STARTUP FINANCIAL PLAN

App 4 / Step 4

# Cost Model

## User Guide

A screen-by-screen guide to building your 12-month expense forecast

startupfinancialplan.ai

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# App 4 / Step 4 Overview | Cost Model

Step 4 builds the bottom half of your projected Income Statement by estimating all expenses for a 12-month base year, broken out monthly. Expenses are organized into three groups that correspond directly to how they appear on the Income Statement: Cost of Goods Sold, Operating Expenses and Non Operating Expenses. This app will also establish what your starting inventory will be if your business sells physical products.

| Step | Expense Type | What You Enter | Income Statement Line |
|---|---|---|---|
| Step 4-1 | Cost of Goods Sold (COGS) — Variable | Unit cost per product/service × monthly volumes | Cost of Goods Sold |
| Step 4-1B | Beginning Inventory | Product category and days-on-hand to calculate starting stock | Balance Sheet — Current Assets |
| Step 4-2 | Operating Expenses — Fixed | Monthly amounts for up to 15 expense categories | Operating Expenses |
| Step 4-3 | Non-Operating Expenses | Monthly depreciation, amortization, and interest | Depreciation & Interest |
| Step 4-4 | Summary of All Expenses | Read-only — auto-calculated from Steps 4-1, 4-2, 4-3 | Total Expenses (all three lines) |
| Save & Finalize | Finalize and export | Save, export to PDF, download backup CSV | Locks Step 4 for financial statements |

**BEFORE YOU START:** Prerequisite: Steps 1, 2, and 3 must be saved and finalized before beginning Step 4. Your company name, fiscal year, inventory budget, and product/service lines all carry forward automatically including sales volumes.

## Panel 1 — Welcome Screen & Three-Group Overview

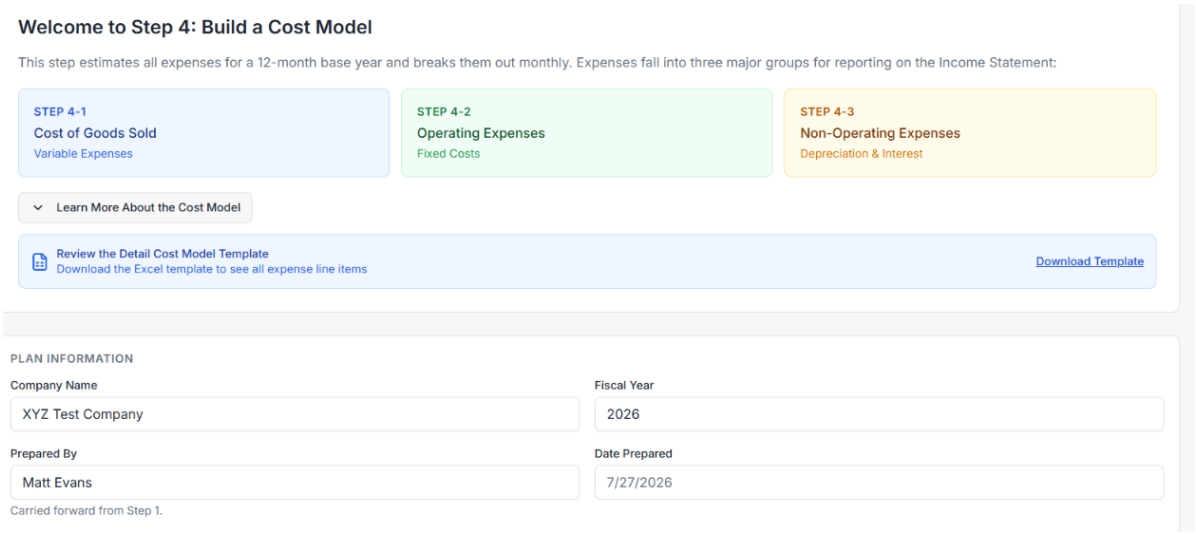


*Figure 4-1: Step 4 Welcome Screen — Three Expense Groups Overview*

### The Three Expense Groups

The welcome panel introduces the three expense groups that make up the Cost Model. Understanding the difference between these groups is important because they appear as separate line items on the Income Statement and are calculated differently.

| Group | Name | Plain-Language Description | Varies With Sales? |
|---|---|---|---|
| Step 4-1 | Cost of Goods Sold (COGS) | The direct cost of producing or delivering each unit you sell — materials, direct labor, and overhead per unit. Often considered Variable Costs | Yes — rises and falls with units sold |
| Step 4-2 | Operating Expenses | The ongoing costs of running the business regardless of how much you sell — payroll, marketing, rent, insurance. Often considered Fixed Costs which is used to calculate breakeven | No — mostly fixed each month |
| Step 4-3 | Non-Operating Expenses | Depreciation on assets and interest on loans — calculated automatically from your Step 1 and Step 2 data | No — fixed schedules |

### Detail Cost Model Template

The welcome panel includes a link to download the **Detail Cost Model Template** — an Excel workbook that provides a more granular breakdown of costs by category. This is particularly useful for product businesses that want to track materials, labor, and overhead separately before entering a single unit cost in Step 4-1. Download and review this template before completing Step 4-1 if your cost structure is complex.

