SPA BUSINESS PLAN

[YOUR NAME]
[YOUR TITLE]

Phone: [YOUR PHONE NUMBER]
Email: [YOUREMAIL@YOURCOMPANY.COM]
[YOUR WEBSITE ADDRESS]

[MONTH] [YEAR] // Confidential Information

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.

1.0 Executive Summary

[YOUR COMPANY NAME] is dedicated to improving our client's mental, physical and spiritual health and well being by combining time-tested therapeutic practices with cutting-edge innovative procedures. [YOUR COMPANY NAME] is built on integrity, ethics and sound business analysis.

By focusing on it's strengths, it's key customers, and the underlying values they need, [YOUR COMPANY NAME] will increase sales to more than $128,000 in three years, while improving the gross margin on sales and cash management and working capital.

This business plan leads the way to renew our vision and strategic focus: adding value to our target market segments, couples and women ages 14-55, in our local market. It also provides the step-by-step plan for improving our sales, gross margin, and profitability as well as employment opportunity for the area.

In order to accomplish our objectives, our keys to success are based on the following:

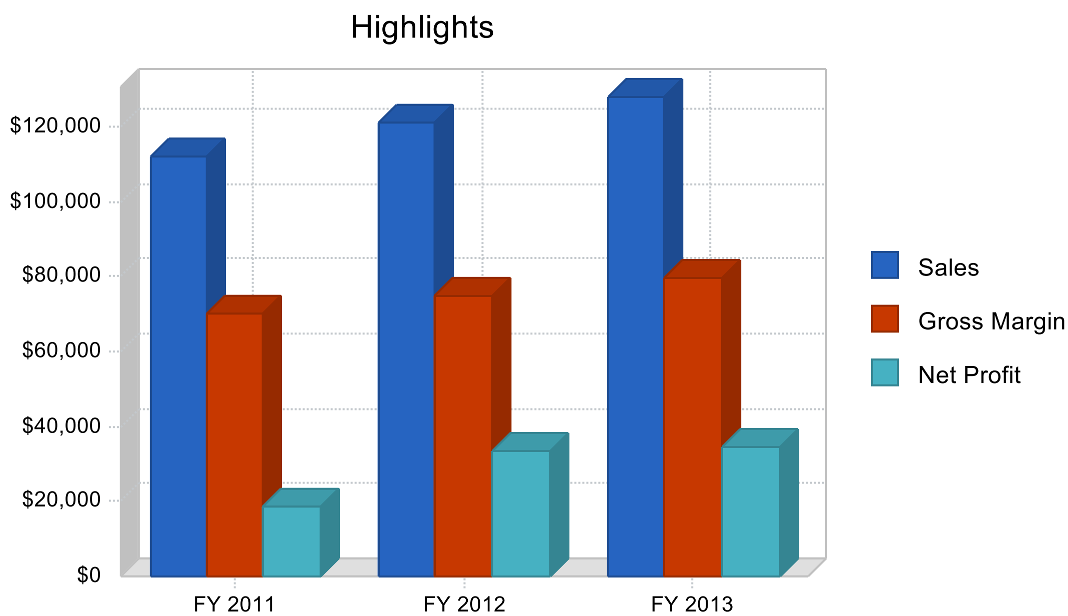
- $400,000 grant funded in 2010.
- Purchase of new office building.
- Purchase new therapeutic equipment.
- Purchase new office equipment.
- New target marketing mix.

[YOUR COMPANY NAME] was founded as a sole proprietary in 2004 and remains as such today. The founder and current CEO is [YOUR NAME], who has grown [YOUR COMPANY NAME] and helped the company achieved sales of nearly $100,000 annually. [YOUR COMPANY NAME] is located in Hanover, PA where it has generated a large loyal following of clients and customers in need of therapeutic and wellness treatment. [YOUR COMPANY NAME] is managed by [YOUR NAME] who is extremely involved in the day to day operations. [YOUR COMPANY NAME] has hired 1099 contracted massage therapist to assist in the wellness treatment and services.

[YOUR COMPANY NAME] has researched and will show in this plan how the spa industry is one of the fastest growing business models in the US and that more and more people are going to spas for treatment ranging from massages and therapeutic treatment to dietary and wellness treatment. Spa and wellness treatment facilities have been recorded as a business that is generating over 11 billion dollars annually. The ISPA's study showed in 2007-2008 51% of men had visited a spa in that year and in that, same year 71% of women had visited a spa at least once.

This plan will show in detail how [YOUR COMPANY NAME] will be able to take advantage of the ever growing spa treatment market and how [YOUR COMPANY NAME] is able to differentiate itself from their competitors. This plan will also outline in detail the financial ratios, marketing strategies, and SWOT analysis that are need to verify their sound business plan, which [YOUR COMPANY NAME] has put together.

Chart: Highlights



1.1 Objectives

The objective of this business plan is to outline the business strengths of [YOUR COMPANY NAME] and to illustrate the opportunity of growth [YOUR COMPANY NAME] can experience with additional investment funds.

The following are the three major areas that are in need of additional investment funds:

- Building expansion
- Office equipment
- Spa treatment equipment
- Business expansion

1.2 Mission

[YOUR COMPANY NAME] is dedicated to improving our client's mental, physical and spiritual health and well being by combining time-tested therapeutic practices with cutting-edge innovative procedures.

1.3 Keys to Success

The keys to success in our business are:

- **Superior Customer Service:** Dedication in Promoting Health and Well-Being With Cutting Edge Wellness Therapies.
- **Therapeutic Services:** Offering a variety of services including but not limited to Therapeutic Massage, Fibromyalgia Massage, and Arthritis Mud packs.
- **Wellness Classes:** The offering of weekly classes designed to promote and teach wellness techniques.

- **Environment:** Providing a clean, relaxing, and stress free environment.
- **Convenience:** Offering clients a wide range of services in one environment.
- **Location:** Provide an easily accessible location for customer convenience.
- **Reputation:** Credibility, integrity, and 100% dedication for 6+ year's employment at current workplace.
- **FDA compliance:** In compliance with FDA requirements.

