



WHITEPAPER

FIDELMAN & COMPANY'S APPROACH TO TRANSACTIONAL FINANCIAL MODELS

Table of Contents

CONTENTS

4	Introduction
5	Our Approach to Financial Modeling
6	How We Structure Our Financial Models
11	Convertible Notes and Capitalization Tables
14	Best Practices For Effectively Using Your Model
15	Conclusion

AT A GLANCE

- The best financial model is one that is easy to follow and use by both the business and investor
- Assumptions and KPIs are front and center, eliminating the need to dig for them
- A tool to stress test your business under different scenarios and can be updated as the business grows

INTRODUCTION

Let's say you are about to enter into a business transaction. It could be the sale of your business, an acquisition, raising venture capital, a minority investment, or even a licensing agreement. No matter the type of transaction, there is one common denominator – you will need a financial model.

A financial model is simply a tool (usually in Excel) that is used to forecast a company's financial performance. The model includes assumptions about the future, such as sales growth, margins, expense growth, and capital requirements. Financial models are important because they allow all parties involved in a transaction to understand and agree upon key terms of the deal, such as price, equity ownership, and earn-out mechanisms.

Having a robust financial model is critical in for several key reasons:

It will help you understand your business better – A good financial model forces you to think through all the key drivers of your business, such as revenue growth, margins, and expenses. This is a valuable exercise even if you are not planning on selling your business anytime soon.

- It will help you communicate your story to others – A well-built financial model will tell a convincing story about your business to prospective buyers, investors, or partners. The story should be based on sound assumptions and logic, and it should be easy for others to follow.
- It will help you negotiate the best possible terms – Having a detailed financial model will give you a big advantage when it comes time to negotiating the price, equity ownership, and other key terms of a transaction.
- It will help you avoid pitfalls and make better decisions – There are countless ways that things can go wrong in a business transaction. A good financial model will help you identify and avoid potential problems before they arise.
- It will help you close the deal – Ultimately, a well-crafted financial model will help you close the deal on favorable terms.

Fidelman & Company has extensive experience in financial modeling. We have helped businesses of all sizes in a variety of industries create models that are tailored to their specific needs. In this whitepaper, we will discuss our approach to building a robust and flexible model, best practices for using your model to make sound business decisions, and how to use your model to raise capital.

OUR APPROACH TO FINANCIAL MODELING

At Fidelman & Company, we believe that a good financial model should be easy to use, understand, and modify. It should be built in a way that allows you to make assumptions about the future and see how those assumptions impact your business. A good model will also be flexible enough to accommodate different scenarios and "what if" analysis, from best-case to worst-case.

We take a holistic and customized approach to financial modeling, and never use cookie-cutter templates. We begin by working with you to understand your business's specific needs – gathering all necessary data and information. This may include historical financial data, market data, assumptions about the future, and other relevant information. We then build a model that is tailored to those needs. Even if you don't have a background in finance, our models are easy for you to use and understand. In addition, each model is constructed similarly, regardless of what industry, be it cryptocurrency, AgTech or e-commerce.

Our Financial Models include two key tabs:

- **The Assumptions tab:** this is where you will input your assumptions about the future. The assumptions can be about anything, from revenue growth to margins to expenses.
- **The Cashflow tab:** this is where you will see the impact of your assumptions on your business's cash flow. The cash flow statement is one of the most important financial statements, as it shows you how much cash your business is generating (or burning) over time.

Our goal is to minimize the amount of tabs that our clients have to go through on their own to understand the story that the model is trying to tell. We want our clients to be able to use the model to make sound business decisions, and to raise capital. We also want investors to be able to quickly and easily find key information in the model in order to make informed investment decisions. In the next section, we will discuss the structure of our financial models in greater detail.

HOW WE STRUCTURE OUR FINANCIAL MODELS

Within the assumptions tab, there are two main sections. Like a T-chart in accounting, which has income on one side and expenses on the other, our assumptions tab has two main sections: money out and money in. We also include a 5 Year Summary Sheet which shows a company's P&L, balance sheet, and cash flow statement for each year. This is a quick and easy way to see how a company has performed over time, and to compare different years side-by-side.