**SERVICE BUSINESSES:** If you are a service business (consulting, coaching, freelancing), your COGS is primarily direct labor — the time you or your staff spend delivering the service. Use the Labor Rate Calculator in Step 4-1 to calculate your effective hourly cost.

## Panel 2 — Step 4-1: COGS Approach Selection

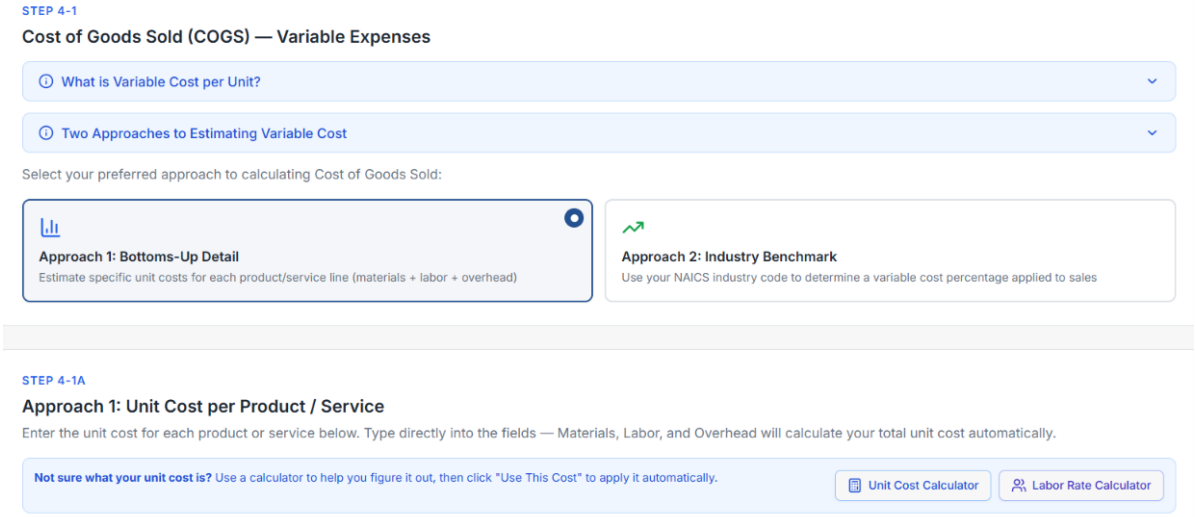


*Figure 4-2: Step 4-1 — Choose Your COGS Calculation Approach*

### Two Approaches to Calculating COGS

Step 4-1 begins by asking you to choose how you want to calculate your Cost of Goods Sold. The app offers two approaches — select the one that best fits your knowledge of your costs and your business type.

| Approach | Name | Best For | What You Enter |
|---|---|---|---|
| Approach 1 | Bottoms-Up Detail | Product businesses, manufacturers, and service businesses with known | Materials cost + Labor cost + Overhead cost per unit for each |

| | | | |
|---|---|---|---|
| | | labor rates | product/service line |
| Approach 2 | Industry Benchmark | Early-stage businesses that do not yet know their exact unit costs | Your NAICS industry code — the app applies a typical variable cost percentage to your sales revenue |

**RECOMMENDATION:** Approach 1 (Bottoms-Up) produces a more accurate and credible forecast. Use Approach 2 only if you genuinely do not have enough information to estimate unit costs — lenders and investors will ask how you arrived at your COGS figure.

### Helper Tools in Step 4-1

| Tool | What It Does |
|---|---|
| Unit Cost Calculator | Walks you through a step-by-step calculation of materials, labor, and overhead per unit; click "Use This Cost" to apply the result automatically |
| Labor Rate Calculator | Calculates an effective hourly labor cost based on salary, benefits, and hours worked — essential for service businesses |
| Grouping Products & Services | Guidance on whether to enter items individually or group similar SKUs under a single product line name |
| Services: Employee vs. Contractor Rates | Explains the cost difference between W-2 employees and 1099 contractors for COGS purposes |

Use the write-in table below to estimate your unit costs before going online:

| Product / Service | Materials / COGS ($) | Labor / COGS ($) | Overhead / COGS ($) | Total Unit Cost ($) |
|---|---|---|---|---|
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## Panel 3 — Step 4-1A: Unit Cost Entry by Product / Service

