Daycare Business Plan and Operations Starter Kit

A working kit for child care centers. It prices every room by its slots, the children in them and the staff hours they take, builds enrollment month by month from new families and the ones who leave, turns tuition into a collection pattern, finds cash break-even through the summer dip, and scores the plan on six pass-or-fail tests.

CHILD CARE AND DAYCARE
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BY KAMYAR SHAH · WORLD CONSULTING GROUP

PAGE 2

Start here

A child care center can have a waitlist in September and miss payroll in July. Teachers are paid whether a room is full or not, and a family who leaves takes months of tuition with them until the slot fills. This kit writes those numbers down and tests them before a lender or a landlord asks.

WHAT IS INSIDE

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4	Business plan, part two, and the six-test pass or fail check
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HOW TO USE IT

1. Build enrollment, part-time care and fees on page 6 and costs on pages 5 and 8. Run the cash forecast on page 11, then score the plan on page 4. Draft pages 3 and 4 last.
2. Use pencil. Tuition, rooms and staffing move before the first family signs, and every worksheet expects your own figures.
3. Once you open, use the page 14 checklists on every enrollment and the numbers review every week. Run the page 7 room table at every month end and update the page 9 build table as families join and leave.

HOW THIS KIT WAS BUILT

- **AI tools helped create this kit.** Example figures are illustrative, not benchmarks.
- **The owner question** on page 3 is one of the child care center questions published at businessconsultant.services; the answer is general guidance, not a research finding.
- **The six questions** on page 14 were drafted by AI models from World Consulting Group desk research and challenged by a second AI model. None was measured in the field, so treat them as hypotheses to test, not findings.

SCOPE

This kit gives general operational information. It is not legal, tax, accounting, clinical, employment, staffing, capacity, health and safety or financial advice. Staffing, capacity, health, safety and screening requirements vary by location; the kit uses your own figures and states no staffing, capacity or licensing rule; your licensing office can say which apply. Review them with qualified professionals before you commit money.

PAGE 3

Business plan, part one

A lender or a landlord will ask whether tuition throws off enough cash for payroll, the building and the loan through the summer dip. Give each answer in plain sentences here and draft the full sections on separate sheets.

1. Executive summary (write it last)

Describe the rooms, the families you serve, the money you need and what it buys, playground to first payroll; then give the month the page 6 forecast first clears cash break-even from page 8, and the page 4 result.

2. Rooms, programs and families

Describe the rooms you run, the ages each takes, the hours you are open and what families are really paying for beyond a safe room: a teacher who knows their child, a pickup that never runs late, a daily note. Use the words parents use, and name the people who send families to you.

3. Positioning and capacity

Say which ages and hours you take and which families you turn away. Then count the slots each room holds under your own staffing plan and the teachers needed to open every room each day.

4. Rooms, slots and tuition

For each room, record the slots, the monthly tuition and the staff hours it takes to run. A rate lifted from a competitor's flyer says nothing about what your rooms cost to staff.

ROOM OR PROGRAM	SLOTS	MONTHLY TUITION	STAFF HOURS A MONTH

> *Owner question: our tours go well and families say yes, then half of them never start. Is the tuition too high?*
>
> Test this hypothesis first: the tour ends with a verbal yes and no start date, no deposit and no paperwork, so the family keeps looking. Record every inquiry by source, who gave the tour and how many days it took to sign (page 14), ask for the agreement and the deposit before the family leaves the building, and set the start rate of families who signed on the day against those who signed later, source by source and age by age, before you touch tuition; the comparison points to a cause, it does not prove one.

PAGE 4

Business plan, part two

5. Operations

Describe a day from the first drop-off to the last pickup: who opens, how rooms are staffed through the day, meals and naps, the daily note and the handover to parents. Name who runs the building when you are not in it.

6. Team

List every role, its hours and its pay, including a market wage for your own hours as director. Name the person who can open and close the building for a week without you; the first question on page 14 checks that dependency.

7. Marketing and enrollment

Explain where inquiries come from, how an inquiry becomes a tour and a tour becomes a signed agreement, and why families stay and refer; a waitlist shortens a vacancy only once a family signs, pays the deposit and starts.

8. Financials and funding

Attach pages 5, 6, 8 and 11 and the result below, with the money needed, its sources and its runway.

DOES THE PLAN PASS? SCORE IT BEFORE ANYONE ELSE READS IT

TEST	PASS?
Gate 0. Signed agreements for the opening children, insurance quotes, the lease and every approval requirement are in writing, reviewed by a qualified professional.	
1. In the expected case, sales reach cash break-even at the month-12 run rate (page 8) and closing cash, payment timing included, holds your floor for 24 months (page 11).	
2. Slow start (tested share of sales, page 11): closing cash holds at or above your floor every month (if not, note the reserve that would hold it).	
3. Planning debt service coverage at full-run sales and at the month-12 run rate (page 8) meets your lender's ratio, on your lender's definition.	
4. The peak month's children fit the slots and its staff hours fit the roster (pages 6, 7 and 9), and planned enrollment reaches break-even (page 8).	
5. Signed agreements and deposits back the opening enrollment; a tour list forecasts inquiries, not children.	
6. The full-run steady-state year (seasons in; not the forecast year) leaves net cash above zero after principal, before income tax set-aside, replacements and stock build-up; set aside its largest fall in running net cash, the year run twice.	

Not ready: Gate 0 fails. **Green:** Gate 0 and all six tests pass. **Amber:** Tests 1 and 3 pass, but Test 2, 4, 5 or 6 fails, so fix the plan before you sign a lease or hire a teacher. **Red:** Test 1 or 3 fails, so change the plan before you commit money. Tests 1 and 3 score the plan as written; Test 2 is the slow start, and the page 13 what-ifs stress-test Tests 1, 3 and 6. Count a test without evidence as a fail. Result: _____

PAGE 5

Startup budget worksheet

Fill the estimate column first, then record each source: a written quote from the playground supplier, the insurer or the landlord, or a documented calculation. Child care budgets break on payroll before the rooms fill, so leave no line blank without a reason.