Figure 1: Financial Model

Human Resources Team (Annual)		Start Month						
CEO	\$ 100,000.00							
VP of Development	\$ 80,000.00							
Management Accountant	\$ 65,000.00							
Annual Salary Growth	5.00%							
Operations Team		Start Month						
Backend Developer	\$ 60,000.00							
UI/UX Developer	\$ 50,000.00							
Office Manager HR	\$ 40,000.00							
Marketing Manager	\$ 65,000.00							
Annual Salary Growth	5.00%							
Sales Team		Start Month						
Accounts Manager	\$ 45,000.00							
Market Manager MSA-1	\$ 45,000.00							
Market Manager MSA-4-6	\$ 45,000.00							
Market Manager MSA-7-10	\$ 45,000.00							
Experiences Coordinator	\$ 50,000.00							
Experiences Coordinator	\$ 50,000.00							
Annual Salary Growth	5.00%							
Market Team		Salary						
Market Manager	\$ 65,000.00							
Commission[% of Revenue]	0.25%							
Regional Manager	\$ 65,000.00							
Commission[% of MM commission]	0.50%							
Annual Salary Growth	5.00%							
Market Team Count Assumptions		Count						
Market Manager [per Venue]	1	5	10	20	30	20		
Regional Manager [per Market Managers]	1	25	25	25	25	25		
Taxes								
Corporate Tax	25%							
Payroll Taxes + Benefits	5%							
General Marketing (Annual)		\$ 9,000.00						
Blog	\$ 3,000.00							
Brand Awareness	\$ 3,000.00							
Annual Growth [Year 2]	100.00%							
Annual Growth [Year 3]	150.00%							
Annual Growth [Year 4]	150.00%							
Annual Growth [Year 5]	150.00%							
Marketing - Acquisition (Monthly)		\$ 1,200.00						
Facebook/Instagram	\$ 1,200.00							
Google Ads	\$ 1,200.00							
General Operating Expenses (Annual)		\$ 12,000.00						
Office Rent Utilities	\$ 3,000.00							
Phone/Internet	\$ 3,000.00							
Payroll/Gen Liability Insurance	\$ 2,470.00							
Software Licensing Fees	\$ 1,500.00							
Stationery & Equipment	\$ 1,500.00							
Travel & Lodging	\$ 30,000.00							
Retreats	\$ 25,000.00							
Credit Card Processing Fees	2.90%							
Bank Fees	0.00%							
Contract Labor	\$ 10,000.00							
Legal Services	\$ 25,000.00							
Software Licensing Fees	\$ 15,000.00							
Annual Growth [Year 2]	5.00%							
Annual Growth [Year 3]	5.00%							
Annual Growth [Year 4]	5.00%							
Annual Growth [Year 5]	5.00%							
Experience/Venue Distribution		Year 1 Year 2 Year 3 Year 4 Year 5						
Experience	10%	20%	25%	30%	35%			
Venue Listings	90%	80%	75%	70%	65%			
Experience/Venue Secondary Services Assumptions [x times per venue]		Overlap factor						
Services	per venue	Year 1	Year 2	Year 3	Year 4	Year 5		
Catering	3.00x	20%	20%	20%	20%	20%		
Florist	2.00x	20%	20%	20%	20%	20%		
Entertainment	1.50x	20%	20%	20%	20%	20%		
Photography	1.50x	20%	20%	20%	20%	20%		
Transportation	2.00x	20%	20%	20%	20%	20%		
Demand side Metrics								
Marketing Spend Growth								
Annual Growth	80%	150%	214%	214%	214%			
Monthly Growth	5%	8%	10%	10%	10%			
Sign Up Acquisition Cost		Year 1 Year 2 Year 3 Year 4 Year 5						
App Download	\$ 92,000.00	\$ 31,00.00	\$ 18,00.00	\$ 8,00.00	\$ 3,00.00			
Conversion Rate		Year 1 Year 2 Year 3 Year 4 Year 5						
Customer/Coupons	8.00%	18.00%	32.00%	32.00%	32.00%			
Supply side Metrics								
Experiences and Venue Listings Location: Growth Assumptions		Start Month Growth						
