

Sample Business Plans PDF

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John's Hotel

BUSINESS PLAN

[Current Month], [Year]

[Contact Name]

[Title]

John's Hotel

[Address 1]

[Address 2]

[City, State Zip]

Tel: []

Fax: []

Email: []

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I. Executive Summary

Business Overview

John's Hotel, located at [insert location here] is a new, small, business-class hotel focused on providing rooms with a clean and modern character that is attractive to business visitors to the area. The Company's rooms will feature modern furniture, high-end technology and modern accessories.

Services

John's Hotel will offer all of the standard business hotel services including daily room cleaning, free local calls, cable TV, a free wireless network and various other amenities. Additionally, the hotel will include a conference room seating up to 15 for meetings with conference call landlines, wireless internet, and a large flat screen.

Customer Focus

John's Hotel will primarily serve business travelers who seek comfort, necessary amenities, and simplicity of services.

- 50,000 business visitors to the area in 2008 according to Madison Office of Tourism
- Typical business traveler is male (77%) and in a professional, managerial, or technical occupation (53%) according to National Household Survey of Business Travel
- 55% between ages of 40 and 49, 16% 18 to 29, 18% 50-59, 10% 60+ according to National Household Survey of Business Travel
- Average household income of \$85,900 according to the American Hotel & Lodging Association Lodging Industry Profile

In addition to this business travel market, the Company will likely see some leisure travel and international guests.

Management Team

John's Hotel is led by [Founder's Name] who has been in the hotel industry for 20 years. While John Smith has never developed a hotel from the ground up, he has worked in hotel industry most recently as a general manager, and has held various different positions in the management chain over the last 20 years. As such John Smith has an in-depth knowledge of the hotel business including the operations side (e.g., running day-to-day operations) and the business management side (e.g., staffing, marketing, etc.).

Success Factors

John's Hotel is uniquely qualified to succeed due to the following reasons:

- There is currently no business-class hotel in the community we are entering. In addition, we have surveyed the major corporations with local offices and determined that they have frequent visitors who would use our hotel location when launched.
- Our location is central to the downtown, airport, and corporate district of the city.

- The management team has a track record of success in the hotel industry.
- XYZ and ABC corporations announced plans to create new corporate centers in the city over the next two years and existing hotels will not be able to handle the increased capacity of business visitors traveling to the city to visit these companies.

Financial Highlights

John's Hotel is currently seeking \$3,000,000 to launch. Specifically, these funds will be used as follows:

- Hotel design/build: \$2,500,000
- Working capital: \$500,000 to pay for marketing, salaries, and land costs until John's Hotel reaches break-even.

Topline projections over the next three years are as follows:

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenue	\$1,980,125	\$2,832,031	\$3,409,160	\$3,783,447	\$4,100,713
Total Expenses	\$1,375,530	\$1,561,763	\$1,866,977	\$2,027,436	\$2,107,349
EBITDA	\$604,595	\$1,270,268	\$1,542,183	\$1,756,011	\$1,993,364
Depreciation	\$372,760	\$372,760	\$372,760	\$372,760	\$372,760
EBIT	\$231,835	\$897,508	\$1,169,423	\$1,383,251	\$1,620,604
Interest	\$164,782	\$144,184	\$123,586	\$102,988	\$82,391
PreTax Income	\$67,054	\$753,324	\$1,045,837	\$1,280,263	\$1,538,213
Income Tax Expense	\$23,469	\$263,663	\$366,043	\$448,092	\$538,375
Net Income	\$43,585	\$489,661	\$679,794	\$832,171	\$999,839

II. Company Overview

Who is John's Hotel?

John's Hotel, located at [insert location here], is a new, small, business-class hotel focused on providing rooms with a clean and modern character that is attractive to business visitors to the area. The Company's rooms will feature modern furniture, high-end technology and modern accessories.

John's Hotel was founded by [Founder's Name]. While [Founder's Name] has been in the hotel industry for some time, it was in [month, date] that he decided to launch John's Hotel. Specifically, during this time, John Smith took a business trip to Madison, WI. During his trip, [Founder's Name] could not find a mid-level, business class hotel in the downtown area. After several visiting the hotel options in the city and learning of the expected growth in business travel to Madison, [Founder's Name] clearly recognized an opportunity that a business-class hotel would enjoy significant success in this area.

Specifically, the local demographics, business demographics and competitive situations in the Madison location were so favorable to the success of this hotel idea that he knew it would work.

John's Hotel's History

Upon returning from Madison, surveying the local customer base and online market, estimating business travel growth, and finding a potential hotel location, [Founder's Name] incorporated John's Hotel as an S-Corporation on [date of incorporation].

The hotel development operations are currently being run out of [Founder's Name] home office. Once the land rights have been purchased, operations will be run from an on-site location to ensure that every detail is being thought out and completed.

Since incorporation, the company has achieved the following milestones:

- *Found site location and signed the land deed purchasing rights to the land.*
- *Developed the company's name, logo and website located at www...*
- *Hired an architecture firm to create a blueprint of the hotel*
- *Taking bids from construction crews and electrical engineering firms*
- *Determined equipment leasing and financing requirements*
- *Began recruiting key employees with experience in the hotel industry*

John's Hotel's Services

Below is John's Hotel's initial service offerings and amenities provided.

1. Single Rooms
2. 2 Studio Apartment Style VIP Rooms for long-term stays
3. Conference Room

Single Rooms

- Two Double Beds or One Queen Bed
- Workspace
- Modern Bathroom
- Daily Cleaning
- Toiletries
- Complimentary Coffee, Tea, and Chocolate
- TV with Cable
- Wireless Network

Studio Apartment Style VIP Rooms

- Sitting Room area with Workspace, Couch and TV.
- California King bed
- 1 Luxury Bathroom with Jacuzzi and Shower
- Daily Cleaning
- Toiletries
- Coffee, Tea, and Chocolate
- Fully-equipped kitchenette with oven, microwave, refrigerator, pots, pans, etc
- Dining area with dining table
- Flat Panel TV
- Wireless Network
- Complimentary Bath Robe, Slipper, and Bathroom Amenities

Conference Room

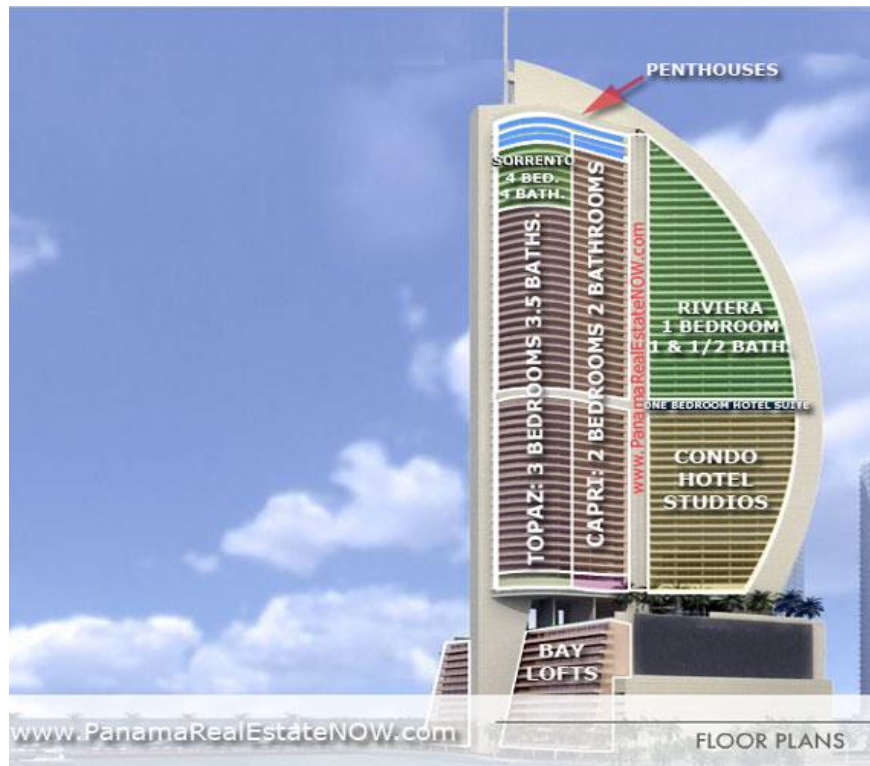
- Comfortable seating for 15 at a board-room style table
- Conference call capable phones
- Wireless internet
- Elevated large LCD screen compatible with DVD, VHS, and computer connection
- Water dispenser
- Large windows with automatic shades

Hotel Design

John's Hotel will develop a 20,000-square foot hotel with key elements that will include the following:

- Upper and Lower Floors with 18 Single
- 2 Studio Apartment Rooms
- Conference Room

Located below is a rough sketch of the hotel design plan:



The hotel location will have 15 dedicated parking spots which should suffice even in peak parts of the travel season as guests will often not have cars with them

John's Hotel plans to be open 7 days a week, 24 hours a day, to take care of all guests' inquiries and issues as they may arise. As demand dictates, we may extend or reduce our services and hours.

III. Industry Analysis

John's Hotel directly or indirectly competes with all hotels nearby our hotel locations that offer business travel services or small conference space. Competition will come from small meeting spaces, inns, motels, bed & breakfasts, condo complexes, and hotels. Direct competition will come from companies offering business class services.

Industry Statistics & Trends

The industry is served by the American Hotel and Lodging Association which reports that it has 11,000 members in the hospitality industry. The AH&LA, citing Smith Travel Research, reports that the average rate for an overnight accommodation is \$106.55 and the average occupancy rate for the industry is 60% leading to a revenue per available room (RevPAR) of \$62. The association calculates an over 47,000 properties of 15 rooms or more, 4.3 million guest rooms, annual revenue of \$133 billion, an average of 1 billion room nights sold per year, and approximately \$27 billion in net profits.

Large companies include Marriott International, Hilton Hotels, Carlson Hotels, and Starwood Hotels and Resorts dominate the US hotel industry.

Major industry product lines are room fees and sales of food, alcoholic drinks, and merchandise. Room fees account for 70% of industry revenue, food is 15% and alcohol is 5%.

- “In the United States, tourism is currently the third largest retail industry, behind automotive and food stores.” – AH&LA
- “For a hotel stay, 35% of all business travelers spend one night, 26% spend two nights, and 39% spend three or more nights.” – AH&LA
- Profitability of individual companies depends on efficient operations as most costs are fixed.
- Effective marketing is a must.
- Trends to be aware of in this industry include: a growing number of travelers will demand higher levels of discounts and more free services while expecting higher levels of service as a response to the recession and the hotel industry's desperation to fill rooms.

IV. Customer Analysis

John's Hotel will serve the business travel market of [Insert location] and its immediate surrounding area.

The market we serve is value-conscious and has a desire for high comfort and basic amenities geared towards the business traveler's lifestyle.

The AH&LA writes that "the typical business room night is generated by a male (65%), age 35-54 (50%), employed in a professional or managerial position (44%), earning an average yearly household income of \$85,900. Typically, these guests travel alone (56%), make reservations (90%), and pay \$112 per room night."

The business traveler market is also described by the National Household Travel Survey of US Business Travel as follows:

"The typical business traveler is likely to be male; work in a professional, managerial, or technical position; be 30 to 49 years old; and have an income well above the population average.

Men account for more than three-fourths (77%) of business trips. This compares to nonbusiness travel where men take 54% of the trips and women 46%.

Those who consider their occupation to be professional, managerial, or technical account for over half (53%) of all business trips. This occupational category represents only about 40% of the general population. Sales or service workers account for the next largest share of business trips, 28%. On the other hand, clerical/administrative workers account for less than 4% of business trips even though they represent almost 12% of the population."

2005-2007 American Community Survey 3-Year Estimates - [what's this?](#) [Narrative Profile](#) | [Reference Map](#)
 Data Profile Highlights:

NOTE: Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the [official estimates of the population for the nation, states, counties, cities and towns](#) and estimates of housing units for states and counties.

Social Characteristics - show more >>	Estimate	Percent	U.S.	Margin of Error
Average household size	2.45	(X)	2.60	+/-0.04
Average family size	3.71	(X)	3.19	+/-0.07
Population 25 years and over	293,450			+/-5,540
High school graduate or higher	(X)	83.4	84.0%	(X)
Bachelor's degree or higher	(X)	41.2	27.0%	(X)
Civilian veterans (civilian population 18 years and over)	25,790	7.4	10.4%	+/-1,832
Disability status (population 5 years and over)	60,501	15.0	15.1%	+/-3,321
Foreign born	29,344	6.7	12.5%	+/-3,100
Male, Now married, except separated (population 15 years and over)	48,529	26.7	52.6%	+/-2,083
Female, Now married, except separated (population 15 years and over)	44,676	24.9	48.5%	+/-2,154
Speak a language other than English at home (population 5 years and over)	38,302	9.3	19.5%	+/-3,434
Household population	412,252			+/-7,469
Group quarters population	(X)	(X)	(X)	(X)
Economic Characteristics - show more >>	Estimate	Percent	U.S.	Margin of Error
In labor force (population 16 years and over)	233,929	65.7	64.7%	+/-5,043
Mean travel time to work in minutes (workers 16 years and over)	26.1	(X)	25.1	+/-0.6
Median household income (in 2007 inflation-adjusted dollars)	44,163	(X)	50,007	+/-996
Median family income (in 2007 inflation-adjusted dollars)	51,835	(X)	60,374	+/-3,343
Per capita income (in 2007 inflation-adjusted dollars)	33,670	(X)	26,178	+/-1,029
Families below poverty level	(X)	20.2	9.8%	(X)
Individuals below poverty level	(X)	23.3	13.3%	(X)
Housing Characteristics - show more >>	Estimate	Percent	U.S.	Margin of Error
Total housing units	211,857			+/-1,261
Occupied housing units	168,252	79.4	88.4%	+/-2,127
Owner-occupied housing units	84,560	50.3	67.3%	+/-1,615
Renter-occupied housing units	83,692	49.7	32.7%	+/-2,107
Vacant housing units	43,605	20.6	11.6%	+/-1,956
Owner-occupied homes	84,560			+/-1,615
Median value (dollars)	235,200	(X)	181,800	+/-5,984
Median of selected monthly owner costs				
With a mortgage (dollars)	1,772	(X)	1,427	+/-47
Not mortgaged (dollars)	552	(X)	402	+/-28

We will primarily target the following three market segments:

1. **The U.S. Business Travel Market:** Travelers to [Insert Area, City] corporations and events.
2. **The U.S. Leisure Travel Market:** Travelers to [Insert Area or City] tourist attractions such as the Museum of Fine Art and the Annual Film Festival, as well as visitors to social events such as weddings.
3. **International Tourists:** In 2007, there were over 903 million international tourist arrivals worldwide, with a growth of 6.6% as compared to 2006. International tourist receipts were \$856 billion in 2007 according to tourismroi.com.

V. Competitive Analysis

Direct & Indirect Competitors

The following hotels are located within a 10-mile radius of John's Hotel, thus providing either direct or indirect competition for customer acquisition:

The Madison Concourse Hotel

The Madison Concourse Hotel is Madison's leading hotel and has been in business for 20 years. The hotel offers a wide array of services and amenities that you typically find at a hotel.

The Madison Concourse offers luxury amenities, many of which are not necessary for business travelers and charges a high price for those amenities (\$200-300 per night). Furthermore, the hotel does not offer a small conference room, only larger meeting spaces. Additionally, this hotel does not offer wireless internet in sleeping rooms.

The Edgewater Hotel

The Edgewater Hotel has been in business for 15 years. The Edgewater Hotel offers a variety of services and amenities all typical of the hotel and hospitality industry.

However, John's Hotel has several advantages over The Breakers Hotel including:

- Edgewater is priced at a premium because of its waterfront location
- Edgewater's rooms are aging and in need of renovation
- Edgewater does not have studio apartment options for long-term stay
- Edgewater does not have meeting space

Doubletree Hotel Madison

Doubletree Hotel Madison is located four miles to the East of our intended location. Doubletree Hotel Madison has been in business for the past 10 years and is part of the Hilton family of hotels, allowing it to use centralized booking with Hilton and the Hilton loyalty points system.

John's Hotel has several advantages over Doubletree Hotel Madison including:

- Doubletree Hotel Madison does not have a central downtown location
- Despite the rooms being more modern than most existing, Doubletree Hotel Madison is still behind the time with no LCD TVs or Wireless Network.

While we expect that Doubletree Hotel Madison will continue to thrive based on the Hilton loyalty program, we expect that more and more customers will frequent John's Hotel based on the value offered for a similar price and more central location.

Competitive Advantage

John's Hotel enjoys several advantages over its competitors. These advantages include:

- **Location:** John's Hotel's location in the downtown area, gives the best access to the airport, corporate center, downtown conference centers, and restaurants. The Company also offers adequate parking making it easy for customers to relax upon arrival.
- **Business Amenities:** The small conference room allowing visitors to meet within the hotel, will be highly valued by some groups. Wi-fi throughout the hotel will make working remotely simple for business visitors.
- **Management:** Our management team has years of business and marketing experience that allows us to market and serve customers in the same manner as our most sophisticated competitors.
- **Relationships:** Having visited the community for a number of years, [Founder's Name] knows all of the local leaders, newspapers and other influencers. As such, it will be relatively easy for us to build the brand and awareness of the hotel.

VI. Marketing Plan

The Marketing Plan describes the type of brand John's Hotel seeks to create and the Company's planned promotions and pricing strategies.

The John's Hotel Brand

The John's Hotel brand will focus on the Company's unique value proposition:

- Offering business-class rooms and services
- Offering a central location in the downtown area
- Providing excellent customer service

Promotions Strategy

John's Hotel expects its target market to business travelers and leisure travelers mainly from the U.S and surrounding locations in the Midwest. The Company's promotions strategy to reach these individuals includes:

Phone Prospecting

John's Hotel will assign salespeople to contact area corporations to arrange for bulk corporate rates for their visitors depending on the volume of visitors they will have.

Public Relations

We will contact all local and regional area newspapers and television stations to tell them about the hotel opening and unique value proposition of John's Hotel.

Advertising

John's Hotel will initially advertise on travel websites, which are frequently being used these days to book travel due to their ease of use and reviews.

Ongoing Customer Communications

John's Hotel will maintain a website and publish a monthly email newsletter to tell local corporations and past customers about promotions and events.

Pre-Opening Events

Before opening the hotel, John's Hotel will organize pre-opening events designed for prospective national customers, local customers and press contacts. These events will create buzz and awareness for John's Hotel in the area.

Pricing Strategy

John's Hotel's pricing will fluctuate based on the season and occupancy percentages using a computerized yield management system, but pricing will always place the hotel in the mid-range, below luxury offerings and above hotels and motels in the area that cannot be billed as business class. Customers will feel they receive great value when patronizing the hotel.

VII. Operations Plan

Functional Roles

In order to execute on John's Hotel's business model, the Company needs to perform many functions including the following:

Administrative Functions

- General & Administrative functions including legal, marketing, bookkeeping, etc.
- Sourcing and storing supplies for the hotel and conference space
- Hiring and training staff
- Corporate sales to individuals and groups

Hotel Services

- Housekeeping
- Check-in focused on customer service
- Janitor/maintenance personnel to keep the hotel clean and in working order

Milestones

John's Hotel expects to achieve the following milestones in the following [] months:

Date	Milestone
[Date 1]	Finalize Land Rights
[Date 2]	Design and build out John's Hotel hotel
[Date 3]	Hire and train initial staff
[Date 4]	Launch John's Hotel hotel
[Date 5]	Reach break-even

VIII. Management Team

Management Team Members

John's Hotel is led by John Smith who has been in the hotel industry for 20 years.

While John Smith has never developed a hotel from the ground up, he has worked in the hotel industry most recently as a general manager, and has held different positions in the management chain over the last 20 years. As such John Smith has in-depth knowledge of the hotel business including the operations side (e.g., running day-to-day operations) and the business management side (e.g., staffing, marketing, etc.).

John Smith has also worked real estate consultant on a part-time basis over the past 10 years. Specifically, he has worked in contracting positions to help real estate developers with their hotel launch plans as well as their operations plans once the hotel has been launched.

John Smith graduated from the University of Denver where he majored in Hotel and Restaurant Management.

Hiring Plan

John Smith will serve as the hotel president. In order to launch our Hotel, we need to hire the following personnel:

- Housekeeping staff (5 to start)
- Hotel Manager (will manage day to day operations of the hotel)
- Assistant Manager (will manage hotel operations nights and weekends)
- Service Staff (4 full-time to work check-in and guest services - allowing for at least 1 staffperson to be on duty at all times)
- Sales Staff (2 full-time) will target and book corporate clients in sleeping rooms and the meeting space
- Legal, Bookkeeping, and other Administrative functions (3 staff)

IX. Financial Plan

Revenue and Cost Drivers

John's Hotel's will come from hotel room occupancy and conference room rentals.

The major costs for the company will be salaries of the staff and cost to maintain the standard of the hotel. In the initial years, the company's marketing spend will be high, as it establishes itself in the market.