LINE ITEM	INITIAL ESTIMATE	QUOTE OR SOURCE	APPROVED BUDGET	ACTUAL OR COMMITTED
PLAYGROUND AND CLASSROOMS				
Playground equipment, surfacing and fencing				
Classroom furniture, cribs, cots and learning materials				
Kitchen, laundry and safety equipment				
Software, cameras and phones				
SETUP AND APPROVALS				
Business entity, registrations and approval requirements				
Insurance down payment				
Lease deposit and first month				
PRE-OPENING				
Pre-opening payroll, training and orientation				
Launch marketing, website and open house				
Opening food, supplies and first-aid stock				
WORKING CAPITAL				
Working capital reserve (cash you open with)				
Contingency for overruns on the lines above				
Total				

Size the reserve in two passes: run the page 11 expected case with opening cash of zero (no reserve, no other cash), set the reserve to your floor, plus one more month of fixed costs and principal as a buffer, plus how far its lowest closing cash falls below zero (zero if it never does), rounded up to the next $100, then rerun. If the Test 6 cushion (page 4) is larger than that buffer, add the difference. If the setup runs over, the contingency pays first and the reserve second; then rerun page 11.

PAGE 6

Sales forecast builder

Every other number depends on enrollment, so build it from signed enrollment agreements and the rooms you can staff, not from the payroll you need to cover. Count full-time enrollment first, month by month from page 9; add part-time care and fees at the volume your inquiry record supports.

```
Monthly sales for a line = units times average fee times days open in the month (or times 1 for units counted per month)
Days open in a month = days open per week times 52, divided by 12
```

SALES LINE	UNIT	UNITS PER DAY OR MONTH	AVERAGE FEE	DAYS OPEN PER MONTH (OR 1 FOR MONTHLY UNITS)	MONTHLY SALES
Full-time enrollment	children				
Part-time and after-school care	children				
Registration and activity fees	fees				

Full-run month

RAMP AND SEASONS

MONTH	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Ramp, % of full run												
Season, % of full-run month (M1 = opening month)												
Expected sales												

Expected sales for each month = children enrolled at month end on page 9 times average tuition (no separate ramp), plus part-time care and fees at full run times ramp (the share of full-run volume the inquiry record has reached) times season. Use 100 percent where a factor does not apply. The build, ramp and season are your assumptions; write down the evidence for each, such as your signed agreements and your inquiry record.

CAPACITY CHECK

```
Teacher hours available a month = the sum over teachers of hours a day times days a week, times 52, divided by 12; staff hours needed = the peak month's room hours (pages 7 and 9) plus part-time hours; settled enrollment in the peak season month against the slots
```

Write how many teachers are on the roster, the hours each is paid a day and the days each works a week. Take the peak month of the season list, children at the settled level (page 9), add up the staff hours the rooms need that month (page 7, plus part-time care) and set them against the hours the roster can field; set that month's children against the slots. If the plan needs more hours or more slots than you have, the plan is wrong, whatever the waitlist says.

PAGE 7

Rooms, slots and revenue per available slot

A room costs its teachers whether it holds three children or eight. Price every room on the staff hours it takes and the slots it can fill.

```
Occupancy = children enrolled over slots; tuition revenue = enrolled x monthly tuition; room staff cost
= room staff hours x the loaded wage; room contribution = tuition less staff cost less meals, supplies
and fees at the line's own shares (page 8)
Revenue per available slot = room revenue over its slots; an empty slot gives up its tuition less the
costs that fall with it
```

WORKED EXAMPLE: THREE ROOMS WHEN FULL (ILLUSTRATIVE)

ROOM	SLOTS	ENROLLED	OCCUPANCY	MONTHLY TUITION	TUITION REVENUE	ROOM STAFF HOURS	ROOM STAFF COST	MEALS, SUPPLIES, FEES	ROOM CONTRIBUTION	PER SLOT
Infants	8	7	88%	$1,650	$11,550	420	$9,450	$1,143	$957	$1,443.75
Toddlers	16	14	88%	$1,400	$19,600	600	$13,500	$1,940	$4,160	$1,225.00
Preschool	36	33	92%	$1,150	$37,950	600	$13,500	$3,757	$20,693	$1,054.17

Teachers cost $22.50 an hour loaded ($18.00 base plus 25 percent). Per available slot, the infants room brings in the most ($1,443.75) and the preschool room the least ($1,054.17). The rooms' hours are the owner's staffing plan at the stated hours of operation; staffing requirements vary by location and the kit states none. Hours beyond the salaried teachers (1,760 needed a month: 1,620 room hours plus part-time care; 1,560 on the salaried roster) are paid hourly on line 14 of page 8: 6.6 percent of settled-year full-time tuition, 6.62 percent of all sales once blended.

YOUR ROOMS

ROOM	SLOTS	ENROLLED	OCCUPANCY	MONTHLY TUITION	TUITION REVENUE	ROOM STAFF HOURS	ROOM STAFF COST	MEALS, SUPPLIES, FEES	ROOM CONTRIBUTION	PER SLOT

TUITION, PART-TIME CARE AND FEES: WHEN CASH LANDS

INCOME LINE	STEP	SHARE OF THE CHARGE	RECEIVED
Full-time enrollment	Tuition billed on the first, paid in the month	90%	in that month
Full-time enrollment	Late tuition, paid the next month	8%	the next month
Full-time enrollment	Late tuition, two months later	2%	two months later
Part-time and after-school care	Paid in the month of care	100%	in that month
Registration and activity fees	Paid when charged	100%	in that month

Of each $100 billed in a month the center receives $91 in that month, $7 the next month and $2 two months later. For this one sentence, full-time, part-time and fee billing are blended by their weight in full-run billing (full-time enrollment 91 percent, part-time and after-school care 7 percent, registration and activity fees 2 percent) into a single rounded pattern; page 11 collects every line on its own schedule, and your forecast should too.

CAPACITY CHECK

Score the peak month of the season list, never the average: its children beside the slots, its room hours beside the hours your teachers are scheduled.

```
Settled children in the peak season month (page 9) against the slots; room plus part-time hours against
the hours the roster can field (teachers x hours a day x days a week x 52 over 12)
```

PAGE 8

Break-even and coverage

Use this one numbered cost list everywhere in the kit. Loan interest is a fixed cost here. Loan principal is not an operating cost: it enters cash break-even below and the cash forecast on page 11, so interest and principal are each counted once. A line that starts or steps up during year 1 goes in at its amount once in place; page 11 uses each month's amount.