2.0 Company Summary

[YOUR COMPANY NAME], through the ownership of Audrey Hawk has been in operation since 2004 in Hanover, PA. [YOUR COMPANY NAME] is a health spa dedicated to the client's mental, physical and spiritual health and well being by combining therapeutic practices with cutting-edge innovative procedures. [YOUR COMPANY NAME] offers a variety of services including but not limited to Therapeutic Massage, Fibromyalgia Massage, Arthritis Mud packs, Massage for Orthopedic Conditions and Reflexology. [YOUR COMPANY NAME] now offers two new services, Acupuncture and Advanced Thermal Imaging. Selah Spa also offers therapeutic Services, Body Wraps, Ear Candling, weight loss detox and dietary supplements. [YOUR COMPANY NAME] since 2004 has experienced much growth, however despite the growth and increase in the products and services offered, [YOUR COMPANY NAME] is challenged with the funds required to expand and grow the companies to its full potential.

2.1 Company Ownership

[YOUR COMPANY NAME] was founded as a sole proprietorship and remains that way today. [YOUR COMPANY NAME] is owned and operated by [YOUR NAME], who manages the day-to-day operations.

2.2 Company History

[YOUR COMPANY NAME] was started on September 11, 2004. [YOUR COMPANY NAME] began by offering treatment such as therapeutic Massage, Fibromyalgia Massage, Arthritis Mudpacks, Massage for Orthopedic Conditions and Reflexology.

[YOUR COMPANY NAME] has seen an increase in sales since the inception of the health clinic. In 2007 the clinic had gross sales of $94,832 and in 2008 $97,688 even with the down turns in the U.S economy, [YOUR COMPANY NAME] showed $93,054 in gross sales.

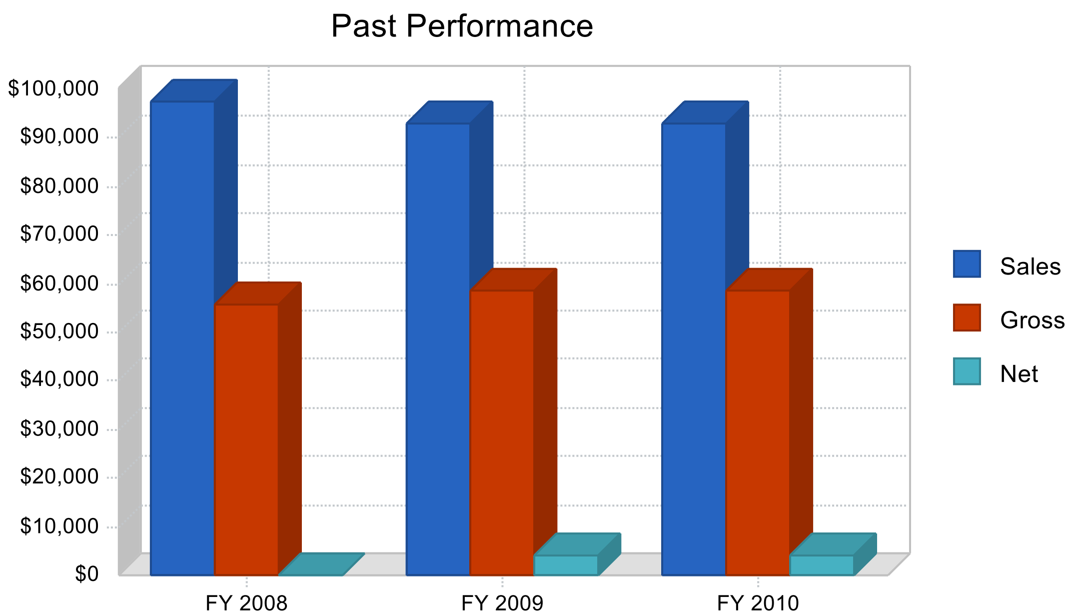
Table: Past Performance

Past Performance			
	FY 2008	FY 2009	FY 2010
Sales	$97,688	$93,054	$93,054
Gross Margin	$55,752	$58,505	$58,505
Gross Margin %	57.07%	62.87%	62.87%
Operating Expenses	$48,068	$54,311	$54,311
Collection Period (days)	0	0	0
Inventory Turnover	10.18	8.29	8.29

Balance Sheet			
	FY 2008	FY 2009	FY 2010
Current Assets			
Cash	$2,100	$2,100	$2,100
Accounts Receivable	$0	$0	$0
Inventory	$4,121	$4,121	$4,218
Other Current Assets	$2,080	$2,080	$3,180
Total Current Assets	$8,301	$8,301	$9,498
Long-term Assets			
Long-term Assets	$0	$9,000	$9,000
Accumulated Depreciation	$0	$4,697	$5,054
Total Long-term Assets	$0	$4,303	$3,946
Total Assets	$8,301	$12,604	$13,444
Current Liabilities			
Accounts Payable	$0	$6,628	$6,628
Current Borrowing	$0	$0	$0
Other Current Liabilities (interest free)	$0	$0	$0
Total Current Liabilities	$0	$6,628	$6,628
Long-term Liabilities	$0	$0	$0
Total Liabilities	$0	$6,628	$6,628
Paid-in Capital	$0	$0	$0
Retained Earnings	$8,301	$1,996	$2,625
Earnings	$0	$3,980	$4,191
Total Capital	$8,301	$5,976	$6,816

Total Capital and Liabilities	$8,301	$12,604	$13,444
Other Inputs			
Payment Days	60	60	60
Sales on Credit	$97,688	$93,054	$93,054
Receivables Turnover	0.00	0.00	0.00

Chart: Past Performance



3.0 Products and Services

[YOUR COMPANY NAME] provides both products and services for the promotion and practice of wellness and health treatment. [YOUR COMPANY NAME] focuses on providing customers with an experience that will help them become healthier. The products and services that are offered by [YOUR COMPANY NAME] include therapeutic Massage, Fibromyalgia Massage, Arthritis Mudpacks, Massage for Orthopedic Conditions and Reflexology. [YOUR COMPANY NAME] offers more than just Therapeutic Services. We believe you also deserve to be pampered. We offer Body Wraps, Ear Candling, health supplements and a variety of specialized packages.