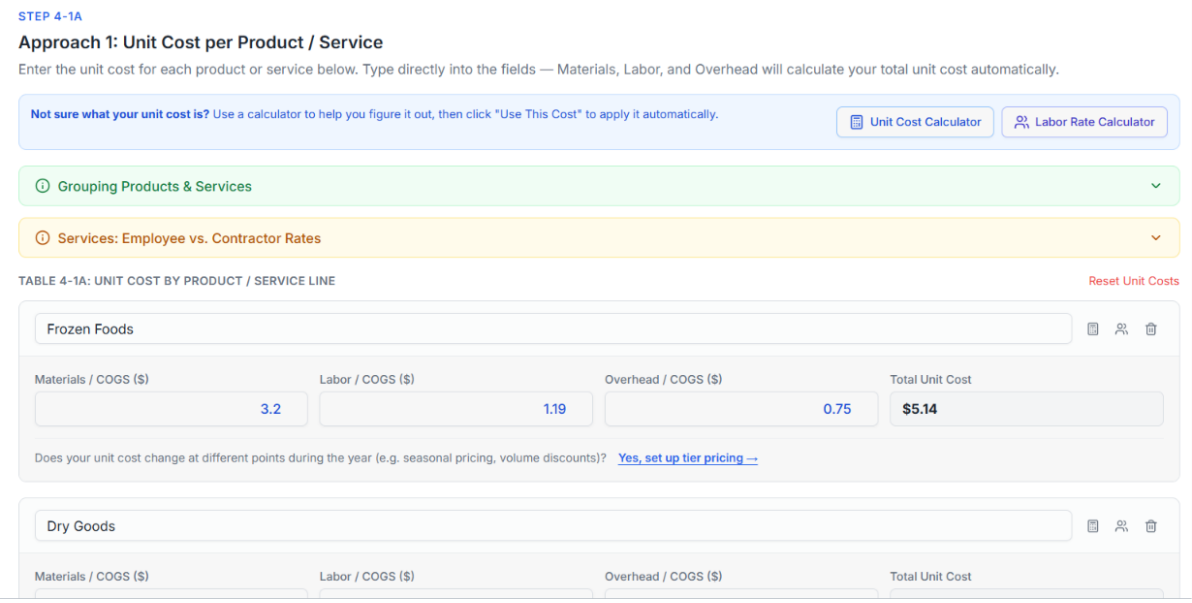



*Figure 4-3: Step 4-1A — Unit Cost Entry Table (Approach 1)*

## Entering Unit Costs

Table 4-1A shows one row for each product or service line you entered in Step 3. For each line, you enter three cost components — **Materials / COGS**, **Labor / COGS**, and **Overhead / COGS**. The app calculates the **Total Unit Cost** automatically. All three components are optional — if your product has no direct labor cost, leave that field at zero. Service businesses can also specific Cost of Service as a percentage of sales for each service line.

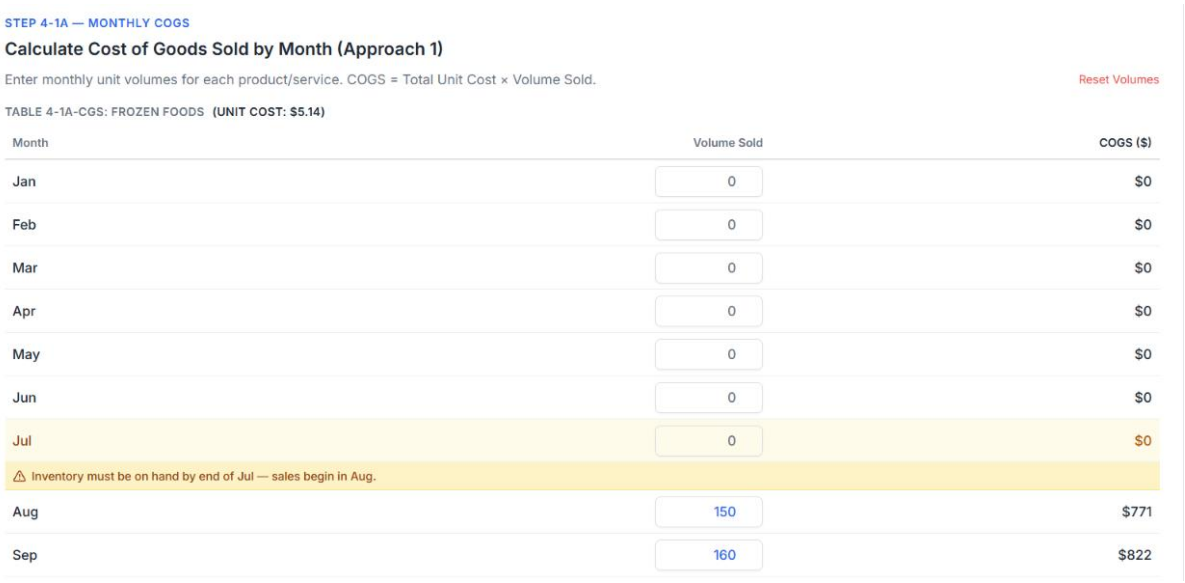
## XYZ Test Company Example — Unit Costs

| Product | Materials ($) | Labor ($) | Overhead ($) | Total Unit Cost ($) | Selling Price ($) | Gross Margin (%) |
|---|---|---|---|---|---|---|
| Frozen Foods | 3.20 | 1.19 | 0.75 | $5.14 | $18.50 | 72.2% |
| Dry Goods | 2.50 | 0.82 | 0.50 | $3.82 | $7.50 | 49.1% |
| Cosmetics | 2.80 | 1.10 | 0.75 | $4.65 | $12.30 | 62.2% |

**TIER PRICING:** Tier Pricing: If your unit cost changes during the year (for example, raw material costs increase in Q4, or you offer a launch discount in the first month), click "Yes, set up tier pricing" under the product row to define different cost levels by month range.

**IMPORTANT:** Gross Margin Check: A quick sanity check is to compare your Total Unit Cost to your selling price from Step 3. If your unit cost is higher than your selling price, you are losing money on every unit sold. The app does not block this, but it will show a negative gross margin on the Income Statement.