FIXED COSTS PER MONTH	PER MONTH
1. Building and outdoor-area rent	
2. Liability, property and abuse-coverage insurance	
3. Lead teachers, salaried, with payroll taxes and benefits (the minimum staff for your rooms)	
4. Owner-director's market wage	
5. Loan interest (playground, classroom and build-out loan)	
6. Utilities, phones and internet	
7. Marketing, website and enrollment listings	
8. Child care management, billing and parent-app software	
9. Accounting, bookkeeping and bank fees	
10. Cleaning, pest control and maintenance	
11. Staff screening, training and association dues	
12. Other fixed costs	
Total fixed costs	

VARIABLE COSTS AS A SHARE OF NET SALES	SHARE
13. Meals, snacks and classroom consumables	
14. Hourly assistants and substitutes above the salaried teachers, with payroll taxes	
15. Payment processing fees	
16. Curriculum, field trips and activity supplies	
Total variable cost share	

```
Contribution margin ratio = 1 minus variable cost share; contribution = sales times the line's ratio
Operating break-even sales = fixed costs divided by contribution margin ratio
Cash break-even sales = (fixed costs with line 4 even if undrawn, plus principal and other recurring
cash out) divided by contribution margin ratio; page 13 covers a result with no usable number
Break-even children = (fixed costs with line 4 even if undrawn, plus principal, minus part-time and fee
contribution) divided by one child's contribution; 0 if covered
Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied
Planning debt service coverage (before income tax and replacements) = (full-run sales times contribution
margin ratio, minus fixed costs other than line 5) divided by (line 5 + principal)
```

RESULT	PER MONTH	PER WEEK	PER DAY OPEN
Operating break-even sales			
Cash break-even sales			
Break-even children (use cash break-even)	one figure per month		
Building share and debt service coverage at full-run sales		ratios, monthly only	

Weekly = monthly times 12, divided by 52; per day open = weekly divided by days open per week. Building share = line 1 divided by net sales.

PAGE 9

Enrollment, withdrawals and the room build

Families leave, children age out and new ones start, so the forecast follows this build month by month, not a smooth ramp.

```
Children enrolled at month end = last month's children, less those who left at that month's churn, plus new enrollments, never more than the slots you staff
Average enrollment over a settled year = new enrollments a month x how long a child stays; the stay follows the year's churn pattern, the July exit included; value of one enrollment = tuition x months stayed x contribution ratio; enrollments to stand still = the yearly enrollment cycle averaged
```

WORKED EXAMPLE: HOW THE ROOMS FILL FROM THE AUGUST OPENING (ILLUSTRATIVE; WHOLE CHILDREN, ROUNDED)

	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL
Enrollments planned	26	9	8	6	5	4	3	3	2	2	2	2
Children who left	0	1	1	1	2	2	2	2	2	2	2	12
Children enrolled	26	34	41	45	49	51	52	54	54	54	54	44
Settled year: new children	11.5	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Settled year: enrolled	54	54	54	54	54	54	54	54	54	54	54	44

Month 1 opens with the 26 children signed before opening; July (month 12) carries the 22 percent exit of the oldest preschoolers, repeated every year. The full-time enrollment line on page 6 and the cash forecast on page 11 follow this table month by month; a child pays tuition from the month they start, and August's enrollments would be the Test 5 evidence in a real plan. At the 70 percent slow start every month of this table shrinks to seven tenths; year 2 repeats the cycle from July. No family waits for a place here: every planned enrollment finds a slot.

MEASURE	EXAMPLE	WORKED OUT AS
Monthly churn	3.5%	Children who leave in a month over the children enrolled on its first day (3.5 percent most months; 22 percent in the July exit)
How long a child stays	19.7 months	Survival through the year, July exit included, weighted by start month
Value of one enrollment	$21,082	Tuition x stay (19.74) x ratio 0.835, page 7 room mix
New enrollments a month once full	2.0	May, June and July in the table, averaged
Enrollments to stand still	2.7	The settled yearly enrollment cycle averaged, July exit included
Children across a settled year	53	2.7 enrollments a month x the stay
Marketing cost per enrollment	$667	Line 7 ($1,800) over enrollments a month in a settled year

YOUR ROOMS, AUGUST TO JULY

	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL

ENROLLMENT AND WITHDRAWAL LOG

Write down each new child and each departure, and the reason exactly as the parent gave it.

MONTH	NEW CHILDREN	WITHDRAWALS	REASON THE FAMILY GAVE	MONTHS ENROLLED	TUITION PLAN

PAGE 10

Inquiries, tours and enrollments by source

Families find a center three ways here: a current family's referral, a maps or directory listing, and an employer partnership. Each turns into a signed agreement at its own pace, so follow every source from the first call to the agreement and set it against the withdrawals it has to cover.

```
Tour rate = tours divided by inquiries; signing rate = signed agreements divided by tours
Inquiries needed = the enrollments you want divided by (tour rate times signing rate)
Monthly churn = children who left in the month divided by children at the start of the month
```

WORKED EXAMPLE: ONE QUARTER OF INQUIRIES, BY SOURCE (ILLUSTRATIVE)

SOURCE	INQUIRIES	TOURS	SIGNED	TOUR RATE	SIGNING RATE	INQUIRY TO AGREEMENT	INQUIRIES FOR 6 ENROLLMENTS, THIS SOURCE ALONE
Referrals from current families and pediatric offices	8	6	3	75%	50%	7 days	16
Online search, maps and directories	10	6	2	60%	33%	10 days	30
Employer partnerships and community events	3	2	1	67%	50%	14 days	18

Treat the counts as an illustration: they cannot tell you why a referred family signs and a listing inquiry drifts, and one small quarter shows a direction rather than a rate. Its 6 signed agreements equal the 6 enrollments the page 9 table plans for May to July, the first full quarter. In the example, losing 1.9 of 54 children in a month is a monthly churn of 3.5 percent, counted on the children enrolled on the first of the month before anyone new starts; inquiries must cover those departures before the center grows.

YOUR PIPELINE, BY SEGMENT

SOURCE	INQUIRIES	TOURS	SIGNED	TOUR RATE	SIGNING RATE	DAYS INQUIRY TO AGREEMENT	INQUIRIES NEEDED

INQUIRY AND WITHDRAWAL LOG

FAMILY	TOUR DATE	START DATE	ENROLLED OR WITHDREW	REASON, IN THE PARENTS' WORDS

PAGE 11

Twelve-month cash forecast

Payroll leaves before late tuition lands. Enter $000 (51.25 means $51,250), receipts net of sales tax; collected tax stays out of closing cash.