Capital Requirements and Use of Funds

[Company Name is seeking a total funding of \$3,000,000 to launch the hotel. The capital will be used for funding capital expenditures, manpower costs, marketing expenses and working capital.

Specifically, these funds will be used as follows:

- Hotel design/build: approximately \$2,500,000
- Working capital: approximately \$500,000 to pay for Marketing, salaries, and lease costs until John's Hotel reaches break-even

Key Assumptions & Forecasts

Below please find the key assumptions that went into the financial forecast and a summary of the financial projections over the next five years. Please see the Appendix for more detailed financial forecasting information.

Key Assumptions

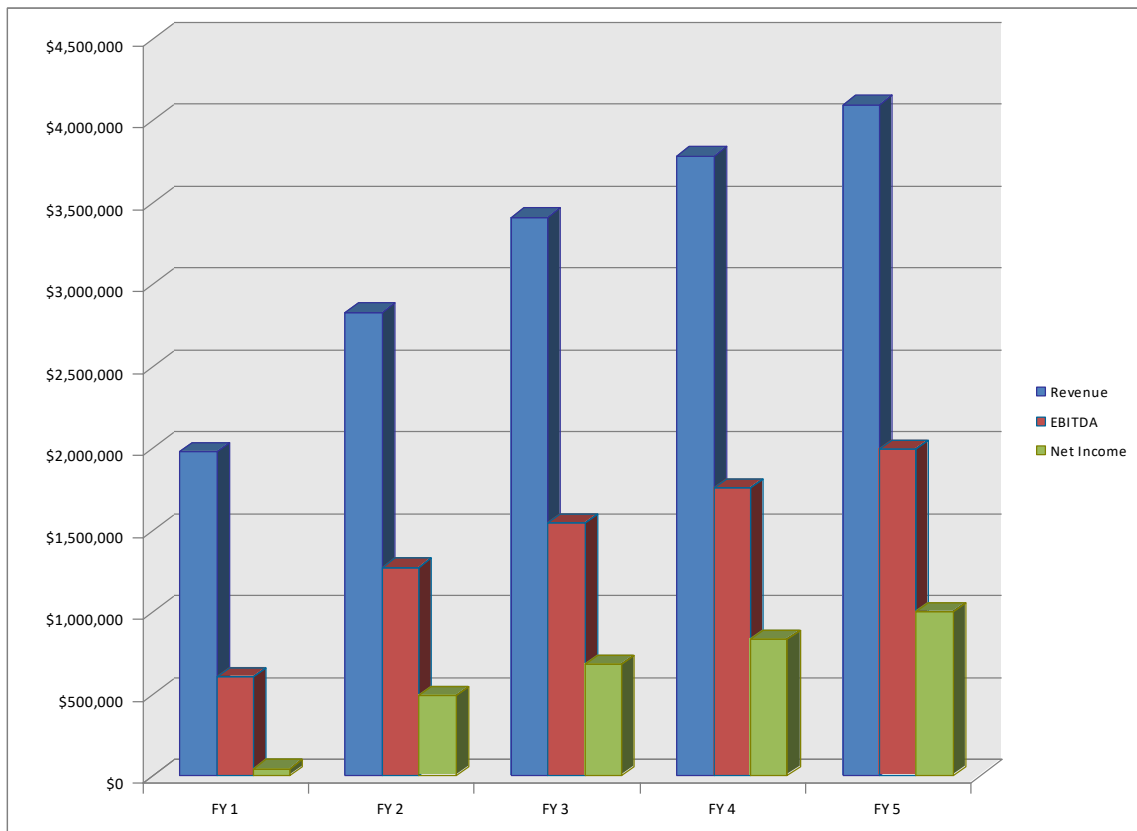
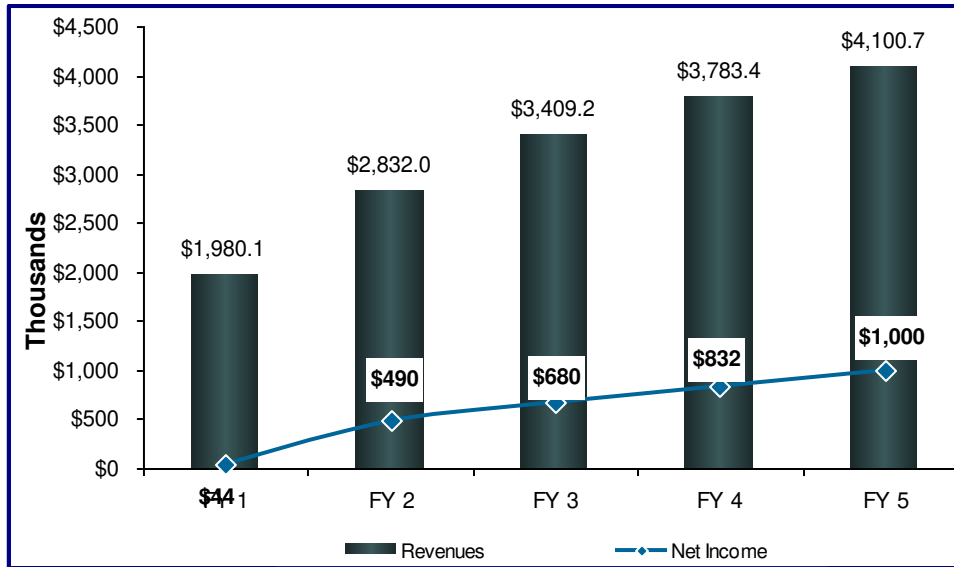
Number of Available Rooms	Per location	Available Room Nights	
FY 1	20	FY 1	7,300
FY 2	20	FY 2	7,300
FY 3	20	FY 3	7,300
FY 4	20	FY 4	7,300
FY 5	20	FY 5	7,300
Average Daily Rate (Constant)	\$155.00	Cost of goods sold	
		FY 1	23.0%
Average Daily Rate Growth (Constant)	3.0%	FY 2	22.0%
		FY 3	20.0%
Annual Lease (per location)	\$0	FY 4	19.0%
Yearly Lease Increase %	2.5%	FY 5	18.0%

Note that while the expected average room rate is \$150, because of the additional services sold (conference room), we believe that \$155.00 will be a more likely average order price.

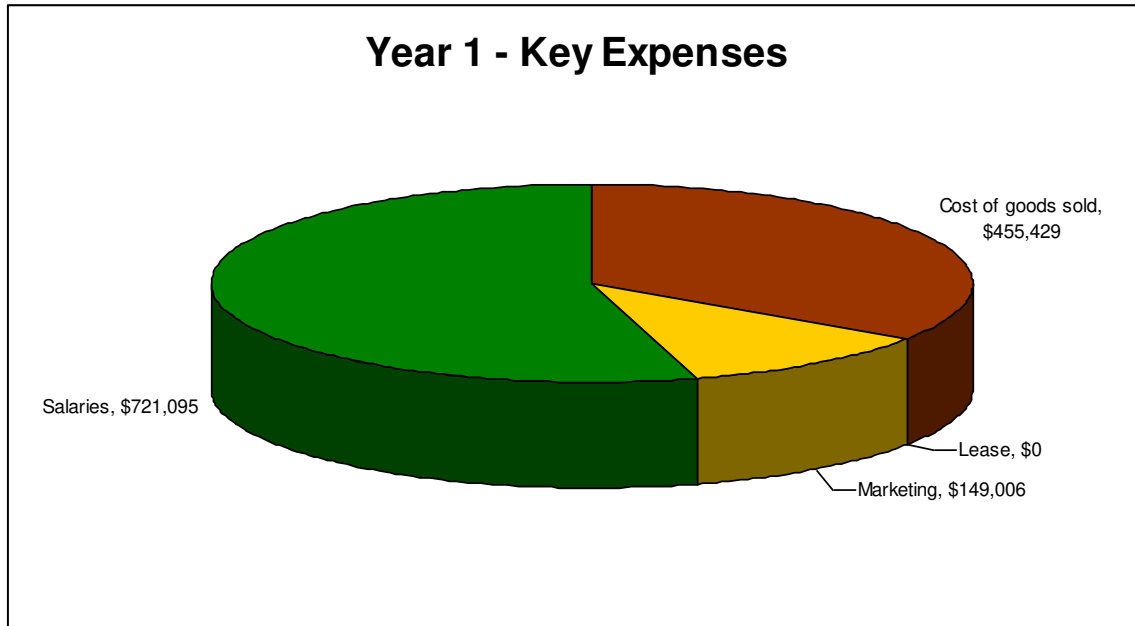
Financial Summary

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Hotel	\$1,980,125	\$2,832,031	\$3,409,160	\$3,783,447	\$4,100,713
Total Revenues	\$1,980,125	\$2,832,031	\$3,409,160	\$3,783,447	\$4,100,713
Expenses & Costs					
Cost of goods sold	\$455,429	\$623,047	\$681,832	\$718,855	\$738,128
Lease	\$0	\$0	\$0	\$0	\$0
Marketing	\$149,006	\$141,602	\$170,458	\$189,172	\$205,036
Salaries	\$721,095	\$797,115	\$1,014,687	\$1,119,408	\$1,164,185
Initial expenditure	\$50,000	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$1,375,530	\$1,561,763	\$1,866,977	\$2,027,436	\$2,107,349
EBITDA	\$604,595	\$1,270,268	\$1,542,183	\$1,756,011	\$1,993,364
Depreciation	\$372,760	\$372,760	\$372,760	\$372,760	\$372,760
EBIT	\$231,835	\$897,508	\$1,169,423	\$1,383,251	\$1,620,604
Interest	\$164,782	\$144,184	\$123,586	\$102,988	\$82,391
PRETAX INCOME	\$67,054	\$753,324	\$1,045,837	\$1,280,263	\$1,538,213
Net Operating Loss	\$0	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$0	\$0	\$0
Taxable Income	\$67,054	\$753,324	\$1,045,837	\$1,280,263	\$1,538,213
Income Tax Expense	\$23,469	\$263,663	\$366,043	\$448,092	\$538,375
NET INCOME	\$43,585	\$489,661	\$679,794	\$832,171	\$999,839
Net Profit Margin (%)	2.2%	17.3%	19.9%	22.0%	24.4%

Below are graphical representations of our Revenue, EBITDA and Net Income forecast for the next five years is as follows.



Key expenses for our first year of operations are as follows:



X. Appendix

The following pages present detailed financial projections for John's Hotel over the next five years. The specific tables to follow include:

- Startup Costs
- 5 Year Annual Income Statement
- 5 Year Annual Balance Sheet
- 5 Year Annual Cash Flow Statement
- Quarterly Income Statement for First 3 Years
- Quarterly Balance Sheet for First 3 Years
- Quarterly Cash Flow Statement for First 3 Years

Startup Costs

<u>Build-Out and Startup Cost Assumptions</u>		
<u>Permits, legal, licensing, Insurance and misc. fees</u>		
Building permits	\$1,000	
Business license	\$250	
Beer, wine liquor license	\$0	
Legal fees	\$100,000	
Liability/property insurance	\$85,000	
Workman's compensation insurance	\$10,000	
Miscellaneous	\$2,500	
Sub-total	\$198,750	
<u>Equipment and set-up costs</u>		
Fax machine	\$250	
Furniture	\$100,000	
Conference Room Equipment	\$30,000	
Register, printer and retail program	\$7,000	
Verifone bankcard machine/printer	\$350	
Computer	\$1,000	
Stereo system	\$750	
Telephones	\$2,000	
File cabinets and office furniture	\$1,000	
Miscellaneous	\$6,500	
Sub-total	\$148,850	
<u>Lobby fixtures</u>		
Front desk/check out	\$50,000	
Displays and backdrops	\$50,000	
Miscellaneous fixtures and hardware	\$50,000	
Shipping costs	\$1,000	
Sub-total	\$151,000	
<u>Interior and exterior construction</u>		
Architect/contractor fees	\$1,400,000	
Exterior awning and signage	\$30,000	
Exterior upgrade	\$50,000	
H.V.A.C	\$150,000	
Lighting install/upgrade	\$30,000	
Plumbing/fire	\$150,000	
Interior finish	\$150,000	
Miscellaneous	\$2,500	
Sub-total	\$1,962,500	
<u>Start-up office, retail and packing supplies</u>		
Stationary, business cards, etc.	\$1,500	
Mailing supplies	\$10,000	
Cleaning supplies	\$10,000	
Retail supplies (bags, tissues, ribbon)	\$0	
Café supplies (food containers, dishes)	\$0	
Miscellaneous	\$2,500	
Sub-total	\$24,000	
Total cost of hotel build out:	\$2,485,100	
Equipment and misc.:	\$522,600	
Leasehold improvements:	\$1,962,500	

5 Year Annual Income Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Hotel	\$1,980,125	\$2,832,031	\$3,409,160	\$3,783,447	\$4,100,713
Total Revenues	\$1,980,125	\$2,832,031	\$3,409,160	\$3,783,447	\$4,100,713
Expenses & Costs					
Cost of goods sold	\$455,429	\$623,047	\$681,832	\$718,855	\$738,128
Lease	\$0	\$0	\$0	\$0	\$0
Marketing	\$149,006	\$141,602	\$170,458	\$189,172	\$205,036
Salaries	\$721,095	\$797,115	\$1,014,687	\$1,119,408	\$1,164,185
Initial expenditure	\$50,000	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$1,375,530	\$1,561,763	\$1,866,977	\$2,027,436	\$2,107,349
EBITDA	\$604,595	\$1,270,268	\$1,542,183	\$1,756,011	\$1,993,364
Depreciation	\$372,760	\$372,760	\$372,760	\$372,760	\$372,760
EBIT	\$231,835	\$897,508	\$1,169,423	\$1,383,251	\$1,620,604
Interest	\$164,782	\$144,184	\$123,586	\$102,988	\$82,391
PRETAX INCOME	\$67,054	\$753,324	\$1,045,837	\$1,280,263	\$1,538,213
Net Operating Loss	\$0	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$0	\$0	\$0
Taxable Income	\$67,054	\$753,324	\$1,045,837	\$1,280,263	\$1,538,213
Income Tax Expense	\$23,469	\$263,663	\$366,043	\$448,092	\$538,375
NET INCOME	\$43,585	\$489,661	\$679,794	\$832,171	\$999,839
Net Profit Margin (%)	2.2%	17.3%	19.9%	22.0%	24.4%

5 Year Annual Balance Sheet

	FY 1	FY 2	FY 3	FY 4	FY 5
ASSETS					
Cash	\$54,537	\$563,373	\$1,272,736	\$2,147,394	\$3,185,323
Accounts receivable	\$44,003	\$59,826	\$69,090	\$73,567	\$79,736
Inventory	\$94,292	\$128,199	\$148,050	\$157,644	\$170,863
Total Current Assets	\$192,831	\$751,398	\$1,489,877	\$2,378,605	\$3,435,922
Fixed assets	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100
Depreciation	\$372,760	\$745,520	\$1,118,280	\$1,491,040	\$1,863,800
Net fixed assets	\$2,112,340	\$1,739,580	\$1,366,820	\$994,060	\$621,300
TOTAL ASSETS	\$2,305,171	\$2,490,978	\$2,856,697	\$3,372,665	\$4,057,222
LIABILITIES & EQUITY					
Debt	\$2,218,213	\$1,901,325	\$1,584,438	\$1,267,550	\$950,663
Accounts payable	\$43,374	\$56,408	\$59,220	\$59,905	\$61,511
Total Liability	\$2,261,587	\$1,957,733	\$1,643,658	\$1,327,455	\$1,012,173
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	\$43,585	\$533,245	\$1,213,039	\$2,045,210	\$3,045,049
Total Equity	\$43,585	\$533,245	\$1,213,039	\$2,045,210	\$3,045,049
TOTAL LIABILITIES & EQUITY	\$2,305,171	\$2,490,978	\$2,856,697	\$3,372,665	\$4,057,222

5 Year Annual Cash Flow Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	\$43,585	\$489,661	\$679,794	\$832,171	\$999,839
Change in working capital	(\$94,920)	(\$36,697)	(\$26,303)	(\$13,386)	(\$17,782)
Depreciation	\$372,760	\$372,760	\$372,760	\$372,760	\$372,760
Net Cash Flow from Operations	\$321,424	\$825,723	\$1,026,251	\$1,191,545	\$1,354,816
CASH FLOW FROM INVESTMENTS					
Investment	(\$2,485,100)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$2,485,100)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$2,218,213	(\$316,888)	(\$316,888)	(\$316,888)	(\$316,888)
Net Cash Flow from Financing	\$2,218,213	(\$316,888)	(\$316,888)	(\$316,888)	(\$316,888)
Net Cash Flow	54,537	508,836	709,364	874,658	1,037,929
Cash at Beginning of Period	0	54,537	563,373	1,272,736	2,147,394
Cash at End of Period	54,537	563,373	1,272,736	2,147,394	3,185,323

Quarterly Income Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
Revenues												
Hotel	\$452,600	\$452,600	\$509,175	\$565,750	\$640,995	\$699,267	\$722,576	\$769,194	\$816,278	\$840,286	\$864,294	\$888,302
Total Revenues	\$452,600	\$452,600	\$509,175	\$565,750	\$640,995	\$699,267	\$722,576	\$769,194	\$816,278	\$840,286	\$864,294	\$888,302
Expenses & Costs												
Cost of goods sold	\$104,098	\$104,098	\$117,110	\$130,123	\$141,019	\$153,839	\$158,967	\$169,223	\$163,256	\$168,057	\$172,859	\$177,660
Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Marketing	\$37,252	\$37,252	\$37,252	\$37,252	\$35,400	\$35,400	\$35,400	\$35,400	\$42,614	\$42,614	\$42,614	\$42,614
Salaries	\$175,523	\$175,523	\$185,025	\$185,025	\$194,528	\$194,528	\$204,030	\$204,030	\$248,533	\$248,533	\$258,811	\$258,811
Initial expenditure	\$12,500	\$12,500	\$12,500	\$12,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$329,372	\$329,372	\$351,887	\$364,899	\$370,947	\$383,767	\$398,397	\$408,653	\$454,403	\$459,204	\$474,284	\$479,086
EBITDA	\$123,228	\$123,228	\$157,288	\$200,851	\$270,048	\$315,500	\$324,179	\$360,541	\$361,875	\$381,081	\$390,010	\$409,217
Depreciation	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190
EBIT	\$30,038	\$30,038	\$64,098	\$107,661	\$176,858	\$222,310	\$230,989	\$267,351	\$268,685	\$287,891	\$296,820	\$316,027
Interest	\$41,195	\$41,195	\$41,195	\$41,195	\$36,046	\$36,046	\$36,046	\$36,046	\$30,897	\$30,897	\$30,897	\$30,897
PRETAX INCOME	(\$11,157)	(\$11,157)	\$22,903	\$66,466	\$140,812	\$186,264	\$194,943	\$231,305	\$237,788	\$256,995	\$265,924	\$285,130
Net Operating Loss	(\$11,157)	(\$22,315)	(\$22,315)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$22,315	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxable Income	\$0	\$0	\$588	\$66,466	\$140,812	\$186,264	\$194,943	\$231,305	\$237,788	\$256,995	\$265,924	\$285,130
Income Tax Expense	\$0	\$0	\$206	\$23,263	\$49,284	\$65,193	\$68,230	\$80,957	\$83,226	\$89,948	\$93,073	\$99,796
NET INCOME	(\$11,157)	(\$11,157)	\$22,697	\$43,203	\$91,528	\$121,072	\$126,713	\$150,348	\$154,562	\$167,047	\$172,850	\$185,335
Net Profit Margin (%)	-	-	4%	8%	14%	17%	18%	20%	19%	20%	20%	21%