# Panel 4 — Step 4-1A Monthly COGS: Volume Entry by Product


STEP 4-1A — MONTHLY COGS

Calculate Cost of Goods Sold by Month (Approach 1)

Enter monthly unit volumes for each product/service. COGS = Total Unit Cost × Volume Sold.

Reset Volumes

TABLE 4-1A-CGS: FROZEN FOODS (UNIT COST: $5.14)

| Month | Volume Sold | COGS ($) |
|---|---|---|
| Jan | 0 | $0 |
| Feb | 0 | $0 |
| Mar | 0 | $0 |
| Apr | 0 | $0 |
| May | 0 | $0 |
| Jun | 0 | $0 |
| Jul | 0 | $0 |
| ⚠ Inventory must be on hand by end of Jul — sales begin in Aug. | | |
| Aug | 150 | $771 |
| Sep | 160 | $822 |

*Figure 4-4: Step 4-1A Monthly COGS — Volume Entry and Auto-Calculation*

### How Monthly COGS Is Calculated

After you enter unit costs, the app moves to the monthly COGS calculation panel. For each product, App 3 should load the **Volume Sold** in each month. The app calculates monthly COGS automatically using the formula: **COGS = Total Unit Cost × Volume Sold**.

### The Inventory Pre-Purchase Warning

For product businesses, the app highlights the month **before** your first sale month with an amber warning: **"Inventory must be on hand by end of [month] — sales begin in [next month]."** In the XYZ example, sales begin in August, so July is highlighted. This is a reminder that you need to purchase and receive inventory in July so it is available to sell in August. This inventory purchase is what you budgeted for in Step 1 (Startup Costs) under Beginning Inventory.

General Rule of Thumb: Most businesses need to have a gross margin of 40% to be profitable. Remember, when you earn a Profit, you also have to pay State and Federal taxes on the profits. This is one reason your gross margin has to be relatively high – taxes is a hidden expense that shows up at the personal level for pass through entities.

## Panel 5 — Step 4-1B: Beginning Inventory for Balance Sheet

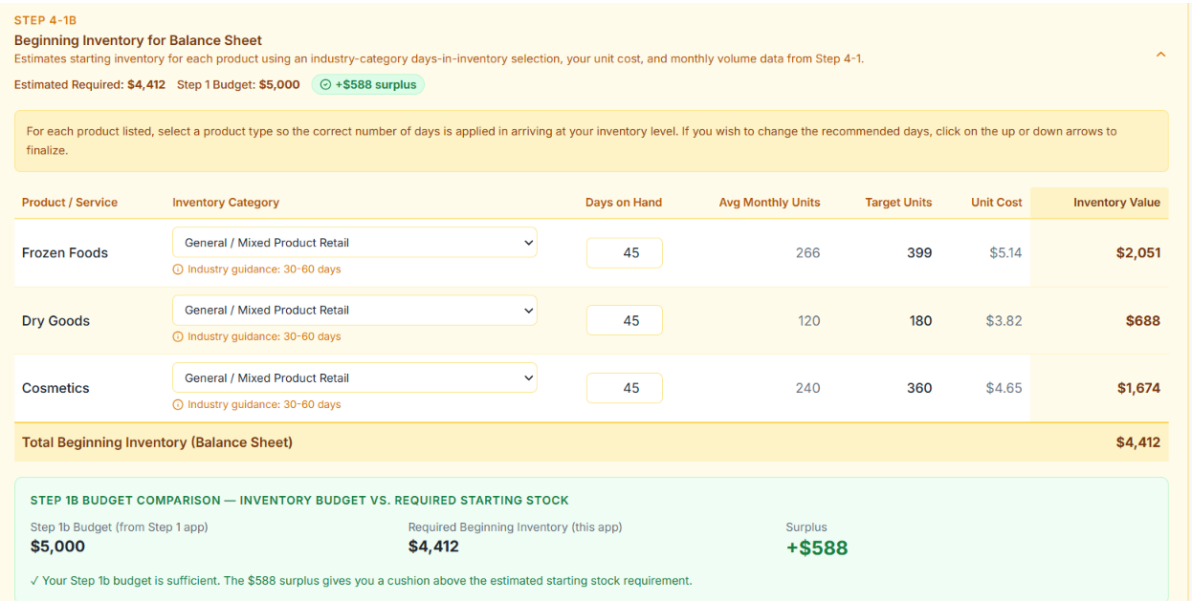



*Figure 4-5: Step 4-1B — Beginning Inventory Calculation and Budget Comparison*

## What Beginning Inventory Is

Beginning Inventory is the value of the stock you need to have on hand before your first sale. It appears on the Balance Sheet as a Current Asset. Step 4-1B calculates the required beginning inventory for each product line based on the industry-standard days-on-hand for your product category, your average monthly sales volume, and your unit cost. For product businesses, select from 15 product types to set the number of days for calculating your inventory.