4.0 Market Analysis Summary

The overall market for health care and wellness treatment is immense. Spa and wellness treatment facilities generate over 11 billion dollars annually.

The target market for [YOUR COMPANY NAME] is people between the age of 15 and 65. [YOUR COMPANY NAME] focuses on individuals that are in need of wellness and pampering treatments. We have found that in Pennsylvania over 53% of the population is women and women are the number one gender to receive health care and wellness treatments. We have also found that in Pennsylvania white and Asian women are 71% more likely to go to a Spa over any other gender or race and in Pennsylvania 87.6% of the female population are white or Asian women.

The ISPA's study showed in 2007-2008 51% of men had visited a spa in that year and in that same year 71% of women had visited a spa at least once as well. The study also showed that men were more willing to attend a spa with a significant other while women typically went with a friend. We also found that the number one reason people went to a spa was to feel relaxed and relieve stress. ages 16-44 male up over 60% of those that will visit a health spa in a given year.

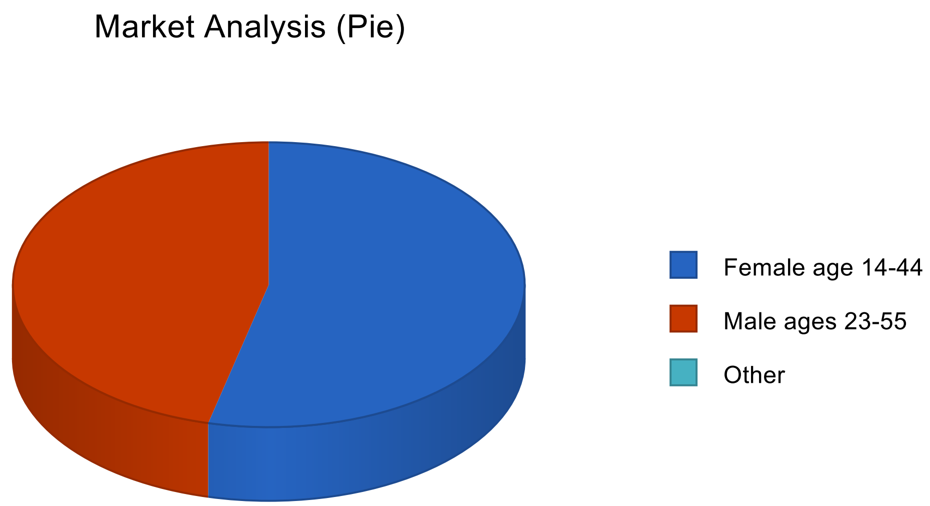
4.1 Market Segmentation

Our target market will be individuals in the Pennsylvania and surrounding areas between ages 14-65. As we mentioned before women make up 71% of our customers while men make up 29% of our customers. The majority of our business will be our therapeutic Services, as well as our Body Wraps, Ear Candling. Because our target market is large we will focus our marketing efforts to target those with house hold income greater than $60,000 a year. We have found that those with more than $60,000 income are 17% more likely to spend on spa treatment than those of under $60,000.

Table: Market Analysis

Market Analysis							
		2010	2011	2012	2013	2014	
Potential Customers	Growth						CAGR
Female age 14-44	8%	7,125,000	7,695,000	8,310,600	8,975,448	9,693,484	8.00%
Male ages 23-55	6%	6,125,000	6,492,500	6,882,050	7,294,973	7,732,671	6.00%
Other	0%	0	0	0	0	0	0.00%
Total	7.09%	13,250,000	14,187,500	15,192,650	16,270,421	17,426,155	7.09%

Chart: Market Analysis (Pie)



4.2 Target Market Segment Strategy

One of our target markets are men between 23 and 55. We found that men in a relationship make up 66% of all men that visit a health spa in a given year. Men under 23 that visit a spa are less than 4% of all spa gores. Because we know men under 23 are much less likely to visit a spa than those older than 23 and in a relationship, [YOUR COMPANY NAME] has decided to target couple sessions to draw in more men.

Women are an important customer base. Women make up 71% of those that will visit a spa this year. More specifically white women account for over 87% of all women who go to a spa.

4.3 Service Business Analysis

We are in the business in treating and promoting healthy lives and healthy bodies. Are closes competitors are day spas, and Salons. Wellness therapy, like the rest of the medical industry, is consistently discovering new way to improve your health with new equipment and techniques. We are one of the few central Pennsylvania natural health centers to utilize some these new techniques.

4.3.1 Competition and Buying Patterns

In the health and wellness industry competition is high and buyers seem to look for companies that are ADA approved and have an outstanding reputation. We don't feel we have much direct competition because we do so much more than just massages. Because we offer a wide variety of products and services we are able to bring in more market share. We have found that our market share has increased 7% annually since the inception of [YOUR COMPANY NAME] in 2004.

5.0 Strategy and Implementation Summary

We have clearly defined the target market and have differentiated ourselves by offering unique services to our customers. Our sales and marketing strategy will be a combination of targeted mass marketing techniques as well as a focused direct sales team approach. Reasonable sales targets have been established with an implementation plan designed to ensure the goals set forth below are achieved.

5.1 SWOT Analysis

The SWOT analysis provides us with an opportunity to examine the internal strengths and weaknesses [YOUR COMPANY NAME] must address. It also allows us to examine the opportunities presented to [YOUR COMPANY NAME] as well as potential threats.

The **strengths** of [YOUR COMPANY NAME] are the employees, ownership of the company, as well as years in business and types of services. [YOUR COMPANY NAME] has been able to retain and add to an already growing client base because of the great service that the employees give. The ownership is dedicated and loyal to the growth and development of the spa. Another important strength is the surrounding communities that support the spa. [YOUR COMPANY NAME] has also been in business for more than six years and understands the needs of the target market. Because [YOUR COMPANY NAME] offers a variety of services it is hard for other start up spa businesses to compete with an already established and well run business.

