

BEAUTY SALON

BUSINESS PLAN



[YOUR NAME]

[YOUR TITLE]

Phone: [YOUR PHONE NUMBER]

Email: [YOUREMAIL@YOURCOMPANY.COM]

[YOUR WEBSITE ADDRESS]

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by [YOUR COMPANY NAME] in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of [YOUR COMPANY NAME].

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage to [YOUR COMPANY NAME].

Upon request, this document is to be immediately returned to [YOUR COMPANY NAME].

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offering of securities.

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1.0 Executive Summary

[YOUR COMPANY NAME]
Owner: INSERT NAME
INSERT ADDRESS
Phone:
Email:

Introduction

[YOUR COMPANY NAME] is seeking \$127,000 funding in order to fund the start-up of a 'green' hair salon that focuses on hair replacement/hair extensions services targeting cancer patients and survivors in a high-end salon setting. The business will also offer traditional salon services and will offer some educational opportunities for stylists.

Location

The business will be located in [CITY, STATE].

The Organization

The business will be organized as a Minnesota LLC and will be owned 100% by INSERT NAME. INSERT NAME will be the full-time owner/operator of the salon.

Services

The salon focuses on hair replacement/hair extensions services targeting cancer patients and survivors in a high-end salon setting. In addition, the firm will offer laser hair growth services at \$65 a session, esthetician services, and retail sales of salon products.

The Market

There are 1,530,000 new cases of cancer are expected to be found in the U.S. in 2010, of which 740,000 will be female. The 5-year relative survival rate for all cancers diagnosed between 1999-2005 is 68%, up from 50% in 1975-1977. There are currently 11,000,000 cancer survivors in the U.S., of which 5,320,261 are women. The high-end services and location of the salon in a high-income area will provide a stable demographic to support the business. All of this points to a large and growing market of potential customers of [YOUR COMPANY NAME].

Financial Considerations

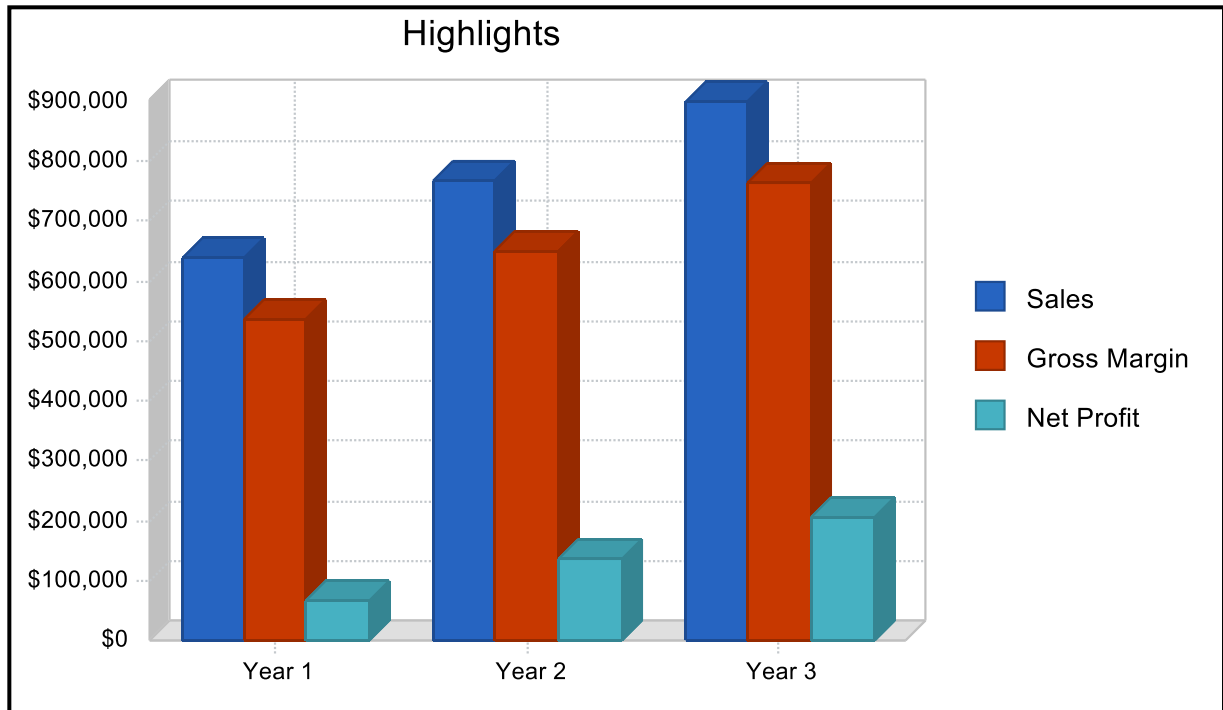
[YOUR COMPANY NAME] is projecting \$638,840 in annual sales and a \$65,813 net profit in year 1, and is seeking \$127,000 in funding to be used as follows. The working capital will be partially used to acquire inventory.

<i>Start-up</i>	
Start-up Expenses	
Legal & Accounting	\$2,000
Salon Build-Out	\$7,500
Laser Hair Growth Machine	\$7,000
Furniture (includes shelving, chairs, and receptionist desk)	\$5,000
Mirrors	\$3,000
Rent Deposits	\$2,500
Initial Marketing Expense	\$10,000
Wigs and Mannequins	\$1,500
Working Capital (2.5 months of operating expenses)	\$88,500
Total Start-Up Costs	\$127,000

The major focus for funding is as follows:

1. Hire employees; the firm will look to hire veterans, minorities, and the unemployed; as sales and cash flow improve.

Chart: Projected Financial Performance



The firm is projecting a net profit of \$65,813 in year 1 and a net profit of \$135,670 in year 2.

1.1 Objectives

1. Begin dialogue with cancer health care providers to identify patients who can benefit from the firm's hair replacement services.
2. Create a new company website for a services description, education/awareness, with contact information and online appointment scheduling.
3. Build a 'green' salon with organic products; yet retaining an upscale environment.

1.2 Mission

The mission of [YOUR COMPANY NAME] is to provide high quality hair replacement/hair extensions services targeting cancer patients and survivors in a high-end salon setting.