EXPECTED CASE ($000)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Opening cash												
In: collections, in the month each payment lands, net of sales tax												
Memo, not cash: billed this month (page 6)												
In: owner money and loans received												
Out: meals, fees and supplies (lines 13, 15, 16)												
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)												
Out: building and outdoor-area rent (line 1)												
Out: other costs, with loan interest (lines 2, 5 to 12)												
Out: income tax set-aside, equipment replacement, stock build-up												
Out: loan principal												
Out: startup bills still to pay												
Net cash flow (in minus out)												
Closing cash, expected (your floor: _____)												
Actual closing cash, once open												
Memo: sales tax collected (not in closing cash)												
Memo: sales tax remitted												
Memo: tax owed = last month's + collected minus remitted												
Memo: receivables = last month's + billed minus collected												
SLOW-START CASE												
Sales receipts, slow start												
Out: variable costs, slow start (lines 13 to 16)												
Out: fixed, principal, bills, less funding												
Net cash flow, slow start												
Closing cash, slow start												

Month 1 opening cash is cash on the first day the center opens after startup spending is paid; each closing balance opens the next month, and the slow start opens with the same cash. Your floor is at least one full-run month of fixed costs plus principal. Teachers, substitutes and the food supplier are paid in the month they work or deliver. For the slow start, test 70 percent of expected sales in every month (a stress assumption, not a benchmark; a higher share only with evidence); fixed costs, other cash out, principal, startup bills and funding stay as expected, and all variable lines fall with sales; line 14 holds only hours you would cut. The first month either case falls below your floor is your planning deadline: act before it. Then run a second year at the month-12 run rate (page 8), month by month with the seasons continuing, and check the floor holds.

PAGE 12

Runway, and what the summer dip costs

```
Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the center opens), before the first month in which closing cash falls below your floor
```

Worked example: a hypothetical child care center

Every figure here is made up to show the working; none is a benchmark for a center. Nine teachers are salaried from month 1. Cash floor $56,524. Tuition is billed on the 1st: 90 percent comes in that month, 8 percent a month late, 2 percent two months late; part-time care and fees arrive in their month; staff and food are paid in the month; the director's market wage is drawn in cash.

Page 5, budget	The startup budget comes to $333,200, funded by a $120,000 loan (10.5 percent over 7 years) and $213,200 of owner money; the total includes a $176,200 reserve for the slow fill, the July exit and late tuition, on top of the floor and buffer. Page 5's two passes: a floor of $56,524, plus one month of buffer, $56,524, plus $63,134 (the lowest balance a first pass reaches when it opens empty), rounded up to $176,200.
Page 8, costs	Fixed costs $55,502 a month, including $6,500 for the building and outdoor play area and $1,002 of loan interest within it; principal $1,022 a month (both averaged over year 1); the variable lines total 16.5 percent, so the contribution margin ratio comes to 0.835. Lines 13 to 16 take 7, 6.62, 1.5 and 1.4 percent of sales. Lines 1 to 12, the fixed costs, run $6,500, $1,200, $35,100, $5,500, $1,002, $1,100, $1,800, $350, $450, $1,600, $400 and $500 a month.
Page 8, break-even	Operating break-even sits near $66,485 a month. Cash break-even (fixed $55,502 plus principal $1,022, divided by 0.835) is about $67,710 a month: 47.5 children a month from full-time enrollment at the page 7 room mix once part-time care and fees have contributed, so 48, against the 54 the plan enrolls.
Page 6, sales	Full-time enrollment: 54 children a month at $1,279.63 room by room as the page 9 table fills, then the settled August-to-July cycle. Part-time and after-school care: 10 children a month at $520. Registration and activity fees: 14 fees a month at $125. The settled-year average month is about $74,941, full-time enrollment at its settled-year average (full-time enrollment 53.13 children a month); enrollment and part-time care build 40, 55, 65, 75, 85, 90, 95 percent from August through month 7, then 100 percent; season 110, 105, 100, 95, 90, 95, 100, 100, 100, 95, 105, 110 percent, August to July, on part-time care and fees only.
Page 19, expected case	Month 1 tuition and fees of $36,330; August ends at $146,677, July at $145,082. Low: month 5, closing $113,066, $56,542 above the floor line.
Page 19, slow start	Enrollment, part-time care and fees at 70 percent of the expected case: month 1 sales $25,431; August ends at $138,577, July at minus $49,069. Cash drops under the floor in month 5 (closing $47,220) and below zero in month 9 (closing minus $6,408), so the runway from the first day open runs 4 months.
Page 8, coverage	At the settled-year average, with sales of $74,941, planning coverage, before income tax and playground replacement, is 3.98 against the 1.25 the example lender looks for; on July's run rate it reads 4.02, and Test 3 looks at both. Building share is about 8.7 percent.

PAGE 4 RESULT FOR THIS EXAMPLE: AMBER

Gate 0 is counted as met for the example. Test 1 passes: the month-12 run rate brings in about $75,020 a month, above the $67,710 break-even; cash stays above the floor for a second year at that level (lowest balance $151,564, the second August). (Not scored: expected tuition first covers cash break-even in month 5.) Test 2 fails: at 70 percent enrollment cash slips under the floor in month 5; about $105,600 more reserve would pass it. Test 3 passes on the planning formula; the lender's own definition decides in the end. Test 4 passes: in the peak month of the season list (month 1, season 110 percent on part-time care and fees) the rooms hold 54 children (settled level) against 60 slots and need about 1,770 staff hours, rooms plus part-time care, against the 1,907 the roster can field (11 people, 8 hours a day, 5 days a week), so the rooms fit; 54 children pass the break-even count. Test 5 fails for want of evidence. Test 6 passes: a steady year at full enrollment, July exit included, leaves about $72,731 after principal, but July's net cash flow runs below zero by at least $3,123, the steepest drop in running cash (from its month 11 high to its month 12 low), which the one-month buffer on page 5 absorbs. That is the steady-state year, not the opening year: page 19's first year loses about $31,118 to cash because the rooms fill over the year and the first July exit arrives before the first full autumn. Break-even takes most of the children, and the July exit leaves slots empty for a quarter.

PAGE 13

What moves the result

Each row changes one input of the page 12 example and reruns the forecast. A row names Test 1, 3 or 6 when the change would newly fail or pass it; a test the example already fails stays failed. The last column also gives the slow start, which is Test 2.

