

# ENTREPRENEURIAL FINANCE

Andy Levinson



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# Agenda

- Context: Financial Statements
- Topics for These Sessions
  - Pricing and Revenue
  - Unit Economics
  - Contribution Margin & Presentation
- Session 1: Pricing and Revenue
  - What is the business?
  - What are the sources of income?
  - How to price them?
  - What is the math?
  - What is the timing?



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# Who am I, and why should you listen to me?

Andy Levinson

20 years of finance and accounting experience in the DC VC/PE community



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# Financial Statements - How do they Connect?



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## Income Statement (P&L)

Revenue  
 Cost of Goods Sold  
 Gross Profit  
 Operating Expenses  
     Sales & Marketing  
     Research & Development  
     General & Administrative  
 Total Operating Expenses  
 Operating Income  
 Interest Expense  
 Taxes  
**Net Income**  
 + Interest Expense  
 + Depreciation & Amortization  
 + Stock Compensation  
 EBITDA

## Statement of Cash Flows

Cash Flows from Operations  
**Net Income**  
 Adjustments (for Non-Cash Expenses)  
     Depreciation & Amortization  
     Stock Compensation  
 Changes in Working Capital  
     Accounts Receivable  
     Accounts Payable  
     Deferred Revenue  
 Total Cash Flow from Operations  
 Cash Flows from Investments  
     Purchases of Property, Plant & Equipment  
 Total Cash Flows from Investments  
 Cash Flows from Financing  
     Proceeds from Issuance of Debt  
     Proceeds from Issuance of Equity  
     Repayment of Debt  
 Total Cash Flows from Financing  
 Change in Cash  
 Cash at the Start of Period  
**Cash at the End of Period**

## Balance Sheet

Assets  
 Current Assets  
**Cash**  
     Accounts Receivable  
 Total Current Assets  
 Non-Current Assets  
     Property, Plant & Equipment  
 Total Non-Current Assets  
 Total Assets  
 Liabilities and Shareholder's Equity  
 Liabilities  
     Current Liabilities  
         Accounts Payable  
         Deferred Revenue  
     Total Current Liabilities  
     Non-Current Liabilities  
         Debt  
     Total Non-Current Liabilities  
 Total Liabilities  
 Shareholders' Equity  
     Common Stock  
     Retained Earnings  
 Total Shareholders' Equity  
 Total Liabilities and Shareholders' Equity

# Financial Statements - How do they Connect?

## Income Statement (P&L)

Revenue  
 Cost of Goods Sold  
 Gross Profit  
 Operating Expenses  
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     Research & Development  
     General & Administrative  
 Total Operating Expenses  
 Operating Income  
 Interest Expense  
 Taxes  
 Net Income  
 + Interest Expense  
 + Depreciation & Amortization  
 + Stock Compensation  
 EBITDA

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Cash Flows from Operations  
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 Total Current Assets  
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     Property, Plant & Equipment  
 Total Non-Current Assets  
 Total Assets  
 Liabilities and Shareholder's Equity  
 Liabilities  
 Current Liabilities  
     Accounts Payable  
     Deferred Revenue  
 Total Current Liabilities  
 Non-Current Liabilities  
     Debt  
 Total Non-Current Liabilities  
 Total Liabilities  
 Shareholders' Equity  
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 Total Shareholders' Equity  
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# Focus Here: The Income Statement (P&L)



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## Income Statement (P&L)

Revenue  
Cost of Goods Sold  
Gross Profit  
Operating Expenses  
    Sales & Marketing  
    Research & Development  
    General & Administrative  
Total Operating Expenses  
Operating Income  
Interest Expense  
Taxes  
Net Income  
+ Interest Expense  
+ Depreciation & Amortization  
+ Stock Compensation  
EBITDA

## SESSION 2 (TODAY):

Unit Economics  
Gross Profit  
Contribution Margin  
Allocations



# Unit Economics

- What is Our Example?
- Cost of Goods Sold: Algebra
- Income Statement: Gross Profit
- Gross Profit: Variable Cost Items
- Gross Profit: Fixed Cost Items
- Allocations
- Warnings about Allocations



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# Example: A Youth Soccer Team

- 20 Players
- 10 Month "Season"
- 2 Seasonal "Leagues," 2 Seasonal Tournaments
- 1 Field
- Owner + 1 PT Coach + 1 PT Staff



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# Gross Profit and Unit Contribution

What is the profit  
for the team?



vs

What is the profit per unit  
(and what exactly is a unit)?