1.3 Keys to Success

- 1. INSERT NAME's management experience and personal attention to client needs
- 2. Commitment to employee training and professional development for stylists and barbers in order to expand hair replacement services to more cancer patients.
- 3. INSERT NAME's desire to help cancer patients, including offering discounted services to those in need.

2.0 Company Summary/Company Ownership

[YOUR COMPANY NAME] is a start-up up-scale and 'green' hair salon that will specialize in hair extension and replacement services for cancer patients. In addition, the firm will offer laser hair growth services at \$65 a session, esthetician services, and retail sales of salon products. The salon will be located in [CITY, STATE]. The business will be organized as a [STATE] LLC, with INSERT NAME as the President. INSERT NAME is the President and 100% owner.

2.1 Start-Up Summary

[YOUR COMPANY NAME] is projecting \$450,000 in annual sales and a \$4,706 net profit in year 1, and is seeking \$127,000 in funding to be used as follows. The working capital will be partially used to acquire inventory.

<i>Start-up</i>	
Start-up Expenses	
Legal & Accounting	\$2,000
Salon Build-Out	\$7,500
Laser Hair Growth Machine	\$7,000
Furniture (includes shelving, chairs, and receptionist desk)	\$5,000
Mirrors	\$3,000
Rent Deposits	\$2,500
Initial Marketing Expense	\$10,000
Wigs and Mannequins	\$1,500
Working Capital (2.5 months of operating expenses)	\$88,500
Total Start-Up Costs	\$127,000

3.0 Products and Services

The primary services offered by [YOUR COMPANY NAME] are hair extensions and hair reconditioning. The owner is highly skilled in the technique of Thermal Reconditioning, which is a Japanese straightening treatment that uses heat to restructure the bonds in your hair so the hair lies straight, giving you glossy, smooth, shiny straight hair that requires hardly any blow drying. Thermal Reconditioning has been practiced in the United States for just over six years. This treatment has been featured in just about every fashion magazine in America including: In Style, Allure, Vogue, Marie Claire, Jane, Woman's Day, Cosmopolitan, Self, Oprah, Lucky, Glamour, and Elle. The business also offers traditional hair salon services, including haircuts, up-dos, and hair coloring. The firm can also offer formal training to stylists twice a month as an additional revenue source. In addition, the firm will offer laser hair growth services at \$65 a session, esthetician services, and retail sales of salon products.

The standard price for a hair extension case is \$1,500.

4.0 Market Analysis Summary (data provided by the American Cancer Society)

- 1,530,000 new cases of cancer are expected to be found in the U.S. in 2010, of which 740,000 will be female.
- The 5-year relative survival rate for all cancers diagnosed between 1999-2005 is 68%, up from 50% in 1975-1977.
- There are currently 11,000,000 cancer survivors in the U.S., of which 5,320,261 are women.
- According to the Pantene Beautiful Lengths Web site, a recent study revealed that nearly 60 percent of women consider hair loss the most dreaded side effect they face when undergoing chemotherapy.
- Real-hair wigs can cost as much as \$1,200 and are often only partially covered by health insurance.
- Dakota County, MN has a population of approximately 386,599 and a median household income of \$73,209. With 55.5% of the population in the 25-64 age range and 52.65% of the adult population being female, the target population of women is 112,967 (data from the U.S. Census Bureau 2009 estimates)

4.1 Competition and Buying Patterns

There are many small salons, resort salons, and a few larger salons who offer general cosmetology services. Hair extensions touch a specific client and the firm's hair replacement services will actively seek women and childhood cancer patients.

Several competing salons that offer extensions and wigs include the following:

INSERT COMPETITION

The firm believes that the most attractive growth strategies involve marketing based upon the firm's upscale and green image, mining the existing customer base for referrals, and by contacting any visitors to the company's website

5.0 Web Plan Summary

A website will be developed. It will allow prospective customers to view examples of the firm's service, including photos of the dramatic improvement in the attractiveness in the patient's hair. In addition, the firm will make a stronger effort at collecting customer's email for periodic email blasts. The website will also allow for online scheduling of appointments.

6.0 SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis

STRENGTHS	HOW STRENGTHS WILL BE LEVERAGED
Ability to change hair services quickly based upon changing consumer demand	The firm will move quickly to take advantage of changing customer preferences
Only high-end salon in this particular suburb	The firm will quickly attract financial comfortable clients
WEAKNESSES	HOW WEAKNESSES WILL BE MINIMIZED
Lack of Capital to Fund Business Start-Up	The firm is seeking funding
OPPORTUNITIES	HOW TO CAPITALIZE

<p>The number of cancer patients in the U.S. has risen due to the increased survivability rates of cancer treatment</p> <p>Many small, poorly managed hair salons have gone out of business during the recession; lack of high-end salon in high-income Dakota County</p>	<p>The firm has a large pool of potential customers.</p> <p>The firm can quickly build sales with customers who have lost their salon contacts and market to targeted customer demographic</p>
THREATS	HOW COMPANY WILL MINIMIZE THREATS
<p>A less expensive competition (i.e. economies of scale enjoyed by a multi-unit salon operator) can win market share by undercutting prices if they target the hair replacement/hair extension market</p>	<p>The firm maintains a higher standard of quality by having an owner/operator who will monitor all client relationships with a focus of customer satisfaction and with the goal of developing a more personal relationship between the stylist and the client</p>

6.1 Competitive Edge

The firm’s competitive edge will be created by its proximity to multiple cancer treatment facilities in the Twin Cities area, high-end and comfortable salon facilities, eco-friendly “green” and organic product philosophy and management experience brought by INSERT NAME; which will allow for a strong brand image that will attract new customers and build referral pipelines. In addition, the salon will be the only high-end salon currently operating in the subject suburb.

