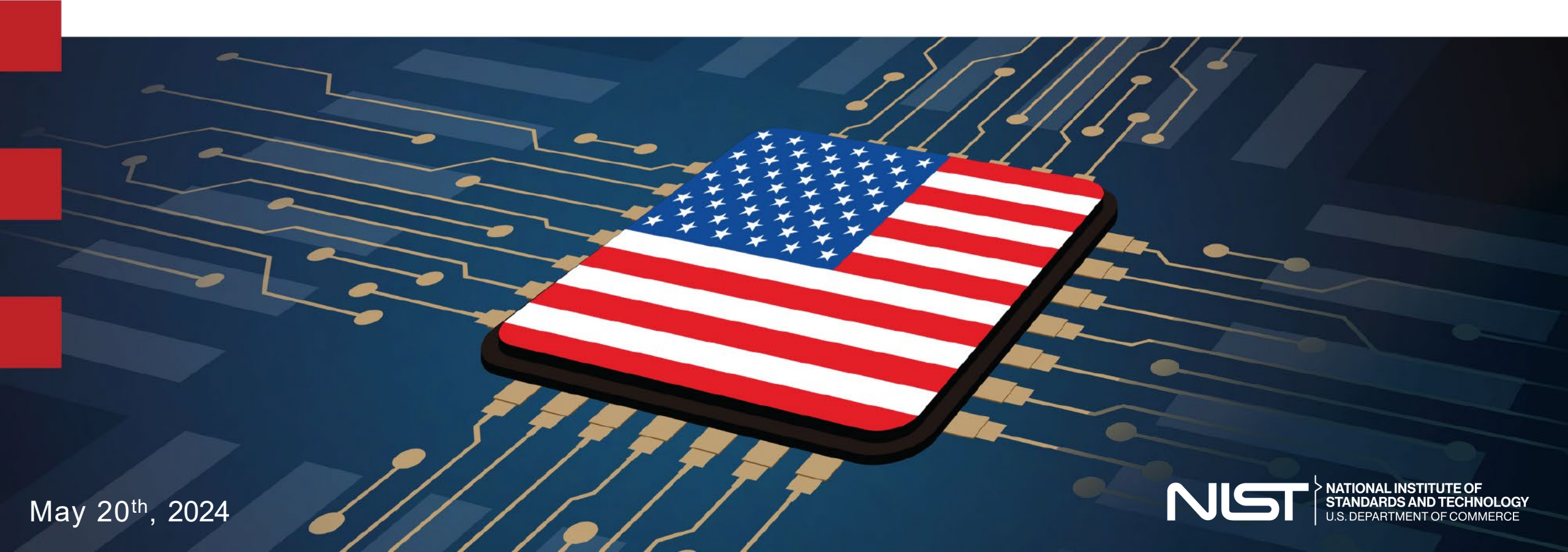


CHIPS for America

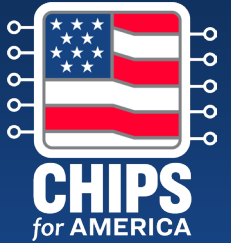
How to Complete the Financial Model Template for Small-Scale Supplier NOFO

Semiconductor materials and manufacturing equipment facilities



May 20th, 2024

Today's CHIPS Program Speakers



Andrew Braden
Deputy Chief of Staff
of Investments

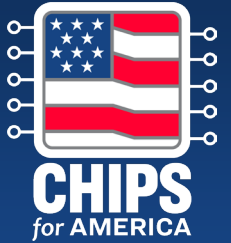


Chase Babus
Investment Analyst



Harry Finegold
Investment Principal

Agenda & Objectives



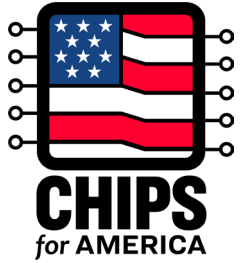
Agenda

1. CHIPS for America Vision (5 mins)
2. Full Application Overview (5 mins)
3. How to Complete the Financial Model Template (40 mins)
4. Next Steps and Additional Resources (5 mins)

By the end, attendees should understand

- What financial information applicants should submit as part of the Full Application
- Program expectations for the financial model submitted
- How to complete the (optional) financial model template provided the CHIPS Program Office

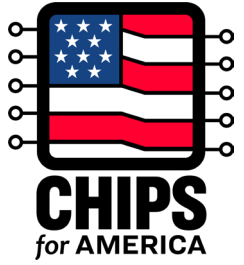
Facilities for Semiconductor Materials and Manufacturing Equipment



The **CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment NOFO** is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the event of any conflicts.

Use of the CHIPS financial model tool is not a requirement for a CHIPS full application submission under this NOFO. The provided financial model is intended to act as an illustrative example and may not appropriately meet the needs of all projects. It is an applicant's responsibility to ensure its financial forecasts are suitable and accurate, and aligned with the requirements listed in Section IV.H.8 of the NOFO.