Metro MSA	Philadelphia	1	Annual Growth	24	38	72	48	24
Annual Growth	100.00%		Monthly Growth	2	3	4	4	2
Annual Growth	150.00%		Annual Growth	4	5	5	3	2
Annual Growth	150.00%		Monthly Growth	4	6	10	12	24
Miami	2	Annual Growth	48	60	36	24		
Annual Growth	150.00%		Monthly Growth	1	2	3	3	1
New York	3	Annual Growth	48	60	36	24		
Annual Growth	150.00%		Monthly Growth	1	2	3	3	1
Las Vegas	4	Annual Growth	24	36	12	12		
Annual Growth	150.00%		Monthly Growth	2	3	3	1	1
Cabo	5	Annual Growth	12	24	36	12		
Annual Growth	150.00%		Monthly Growth	1	2	3	1	1
Dominican Republic	6	Annual Growth	12	24	36	12		
Annual Growth	150.00%		Monthly Growth	1	2	3	3	1
Los Angeles	13	Annual Growth	-	48	60	60	48	
Annual Growth	150.00%		Monthly Growth	1	2	3	3	1
Elizabeth-Nags Head North Carolina (Outer-Banks)	16	Annual Growth	-	24	12	12		
Annual Growth	150.00%		Monthly Growth	1	2	1	1	1
Italy (Mediterranean)	19	Annual Growth	-	24	12	12		
Annual Growth	150.00%		Monthly Growth	1	2	1	1	1
Dublin, Ireland	20	Annual Growth	-	12	12	12		
Annual Growth	150.00%		Monthly Growth	1	1	1	1	1
Revenue Segments								
Customer Classification Assumptions		Year 1 Year 2 Year 3 Year 4 Year 5						
Experience	45%	25%	35%	45%	45%			
Venue Listings	55%	75%	65%	55%	55%			
Destination Wedding Party Size								
Small	25.00							
Medium	50.00							
Large	100.00							
Lodging Assumptions								
Lodging (% of all guests)		Year 1 Year 2 Year 3 Year 4 Year 5						
Lodging	20%	20%	40%	40%	30%			
Speed per couple	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00			
Event/Rooster Margin [per booking]	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20			
Lodging Revenue Delay		1000 Bookings						
Partner Hotel [Lodging] - Additional Revenue								
Partner Hotel Revenue		Year 1 Year 2 Year 3 Year 4 Year 5						
Partner Hotel Revenue	7%	10%	10%	10%	10%			
Rooster Points Valuation - RPV Assumptions								
Expiry [per month]		Year 1 Year 2 Year 3 Year 4 Year 5						
Rooster Token Purchase [Venues]	2	40%	50%	50%	60%			
Rooster Placement Tokens [Venues]	15	20%	30%	30%	10%			
Venue Rooster Token Purchase Distribution								
Tokens		Year 1 Year 2 Year 3 Year 4 Year 5						
Extra Small	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00			
Small	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00			
Medium	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00			
Large	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00			
Extra Large	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00			
Placement Token Revenue		Revenue \$ 6,000						
Revenue Segments - RP								
Range [Valuation]		Val Factor Avg. Couple Sales! Year 1 Year 2 Year 3 Year 4 Year 5						
A [100k to 500k]	0.0000	\$ 10,000.00	100%	100%	100%	100%		
B [500k to 2,000k]	0.0576	\$ 10,000.00	0%	20%	20%	20%		
C [2,001 to 5,000k]	0.0801	\$ 10,000.00	0%	20%	20%	20%		
D [5001 to 8,000k]	0.1101	\$ 10,000.00	0%	20%	20%	20%		
E [8,001 to 12,500k]	0.1476	\$ 10,000.00	0%	20%	20%	20%		
F [12,501 to 20,000k]	0.2075	\$ 10,000.00	0%	10%	10%	10%		
Existing Location - Additional Revenue								
Experience Revenue	\$ 774,666.67							
Listing Revenue	\$ 554,666.67							
COGS	75%							