Quarterly Balance Sheet for First 3 Years

	FY1				FY2				FY3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
ASSETS												
Cash	\$56,096	\$138,129	\$244,524	\$54,537	\$224,494	\$428,785	\$644,699	\$563,373	\$797,627	\$1,053,595	\$1,315,368	\$1,272,736
Accounts receivable	\$35,202	\$35,202	\$39,603	\$44,003	\$49,855	\$54,387	\$56,200	\$59,826	\$63,488	\$65,356	\$67,223	\$69,090
Inventory	\$75,433	\$75,433	\$84,863	\$94,292	\$106,832	\$116,545	\$120,429	\$128,199	\$136,046	\$140,048	\$144,049	\$148,050
Total Current Assets	\$166,732	\$248,764	\$368,989	\$192,831	\$381,181	\$599,717	\$821,329	\$751,398	\$997,161	\$1,258,999	\$1,526,639	\$1,489,877
Fixed assets	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100	\$2,485,100
Depreciation	\$93,190	\$186,380	\$279,570	\$372,760	\$465,950	\$559,140	\$652,330	\$745,520	\$838,710	\$931,900	\$1,025,090	\$1,118,280
Net fixed assets	\$2,391,910	\$2,298,720	\$2,205,530	\$2,112,340	\$2,019,150	\$1,925,960	\$1,832,770	\$1,739,580	\$1,646,390	\$1,553,200	\$1,460,010	\$1,366,820
TOTAL ASSETS	\$2,558,642	\$2,547,484	\$2,574,519	\$2,305,171	\$2,400,331	\$2,525,677	\$2,654,099	\$2,490,978	\$2,643,551	\$2,812,199	\$2,986,649	\$2,856,697
LIABILITIES & EQUITY												
Debt	\$2,535,100	\$2,535,100	\$2,535,100	\$2,218,213	\$2,218,213	\$2,218,213	\$2,218,213	\$1,901,325	\$1,901,325	\$1,901,325	\$1,901,325	\$1,584,438
Accounts payable	\$34,699	\$34,699	\$39,037	\$43,374	\$47,006	\$51,280	\$52,989	\$56,408	\$54,419	\$56,019	\$57,620	\$59,220
Total Liability	\$2,569,799	\$2,569,799	\$2,574,137	\$2,261,587	\$2,265,219	\$2,269,492	\$2,271,201	\$1,957,733	\$1,955,744	\$1,957,344	\$1,958,945	\$1,643,658
Share Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$11,157)	(\$22,315)	\$382	\$43,585	\$135,113	\$256,184	\$382,897	\$533,245	\$687,808	\$854,855	\$1,027,705	\$1,213,039
Total Equity	(\$11,157)	(\$22,315)	\$382	\$43,585	\$135,113	\$256,184	\$382,897	\$533,245	\$687,808	\$854,855	\$1,027,705	\$1,213,039
TOTAL LIABILITIES & EQUITY	\$2,558,642	\$2,547,484	\$2,574,519	\$2,305,171	\$2,400,331	\$2,525,677	\$2,654,099	\$2,490,978	\$2,643,551	\$2,812,199	\$2,986,649	\$2,856,697

Quarterly Cash Flow Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
CASH FLOW FROM OPERATIONS												
Net Income (Loss)	(\$11,157)	(\$11,157)	\$22,697	\$43,203	\$91,528	\$121,072	\$126,713	\$150,348	\$154,562	\$167,047	\$172,850	\$185,335
Change in working capital	(\$75,936)	\$0	(\$9,492)	(\$9,492)	(\$14,761)	(\$9,971)	(\$3,988)	(\$7,977)	(\$13,498)	(\$4,268)	(\$4,268)	(\$4,268)
Depreciation	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190	\$93,190
Net Cash Flow from Operations	\$6,096	\$82,033	\$106,395	\$126,901	\$169,957	\$204,291	\$215,914	\$235,561	\$234,254	\$255,969	\$261,772	\$274,256
CASH FLOW FROM INVESTMENTS												
Investment	(\$2,485,100)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$2,485,100)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING												
Cash from equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$2,535,100	\$0	\$0	(\$316,888)	\$0	\$0	\$0	(\$316,888)	\$0	\$0	\$0	(\$316,888)
Net Cash Flow from Financing	\$2,535,100	\$0	\$0	(\$316,888)	\$0	\$0	\$0	(\$316,888)	\$0	\$0	\$0	(\$316,888)
Net Cash Flow	56,096	82,033	106,395	(189,987)	169,957	204,291	215,914	(81,326)	234,254	255,969	261,772	(42,631)
Cash at Beginning of Period	0	56,096	138,129	244,524	54,537	224,494	428,785	644,699	563,373	797,627	1,053,595	1,315,368
Cash at End of Period	56,096	138,129	244,524	54,537	224,494	428,785	644,699	563,373	797,627	1,053,595	1,315,368	1,272,736



John's Restaurant

BUSINESS PLAN

[Current Month], [Year]

[Contact Name]
[Title]
John's Restaurant
[Address 1]
[Address 2]
[City, State Zip]
Tel: []
Fax: []
Email: []

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I. Executive Summary

Business Overview

John's Restaurant, located at [insert location here] is a new, upscale restaurant focusing on providing organic, healthy and/or premium food and beverage products. Our product line fits nicely with health trends nationwide – as individuals are seeking healthier lifestyles complimented by natural, low-fat, and organic foods.

Products Served

John's Restaurant will offer a full menu of appetizers, salads, soups, sandwiches, entrees and desserts. All products will use 100% all natural and organic ingredients. Several products on the menu will be highlighted as being lower in fat, cholesterol, or sodium.

In addition to a full menu of food items, John's Restaurant will offer beer, wine, coffee, tea, and soft drinks.

Customer Focus

John's Restaurant will primarily serve the residents within a 15 mile radius of our restaurant. The demographics of these customers are as follows:

- 27,827 residents
- Average income of \$74,700
- 58.9% married
- 49.6% in Mgt./Professional occupations
- Median age: 38 years

In addition to this prime adult demographic for an upscale and healthy restaurant, there are five elementary school, a middle school, and a high school. This will make John's Restaurant an ideal location for parents to spend time while waiting for their children or to bring their children to after school.

Management Team

John's Restaurant is led by John Smith who has been in the restaurant business for 20 years. While John Smith has never run a restaurant himself, he has taught cooking classes at the local culinary institute for 20 years and has worked as a sous-chef at some of the most upscale restaurants in the community over the past 10 years. As such John Smith has an in-depth knowledge of the restaurant business including the operations side (e.g., running day-to-day operations) and the business management side (e.g., staffing, marketing, etc.).

Success Factors

John's Restaurant is uniquely qualified to succeed due to the following reasons:

- There is currently no upscale and healthy restaurant in the community we are entering. In addition, we have surveyed the local population and received extremely positive feedback saying that they explicitly want to frequent our business when launched.
- Our location is in a high-volume area with little direct traffic, and will thus be highly convenient to significant numbers of passerby's each day
- The management team has a track record of success in the restaurant business.
- The upscale and healthy restaurant business is a proven business and has succeeded in communities throughout the United States.
- Market trends such as healthy and organic living support our business opportunity as well as growing awareness about the obesity epidemic and repercussions of non-nutritious eating

Financial Highlights

John's Restaurant is currently seeking \$370,000 to launch. Specifically, these funds will be used as follows:

- Store design/build: \$250,000
- Working capital: \$120,000 to pay for Marketing, salaries, and lease costs until John's Restaurant reaches break-even

Topline projections over the next three years are as follows:

II. Company Overview

Who is John's Restaurant?

John's Restaurant, located at [insert location here] is a new, upscale and healthy restaurant focusing on providing organic and delicious foods to the local community.

John's Restaurant was founded by John Smith. While John Smith has been in the restaurant business for some time, it was in [month, date] that he decided to launch John's Restaurant. Specifically, during this time, John Smith took a trip to Fort Lauderdale, FL. During his trip, John Smith frequented a restaurant that enjoyed tremendous success. After several discussions with the owner of the restaurant, John Smith clearly understood that a similar business would enjoy significant success in his hometown.

Specifically the customer demographics and competitive situations in the Fort Lauderdale location and in [insert location here] were so similar that he knew it would work. Furthermore, after surveying the local population, this theory was proven.

John's Restaurant's History

Upon returning from Fort Lauderdale, surveying the local customer base, and finding potential retail location, John Smith incorporated John's Restaurant as an S-Corporation on [date of incorporation].

John Smith has selected three initial locations and is currently undergoing due diligence on each property and the local market to assess which will be the most desirable location for the restaurant.

Since incorporation, the company has achieved the following milestones:

- *Developed the company's name, logo and website located at www...*
- *Created the menu*
- *Determined equipment and inventory requirements*
- *Began recruiting key employees with experience in the restaurant industry*

John's Restaurant's Products

Below is John's Restaurant's initial menu. All items will be 100% natural and organic. As you can see all items are classified under the following eight main categories:

4. Appetizers
5. Soups
6. Salads
7. Sandwiches
8. Entrees

9. Desserts

John's Restaurant Initial Menu

Soups

- Black Bean Soup
- Broccoli Cheddar Soup
- Cabbage Soup
- Chicken Gumbo Soup
- Clam Chowder
- French Onion Soup
- Potato Leek Soup
- Split Pea With Ham Soup
- Vegetarian Chili
- Wild Mushroom Bisque

Appetizers

- Veggies and Dip
- Grilled Eggplant with Tomato Sauce
- Avocado and Spinach Dip
- Grilled Tofu Skewers
- Chicken and Pepper Skewers
- Asparagus and Prosciutto

Sandwiches and Wraps

- Baja Turkey Sandwich
- Caprese Sandwich
- Chicken Pesto Sandwich
- Eggplant And Mozzarella Sandwich
- Mediterranean Wrap
- Roast Beef Caesar Sandwich
- Smoked Turkey Club Sandwich
- Spicy Tuna Sandwich
- Tuna Melt

Entrees

- Ginger Chicken with Grilled Bok Choy
- Moroccan Chicken with Cous Cous
- Braised Short Ribs with Polenta
- Prime Rib Eye Steak with Broccoli
- Braised Lamb with Polenta
- Grilled Salmon with Lemon and Dill
- Vegetable Stir Fry

Salads

- Cobb Salad
- Waldorf Salad
- Garden Salad
- Grilled Chicken Salad
- Southwest Chicken Salad
- Asian Steak Salad
- Arugula Salad with Parmesan

Desserts

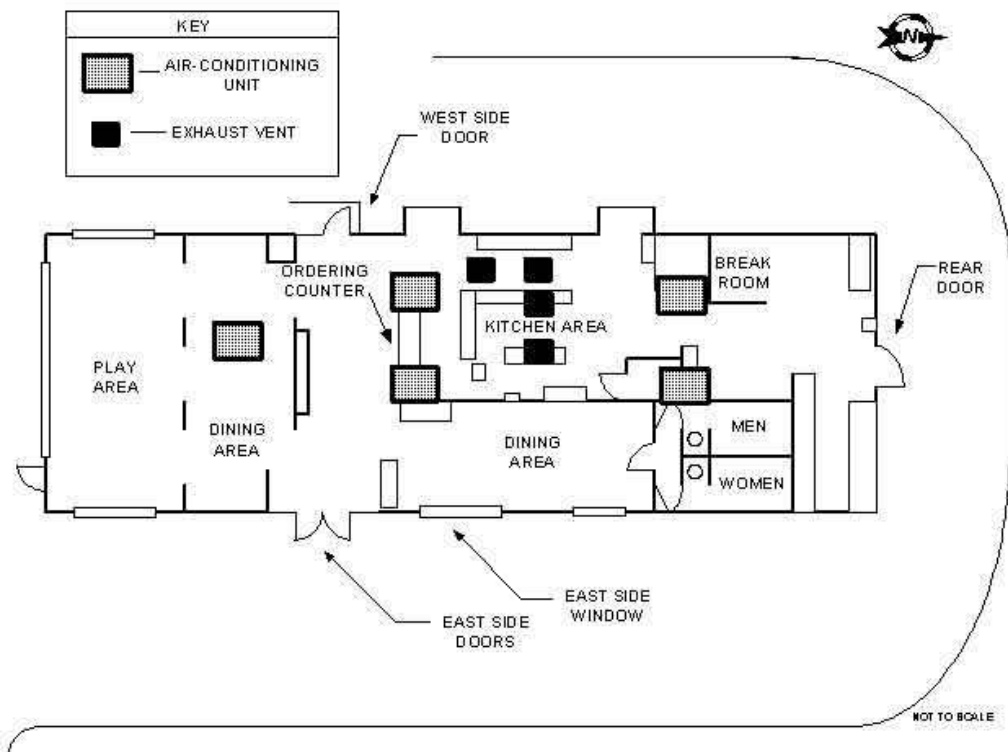
- Banana Nut Pound Cake
- Chocolate Chip Muffin
- English Toffee Cookie
- Lemon Pound Cake
- Tiramisu
- Flourless Chocolate Cake
- Marble Pound Cake

Store Design

John's Restaurant will develop a 5,000 square foot restaurant whose key elements will include the following:

- Kitchen area
- Ordering counter
- Waiting area
- Tables to comfortably seat 50 customers
- Restrooms

Below please find a rough sketch of the floor plan.



The retail location has 40 dedicated parking spots which should suffice even in peak hours.

John's Restaurant plans to be open 7 days a week, from 12PM to 11PM. As demand dictates, we may extend or reduce our hours. Likewise, as demand dictates, we may offer delivery service.

III. Industry Analysis

John's Restaurant directly or indirectly competes with all foodservice providers nearby our store that offer similar dining experiences. Competition will come from supermarkets, restaurants, coffee shops, bakeries and other retail establishments. Direct competition will come from companies offering 100% natural, organic foods similar to John's Restaurant.

Market Statistics & Trends

The following market size facts and statistics bode well for John's Restaurant.

According to the National Restaurant Association 2017 Restaurant Industry Forecast, restaurant industry sales are expected to reach \$566 billion by the end of 2017.¹

Full-service restaurants are expected to reach \$182.9 billion in 2017, an increase of 1.0 percent over 2008; in contrast, quick service restaurants are expected to grow to \$163.8 billion in 2017, a gain of 4.0 percent over 2016. Eating-and-drinking places will see an increase in sales from 2016 of 2.2 percent, totaling \$395 billion.²

The Forecast projects that while overall restaurant industry sales will increase in current dollars by 2.5 percent over 2016 figures; the numbers translate to an inflation-adjusted decline of 1.0 percent. Despite the economic downturn, the industry will remain a cornerstone of the economy, representing 4 percent of the U.S. gross domestic product.³

With the economic downturn, restaurants are trying to give their patrons more value for their money in addition to making operational improvements to help cut costs. 36 percent of quick service operators and 16 percent of casual-dining operators are seeing the demand for value as the year's top trend in their segment.⁴

Consumer and Menu Trends⁵

Research shows that Americans are looking for healthier options with restaurants that deliver value and convenience.

Among top trends restaurateurs see for 2017 are an expanded focus on value, healthy options in kids' meals, locally sourced items and green initiatives.

Among 1,600 of American Culinary Federation member chefs, it was decided that balanced children's meals was number 4 on list of the most popular trends for 2017 and fruit/vegetable side items for kids ranked sixth. In a separate survey, quick-service operators named healthy options in kids meals as the No. 1 food trend in the segment in 2017.

Overall, chefs ranked nutrition/health as the No. 11 trend on restaurant menus for 2017—this includes healthy foods, produce and fruit, smaller dishes, fish and gluten-free/ allergy According

¹ National Restaurant Association, Social Media News Release

² National Restaurant Association, Social Media News Release

³ National Restaurant Association, Social Media News Release

⁴ National Restaurant Association, Social Media News Release

⁵ National Restaurant Association, Restaurant Industry Expected to Post Model Sales Growth in 2017 as it Copes with the Weakest Economy in Decades

to Association consumer research, three in four adults say they are trying to eat healthier now at restaurants than they did two years ago. Nearly three in 10 adults – 27 percent – have gone online to search for nutrition information about restaurant food, up from 24 percent a year ago.

The No. 1 trend for 2017 is local produce, according to the “What’s Hot” chef survey. The local-foods trend has become particularly popular at fine-dining establishments. According to the Association’s research, 89 percent of fine-dining operators serve locally sourced items, and nine in 10 believe demand for locally sourced items will grow in their segment in the future. Close to three in 10 quick-service operators serve locally sourced items now and nearly half believe these items will grow more popular in their segment in the future. Seventy percent of adults say they are more likely to visit a restaurant that offers locally produced food items.

Restaurateurs will also continue to show increasing leadership in becoming “greener” in 2017—by taking action such as reducing energy and water use—in step with patrons’ interest in environmental issues. About four in 10 full-service-restaurant operators and nearly three in 10 quick service operators say they plan to devote more of their 2017 budgets to green initiatives. Restaurant patrons like the idea: 44 percent surveyed recently said they are likely to make a restaurant choice based on an operation’s practices in the areas of energy and water conservation.

Forty-five percent of adults say restaurants are an essential part of their lifestyle, one of three say they are not eating out as often as they wish, and 35 percent of adults say that on a weekly basis.

More Trends for 2017⁶

Organic Sales Are Still Strong

U.S. sales of organic food and beverages in 1990 were \$1 billion. In 2017, they were estimated at \$20 billion. In 2016, the final number should be around \$23.6 billion. Previously considered to be a luxury item for many, a wide variety of cost effective products are now commonly available at all distributors and big box retailers.

Food Prices Will Continue to Escalate

According to the U.S. Department of Agriculture, prices are expected to rise by 4 to 5 percent, lead by red meat and poultry. This will be the third straight year where food prices have surged by at least 4% or more. With 25% of our corn harvest now going to produce fuel, the biggest hits will be on cereals and bakery products with a projected 14% price hike on these items, and a 13.5% predicted hike for fats and oils.

Casual Dining As a Concept Must Become More Refined

This market segment has found itself in deep trouble, and frankly, this does not come as much of a surprise. Offering un-niched, high cost, low-value items in a boring outdated format has proven itself to be the formula for failure. Tough economy or not, consumers want a great meal AND a great experience.

⁶ National Restaurant Consultants, Top Trends for 2017 From National Restaurant Consultants

IV. Customer Analysis

John's Restaurant will serve the residents of [company location] and the immediately surrounding areas as well as those who work in [company location].

The area we serve is affluent and has an affinity to healthy and organic foods and beverages like we will be offering.

The precise demographics of the town in which our retail location resides is as follows:

General Characteristics - show more >>	Number	Percent
Total population	27,827	
Male	12,982	46.7
Female	14,845	53.3
Median age (years)	39.9	(X)
Under 5 years	1,851	6.7
18 years and over	20,573	73.9
65 years and over	4,406	15.8
One race	27,455	98.7
White	23,470	84.3
Black or African American	2,719	9.8
American Indian and Alaska Native	21	0.1
Asian	411	1.5
Native Hawaiian and Other Pacific Islander	10	0.0
Some other race	824	3.0
Two or more races	372	1.3
Hispanic or Latino (of any race)	2,160	7.8
Household population	27,435	98.6
Group quarters population	392	1.4
Average household size	2.71	(X)
Average family size	3.29	(X)
Total housing units	10,357	
Occupied housing units	10,114	97.7
Owner-occupied housing units	7,388	73.0
Renter-occupied housing units	2,726	27.0
Vacant housing units	243	2.3
Social Characteristics - show more >>	Number	Percent
Population 25 years and over	18,929	
High school graduate or higher	17,161	90.7
Bachelor's degree or higher	9,349	49.4
Civilian veterans (civilian population 18 years and over)	2,264	11.0
Disability status (population 5 years and over)	3,529	13.7
Foreign born	3,196	11.5
Male, Now married, except separated (population 15 years and over)	6,420	64.6
Female, Now married, except separated (population 15 years and over)	6,387	54.1
Speak a language other than English at home (population 5 years and over)	3,745	14.5
Economic Characteristics - show more >>	Number	Percent
In labor force (population 16 years and over)	14,156	66.5
Mean travel time to work in minutes (workers 16 years and older)	34.6	(X)
Median household income in 1999 (dollars)	79,679	(X)
Median family income in 1999 (dollars)	102,184	(X)
Per capita income in 1999 (dollars)	40,039	(X)
Families below poverty level	217	3.0
Individuals below poverty level	1,418	5.2
Housing Characteristics - show more >>	Number	Percent
Single-family owner-occupied homes	6,144	
Median value (dollars)	340,100	(X)
Median of selected monthly owner costs	(X)	(X)
With a mortgage (dollars)	2,162	(X)
Not mortgaged (dollars)	811	(X)

(X) Not applicable.

Source: U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3)

We will primarily target the following four customer segments:

4. **Soccer/stay-at-home moms:** the town has a large population of stay-at-home moms who are active in the school and community. These moms often meet for lunch or coffee and John's Restaurant will provide a perfect place for them to congregate.
 - a. We also expect mothers to take their children to John's Restaurant after school and for weekend snacks and meals.
5. **Local office workers:** approximately 5,000 individuals work in offices within a quarter mile of our location and we expect a fair portion of these individuals to frequent us during lunch hours.
6. **Students:** there is a middle school and a high school in the town and the high school are within one half mile. Students from these schools will be targeted to frequent John's Restaurant.
7. **Families and Couples:** We expect couples and families to frequent our restaurant and enjoy our dinner atmosphere.

V. Competitive Analysis

Direct & Indirect Competitors

The following retailers are located within a 2 mile radius of John's Restaurant, thus providing either direct or indirect competition for customers:

Joe's Tavern

Joe's Tavern is the town's leading local restaurant and has been in business for 32 years. Joe's offers a wide array of foods, with local bands as entertainment, and is a highly family friendly environment.

Joe's has an extensive menu, with some healthy options and some fried foods and bar favorites. While it has an established clientele, Joe's Tavern does not differentiate itself as a healthy food choice.

Old Time Organics

Old Time Organics has been in business for 5 years. Old Time offers a variety of baked goods, organic teas and coffees, and sandwiches served to-go.

While Old Time Organics' food is entirely organic, they have a very limited selection of items and are not open for dinner. The location only has four sit down tables and is thus targeting to-go customers that are either stopping for a quick breakfast or picking up baked goods and coffee for work.

Freddy's Deli

Freddy's Deli is a recently opened restaurant. Freddy's offers breakfast, lunch, and dinner and is open until 1am nightly.