CHIPS for America Vision



Economic Security

The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors



National Security

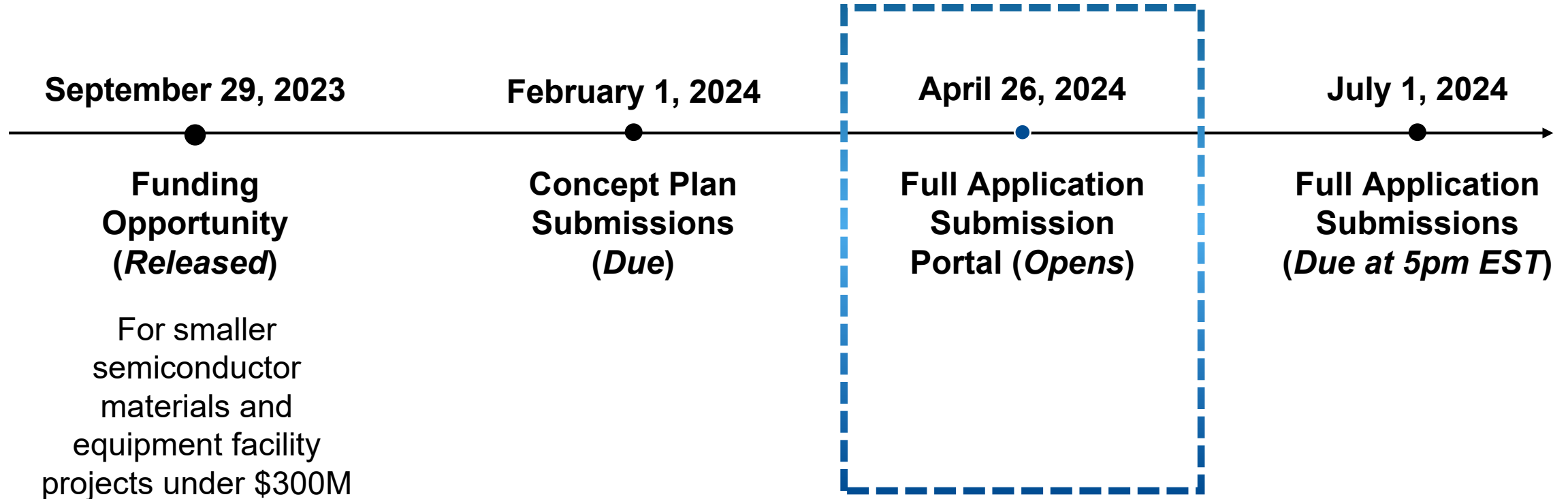
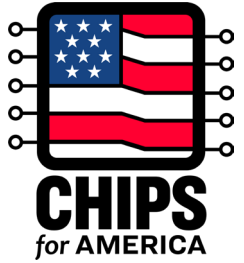
The CHIPS Act will ensure that the U.S. can manufacture advanced technologies, including secure chips for the U.S. military



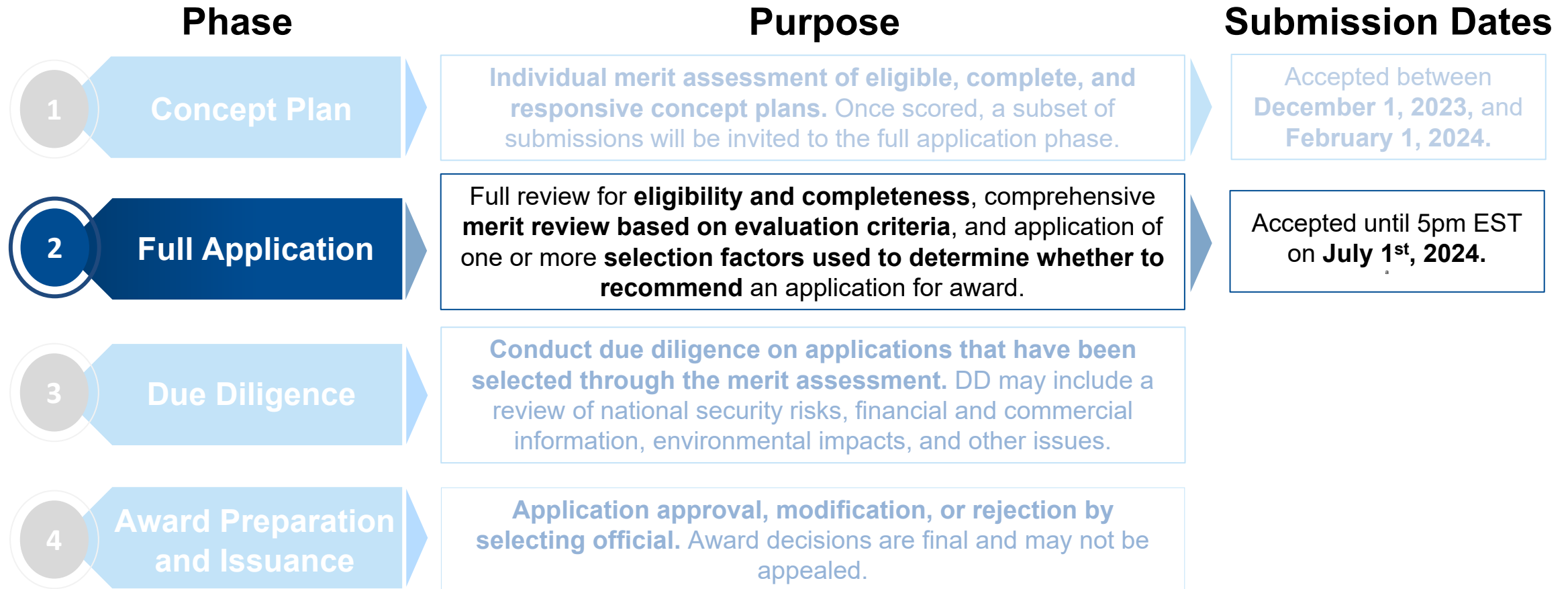
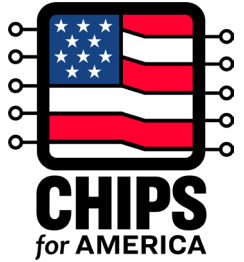
Future Innovation

The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector

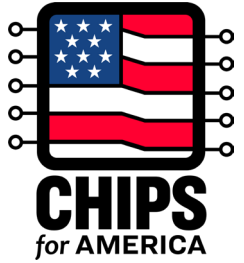
This Funding Opportunity



Small-Scale Supplier NOFO Application Process



Applicant Engagement Prior to Submission



Prior to submission deadline on July 1st, applicants can expect the following engagement with CPO:



Overview of Full Application Webinar (*Completed*)



Financial Modeling Webinar (*Current Session*)



Individual Meetings with CPO Deal Team (*In Progress*)






Applicant FAQs (*shared; to be regularly updated*)

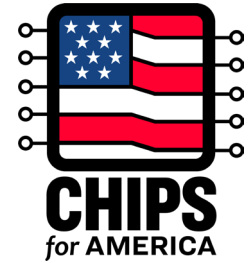







Full Application Office Hours (*Upcoming in June*)