The **weaknesses** that [YOUR COMPANY NAME] must address are the Physical structure of the business and the need for more equipment. Without the investment money [YOUR COMPANY NAME] would not be able to supply our clients with better equipment nor an environment that entices people to want our products.

[YOUR COMPANY NAME] strengths will help it capitalize on emerging opportunities. These **opportunities** include, but are not limited to, a growing population of daily Internet users. Growing market with a significant percentage of our target market still not knowing we exist. Our strategic alliances are sources for referrals and joint marketing activities to extend our reach.

Although our strengths are extremely valuable our **threats** can hinder the growth potential we expect to see. Some of our threats such as lack of funds can cause our desired location change on hold as well as the increase of needed equipment. As potential threats emerge [YOUR COMPANY NAME] may face a problem if we are not able to compete with the need buildings and high tech equipment. The emerging national chain of discount spa treatment facilities can create more competition. With increased competition our price point can see much pressure to reduce.

5.1.1 Strengths

- Strong relationships with suppliers that offer credit arrangements, flexibility, and response to special product requirements.
- Excellent and stable staff, offering personalized customer service.
- Great retail space that offers flexibility with a positive and attractive, inviting atmosphere.
- Strong knowledge in wellness therapy.
- Good referral relationships with the surrounding business.
- advanced therapeutic treatment and wellness techniques
- High customer loyalty among repeat and high-dollar purchase customers.
- High volume of our target market in our surrounding location.

5.1.2 Weaknesses

- <u>Access to additional operating capital</u>: The lack of investment funds prevents our business from expanding and growing our client base.
- <u>Current location needs improvement:</u> Our physical structure needs repairs and improvement.

5.1.3 Opportunities

- Growing market with a significant percentage of our target market still not knowing we exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.
- Increasing sales opportunities beyond our "100-mile" target area including several smaller communities that have produced a faithful following of customers.
- Internet potential for selling products to other markets.

5.1.4 Threats

- The downturn in the economy.
- Expansion of national discount spa treatment facilities into the local market.
- Local competition.
- Continued price pressure due to competition.

5.2 Competitive Edge

Our competitive edge is our positioning as a strategic ally with our clients, who are clients more than customers. By building a business based on long-standing relationships with satisfied clients, we simultaneously build defenses against competition. The longer the relationship stands, the more we help our clients understand what we offer them and why they should both stay with [YOUR COMPANY NAME], and refer us to other businesses. In close-knit communities like our business community along with word of mouth and our long standing clients serve as our competitive edge. We would be able to increase our competitive edge in this community with investment funds. The investment funds would allow us to target more clients and create a better facility for our clients.

5.3 Marketing Strategy

Our target markets are both women and men between 23 and 55. We found that men in a relationship make up 66% of all men that visit a health spa in a given year. Men under 23 that visit a spa are less than 4% of all spa gores. Because we know men under 23 are much less likely to visit a spa than those older than 23 and in a relationship, [YOUR COMPANY NAME] has decided to target couple sessions to draw in more men. Women are an important customer base. Women make up 71% of those that will visit a spa this year. Women that make more than $60,000 a year are shown to spend up to 18% more than those who make less than $60,000 a year. Our target market for women will be those that make $60,000 of annual income.

5.4 Sales Strategy

We will be offering unique packages that will be introduced to the market through targeted advertising, direct mail, website optimization and direct sales.

The direct sales campaign will consist of three types of packages. Package one will target couple sessions, Package two will target mothers needing a pampering session, and the last package will target the elderly and promote wellness techniques for longer lives and healthier bodies.

Traffic from mass marketing will be serviced by the sales admin located in the home office. [INSERT NAME] will oversee all marketing and sales. This market plan is a long term plan, repetitive business where relationships are a key component to success.

Once the sale is made, the new client will set an appointment for their wellness session. Because all employees are 1099, [YOUR COMPANY NAME] has a higher profit margins due to the fact that [YOUR COMPANY NAME] will not be responsible for the taxes of their employees. The price target for our products will be very competitive in the Spa and wellness industry.

5.4.1 Sales Forecast

To simplify sales projections, we will project only two items: The core business being therapeutic services and Specialty services.

Therapeutic Services and specialty services are the core of our business revenue. With the additional investment money we will be able to continue our already growing client base and revenue.

We expect an annual growth rate of 14%. Our growth will come from new equipment, expanded business structure, and new target marketing. With the additional investment we are able to offer more advanced products and locate our business in a more economical location saving an estimated annual amount of over 33% of what we are paying now. We have predicted our cost of goods at 38% of our gross sales. Our cost of goods are variable cost, due to the fact our employees are 1099 and are paid per session.

Table: Sales Forecast

Sales Forecast			
	FY 2011	FY 2012	FY 2013
Sales			
Therapeutic Services	$80,415	$85,620	$90,320
Special Services	$31,767	$35,400	$37,800
Total Sales	$112,182	$121,020	$128,120
Direct Cost of Sales	FY 2011	FY 2012	FY 2013
Therapeutic Services	$30,075	$32,536	$34,322
Special Services	$12,071	$13,452	$14,364
Subtotal Direct Cost of Sales	$42,147	$45,988	$48,686