On the left-hand side, we have what we call the "operating or operational expenses" section. This is where we track a company's expenses. This includes both operating expenses (such as salaries and rent) and non-operating expenses (such as interest payments).

Figure 2: Left Hand Side – "Money Out"

On the right-hand side, we have the "revenue and growth assumptions" section. This is where we track a company's revenue and other sources of cash. This includes both operating income (such as sales) and non-operating income (such as interest income)

Human Resource Expenses (Annual)		
Management Team		Start Month
CEO	\$ 150,000.00	1
CFO	\$ 100,000.00	24
CMO	\$ 150,000.00	1
CTO	\$ 100,000.00	24
Head of Sales	\$ 150,000.00	1
Head of Partnerships	\$ 125,000.00	3
Head of Customer Support	\$ 100,000.00	6
HR Support Head	\$ 90,000.00	12
Annual Growth %	5.0%	
Operations Team		Start Month
Operations Personnel 1	\$ 45,000.00	1
Operations Personnel 2	\$ 45,000.00	10
Annual Growth %	5.0%	

Customer Support Team		
Customer Support Personnel	\$ 50,000.00	
per # of Listings	200.00	
Max # of Support Personnel	15.00	

Sales Team		
Sales Personnel	\$ 60,000.00	
per # of Listings	500.00	
Max # of Sales Personnel	50.00	
Commission	\$ 2,000.00	
per # of Listings	100.00	

Taxes		
Payroll Taxes + Benefits	12.00%	
Corp. Taxes	15.00%	

HQ - Operating Expenses (NY Annual)		
Web Build	\$ 200,000.00	
Rent	\$ 70,000.00	
Utilities	\$ 15,000.00	
Insurance	\$ 70,000.00	
Subscriptions & Dues	\$ 25,000.00	
Bookkeeping	\$ 12,000.00	
Legal	\$ 50,000.00	
Hosting Fees	\$ 50,000.00	
Technology Equipment (laptops,etc)	\$ 15,000.00	
Video	\$ -	
Other	\$ -	
Annual Growth %		20.0%

HQ One-Time Expenses		
		Month
One Time Expense 1	\$ 25,000.00	12
One Time Expense 2	\$ 25,000.00	25
One Time Expense 3	\$ 25,000.00	15

HQ - Marketing Expenses (Annual)		
PR	\$ 75,000.00	
Events & Conferences	\$ 25,000.00	
Travel & Entertainment	\$ 25,000.00	
Social Media	\$ 70,000.00	
PPC, SEO, Digital Marketing	\$ 30,000.00	
Advertising 2	\$ 100,000.00	
Advertising 3	\$ -	
Advertising 4	\$ -	
Annual Growth %		100.0%

Regional Expenses (Annual per Region)		
Rent	\$ 15,000.00	
Utilities	\$ 7,000.00	
Insurance	\$ -	
Max # of Regional Offices		2
Marketing (per Region Expanded)	\$ 50,000.00	
Annual Growth %		100.0%

Regional One-Time Expenses		
One Time Expense 1	\$ 25,000.00	
One Time Expense 2	\$ 25,000.00	

Figure 3: Right Hand Side – "Money In"

Listing Growth Assumptions							
City - Region	Start Month	Growth	Year 1	Year 2	Year 3	Year 4	Year 5
New York (East)	1	Annual Growth	600	1,200	2,400	6,000	14,400
		Monthly Growth	50	100	200	500	1,200
Florida (SE)	10	Annual Growth	1,200	2,400	4,800	8,400	14,400
		Monthly Growth	100	200	400	700	1,200
Chicago (Mid West)	20	Annual Growth	2,400	4,200	6,600	10,800	14,400
		Monthly Growth	200	350	550	900	1,200
Texas (SW)	30	Annual Growth	3,000	5,400	7,800	12,000	16,800
		Monthly Growth	250	450	650	1,000	1,400
California (West)	30	Annual Growth	3,000	5,400	7,800	12,000	16,800
		Monthly Growth	250	450	650	1,000	1,400
Region 6	0	Annual Growth	-	-	-	-	-
		Monthly Growth	-	-	-	-	-
Region 7	0	Annual Growth	-	-	-	-	-
		Monthly Growth	-	-	-	-	-
Region 8	0	Annual Growth	-	-	-	-	-
		Monthly Growth	-	-	-	-	-
Region 9	0	Annual Growth	-	-	-	-	-
		Monthly Growth	-	-	-	-	-
Region 10	0	Annual Growth	-	-	-	-	-
		Monthly Growth	-	-	-	-	-