WHAT MOVES THE RESULT (FULL-RUN MONTHLY CHANGES; DEADLINES RERUN; SLOW-START LOSSES SCALE WITH SALES)

CHANGE	MONTHLY CASH	CASH BREAK-EVEN AND DEADLINE
Every line a tenth lower: children, part-time care and fees (lines 13 to 16 fall)	minus $6,256	Expected case holds the floor; full-run coverage falls to 0.89; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Full-time enrollment: average fee 5 percent higher, same volume (processing fees are the only cost that rises)	plus $3,349	Break-even children fall from 47.5 to 44.8 a month, so from 48 to 45: per-unit costs stay the same, so the ratio rises from 0.835 to 0.841 on the new sales (sales-linked fees, line 15, take 1.5 percent of each added dollar)
Fixed costs $1,000 lower	plus $1,000	Cash break-even falls to about $66,512
Monthly churn 2 points higher (3.5 to 5.5 percent; about 6 fewer children by month 12, $10,060 a month less on average in year 2)	minus $10,060	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls below zero; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
An employer-sponsored block of 6 children leaves ($7,678 of tuition a month), from month 7 onward	minus $6,409	Expected case still clears the floor; slow start deadline unchanged (month 5); full-run coverage falls to 0.82; the month-12 run rate falls below cash break-even; would fail Tests 1, 3 and 6
Every family pays one month late, tuition and fees alike (teachers and bills still paid on time)	no change	Expected case below the floor in month 5 (closing $52,625); slow start below the floor in month 3 (closing $49,121); would fail Test 1
2 months of tuition from 3 families, billed from month 5, never arrive ($3,840 a month)	no change	Expected case still clears the floor; slow start deadline unchanged (month 5); $7,680 never collected
One lead teacher position stays unfilled all year and hourly substitutes cover its 173 hours a month at a 25 percent premium (the salary saved pays the base; $973 a month more)	minus $973	Expected case still clears the floor; slow start deadline unchanged (month 5)
Setup overrun of $10,000 beyond the contingency, drawn from the cash reserve	no change	Expected case still clears the floor; slow start below the floor in month 4 (closing $54,477)
Opening 3 months late (the building and outdoor play area, insurance, loan interest and principal, $9,724 a month, paid while closed; no sales; the ramp starts at the new opening, and seasons stay on the calendar)	no change	Expected case holds the floor; its low falls to $83,595 in month 7 from the planned opening, $29,471 lower than on time; slow start below the floor in month 6 from the planned opening (month 5 on time)

WHEN A PAGE 8 FORMULA GIVES NO USABLE NUMBER

```
Contribution margin ratio zero or below: break-even is N/A; score Tests 1 and 6 as failed
One unit's contribution, or the count it is multiplied by, zero or below: break-even units are N/A;
score Test 4 as failed
Other lines already cover fixed costs and principal: break-even units are 0, never a negative number
No loan: coverage is N/A; score Test 3 as passed
```

PAGE 14

Enrollment checklists, weekly review, six questions

These are operations checklists, not a compliance program. Add every health, safety, screening, ratio and reporting step your licensing contact and your own advisers require.

BEFORE A CHILD STARTS

- ☐ Hold no slot until the family has signed the agreement and paid the deposit and the first month.
- ☐ Confirm the room, the start date and the daily schedule with the family in writing.
- ☐ Collect the enrollment forms, emergency contacts and pickup list your location requires.
- ☐ Fix the tuition plan, the late-pickup terms and the withdrawal notice in the agreement.
- ☐ Put the child on the room roster and the staffing plan before the first day.
- ☐ Brief the lead teacher on the child's routine, meals and any allergies the family reported.

MONTH END AND WITHDRAWALS

- ☐ Set each room's children beside its slots, and its hours beside the teachers' scheduled hours.
- ☐ Add every new child and every departure to the page 9 table, with the parent's reason.
- ☐ Send tuition bills on the 1st; any family more than 10 days late gets a call that week.
- ☐ Work out the month's churn: children who left over children enrolled on the 1st.
- ☐ Log each inquiry with where it came from, the tour date and the outcome.
- ☐ When a family gives notice, ask what would have changed their mind and who they know with young children.

WEEKLY NUMBERS REVIEW

MEASURE	TARGET	THIS WEEK	LAST WEEK	VARIANCE TO TARGET
Tuition billed against tuition received, by room and payment step				
Children enrolled against slots, room by room				
Teacher hours worked against the plan, plus substitute hours				
New children, departures and the waitlist by room				
Inquiries, tours and signed agreements by source				
Families more than 10 days behind on tuition				
Hours the director spent covering a room				

SIX QUESTIONS TO INVESTIGATE

1. **Founder dependency.** Does every tour, every staffing change and every parent concern go through the director, so that teachers sit on questions until the director walks back in?
2. **Reactive operations.** In a typical week, how many times did a room open a teacher short, how many pickups ran late, and how many hours did the director spend in a room rather than running the center?
3. **Growth without structure.** How many children leave inside their first 90 days, and how many tuition bills are still open on the 15th?
4. **Talent and retention.** How many rooms rely on a single lead teacher who alone knows those children, their parents and the room's routines?
5. **Revenue plateau.** How many days pass between a tour and a signed agreement, and what share of the families who call ever come for a tour?
6. **Strategic confusion.** Do two rooms with the same ages use very different teacher hours, and has the day you run drifted from the day you promised parents?

Hypotheses from AI-assisted World Consulting Group desk research, described on page 2. Check each one against a record: the inquiry and tour log, the page 9 enrollment table, teacher hours against the plan, or the tuition aging report.

PAGE 15

Your first 30 days

WHEN	DO THIS
Week 1	Start the weekly numbers review and log staff hours by room every day. Log the hours the director covers.
Week 2	Fill the page 7 room table at the loaded wage and mark any room whose tuition does not cover its staff hours, meals and fees.
Week 3	Fill the page 9 build table with every join and withdrawal and work out the month's churn.
Week 4	Enter actual closing cash on page 11 and recalculate runway. Write the decisions a lead teacher may make without calling you.
After month 1	Compare each room's enrollment with its slots and the staff hours worked with the roster on page 6.

BEFORE YOU SIGN A LEASE, GET WRITTEN ANSWERS TO THESE

- ☐ Will you have to sign a personal guarantee, how much does it cover, and when does it end?
- ☐ Which charges sit on top of base rent, such as common area, property tax and insurance, and how are they settled each year?
- ☐ What does the space need before you can open, and who pays to add or upgrade it?
- ☐ Does the landlord contribute to the build-out, when is that money paid, and must any of it be repaid if you leave early?
- ☐ When does rent start, at signing, at permit or at opening?
- ☐ Are there limits on operating hours, signage, parking, deliveries or the uses allowed in the space?
- ☐ What happens to the lease and the fixtures if you sell the business?

Have a qualified professional review the lease before you sign. These questions prepare you for that conversation; they do not replace it.