Chart: Sales Monthly

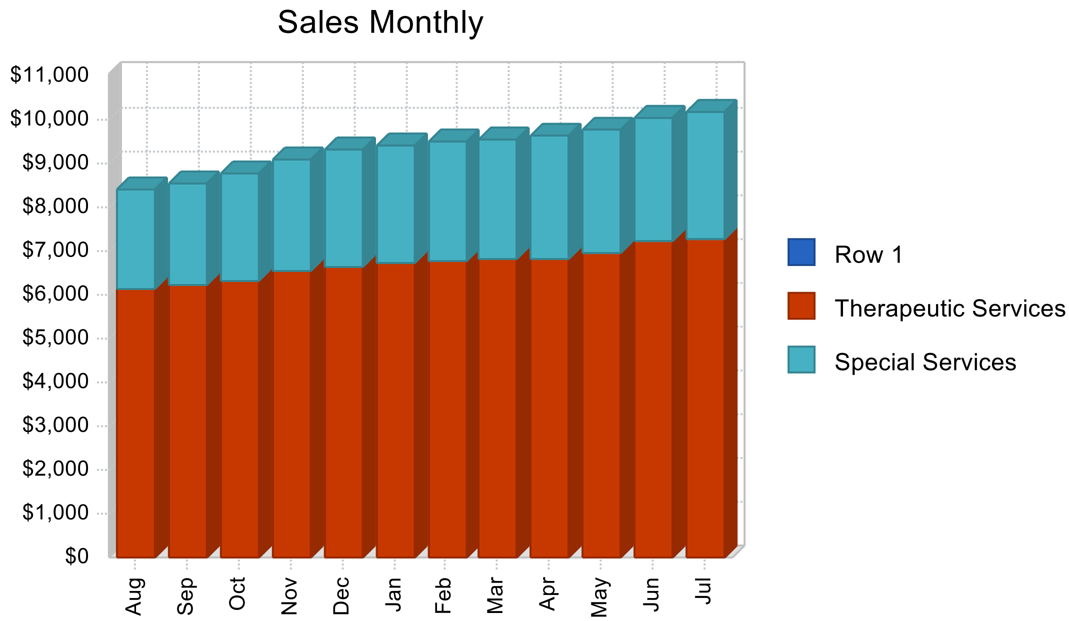
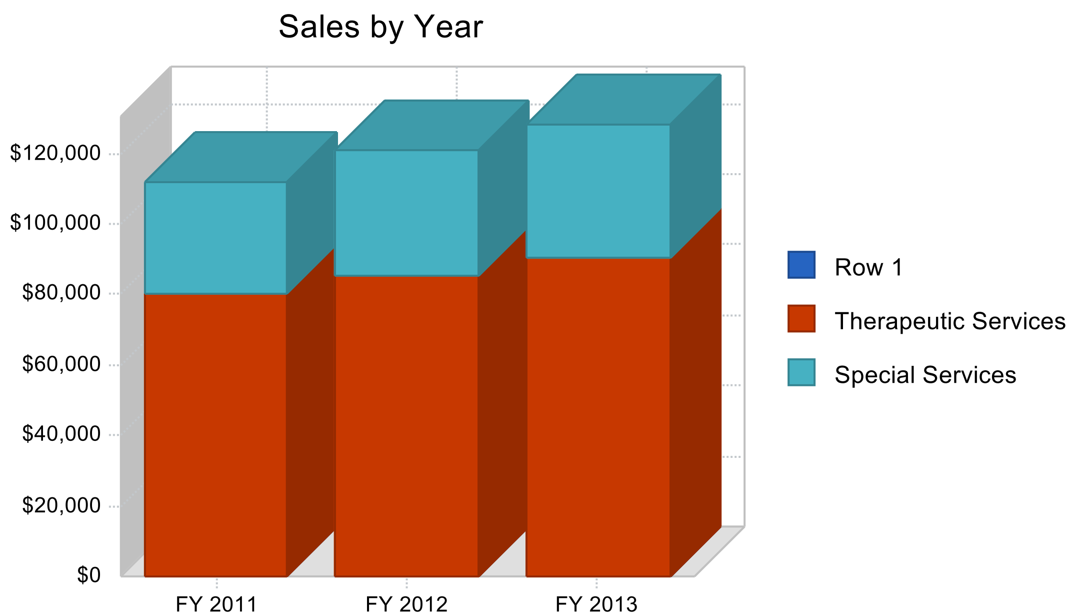


Chart: Sales by Year



5.5 Milestones

The Milestones that have been presented in this plan will be over seen by [YOUR NAME] the current owner and operator of [YOUR COMPANY NAME]. The milestones for [YOUR COMPANY NAME] are only possible with the additional investment capital. The milestones consist of new equipment that will allow [YOUR COMPANY NAME] to be a more advanced spa, than the majority of our competition. The building of our new office will allow [YOUR COMPANY NAME] to own our property instead of paying rent each month. The additional marketing will allow [YOUR COMPANY NAME] to better market to our target markets. The marketing will last for six month and will start 30 days after the investment funds are available. The equipment will be purchased within the first 30 days of receiving the investment funds. The building will take at least 3-4 months form the commencement of the project.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Building expansion	8/16/2010	12/1/2010	$325,000		Owner
computer	8/16/2010	9/16/2010	$1,200		Owner
Iridology camera	8/16/2010	9/1/2010	$3,500		Owner
lymph machine	8/16/2010	9/20/2010	$5,200		Owner
diagnostic machine	8/16/2010	9/20/2010	$28,000		Owner
SOQL Bed	8/16/2010	9/20/2010	$5,229		Owner
computer and phone system	8/16/2010	9/1/2010	$5,000		Owner
Marketing	9/20/2010	2/28/2011	$24,871		Owner
Blood Computer program	8/16/2010	8/31/2010	$2,000		owner
Totals			$400,000		

Chart: Milestones

6.0 Management Summary

The management of [YOUR COMPANY NAME] consists of [YOUR NAME] whom is the sole owner and operator of the business. [YOUR NAME] is an experienced manager and business professional. She has been CEO of [YOUR COMPANY NAME] since the opening in 2004. [YOUR NAME] is experienced in not just management but as a technician in wellness therapy. Her job titles include and are not limited to, Massage Therapist, Lymphatic Decongestion therapist, Energy Medicine tech, and Low level laser, Orthopedic Massage, Ozone Infrared Sauna, and Certified Natural Health Professional.

6.1 Personnel Plan

Our payroll consists of the owners draw and our pay for our 1099 contracted employees. The owners draw currently is $600 a month and we see that to continue for a while, however as sales increases and the volume of clients increase, we expect to see the owners draw increase.

Table: Personnel

Personnel Plan			
	FY 2011	FY 2012	FY 2013
owner draw	$7,200	$8,600	$10,600
	$0		
	$0	$0	$0
Total People	1	1	1
Total Payroll	$7,200	$8,600	$10,600

7.0 Financial Plan

Our financial plan is based on receiving $400,000 in grants. This grant will allow [YOUR COMPANY NAME] to buy a new building and equipment that is needed to continue our already growing business revenue. With the additional grant our business expects to see net profits above 20% in year 2011 and 2012.