Listing Distribution					
	Year 1	Year 2	Year 3	Year 4	Year 5
Basic Listing	100%	80%	70%	60%	60%
Listing Plus	0%	20%	30%	40%	40%

Listing Revenue Assumptions		
	Basic Listing	Listing Plus
Listing Fee [per month]	\$ 65.00	\$ 129.00
Avg. Duration [in Months]	6.00	4.00
COGS	\$ -	\$ 15.00

Marketing Package Adoption - Assumptions					
	Year 1	Year 2	Year 3	Year 4	Year 5
Basic Listing	60%	60%	60%	60%	60%
Listing Plus	40%	50%	60%	60%	60%

Marketing Collateral (One-Time) - Assumptions		
Marketing - Photography, Virtual Tour, I	\$ 1,500.00	
COGS - Marketing	\$ 900.00	

Within the use of cash and sources of cash sections, we further break down each category into sub-categories. For example, within the use of the cash section, we may have a sub-category for "marketing expenses." This allows us to track a company's spending in greater detail. We find that this level of detail is important in order to identify trends and to make informed decisions about where to allocate resources. Or, within the sources of cash section, we may have a sub-category for "sales." This allows us to track a company's revenue in greater detail. We find that this level of detail is important in order to identify trends and to make informed decisions about pricing and product mix.

We built our assumptions about revenue by breaking everything down in terms of Key Performance Indicators, or KPIs. This means that we track the drivers of revenue, such as number of units sold or average selling price. We don't want our clients or investors to have to make assumptions about what's driving top-line growth. We believe that it's important to be transparent about the drivers of revenue growth, and to build those drivers into the model. This way, our clients and investors can see how changes in these drivers will impact the company's bottom line.

For example, take an e-commerce company that sells products online. We may try to figure out the amount of marketing spend necessary to acquire a new customer, the conversion rate (the percentage of people who see a product who end up buying it), and the average order value. We may also track other KPIs such as number of visitors to the website, or time spent on the website. By tracking these KPIs, we can build a detailed picture for clients to understand how these drivers will impact revenue, and ultimately, profitability.

With this information in mind, the client can understand how much money needs to be spent on marketing in order to acquire new customers, and how changes in marketing spend will impact the company's bottom line. In other words, the client can use the model to make informed decisions about where to allocate resources. Moreover, if an investor asks when break-even will occur, not only can the client point to the exact month and year, but they can also show the specific KPI drivers that will need to be achieved in order for the company to reach profitability. Ultimately, this information is detailed in the Cash Flow Statement.

The Cash Flow Statement is one of the most important financial statements for a company (the other two being the Income Statement and the Balance Sheet). The Cash Flow Statement shows a company's inflows and outflows of cash, and is based upon the assumptions that have been made about a company's revenue and expenses. It is important to note that the Cash Flow Statement is different from the Profit & Loss statement, which shows a company's revenue and expenses. The Cash Flow Statement is focused on cash, whereas the Profit & Loss statement is focused on profitability.

The Cash Flow Statement has four sections: KPIs, Revenue, Operating Expenses, Net Income (loss). We'll go over each section in more detail below.

- **KPIs:** The KPIs section shows the drivers of revenue and expenses. This section is important because it allows investors and clients to understand how changes in these drivers will impact a company's cash flows. For example, if an e-commerce company wants to know how changes in marketing spend will impact their cash flows, they can look at the KPIs section to see how changes in marketing spend will impact the company's conversion rate (the percentage of people who see a product who end up buying it) and average order value.
- **Revenue:** The Revenue section shows a company's top-line revenue, broken down by category, such as product sales or service sales. This section is important because it allows investors and clients to understand how a company's revenue is generated. For example, if an e-commerce company wants to know how their product mix will impact their cash flows, they can look at the Revenue section to see how changes in product mix will impact the company's top-line revenue.