John's Restaurant has several advantages over Freddy's Deli including:

- Freddy's Deli does not offer products, including pastries, sandwiches, soups and more, made with organic ingredients
- Freddy's has very little ambience and due to enormous portion sizes and low quality ingredients, the food is largely unhealthy

While we expect that Freddy's Deli will continue to thrive based on its location and excitement about a new restaurant, we expect that more and more customers will frequent John's Restaurant based on the high-quality and organic ingredients we use and product selection.

Competitive Advantage

John's Restaurant enjoys several advantages over its competitors. These advantages include:

- **100% Natural/Organic/High-Quality Ingredients:** getting 100% Natural/Organic baked goods, soups, sandwiches and more in the local market is challenging and is being increasingly demanded by the local community
- **Management:** Our management team has years of business and marketing experience that allows us to market and serve customers in a much more sophisticated manner than our competitors.
- **Relationships:** Having lived in the community for 25 years, John Smith knows all of the local leaders, newspapers and other influencers. As such, it will be relatively easy for us to build branding and awareness of our restaurant.

VI. Marketing Plan

The Marketing Plan describes the type of brand John's Restaurant seeks to create and the Company's planned promotions and pricing strategies.

The John's Restaurant Brand

The John's Restaurant brand will focus on the Company's unique value proposition:

- Offering organic, high-quality food items including baked goods, sandwiches, soups, salads and more
- Offering a convenient location that offers both eat-in or take-out options
- Providing excellent customer service

Promotions Strategy

John's Restaurant expects its target market to be individuals working and/or living within a 15-mile radius of each of its store. The Company's promotions strategy to reach these individuals includes:

Direct Mail

John's Restaurant will blanket neighborhoods surrounding its locations with direct mail pieces. These pieces will provide general information on John's Restaurant, offer discounts and/or provide other inducements for people to frequent the restaurant.

Public Relations

We will contact all local and area newspapers and television stations to tell them about the opening and unique value proposition of John's Restaurant.

Advertising

John's Restaurant will initially advertise in local newspapers and sponsor community events in order to gain awareness.

Sampling

John's Restaurant employees will initially give free food samples to passerby's to enable them to taste the quality of our products and learn about us.

Ongoing Customer Communications

John's Restaurant will maintain a website and publish a monthly email newsletter to tell customers about new events, products, and more.

Pre-Opening Events

Before opening the store, John's Restaurant will organize pre-opening events designed for prospective customers, local merchants and press contacts. These events will create buzz and awareness for John's Restaurant in the area.

Pricing Strategy

John's Restaurant's pricing will be moderate so customers feel they receive great value when patronizing the stores.

VII. Operations Plan

Functional Roles

In order to execute on John's Restaurant's business model, the Company needs to perform many functions including the following:

Administrative Functions

- General & administrative functions including legal, marketing, bookkeeping, etc.
- Sourcing and storing ingredients
- Hiring and training staff

Kitchen Functions

- Food preparation
- Ongoing menu creation and modification

Restaurant/Retail Functions

- Order taking and fulfillment (for take-out and dine-in)
- Customer service
- Janitor/maintenance personnel to keep the restaurant clean

Milestones

John's Restaurant expects to achieve the following milestones in the following [] months:

Date	Milestone
[Date 1]	Finalize lease agreement
[Date 2]	Design and build out John's Restaurant storefront
[Date 3]	Hire and train initial staff
[Date 4]	Launch John's Restaurant store
[Date 5]	Reach break-even

VIII. Management Team

Management Team Members

John's Restaurant is led by John Smith who has been in the restaurant business for 20 years.

While John Smith has never ran a restaurant himself, he has taught cooking classes as the local culinary institute for 20 years. Two courses that he taught included:

1. How To Cook for Everyday Eating
 - This course was designed to give students an overall understanding of basic dishes that could be cooked for everyday healthy home-style meals
2. Vegetarian Cooking
 - This course was designed to give students an overall understanding of how to cook with the necessary vitamins and proteins needed to enrich a vegetarian diet without compromising on taste.

John Smith has also worked part-time at restaurants throughout the region. Specifically, he has worked for Giana's Patisserie and Mike's Place, where he was responsible for overseeing kitchen quality.

John Smith graduated from the University of ABC where he majored in Communications.

Hiring Plan

John Smith will serve as the restaurant manager. In order to launch the restaurant, we need to hire the following personnel:

- Wait staff (4 full-time equivalents to start)
- Chefs (3 to start)
- Sous-chefs (2 to start)
- Assistant Restaurant Manager (will manage cash register and other administrative functions)

IX. Financial Plan

Revenue and Cost Drivers

John's Restaurant's revenues will come from the sale of natural and organic food products to its customers.

The Company will have dine-in, takeout, and possibly delivery systems to cater to a broad spectrum of customers in its target market.

The major costs for the company will be food production costs and salaries of the staff. In the initial years, the company's marketing spend will be high, as it establishes itself in the market.

Capital Requirements and Use of Funds

John's Restaurant is seeking a total funding of \$370,000 to launch its restaurant. The capital will be used for funding capital expenditures, manpower costs, marketing expenses and working capital.

Specifically, these funds will be used as follows:

- Store design/build: \$250,000
- Working capital: \$120,000 to pay for marketing, salaries, and lease costs until John's Restaurant reaches break-even

Key Assumptions & Forecasts

Below please find the key assumptions that went into the financial forecast and a summary of the financial projections over the next five years. Please see the Appendix for more detailed financial forecasting information.

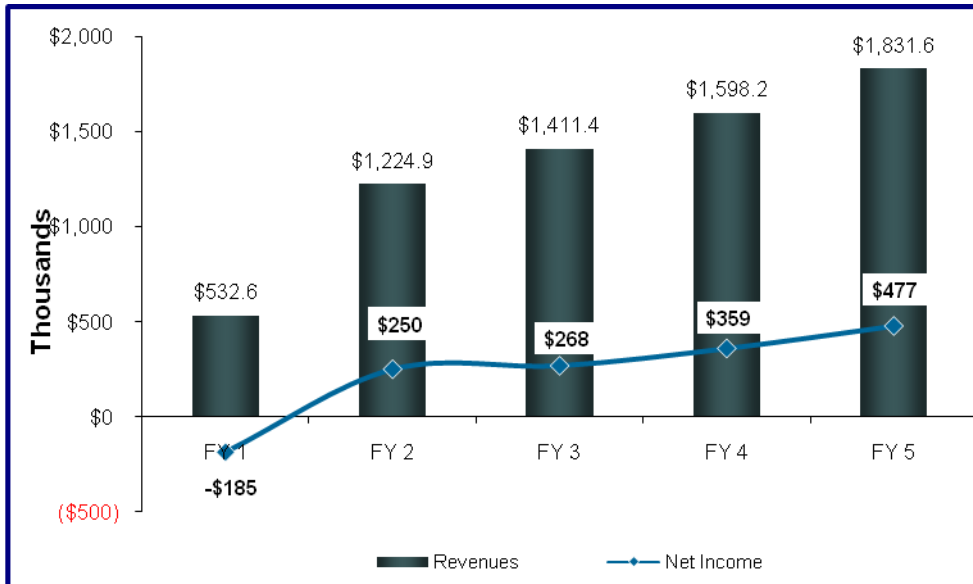
Key Assumptions

Number of customers per day	Per location	Number of locations started	
FY 1	140	FY 1	1
FY 2	151	FY 2	0
FY 3	163	FY 3	0
FY 4	176	FY 4	0
FY 5	190	FY 5	0
Average order price	\$21.00	Cost of goods sold	
		FY 1	23.0%
Annual increase in order price	6.0%	FY 2	22.0%
		FY 3	20.0%
Annual Lease (per location)	\$80,000	FY 4	19.0%
Yearly Lease Increase %	2.5%	FY 5	18.0%

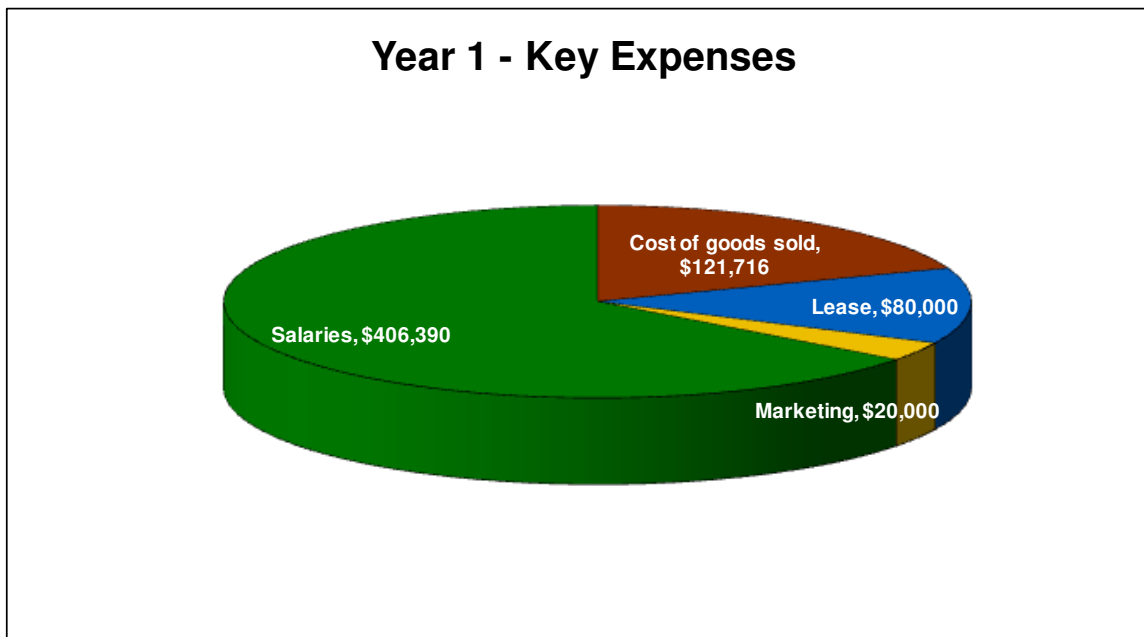
Financial Summary

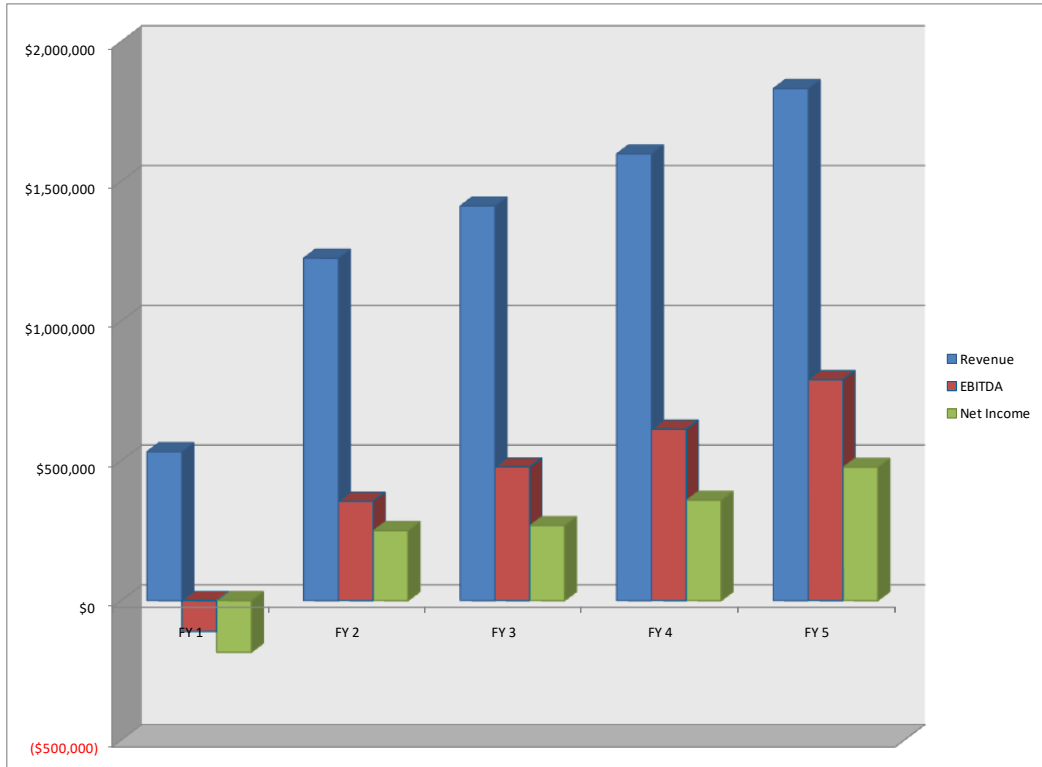
	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
In Store	\$529,200	\$1,211,656	\$1,387,104	\$1,587,957	\$1,817,893
Corporate orders	\$3,360	\$13,200	\$24,320	\$10,200	\$13,680
Total Revenues	\$532,560	\$1,224,856	\$1,411,424	\$1,598,157	\$1,831,573
Expenses & Costs					
Cost of goods sold	\$121,716	\$266,564	\$277,421	\$301,712	\$327,221
Lease	\$80,000	\$82,000	\$84,050	\$86,151	\$88,305
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$406,390	\$494,030	\$544,668	\$571,901	\$600,497
Delivery van expenses	\$10,000	\$1,818	\$2,105	\$0	\$0
Initial expenditure	\$5,000	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$643,106	\$869,413	\$933,244	\$984,765	\$1,041,022
EBITDA	(\$110,546)	\$355,444	\$478,180	\$613,392	\$790,551
Depreciation	\$39,440	\$39,440	\$39,440	\$39,440	\$39,440
EBIT	(\$149,986)	\$316,004	\$438,740	\$573,952	\$751,111
Interest	\$34,524	\$30,209	\$25,893	\$21,578	\$17,262
PRETAX INCOME	(\$184,510)	\$285,795	\$412,847	\$552,375	\$733,848
Net Operating Loss	(\$184,510)	(\$184,510)	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$184,510	\$0	\$0	\$0
Taxable Income	\$0	\$101,284	\$412,847	\$552,375	\$733,848
Income Tax Expense	\$0	\$35,450	\$144,496	\$193,331	\$256,847
NET INCOME	(\$184,510)	\$250,345	\$268,350	\$359,043	\$477,001
Net Profit Margin (%)	-	20.4%	19.0%	22.5%	26.0%

Below are graphical representation of our Revenue, EBITDA and Net Income forecast for the next five years is as follows. Note that Net Income declines from year 2 to year 3 because taxes in year 2 were reduced by carry-forwarded losses from year 1.



Key expenses for our first year of operations are as follows:





X. Appendix

The following pages present detailed financial projections for John's Restaurant over the next five years. The specific tables to follow include:

- Startup Costs
- 5 Year Annual Income Statement
- 5 Year Annual Balance Sheet
- 5 Year Annual Cash Flow Statement
- Quarterly Income Statement for First 3 Years
- Quarterly Balance Sheet for First 3 Years
- Quarterly Cash Flow Statement for First 3 Years

Startup Costs

<u>Build-Out and Startup Cost Assumptions</u>		
<u>Permits, legal, licensing, Insurance and misc. fees</u>		
Building permits	\$3,000	
Business license	\$250	
Beer, wine liquor license	\$3,000	
Legal fees	\$5,000	
Liability/property insurance	\$350	
Workman's compensation insurance	\$200	
Miscellaneous	\$2,500	
Sub-total	\$14,300	
<u>Equipment and set-up costs</u>		
Fax machine	\$250	
Furniture	\$20,000	
Microwave, warming oven	\$2,500	
Kitchen equipment	\$13,500	
Kitchen hardware/misc.	\$3,500	
Kitchen smallware	\$4,500	
Tabletop	\$1,750	
Refridgeration	\$5,500	
Deli display cases	\$3,500	
Register, printer and retail program	\$7,000	
Verifone bankcard machine/printer	\$350	
Computer	\$1,000	
Stereo system	\$750	
Telephones	\$300	
File cabinets and office furniture	\$1,000	
Miscellaneous	\$6,500	
Sub-total	\$71,900	
<u>Store fixtures</u>		
Cash-wrap desk/check out	\$3,000	
Displays and backdrops	\$15,000	
Miscellaneous fixtures and hardware	\$5,000	
Shipping costs	\$500	
Sub-total	\$23,500	
<u>Interior and exterior construction</u>		
Architect/contractor fees	\$10,000	
Exterior awning and signage	\$2,500	
Exterior upgrade	\$5,000	
H.V.A.C	\$20,000	
Lighting install/upgrade	\$10,000	
Plumbing/fire	\$7,500	
Interior finish	\$85,000	
Miscellaneous	\$2,500	
Sub-total	\$142,500	
<u>Start-up office, retail and packing supplies</u>		
Stationary, business cards, etc.	\$1,500	
Mailing supplies	\$250	
Cleaning supplies	\$500	
Retail supplies (bags, tissues, ribbon)	\$1,000	
Café supplies (food containers, dishes)	\$5,000	
Miscellaneous	\$2,500	
Sub-total	\$10,750	
Total cost of store build out:	\$262,950	
Equipment and misc.:	\$120,450	
Leasehold improvements:	\$142,500	

5 Year Annual Income Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
In Store	\$529,200	\$1,211,656	\$1,387,104	\$1,587,957	\$1,817,893
Corporate orders	\$3,360	\$13,200	\$24,320	\$10,200	\$13,680
Total Revenues	\$532,560	\$1,224,856	\$1,411,424	\$1,598,157	\$1,831,573
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Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
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Delivery van expenses	\$10,000	\$1,818	\$2,105	\$0	\$0
Initial expenditure	\$5,000	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$643,106	\$869,413	\$933,244	\$984,765	\$1,041,022
EBITDA	(\$110,546)	\$355,444	\$478,180	\$613,392	\$790,551
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Interest	\$34,524	\$30,209	\$25,893	\$21,578	\$17,262
PRETAX INCOME	(\$184,510)	\$285,795	\$412,847	\$552,375	\$733,848
Net Operating Loss	(\$184,510)	(\$184,510)	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$184,510	\$0	\$0	\$0
Taxable Income	\$0	\$101,284	\$412,847	\$552,375	\$733,848
Income Tax Expense	\$0	\$35,450	\$144,496	\$193,331	\$256,847
NET INCOME	(\$184,510)	\$250,345	\$268,350	\$359,043	\$477,001
Net Profit Margin (%)	-	20.4%	19.0%	22.5%	26.0%

5 Year Annual Balance Sheet

	FY 1	FY 2	FY 3	FY 4	FY 5
ASSETS					
Cash	\$32,357	\$250,452	\$484,497	\$811,739	\$1,254,042
Accounts receivable	\$280	\$700	\$1,173	\$425	\$570
Inventory	\$44,380	\$51,186	\$58,969	\$66,590	\$76,316
Total Current Assets	\$77,017	\$302,337	\$544,639	\$878,754	\$1,330,928
Fixed assets	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950
Depreciation	\$39,440	\$78,880	\$118,320	\$157,760	\$197,200
Net fixed assets	\$223,510	\$184,070	\$144,630	\$105,190	\$65,750
TOTAL ASSETS	\$300,527	\$486,407	\$689,269	\$983,944	\$1,396,678
LIABILITIES & EQUITY					
Debt	\$464,752	\$398,359	\$331,966	\$265,573	\$199,179
Accounts payable	\$20,286	\$22,214	\$23,118	\$25,143	\$27,268
Total Liability	\$485,038	\$420,572	\$355,084	\$290,715	\$226,448
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$184,510)	\$65,835	\$334,185	\$693,229	\$1,170,230
Total Equity	-\$184,510	\$65,835	\$334,185	\$693,229	\$1,170,230
TOTAL LIABILITIES & EQUITY	\$300,527	\$486,407	\$689,269	\$983,944	\$1,396,678

5 Year Annual Cash Flow Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$184,510)	\$250,345	\$268,350	\$359,043	\$477,001
Change in working capital	(\$24,374)	(\$5,298)	(\$7,352)	(\$4,848)	(\$7,745)
Depreciation	\$39,440	\$39,440	\$39,440	\$39,440	\$39,440
Net Cash Flow from Operations	(\$169,444)	\$284,487	\$300,438	\$393,636	\$508,697
CASH FLOW FROM INVESTMENTS					
Investment	(\$262,950)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$262,950)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$464,752	-\$66,393	(\$66,393)	(\$66,393)	(\$66,393)
Net Cash Flow from Financing	\$464,752	-\$66,393	(\$66,393)	(\$66,393)	(\$66,393)
Net Cash Flow	\$32,357	\$218,094	\$234,045	\$327,242	\$442,303
Cash at Beginning of Period	\$0	\$32,357	\$250,452	\$484,497	\$811,739
Cash at End of Period	\$32,357	\$250,452	\$484,497	\$811,739	\$1,254,042