7.1 Important Assumptions

[YOUR COMPANY NAME] does not have long-term or short-term loans.

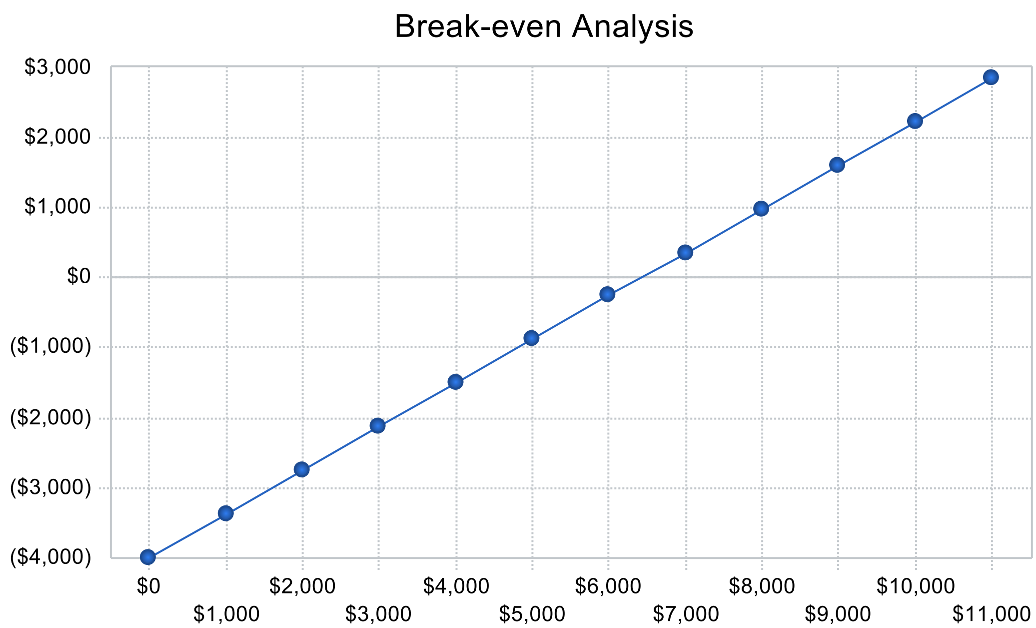
7.2 Break-even Analysis

For our break-even analysis, we assume a variable cost of approximately 38% a month, which includes our 1099 payroll, and cost of goods sold. We also estimate

our fixed cost to total just over $4000 a month. It’s important to remember that these numbers are based on the new additional grant funds. The failure to achieve these funds will alter our break even and gross margin figures.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	$6,416
Assumptions:	
Average Percent Variable Cost	38%
Estimated Monthly Fixed Cost	$4,006



7.3 Projected Profit and Loss

In our projected profit and loss, [YOUR COMPANY NAME] has calculated the average expenses over the past year to give a proper estimate of what our future expenses will be. The most significant change to our expenses will be the cost of rent. With the additional funds we will be able to build a new office and we will be able to stop paying rent and save that $750 each month. The most important assumption in the Projected Profit and Loss statement is the gross margin, which will increase. This is up from 9% in the last year. The increase in gross margin is based on changing our office location, and new sales volume bases on new target marketing.

Table: Profit and Loss

Pro Forma Profit and Loss			
	FY 2011	FY 2012	FY 2013
Sales	$112,182	$121,020	$128,120
Direct Cost of Sales	$42,147	$45,988	$48,686
Other Costs of Sales	$0	$0	$0
Total Cost of Sales	$42,147	$45,988	$48,686
Gross Margin	$70,035	$75,032	$79,434
Gross Margin %	62.43%	62.00%	62.00%

Expenses			
Payroll	$7,200	$8,600	$10,600
Marketing/Promotion	$24,000	$10,000	$10,000
Depreciation	$0	$2,258	$2,258
Rent	$3,000	$0	$0
Utilities	$5,760	$6,100	$6,300
Insurance	$400	$400	$400
Payroll Taxes	$1,080	$1,290	$1,590
inventory	$2,750	$2,950	$3,125
office expense	$1,080	$1,200	$1,400
Maintenance/repair	$2,796	$2,900	$3,100
Total Operating Expenses	$48,066	$35,698	$38,773
Profit Before Interest and Taxes	$21,969	$39,334	$40,661
EBITDA	$21,969	$41,592	$42,919
Interest Expense	$0	$0	$0
Taxes Incurred	$3,295	$5,900	$6,099
Other Income			
	$0	$0	$0
Other Income Account Name	$0	$0	$0
Total Other Income	$0	$0	$0
Other Expense			
Other Expense Account Name	$0	$0	$0

Other Expense Account Name	$0	$0	$0
Total Other Expense	$0	$0	$0
Net Other Income	$0	$0	$0
Net Profit	$18,674	$33,434	$34,562
Net Profit/Sales	16.65%	27.63%	26.98%