6.2 Marketing Strategy

The firm will utilize the following marketing methods:

- Customer referrals
- Visitors to the website
- Email blasts/email newsletters targeting site visitors and current/previous customers
- Signage at the location
- Newspaper advertisement
- Local promotions and networking
- New web site that will exclusively target hair replacement services
- Doctor’s office brochures

6.3 Sales Strategy

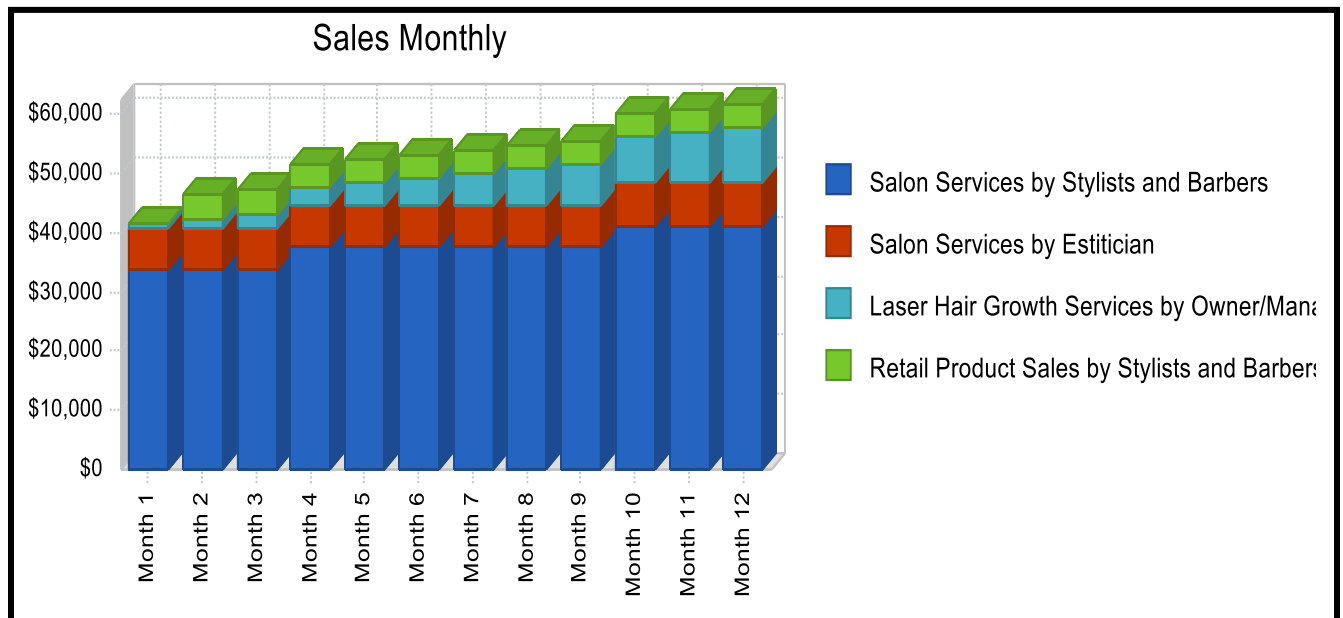
All employees are paid based on performance (40 – 52% commission) providing incentive for customer service and relationship-building. Customer referrals and e-marketing will drive both local and national customers to the salon.

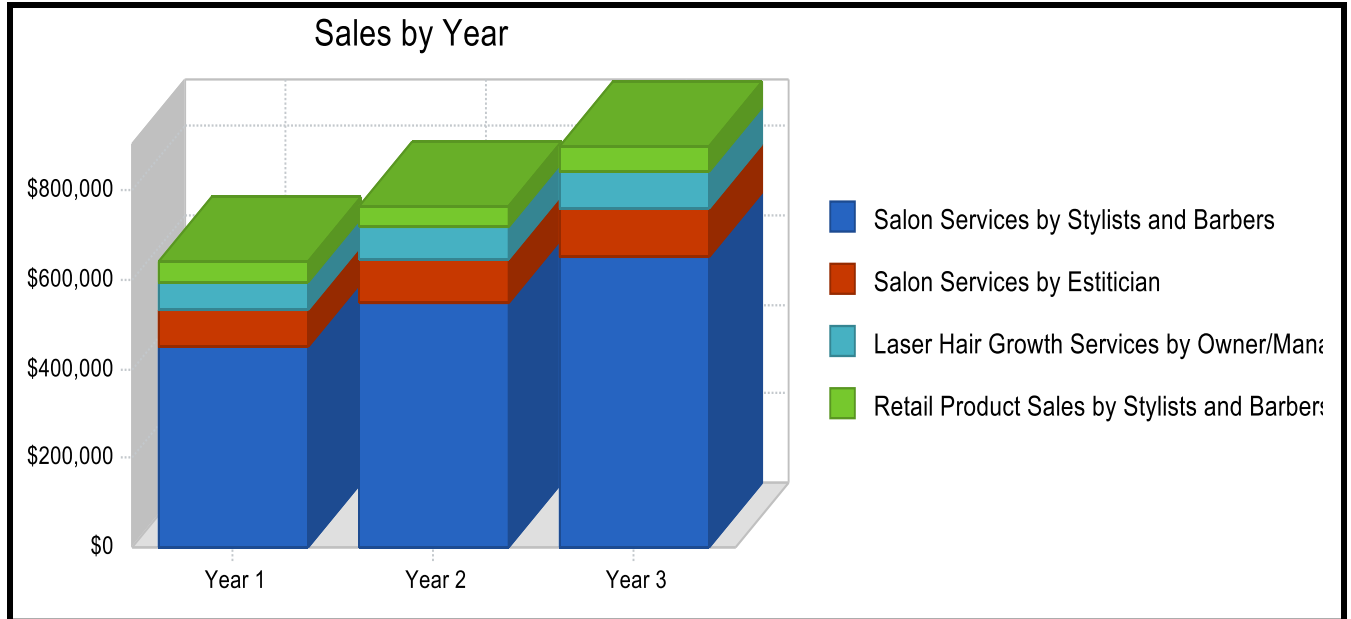
6.4 Sales Forecast

The firm projects to achieve \$638,840 in sales during year 1, \$767,166 in year 2, and \$899,741 in year 3.