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# Revenue



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Income Statement (P&L)		2022 AUG	2022 SEP	2022 OCT	2022 NOV	2022 DEC	2023 JAN	2023 FEB	2023 MAR	2023 APR	2023 MAY	2023 JUN	2023 JUL	2022 FY	2023 FY	22-23 Total
Revenue																
Uniforms	1,000	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-	1,000
Logo Gear	600	-	-	600	-	-	-	-	-	-	-	-	-	600	-	600
Team Dues	30,000	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	12,000	18,000	30,000
Lessons	600	-	600	600	600	600	600	600	600	600	600	600	-	2,400	3,600	6,000
<b>Total Revenue</b>		-	<b>4,600</b>	<b>4,200</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	-	<b>16,000</b>	<b>21,600</b>	<b>37,600</b>



# Revenue: Algebra



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## Revenue Elements Attributed To All “Customers”

<b>Team Dues</b>	
Players	20
Dues	\$ 1,500
<hr/>	
Dues Per Team	30,000
Teams	1
<hr/>	
<b>Annual Total Team Dues</b>	<b>30,000</b>
<b>Uniforms</b>	
Players	20
Price per Uniform	\$ 50
<hr/>	
Uniforms per Team	\$ 1,000
Teams	1
<hr/>	
<b>Total Uniforms</b>	<b>\$ 1,000</b>

## Revenue Elements with Take Rates

<b>Logo Gear</b>		<b>Lessons</b>	
Players	20	Players	20
Teams	1	Teams	1
<hr/>		<hr/>	
Total Players	20	Total Players	20
Take Rate	40%	Take Rate	15%
<hr/>		<hr/>	
Parents Buying Logo Gear	8	Players Taking Lessons	3
Price per Logo Gear	\$ 75	Lessons/Player/Month	4
<hr/>		<hr/>	
<b>Total Logo Gear</b>	<b>\$ 600</b>	Lessons <b>Per Month</b>	12
		Hourly Rate	\$ 50
		<hr/>	
		<b>Monthly Total for Lessons</b>	<b>\$ 600</b>

# Cost of Goods Sold: Algebra



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## Variable Cost Items

<b>Uniforms</b>	
Players	20
Cost per Uniform	\$ 15
<hr/>	
Uniforms per Team	\$ 300
Teams	1
<hr/>	
<b>Total Uniforms</b>	<b>\$ 300</b>

<b>Logo Gear</b>	
Players	20
Teams	1
<hr/>	
Total Players	20
Take Rate	40%
<hr/>	
Parents Buying Logo Gear	8
Cost per Logo Gear	\$ 15
<hr/>	
<b>Total Logo Gear</b>	<b>\$ 120</b>

## Fixed Cost Items

### Facilities

<b>Field</b>	
Hours/Day	4
Days/Week	5
Weeks/Month	4.3
\$/Hour	\$ 25.00
<hr/>	
<b>Total Field Cost/Month</b>	<b>\$ 2,150</b>

### Staff

<b>Coach</b>	
Hours/Day	4
Days/Week	6
Weeks/Month	4.3
\$/Hour	\$ 30.00
<hr/>	
<b>Total Coach/Month</b>	<b>\$ 3,096</b>

### Dues

<b>Leagues/Tournaments</b>	
Teams	1
Leagues/Tournaments	4
Cost/Event	\$1,500
<hr/>	
<b>Total Cost for Leagues/Tourn</b>	<b>\$6,000</b>