Chart: Profit Monthly

Chart: Profit Yearly

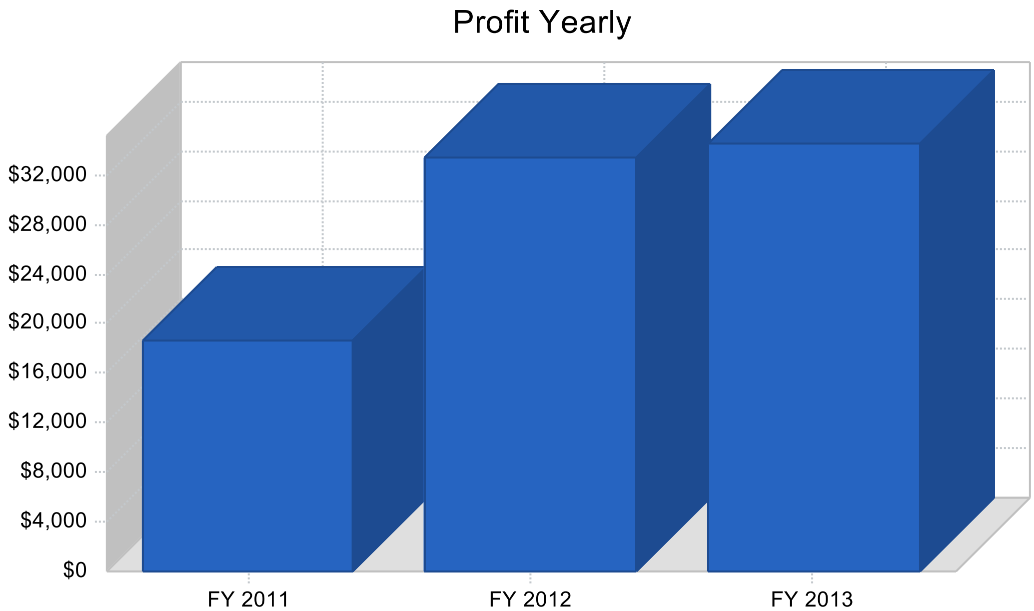


Chart: Gross Margin Monthly

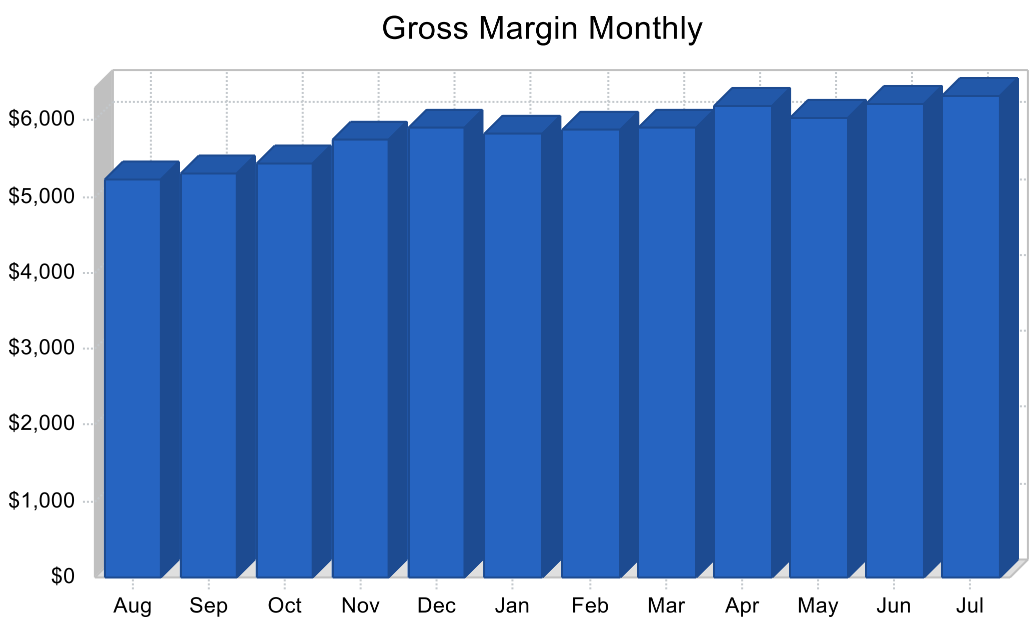
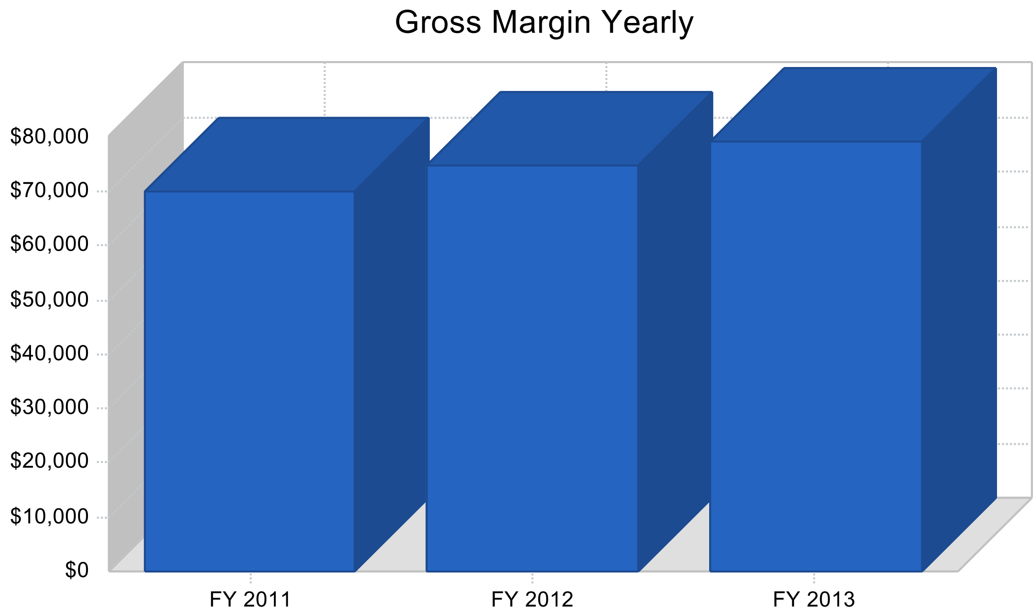


Chart: Gross Margin Yearly



7.4 Projected Cash Flow

The cash flow is project to increase of the first three years. With the additional grant we are expected to buy a new property and new office equipment. We are not expecting to add any long-term liabilities or short-term liabilities due to the grant funding.