Quarterly Income Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
Revenues												
In Store	\$0	\$0	\$264,600	\$264,600	\$302,914	\$302,914	\$302,914	\$302,914	\$346,776	\$346,776	\$346,776	\$346,776
Corporate orders	\$0	\$560	\$1,120	\$1,680	\$2,400	\$3,000	\$3,600	\$4,200	\$5,120	\$5,760	\$6,400	\$7,040
Total Revenues	\$0	\$560	\$265,720	\$266,280	\$305,314	\$305,914	\$306,514	\$307,114	\$351,896	\$352,536	\$353,176	\$353,816
Expenses & Costs												
Cost of goods sold	\$0	\$0	\$60,858	\$60,858	\$66,641	\$66,641	\$66,641	\$66,641	\$69,355	\$69,355	\$69,355	\$69,355
Lease	\$20,000	\$20,000	\$20,000	\$20,000	\$20,500	\$20,500	\$20,500	\$20,500	\$21,013	\$21,013	\$21,013	\$21,013
Marketing	\$5,000	\$5,000	\$5,000	\$5,000	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
Salaries	\$77,500	\$81,875	\$123,508	\$123,508	\$123,508	\$123,508	\$123,508	\$123,508	\$136,167	\$136,167	\$136,167	\$136,167
Delivery van expenses	\$0	\$0	\$5,000	\$5,000	\$1,818	\$0	\$0	\$0	\$2,105	\$0	\$0	\$0
Initial expenditure	\$1,250	\$1,250	\$1,250	\$1,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$103,750	\$108,125	\$215,616	\$215,616	\$218,717	\$216,899	\$216,899	\$216,899	\$234,890	\$232,785	\$232,785	\$232,785
EBITDA	(\$103,750)	(\$107,565)	\$50,105	\$50,665	\$86,597	\$89,015	\$89,615	\$90,215	\$117,006	\$119,751	\$120,391	\$121,031
Depreciation	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860
EBIT	(\$113,610)	(\$117,425)	\$40,245	\$40,805	\$76,737	\$79,155	\$79,755	\$80,355	\$107,146	\$109,891	\$110,531	\$111,171
Interest	\$8,631	\$8,631	\$8,631	\$8,631	\$7,552	\$7,552	\$7,552	\$7,552	\$6,473	\$6,473	\$6,473	\$6,473
PRETAX INCOME	(\$122,241)	(\$126,056)	\$31,613	\$32,173	\$69,185	\$71,603	\$72,203	\$72,803	\$100,673	\$103,418	\$104,058	\$104,698
Net Operating Loss	(\$122,241)	(\$248,297)	(\$248,297)	(\$216,684)	(\$184,510)	(\$115,325)	(\$43,722)	\$0	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$31,613	\$32,173	\$69,185	\$71,603	\$43,722	\$0	\$0	\$0	\$0	\$0
Taxable Income	\$0	\$0	\$0	\$0	\$0	\$0	\$28,481	\$72,803	\$100,673	\$103,418	\$104,058	\$104,698
Income Tax Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$9,968	\$25,481	\$35,235	\$36,196	\$36,420	\$36,644
NET INCOME	(\$122,241)	(\$126,056)	\$31,613	\$32,173	\$69,185	\$71,603	\$62,235	\$47,322	\$65,437	\$67,222	\$67,638	\$68,054
Net Profit Margin (%)	-	-	-	12%	23%	23%	20%	15%	19%	19%	19%	19%

Quarterly Balance Sheet for First 3 Years

	FY1				FY2				FY3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
ASSETS												
Cash	\$155,814	\$39,431	\$56,904	\$32,357	\$106,705	\$187,968	\$259,863	\$250,452	\$319,037	\$395,905	\$473,189	\$484,497
Accounts receivable	\$0	\$93	\$187	\$280	\$400	\$500	\$600	\$700	\$853	\$960	\$1,067	\$1,173
Inventory	\$0	\$93	\$44,287	\$44,380	\$50,886	\$50,986	\$51,086	\$51,186	\$58,649	\$58,756	\$58,863	\$58,969
Total Current Assets	\$155,814	\$39,618	\$101,377	\$77,017	\$157,990	\$239,453	\$311,548	\$302,337	\$378,539	\$455,621	\$533,119	\$544,639
Fixed assets	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950	\$262,950
Depreciation	\$9,860	\$19,720	\$29,580	\$39,440	\$49,300	\$59,160	\$69,020	\$78,880	\$88,740	\$98,600	\$108,460	\$118,320
Net fixed assets	\$253,090	\$243,230	\$233,370	\$223,510	\$213,650	\$203,790	\$193,930	\$184,070	\$174,210	\$164,350	\$154,490	\$144,630
TOTAL ASSETS	\$408,904	\$282,848	\$334,747	\$300,527	\$371,640	\$443,243	\$505,478	\$486,407	\$552,749	\$619,971	\$687,609	\$689,269
LIABILITIES & EQUITY												
Debt	\$531,145	\$531,145	\$531,145	\$464,752	\$464,752	\$464,752	\$464,752	\$398,359	\$398,359	\$398,359	\$398,359	\$331,966
Accounts payable	\$0	\$0	\$20,286	\$20,286	\$22,214	\$22,214	\$22,214	\$22,214	\$23,118	\$23,118	\$23,118	\$23,118
Total Liability	\$531,145	\$531,145	\$551,431	\$485,038	\$486,966	\$486,966	\$486,966	\$420,572	\$421,477	\$421,477	\$421,477	\$355,084
Share Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$122,241)	(\$248,297)	(\$216,684)	(\$184,510)	(\$115,325)	(\$43,722)	\$18,513	\$65,835	\$131,272	\$198,494	\$266,132	\$334,185
Total Equity	-\$122,241	-\$248,297	-\$216,684	-\$184,510	-\$115,325	-\$43,722	\$18,513	\$65,835	\$131,272	\$198,494	\$266,132	\$334,185
TOTAL LIABILITIES & EQUITY	\$408,904	\$282,848	\$334,747	\$300,527	\$371,640	\$443,243	\$505,478	\$486,407	\$552,749	\$619,971	\$687,609	\$689,269

Quarterly Cash Flow Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
CASH FLOW FROM OPERATIONS												
Net Income (Loss)	(\$122,241)	(\$126,056)	\$31,613	\$32,173	\$69,185	\$71,603	\$62,235	\$47,322	\$65,437	\$67,222	\$67,638	\$68,054
Change in working capital	\$0	(\$187)	(\$24,001)	(\$187)	(\$4,698)	(\$200)	(\$200)	(\$200)	(\$6,712)	(\$213)	(\$213)	(\$213)
Depreciation	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860	\$9,860
Net Cash Flow from Operations	(\$112,381)	(\$116,383)	\$17,473	\$41,847	\$74,347	\$81,263	\$71,895	\$56,982	\$68,585	\$76,868	\$77,284	\$77,700
CASH FLOW FROM INVESTMENTS												
Investment	(\$262,950)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$262,950)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING												
Cash from equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$531,145	\$0	\$0	(\$66,393)	\$0	\$0	\$0	(\$66,393)	\$0	\$0	\$0	(\$66,393)
Net Cash Flow from Financing	\$531,145	\$0	\$0	-\$66,393	\$0	\$0	\$0	(\$66,393)	\$0	\$0	\$0	(\$66,393)
Net Cash Flow	\$155,814	(\$116,383)	\$17,473	(\$24,546)	\$74,347	\$81,263	\$71,895	(\$9,411)	\$68,585	\$76,868	\$77,284	\$11,307
Cash at Beginning of Period	\$0	\$155,814	\$39,431	\$56,904	\$32,357	\$106,705	\$187,968	\$259,863	\$250,452	\$319,037	\$395,905	\$473,189
Cash at End of Period	\$155,814	\$39,431	\$56,904	\$32,357	\$106,705	\$187,968	\$259,863	\$250,452	\$319,037	\$395,905	\$473,189	\$484,497



John's Record Label **BUSINESS PLAN** [Current Month], [Year]

[Contact Name]
[Title]
John's Record Label
[Address 1]
[Address 2]
[City, State Zip]
Tel: []
Fax: []
Email: []

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I. Executive Summary

Business Overview

John's Record Label, located at [insert location here] is a new, independent record label focusing on alternative rock music.

We seek to find and sign up-and-coming alternative rock bands based in the New York region. By finding underground talent and improving their marketing and appeal to a broader music audience, we will be able to build a stable of artists with significant customer bases. This will translate into significant sales of music (CDs, MP3s), concert tickets, and related products (e.g., merchandise).

Products Served

John's Record Label will provide both a product and a service to two distinct audiences.

To alternative music artists which provide talent agent and artist representation functions. That is, we find and recruit talent. And then we manage our bands and provide the creative and marketing resources they need to develop music and sell music and merchandise.

To fans of our bands, we will sell music, concert tickets and merchandise.

Customer Focus

John's Record Label will primarily serve alternative rock fans in the greater NY region. Simmons Research has found that these fans display the following demographic characteristics:

- Gender skew is fairly balanced...56% males, 44% females.
- Listeners tend to be well-educated, 41% more likely than the average adult to have attended or graduated from college.
- Listeners tend to be 40-50% more likely than the average adult to be a heavy radio listener.
- The majority of the audience remains firmly lodged in the 18-44 age range.

In addition to end-customers, we serve the needs of alternative rock bands. We will focus on currently unsigned bands. Typically, the members of these bands are in their 20s and have getting signed, generating revenues and becoming famous as their primary goals.

Management Team

John's Record Label is led by [Founder's Name] who has been in the music business for 3 years. While [Founder] has never run an independent record label himself, he has been active in the industry for many years as a listener and as an intern at Alternative Rock Station WCDS in New York City.

Success Factors

John's Record Label is uniquely qualified to succeed due to the following reasons:

- There is currently no independent record label in the NY metro area focused exclusively on up-and-coming alternative rock bands.
- There has been a significant growth in alternative rock listeners in the area. Music stations catering to this market have been thriving.
- The management team has a track record of success in the independent record label business.
- Our business model will be profitable if we can grow in the metro-NY area. If any of our artists thrive nationally, then we will be even more successful.

Financial Highlights

John's Record Label is currently seeking \$100,000 to launch. Specifically, these funds will be used as follows:

- Build-out and Startup costs: \$25,350
- Salaries: \$45,000
- Marketing: \$20,000
- Lease expenditures: \$12,000

Topline projections over the next three years are as follows:

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenue	\$323,400	\$1,237,667	\$2,986,908	\$5,620,496	\$9,506,911
Total Expenses	\$311,870	\$1,192,261	\$2,185,677	\$3,658,341	\$5,533,472
EBITDA	\$11,530	\$45,406	\$801,231	\$1,962,155	\$3,973,439
Depreciation	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800
EBIT	\$7,730	\$41,606	\$797,431	\$1,958,355	\$3,969,639
Interest	\$6,653	\$5,821	\$4,990	\$4,158	\$3,326
PreTax Income	\$1,077	\$35,785	\$792,441	\$1,954,197	\$3,966,312
Income Tax Expense	\$377	\$11,625	\$277,355	\$683,969	\$1,388,209
Net Income	\$700	\$24,159	\$515,087	\$1,270,228	\$2,578,103

II. Company Overview

Who is John's Record Label?

John's Record Label, located at [insert location here] is a new, independent record label focusing on alternative rock music.

We seek to find and sign up-and-coming alternative rock bands based in the New York region. By finding underground talent and improving their marketing and appeal to a broader music audience, we will be able to build a stable of artists with significant customer bases. This will translate into significant sales of music (CDs, MP3s), concert tickets, and related products (e.g., merchandise).

John's Record Label's History

[Founder's Name] conceived John's Record Label on [Date] after years of attending alternative rock concerts in the New York metro region and seeing the massive increase in attendance to most events.

[Founder's Name] incorporated John's Record Label as an S-Corporation on [date of incorporation].

The business is currently being run out of [Founder's Name] home office, but once the lease on John's Record Label's retail location is finalized, all operations will be run from there.

Since incorporation, the company has achieved the following milestones:

- *Found office space and signed Letter of Intent to lease it*
- *Developed the company's name, logo and website located at www...*
- *Created the mission statement*
- *Determined equipment requirements*
- *Began discussions to sign key alternative rock bands*

John's Record Label's Products & Services

John's Record Label will develop the following products for sale to consumers:

10. Music (CDs, MP3s)
11. Merchandise (shirts, hoodies, posters, etc.)
12. Concert tickets

To the music artists it signs, John's Record Label will primarily offer the following services.

1. Marketing support (to build each band's customer base)
2. Distribution (to sell music, merchandise and concert tickets)
3. Tour support (arranging and managing tours)
4. Promotions (working with radio stations and other entities to promote each band).

III. Industry Analysis

John's Record Label directly competes within the music market, and particularly within the independent record label market.

Market Statistics & Trends

The following market size facts and statistics bode well for John's Record Label.

The music market is clearly vast. According to IFPI, which represents the recording industry worldwide, global music sales were \$33.5 billion in 2017, with the U.S. accounting for \$12.3 billion of that amount.

Within this market, consider the following key statistics:

- 30% of the global music market belongs to independent labels
- Independent labels sell 900 million units annually
- Artist signed by a major record label earn approximately \$1 per copy sold
- Artist signed by an independent record label earn approximately \$5 per copy sold

Because independent record label artists earn 5 times the revenue per unit sold, John's Record Label is at an advantage in signing many up-and-coming alternative music bands versus major labels.

Other key information from IFPI includes the following:

- The digital music business internationally saw a sixth year of expansion in 2016, growing by an estimated 25 per cent to \$3.7 billion in trade value. Digital platforms now account for around 20 per cent of recorded music sales, up from 15 per cent in 2017. Recorded music is at the forefront of the online and mobile revolution, generating more revenue in percentage terms through digital platforms than the newspaper (4%), magazine (1%) and film industries (4%) combined.
- Single track downloads, up 24 per cent in 2016 to 1.4 billion units globally, continue to drive the online market, but digital albums are also growing healthily (up 36%). The top-selling digital single of 2016 was Lil Wayne's Lollipop with sales of 9.1 million units - 1.8 million more than the 2017 best selling digital single.
- A-la-carte music downloads continue to grow, with AmazonMP3 joining the European market, broadening consumer choice. An increasing number of stores are licensed to sell DRM-free music tracks. In January 2016, iTunes, the leading download store, announced it was making eight million DRM-free tracks available at flexible pricing points.
- Music companies are also increasingly licensing music to third parties. One notable success is the games sector, where music games were responsible for 15 per cent of overall game sales in the US in the first half of 2016 (NPD Group). Guitar Hero and its

sequels have sold more than 23 million copies in three years, generating more than US\$1 billion in North America alone (PWC).

IV. Customer Analysis

John's Record Label will primarily serve the alternative rock bands and fans in the New York metro area. Over time, we expect that our bands will gain regional and national attention.

Simmons Research has found that alternative rock fans display the following demographic characteristics:

- Gender skew is fairly balanced...56% males, 44% females.
- Listeners tend to be well-educated, 41% more likely than the average adult to have attended or graduated from college.
- Listeners tend to be 40-50% more likely than the average adult to be a heavy radio listener.
- The majority of the audience remains firmly lodged in the 18-44 age range.

With regards to alternative rock bands, we will focus on currently unsigned bands. Typically, the members of these bands are in their 20s and have getting signed, generating revenues and becoming famous as their primary goals.

V. Competitive Analysis

Direct & Indirect Competitors

The following independent alternative rock record labels most directly compete with John's Record Label:

Fueled By Ramen

Fueled By Ramen is a record label based in New York City with an office in Tampa, Florida.

In 1998, Fueled By Ramen released a self-titled EP from Jimmy Eat World, a five-song collection that proved a breakthrough for both the label and the Arizona-based band. With increased distribution demands and a rise in radio play, Fueled By Ramen set up its first real office space that same year.

In 2004, Fall Out Boy's Pete Wentz introduced Fueled By Ramen to fellow Chicago rock outfit The Academy Is... who released their acclaimed debut album *Almost Here*, the following year.

In 2017 the label opened an office in midtown Manhattan and that same year Paramore's album *Riot!* debuted in the Billboard Top 20, was certified gold and has recently gained platinum status. Panic at the Disco's second album enjoyed similar success, debuting at number #2 on Billboard's Top 200 chart, selling over 139,000 copies its first week and making it the fastest-selling album in the label's history.

The following artists are currently signed to Fueled By Ramen:

- The Academy Is...
- The Cab
- Cobra Starship
- Cute Is What We Aim For
- Fall Out Boy
- Forgive Durden
- The Friday Night Boys
- Gym Class Heroes
- The Hush Sound
- Panic at the Disco
- Paramore
- Powerspace
- A Rocket to the Moon
- This Providence
- VersaEmerge

Caroline Records

Caroline Records started out as a subsidiary of Richard Branson's Virgin Records label during the early to mid 1970s. The label originally specialized in putting out budget price LPs by mainly progressive rock and jazz artists generally not considered to have a great deal of 'mainstream' or commercial appeal, but were often however creatively of great interest.

The first release on the label, and the artist who gave it its name, was Carol Grimes' 'Warm Blood' LP, released in 1974. The original label was a photographic style variation on that of the Virgin label's "Twins" logo designed by Roger Dean.

Both the U.S. and U.K. branches of Caroline Records are subsidiaries of Caroline Music, which includes Caroline Distribution and is in turn owned by EMI. Caroline has or had a number of subsidiary labels including Astralwerks, Gyroscope, Caroline Blue Plate, Rocks the World, Scamp, and Passenger.

Competitive Advantage

John's Record Label enjoys several advantages over its competitors. These advantage include:

- **Location:** John's Record Label's location is within New York City giving it better proximity to NY alternative rock bands and the throngs of customers who enjoy this genre of music.
- **Management:** Our management team has years of business and marketing experience that allows us to market and serve both music artist and consumers in a much more sophisticated manner than our competitors.
- **Relationships:** Having been a part of the local alternative rock community for the past 5 years, [Founder's Name] knows all of the local leaders, media and other influencers. As such, it will be relatively easy for us to build branding and awareness of our independent record label.

VI. Marketing Plan

The Marketing Plan describes the type of brand John's Record Label seeks to create and the Company's planned promotions and pricing strategies.

The John's Record Label Brand

The John's Record Label brand will focus on the Company's unique value proposition:

- Offering high-quality service to independent alternative rock bands.
- Offering high-quality bands and music to alternative rock fans.
- Providing excellent customer service and allowing fans to get exciting experiences with their favorite independent alternative rock bands.

Promotions Strategy

John's Record Label expects to reach consumers through the following tactics:

Direct E-Mail

John's Record Label will collect physical email address at alternative rock concerts and via the websites of the bands it signs. It will market music (CDs, MP3s), concert tickets and merchandise to these consumers via email.

Public Relations

We will contact all local and area newspapers and television stations to tell them about each of our artists.

Advertising

John's Record Label will advertise in local newspapers and sponsor community events in order to gain awareness of our bands.

Sampling

John's Record Label will provide free tracks to customers to enable them to hear samples of our bands.

Ongoing Customer Communications

John's Record Label will maintain a website and publish a monthly email newsletter to tell customers about new events, products and more.

Pricing Strategy

John's Record Label's pricing will be moderate so customers feel they receive great value when purchasing items from the bands we represent.

VII. Operations Plan

Functional Roles

In order to execute on John's Record Label's business model, the Company needs to perform many functions including the following:

Administrative Functions

- General & Administrative functions including legal, marketing, bookkeeping, etc.
- Hiring and training staff

Artist Representation Functions

- Finding/recruiting bands
- Negotiating contracts
- Promoting band events and products
- Managing concerts and tours
- Music development (recording studio management, etc.)

Retail Functions

- Product development (e.g., manufacturing merchandise)
- Product sales (direct via internet, and recruiting distributors)
- Customer support functions

Milestones

John's Record Label expects to achieve the following milestones in the following [] months:

Date	Milestone
[Date 1]	Sign first band
[Date 2]	Reach \$X in sales
[Date 3]	Sign [] band
[Date 4]	Reach \$Y in sales
[Date 5]	Sign [] band

VIII. Management Team

Management Team Members

John's Record Label is led by John Smith who has been in the music business for 3 years. While [Founder] has never run an independent record label himself, he has been active in the industry for many years as a listener and as an intern at Alternative Rock Station WCDS in New York City

John Smith graduated from the University of Delaware where he majored in Communications.

Hiring Plan

John Smith will supported by a team of experienced music professionals. As the Company grows, we will need to hire the following personnel:

- Director of Operations
- Director of Marketing
- General Manager
- Assistant Manager

IX. Financial Plan

Revenue and Cost Drivers

John's Record Label's revenues will come from the sale of:

1. Music (CDs/MP3s)
2. Merchandise
3. Concert tickets

The major costs for the company will be music and merchandise production costs, distribution costs and staff salaries of the staff.

Capital Requirements and Use of Funds

John's Record Label is seeking a total funding of \$370,000 to launch its store. The capital will be used for funding capital expenditures, manpower costs, marketing expenses and working capital.

John's Record Label is currently seeking \$100,000 to launch. Specifically, these funds will be used as follows:

- Build-out and Startup costs: \$25,350
- Salaries: \$45,000
- Marketing: \$20,000
- Lease expenditures: \$12,000

Key Assumptions & Forecasts

Below please find the key assumptions that went into the financial forecast and a summary of the financial projections over the next five years. Please see the Appendix for more detailed financial forecasting information.