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# Gross Profit

Income Statement (P&L)		2022 AUG	2022 SEP	2022 OCT	2022 NOV	2022 DEC	2023 JAN	2023 FEB	2023 MAR	2023 APR	2023 MAY	2023 JUN	2023 JUL	2022 FY	2023 FY	Total
Revenue																
Uniforms	1,000	-	1,000	-	-	-	-	-	-	-	-	-	-	1,000	-	1,000
Logo Gear	600	-	-	600	-	-	-	-	-	-	-	-	-	600	-	600
Team Dues	30,000	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-	12,000	18,000	30,000
Lessons	600	-	600	600	600	600	600	600	600	600	600	600	-	2,400	3,600	6,000
<b>Total Revenue</b>		-	<b>4,600</b>	<b>4,200</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	-	<b>16,000</b>	<b>21,600</b>	<b>37,600</b>
Cost of Goods Sold																
Uniforms	300	-	300	-	-	-	-	-	-	-	-	-	-	300	-	300
Logo Gear	120	-	-	120	-	-	-	-	-	-	-	-	-	120	-	120
Leagues/Tournaments	6,000	-	500	500	2,000	-	-	-	500	500	2,000	-	-	3,000	3,000	6,000
Field	2,150	-	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	-	8,600	12,900	21,500
Coach	3,096	-	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	-	12,384	18,576	30,960
<b>Total Cost of Goods Sold</b>		-	<b>6,046</b>	<b>5,866</b>	<b>7,246</b>	<b>5,246</b>	<b>5,246</b>	<b>5,246</b>	<b>5,746</b>	<b>5,746</b>	<b>7,246</b>	<b>5,246</b>	-	<b>24,404</b>	<b>34,476</b>	<b>58,880</b>
<b>Gross Profit</b>		-	<b>(1,446)</b>	<b>(1,666)</b>	<b>(3,646)</b>	<b>(1,646)</b>	<b>(1,646)</b>	<b>(1,646)</b>	<b>(2,146)</b>	<b>(2,146)</b>	<b>(3,646)</b>	<b>(1,646)</b>	-	<b>(8,404)</b>	<b>(12,876)</b>	<b>(21,280)</b>
<b>Gross Margin</b>		<b>0%</b>	<b>(31%)</b>	<b>(40%)</b>	<b>(101%)</b>	<b>(46%)</b>	<b>(46%)</b>	<b>(46%)</b>	<b>(60%)</b>	<b>(60%)</b>	<b>(101%)</b>	<b>(46%)</b>	<b>0%</b>	<b>(53%)</b>	<b>(60%)</b>	<b>(57%)</b>

# Gross Profit: Variable Cost Items



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	Revenue	Cost	Gross Profit	Gross Margin
<b>Uniforms</b>				
Players	20	20		
per Uniform	\$ 50	\$ 15	\$ 35	70%
Uniforms per Team	\$ 1,000	\$ 300	\$ 700	70%
Teams	1	1		
<b>Total Uniforms</b>	<b>\$ 1,000</b>	<b>\$ 300</b>	<b>\$ 700</b>	<b>70%</b>
<b>Logo Gear</b>				
Players	20	20		
Teams	1	1		
Total Players	20	20		
Take Rate	40%	40%		
Parents Buying Logo Gear	8	8		
per Logo Gear	\$ 75	\$ 15	\$ 60	80%
<b>Total Logo Gear</b>	<b>\$ 600</b>	<b>\$ 120</b>	<b>\$ 480</b>	<b>80%</b>



# Gross Profit: Variable Cost Items

	Revenue	Cost	Gross Profit	Gross Margin
<b>Uniforms</b>				
Players	20	20		
per Uniform	\$ 50	\$ 15	\$ 35	70%
Uniforms per Team	\$ 1,000	\$ 300	\$ 700	70%
Teams	1	1		
<b>Total Uniforms</b>	<b>\$ 1,000</b>	<b>\$ 300</b>	<b>\$ 700</b>	<b>70%</b>
<b>Logo Gear</b>				
Players	20	20		
Teams	1	1		
Total Players	20	20		
Take Rate	40%	40%		
Parents Buying Logo Gear	8	8		
per Logo Gear	\$ 75	\$ 15	\$ 60	80%
<b>Total Logo Gear</b>	<b>\$ 600</b>	<b>\$ 120</b>	<b>\$ 480</b>	<b>80%</b>

Per Unit Gross Profit....

....Unit Economics



# Gross Profit: Variable Cost Items - Per "Unit of Production"

	Revenue	Cost	Gross Profit	Gross Margin
<b>Uniforms</b>				
Players	20	20		
per Uniform	\$ 50	\$ 15	\$ 35	70%
Uniforms per Team	\$ 1,000	\$ 300	\$ 700	70%
Teams	1	1		
<b>Total Uniforms</b>	<b>\$ 1,000</b>	<b>\$ 300</b>	<b>\$ 700</b>	<b>70%</b>
<b>Logo Gear</b>				
Players	20	20		
Teams	1	1		
<b>Total Players</b>	<b>20</b>	<b>20</b>		
Take Rate	40%	40%		
Parents Buying Logo Gear	8	8		
per Logo Gear	\$ 75	\$ 15	\$ 60	80%
<b>Total Logo Gear</b>	<b>\$ 600</b>	<b>\$ 120</b>	<b>\$ 480</b>	<b>80%</b>
Total Players	20	20	20	
<b>Per Player</b>	<b>\$ 30</b>	<b>\$ 6</b>	<b>\$ 24</b>	<b>80%</b>

Per Unit Gross Profit....