- **Operating Expenses:** The Operating Expenses section shows a company's expenses, broken down by category, such as cost of goods sold, marketing, and overhead. This section is important because it allows investors and clients to understand how a company's expenses will impact their cash flows. For example, if an e-commerce company wants to know how changes in fulfillment costs will impact their cash flows, they can look at the Operating Expenses section to see how changes in fulfillment costs will impact the company's bottom line
- **Net Income (loss):** The Net Income (loss) section shows a company's net income or loss. This section is important because it allows investors and clients to understand how a company's profitability will impact their cash flows. For example, if an e-commerce company wants to know how changes in gross margin will impact their cash flows, they can look at the Net Income.

The Cash Flow Statement is important to investors because it shows how a company's cash flows are generated, and to clients because it allows them to make informed decisions about where to allocate resources. Ultimately, the Cash Flow Statement provides insights into a company's financial health.

In addition to Assumptions and Cash Flow, we often include Convertible Note or Capitalization Table calculators part of our financial model. This is for clients who are seeking to raise money from investors and want to include the terms of their convertible note or equity financing in their model. In the next section, we will discuss these calculators in more detail.



CONVERTIBLE NOTES AND CAPITALIZATION TABLES

Convertible notes are debt instruments that can be converted into equity at a later date. They are often used by startups to raise capital from investors. Convertible notes have a few key features:

- They have a maturity date, which is the date when the note must be repaid;
- They have an interest rate, which is the rate of interest that accrues on the note
- They have a conversion price, which is the price at which the note can be converted into equity
- They have a conversion ratio, which is the number of shares of equity that can be purchased with each \$1 of the note.

Convertible notes are often used by startups because they are simpler and faster to negotiate than equity financing. They also allow startups to delay setting a valuation for their company.

Figure 4: Convertible Note Table

DISCOUNT		CAP	
Series A at conversion		Series A at conversion	
Effective valuation	\$55,406,414	Effective valuation	\$55,099,850
Share price	\$55.41	Share price	\$55.10
No. of shares	180,485	No. of shares	181,489
Equity	15.23%	Equity	15.23%
Note Holder at conversion		Note Holder at conversion	
Share price	\$55.41	Share price	\$24.75
No. of shares	4,512	No. of shares	10,101
Equity	0.38%	Equity	0.85%
Return	1.00	Return	2.23

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Capitalization tables, or "cap tables", are lists of a company's shareholders and their ownership percentages. Cap tables are important because they show who owns what in a company. They can also be used to calculate dilution, which is the loss of ownership percentage that occurs when new shares are issued.

Cap tables can be used to assess a company's financial health. For example, if a company has a large number of shareholders with small ownership percentages, it may be a sign that the company is not doing a good job of retaining its shareholders. On the other hand, if a company has a small number of shareholders with large ownership percentages, it may be a sign that the company is doing a good job of retaining its shareholders.

In the event that a client is in need of raising money, or needs some form of valuation, we create a cap table calculator as part of the financial model. This calculator takes into account different scenarios in which a client may raise money, and outputs the dilution that would occur under each scenario.

Figure 5: Cap Table

CONCLUSION	Cap Table (Ownership)			
	Investor	# of Shares	%	Value
At this Series A valuation, the note converts using the CAP, creating 0.47% more equity for the note holder compared to a DISCOUNT. The note holder's return on the Series A is 2.23x.	Current	1,000,000	83.92%	\$ 55,099,850
	Series A	181,489	15.23%	\$ 10,000,000
	Note holder	10,101	0.85%	\$ 556,564
	Total	1,191,590	100.00%	\$ 65,656,414

The following are the inputs for the calculator:

- Pre-money valuation: this is the value of the company before it raises money.
- Post-money valuation: this is the value of the company after it raises money.
- Amount raised: this is the amount of money that the company plans to raise.
- Convertible note interest rate: this is the interest rate on the convertible note.
- Conversion price: this is the price at which the convertible note can be converted into equity.
- Maturity date: this is the date on which the convertible note must be repaid.
- Number of shares outstanding: this is the number of shares of equity that are currently outstanding.

