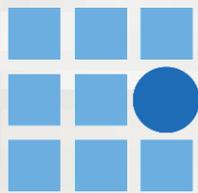




Financial Modeling to Support Investment Decision Analysis



Perceptive**Analytics**

Data Analytics | Spreadsheet Modeling
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Benefits

The financial model helped the client analyze liquidity risk during renovation phase of its premises. The model predicted additional cash flows likely to be incurred during the renovation and helped the client take measures to better manage cash position.

Services

Financial Modeling

Modeling Aspects

Cash Flow Analysis, Budgeting

Executive Summary

The client, a non-profit art organization as part of its outreach programme saw strong growth in student enrolment and the number of artists participating in monthly exhibitions. To meet growing demand, the organization decided to renovate its premises and add additional space.

The renovation of the building is a costly affair and the management wanted to make sure it had sufficient cash flows to mitigate the risk of stalling work. Perceptive Analytics built a revenue model that simulated cash flows under various scenarios. The model highlighted cash crunch situations under each scenario allowing adequate time to take corrective measures.

Business Challenge

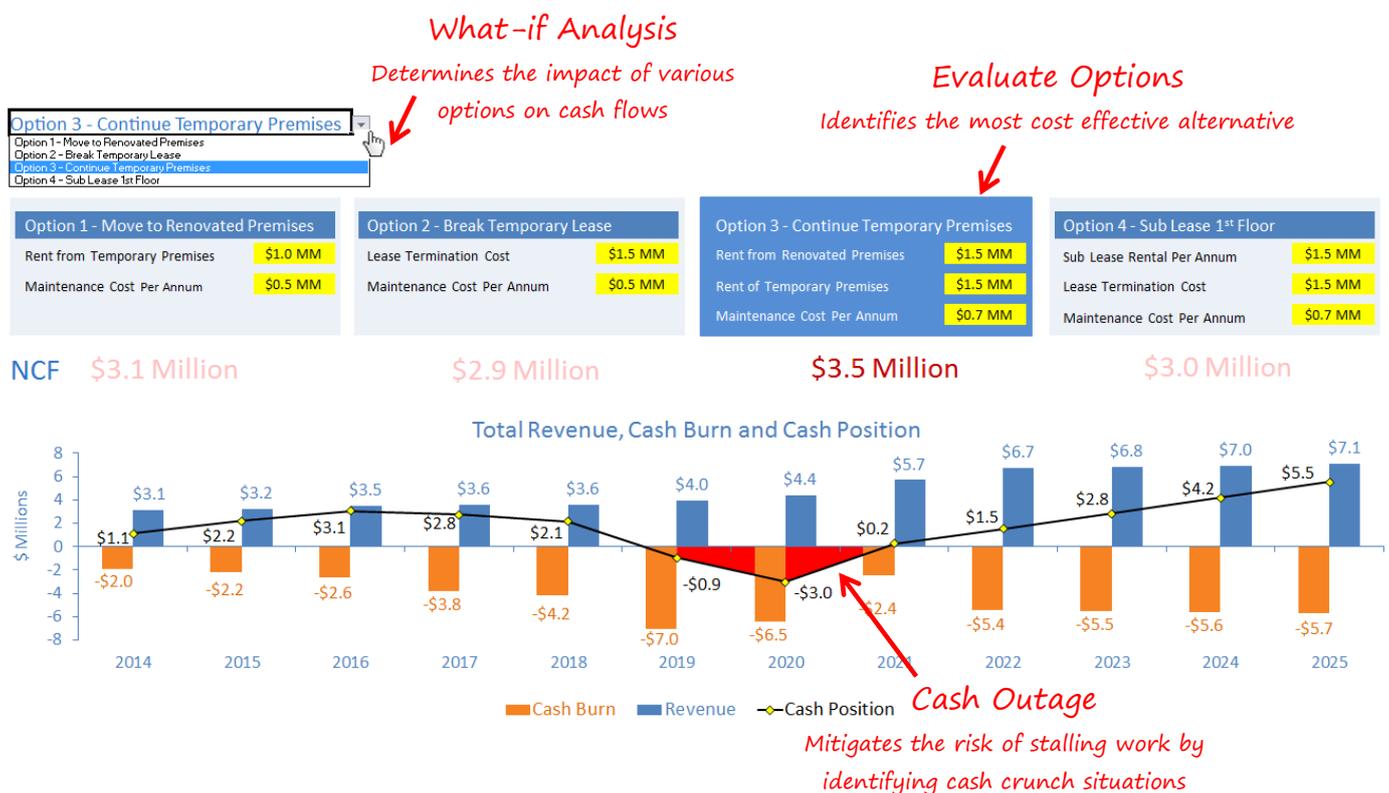
The client organization has five revenue generating departments. The operations of each department had to be carefully transitioned to new premises during the renovation phase. Because of the lease agreements with the two premises, it was imperative that the project is executed smoothly on time. Any shortfall in the CAPEX needed was to be raised through donations and capital campaign. For this purpose, the client needed a financial model which accounts for expenses needed for renovation, performs a what-if analysis of cash flows under various alternatives, and indicates the shortfall.

Our Solution

Perceptive Analytics developed a roadmap for the organisation to handle transition of operations of the five departments. We then built a model that allowed the client to

forecast revenues and identify the shortfall, if any. Cash flows were then analyzed in the following scenarios:

- **Option 1:** Advancing the use of renovated premises
- **Option 2:** Break temporary lease and move to renovated premises
- **Option 3:** Letting out renovated premises while continuing to stay in rented premises
- **Option 4:** Move to renovated premises and sub-lease first floor



Impact

With foresight on cash flows provided by the model, the client was able to smoothly transition the operations to new premises. The model reduced uncertainty around cash flows from operations indicating in advance the potential shortfall of funds. This allowed the organization to schedule capital campaign well in advance to avoid cash outage.

Perceptive Analytics

Perceptive Analytics is a Data Analytics and Financial Modeling services company. We deliver insightful solutions to C-level executives and managers in Fortune 500 companies, Private Equity, Investment Banking and Venture Capital industries and entrepreneurs. Our modeling services are useful for:

- Equity Research
- Enterprise Valuation
- Strategic Planning
- Financial Statements Review and Due Diligence
- Financial Projections and
- Budgeting and Reporting

We serve a diverse range of customers across a wide span of sectors such as Consumer Packaged Goods, Manufacturing, IT, Hotels, BFSI, Retail and Management Consulting. We help organizations of all sizes, from large global companies to start-ups seeking to establish their business.

To know more, you can reach us at cs@perceptive-analytics.com.



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