...Unit Economics



# Gross Profit: "Fixed" Cost Items



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Revenue		Cost	
<b>Team Dues</b>	<b>Per Year</b>	<b>Field</b>	
Players	20	Hours/Day	4
Dues	\$ 1,500	Days/Week	6
Dues Per Team	30,000	Weeks/Month	4.3
Teams	1	\$/Hour	25
<b>Annual Total Team Dues</b>	<b>\$30,000</b>	<b>Field Cost/Month</b>	<b>\$ 2,580</b>
		<b>Leagues/Tournaments</b>	
<b>Lessons</b>		Teams	1
Players	20	Leagues/Tourn	4
Teams	1	Cost/Event	\$ 1,500
Total Players	20	<b>Cost for Leagues/Tour</b>	<b>\$ 6,000</b>
Take Rate	15%	<b>Coach</b>	
Players Taking Lessons	3	Hours/Day	4
Lessons/Player/Month	4	Days/Week	6
Lessons <b>Per Month</b>	12	Weeks/Month	4.3
Hourly Rate	\$ 50	\$/Hour	\$ 30.00
<b>Monthly Total for Lessons</b>	<b>\$ 600</b>	<b>Coach Cost/Month</b>	<b>\$ 3,096</b>

The units no longer line up cleanly....this gives us the problem of.....



# Allocations - What is Our Driver?

Revenue		Cost	
<b>Team Dues</b>	<b>Per Year</b>	<b>Field</b>	
Players	20	Hours/Day	4
Dues	\$ 1,500	Days/Week	6
Dues Per Team	30,000	Weeks/Month	4.3
Teams	1	\$/Hour	25
<b>Annual Total Team Dues</b>	<b>\$30,000</b>	<b>Field Cost/Month</b>	<b>\$ 2,580</b>
		<b>Leagues/Tournaments</b>	
<b>Lessons</b>		Teams	1
Players	20	Leagues/Tourn	4
Teams	1	Cost/Event	\$ 1,500
Total Players	20	<b>Cost for Leagues/Tour</b>	<b>\$ 6,000</b>
Take Rate	15%	<b>Coach</b>	
Players Taking Lessons	3	Hours/Day	4
Lessons/Player/Month	4	Days/Week	6
Lessons <b>Per Month</b>	12	Weeks/Month	4.3
Hourly Rate	\$ 50	\$/Hour	\$ 30.00
<b>Monthly Total for Lessons</b>	<b>\$ 600</b>	<b>Coach Cost/Month</b>	<b>\$ 3,096</b>

Our Options:

Per Period of Time:

- Months
- Years

Per Unit of Cost:

- Field
- League/Tournament
- Coach

Per Unit of Production:

- Player



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# Gross Profit: "Fixed" Cost Items

Revenue						Cost					
Team Dues	Per Year	Months	Per Year	Players	Per Player	Field	Months	Per Year	Players	Per Player	
Players	20					Hours/Day					
Dues	\$ 1,500					Days/Week					
Dues Per Team	30,000					Weeks/Month					
Teams	1					\$/Hour					
<b>Annual Total Team Dues</b>	<b>\$30,000</b>		<b>\$30,000</b>	<b>20</b>	<b>\$ 1,500</b>	<b>Field Cost/Month</b>	<b>\$ 2,580</b>	<b>10</b>	<b>\$25,800</b>	<b>20</b>	<b>\$ 1,290</b>
						<b>Leagues/Tournaments</b>					
						Teams					
						Leagues/Tourn					
						Cost/Event	\$ 1,500				
						<b>Cost for Leagues/Tour</b>	<b>\$ 6,000</b>		<b>\$ 6,000</b>	<b>20</b>	<b>\$ 300</b>
						<b>Coach</b>					
						Hours/Day					
						Days/Week					
						Weeks/Month					
						\$/Hour	\$ 30.00				
<b>Monthly Total for Lessons</b>	<b>\$ 600</b>	<b>10</b>	<b>\$ 6,000</b>	<b>20</b>	<b>\$ 300</b>	<b>Coach Cost/Month</b>	<b>\$ 3,096</b>	<b>10</b>	<b>\$30,960</b>	<b>20</b>	<b>\$ 1,548</b>