## How to Complete Step 4-1B

| Field | What to Do | Example (XYZ) |
|---|---|---|
| Inventory Category | Select the category that best describes your product from the dropdown — this sets the recommended days-on-hand range | General / Mixed Product Retail |
| Days on Hand | Accept the recommended days or adjust up/down using the arrows — industry guidance is shown below the field | 45 days (guidance: 30–60 days) |
| Avg Monthly Units | Read-only — calculated from your Step 3-1 volume data | 266 units (Frozen Foods) |
| Target Units | Read-only — calculated as Avg Monthly Units × (Days on Hand ÷ 30) | 399 units |
| Unit Cost | Read-only — carried forward from Step 4-1A | $5.14 |
| Inventory Value | Read-only — calculated as Target Units × Unit Cost | $2,051 |

## Budget Comparison — Step 1B vs. Required Inventory

At the bottom of the panel, the app compares the **Step 1B Budget** (the inventory amount you budgeted in Step 1) against the **Required Beginning Inventory** calculated here. In the XYZ example, the Step 1B Budget is $5,000 and the required inventory is $4,412 — a surplus of $588.

**IMPORTANT:** If your Step 4-1B required inventory exceeds your Step 1B budget by a material amount, then consider going back to Step 1 and increase the inventory budget line before finalizing Step 4. This will help ensure that you do not have a cash short fall when stocking your initial inventory level. You can also go to Step 2 – Funding Plan and make sure you have an adequate Line of Credit to cover the inventory investment which has been budgeted in Step 1.

| Product / Service | Inventory Category | Days on Hand | Est. Inventory Value ($) | Step 1B Budget ($) | Surplus / (Shortfall) |
|---|---|---|---|---|---|
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## Panel 6 — Step 4-2: Operating Expenses (Jan–Jun)

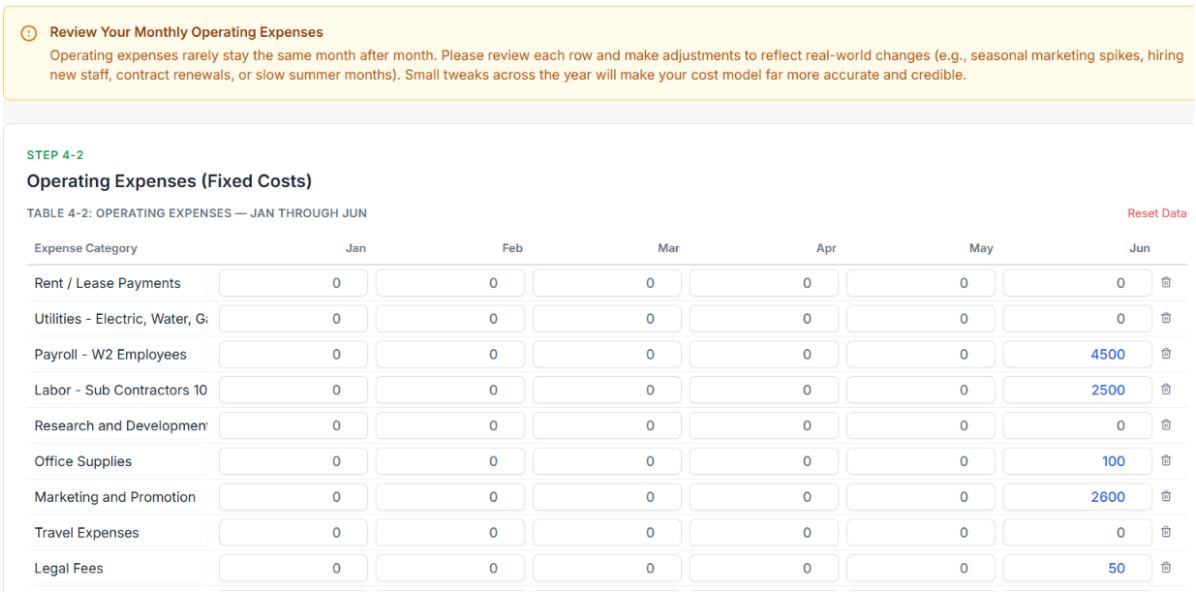


*Figure 4-6: Step 4-2 — Operating Expenses January through June*

### What Operating Expenses Are

Operating expenses are the ongoing costs of running your business that do not vary directly with sales volume. They include payroll, marketing, rent, insurance, and professional services. Table 4-2 presents these expenses in a 12-month grid — you enter a dollar amount for each category in each month. The first half of the year (January through June) is shown in the first table; July through December and annual totals appear in the continuation table.

### The Seasonal Adjustment Advisory

An amber advisory banner at the top of this panel reads: **"Operating expenses rarely stay the same month after month. Please review each row and make adjustments to reflect real-world changes (e.g., seasonal marketing spikes, hiring new staff, contract renewals, or slow summer months). Small tweaks across the year will make your cost model far more accurate and credible."** This is one of the most important pieces of guidance in the entire app. A flat monthly expense profile is a red flag to lenders and investors — it signals that the forecast was not thought through carefully.