Full Application Submission Overview

Legend

-  PDF Upload
-  Excel Upload
-  Web Form



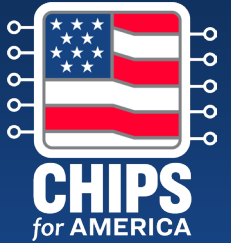
Section	Description	
A Cover Page and Applicant Profile	Organization information, point of contact, SAM.gov registration status	
B Sources and Uses of Funds	Project costs and capital sources	
C Project Information	Detailed project description	
D Full Application Uploads	Full Application descriptive narratives and attachments	
E Eligibility Questions	Questions based on eligibility requirements meant to ensure applicants have met the requirements within their application materials	

For Consortium Applicants

-  Consortium Narrative
-  Full Application Narrative
-  Environmental Questionnaire*
-  Covered Incentive Letter*
-  Audited Financial Statements*
-  Letters of Commitment (Workforce)*
-  Supplemental (Optional) Uploads
-  Financial Model*
-  Standard Forms

***New to Full Application**

Evaluation Criteria



Economic
and National
Security
Objectives



Commercial
Strategy



**Financial
Strength**



**Justification
for CHIPS
Incentives
Request**



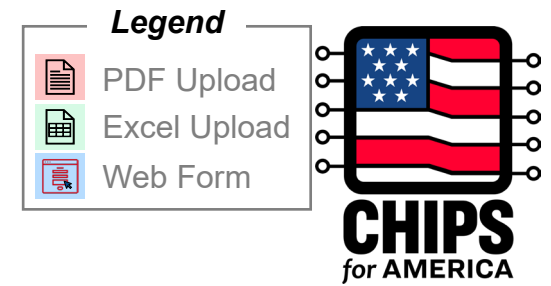
Project
Technical
Feasibility










Workforce
and
Community
Investment

Focus areas for this webinar

Financial Information Requirements (1/2)



Required Sections or Uploads in Full Application

 	<i>Project Sources and Uses of Funds</i>
	<i>Company Financials</i>
 	<i>Financial Model</i>
 	<i>CHIPS Incentives Request</i>

★ *Project Sources and Uses of Funds*


Sources and Uses of Funds Web Form in Portal 

- Project costs: capital investment, **operating losses and other cash outflows, and workforce development costs**
- Project capital sources: sponsor equity, debt funding, third-party equity, state/local gov't incentives, ITC, and CHIPS Incentives, and other sources of funds

Description in Full Application Narrative 




- All information listed above

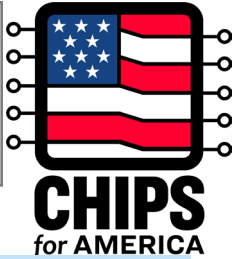
★ *Company Financials*

- Audited consolidated financial statements at fiscal year-end for each of the last two years
- Interim financial statements for current fiscal year 
- If unavailable, applicants must explain why not.








Financial Information Requirements (2/2)

Legend



-  PDF Upload
-  Excel Upload
-  Web Form



Required Sections or Uploads in Full Application

 	<i>Project Sources and Uses of Funds</i>
	<i>Company Financials</i>
 	<i>Financial Model</i>
 	<i>CHIPS Incentives Request</i>

★ *Financial Model* **(MAIN FOCUS OF THIS WEBINAR)**

- Summary of expected revenues, costs, and cash flows for the project (including key income and cash flow statements and balance sheet) 
- Summary narrative and supporting evidence ofr key assumptions underlying projections 
- Applicants are encouraged to use the financial model template provided by CPO

★ *CHIPS Incentives Request*

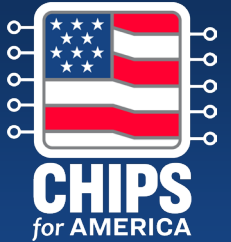
- Describe how project's financials indicate that CHIPS Direct Funding will incentivize the applicant to invest in U.S. facilities that would not happen otherwise
- Describe specific efforts to date to bring other capital into the project

Financial Model – Overview

PDF



Excel



Application Materials

Excel



Financial Model Spreadsheet

Summary of the expected revenues (broken down by number of units sold and price per unit), costs, and cash flows for the project, including key income statement, cash flow statement, and balance sheet information

PDF



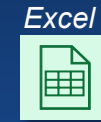
Summary Narrative

As part of the Financial Information section of the Full Application Narrative, provide details and supporting evidence for key assumptions underlying these projections found in the Financial Model Spreadsheet (*Maximum 5-pages in Full Application Narrative*)

Financial Model Templates

- Applicants may submit their own financial model but have the option of using the [Financial Model Template](#) with the accompanying [Financial Model Template Instructions](#) provided by the CHIPS Program Office.

Financial Model – Structure



Worksheet Legend:

	Worksheet	Description
1	Inputs >> Control Panel	Main tab for the user that controls assumptions and inputs
2	Processing >> CapEx & Depr. Schedule	Helper worksheet to calculate depreciation schedule model outputs
3	Outputs >> Annual Model	Model output summarizing income statement for the project

Worksheets

- Control Panel** is the only worksheet that requires user inputs segmented into a series of themes (e.g., Revenue Assumptions, Cash COGS Assumptions). *This is the source for all assumptions.*
- CapEx & Depreciation Schedule** is a processing worksheet used to calculate depreciation schedule model outputs
- Annual Model** contains model output using information from key assumptions in the “Control Panel” and the processing worksheets

Model Features

- **Pre-populated values are illustrative.**
- The model contemplates certain **simplifying assumptions.**
- The model uses an **annual timestep** and covers the entire expected life of an illustrative facility.