Table: Sales Forecast

Sales Forecast			
	Year 1	Year 2	Year 3
Sales			
Salon Services by Stylists and Barbers	\$450,000	\$550,000	\$650,000
Salon Services by Esthetician	\$84,000	\$96,600	\$111,090
Laser Hair Growth Services by Owner/Manager	\$60,840	\$69,966	\$80,461
Retail Product Sales by Stylists and Barbers	\$44,000	\$50,600	\$58,190
Total Sales	\$638,840	\$767,166	\$899,741
Direct Cost of Sales	Year 1	Year 2	Year 3
Salon Services by Stylists & Barbers	\$0	\$0	\$0
Salon Services by Estheticians	\$42,000	\$48,300	\$55,545
Laser Hair Growth Services	\$36,504	\$41,980	\$48,277
Retail Product Sales	\$23,040	\$26,496	\$30,470
Subtotal Direct Cost of Sales	\$101,544	\$116,776	\$134,292





6.5 Milestones

Table: Milestones

<i>Milestones</i>		
Milestone	Start Date	End Date
Receive Funding Sources	2/28/11	5/1/11
Hire Employees	4/15/11	5/8/11
Prep Location/Pre-Open Ads	5/1/11	5/15/11
Grand Opening	5/16/11	
Totals		

7.0 Management Summary

INSERT NAME is a former educator (5 years in public school systems) and retail manager (9 years at all levels of management). He has specialized knowledge in the fitting and care of wigs. He is also skilled in creating and analyzing business financial statements and managing the cash flow of an operating business.

7.1 Personnel Plan

The firm estimates a first year payroll expense of \$326,064. The stylists and barber will be independent contractors.

Table: Personnel

Personnel Plan			
	Year 1	Year 2	Year 3
Full-Time Stylists (Seven in Year 1) 1099	\$224,004	\$230,724	\$237,646
Full-Time Barber (One in Year 1) 1099	\$32,004	\$32,964	\$33,953
Full-Time Receptionist (One in Year 1) W-2	\$20,796	\$21,420	\$22,063
Part-Time Receptionist (One in Year 1) W-2	\$13,260	\$13,658	\$14,068
Owner/Manager	\$36,000	\$37,080	\$38,192
Total Payroll	\$326,064	\$335,846	\$345,921

8.0 Financial Plan

This Business Plan is used by the management as a road map to its success. It is an indispensable tool for the ongoing performance and improvement of the Company, and it will be referred to often as management plots its business course. The Company provided the assumptions for all financial projections which are detailed in the tables and charts throughout this plan.

8.1 Start-Up Funding

[YOUR COMPANY NAME] is projecting \$638,840 in annual sales and a \$65,813 net profit in year 1, and is seeking \$127,000 in funding to be used as follows. The working capital will be partially used to acquire inventory.

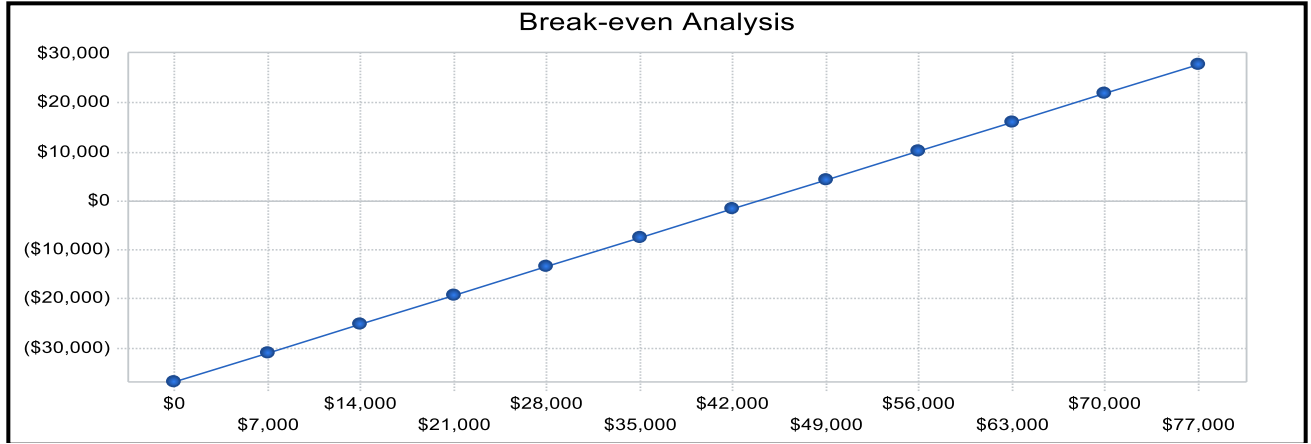
<i>Start-up</i>	
Start-up Expenses	
Legal & Accounting	\$2,000
Salon Build-Out	\$7,500
Laser Hair Growth Machine	\$7,000
Furniture (includes shelving, chairs, and receptionist desk)	\$5,000
Mirrors	\$3,000
Rent Deposits	\$2,500
Initial Marketing Expense	\$10,000
Wigs and Mannequins	\$1,500
Working Capital (2.5 months of operating expenses)	\$88,500
Total Start-Up Costs	\$127,000

8.2 Break-even Analysis

The firm needs to produce \$43,921 in monthly sales in order to break-even.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$43,921
Estimated Monthly Fixed Cost	\$36,940