Key Assumptions

	Q1	Q2	Q3	Q4
<u>Revenue assumptions</u>				
Number of artists represented				
FY 1	1	1	2	2
FY 2	3	4	5	6
FY 3	7	8	9	10
FY 4	11	12	13	14
FY 5	15	16	17	18

			Q1	Q2	Q3	Q4
Music Sales (CDs/MP3s)						
Number of sales per day	Per artist	Annual growth rate				
FY 1	5	15.0%				
FY 2	6					
FY 3	7					
FY 4	8					
FY 5	9					
Total number of orders						
-						
FY 1			450	450	900	900
FY 2			1,553	2,070	2,588	3,105
FY 3			4,166	4,761	5,356	5,951
FY 4			7,528	8,213	8,897	9,582
FY 5			11,806	12,593	13,380	14,167
-						
Average order price	\$12.00					
Annual increase in order price	5%					

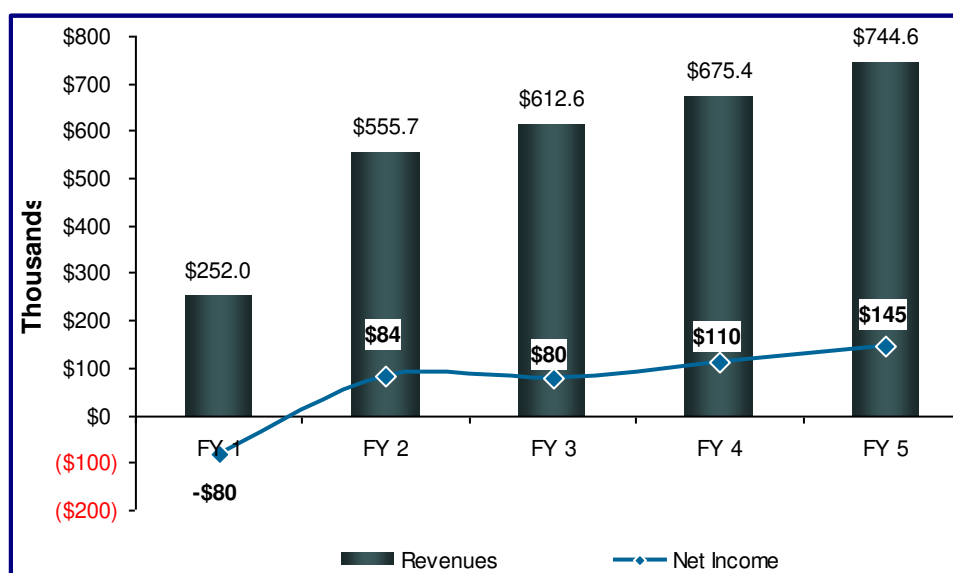
			Q1	Q2	Q3	Q4
Merchandise Sales						
-						
Number of sales per day	Per artist	Annual growth rate				
FY 1	10	15.0%				
FY 2	12					
FY 3	13					
FY 4	15					
FY 5	17					
-						
Total number of orders						
-						
FY 1			900	900	1,800	1,800
FY 2			3,105	4,140	5,175	6,210
FY 3			8,332	9,522	10,712	11,903
FY 4			15,057	16,425	17,794	19,163
FY 5			23,612	25,186	26,760	28,334
-						
Average order price	\$15.00					
Annual increase in order price	5%					

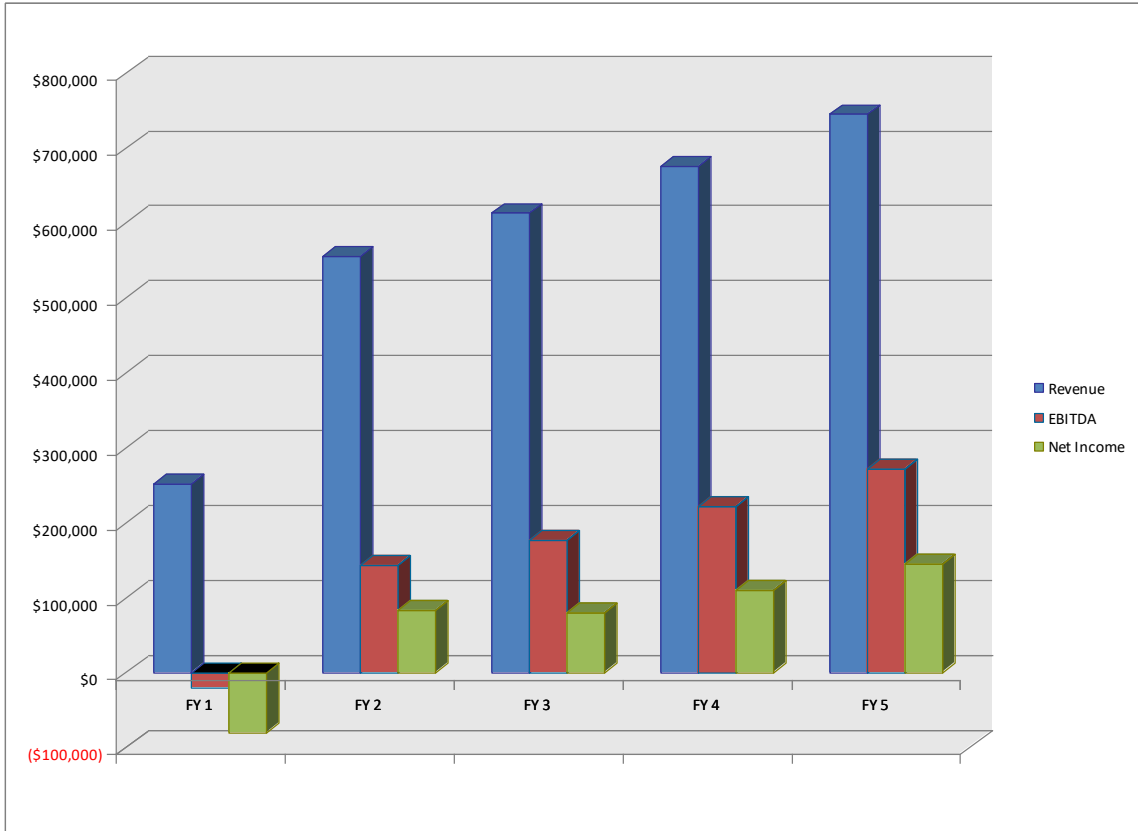
			Q1	Q2	Q3	Q4
Concert Ticket Sales						
-	Number of sales per quarter	Per artist	Annual growth rate			
	FY 1	1,000	25.0%			
	FY 2	1,250				
	FY 3	1,563				
	FY 4	1,953				
	FY 5	2,441				
-	Total number of orders					
-						
	FY 1		1,000	1,000	2,000	2,000
	FY 2		3,750	5,000	6,250	7,500
	FY 3		10,938	12,500	14,063	15,625
	FY 4		21,484	23,438	25,391	27,344
	FY 5		36,621	39,063	41,504	43,945
-	Average order price	\$35.00				
-	Annual increase in order price	5%				

Financial Summary

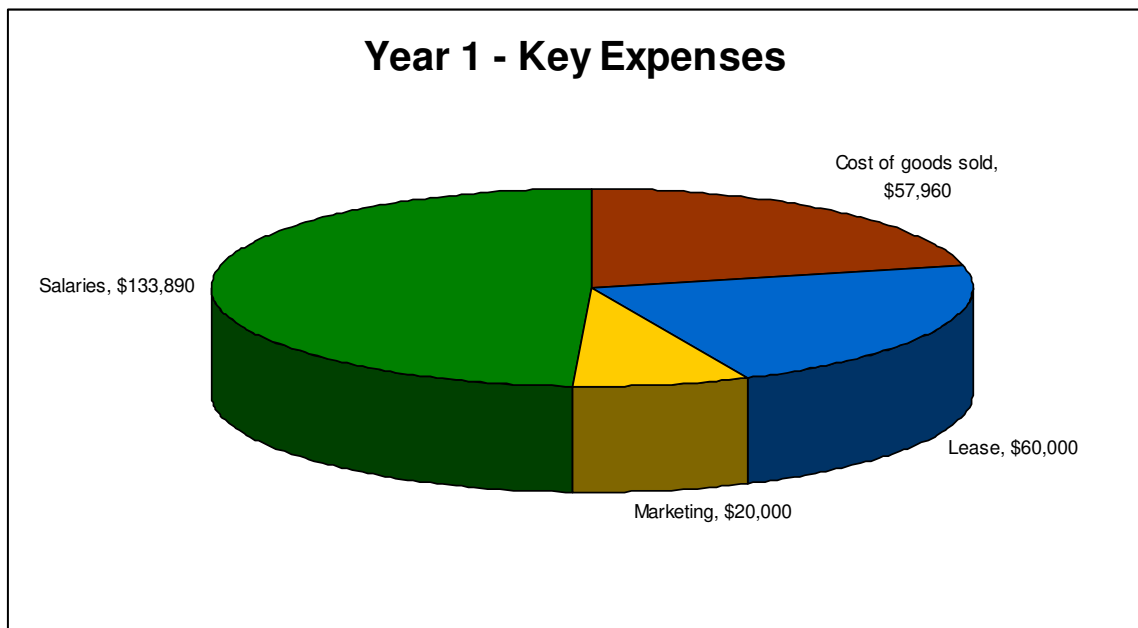
	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Music Sales (CDs/MP3s)	\$32,400	\$117,369	\$267,699	\$475,363	\$757,681
Merchandise Sales	\$81,000	\$293,423	\$669,248	\$1,188,407	\$1,894,202
Concert Ticket Sales	\$210,000	\$826,875	\$2,049,961	\$3,956,726	\$6,855,028
Total Revenues	\$323,400	\$1,237,667	\$2,986,908	\$5,620,496	\$9,506,911
Expenses & Costs					
Cost of goods sold	\$177,870	\$618,833	\$1,433,716	\$2,641,633	\$4,373,179
Lease	\$24,000	\$26,400	\$29,040	\$31,944	\$35,138
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$90,000	\$522,028	\$697,921	\$959,764	\$1,100,155
Initial expenditure	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$311,870	\$1,192,261	\$2,185,677	\$3,658,341	\$5,533,472
EBITDA	\$11,530	\$45,406	\$801,231	\$1,962,155	\$3,973,439
Depreciation	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800
EBIT	\$7,730	\$41,606	\$797,431	\$1,958,355	\$3,969,639
Interest	\$6,653	\$5,821	\$4,990	\$4,158	\$3,326
PRETAX INCOME	\$1,077	\$35,785	\$792,441	\$1,954,197	\$3,966,312
Net Operating Loss	\$0	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$0	\$0	\$0
Taxable Income	\$1,077	\$33,215	\$792,441	\$1,954,197	\$3,966,312
Income Tax Expense	\$377	\$11,625	\$277,355	\$683,969	\$1,388,209
NET INCOME	\$700	\$24,159	\$515,087	\$1,270,228	\$2,578,103
Net Profit Margin (%)	0.2%	2.0%	17.2%	22.6%	27.1%

Below are graphical representation of our Revenue, EBITDA and Net Income forecast for the next five years is as follows.





Key expenses for our first year of operations are as follows:



X. Appendix

The following pages present detailed financial projections for John's Record Label over the next five years. The specific tables to follow include:

- Startup Costs
- 5 Year Annual Income Statement
- 5 Year Annual Balance Sheet
- 5 Year Annual Cash Flow Statement
- Quarterly Income Statement for First 3 Years
- Quarterly Balance Sheet for First 3 Years
- Quarterly Cash Flow Statement for First 3 Years

Startup Costs

Office Startup Cost Assumptions	
Permits, legal, licensing, Insurance and misc. fees	
Building permits	\$1,000
Business license	\$250
Legal fees	\$1,000
Liability/property insurance	\$350
Workman's compensation insurance	\$200
Miscellaneous	\$2,500
Sub-total	\$5,300
Equipment and set-up costs	
Fax machine	\$250
Furniture	\$2,500
Computers	\$1,000
Recording studio equipment	\$12,500
Telephones	\$300
File cabinets and office furniture	\$1,000
Other	\$1,000
Sub-total	\$18,550
Start-up office, retail and packing supplies	
Stationary, business cards, etc.	\$1,000
Mailing supplies	\$250
Cleaning supplies	\$250
Other	\$0
Other	\$0
Miscellaneous	\$0
Sub-total	\$1,500
Total office startup costs	\$25,350

5 Year Annual Income Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
In Store	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Corporate orders	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Delivery van expenses	\$0	\$0	\$0	\$0	\$0
Initial expenditure	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$80,431	\$0	\$0	\$0
Taxable Income	\$0	\$4,826	\$122,436	\$169,554	\$222,604
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.0%	13.0%	16.3%	19.4%

5 Year Annual Balance Sheet

	FY 1	FY 2	FY 3	FY 4	FY 5
ASSETS					
Cash	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389
Accounts receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$21,000	\$23,153	\$25,526	\$28,142	\$31,027
Total Current Assets	\$37,710	\$113,340	\$184,482	\$286,712	\$423,416
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$36,960	\$73,920	\$110,880	\$147,840	\$184,800
Net fixed assets	\$209,490	\$172,530	\$135,570	\$98,610	\$61,650
TOTAL ASSETS	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066
LIABILITIES & EQUITY					
Debt	\$317,971	\$272,546	\$227,122	\$181,698	\$136,273
Accounts payable	\$9,660	\$10,187	\$10,210	\$10,694	\$11,170
Total Liability	\$327,631	\$282,733	\$237,332	\$192,391	\$147,443
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
Total Equity	-\$80,431	\$3,137	\$82,720	\$192,930	\$337,623
TOTAL LIABILITIES & EQUITY	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066

5 Year Annual Cash Flow Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Change in working capital	(\$11,340)	(\$1,625)	(\$2,350)	(\$2,133)	(\$2,409)
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
Net Cash Flow from Operations	(\$54,811)	\$118,902	\$114,193	\$145,037	\$179,244
CASH FLOW FROM INVESTMENTS					
Investment	(\$246,450)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$317,971	-\$45,424	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow from Financing	\$317,971	-\$45,424	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow	\$16,710	\$73,478	\$68,769	\$99,613	\$133,819
Cash at Beginning of Period	\$0	\$16,710	\$90,188	\$158,957	\$258,570
Cash at End of Period	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389

Quarterly Income Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
Revenues												
In Store	\$0	\$0	\$126,000	\$126,000	\$138,915	\$138,915	\$138,915	\$138,915	\$153,154	\$153,154	\$153,154	\$153,154
Corporate orders	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$126,000	\$126,000	\$138,915	\$138,915	\$138,915	\$138,915	\$153,154	\$153,154	\$153,154	\$153,154
Expenses & Costs												
Cost of goods sold	\$0	\$0	\$28,980	\$28,980	\$30,561	\$30,561	\$30,561	\$30,561	\$30,631	\$30,631	\$30,631	\$30,631
Lease	\$15,000	\$15,000	\$15,000	\$15,000	\$15,375	\$15,375	\$15,375	\$15,375	\$15,759	\$15,759	\$15,759	\$15,759
Marketing	\$5,000	\$5,000	\$5,000	\$5,000	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
Salaries	\$13,750	\$18,125	\$51,008	\$51,008	\$51,008	\$51,008	\$51,008	\$51,008	\$56,236	\$56,236	\$56,236	\$56,236
Delivery van expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$33,750	\$38,125	\$99,988	\$99,988	\$103,194	\$103,194	\$103,194	\$103,194	\$108,876	\$108,876	\$108,876	\$108,876
EBITDA	(\$33,750)	(\$38,125)	\$26,013	\$26,013	\$35,721	\$35,721	\$35,721	\$35,721	\$44,278	\$44,278	\$44,278	\$44,278
Depreciation	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240
EBIT	(\$42,990)	(\$47,365)	\$16,773	\$16,773	\$26,481	\$26,481	\$26,481	\$26,481	\$35,038	\$35,038	\$35,038	\$35,038
Interest	\$5,905	\$5,905	\$5,905	\$5,905	\$5,167	\$5,167	\$5,167	\$5,167	\$4,429	\$4,429	\$4,429	\$4,429
PRETAX INCOME	(\$48,895)	(\$53,270)	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$21,314	\$30,609	\$30,609	\$30,609	\$30,609
Net Operating Loss	(\$48,895)	(\$102,165)	(\$102,165)	(\$91,298)	(\$80,431)	(\$59,116)	(\$37,802)	(\$16,488)	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$16,488	\$0	\$0	\$0	\$0
Taxable Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,826	\$30,609	\$30,609	\$30,609	\$30,609
Income Tax Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,689	\$10,713	\$10,713	\$10,713	\$10,713
NET INCOME	(\$48,895)	(\$53,270)	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$19,625	\$19,896	\$19,896	\$19,896	\$19,896
Net Profit Margin (%)	-	-	-	9%	15%	15%	15%	14%	13%	13%	13%	13%

Quarterly Balance Sheet for First 3 Years

	FY1				FY2				FY3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
ASSETS												
Cash	\$77,290	\$33,260	\$42,027	\$16,710	\$45,639	\$76,193	\$106,747	\$90,188	\$116,974	\$146,110	\$175,245	\$158,957
Accounts receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$21,000	\$21,000	\$23,153	\$23,153	\$23,153	\$23,153	\$25,526	\$25,526	\$25,526	\$25,526
Total Current Assets	\$77,290	\$33,260	\$63,027	\$37,710	\$68,791	\$99,345	\$129,900	\$113,340	\$142,499	\$171,635	\$200,771	\$184,482
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$9,240	\$18,480	\$27,720	\$36,960	\$46,200	\$55,440	\$64,680	\$73,920	\$83,160	\$92,400	\$101,640	\$110,880
Net fixed assets	\$237,210	\$227,970	\$218,730	\$209,490	\$200,250	\$191,010	\$181,770	\$172,530	\$163,290	\$154,050	\$144,810	\$135,570
TOTAL ASSETS	\$314,500	\$261,230	\$281,757	\$247,200	\$269,041	\$290,355	\$311,670	\$285,870	\$305,789	\$325,685	\$345,581	\$320,052
LIABILITIES & EQUITY												
Debt	\$363,395	\$363,395	\$363,395	\$317,971	\$317,971	\$317,971	\$317,971	\$272,546	\$272,546	\$272,546	\$272,546	\$227,122
Accounts payable	\$0	\$0	\$9,660	\$9,660	\$10,187	\$10,187	\$10,187	\$10,187	\$10,210	\$10,210	\$10,210	\$10,210
Total Liability	\$363,395	\$363,395	\$373,055	\$327,631	\$328,158	\$328,158	\$328,158	\$282,733	\$282,757	\$282,757	\$282,757	\$237,332
Share Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$48,895)	(\$102,165)	(\$91,298)	(\$80,431)	(\$59,116)	(\$37,802)	(\$16,488)	\$3,137	\$23,033	\$42,929	\$62,824	\$82,720
Total Equity	-\$48,895	-\$102,165	-\$91,298	-\$80,431	-\$59,116	-\$37,802	-\$16,488	\$3,137	\$23,033	\$42,929	\$62,824	\$82,720
TOTAL LIABILITIES & EQUITY	\$314,500	\$261,230	\$281,757	\$247,200	\$269,041	\$290,355	\$311,670	\$285,870	\$305,789	\$325,685	\$345,581	\$320,052

Quarterly Cash Flow Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
CASH FLOW FROM OPERATIONS												
Net Income (Loss)	(\$48,895)	(\$53,270)	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$19,625	\$19,896	\$19,896	\$19,896	\$19,896
Change in working capital	\$0	\$0	(\$11,340)	\$0	(\$1,625)	\$0	\$0	\$0	(\$2,350)	\$0	\$0	\$0
Depreciation	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240
Net Cash Flow from Operations	(\$39,655)	(\$44,030)	\$8,767	\$20,107	\$28,929	\$30,554	\$30,554	\$28,865	\$26,786	\$29,136	\$29,136	\$29,136
CASH FLOW FROM INVESTMENTS												
Investment	(\$246,450)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING												
Cash from equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$363,395	\$0	\$0	(\$45,424)	\$0	\$0	\$0	(\$45,424)	\$0	\$0	\$0	(\$45,424)
Net Cash Flow from Financing	\$363,395	\$0	\$0	-\$45,424	\$0	\$0	\$0	(\$45,424)	\$0	\$0	\$0	(\$45,424)
Net Cash Flow	\$77,290	(\$44,030)	\$8,767	(\$25,317)	\$28,929	\$30,554	\$30,554	(\$16,559)	\$26,786	\$29,136	\$29,136	(\$16,289)
Cash at Beginning of Period	\$0	\$77,290	\$33,260	\$42,027	\$16,710	\$45,639	\$76,193	\$106,747	\$90,188	\$116,974	\$146,110	\$175,245
Cash at End of Period	\$77,290	\$33,260	\$42,027	\$16,710	\$45,639	\$76,193	\$106,747	\$90,188	\$116,974	\$146,110	\$175,245	\$158,957



John's Bakery

BUSINESS PLAN

[Current Month], [Year]

[Contact Name]

[Title]

John's Bakery

[Address 1]

[Address 2]

[City, State Zip]

Tel: []

Fax: []

Email: []

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I. Executive Summary

Business Overview

John's Bakery, located at [insert location here] is a new, upscale bakery focusing on providing organic, healthy and/or premium food products. Our product line fits nicely with health trends nationwide – while people still want pastries and baked goods, they want them to be as healthy as possible.