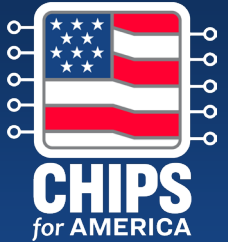
Model Legend:

Tab Specific:

Cell Type	Description
1,000	User Input
\$100	Automatic Calculation
1,100	Link to Other Worksheet

Financial Model – Control Panel Inputs

1.A Project Revenue Assumptions



Project Revenue Assumptions (\$ in M)

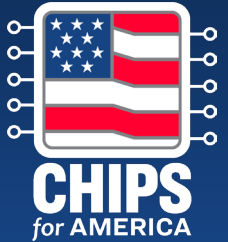
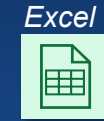
- The “Revenue Assumptions” section of the “Control Panel” worksheet is used to enter **details on the production revenue build**
- In the template:
 - **Nominal Capacity** reflects the amount of available production capacity expected from the facility each year at peak capacity
 - **Utilization %** reflects the facility’s production capacity utilization for that given year.
 - **% Yield** reflects the production yield for the facility’s output
 - **ASP (\$ in actuals)** reflects the per unit average selling price of the facility’s output

Beginning Year			
12/31/2022			
Revenue Assumptions (\$ in M unless stated otherwise)			
	Year 1	Year 2	Year 3
Nominal Capacity (actual units)	1,100	1,100	1,100
Utilization %	20%	50%	75%
% Yield	20%	50%	80%
ASP (\$ in actuals)	\$150	\$500	\$500

i **Beginning Year** is where the project start date can be set in months and years. This will be used as **Year 1** for the model.

Financial Model – Control Panel Inputs

1.B Cash COGS Assumptions



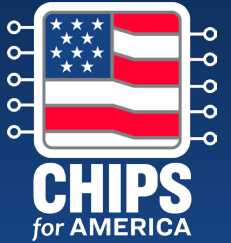
Cash COGS Assumptions (\$ in M)

- The “Cash COGS Assumptions” section of the “Control Panel” worksheet is used to enter **the costs of goods sold for project, *excluding* the impact of CapEx depreciation**
- In the template:
 - **% of Revenue Cash COGS** refers to costs for
 - **Labor**
 - **Materials**
 - **Utilities**
 - **Fixed \$ Amount Cash COGS**
 - **Fixed Costs YoY Growth** refers to the rate at which facility fixed costs will grow as the project matures
 - **Starting Fixed Cost** refers to the Year 1 starting fixed cost from which the other years will be building from

Cash COGS Assumptions (\$ in M unless stated otherwise)

	Year 1	Year 2	Year 3
Labor as % of Revenue	10%	10%	10%
Materials as % of Revenue	10%	10%	10%
Utilities as % of Revenue	10%	10%	10%
Fixed Costs YoY % Growth		10%	10%
Starting Fixed Cost	\$1,000	\$1,100	\$1,210

i Inputs may not appropriately meet the needs of all projects and applicants may want to reflect additional complexities in their materials.



Financial Model – Control Panel Inputs

1.C Operating Expenses Assumptions

Operating Expenses Assumptions (\$ in M)

- The “Operating Expenses Assumptions” section of the “Control Panel” worksheet is used to capture **other operating expense items that are incurred during the general operation of the facility and are calculated on a % of revenue basis**
- In the template:
 - **SG&A** reflects selling, general, and administrative costs
 - **R&D** reflects expenses incurred on research and development

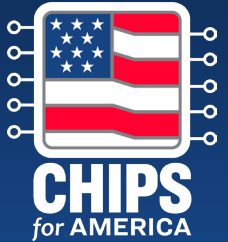
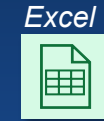
Operating Expenses Assumptions (\$ in M unless stated otherwise)

	Year 1	Year 2	Year 3
SG&A as % of Revenue	5%	5%	5%
R&D as % of Revenue	1%	1%	1%

i Inputs may not appropriately meet the needs of all projects and applicants may want to reflect additional complexities in their materials

Financial Model – Control Panel Inputs

1.D Balance Sheet Assumptions



Balance Sheet Assumptions (\$ in M)

- The “Balance Sheet Assumptions” section of the “Control Panel” worksheet is used to capture **the net working capital assumptions of the business, based on the current assets and current liabilities.**
- In the template:
 - **Current Assets (% of revenue)**
 - **Accounts Receivable**
 - **Inventory**
 - **Other Current Assets**
 - **Current Liabilities (% of COGS)**
 - **Accounts Payable**
 - **Other Current Liabilities**

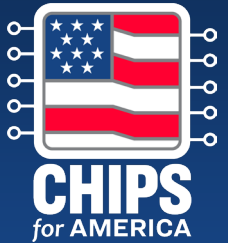
Balance Sheet Assumptions (\$ in M unless stated otherwise)

	Year 1	Year 2	Year 3
Current Assets			
Accounts Receivable as % of Revenue	10%	10%	10%
Inventory as % of Revenue	10%	10%	10%
Other Current Assets as % of Revenue	–	–	–
Current Liabilities			
Accounts Payable as % of COGS	1%	1%	1%
Other Current Liabilities as % of COGS	1%	1%	1%

i Inputs may not appropriately meet the needs of all projects and applicants may want to reflect additional complexities in their materials

Financial Model – Control Panel Inputs

1.E Capex Assumptions



Capex Assumptions (\$ in M)

- The “Capex Assumptions” section of the “Control Panel” worksheet is used to enter the details on the project capital expenditures.
- In the template:
 - **Capex category** reflects the sort of capital investment (e.g., land, construction, equipment, etc.)
 - **% Eligible for ITC** reflects what proportion of the specific capex line item is eligible for ITC benefit
 - **Useful Life** reflects the useful like for the relevant capex type and impacts the capex depreciation
 - **Timing of Capex Spend** reflects when the facility capex is expected to be spent where the sum for each row should total 100%

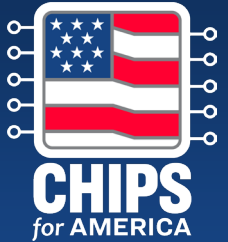
Capex Assumptions (\$ in M unless stated otherwise)

	Total Capex	% Eligible for ITC	Useful Life (Yrs.)
Land	\$150	100%	
Construction	\$80	100%	30
Equipment	\$200	100%	15
Administrative Expenses	\$15	100%	5
Infrastructure Improvements	\$25	100%	5
Other Capital Investment	\$30	100%	5
Total	\$500		

	Year 1	Year 2	Year 3	Year 4
<u>Timing of Capex Spend</u>				
Land	100%	–	–	–
Construction	–	25%	25%	25%
Equipment	–	–	25%	25%
Administrative Expenses	100%	–	–	–
Infrastructure Improvements	–	–	–	–
Other Capital Investment	–	–	–	–