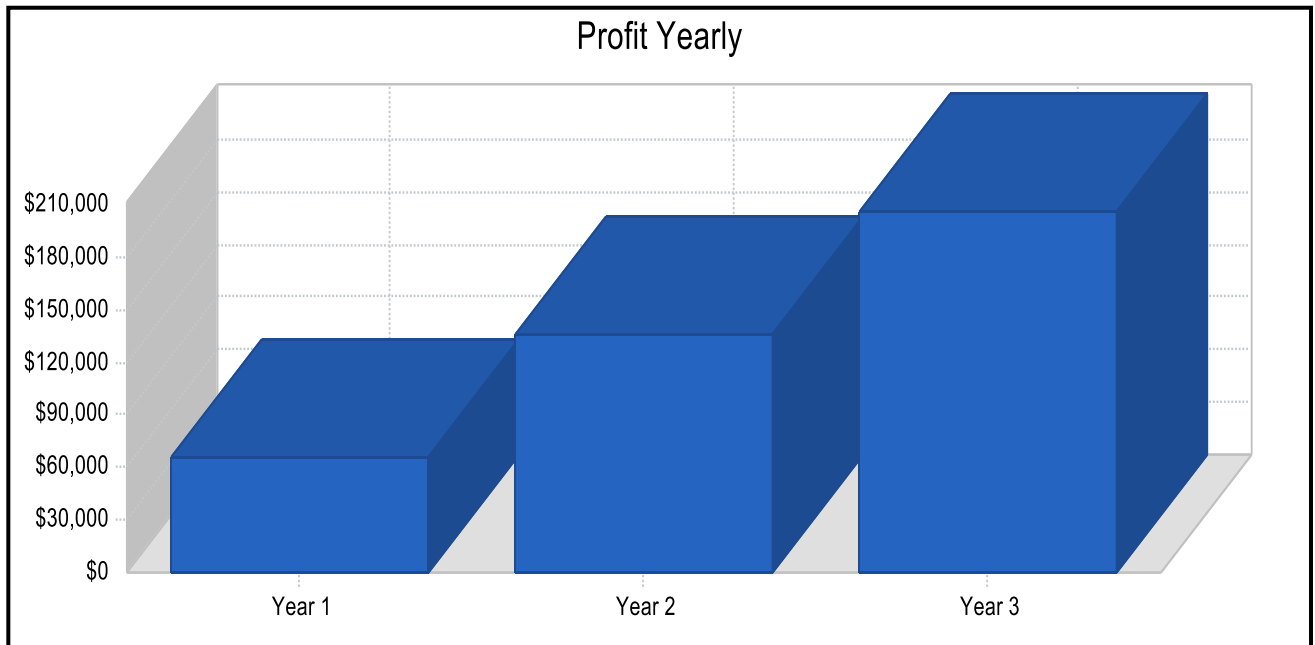
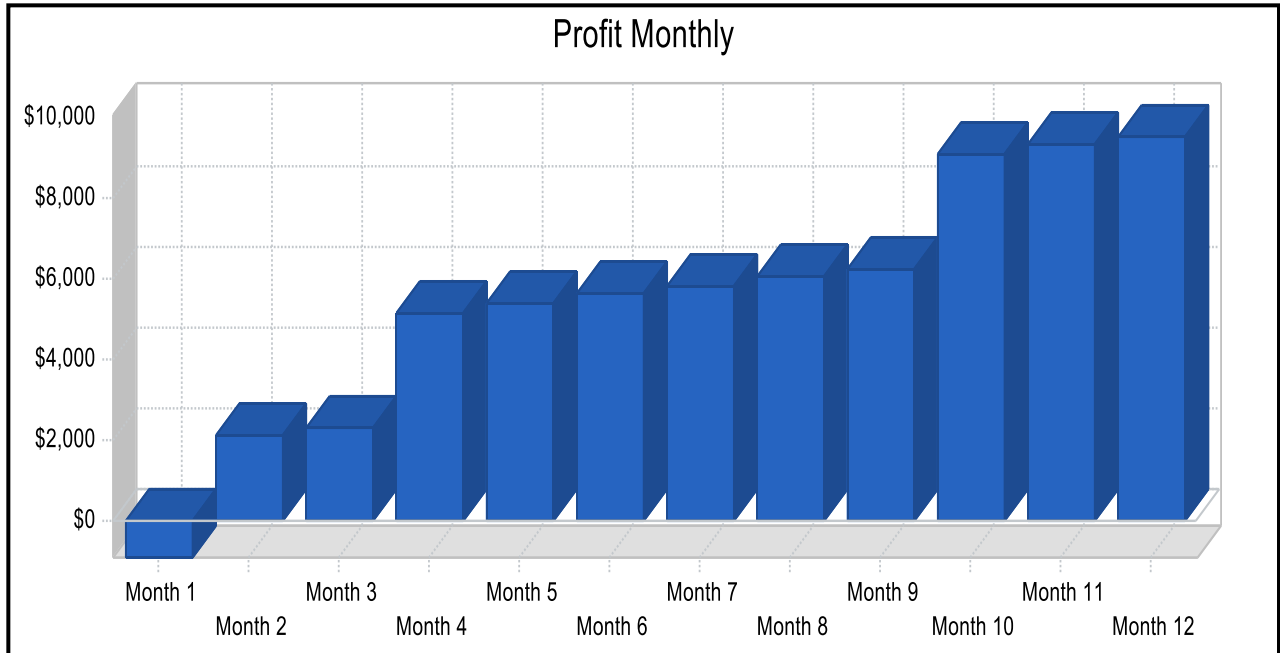
8.3 Projected Profit and Loss