Per Player Revenue \$ 1,800

Cost \$ 3,138

Unit Profit	Unit Margin
\$ (1,338)	(74%)



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# Warning #1: Allocate All Costs

Revenue					Cost								
	Per Year	Months	Per Year	Players	Per Player		Months	Per Year	Players	Per Player			
<b>Team Dues</b>						<b>Field</b>							
Players	20					Hours/Day	4						
Dues	\$ 1,500					Days/Week	6						
Dues Per Team	30,000					Weeks/Month	4.3						
Teams	1					\$/Hour	0						
<b>Annual Total Team Dues</b>	<b>\$30,000</b>		<b>\$30,000</b>	<b>20</b>	<b>\$ 1,500</b>	<b>Field Cost/Month</b>	<b>\$ -</b>	<b>10</b>	<b>\$ -</b>	<b>20</b>	<b>\$ -</b>		
<b>Lessons</b>						<b>Leagues/Tournaments</b>							
Players	20					Teams	1						
Teams	1					Leagues/Tourn	4						
Total Players	20					Cost/Event	\$ 1,500						
Take Rate	15%					<b>Cost for Leagues/Tour</b>	<b>\$ 6,000</b>		<b>\$ 6,000</b>	<b>20</b>	<b>\$ 300</b>		
Players Taking Lessons	3					<b>Coach</b>							
Lessons/Player/Month	4					Hours/Day	4						
Lessons <b>Per Month</b>	12					Days/Week	6						
Hourly Rate	\$ 50					Weeks/Month	4.3						
<b>Monthly Total for Lessons</b>	<b>\$ 600</b>	<b>10</b>	<b>\$ 6,000</b>	<b>20</b>	<b>\$ 300</b>	\$/Hour	\$ 30.00						
						<b>Coach Cost/Month</b>	<b>\$ 3,096</b>	<b>10</b>	<b>\$30,960</b>	<b>20</b>	<b>\$ 1,548</b>		
<b>Per Player</b>					<b>Revenue</b>						<b>Unit Profit</b>	<b>Unit Margin</b>	
					<b>\$ 1,800</b>						<b>\$ 1,848</b>	<b>\$ (48)</b>	<b>(3%)</b>
											<b>Cost</b>		
											<b>\$ 1,848</b>		



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# Warning #2: Beware the "Death Spiral"

Revenue						Cost								
Team Dues	Per Year	Months	Per Year	Players	Per Player	Field	Months	Per Year	Players	Per Player				
Players	20					Hours/Day								
Dues	\$ 1,500					Days/Week								
Dues Per Team	30,000					Weeks/Month								
Teams	1					\$/Hour								
<b>Annual Total Team Dues</b>	<b>\$30,000</b>		<b>\$30,000</b>	<b>20</b>	<b>\$ 1,500</b>	<b>Field Cost/Month</b>	<b>\$ 2,580</b>	<b>10</b>	<b>\$25,800</b>	<b>20</b>	<b>\$ 1,290</b>			
<b>Lessons</b>						<b>Leagues/Tournaments</b>								
Players	20					Teams								
Teams	1					Leagues/Tourn								
Total Players	20					Cost/Event	\$ 1,500							
Take Rate	15%					<b>Cost for Leagues/Tour</b>	<b>\$ 6,000</b>		<b>\$ 6,000</b>	<b>20</b>	<b>\$ 300</b>			
Players Taking Lessons	3					<b>Coach</b>								
Lessons/Player/Month	0					Hours/Day								
Lessons <b>Per Month</b>	0					Days/Week								
Hourly Rate	\$ 50					Weeks/Month								
<b>Monthly Total for Lessons</b>	<b>\$ -</b>	<b>10</b>	<b>\$ -</b>	<b>20</b>	<b>\$ -</b>	\$/Hour	\$ 30.00							
						<b>Coach Cost/Month</b>	<b>\$ 3,096</b>	<b>10</b>	<b>\$30,960</b>	<b>20</b>	<b>\$ 1,548</b>			