Financial Model – Control Panel Inputs

1.F Financing Assumptions (1/3)



Financing Assumptions (\$ in M)

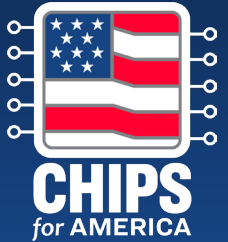
- The “Financing Assumptions” section is used to enter **details on the project funding sources**
- In the template:
 - **Sponsor Equity Injection** reflects the schedule for the Sponsor equity investments in the project
 - **U.S. Government Support**
 - **CHIPS Direct Funding** reflects the % of capex assumption for the grant size of either 10%, 20% or 30%
 - **State / Local Grants** reflects the total \$ grant amount from any state and local incentives
 - **ITC** reflects the ITC % applicable to capex that ITC eligible
 - **US Government Grant Timing**
 - **CHIPS Direct Funding** reflects the timing Direct Funding is expected to be received
 - **State / Local Grants** reflects the timing State & Local grants are expected to be received

Financing Assumptions (\$ in M unless stated otherwise)			
Sponsor Equity Injection			
Equity Inflow	Year 1	Year 2	Year 3
	-	-	-
US Government Support			
	% of Capex	\$ in M	
CHIPS Direct Funding	10%	\$16	
State & Local Grants	-	-	
Investment Tax Credit	25%	-	
US Government Grant Timing			
	Year 1	Year 2	Year 3
CHIPS Direct Funding	100%	-	-
State & Local Grants	100%	-	-

i The CHIPS Direct Funding request must be **EXACTLY** 10%, 20%, or 30% of total project capital expenditures. This amount must match the Direct Funding request entered in the Project Sources and Uses of Funds webform.

Financial Model – Control Panel Inputs

1.F Financing Assumptions (2/3)



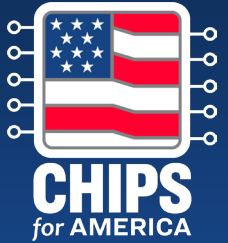
Financing Assumptions (\$ in M)

- The “Financing Assumptions” section is used to enter **details on the project funding sources**
- In the template:
 - Third-Party Debt**
 - Debt Financing Used** reflects whether third party-debt will be used as sources of funds
 - Max Third Party Debt** reflects the total \$ amount of third-party debt available
 - Interest Rate** reflects the expected interest rate for the third-party debt and should represent the full cash interest rate
 - Third Party Debt Drawdown** reflects the schedule for the third-party debt drawdown for the project
 - Third Party Debt Repayment** reflects the schedule for the third-party debt repayment for the project

Financing Assumptions (\$ in M unless stated otherwise)			
Sponsor Equity Injection			
Equity Inflow	Year 1	Year 2	Year 3
	-	-	-
US Government Support			
	% of Capex	\$ in M	
CHIPS Direct Funding	10%	\$16	
State & Local Grants	-	-	
Investment Tax Credit	25%	-	
US Government Grant Timing			
	Year 1	Year 2	Year 3
CHIPS Direct Funding	100%	-	-
State & Local Grants	100%	-	-
Third-Party Debt			
Debt Financing Used	1		
Max Third-Party Debt	\$ 15		
Interest Rate	7.37%		
Third-Party Debt Timing			
	Year 1	Year 2	Year 3
Third-Party Debt Drawdown	100%	-	-
Third-Party Debt Repayment	-	-	-
Overall Tax Rate	25.5%		
Cash Balance Assumptions			
Min. Cash Balance	\$ -		

Financial Model – Control Panel Inputs

1.F Financing Assumptions (3/3)

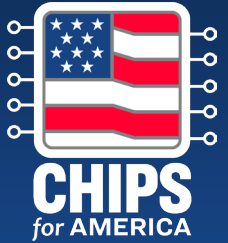


Financing Assumptions (\$ in M)

- The “Financing Assumptions” section is used to enter **details on the project funding sources**
- In the template:
 - **Tax Assumptions**
 - **Overall Tax Rate** reflects overall tax rate intended to estimate all taxes the company may have to pay on facility-related earnings
 - **Cash Balance Assumptions**
 - **Minimum Cash Balance** reflects the minimum amount of cash that must be maintained on the balance sheet

Financing Assumptions (\$ in M unless stated otherwise)			
Sponsor Equity Injection			
Equity Inflow	Year 1	Year 2	Year 3
	-	-	-
US Government Support			
	% of Capex	\$ in M	
CHIPS Direct Funding	10%	\$16	
State & Local Grants	-	-	
Investment Tax Credit	25%	-	
US Government Grant Timing			
	Year 1	Year 2	Year 3
CHIPS Direct Funding	100%	-	-
State & Local Grants	100%	-	-
Third-Party Debt			
Debt Financing Used	1		
Max Third-Party Debt	\$ 15		
Interest Rate	7.37%		
Third-Party Debt Timing			
	Year 1	Year 2	Year 3
Third-Party Debt Drawdown	100%	-	-
Third-Party Debt Repayment	-	-	-
Overall Tax Rate	25.5%		
Cash Balance Assumptions			
Min. Cash Balance	\$ -		

2. Financial Model – CAPEX and Depreciation Schedule

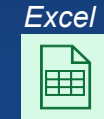


Depreciation Schedule and ITC

- The “CapEx and Depr Schedule” worksheet **calculates the depreciation of the project’s capital costs and the estimates the benefit from the ITC.**
 - This worksheet is **entirely driven by the control panel.**
 - The ITC is calculated by multiplying each of the capital investment types in a given year by the effective ITC rate, and then subtracting that value from the original investment