### Operating Expense Categories

| Category | What to Include | XYZ Annual Total |
|---|---|---|

| | | |
|---|---|---|
| Rent / Lease Payments | Monthly rent for office, retail space, warehouse, or storage | $0 |
| Utilities — Electric, Water, Gas | Monthly utility costs for your business location | $0 |
| Payroll — W-2 Employees | Gross wages for all W-2 employees (before taxes and benefits) | $33,500 |
| Labor — Sub Contractors | Payments to 1099 contractors and freelancers | $20,500 |
| Research and Development | Product development, testing, prototyping costs | $0 |
| Office Supplies | Paper, printer ink, postage, small office items | $900 |
| Marketing and Promotion | Advertising, social media, events, promotional materials | $21,600 |
| Travel Expenses | Business travel, mileage, lodging, meals | $0 |
| Legal Fees | Attorney fees, contract review, compliance | $350 |
| HR Support | HR consulting, background checks, recruiting fees | $350 |
| Accounting and Tax Support | Bookkeeping, accounting, tax preparation fees | $700 |
| Repairs and Maintenance | Equipment repairs, facility maintenance | $0 |
| Licenses and Permits | Business licenses, professional certifications, permits | $0 |
| Insurance | General liability, property, professional liability insurance | $1,050 |
| + Add Custom Row | Any expense category not listed above | As needed |

**TIP:** Enter zero for months before your business opens and for months when a particular expense does not apply. Do not leave cells blank — enter 0 explicitly so the app can calculate monthly totals correctly.

Use the write-in table below to plan your monthly operating expenses before going online:

| Expense Category | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | |
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## Panel 7 — Step 4-2: Operating Expenses (Jul–Dec) with Annual Totals

TABLE 4-2 (CONT.): OPERATING EXPENSES — JUL THROUGH DEC

| Expense Category | Jul | Aug | Sep | Oct | Nov | Dec | Annual Total |
|---|---|---|---|---|---|---|---|
| Rent / Lease Payments | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Utilities - Electric, Water, G | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Payroll - W2 Employees | 4500 | 4500 | 5000 | 5000 | 5000 | 5000 | $33,500 |
| Labor - Sub Contractors 1( | 2500 | 2500 | 2500 | 3500 | 3500 | 3500 | $20,500 |
| Research and Developmen | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Office Supplies | 100 | 100 | 100 | 100 | 200 | 200 | $900 |
| Marketing and Promotion | 2600 | 2800 | 2900 | 3200 | 3600 | 3900 | $21,600 |
| Travel Expenses | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Legal Fees | 50 | 50 | 50 | 50 | 50 | 50 | $350 |
| HR Support | 50 | 50 | 50 | 50 | 50 | 50 | $350 |
| Accounting and Tax Suppc | 100 | 100 | 100 | 100 | 100 | 100 | $700 |
| Repairs and Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Licenses and Permits | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Insurance | 150 | 150 | 150 | 150 | 150 | 150 | $1,050 |

*Figure 4-7: Step 4-2 — Operating Expenses July through December with Annual Totals*

### Reviewing the Annual Totals Column

The continuation of Table 4-2 shows July through December and adds an **Annual Total** column on the right. Review this column carefully — it is the figure that will appear on your Income Statement for each expense category. The XYZ example totals are shown below for reference.

### XYZ Test Company — Operating Expense Annual Totals

| Expense Category | Annual Total | % of Total OpEx |
|---|---|---|
| Payroll — W-2 Employees | $33,500 | 42.4% |
| Labor — Sub Contractors | $20,500 | 26.0% |
| Marketing and Promotion | $21,600 | 27.4% |
| Office Supplies | $900 | 1.1% |
| Legal Fees | $350 | 0.4% |
| HR Support | $350 | 0.4% |
| Accounting and Tax Support | $700 | 0.9% |
| Insurance | $1,050 | 1.3% |
| TOTAL OPERATING EXPENSES | $78,950 | 100% |

**PLANNING TIP:** Payroll, subcontractors, and marketing together account for nearly 96% of XYZ's operating expenses. Before finalizing, ask yourself: are these three categories realistic for your business type and stage? If any single category exceeds 50% of total operating expenses, be prepared to explain the reasoning to a lender or investor.

## Panel 8 — Step 4-3: Non-Operating Expenses (Jan–Jun)


*Figure 4-8: Step 4-3 — Non-Operating Expenses January through June*

## What Non-Operating Expenses Are

Non-operating expenses are costs that arise from your financing and asset ownership decisions rather than from running the business day-to-day. They include depreciation on fixed assets (vehicles, equipment, furniture), amortization of intangible assets (patents, software licenses), and interest on loans. These amounts are **pre-populated by the app** based on the assets and loans you entered in Steps 1 and 2 — you should not need to enter these manually unless you have expenses that were not captured in those steps.

## Non-Operating Expense Categories

| Category | Source | XYZ Annual Total |
|---|---|---|
| Depreciation — Equipment | Calculated from equipment assets entered in Step 1 using straight-line depreciation over IRS useful life | $0 |
| Depreciation — Vehicles | Calculated from vehicle assets entered in Step 1 ($50,000 vehicle, 5-year life = $833/month starting May) | $6,664 |
| Depreciation — Furniture & Fixtures | Calculated from F&F assets entered in Step 1 ($10,000, 7-year life = $119/month starting April) | $1,071 |
| Amortization — Intangible Assets | Calculated from intangible assets entered in Step 1 | $0 |
| Interest Expense — Term Loan | Calculated from loan terms entered in Step 2 — interest portion of each monthly payment, declining as principal is repaid | $2,262 |
| Interest Expense — Line of Credit | Calculated from any line of credit entered in Step 2 | $0 |
| Other Non-Operating Expense | Any non-operating expense not covered above — add rows as needed | $0 |

**TIP:** If the depreciation amounts shown here do not match what you expected, go back to Step 1 and verify the asset purchase month and cost. Depreciation begins in the month the asset is placed in service and any loan payments are assumed to begin the following month. Example: You acquire an asset in June and loan payments will start in July.