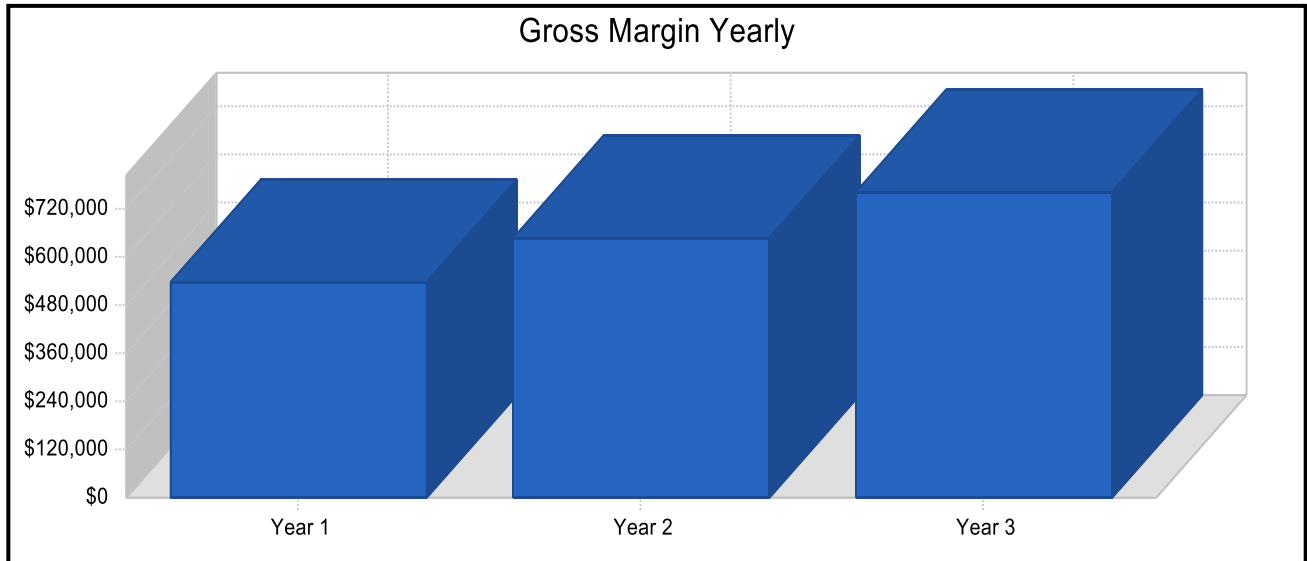
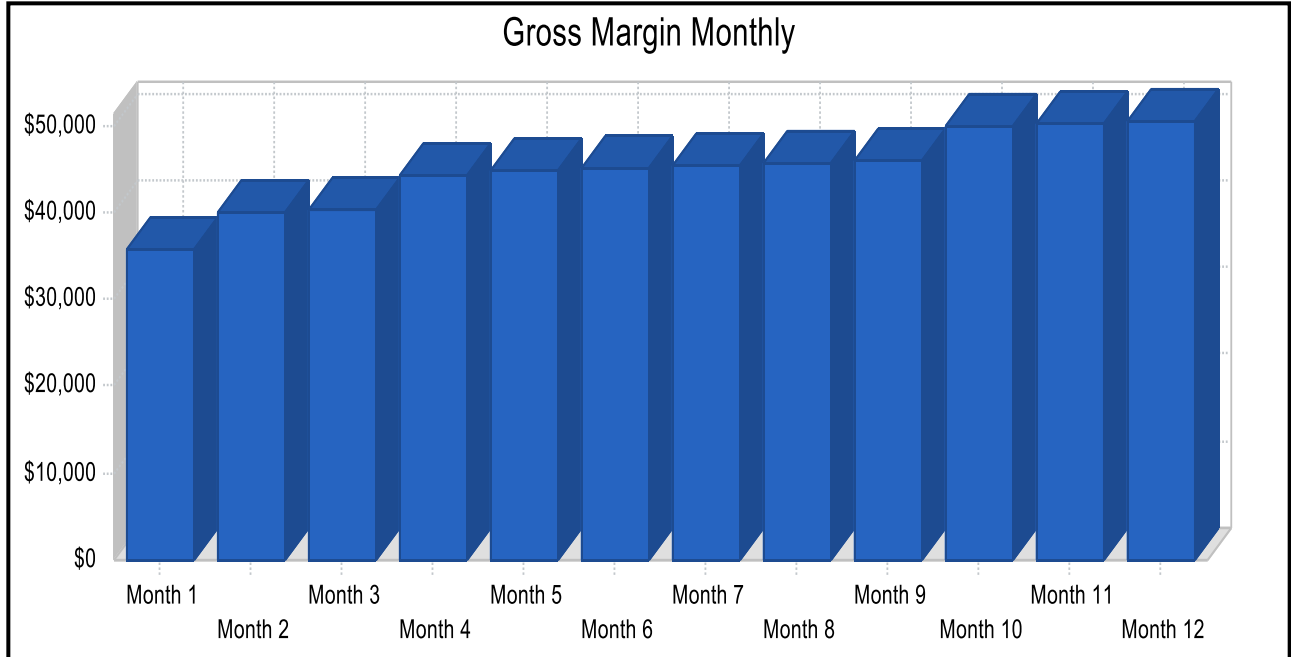
The following Projected Profit and Loss Table and charts illustrate the firm's sales, operating expenses, and profitability over the next three years. It illustrates the effects on profitability of increased expenses such as asset acquisition, personnel, and marketing as the Company expands. It also illustrates the delayed revenue (sales) growth that occurs months after the capital expenditures of start-up and expansion. A monthly projection for the first twelve months of sales, direct cost of sales, operating expenses, gross profits, tax consequences, and net profits after taxes is found in the appendix.

The firm is projecting a \$638,840 sales figure in year 1 and a \$65,813 net profit.

Table: Profit and Loss

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	\$638,840	\$767,166	\$899,741
Direct Cost of Sales	\$101,544	\$116,776	\$134,292
Other Costs of Sales	\$0	\$0	\$0
Total Cost of Sales	\$101,544	\$116,776	\$134,292
Gross Margin	\$537,296	\$650,390	\$765,449
Gross Margin %	84.10%	84.78%	85.07%
Expenses			
Payroll	\$326,064	\$335,846	\$345,921
Marketing/Promotion	\$15,000	\$15,450	\$15,914
Depreciation	\$0	\$0	\$0
Rent	\$24,000	\$24,720	\$25,462
Utilities	\$6,000	\$6,180	\$6,365
Insurance with Workers Comp	\$8,004	\$8,244	\$8,491
Payroll Taxes	\$48,910	\$50,377	\$51,888
Phone/Fax	\$1,500	\$1,545	\$1,591
Legal & Accounting	\$3,000	\$3,090	\$4,026
Office Expense	\$1,800	\$1,854	\$1,910
Repair/Maintenance	\$2,400	\$2,472	\$2,546
Travel	\$3,600	\$3,708	\$3,819
Auto/Truck Expense	\$3,000	\$3,090	\$3,183
Total Operating Expenses	\$443,278	\$456,576	\$471,117
Profit Before Interest and Taxes	\$94,018	\$193,814	\$294,332
EBITDA	\$94,018	\$193,814	\$294,332
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$28,206	\$58,144	\$88,300
Net Profit	\$65,813	\$135,670	\$206,032
Net Profit/Sales	10.30%	17.68%	22.90%