<i>CapEx & Depreciation Schedule</i>						
\$Ms		Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026
CapEx	Total					
Land	\$ 150	\$ 150	\$ -	\$ -	\$ -	\$ -
Construction	\$ 80	-	20	20	20	20
Equipment	\$ 200	-	-	50	50	50
Administrative Expenses	\$ 15	15	-	-	-	-
Infrastructure Improvements	\$ 25	-	-	-	-	-
Other Capital Investment	\$ 30	-	-	-	-	-
CapEx: Total	\$ 500	\$ 165	\$ 20	\$ 70	\$ 70	\$ 70
Investment Tax Credit						
ITC %: 25.0%	% ITC Eligible					
ITC: Land	100%	38	-	-	-	-
ITC: Construction	100%	-	-	-	-	20
ITC: Equipment	100%	-	-	13	13	13
ITC: Administrative Expenses	100%	4	-	-	-	-
ITC: Infrastructure Improvements	100%	-	-	-	-	-
ITC: Other Capital Investment	100%	-	-	-	-	-
ITC: Total (Year T)		\$ 41	\$ -	\$ 13	\$ 13	\$ 33
ITC: Total (Year T+1)			\$ 41	\$ -	\$ 13	\$ 13
Depreciable Basis						
Depreciable Basis: Land (Note - Not Depreciated)		113	-	-	-	-
Depreciable Basis: Construction		-	-	-	-	60
Depreciable Basis: Equipment		-	-	38	38	38
Depreciable Basis: Administrative Expenses		11	-	-	-	-
Depreciable Basis: Infrastructure Improvements		-	-	-	-	-
Depreciable Basis: Other Capital Investment		-	-	-	-	-
Depreciable Basis: Total		\$ 124	\$ -	\$ 38	\$ 38	\$ 98
Total Depreciation		\$ 2	\$ 2	\$ 5	\$ 7	\$ 12

3. Financial Model – Annual Model Structure



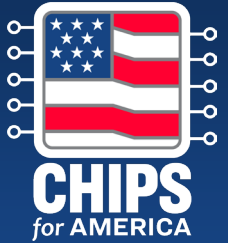
Annual Model

- The “Annual Model” worksheet is the **output tab for the model template**, summarizing each of the different financial statements using the assumptions entered in the “Control Panel” worksheet.
 - There are **no inputs in this worksheets**.
 - In the template:
 - Income Statement**
 - Balance Sheet**
 - Debt Schedule**

<i>Annual Model</i>				
	Year 1	Year 2	Year 3	Year 4
<i>\$ in Ms unless otherwise noted</i>	2022	2023	2024	2025
Income Statement				
Output Capacity (actuals)	220	550	825	825
(x) % Yield	20.0%	50.0%	80.0%	100.0%
Units Produced ('000s)	44	275	660	825
% YoY	-	525.0%	140.0%	25.0%
(x) ASP (\$s in Actuals)	\$ 150	\$ 500	\$ 500	\$ 500
% YoY	-	233.3%	-	-
Revenue (\$ in M)	\$ 6.6	\$ 137.5	\$ 330.0	\$ 412.5
% YoY	-	1983.3%	140.0%	25.0%
Labor	(0.7)	(13.8)	(33.0)	(41.3)
% of Revenue	10.0%	10.0%	10.0%	10.0%
Materials	(0.7)	(13.8)	(33.0)	(41.3)
% of Revenue	10.0%	10.0%	10.0%	10.0%
Utilities	(0.7)	(13.8)	(33.0)	(41.3)
% of Revenue	10.0%	10.0%	10.0%	10.0%
Fixed Costs	(1.0)	(1.1)	(1.2)	(1.3)
COGS Ex-Depreciation	\$ (3.0)	\$ (42.4)	\$ (100.2)	\$ (125.1)
% of Revenue	45.2%	30.8%	30.4%	30.3%
Construction	\$ -	\$ -	\$ -	\$ -
Equipment	-	-	(2.5)	(5.0)
Administrative Expenses	(2.3)	(2.3)	(2.3)	(2.3)
Infrastructure Improvements	-	-	-	-
Other Capital Investment	-	-	-	-
Total Depreciation	\$ (2.3)	\$ (2.3)	\$ (4.8)	\$ (7.3)
% of Revenue	34.1%	1.6%	1.4%	1.8%

Financial Model – Annual Model

3.A Income Statement (1/2)



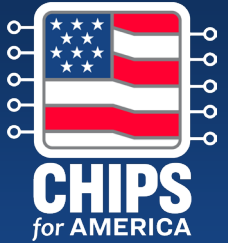
Income Statement (\$ in M)

- The “Income Statement” section shows the income, or profit and loss, statement that has been generated using the assumptions entered on the “Control Panel” worksheet.
 - In the template:
 - Revenue
 - COGS Ex-Depreciation
 - Total Depreciation
 - (The rest continued the next page...)

Annual Model				
	Year 1	Year 2	Year 3	Year 4
<i>\$ in Ms unless otherwise noted</i>	2022	2023	2024	2025
Income Statement				
Output Capacity (actuals)	220	550	825	825
(x) % Yield	20.0%	50.0%	80.0%	100.0%
Units Produced ('000s)	44	275	660	825
% YoY	-	525.0%	140.0%	25.0%
(x) ASP (\$s in Actuals)	\$ 150	\$ 500	\$ 500	\$ 500
% YoY	-	233.3%	-	-
Revenue (\$ in M)	\$ 6.6	\$ 137.5	\$ 330.0	\$ 412.5
% YoY	-	1983.3%	140.0%	25.0%
Labor	(0.7)	(13.8)	(33.0)	(41.3)
% of Revenue	10.0%	10.0%	10.0%	10.0%
Materials	(0.7)	(13.8)	(33.0)	(41.3)
% of Revenue	10.0%	10.0%	10.0%	10.0%
Utilities	(0.7)	(13.8)	(33.0)	(41.3)
% of Revenue	10.0%	10.0%	10.0%	10.0%
Fixed Costs	(1.0)	(1.1)	(1.2)	(1.3)
COGS Ex-Depreciation	\$ (3.0)	\$ (42.4)	\$ (100.2)	\$ (125.1)
% of Revenue	45.2%	30.8%	30.4%	30.3%
Construction	\$ -	\$ -	\$ -	\$ -
Equipment	-	-	(2.5)	(5.0)
Administrative Expenses	(2.3)	(2.3)	(2.3)	(2.3)
Infrastructure Improvements	-	-	-	-
Other Capital Investment	-	-	-	-
Total Depreciation	\$ (2.3)	\$ (2.3)	\$ (4.8)	\$ (7.3)
% of Revenue	34.1%	1.6%	1.4%	1.8%

Financial Model – Annual Model

3.A Income Statement (2/2)