WHAT THE FULL KIT ADDS

The full Daycare Business Plan and Operations Kit adds an editable business plan, a three-year financial model with profit and loss, cash flow and a debt schedule, a room pricing calculator from staff hours and tuition to a margin, an enrollment and waitlist tracker, editable inquiry, tour and staffing trackers, enrollment checklists and hiring checklists. Release status is on the kit page.

SOURCES

World Consulting Group material. Origin of the questions: AI-assisted World Consulting Group desk research on child care centers, 2026, an internal working file that is not published, described on page 2; the questions are hypotheses and no figure in this kit comes from it. Child care and daycare owner questions, businessconsultant.services, 2026.

SCOPE AND DISCLAIMER

General information only. Not legal, tax, accounting, clinical, employment, staffing, capacity, health and safety or financial advice. Provided as is, without warranty. © 2026 World Consulting Group. Free diagnostic tool at businessconsultant.services. The site's privacy page explains what the diagnostic tool sends to an AI provider for analysis and the third-party analytics on the site.

About the author. Kamyar Shah is the founder of World Consulting Group and works as a fractional COO and CMO. He has more than 25 years of experience and more than 650 engagements across more than a dozen industries. Contact and the latest version: businessconsultant.services.

PAGE 16

Customize this kit with AI

Attach this PDF to ChatGPT, Claude or Gemini, paste the prompt below, and answer with your own rooms, tuition and costs. A copy-ready version is on the kit page.

BEFORE YOU RELY ON THE ANSWER

Check every total with a calculator. An AI assistant can misread a file or slip on arithmetic, even when it runs code, so rerun every figure you will act on with the page formulas. Check your AI provider's data settings first, and never paste personal data, account numbers, passwords, customer-level records or anything an agreement restricts, such as enrollment agreements, children's or parents' names, health or allergy records, staff records or bank account details. Totals and rounded figures serve the arithmetic, though rounding does not make a record anonymous, and you can run the arithmetic on your own computer.

I am opening (or running) a licensed child care center. I have attached the Daycare Business Plan and Operations Starter Kit from businessconsultant.services. Help me turn it into my own plan for my rooms, enrollment and staff, using my numbers only.

Follow these rules for the whole conversation:
1. Use only numbers I give you, or numbers you calculate from mine with the formulas below. Never invent a tuition rate, a wage, a churn figure, a slot count, percentage or benchmark, and never state a staffing ratio or a licensing requirement.
2. The numbers printed in the kit are worked examples. Never use them as my numbers, not even as a placeholder.
3. If a number you need is missing, ask me for it. If I ask you to estimate or use typical figures, write [NEED: ...] instead and tell me which quote, record or calculation will give me the real number. If I give you my own estimate, label it MY ESTIMATE.
4. Use these formulas exactly, and show your arithmetic for every number you calculate:
- Monthly sales = units times average fee (every line is counted per month). Enrollment follows the page 9 build (children at month end times average tuition); part-time care and fees = full-run sales times ramp times season. Full-run sales, break-even and coverage take enrollment at its settled-year average (page 9), not the planned count.
- Net sales exclude sales tax. Labor = wages, payroll taxes and benefits, plus a market wage for the owner's management time (line 4); the owner's room hours go in line 3 (salaried teachers) or 14. Shift hours count as cash even if I skip my own pay, so the plan still holds when I step back from the rooms; only line 4 may go undrawn, and Tests 1 and 6 count it anyway.
- Contribution margin ratio = 1 minus variable cost share; a line's contribution = its sales times its own ratio. Operating break-even sales = fixed costs divided by contribution margin ratio. Cash break-even sales = (fixed costs with line 4 even if I do not draw it, plus monthly loan principal and any recurring other cash out) divided by contribution margin ratio; only the cash forecast drops an undrawn wage. A blended ratio holds only at its own sales mix: name that mix beside each break-even, and recompute from each line's own contribution when a what-if changes one line. Loan interest is fixed; principal is not an operating cost, so it never enters operating break-even or operating profit.
- Weekly = monthly times 12, divided by 52. Daily = weekly divided by days open per week.
- Break-even children = (fixed costs with line 4 even if undrawn, plus principal, minus part-time and fee contribution) divided by one child's contribution; 0 if covered. If the other lines already cover fixed costs and principal, report 0 and say so; never report a negative break-even count. Teacher hours available a month = the sum over teachers of hours a day times days a week, times 52, divided by 12; staff hours needed = the peak month's room hours (pages 7 and 9) plus part-time hours; settled enrollment in the peak season month against the slots.
- Building share = line 1 divided by net sales. Planning debt service coverage, before income tax and equipment replacement = (full-run sales times contribution margin ratio, minus fixed costs other than loan interest) divided by (loan interest + loan principal).
- Month-12 run rate = average monthly sales over a year at month 12's ramp and bookings, seasons applied (not month 12's own sales). Test 1 needs that rate at or above cash break-even and my floor held 24 months; Test 3, coverage at full run and at that rate.
- Test 6 = 12 months of (full-run sales minus their variable costs, minus full-run fixed costs, line 4 included, minus principal), seasons applied to every sales line but booked lines, which run in their own months, and seasonal fixed lines at each month's amount. The cushion to set aside = the largest fall in running net cash from a high to any later low, the year run twice so a dip can cross into month 1 (zero if it never falls).
- Full-run figures (break-even, coverage, floor) take booked lines at full bookings averaged over 12 months, a late-starting fixed line at its full amount, and a seasonal fixed line at its year average.
- For pages 7, 9 and 10, use the formulas printed on those pages of the attached kit, exactly as written, with my own figures.
- Cash forecast: closing cash = opening cash + cash in minus cash out. Month 1 opening cash = cash on hand on the first day the center opens after startup spending is paid. Place every receipt and payment (deposits, supplier invoices, startup bills, funding) in the month the cash moves. Income tax set-aside, equipment replacement and stock build-up go in their own row. Open month 1 with the cash I give; the page 5 two-pass size is advice to report beside it, never a substitute. My terms set the months, and a missing term is [NEED: payment timing]; the example bills tuition on the first, collected in its month with late shares later, with part-time care, fees, payroll and suppliers in their month. In the slow-start case, every month's sales on every line are the tested share of expected sales; fixed costs, other cash out, principal, bills and funding stay as planned; all variable lines fall with sales, each figured from the slow-start sales of the same month, on the same payment timing as the expected case (fair because line 14 holds only hours I would cut). Runway = the number of consecutive future months, counted from the latest closed month (before opening, from the first day the center opens), before the first month in which closing cash falls below my cash floor.
(Continued on page 17.)