The following are the outputs for the calculator:

- Ownership percentage before financing: this is the ownership percentage of each shareholder before the company raises money.
- Ownership percentage after financing: this is the ownership percentage of each shareholder after the company raises money.
- Dilution: this is the loss of ownership percentage that occurs when new shares are issued.

The calculator can be used to assess different scenarios in which a company may raise money. For example, the calculator can be used to assess the dilution that would occur if a company raised \$1 million at a pre-money valuation of \$10 million. In this scenario, the dilution would be 10%. The calculator can also be used to assess the dilution that would occur if a company raised \$1 million at a post-money valuation of \$11 million. In this scenario, the dilution would be 9.1%.

By having a calculator, it is much easier and faster to assess the dilution that would occur under different fundraising scenarios. This information can be used by startups to make informed decisions about how much money to raise and at what valuation.

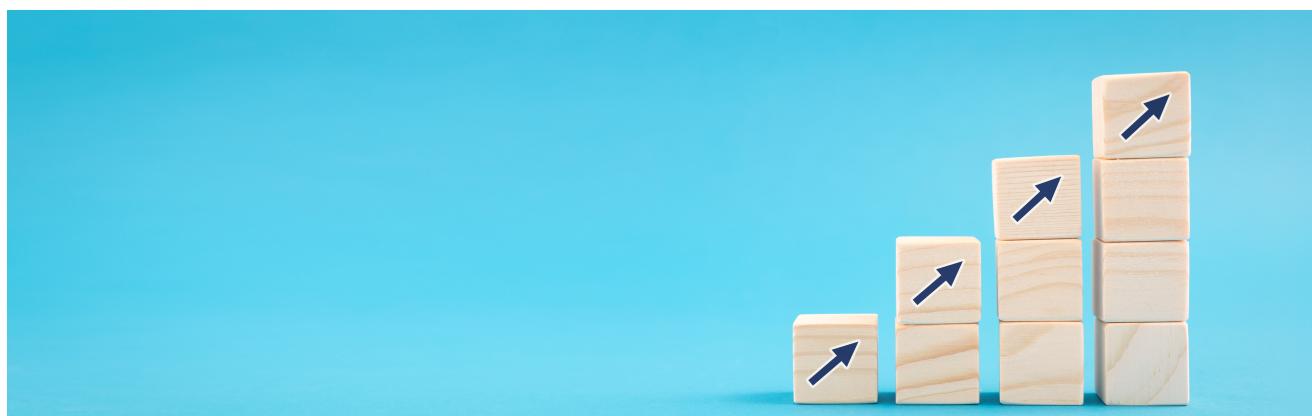


BEST PRACTICES FOR EFFECTIVELY USING YOUR MODEL

Once you have built your model, it is important to use it effectively. The following are some best practices for using your model:

- **Scenario planning:** Your model should be used to test different scenarios. For example, you can use your model to see how your business would perform if you increase your prices by 10%. Or, you can use your model to see how your business would perform if you launched a new product.
- **Decision making:** Your model should be used to make decisions. For example, you can use your model to decide whether or not to raise prices. Or, you can use your model to decide whether or not to launch a new product.
- **Tracking progress:** Your model should be used to track progress. For example, you can use your model to track your revenue and expenses on a monthly basis. This will help you see how your business is performing and identify areas where you need to make changes.
- **Investor relations:** Your model should be used to communicate with investors. For example, you can use your model to show investors how your business is performing. This will help you raise money from investors and get them on board with your business.

Lastly, it is important to keep your model up to date. As your business changes, so too should your model. This will ensure that your model is accurate and reflective of your business. By following these best practices, you will be able to effectively use your model to grow your business;



CONCLUSION

A financial model is a tool that can be used to assess the viability of a business and make informed decisions. The best way to use a business model is to scenario plan, make decisions, track progress, communicate with investors, and keep it up to date. By following these best practices, you will be able to effectively use your model to facilitate transactions and assess the financial health of your business.

At Fidelman & Co, we specialize in building financial models for businesses of all types. We have a team of experienced professionals who can work with you to build a model that is tailored to your specific needs. Contact us today to learn more about how we can help you grow your business: info@fidelmanco.com