Per Player Revenue  
\$ 1,500

Unit Profit Margin  
\$ 3,138 \$(1,638) (109%)



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# Warning #3: Identify the Cause

Capacity				Usage			
Field		Months	Per Year	Field		Months	Per Year
Hours/Day	4			Teams	1		
Days/Week	6			Practices/Week	2		
Weeks/Month	4.3			Hours/Practice	1.5		
				Weeks/Month	4.3		
<b>Field Capacity</b>	<b>103.20</b>	<b>10</b>	<b>1,032</b>	<b>Field Usage - Practices</b>	<b>12.90</b>	<b>10</b>	<b>129</b>
				Field			
				Teams	1		
				Lessons/Month	12		
				Hours/Lesson	1		
				<b>Field Usage - Lessons</b>	<b>12</b>	<b>10</b>	<b>120</b>
				<b>Coach</b>			
				Teams	1		
				Practices/Week	2		
				Hours/Practice	1.5		
				Weeks/Month	4.3		
				<b>Field Usage - Practices</b>	<b>12.90</b>	<b>10</b>	<b>129</b>
				Field			
				Teams	1		
				Lessons/Month	12		
				Hours/Lesson	1		
<b>Coach Capacity/Month</b>	<b>103.20</b>	<b>10</b>	<b>1,032</b>	<b>Field Usage - Lessons</b>	<b>12</b>	<b>10</b>	<b>120</b>
<b>Total Capacity</b>			<b>1,032</b>	<b>Total Usage</b>		<b>498</b>	<b>Utilization 48.3%</b>

Utilization

# Warning #3: Identify the Cause



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Capacity				Usage			
Field		Months	Per Year	Field	Months	Per Year	
Hours/Day	4			Teams	2		
Days/Week	6			Practices/Week	2		
Weeks/Month	4.3			Hours/Practice	1.5		
<b>Field Capacity</b>	<b>103.20</b>	<b>10</b>	<b>1,032</b>	<b>Weeks/Month</b>	<b>4.3</b>		
				<b>Field Usage - Practices</b>	<b>25.80</b>	<b>10</b>	<b>258</b>
				Field			
				Teams	2		
				Lessons/Month	24		
				Hours/Lesson	1		
				<b>Field Usage - Lessons</b>	<b>24</b>	<b>10</b>	<b>240</b>
				<b>Coach</b>			
				Teams	2		
				Practices/Week	2		
				Hours/Practice	1.5		
				Weeks/Month	4.3		
				<b>Field Usage - Practices</b>	<b>25.80</b>	<b>10</b>	<b>258</b>
				Field			
				Teams	2		
				Lessons/Month	24		
				Hours/Lesson	1		
				<b>Field Usage - Lessons</b>	<b>24</b>	<b>10</b>	<b>240</b>
<b>Coach Capacity/Month</b>	<b>103.20</b>	<b>10</b>	<b>1,032</b>				
							<b>Utilization</b>
<b>Total Capacity</b>			<b>1,032</b>	<b>Total Usage</b>			<b>996</b>
							<b>96.5%</b>