**NOTE:** The interest expense amounts decline each month because each loan payment reduces the outstanding principal, which reduces the interest charged the following month. This is the correct behavior — do not adjust these figures manually.

## Panel 9 — Step 4-3: Non-Operating Expenses (Jul–Dec) with Annual Totals

TABLE 4-3 (CONT.): NON-OPERATING EXPENSES — JUL THROUGH DEC

| Expense Category | Jul | Aug | Sep | Oct | Nov | Dec | Annual Total |
|---|---|---|---|---|---|---|---|
| Depreciation - Equipment | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Depreciation - Vehicles | 833 | 833 | 833 | 833 | 833 | 833 | $6,664 |
| Depreciation - Furniture & | 119 | 119 | 119 | 119 | 119 | 119 | $1,071 |
| Amortization - Intangible A | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Interest Expense - Term Lc | 327 | 322 | 318 | 313 | 309 | 304 | $2,262 |
| Interest Expense - Line of | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Other Non-Operating Expe | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| Other Non-Operating Expe | 0 | 0 | 0 | 0 | 0 | 0 | $0 |
| TOTAL | $1,279 | $1,274 | $1,270 | $1,265 | $1,261 | $1,256 | $9,997 |

+ Add Expense Row

*Figure 4-9: Step 4-3 — Non-Operating Expenses July through December with Annual Totals*

### XYZ Test Company — Non-Operating Expense Annual Totals

| Category | Annual Total | Notes |
|---|---|---|
| Depreciation — Vehicles | $6,664 | $833/month × 8 months (May–Dec) |
| Depreciation — Furniture & Fixtures | $1,071 | $119/month × 9 months (Apr–Dec) |
| Interest Expense — Term Loan | $2,262 | Declining monthly: $331 in Jun → $304 in Dec |
| TOTAL NON-OPERATING EXPENSES | $9,997 | Appears as "Depreciation & Interest" on Income Statement |

**INCOME STATEMENT CONNECTION:** The Total Non-Operating Expenses figure ($9,997 in the XYZ example) appears as a single line on the Income Statement labeled "Depreciation & Interest." It is subtracted from Operating Income to arrive at Net Income Before Tax.

## Panel 10 — Step 4-4: Summary of All Expenses by Month

STEP 4-4

Summary of All Expenses by Month

This summary consolidates all three cost components. No data entry is needed here — all values are calculated from Steps 4-1, 4-2, and 4-3.

TABLE 4-4A: SUMMARY — FIRST SIX MONTHS (JAN – JUN)

| Expense Category | Jan | Feb | Mar | Apr | May | Jun |
|---|---|---|---|---|---|---|
| Cost of Goods Sold (Step 4-1) | $0 | $0 | $0 | $0 | $0 | $0 |
| Operating Expenses (Step 4-2) | $0 | $0 | $0 | $0 | $0 | $10,050 |
| Non-Operating Expenses (Step 4-3) | $0 | $0 | $0 | $119 | $990 | $1,283 |
| TOTAL ALL EXPENSES | $0 | $0 | $0 | $119 | $990 | $11,333 |

TABLE 4-4B: SUMMARY — LAST SIX MONTHS (JUL – DEC) WITH ANNUAL TOTALS

| Expense Category | Jul | Aug | Sep | Oct | Nov | Dec | Annual Total |
|---|---|---|---|---|---|---|---|
| Cost of Goods Sold (Step 4-1) | $0 | $1,000 | $2,058 | $2,505 | $3,118 | $4,911 | $13,592 |
| Operating Expenses (Step 4-2) | $10,050 | $10,250 | $10,850 | $12,150 | $12,650 | $12,950 | $78,950 |
| Non-Operating Expenses (Step 4-3) | $1,279 | $1,274 | $1,270 | $1,265 | $1,261 | $1,256 | $9,997 |
| TOTAL ALL EXPENSES | $11,329 | $12,524 | $14,178 | $15,920 | $17,029 | $19,117 | $102,539 |

*Figure 4-10: Step 4-4 — Summary of All Expenses by Month (Read-Only)*

## What This Panel Shows

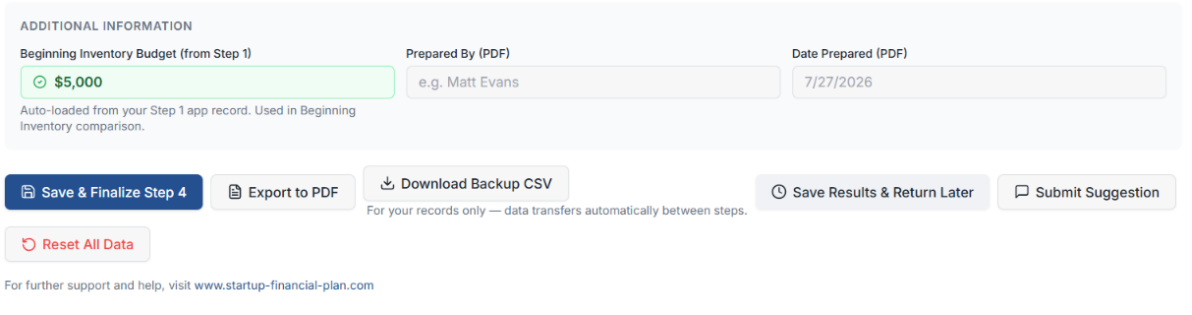
Step 4-4 is a read-only summary that consolidates all three expense groups — COGS, Operating Expenses, and Non-Operating Expenses — into a single monthly view. No data entry is required. Review this panel carefully before saving and finalizing Step 4, as it is the last opportunity to spot errors before the financial statements are generated.