PAGE 17

The prompt, continued

Paste this part directly after the rules on page 16, as one message.

5. Do not give legal, tax, licensing, permit, staffing ratio, licensed capacity, health and safety, screening and training requirements, employment, wage or lease advice. Do not name laws, license or permit types, agencies, government fees or wage rates, even as examples. When my question touches these, write only "Review this with a qualified professional" and continue with the rest. You may record and use figures I give from my own records, such as my sales tax rate and when I remit it, without checking, interpreting or advising on them.
6. Do not quote statistics, studies or sources that are not in the kit. For the market and marketing sections, use only what I tell you, and list the local facts I should gather.
7. Work every total step by step and recheck it a second way. In the cash forecast, show the arithmetic for month 1, one later month and the year total; give plain numbers for the other months.
8. If a formula would divide by zero or a contribution margin is zero or below, write N/A, say why, and do not continue that calculation. If my lender defines coverage differently, show both results and label each. If cash never falls below my floor in the forecast, write the runway as more than 24 months; otherwise give the runway in months and, separately, the first month below it, counting year 2. With no loan, Test 3 passes.
9. Use business figures only, with anonymous family IDs. Do not ask for names, addresses, bank account or tax ID numbers, children's records, or the names of my families or staff.
10. Mark every output: Draft for my own planning. Not for a lender or investor until a qualified accountant has reviewed it.
11. If your full answer would be very long, deliver outputs 1 to 4 first, then stop and ask me to type "continue" for the rest.
12. Build the cash forecast month by month from the sales build, the cost lines, my payment terms and my opening cash; it does not need the inputs for pages 7, 9 and 10. Each month: cash in = sales receipts plus money arriving; cash out = each variable cost, calculated from the sales that created it and placed in the month it is paid under my terms, plus fixed costs (lines 1 to 12, with line 4 only if I draw it in cash), plus loan principal, startup bills and other cash out. Loan interest is already in line 5; never add it again. Supplier payments follow the cost of what I sold plus any stock build-up I give; if I buy ahead or carry supplier balances, ask me for purchases and payments by month instead. If you can run code, do every calculation in code.

Step 1. Before you write anything else, ask me for the inputs below in three rounds, one message per round. Ask round A as one numbered list, then wait for my answers. When I answer, ask round B and wait; then round C and wait. Start Step 2 only after I answer round C.
Round A, sales, capacity and evidence:
a. Rooms and ages, hours open, families and referral sources, the teachers on the roster with paid hours a day and days a week, and days open per week.
b. Sales build: for full-time enrollment, each room's slots, children at full run and monthly tuition, my monthly churn, my planned enrollments for months 1 to 12 (month 1's are those signed before opening) and the yearly pattern of joins and exits; for part-time care and fees, the count a month at full run and the average charge, a ramp percentage for months 1 to 12 (ask me to confirm any month I leave out) and a seasonal percentage for each month; and the slow-start percentage to test (this kit sets a 70 percent stress test; use it unless I give evidence for higher). Never daily; page 9 replaces a count once fully booked. Give counts at full run, with month 1 as my opening month. Give the evidence behind each count (site counts, comparables, signed orders or my history).
c. For each room: slots, children enrolled at full run, the monthly fee, and the direct staff hours a month it needs; the salaried roster's paid hours a month; the loaded wage of the hourly staff above it.
Then wait for my answers.
Round B, costs, the startup budget and my lender:
d. Startup budget: an amount and its source (supplier quote, insurer quote, landlord quote or calculation) for each line on page 5, from the playground and classroom furniture to the working capital reserve and contingency.
e. Monthly fixed costs for lines 1 to 12 on page 8, including the salaried teachers, loan interest and my market wage as director; whether I draw that wage in cash; and my monthly loan principal. Give interest and principal as year 1 monthly averages for break-even and coverage, and, for the cash forecast, any payment, fixed line or other cash line that changes in months 1 to 24 (a payment holiday, a balloon payment, a rent step) with its month. My market wage covers management time (line 4); my room hours go in line 3 (salaried teachers) or 14.
f. Variable cost shares of net sales for lines 13 to 16: line 13, meals, snacks and classroom consumables; line 14, hourly assistants and substitutes above the salaried teachers, with payroll taxes; line 15, payment processing fees; line 16, curriculum, field trips and activity supplies; and any sales line whose own shares differ, given for that line.
g. Confirm the churn, the enrollment plan and the slots from item b; change nothing unless I say so.
h. For each inquiry source: inquiries, tours and signed agreements last quarter, and days from inquiry to signed agreement; children at the start of the month and children who left; the number of new enrollments I need.
i. The debt service coverage ratio my lender requires and how the lender calculates it, if I know them.
Then wait for my answers.
(Continued on page 18.)

PAGE 18

The prompt, last part

Paste this part directly after the text on page 17, still as one message.

Round C, cash timing, sales tax, deposits and Gate 0:
j. Payment terms: when families pay tuition (in the month or later, and the share that runs late), deposits and when, and when payroll and suppliers are paid.
k. For every other cash line (payroll, card settlements, insurance, loan payments, rent and fixed bills), when it is paid, or confirm it is paid in the month it is incurred.
l. Monthly cash out beyond operating costs: income tax set-aside and equipment replacement.
m. Cash on hand on the first day the center opens after all startup spending, startup bills still to pay by month, owner money or loans still to arrive by month, and my minimum cash floor (at least one full-run month of fixed costs plus principal).
n. If I am already open: what customers owe me and what I owe suppliers and staff, each by the month it will be paid, deposits I already hold, and sales tax already owed with its payment month.
o. Sales tax: the rate I collect on taxable sales, from my own registration, which sales lines (or what share of each) are taxable, and when I remit what I collect (each month, each quarter or another schedule), so the forecast holds collected tax apart until it is paid.
p. Gate 0: which agreements, quotes and approval requirements I already have in writing.
Then wait for my answers.

