

Commercial Pro Forma Template

NASA needs a simplified, 5-year cash-in/cash-out snapshot of your business to see your growth potential and how you plan to stay afloat. This document explains the template in detail to assist you in completing it.

General Considerations

- **Cash is King:** Forget fancy accounting. This exercise is strictly on a cash-basis. (Think bank statements: what goes in, what goes out. We are NOT interested in accruals, revenue recognition rules or other GAAP accounting concerns.)
- **Calendar Years:** For this exercise, years begin on 1 January and end on 31 December.
- **Use Our Template:** You're required to use this template, even if you have your own projection models.
- **Non-Cash Values** (Like numbers of customers and FTEs): We ask for these to create useful ratios about your business.

Growth

This is the first section of the worksheet. Here we are trying to get after the picture for your business for *product revenue*.

Paying Customers

Enter an integer value of the number of distinct customers you expect by year-end.

There is obviously some nuance in determining what constitutes a distinct customer. We'll leave that up to you, but perhaps the following heuristic will be helpful for you in determining what it is we're trying to get after here.

- *Private Companies or Consumers.* Unique tax ID/corporate entity = one customer. Simple.
- *Government.* Trickier. Is the Department of Defense a single customer if you're doing business with the Navy, the Space Force, and DARPA? No, most definitely not. The nuance comes in when dealing with multiple different groups within a particular government agency, like the Space Force. (It might help to think about whether or not the contracting shop is the same and how closely related the mission teams at

that agency are to each other.) Use your best judgment. Can you explain in a few sentences why they are different? If so, it is probably a separate customer; if your explanation requires more nuance and complexity than that, it's probably best to count them as the same customer.

What's a "Unit"?

For this model, a Unit is how you quantify your revenue. Imagine a quote to a good customer. This would be the description to the right of the "quantity" column. Examples:

- Hardware: a satellite, sensor, product, etc.
- Software: a license, license seat, GenAI token, etc.
- Service: a consultant-hour, consultant-month, etc.

Please keep the definitions of units consistent across all years in your projections.

Average Selling Price / Unit

This means the average cash generated and cost per unit sold. We know you might have multiple products ("units"!), but you'll need to figure out an average. The spreadsheet has tips embedded.

Cost of Goods Sold (COGS) / Unit

While your accountant may be tempted to help you amortize a bunch of fixed costs when considering costs of goods sold per unit, please do not. What we're looking for here is the marginal cost of selling the next unit. In other words, if you went from selling 19 units to 20, how much additional spend would there be for you to produce the 20th unit and deliver it? These costs should obviously include all of your bill of materials and all labor required to produce, deliver, and support the units sold.

Gross Margin % / Revenue / Gross Margin \$

You'll find that the formulas that fill these cells are locked. Please edit the lines above with light beige backgrounds and blue text.

Expenses

In the expenses section, we're trying to surround all of the non-cost of goods, cash outflows your business will experience over the next 5 years of growth.

Full-Time Equivalent Workers (FTEs)

Count all the people working for your business, including contractors and 1099s.

Examples:

- A contractor working 4 hours/week = 0.1 FTE.
- Founders and early team members working crazy hours still only count as 1.0 FTE each.

Research & Development (R&D) Costs

This is "all in." If you have dedicated R&D staff, their full costs go here. Also include outsourced testing, R&D software, lab supplies, and outside experts.

Facilities & Capital Equipment Costs

Rent for offices/labs and any big equipment purchases. Don't double-count with R&D.

Sales & Marketing Costs

Fully burdened costs for all FTE efforts on sales or marketing, plus sales commissions, travel, conferences, grant writers, marketing communications, branding, social media, web design, channel partner costs, etc.

General & Administrative (G&A) Costs

Fully burdened salaries for general managers, ops, admin, finance, and HR. Also include internet, accounting software, general purpose software tools (MSFT Office, Google Work, Slack), etc. Basically anything that helps run the business but isn't R&D.

If someone wears multiple hats (like a founder doing R&D, selling and some G&A), split their costs across different categories as best you can without double counting a person's expenses.

Other Expenses

Try to keep this empty! Please enter only costs that really don't fit in the categories described above.

Operational Cash Flow

This is simply your gross margin minus all the expenses. The spreadsheet calculates it. It is okay if this is negative in the first few years.

Total Expenses

Just like rows 9, 10, and 11, the formulas that will generate total expenses are locked. They sum the relevant costs from the expensive section for you.

Operational Cash Flow

Row 21 is also locked and formula-driven. These figures will give you an idea of how much cash is generated or burned from running your business during the year in question. As you already know, it is absolutely fine to be cash flow negative from operations for several years as long as there is sufficient cash coming in from other sources like grants, government contracts, and investor cash flows to keep your business solvent.

However, in the medium and long term, your business must become strongly cash flow positive on an operational basis to survive and thrive.

Other Sources of Cash

In this section, we're looking for anything that's *not product revenue* that results in a credit for your projected bank account balance.

Non-Dilutive Government Funding (e.g., SBIRs)

Grants and SBIRs from the government. This is non-product revenue cash you get without giving up equity or taking on debt. We want to see you're not solely relying on grants / SBIRs long-term; so will your investors.

Equity Investments

All the cash from selling parts of your company – founders, angels, VCs. Convertible notes, SAFEs, and the like belong here.

Debt Raised

Any cash from loans, like SBA loans or venture debt.

Mechanics of the Sheet

- **Locked rows.** The Excel template is locked, which means only cells with the beige background and the bright blue font can be edited. The rest of the values are generated by formulas to assure consistent treatment of the data you enter.
- **Number Formats and Entering Data.** You'll quickly see that dollar figures in row 15 and below are formatted to be in thousands of US dollars. This formatting is independent of the number that you'll enter. So if you have a research and development cost projected for 2026 of \$500,000, you would enter a "5" followed by five zeros into that cell.
- **Notes on Ratios and Graphs**
 - **Column K** values will be very important. These figures provide at-a-glance insights into your growth projections.
 - **Cell K28** is very important from an operational standpoint. We want to ensure that your minimum cash balance never dips below zero so that your firm can stay solvent.
 - **Rows 31 - 33.** These ratios tell us a lot about the realism of your projections, and can be helpful in benchmarking your projected performance to other VC-backed companies.
 - **Graphs.** These are simply visual representations of some of the calculated values in the chart. This provides both you and the evaluators an at-a-glance view of your projections.