## XYZ Test Company — Full-Year Expense Summary

| Expense Group | Jan–May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual |
|---|---|---|---|---|---|---|---|---|---|
| COGS (4-1) | $0 | $0 | $0 | $1,000 | $2,058 | $2,505 | $3,118 | $4,911 | $13,592 |
| Operating Expenses (4-2) | $0 | $10,050 | $10,050 | $10,250 | $10,850 | $12,150 | $12,650 | $12,950 | $78,950 |
| Non-Operating (4-3) | $0–$990 | $1,283 | $1,279 | $1,274 | $1,270 | $1,265 | $1,261 | $1,256 | $9,997 |
| TOTAL ALL EXPENSES | $0–$990 | $11,333 | $11,329 | $12,524 | $14,178 | $15,920 | $17,029 | $19,117 | $102,539 |

**REVIEW CHECKPOINT:** Compare the Total All Expenses row to your Total Revenue from Step 3. If Total Revenue exceeds Total Expenses in any month, that month is profitable. If expenses exceed revenue, that month produces a loss. A Year 1 startup will typically show losses in most months — this is normal and expected.

# Panel 11 — Save & Finalize Step 4



ADDITIONAL INFORMATION

Beginning Inventory Budget (from Step 1)

$5,000

Auto-loaded from your Step 1 app record. Used in Beginning Inventory comparison.

Prepared By (PDF)

e.g. Matt Evans

Date Prepared (PDF)

7/27/2026

Save & Finalize Step 4

Export to PDF

Download Backup CSV

For your records only — data transfers automatically between steps.

Save Results & Return Later

Submit Suggestion

Reset All Data

For further support and help, visit www.startup-financial-plan.com

*Figure 4-11: Step 4 Save & Finalize Panel*

## Additional Information Fields

Before saving, the panel asks you to confirm two additional fields: the **Beginning Inventory Budget** (auto-loaded from Step 1 — verify it matches your Step 4-1B calculation) and the **Date Prepared** for the PDF export. The Prepared By field is carried forward from Step 1.

## Save & Finalize Action Buttons

| Button | What It Does |
|---|---|
| Save & Finalize Step 4 | Saves all Step 4 data and makes it available to the Trial Balance (Step 5) and financial statements automatically |
| Export to PDF | Generates a formatted PDF of your Cost Model for sharing with advisors or lenders |
| Download Backup CSV | Downloads a CSV file of your data for your own records — data transfers automatically between steps |
| Save Results & Return Later | Saves progress without finalizing — use this if you need to pause and come back to Step 4 |
| Submit Suggestion | Send feedback or a feature request to the development team |
| Reset All Data | Clears all Step 4 data — use with extreme caution; this cannot be undone |

**Step 4 Complete:** You now have the bottom half of your Income Statement for base year 1 — all expenses broken out by month. Proceed to Step 5 (Trial Balance) to review and make any final accrual adjustments before generating your three financial statements.

## Quick Reference — App 4 / Step 4 Checklist

Use this checklist to confirm you have everything ready before going online and to verify your work before saving and finalizing Step 4.

| Panel | What to Have Ready | Where It Goes in the App | Done? |
|---|---|---|---|
| Step 4-1 (Approach) | Decide whether to use Bottoms-Up (Approach 1) or Industry Benchmark (Approach 2) | COGS calculation method selection | ☐ |
| Step 4-1A (Unit Costs) | Materials, labor, and overhead cost per unit for each product/service line from Step 3 | Table 4-1A — Unit Cost by Product/Service | ☐ |
| Step 4-1A (Monthly COGS) | Monthly unit volumes — should carry forward from Step 3 | Monthly COGS calculation | ☐ |
| Step 4-1B (Inventory) | Product category for each line; verify inventory budget from Step 1 is sufficient | Beginning Inventory on Balance Sheet | ☐ |
| Step 4-2 (Operating Exp.) | Monthly amounts for all operating expense categories; adjust for seasonality | Operating Expenses on Income Statement | ☐ |
| Step 4-3 (Non-Operating) | Review auto-populated depreciation and interest figures; add any missing items | Depreciation & Interest on Income Statement | ☐ |
| Step 4-4 (Summary) | No data entry — review monthly totals and compare to Step 3 revenue | Total Expenses on Income Statement | ☐ |
| Save & Finalize | Confirm Beginning Inventory Budget matches Step 4-1B; click Save & Finalize Step 4 | Locks Step 4 for Trial Balance and financial statements | ☐ |
| Proceed to Step 5 | Confirm Step 4 is saved before opening Step 5 — Trial Balance | Accrual adjustments before financial statements | ☐ |