Products Served

John's Bakery will sell several baked goods including bagels, croissants, cookies, cakes, danish, muffins, scones and strudel. All products will use 100% all natural and organic ingredients. Several products will have regular and low-fat varieties.

In addition to baked goods, John's Bakery will sell breakfast and lunch sandwiches, salads and soups, and serve a variety of coffees and teas.

Customer Focus

John's Bakery will primarily serve the residents within a 5 mile radius of our store. The demographics of these customers are as follows:

- 27,827 residents
- Average income of \$74,700
- 58.9% married
- 49.6% in Mgt./Professional occupations
- Median age: 38 years

In addition to this prime adult demographic for an upscale bakery, there are five elementary school, a middle school, and a high school. Students from these schools will be sure to frequent John's Bakery.

Management Team

John's Bakery is led by [Founder's Name] who has been in the bakery business for 20 years. While John Smith has never run a bakery himself, he has taught baking classes as the local high school for 20 years and has worked part-time at bake shops throughout the region over the past 10 years. As such John Smith has an in-depth knowledge of the bakery business including the operations side (e.g., running day-to-day operations) and the business management side (e.g., staffing, marketing, etc.).

Success Factors

John's Bakery is uniquely qualified to succeed due to the following reasons:

- There is currently no upscale bakery in the community we are entering. In addition, we have surveyed the local population and received extremely positive feedback saying that they explicitly want to frequent our business when launched.
- Our location is in a high-volume area with little direct traffic, and will thus be highly convenient to significant numbers of passerby's each day
- The management team has a track record of success in the bakery business.
- The upscale baker business is a proven business and has succeeded in communities throughout the United States.
- Market trends such as healthy and organic living support our business opportunity

Financial Highlights

John's Bakery is currently seeking \$370,000 to launch. Specifically, these funds will be used as follows:

- Store design/build: \$250,000
- Working capital: \$120,000 to pay for Marketing, salaries, and lease costs until John's Bakery reaches break-even

Topline projections over the next five years are as follows:

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenue	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Total Expenses	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PreTax Income	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
Net Income	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Number of locations	1	1	1	1	1
Average customers/day	100	105	110	116	122
Number of orders	18,000	37,800	39,690	41,675	43,758

II. Company Overview

Who is John's Bakery?

John's Bakery, located at [insert location here] is a new, upscale bakery focusing on providing organic, healthy and/or premium baked goods. We also sell breakfast and lunch sandwiches, salads and soups, and serve a variety of coffees and teas.

John's Bakery was founded by [Founder's Name]. While [Founder's Name] has been in the bakery business for some time, it was in [month, date] that he decided to launch John's Bakery. Specifically, during this time, John Smith took a trip to Fort Lauderdale, FL. During his trip, [Founder's Name] frequented a bakery that enjoyed tremendous success. After several discussions with the owner of the bakery, [Founder's Name] clearly understood that a similar business would enjoy significant success in his hometown.

Specifically, the customer demographics and competitive situations in the Fort Lauderdale location and in his hometown were so similar that he knew it would work. Furthermore, after surveying the local population, this theory was proven.

John's Bakery's History

Upon returning from Fort Lauderdale, surveying the local customer base, and finding a potential retail location, [Founder's Name] incorporated John's Bakery as an S-Corporation on [date of incorporation].

The business is currently being run out of [Founder's Name] home office, but once the lease on John's Bakery's retail location is finalized, all operations will be run from there.

Since incorporation, the company has achieved the following milestones:

- *Found office space and signed Letter of Intent to lease it*
- *Developed the company's name, logo and website located at www...*
- *Created the menu*
- *Determined equipment and inventory requirements*
- *Began recruiting key employees with experience in the bakery industry*

John's Bakery's Products

Below is John's Bakery's initial menu. All items will be 100% natural and organic. As you can see all items are classified under the following eight main categories:

13. Soups
14. Breakfast Sandwiches
15. Croissants & Danish
16. Muffins & Scones

- 17. Sandwiches and Wraps
- 18. Salads
- 19. Bagels
- 20. Cookies & Desserts

John's Bakery Initial Menu

Soups

- Black Bean Soup
- Broccoli Cheddar Soup
- Cabbage Soup
- Chicken Gumbo Soup
- Clam Chowder
- French Onion Soup
- Potato Leek Soup
- Split Pea With Ham Soup
- Vegetarian Chili
- Wild Mushroom Bisque

Breakfast Sandwiches

- Egg On A Bagel
- Egg On A Bagel With Bacon
- Egg On A Bagel With Bacon And Cheese
- Egg On A Bagel With Cheese
- Sausage, Egg And Cheddar On Bagel
- Smoked Salmon & Cream Cheese On Bagel

Sandwiches and Wraps

- Baja Turkey Sandwich
- Caprese Sandwich
- Chicken Pesto Sandwich
- Eggplant And Mozzarella Sandwich
- Mediterranean Wrap
- Roast Beef Caesar Sandwich

- Smoked Turkey Club Sandwich
- Spicy Tuna Sandwich
- Tuna Melt

Bagels

- Cinnamon Raisin Bagel
- Everything Bagel
- Multi-Grain Bagel
- Onion Bagel
- Plain Bagel
- Poppy Bagel
- Sesame Seed Bagel

Croissants & Danish

- Apple Croissant
- Cherry Danish
- Chocolate Croissant
- Ham And Cheese Croissant
- Lemon Danish
- Plain Croissant
- Sweet Cheese Danish

Muffins & Scones

- Blueberry Muffin
- Chocolate Chip Muffin
- Cinnamon Scone
- Corn Muffin
- Cranberry Walnut Muffin
- Orange Scone
- Raisin Bran Muffin

Salads

- Chef's Salad
- Garden Salad
- Grilled Chicken Caesar Asiago
- Radicchio Salad

Cookies & Desserts

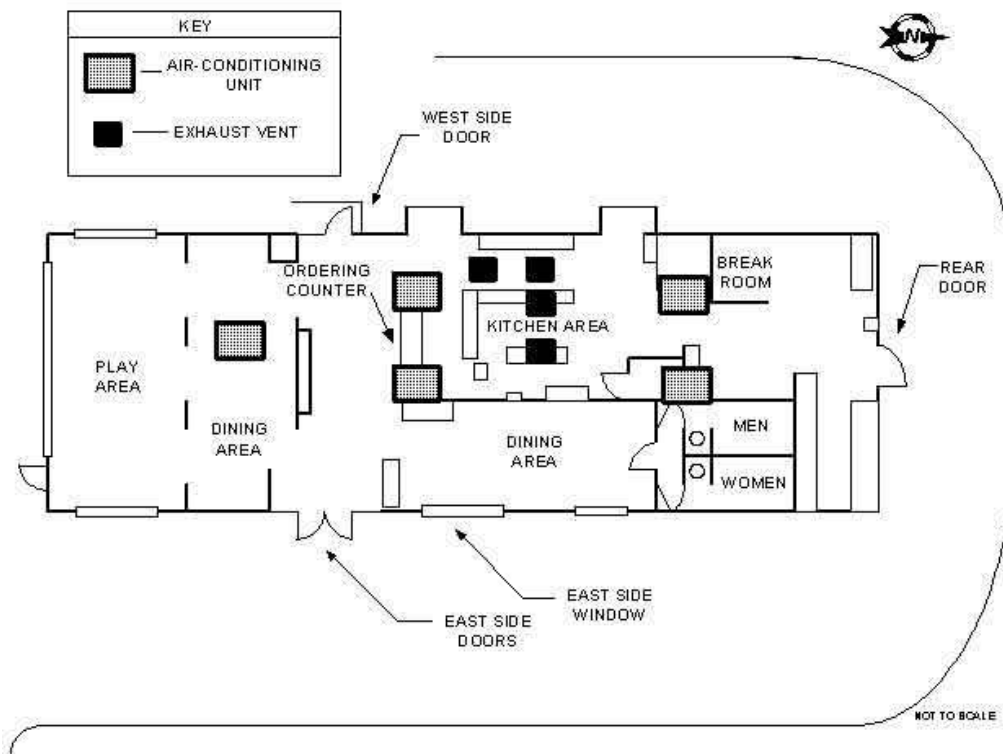
- Banana Nut Pound Cake
- Blondie
- Chocolate Cheesecake
- Brownie
- Chocolate Chip Brownie
- Chocolate Chip Cookie
- Crème De Fleur
- Crumb Cake
- English Toffee Cookie
- Lemon Pound Cake
- Marble Pound Cake
- Oatmeal Raisin Cookie
- Pecan Roll
- Rocky Road Brownie
- Shortbread Cookie

Store Design

John's Bakery will develop a 2,500 square foot store whose key elements will include the following:

- Kitchen area
- Ordering counter
- Self-service coffee area
- Tables to comfortably seat 15 customers
- A play/informal eating area
- Restrooms

Below please find a rough sketch of the floor plan.



The retail location has 20 dedicated parking spots which should suffice even in peak hours.

John's Bakery plans to be open 7 days a week, from 7AM to 8PM. As demand dictates, we may extend or reduce our hours. Likewise, as demand dictates, we may offer delivery service.

III. Industry Analysis

John's Bakery directly or indirectly competes with all foodservice providers nearby our store that offer similar products, mainly breakfast foods, breads, desserts, sandwiches and salads. Competition will come from supermarkets, restaurants, coffee shops, bakeries and other retail establishments. Direct competition will come from companies offering 100% natural, organic products like John's Bakery.

Market Statistics & Trends

The following market size facts and statistics bode well for John's Bakery.

According to the 2017 report entitled, "Retail Bakeries Industry in the U.S." by Supplier Relations US, LLC, the retail bakery industry's revenue for the year 2008 was approximately \$3.6 billion, with an estimated gross profit of 25.52%.

According to a June 2015 by *Modern Baking*, the median annual sales of retail bakery stores surveyed were \$333,000 while the median store sizes was 2,120 sq. ft, and the average bakery sale per customer was \$12.51.

According to a 2017 study by the IDDBA (International Dairy·Deli·Bakery Association):

- Health is strengthening as a food purchase mega factor, ranking third after taste and price, and above convenience.
- Frequent bakery shoppers tend to be less health-conscious than the rest of the population, but they are still health-conscious.
- Shoppers say they are buying more reduced-fat milk (+30%), whole-grain bakery products (+29%), and yogurt (+19%).
- More than half of shoppers are trying to avoid trans fat, total fat and saturated fat. Frequent dairy, deli, and bakery shoppers are more concerned about trans fat than the average shopper, but less concerned about a reduced-fat claim on products.
- More than a third of shoppers say that the calorie content of foods is very important to them when they shop in the dairy, deli, and bakery departments. Frequent deli shoppers are the most concerned, with about 40% of full-service and a similar portion of self-service customers indicating they place great importance on calories.
- Frequent shoppers in the self-service deli and self-service fresh bakery are more likely to buy organic and natural foods.
- Seven in ten consumers tried to increase their consumption of whole grains last year.
- About half of frequent deli and bakery shoppers say it's important for products in these departments to contain added nutrients, such as vitamins or fiber. Added nutrition is ranked even more important by frequent shoppers in the dairy and full-service deli departments.

A June 2016 study by *Modern Baking* found the following:

- In-store bakery (e.g., bakeries in supermarkets) annual sales increased to \$20 billion.
- Cake and bread are the top two products contributing to sales.
- Sales of bread products have been positively affected by the demise of the low carb trend, growth of whole grains and an increased interest in crusty bread products.
- There has been growth in the cookie sales. Declines were reported for bagels, pies and donuts.

IV. Customer Analysis

John's Bakery will serve the residents of [company location] and the immediately surrounding areas as well as those who work in [company location].

The area we serve is affluent and has an affinity to healthy and organic foods and beverages like we will be offering.

The precise demographics of the town in which our retail location resides is as follows:

General Characteristics - show more >>	Number	Percent
Total population	27,827	
Male	12,982	46.7
Female	14,845	53.3
Median age (years)	39.9	(X)
Under 5 years	1,851	6.7
18 years and over	20,573	73.9
65 years and over	4,406	15.8
One race	27,455	98.7
White	23,470	84.3
Black or African American	2,719	9.8
American Indian and Alaska Native	21	0.1
Asian	411	1.5
Native Hawaiian and Other Pacific Islander	10	0.0
Some other race	824	3.0
Two or more races	372	1.3
Hispanic or Latino (of any race)	2,160	7.8
Household population	27,435	98.6
Group quarters population	392	1.4
Average household size	2.71	(X)
Average family size	3.29	(X)
Total housing units	10,357	
Occupied housing units	10,114	97.7
Owner-occupied housing units	7,388	73.0
Renter-occupied housing units	2,726	27.0
Vacant housing units	243	2.3
Social Characteristics - show more >>	Number	Percent
Population 25 years and over	18,929	
High school graduate or higher	17,161	90.7
Bachelor's degree or higher	9,349	49.4
Civilian veterans (civilian population 18 years and over)	2,264	11.0
Disability status (population 5 years and over)	3,529	13.7
Foreign born	3,196	11.5
Male, Now married, except separated (population 15 years and over)	6,420	64.6
Female, Now married, except separated (population 15 years and over)	6,387	54.1
Speak a language other than English at home (population 5 years and over)	3,745	14.5
Economic Characteristics - show more >>	Number	Percent
In labor force (population 16 years and over)	14,156	66.5
Mean travel time to work in minutes (workers 16 years and older)	34.6	(X)
Median household income in 1999 (dollars)	79,679	(X)
Median family income in 1999 (dollars)	102,184	(X)
Per capita income in 1999 (dollars)	40,039	(X)
Families below poverty level	217	3.0
Individuals below poverty level	1,418	5.2
Housing Characteristics - show more >>	Number	Percent
Single-family owner-occupied homes	6,144	
Median value (dollars)	340,100	(X)
Median of selected monthly owner costs	(X)	(X)
With a mortgage (dollars)	2,162	(X)
Not mortgaged (dollars)	811	(X)

(X) Not applicable.

Source: U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3)

We will primarily target the following four customer segments:

8. **Soccer/stay-at-home moms:** the town has a large population of stay-at-home moms who are active in the school and community. These moms often meet for lunch or coffee and John's Bakery will provide a perfect place for them to congregate.
 - a. We also expect mothers to take their children to John's Bakery for after school and weekend snacks and meals.
9. **Morning commuters:** many local residents drive to neighboring towns or take the nearby train to work. John's Bakery is conveniently located for these individuals to pick up coffee or a breakfast sandwich in the morning or pick up a sandwich in the evening.
10. **Local office workers:** approximately 5,000 individuals work in offices within a quarter mile of our location and we expect a fair portion of these individuals to frequent us during the morning and lunch hours.
11. **Students:** there is a middle school and a high school in the town and the high school is within one half mile. Students from these schools will be targeted to frequent John's Bakery.

V. Competitive Analysis

Direct & Indirect Competitors

The following retailers are located within a 2 mile radius of John's Bakery, thus providing either direct or indirect competition for customers:

Joe's Supermarket

Joe's Supermarket is the town's leading grocery store and has been in business for 32 years. Joe's offers a wide array of all the products that you typically find in a grocery store.

Joe's also has an in-house bakery. However, less than 10% of the products served in their bakery are made with organic ingredients. In addition, Joe's offers little variety in their items. For example, they only offer 2 types of soups, 3 types of cookies, etc. John's Bakery, on the other hand, offers numerous options for each product type.

Old Time Bakery

Old Time Bakery has been in business for 14 years. Old Time offers a variety of baked goods, primarily cookies and desserts.

However, John's Bakery has several advantages over Old Time Bakery including:

- Old Time Bakery offers few products baked with organic ingredients
- Old Time Bakery does not offer sandwiches, soups or salads
- Old Time Bakery does not offer customer seating
- Old Time Bakery has little parking
- Old Time Bakery is located over one-quarter of a mile from us, and, as such, is less convenient for the office workers who work next to our store.

Freddy's Deli

Freddy's Deli is located four stores to the East of us. Freddy's has been in business for the past 21 years and enjoys great success, primarily due to its prime location (which we will also have).

Freddy's primarily offers breakfast and lunch sandwiches and soups, some cookies and cakes, as well as a variety of packaged goods.

John's Bakery has several advantages over Freddy's Deli including:

- Freddy's Deli does not offer products, including pastries, sandwiches, soups and more, made with organic ingredients
- In our product categories, Freddy's does not offer a wide variety of items.

While we expect that Freddy's Deli will continue to thrive based on its location and customer relationships, we expect that more and more customers will frequent John's Bakery based on the high-quality and organic ingredients we use and product selection.

Supermarket is the town's leading grocery store and has been in business for 32 years. Joe's offers a wide array of all the products that you typically find in a grocery store.

Competitive Advantage

John's Bakery enjoys several advantages over its competitors. These advantage include:

- **Location:** John's Bakery's location is near the center of town, giving us access to commuters going and leaving the train station, local office workers, and passerby's going to local shops. We also offer adequate parking making it easy for customers to patronize us.
- **100% Natural/Organic/High-Quality Ingredients:** getting 100% Natural/Organic baked goods, soups, sandwiches and more in the local market is challenging if not impossible. No other retailer offers direct substitutes or competition for most of our products.
- **Management:** Our management team has years of business and marketing experience that allows us to market and serve customers in a much more sophisticated manner than our competitors.
- **Relationships:** Having lived in the community for 25 years, [Founder's Name] knows all of the local leaders, newspapers and other influencers. As such, it will be relatively easy for us to build branding and awareness of our bakery.

VI. Marketing Plan

The Marketing Plan describes the type of brand John's Bakery seeks to create and the Company's planned promotions and pricing strategies.

The John's Bakery Brand

The John's Bakery brand will focus on the Company's unique value proposition:

- Offering organic, high-quality food items including baked goods, sandwiches, soups, salads and more.
- Offering a convenient location that offers both eat-in or take-out options.
- Providing excellent customer service

Promotions Strategy

John's Bakery expects its target market to be individuals working and/or living within a 5-mile radius of each of its store. The Company's promotions strategy to reach these individuals includes:

Direct Mail

John's Bakery will blanket neighborhoods surrounding its locations with direct mail pieces. These pieces will provide general information on John's Bakery, offer discounts and/or provide other inducements for people to frequent the store.

Public Relations

We will contact all local and area newspapers and television stations to tell them about the opening and unique value proposition of John's Bakery.

Advertising

John's Bakery will initially advertise in local newspapers and sponsor community events in order to gain awareness.

Sampling

John's Bakery employees will initially give free food samples to passerby's to enable them to taste the quality of our products and learn about us.

Ongoing Customer Communications

John's Bakery will maintain a website and publish a monthly email newsletter to tell customers about new events, products and more.

Pricing Strategy

John's Bakery's pricing will be moderate so customers feel they receive great value when patronizing the stores.

VII. Operations Plan

Functional Roles

In order to execute on John's Bakery's business model, the Company needs to perform many functions including the following:

Administrative Functions

- General & Administrative functions including legal, marketing, bookkeeping, etc.
- Sourcing and storing ingredients
- Hiring and training staff

Kitchen Functions

- Food preparation
- Ongoing menu creation and modification

Store/Retail Functions

- Order taking and fulfillment (for take-out and dine-in)
- Customer service
- Janitor/maintenance personnel to keep the store clean

Milestones

John's Bakery expects to achieve the following milestones in the following [] months:

Date	Milestone
[Date 1]	Finalize lease agreement
[Date 2]	Design and build out John's Bakery storefront
[Date 3]	Hire and train initial staff
[Date 4]	Launch John's Bakery store
[Date 5]	Reach break-even

VIII. Management Team

Management Team Members

John's Bakery is led by John Smith who has been in the bakery business for 20 years.

While John Smith has never run a bakery himself, he has taught baking classes as the local high school for 20 years. Two courses that he taught included:

3. How To Bake Wedding Cakes
 - This course was designed to give students an overall understanding of baking wedding cakes. The student were taught to bake and decorate traditional and contemporary wedding cakes, and cakes for special occasions.
4. How To Bake Bread
 - This course was designed to give students an overall understanding of baking breads, and included four units teaching students to bake the following types of breads: Levain, baguettes, pain bordelaise; baguettes, bagels, flatbread; brioche, croissants, and challah; pizza, focaccia, ciabatta.

John Smith has also worked part-time at bake shops throughout the region over the past 10 years. Specifically, he has worked for Giana's Bakery where he has prepared all wedding cakes. He has also trained several others in the art of creating commercial cakes and pastries.

John Smith graduated from the University of Alabama where he majored in Communications.

Hiring Plan

John Smith will serve as the store manager. In order to launch our store, we need to hire the following personnel:

- Wait staff (2 full-time equivalents to start)
- Short-order cook (1 to start)
- Baking staff (1 to start)
- Assistant Store Manager (will manage cash register and other administrative functions)

IX. Financial Plan

Revenue and Cost Drivers

John's Bakery's revenues will come from the sale of natural and organic food products to its customers.