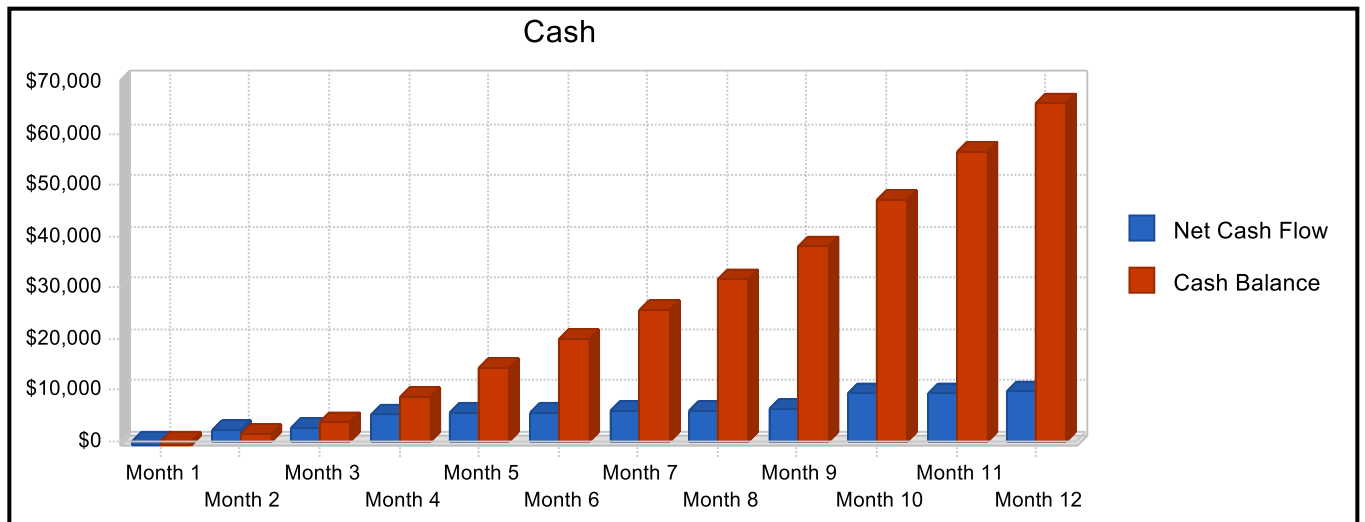


8.4 Projected Operating Cash Flow

[YOUR COMPANY NAME] has applied for \$127,000 in funding sources. The Company forecast that it will receive the funding between the first and second quarter of 2011. As all sales will be paid by cash, check, or credit card; there will be no delayed collection of receipts and most inventory or supplies will be paid up front as well. The cash flow statement below projects the operating cash flow only.

Table: Operating Cash Flow

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$638,840	\$767,166	\$899,741
Subtotal Cash from Operations	\$638,840	\$767,166	\$899,741
Additional Cash Received			
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$638,840	\$767,166	\$899,741
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$573,027	\$631,496	\$693,709
Bill Payments	\$0	\$0	\$0
Subtotal Spent on Operations	\$573,027	\$631,496	\$693,709
Additional Cash Spent			
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$573,027	\$631,496	\$693,709
Net Cash Flow	\$65,813	\$135,670	\$206,032
Cash Balance	\$65,813	\$201,483	\$407,515



8.5 Projected Balance Sheet

The Balance Sheet Table (below) shows the Pro-Forma Balance Sheet projections. In the appendix, the first twelve months are shown individually.

Based on these financial projections, [YOUR COMPANY NAME] expects to build a business with a solid balance sheet for years to come. The balance sheet assumes that all earnings are retained in the business and projects that cash will grow to \$407,515 by year 3.

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$65,813	\$201,483	\$407,515
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$65,813	\$201,483	\$407,515
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$65,813	\$201,483	\$407,515
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$0	\$0	\$0
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$0	\$0
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0
Paid-in Capital	\$120,000	\$120,000	\$120,000
Retained Earnings	(\$120,000)	(\$54,187)	\$81,483
Earnings	\$65,813	\$135,670	\$206,032
Total Capital	\$65,813	\$201,483	\$407,515
Total Liabilities and Capital	\$65,813	\$201,483	\$407,515
Net Worth	\$65,813	\$201,483	\$407,515

8.6 Business Ratios

The table below presents the projected business ratios from the beauty salons services as a reference with sales from \$500,000-\$999,999. The firm is projecting sales growth of 20.09% in year 2 and 17.28% in year 3.

Table: Ratios

Ratio Analysis			
	Year 1	Year 2	Year 3
Sales Growth	n.a.	20.09%	17.28%
Percent of Sales			
Sales	100.00%	100.00%	100.00%
Gross Margin	84.10%	84.78%	85.07%
Selling, General & Administrative Expenses	73.80%	67.09%	62.18%
Advertising Expenses	2.35%	2.01%	1.77%
Profit Before Interest and Taxes	14.72%	25.26%	32.71%
Main Ratios			
Current	0.00	0.00	0.00
Quick	0.00	0.00	0.00
Total Debt to Total Assets	0.00%	0.00%	0.00%
Pre-tax Return on Net Worth	142.86%	96.19%	72.23%
Pre-tax Return on Assets	142.86%	96.19%	72.23%
Additional Ratios	Year 1	Year 2	Year 3
Net Profit Margin	10.30%	17.68%	22.90%
Return on Equity	100.00%	67.34%	50.56%
Activity Ratios			
Accounts Payable Turnover	0.00	0.00	0.00
Payment Days	0	0	0
Total Asset Turnover	9.71	3.81	2.21
Debt Ratios			
Debt to Net Worth	0.00	0.00	0.00
Current Liab. to Liab.	0.00	0.00	0.00
Liquidity Ratios			
Net Working Capital	\$65,813	\$201,483	\$407,515
Interest Coverage	0.00	0.00	0.00
Additional Ratios			
Assets to Sales	0.10	0.26	0.45
Current Debt/Total Assets	0%	0%	0%
Acid Test	0.00	0.00	0.00
Sales/Net Worth	9.71	3.81	2.21
Dividend Payout	0.00	0.00	0.00