Step 2. When I answer, produce these as plain tables I can copy back into the kit:
1. Business plan sections 1 to 8 for my child care center, drafted from my answers, with gaps marked [NEED: ...].
2. The sales build by enrollment line, part-time line, fee line and month, with annual sales and the capacity check from page 6.
3. The completed startup budget, line by line as on page 5, with the total. Size the reserve by the page 5 rule; if I gave another, show both and the result for each.
4. Operating and cash break-even per month, per week and per day open; break-even children (use cash break-even); building share and planning debt service coverage at full-run sales, labeled before income tax and equipment replacement, and on my lender's definition too if I gave it.
5. The 12-month cash forecast for the expected and slow-start cases, in thousands of dollars to two decimals (51.25 means $51,250) to match the kit, with, for each case, the first month below my cash floor and the first month below zero, and the runway; the second year's lowest closing cash (month 12's ramp and bookings held, each month with its own season, not a flat average); any extra reserve the slow start needs; and the Test 6 cushion, with whether the page 5 buffer covers it (add any excess to the reserve). Add memo rows for each month, kept out of closing cash: sales tax collected, remitted and owed at month end (last month's owed + collected minus remitted), and receivables (last month's + billed minus collected).
6. Program economics by slots, enrollment, fee, staff hours and revenue per available slot, ranked, with the capacity check on slots and staff hours.
7. The 12-month enrollment build (new children, departures, children enrolled, share of full run), the settled level against the plan, how long a child stays, the value of an enrollment and the marketing cost per enrollment.
8. Pipeline by segment with inquiries needed and monthly churn.
9. The kit's page 4 check: Gate 0 and pass or fail for each of the six tests with the reason (if Gate 0 fails, the result is not ready), and the overall result: not ready if Gate 0 fails, with no color; otherwise green, amber or red under the page 4 rules.
10. A final checklist: every MY ESTIMATE figure, every [NEED: ...] gap, every enrollment count or tuition term I should verify, and every question that needs a qualified professional.

WHEN THE ANSWER COMES BACK

Copy each table into the matching kit page in pencil. Check every [NEED: ...] gap and MY ESTIMATE figure, starting with the enrollment build, staff hours and tuition terms, before anyone sees the plan, and recheck the page 4 result with a calculator.

The worked example's twelve-month forecast, filled in

The page 12 example entered on the page 11 form, month by month, in dollars. Parentheses mean minus. Each column adds up as printed, so a row can move by a dollar between months with the same sales; each closing balance becomes the next month's opening cash. Cash floor $56,524.

LINE ($)	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
EXPECTED CASE												
Opening cash	**176,200**	**146,677**	**128,219**	**118,073**	**113,494**	**113,066**	**115,779**	**120,501**	**126,793**	**133,353**	**139,781**	**146,912**
In: sales receipts	33,002	45,936	55,769	62,375	67,306	71,034	73,409	75,282	75,576	75,414	76,255	65,268
In: owner money and loans received	0	0	0	0	0	0	0	0	0	0	0	0
Out: meals, fees and supplies (lines 13, 15, 16)	3,597	4,716	5,628	6,250	6,718	7,070	7,289	7,471	7,487	7,468	7,551	6,337
Out: payroll, line 4 if drawn in cash (lines 3, 4, 14)	43,004	43,754	44,363	44,780	45,092	45,327	45,474	45,595	45,605	45,594	45,649	44,837
Out: building and outdoor-area rent (line 1)	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
Out: other costs, with loan interest (lines 2, 5 to 12)	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402	8,402
Out: income tax set-aside, equipment replacement, stock build-up (none in the example; see below)	0	0	0	0	0	0	0	0	0	0	0	0
Out: loan principal	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022	1,022
Out: startup bills still to pay	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow (in minus out)	**(29,523)**	**(18,458)**	**(10,146)**	**(4,579)**	**(428)**	**2,713**	**4,722**	**6,292**	**6,560**	**6,428**	**7,131**	**(1,830)**
Closing cash, expected	**146,677**	**128,219**	**118,073**	**113,494**	**113,066**	**115,779**	**120,501**	**126,793**	**133,353**	**139,781**	**146,912**	**145,082**
SLOW-START CASE (70 PERCENT OF EXPECTED SALES IN EVERY MONTH)												
Opening cash, slow start	**176,200**	**138,577**	**108,699**	**84,640**	**64,477**	**47,220**	**32,162**	**18,511**	**5,958**	**(6,408)**	**(18,865)**	**(30,831)**
Sales receipts, slow start	23,102	32,155	39,038	43,662	47,114	49,724	51,386	52,698	52,903	52,790	53,379	45,688
Out: variable costs, slow start (lines 13 to 16)	4,201	5,509	6,573	7,301	7,847	8,258	8,513	8,727	8,745	8,723	8,821	7,402
Out: fixed costs (lines 1 to 12), principal, bills, less funding	56,524	56,524	56,524	56,524	56,524	56,524	56,524	56,524	56,524	56,524	56,524	56,524
Net cash flow, slow start	**(37,623)**	**(29,878)**	**(24,059)**	**(20,163)**	**(17,257)**	**(15,058)**	**(13,651)**	**(12,553)**	**(12,366)**	**(12,457)**	**(11,966)**	**(18,238)**
Closing cash, slow start	**138,577**	**108,699**	**84,640**	**64,477**	**47,220**	**32,162**	**18,511**	**5,958**	**(6,408)**	**(18,865)**	**(30,831)**	**(49,069)**
STEADY-STATE YEAR FOR TEST 6 (RAMP DONE, SEASONS IN; NOT THE FORECAST YEAR)												
Net cash flow, steady-state year	**7,456**	**7,178**	**6,899**	**6,615**	**6,336**	**6,632**	**6,934**	**6,939**	**6,945**	**6,667**	**7,253**	**(3,123)**

Reading this forecast. It is in whole dollars, rounded so each column adds up, so a row can differ by $1 between like months; the page 11 form uses thousands. The floor is cash you never plan to spend. The page 5 buffer holds one more month of fixed costs and principal above it, so a small miss spends the buffer, not the floor. The opening cash was sized by the two passes on page 5, buffer included. The example sets aside no income tax (it depends on the owner's whole return, so take the figure from your accountant), replaces no equipment in its first two years and builds no stock beyond the opening stock in the startup budget; enter your own amounts. Second year at the month-12 run rate (about $75,020 a month, against month 12's own billed sales of $64,010): closing cash runs $151,564 in month 1 and $218,310 in month 12, lowest $151,564 in month 1, above the floor. Sales are net of sales tax, and the example pays each month's tax in the month it is collected, so it owes none at any month end; enter your own rate and payment timing in the page 11 memo rows. If you borrow the reserve, add its interest and principal to the forecast and run both passes again. The slow start lets variable costs fall with sales, which is fair only because hours you cannot cut sit in line 3; waste or purchases you cannot cut make a real slow start worse.