

Shared Savings – due diligence information

MGE requires financial information from you to support our due diligence process. There is a variety of information that is suitable to satisfy our needs and its availability may depend on your unique business structure or circumstances. These are examples of information needed for various customer types:

- **Established MGE customer**

An established MGE customer¹ will have a business activity history and a utility payment history. A current balance sheet² and income statement³ are needed to complete an MGE financial review.

- **New MGE customer**

A new MGE customer may need to supplement their income statement and balance sheet with more detail that could include added history (if you moved here from elsewhere, reorganized, etc.). You may also need to provide some financial detail on the principal owner(s) because personal guarantees may be required. Business plan-like material may also be requested from the newer business. Tax returns may also be needed.

- **New start-up business**

Any new start-up must submit a thorough business plan. The plan needs to include financial resources and projections and describe your business model and strategy. Resources to help you create this plan can be found at www.sba.gov/wi.

- **Real estate development**

Developers must submit plans on their project similar to a start-up's business plan noted above. Even though developers can be well-established businesses, each project is like a new start-up and will be reviewed on its own merits. The plan should include an appraisal or projected valuation on the finished project, sources and uses of funding, forecast cash flows, and supporting detail. The plan also needs to clearly define the ownership structure, which can sometimes be complex.

¹An established MGE customer is one that has completed at least two full years of billing and payment.

²In financial accounting, a balance sheet or statement of financial position is a summary of a person's or organization's balances. Assets, liabilities and ownership equity are listed as of a specific date, such as the end of its financial year. A balance sheet is often described as a snapshot of a company's financial condition.

³Income statement, also called profit and loss statement (P&L) and Statement of Operations, is a company's financial statement that indicates how the revenue (money received from the sale of products and services before expenses are taken out, also known as the "top line") is transformed into the net income (the result after all revenues and expenses have been accounted for, also known as the "bottom line"). The purpose of the income statement is to show managers and investors whether the company made or lost money during the period being reported. The important thing to remember about an income statement is that it represents a period of time. This contrasts with the balance sheet, which represents a single moment in time.