Assumptions & Methodology
Startup Financial Forecast

1. Executive Summary

This document outlines the key assumptions and methodology used to prepare the financial projections for **[Startup Name]** for the period **2024-2027**. It serves as a reference for validating business model forecasts, projected costs, and revenue streams.

2. Key Assumptions

Category	Assumption	Details
Market Size	$100 million (target segment)	Based on industry research and competitor analysis
Customer Acquisition	5,000 users Year 1	Growth rate: 90% annually
Pricing	$20/month per user	Subscription model
Churn Rate	5% monthly	Gradual improvement to 3% in Year 3
Operating Expenses	$40,000/month	Includes salaries, rent, tech, marketing
Cost of Goods Sold (COGS)	20% of revenue	Primarily technology and support
Funding	$500,000 Pre-Seed	Raised Q2 2024

3. Revenue Methodology

1. Revenue = (Projected Users) x (Average Price per User)
2. Monthly: Adjust for churn and acquisition rate
3. Recurring revenue basis with annualized calculation for projections

4. Expense Methodology

1. **COGS:** Calculated as a fixed percentage of total revenue each month
2. **Operating Expenses:** Includes office, salaries, marketing, and other G&A costs; adjusted upward annually by estimated inflation
3. **Capital Expenditure:** Projected in Year 1 for initial tech/dev investments

5. Forecast Outputs

- Monthly/annual Income Statement
- Break-even analysis
- Projected Cash Flow Statement
- Key ratios: EBITDA margin, Burn Rate, CAC/LTV

6. Important Notes

- Assumptions should be regularly reviewed and updated as actuals emerge.
- This document is designed to be transparent for stakeholders and potential investors.
- Financial forecasts are estimates, not guarantees; unexpected events may impact projections.

- Support every assumption with research, data, and clear rationale where possible.