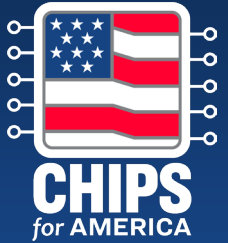
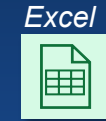
Income Statement (\$ in M)

- The “Income Statement” section shows the income, or profit and loss, statement that has been generated using the assumptions entered on the “Control Panel” worksheet.
 - In the template:
 - Gross Profit
 - Operating Expenses
 - Operating Income
 - EBITDA
 - Total Interest Expense
 - Taxable Income
 - Net Income

Annual Model					
	Year 1	Year 2	Year 3	Year 4	Year 5
\$ in Ms unless otherwise noted	2022	2023	2024	2025	2026
COGS	\$ (5.2)	\$ (44.6)	\$ (105.0)	\$ (132.3)	\$ (137.0)
Gross Profit	\$ 1.4	\$ 92.9	\$ 225.0	\$ 280.2	\$ 275.5
<i>Gross Margin %</i>	20.8%	67.6%	68.2%	67.9%	66.8%
SG&A	(0.3)	(6.9)	(16.5)	(20.6)	(20.6)
<i>% of Revenue</i>	5.0%	5.0%	5.0%	5.0%	5.0%
R&D	(0)	(1)	(3)	(4)	(4)
<i>% of Revenue</i>	1.0%	1.0%	1.0%	1.0%	1.0%
Operating Expenses	\$ (0.4)	\$ (8.3)	\$ (19.8)	\$ (24.8)	\$ (24.8)
Operating Income	\$ 1.0	\$ 84.7	\$ 205.2	\$ 255.4	\$ 250.8
<i>Operating Margin %</i>	14.8%	61.6%	62.2%	61.9%	60.8%
Memo: EBITDA	\$ 3.2	\$ 86.9	\$ 210.0	\$ 262.7	\$ 262.5
Memo: EBITDA Margin	48.8%	63.2%	63.6%	63.7%	63.6%
Third-Party Debt Interest Expense	(1)	(1)	-	-	-
Total Interest Expense	\$ (0.6)	\$ (0.6)	\$ -	\$ -	\$ -
CHIPS Direct Grant	47.0	-	-	-	-
State & Local Incentives	-	-	-	-	-
Non-Operating Income	\$ 47.0	\$ -	\$ -	\$ -	\$ -
Taxable Income	\$ 47.4	\$ 84.1	\$ 205.2	\$ 255.4	\$ 250.8
Tax Expense	(12.1)	(21.4)	(52.3)	(65.1)	(64.0)
<i>Effective Tax Rate</i>	25.5%	25.5%	25.5%	25.5%	25.5%
Total Taxes	\$ (12.1)	\$ (21.4)	\$ (52.3)	\$ (65.1)	\$ (64.0)
Net Income	\$ 35.3	\$ 62.7	\$ 152.9	\$ 190.3	\$ 186.8
<i>Net Income Margin %</i>	535.3%	45.6%	46.3%	46.1%	45.3%

Financial Model – Annual Model

3.B Balance Sheet



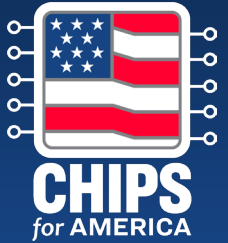
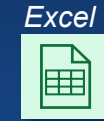
Balance Sheet (\$ in M)

- The “Balance Sheet” section brings together all the flows, cash and non-cash, to show the “accumulation” of each type of asset and liability/equity at the end of each period.
 - In the template:
 - Assets**
 - Current Assets
 - Non-Current Assets
 - Liabilities & Stockholders’ Equity**
 - Current Liabilities
 - Non-Current Liabilities
 - Total Stockholders’ Equity

<i>Annual Model</i>					
<i>\$ in Ms unless otherwise noted</i>	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025	Year 5 2026
Balance Sheet					
Assets					
Cash	\$ -	\$ 54.9	\$ 118.7	\$ 248.5	\$ 389.6
AR	0.7	13.8	33.0	41.3	41.3
Inventory	0.3	4.2	10.0	12.5	12.5
Other Current Assets	-	-	-	-	-
Current Assets	\$ 1.0	\$ 72.9	\$ 161.7	\$ 302.2	\$ 443.3
Land	112.5	112.5	112.5	112.5	112.5
Construction	-	20.0	40.0	60.0	60.0
Equipment	-	-	37.5	75.0	112.5
Administrative Expenses	11.3	11.3	11.3	11.3	11.3
Infrastructure Improvements	-	-	-	-	-
Other Capital Investment	-	-	-	-	-
Accumulated Depreciation	(2.3)	(4.5)	(9.3)	(16.5)	(28.3)
ITC Receivable	41.3	-	12.5	12.5	32.5
Non-Current Assets	\$ 162.8	\$ 139.3	\$ 204.5	\$ 254.8	\$ 300.5
Total Assets	\$ 163.7	\$ 212.1	\$ 366.2	\$ 557.0	\$ 743.8
Liabilities & Stockholders' Equity					
AP	0.0	0.4	1.0	1.3	1.3
Other Current Liabilities	0.0	0.4	1.0	1.3	1.3
Current Debt	15.0	-	-	-	-
Current Liabilities	\$ 15.1	\$ 0.8	\$ 2.0	\$ 2.5	\$ 2.5
Long-Term Debt	-	-	-	-	-
Non-Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Stock and Paid-In Capital	113.3	113.3	113.3	113.3	113.3
Retained Earnings	35.3	98.0	250.9	441.2	628.0
Total Stockholders' Equity	\$ 148.6	\$ 211.3	\$ 364.2	\$ 554.5	\$ 741.3
Total Liabilities & Stockholder's Equity	\$ 163.7	\$ 212.1	\$ 366.2	\$ 557.0	\$ 743.8
Check:	-	-	-	-	-

Financial Model – Annual Model

3.C Cash Flow Statement



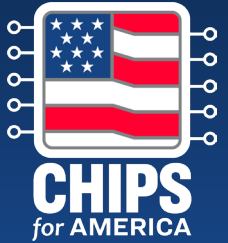
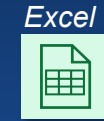
Cash Flow Statement (\$ in M)