Appendix

Table: Sales Forecast

Sales Forecast		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales													
Salon Services by Stylists and Barbers		\$33,750	\$33,750	\$33,750	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$41,250	\$41,250	\$41,250
Salon Services by Esthetician		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Laser Hair Growth Services by Owner/Manager		\$780	\$1,560	\$2,340	\$3,120	\$3,900	\$4,680	\$5,460	\$6,240	\$7,020	\$7,800	\$8,580	\$9,360
Retail Product Sales by Stylists and Barbers		\$0	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Total Sales		\$41,530	\$46,310	\$47,090	\$51,620	\$52,400	\$53,180	\$53,960	\$54,740	\$55,520	\$60,050	\$60,830	\$61,610
Direct Cost of Sales		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Salon Services by Stylists & Barbers		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Salon Services by Estheticians		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Laser Hair Growth Services		\$468	\$936	\$1,404	\$1,872	\$2,340	\$2,808	\$3,276	\$3,744	\$4,212	\$4,680	\$5,148	\$5,616
Retail Product Sales		\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920	\$1,920
Subtotal Direct Cost of Sales		\$5,888	\$6,356	\$6,824	\$7,292	\$7,760	\$8,228	\$8,696	\$9,164	\$9,632	\$10,100	\$10,568	\$11,036

Appendix

Table: Personnel

Personnel Plan		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Full-Time Stylists (Seven in Year 1) 1099		\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667	\$18,667
Full-Time Barber (One in Year 1) 1099		\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667
Full-Time Receptionist (One in Year 1) W-2		\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733
Part-Time Receptionist (One in Year 1) W-2		\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105	\$1,105
Owner/Manager		\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total People		0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll		\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172

Appendix

Table: Profit and Loss

Pro Forma Profit and Loss												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$41,530	\$46,310	\$47,090	\$51,620	\$52,400	\$53,180	\$53,960	\$54,740	\$55,520	\$60,050	\$60,830	\$61,610
Direct Cost of Sales	\$5,888	\$6,356	\$6,824	\$7,292	\$7,760	\$8,228	\$8,696	\$9,164	\$9,632	\$10,100	\$10,568	\$11,036
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$5,888	\$6,356	\$6,824	\$7,292	\$7,760	\$8,228	\$8,696	\$9,164	\$9,632	\$10,100	\$10,568	\$11,036
Gross Margin	\$35,642	\$39,954	\$40,266	\$44,328	\$44,640	\$44,952	\$45,264	\$45,576	\$45,888	\$49,950	\$50,262	\$50,574
Gross Margin %	85.82%	86.28%	85.51%	85.87%	85.19%	84.53%	83.88%	83.26%	82.65%	83.18%	82.63%	82.09%
Expenses												
Payroll	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172	\$27,172
Marketing/Promotion	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Insurance with Workers Comp	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667	\$667
Payroll Taxes	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076	\$4,076
Phone/Fax	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Legal & Accounting	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Office Expense	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Repair/Maintenance	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Travel	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Auto/Truck Expense	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Total Operating Expenses	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940	\$36,940
Profit Before Interest and Taxes	(\$1,298)	\$3,014	\$3,326	\$7,388	\$7,700	\$8,012	\$8,324	\$8,636	\$8,948	\$13,010	\$13,322	\$13,634
EBITDA	(\$1,298)	\$3,014	\$3,326	\$7,388	\$7,700	\$8,012	\$8,324	\$8,636	\$8,948	\$13,010	\$13,322	\$13,634
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	(\$389)	\$904	\$998	\$2,216	\$2,310	\$2,404	\$2,497	\$2,591	\$2,684	\$3,903	\$3,997	\$4,090
Net Profit	(\$908)	\$2,110	\$2,328	\$5,172	\$5,390	\$5,609	\$5,827	\$6,045	\$6,264	\$9,107	\$9,326	\$9,544
Net Profit/Sales	-2.19%	4.56%	4.94%	10.02%	10.29%	10.55%	10.80%	11.04%	11.28%	15.17%	15.33%	15.49%

Appendix

Table: Cash Flow

Pro Forma Cash Flow	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$41,530	\$46,310	\$47,090	\$51,620	\$52,400	\$53,180	\$53,960	\$54,740	\$55,520	\$60,050	\$60,830	\$61,610
Subtotal Cash from Operations	\$41,530	\$46,310	\$47,090	\$51,620	\$52,400	\$53,180	\$53,960	\$54,740	\$55,520	\$60,050	\$60,830	\$61,610
Additional Cash Received												
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$41,530	\$46,310	\$47,090	\$51,620	\$52,400	\$53,180	\$53,960	\$54,740	\$55,520	\$60,050	\$60,830	\$61,610
Expenditures	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations												
Cash Spending	\$42,438	\$44,200	\$44,762	\$46,448	\$47,010	\$47,571	\$48,133	\$48,695	\$49,256	\$50,943	\$51,504	\$52,066
Bill Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Spent on Operations	\$42,438	\$44,200	\$44,762	\$46,448	\$47,010	\$47,571	\$48,133	\$48,695	\$49,256	\$50,943	\$51,504	\$52,066
Additional Cash Spent												
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$42,438	\$44,200	\$44,762	\$46,448	\$47,010	\$47,571	\$48,133	\$48,695	\$49,256	\$50,943	\$51,504	\$52,066
Net Cash Flow	(\$908)	\$2,110	\$2,328	\$5,172	\$5,390	\$5,609	\$5,827	\$6,045	\$6,264	\$9,107	\$9,326	\$9,544
Cash Balance	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813

Appendix

Table: Balance Sheet

The \$127,000 funding request has been rounded down to \$120,000 in the statement below, assuming that negotiations result in a smaller funding amount.

Pro Forma Balance Sheet	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets												
Current Assets												
Cash	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813
Long-term Assets												
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813
Liabilities and Capital	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities												
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities												
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix

Paid-in Capital	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Retained Earnings	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)
Earnings	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813
Total Capital	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813
Total Liabilities and Capital	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813
Net Worth	(\$908)	\$1,201	\$3,530	\$8,702	\$14,092	\$19,700	\$25,527	\$31,573	\$37,836	\$46,943	\$56,269	\$65,813