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# Gross Profit: 1 Team

Income Statement (P&L)	2022 AUG	2022 SEP	2022 OCT	2022 NOV	2022 DEC	2023 JAN	2023 FEB	2023 MAR	2023 APR	2023 MAY	2023 JUN	2023 JUL	2022 FY	2023 FY	Total
Revenue															
Uniforms	1,000	-	1,000	-	-	-	-	-	-	-	-	-	1,000	-	1,000
Logo Gear	600	-	-	600	-	-	-	-	-	-	-	-	600	-	600
Team Dues	30,000	-	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	12,000	18,000	30,000
Lessons	600	-	600	600	600	600	600	600	600	600	600	600	2,400	3,600	6,000
<b>Total Revenue</b>	-	<b>4,600</b>	<b>4,200</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>	-	<b>16,000</b>	<b>21,600</b>	<b>37,600</b>
Cost of Goods Sold															
Uniforms	300	-	300	-	-	-	-	-	-	-	-	-	300	-	300
Logo Gear	120	-	-	120	-	-	-	-	-	-	-	-	120	-	120
Leagues/Tournaments	6,000	-	500	500	2,000	-	-	500	500	2,000	-	-	3,000	3,000	6,000
Field	2,150	-	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	-	8,600	12,900	21,500
Coach	3,096	-	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	-	12,384	18,576	30,960
<b>Total Cost of Goods Sold</b>	-	<b>6,046</b>	<b>5,866</b>	<b>7,246</b>	<b>5,246</b>	<b>5,246</b>	<b>5,246</b>	<b>5,746</b>	<b>5,746</b>	<b>7,246</b>	<b>5,246</b>	-	<b>24,404</b>	<b>34,476</b>	<b>58,880</b>
<b>Gross Profit</b>	-	<b>(1,446)</b>	<b>(1,666)</b>	<b>(3,646)</b>	<b>(1,646)</b>	<b>(1,646)</b>	<b>(1,646)</b>	<b>(2,146)</b>	<b>(2,146)</b>	<b>(3,646)</b>	<b>(1,646)</b>	-	<b>(8,404)</b>	<b>(12,876)</b>	<b>(21,280)</b>
<b>Gross Margin</b>	<b>0%</b>	<b>(31%)</b>	<b>(40%)</b>	<b>(101%)</b>	<b>(46%)</b>	<b>(46%)</b>	<b>(46%)</b>	<b>(60%)</b>	<b>(60%)</b>	<b>(101%)</b>	<b>(46%)</b>	<b>0%</b>	<b>(53%)</b>	<b>(60%)</b>	<b>(57%)</b>





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# Gross Profit: 2 Teams

Income Statement (P&L)	2022 AUG	2022 SEP	2022 OCT	2022 NOV	2022 DEC	2023 JAN	2023 FEB	2023 MAR	2023 APR	2023 MAY	2023 JUN	2023 JUL	2022 FY	2023 FY	Total
Revenue															
Uniforms	2,000	-	2,000	-	-	-	-	-	-	-	-	-	2,000	-	2,000
Logo Gear	1,200	-	-	1,200	-	-	-	-	-	-	-	-	1,200	-	1,200
Team Dues	60,000	-	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	24,000	36,000	60,000
Lessons	1,200	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	4,800	7,200	12,000
<b>Total Revenue</b>	-	<b>9,200</b>	<b>8,400</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	<b>7,200</b>	-	<b>32,000</b>	<b>43,200</b>	<b>75,200</b>
Cost of Goods Sold															
Uniforms	600	-	600	-	-	-	-	-	-	-	-	-	600	-	600
Logo Gear	240	-	-	240	-	-	-	-	-	-	-	-	240	-	240
Leagues/Tournaments	12,000	-	1,000	1,000	4,000	-	-	-	1,000	1,000	4,000	-	6,000	6,000	12,000
Field	2,150	-	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	-	8,600	12,900	21,500
Coach	3,096	-	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	3,096	-	12,384	18,576	30,960
<b>Total Cost of Goods Sold</b>	-	<b>6,846</b>	<b>6,486</b>	<b>9,246</b>	<b>5,246</b>	<b>5,246</b>	<b>5,246</b>	<b>6,246</b>	<b>6,246</b>	<b>9,246</b>	<b>5,246</b>	-	<b>27,824</b>	<b>37,476</b>	<b>65,300</b>
<b>Gross Profit</b>	-	<b>2,354</b>	<b>1,914</b>	<b>(2,046)</b>	<b>1,954</b>	<b>1,954</b>	<b>1,954</b>	<b>954</b>	<b>954</b>	<b>(2,046)</b>	<b>1,954</b>	-	<b>4,176</b>	<b>5,724</b>	<b>9,900</b>
<b>Gross Margin</b>	<b>0%</b>	<b>26%</b>	<b>23%</b>	<b>(28%)</b>	<b>27%</b>	<b>27%</b>	<b>27%</b>	<b>13%</b>	<b>13%</b>	<b>(28%)</b>	<b>27%</b>	<b>0%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>

# Summary:

- Context: Financial Statements
- Topic: Gross Profit and Unit Economics
  - What is Gross Profit (and Gross Margin)?
  - What is Unit Profit (Unit Economics)?
  - How does this work for Variable Cost Items?
  - How does this work for Fixed Cost Items?
  - What are Allocation Drivers?
  - What are the Three Warnings of Allocations?



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