- The “Cash Flow” portion has three output sections.
- In the template:
 - **Cash Flow from Operations**
 - **Cash Flow from Investing** reflects the investing cash flows related to capital expenditures and includes ITC benefits (**debt service coverage analysis**)
 - **Cash Flow from Financing** reflects the financing cash flows, showing the capital injections for the project (**cash flow to equity**)

<i>Annual Model</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<i>\$ in Ms unless otherwise noted</i>	2022	2023	2024	2025	2026
Cash Flow Statement					
Net Income	\$ 35.3	\$ 62.7	\$ 152.9	\$ 190.3	\$ 186.8
(+) D&A	2.3	2.3	4.8	7.3	11.8
(+) Decrease in NWC / (-) Increase in NWC	(0.9)	(16.2)	(23.9)	(10.2)	(0.0)
Cash Flow From Operations	\$ 36.7	\$ 48.7	\$ 133.8	\$ 187.3	\$ 198.6
<i>Memo: CFO Pre-Gov. Direct Funding Support</i>	1.7	49	134	187	199
(-) Total CapEx	(165)	(20)	(70)	(70)	(70)
(+) ITC (Based on T+1)	-	41	-	13	13
Cash Flow from Investing	\$ (165.0)	\$ 21	\$ (70)	\$ (58)	\$ (58)
(+) Equity Inflow Per Co. Model	-	-	-	-	-
(+) Draw of Third-Party Debt	15.0	-	-	-	-
(-) Repayment of Third-Party Debt	-	(15)	-	-	-
(+) Equity Inflow to Remain at Min. Cash	113.3	-	-	-	-
Cash Flow from Financing	\$ 128.3	\$ (15.0)	\$ -	\$ -	\$ -
Net Cash Flow	\$ -	\$ 55	\$ 64	\$ 130	\$ 141
BOP Cash	-	-	55	119	248
Change in Cash	-	55	64	130	141
EOP Cash	\$ -	\$ 55	\$ 119	\$ 248	\$ 390
<i>Min. Cash Balance</i>	\$ -				
<i>Max. Third-Party Debt Balance</i>	\$ -	15			
<i>Cash Balance Prior to Third-Party Debt</i>	\$ (128.3)	\$ 69.9	\$ 118.7	\$ 248.5	\$ 389.6
<i>Cash Required to Remain at Min. Cash Prior to Third-Party Debt</i>	\$ 128.3	\$ -	\$ -	\$ -	\$ -

Financial Model – Annual Model

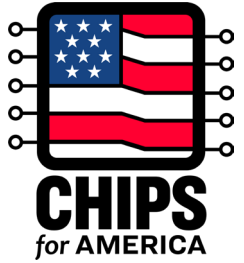
3.D Debt Schedule



Debt Schedule (\$ in M)

- The “Debt Schedule” portion shows the **debt drawdowns and repayment**. This will show the drawdown and repayment schedule per the timing assumptions made in the “Control Panel” worksheet.
- In the template:
 - **Third-Party Debt**
 - **Third-Party Debt Interest Expense**

<i>Annual Model</i>				
<i>\$ in Ms unless otherwise noted</i>	Year 1 2022	Year 2 2023	Year 3 2024	Year 4 2025
Debt Schedule				
<u><i>Third-Party Debt</i></u>				
Beginning Balance	-	\$15	\$15	\$15
Draw	15	-	-	-
Repayment	-	-	-	-
Ending Balance	\$ 15	\$ 15	\$ 15	\$ 15
Third-Party Debt Interest Expense	1	1	1	1
<i>Third-Party Debt Interest Rate</i>	7.4%	7.4%	7.4%	7.4%



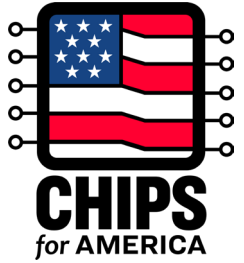
If we have a parent company, how should we provide consolidated financial statements and information for the financial model?

As stated in the Small-Scale Supplier NOFO, applicants should submit audited consolidated financial statements at fiscal year-end for each of the last two years, and interim financial statements for the current fiscal year. If the applicant entity does not have access to audited consolidated financial statements, they must explain why not.

For the financial model, CPO is looking for a comprehensive assessment of the project's finances. Therefore, the financial information, including the key income statement, cash flow statement, and balance sheet information, must reflect project-based financials.

Applicants are encouraged, though not required, to use the financial model template provided by CPO, which is designed to accommodate for reasonable, high-level estimates for the project that are acceptable.

How to Submit the Full Application



Full Applications are
accepted until 5pm EST
on **July 1, 2024**

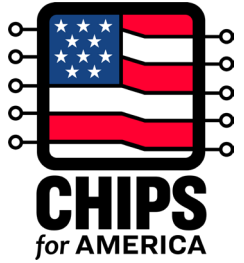


Submit the Full
Application at
applications.chips.gov

After Full Application Submission:

The CHIPS Program Office will

- ✓ Send a confirmation email immediately upon receipt
- ✓ Review submission and may reach out for additional information or clarification
- ✓ Provide a written determination after review



Next Steps and Resources

Next Steps

- [Submit](#) a Full Application
- Visit [CHIPS.gov](https://chips.gov) for additional resources
- [Join our mailing list](#)
- Contact us: apply@chips.gov for application-related inquiries



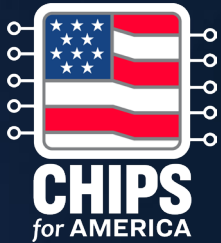
Full Application Submissions Portal
launched on **April 26**

Additional Resources

- [NOFO 2](#)
- [NOFO 2 FAQs](#)
- [NOFO 2 Full App Fact Sheet](#)
- [NOFO 2 Full Application Requirement Guidance](#)
- [NOFO 2 Full Application Instructions](#)
- [NOFO 2 Financial Model Template](#)
- [NOFO 2 Financial Model Template Instructions](#)



Full Applications are accepted until 5pm
EST on **July 1, 2024**



Thank You