixed costs/CM)	
<b>Average revenue per month:</b>					
	<b>\$36,499</b>	<b>\$17,092</b>			Note: Gross Revenue and NOT Gross Sales
<b>Average revenue per month required:</b>					
	<b>\$32,095</b>	<b>\$17,091</b>			
Average Surplus Revenue/month	<b>\$4,404</b>	<b>\$1</b>			
Minus Variable Costs (43%)	\$ 1,894	\$ -			
Surplus Funds Available for Rent Reconciliation	N/A	\$1			



## Break Even Calculation 2021

Break Even Analysis					FORMULA	
	2019	2020	2021			
Gross Sales	\$437,991	\$180,000	\$300,000			
COVID Funding (PPP I)	N/A	\$25,100	N/A			
COVID Funding (PPP II)	N/A	N/A	\$21,000			
Gross Revenue	\$437,991	\$205,100	\$321,000			
<b>Classified Costs as Fixed or Variable</b>						
<b>Variable Costs</b>						
COGS - Product	\$157,667	\$64,800	\$108,000	36%	Note: Gross Sales and NOT Gross Revenue	
COGS - Services	\$21,900	\$9,000	\$15,000	5%		
Credit Card Fees	\$8,760	\$3,600	\$6,000	2%		
<b>Total Variable Costs</b>	<b>\$188,327</b>	<b>\$77,400</b>	<b>\$129,000</b>			
<b>Fixed Costs</b>						
Advertising	\$18,000	ZERO	\$5,000			
Payroll (Fix)	\$44,000	\$20,000	\$30,000			
Rent	\$48,000	\$24,000	\$48,000			
Insurance	\$9,000	\$9,000	\$9,000			
Utilities	\$12,000	\$12,000	\$12,000			
Loan Payments	\$8,400	\$8,400	\$8,400			
Capital Purchase	\$5,000	ZERO	ZERO			
Owner's Draw	\$50,000	\$23,500	\$30,000			
Operations (Fixed)	\$25,140	\$20,000	\$20,000			
<b>Total Fixed Costs</b>	<b>\$219,540</b>	<b>\$116,900</b>	<b>\$162,400</b>			
<b>Contribution Margin</b>	<b>\$249,664</b>	<b>\$102,600</b>	<b>\$171,000</b>	(Sales minus variable costs)		
<b>CM as a percent of sales</b>	<b>57.00%</b>	<b>57.00%</b>	<b>57.00%</b>			
<b>Break Even Sales</b>	<b>\$385,144</b>	<b>\$205,088</b>	<b>\$284,912</b>	(Fixed costs/CM)		
Average revenue per month:	\$36,499	\$17,092	\$26,750		Note: Gross Revenue and NOT Gross Sales	
Average revenue per month required:	\$32,095	\$17,091	\$23,743			
Average Surplus Revenue/month	\$4,404	\$1	\$3,007			
Minus Variable Costs (43%)	\$ 1,894	\$ -	\$ 1,293			
Surplus Funds Available for Rent Reconciliation	N/A	\$1	\$1,714			
It will take 16 months to repay the back rent (\$24,000) at the rate of \$1500/month!						