The Company will have dine-in, takeout, and possibly delivery systems to cater to a broad spectrum of customers in its target market.

The major costs for the company will be food production costs and salaries of the staff. In the initial years, the company's marketing spend will be high, as it establishes itself in the market.

Capital Requirements and Use of Funds

John's Bakery is seeking a total funding of \$370,000 to launch its store. The capital will be used for funding capital expenditures, manpower costs, marketing expenses and working capital.

Specifically, these funds will be used as follows:

- Store design/build: \$250,000
- Working capital: \$120,000 to pay for Marketing, salaries, and lease costs until John's Bakery reaches break-even

Key Assumptions & Forecasts

Below please find the key assumptions that went into the financial forecast and a summary of the financial projections over the next five years. Please see the Appendix for more detailed financial forecasting information.

Key Assumptions

Number of customers per day	Per location	Number of locations started	
FY 1	100	FY 1	1
FY 2	105	FY 2	0
FY 3	110	FY 3	0
FY 4	116	FY 4	0
FY 5	122	FY 5	0
Average order price	\$14.00	Cost of goods sold	
		FY 1	23.0%
Annual increase in order	5.0%	FY 2	22.0%

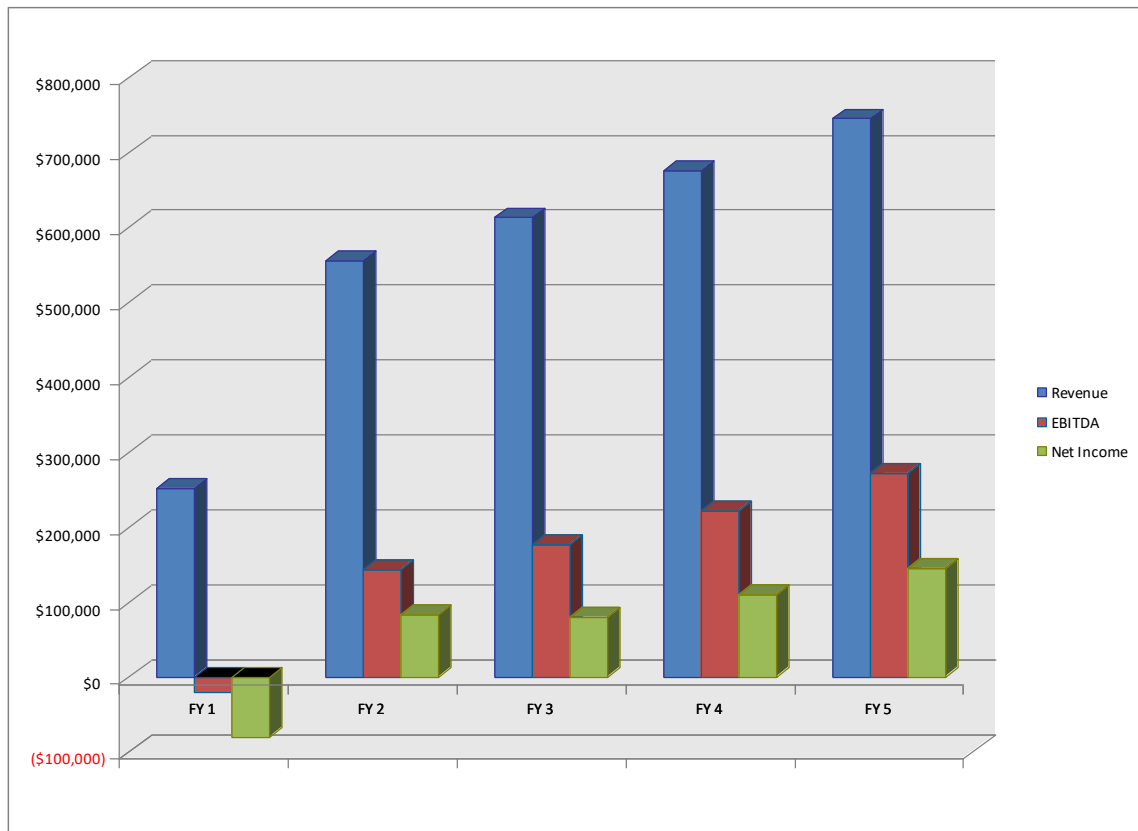
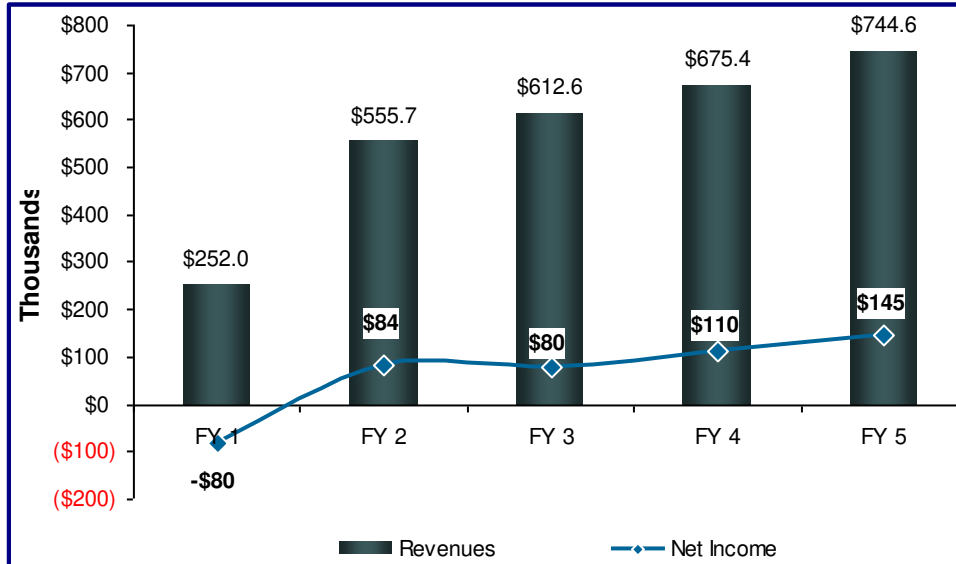
price			
Annual Lease (per location)	\$60,000	FY 3	20.0%
Yearly Lease Increase %	2.5%	FY 4	19.0%
		FY 5	18.0%

Note that while the bakery industry average order price is \$12.51, because of the other food items (e.g., sandwiches) that we will serve, we believe that \$14.00 will be a more likely average order price.

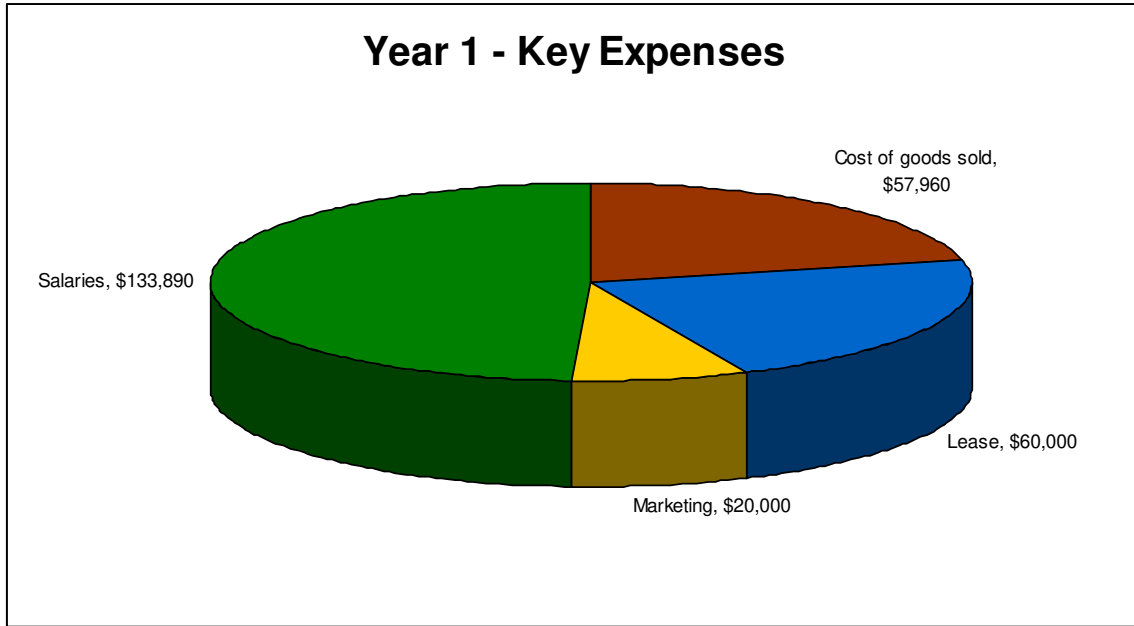
Financial Summary

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
In Store	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Corporate orders	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Delivery van expenses	\$0	\$0	\$0	\$0	\$0
Initial expenditure	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$80,431	\$0	\$0	\$0
Taxable Income	\$0	\$4,826	\$122,436	\$169,554	\$222,604
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.0%	13.0%	16.3%	19.4%

Below are graphical representation of our Revenue, EBITDA and Net Income forecast for the next five years is as follows. Note that Net Income declines from year 2 to year 3 because taxes in year 2 were reduced by carry-forwarded losses from year 1.



Key expenses for our first year of operations are as follows:



X. Appendix

The following pages present detailed financial projections for John's Bakery over the next five years. The specific tables to follow include:

- Startup Costs
- 5 Year Annual Income Statement
- 5 Year Annual Balance Sheet
- 5 Year Annual Cash Flow Statement
- Quarterly Income Statement for First 3 Years
- Quarterly Balance Sheet for First 3 Years
- Quarterly Cash Flow Statement for First 3 Years

Startup Costs

<u>Build-Out and Startup Cost Assumptions</u>		
<u>Permits, legal, licensing, Insurance and misc. fees</u>		
Building permits	\$1,000	
Business license	\$250	
Beer, wine liquor license	\$0	
Legal fees	\$1,000	
Liability/property insurance	\$350	
Workman's compensation insurance	\$200	
Miscellaneous	\$2,500	
Sub-total	\$5,300	
<u>Equipment and set-up costs</u>		
Fax machine	\$250	
Furniture	\$12,500	
Microwave, warming oven	\$2,500	
Kitchen equipment	\$13,500	
Kitchen hardware/misc.	\$3,500	
Kitchen smallware	\$4,500	
Tabletop	\$1,750	
Refridgeration	\$5,500	
Deli display cases	\$3,500	
Register, printer and retail program	\$7,000	
Verifone bankcard machine/printer	\$350	
Computer	\$1,000	
Stereo system	\$750	
Telephones	\$300	
File cabinets and office furniture	\$1,000	
Miscellaneous	\$6,500	
Sub-total	\$64,400	
<u>Store fixtures</u>		
Cash-wrap desk/check out	\$3,000	
Displays and backdrops	\$15,000	
Miscellaneous fixtures and hardware	\$5,000	
Shipping costs	\$500	
Sub-total	\$23,500	
<u>Interior and exterior construction</u>		
Architect/contractor fees	\$10,000	
Exterior awning and signage	\$2,500	
Exterior upgrade	\$5,000	
H.V.A.C	\$20,000	
Lighting install/upgrade	\$10,000	
Plumbing/fire	\$7,500	
Interior finish	\$85,000	
Miscellaneous	\$2,500	
Sub-total	\$142,500	
<u>Start-up office, retail and packing supplies</u>		
Stationary, business cards, etc.	\$1,500	
Mailing supplies	\$250	
Cleaning supplies	\$500	
Retail supplies (bags, tissues, ribbon)	\$1,000	
Café supplies (food containers, dishes)	\$5,000	
Miscellaneous	\$2,500	
Sub-total	\$10,750	
Total cost of store build out:		\$246,450
Equipment and misc.:		\$103,950
Leasehold improvements:		\$142,500

5 Year Annual Income Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
In Store	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Corporate orders	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Delivery van expenses	\$0	\$0	\$0	\$0	\$0
Initial expenditure	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$80,431	\$0	\$0	\$0
Taxable Income	\$0	\$4,826	\$122,436	\$169,554	\$222,604
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.0%	13.0%	16.3%	19.4%

5 Year Annual Balance Sheet

	FY 1	FY 2	FY 3	FY 4	FY 5
ASSETS					
Cash	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389
Accounts receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$21,000	\$23,153	\$25,526	\$28,142	\$31,027
Total Current Assets	\$37,710	\$113,340	\$184,482	\$286,712	\$423,416
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$36,960	\$73,920	\$110,880	\$147,840	\$184,800
Net fixed assets	\$209,490	\$172,530	\$135,570	\$98,610	\$61,650
TOTAL ASSETS	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066
LIABILITIES & EQUITY					
Debt	\$317,971	\$272,546	\$227,122	\$181,698	\$136,273
Accounts payable	\$9,660	\$10,187	\$10,210	\$10,694	\$11,170
Total Liability	\$327,631	\$282,733	\$237,332	\$192,391	\$147,443
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
Total Equity	-\$80,431	\$3,137	\$82,720	\$192,930	\$337,623
TOTAL LIABILITIES & EQUITY	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066

5 Year Annual Cash Flow Statement

	FY 1	FY 2	FY 3	FY 4	FY 5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Change in working capital	(\$11,340)	(\$1,625)	(\$2,350)	(\$2,133)	(\$2,409)
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
Net Cash Flow from Operations	(\$54,811)	\$118,902	\$114,193	\$145,037	\$179,244
CASH FLOW FROM INVESTMENTS					
Investment	(\$246,450)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$317,971	-\$45,424	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow from Financing	\$317,971	-\$45,424	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow	\$16,710	\$73,478	\$68,769	\$99,613	\$133,819
Cash at Beginning of Period	\$0	\$16,710	\$90,188	\$158,957	\$258,570
Cash at End of Period	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389

Quarterly Income Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
Revenues												
In Store	\$0	\$0	\$126,000	\$126,000	\$138,915	\$138,915	\$138,915	\$138,915	\$153,154	\$153,154	\$153,154	\$153,154
Corporate orders	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$126,000	\$126,000	\$138,915	\$138,915	\$138,915	\$138,915	\$153,154	\$153,154	\$153,154	\$153,154
Expenses & Costs												
Cost of goods sold	\$0	\$0	\$28,980	\$28,980	\$30,561	\$30,561	\$30,561	\$30,561	\$30,631	\$30,631	\$30,631	\$30,631
Lease	\$15,000	\$15,000	\$15,000	\$15,000	\$15,375	\$15,375	\$15,375	\$15,375	\$15,759	\$15,759	\$15,759	\$15,759
Marketing	\$5,000	\$5,000	\$5,000	\$5,000	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
Salaries	\$13,750	\$18,125	\$51,008	\$51,008	\$51,008	\$51,008	\$51,008	\$51,008	\$56,236	\$56,236	\$56,236	\$56,236
Delivery van expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Initial expenditure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses & Costs	\$33,750	\$38,125	\$99,988	\$99,988	\$103,194	\$103,194	\$103,194	\$103,194	\$108,876	\$108,876	\$108,876	\$108,876
EBITDA	(\$33,750)	(\$38,125)	\$26,013	\$26,013	\$35,721	\$35,721	\$35,721	\$35,721	\$44,278	\$44,278	\$44,278	\$44,278
Depreciation	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240
EBIT	(\$42,990)	(\$47,365)	\$16,773	\$16,773	\$26,481	\$26,481	\$26,481	\$26,481	\$35,038	\$35,038	\$35,038	\$35,038
Interest	\$5,905	\$5,905	\$5,905	\$5,905	\$5,167	\$5,167	\$5,167	\$5,167	\$4,429	\$4,429	\$4,429	\$4,429
PRETAX INCOME	(\$48,895)	(\$53,270)	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$21,314	\$30,609	\$30,609	\$30,609	\$30,609
Net Operating Loss	(\$48,895)	(\$102,165)	(\$102,165)	(\$91,298)	(\$80,431)	(\$59,116)	(\$37,802)	(\$16,488)	\$0	\$0	\$0	\$0
Use of Net Operating Loss	\$0	\$0	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$16,488	\$0	\$0	\$0	\$0
Taxable Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,826	\$30,609	\$30,609	\$30,609	\$30,609
Income Tax Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,689	\$10,713	\$10,713	\$10,713	\$10,713
NET INCOME	(\$48,895)	(\$53,270)	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$19,625	\$19,896	\$19,896	\$19,896	\$19,896
Net Profit Margin (%)	-	-	-	9%	15%	15%	15%	14%	13%	13%	13%	13%

Quarterly Balance Sheet for First 3 Years

	FY1				FY2				FY3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
ASSETS												
Cash	\$77,290	\$33,260	\$42,027	\$16,710	\$45,639	\$76,193	\$106,747	\$90,188	\$116,974	\$146,110	\$175,245	\$158,957
Accounts receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$21,000	\$21,000	\$23,153	\$23,153	\$23,153	\$23,153	\$25,526	\$25,526	\$25,526	\$25,526
Total Current Assets	\$77,290	\$33,260	\$63,027	\$37,710	\$68,791	\$99,345	\$129,900	\$113,340	\$142,499	\$171,635	\$200,771	\$184,482
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$9,240	\$18,480	\$27,720	\$36,960	\$46,200	\$55,440	\$64,680	\$73,920	\$83,160	\$92,400	\$101,640	\$110,880
Net fixed assets	\$237,210	\$227,970	\$218,730	\$209,490	\$200,250	\$191,010	\$181,770	\$172,530	\$163,290	\$154,050	\$144,810	\$135,570
TOTAL ASSETS	\$314,500	\$261,230	\$281,757	\$247,200	\$269,041	\$290,355	\$311,670	\$285,870	\$305,789	\$325,685	\$345,581	\$320,052
LIABILITIES & EQUITY												
Debt	\$363,395	\$363,395	\$363,395	\$317,971	\$317,971	\$317,971	\$317,971	\$272,546	\$272,546	\$272,546	\$272,546	\$227,122
Accounts payable	\$0	\$0	\$9,660	\$9,660	\$10,187	\$10,187	\$10,187	\$10,187	\$10,210	\$10,210	\$10,210	\$10,210
Total Liability	\$363,395	\$363,395	\$373,055	\$327,631	\$328,158	\$328,158	\$328,158	\$282,733	\$282,757	\$282,757	\$282,757	\$237,332
Share Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$48,895)	(\$102,165)	(\$91,298)	(\$80,431)	(\$59,116)	(\$37,802)	(\$16,488)	\$3,137	\$23,033	\$42,929	\$62,824	\$82,720
Total Equity	-\$48,895	-\$102,165	-\$91,298	-\$80,431	-\$59,116	-\$37,802	-\$16,488	\$3,137	\$23,033	\$42,929	\$62,824	\$82,720
TOTAL LIABILITIES & EQUITY	\$314,500	\$261,230	\$281,757	\$247,200	\$269,041	\$290,355	\$311,670	\$285,870	\$305,789	\$325,685	\$345,581	\$320,052

Quarterly Cash Flow Statement for First 3 Years

	FY 1				FY 2				FY 3			
	Q1 FY1	Q2 FY1	Q3 FY1	Q4 FY1	Q1 FY2	Q2 FY2	Q3 FY2	Q4 FY2	Q1 FY3	Q2 FY3	Q3 FY3	Q4 FY3
CASH FLOW FROM OPERATIONS												
Net Income (Loss)	(\$48,895)	(\$53,270)	\$10,867	\$10,867	\$21,314	\$21,314	\$21,314	\$19,625	\$19,896	\$19,896	\$19,896	\$19,896
Change in working capital	\$0	\$0	(\$11,340)	\$0	(\$1,625)	\$0	\$0	\$0	(\$2,350)	\$0	\$0	\$0
Depreciation	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240	\$9,240
Net Cash Flow from Operations	(\$39,655)	(\$44,030)	\$8,767	\$20,107	\$28,929	\$30,554	\$30,554	\$28,865	\$26,786	\$29,136	\$29,136	\$29,136
CASH FLOW FROM INVESTMENTS												
Investment	(\$246,450)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING												
Cash from equity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$363,395	\$0	\$0	(\$45,424)	\$0	\$0	\$0	(\$45,424)	\$0	\$0	\$0	(\$45,424)
Net Cash Flow from Financing	\$363,395	\$0	\$0	-\$45,424	\$0	\$0	\$0	(\$45,424)	\$0	\$0	\$0	(\$45,424)
Net Cash Flow	\$77,290	(\$44,030)	\$8,767	(\$25,317)	\$28,929	\$30,554	\$30,554	(\$16,559)	\$26,786	\$29,136	\$29,136	(\$16,289)
Cash at Beginning of Period	\$0	\$77,290	\$33,260	\$42,027	\$16,710	\$45,639	\$76,193	\$106,747	\$90,188	\$116,974	\$146,110	\$175,245
Cash at End of Period	\$77,290	\$33,260	\$42,027	\$16,710	\$45,639	\$76,193	\$106,747	\$90,188	\$116,974	\$146,110	\$175,245	\$158,957

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