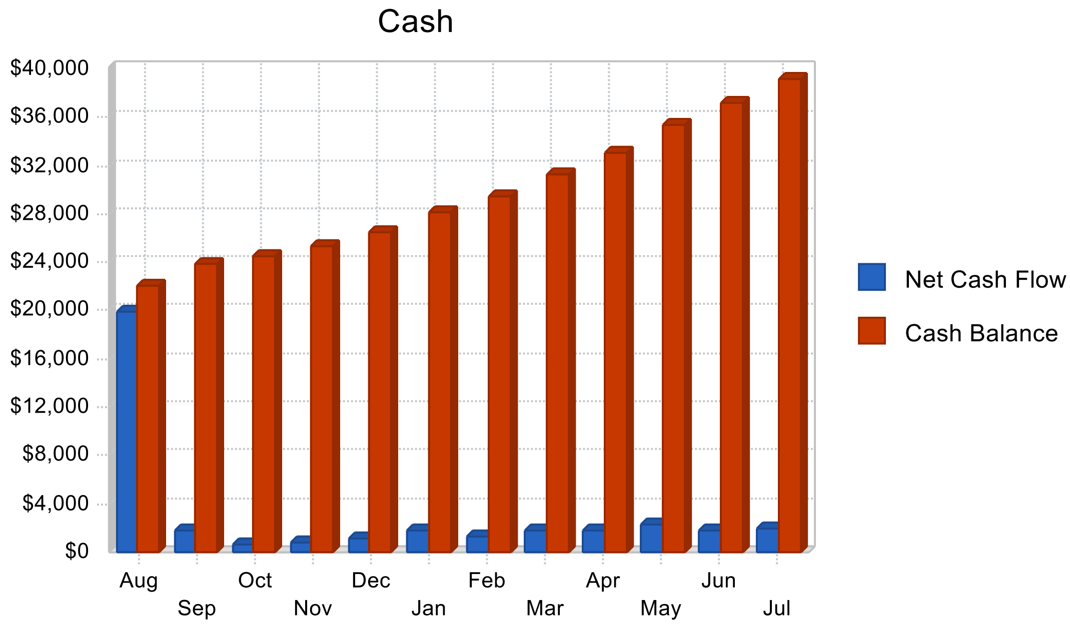
Table: Cash Flow

Pro Forma Cash Flow			
	FY 2011	FY 2012	FY 2013
Cash Received			
Cash from Operations			
Cash Sales	$16,827	$18,153	$19,218
Cash from Receivables	$86,982	$102,207	$108,372
Subtotal Cash from Operations	$103,809	$120,360	$127,590
Additional Cash Received			
Non Operating (Other) Income	$0	$0	$0
Sales Tax, VAT, HST/GST Received	$0	$0	$0

New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0
New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$400,000	$0	$0
Subtotal Cash Received	$503,809	$120,360	$127,590
Expenditures	FY 2011	FY 2012	FY 2013
Expenditures from Operations			
Cash Spending	$7,200	$8,600	$10,600
Bill Payments	$85,381	$77,915	$80,503
Subtotal Spent on Operations	$92,581	$86,515	$91,103
Additional Cash Spent			
Non Operating (Other) Expense	$0	$0	$0
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0
Purchase Other Current Assets	$49,129	$0	$0
Purchase Long-term Assets	$325,000	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$466,710	$86,515	$91,103
Net Cash Flow	$37,100	$33,845	$36,487

Cash Balance	$39,200	$73,045	$109,532

Chart: Cash



7.5 Projected Balance Sheet

The Projected Balance Sheet is quite solid. We do not project any real trouble meeting our debt obligations, as long as we can achieve our specific objective of obtaining our $400,000 grant.

Table: Balance Sheet

Pro Forma Balance Sheet			
	FY 2011	FY 2012	FY 2013
Assets			
Current Assets			
Cash	$39,200	$73,045	$109,532
Accounts Receivable	$8,373	$9,032	$9,562
Inventory	$3,872	$4,182	$4,295
Other Current Assets	$52,309	$52,309	$52,309
Total Current Assets	$103,754	$138,568	$175,698

Long-term Assets			
Long-term Assets	$334,000	$334,000	$334,000
Accumulated Depreciation	$5,054	$7,312	$9,570
Total Long-term Assets	$328,946	$326,688	$324,430
Total Assets	$432,700	$465,256	$500,128
Liabilities and Capital	FY 2011	FY 2012	FY 2013
Current Liabilities			
Accounts Payable	$7,210	$6,332	$6,642
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$7,210	$6,332	$6,642
Long-term Liabilities	$0	$0	$0
Total Liabilities	$7,210	$6,332	$6,642
Paid-in Capital	$400,000	$400,000	$400,000
Retained Earnings	$6,816	$25,490	$58,924
Earnings	$18,674	$33,434	$34,562
Total Capital	$425,490	$458,924	$493,486
Total Liabilities and Capital	$432,700	$465,256	$500,128
Net Worth	$425,490	$458,924	$493,486

7.6 Business Ratios

The following table contains important business ratios for the spa industry.

Table: Ratios

Ratio Analysis				
	FY 2011	FY 2012	FY 2013	Industry Profile
Sales Growth	20.56%	7.88%	5.87%	0.00%
Percent of Total Assets				
Accounts Receivable	1.94%	1.94%	1.91%	2.50%
Inventory	0.89%	0.90%	0.86%	1.50%
Other Current Assets	12.09%	11.24%	10.46%	24.00%
Total Current Assets	23.98%	29.78%	35.13%	28.00%
Long-term Assets	76.02%	70.22%	64.87%	72.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	1.67%	1.36%	1.33%	10.00%
Long-term Liabilities	0.00%	0.00%	0.00%	15.00%
Total Liabilities	1.67%	1.36%	1.33%	25.00%
Net Worth	98.33%	98.64%	98.67%	75.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	62.43%	62.00%	62.00%	62.00%
Selling, General & Administrative Expenses	45.78%	34.37%	35.02%	35.00%
Advertising Expenses	21.39%	8.26%	7.81%	9.00%
Profit Before Interest and Taxes	19.58%	32.50%	31.74%	n.a

Main Ratios				
Current	14.39	21.88	26.45	26.00
Quick	13.85	21.22	25.81	25.00
Total Debt to Total Assets	1.67%	1.36%	1.33%	30.00%
Pre-tax Return on Net Worth	5.16%	8.57%	8.24%	N.A
Pre-tax Return on Assets	5.08%	8.45%	8.13%	N.A
Additional Ratios	FY 2011	FY 2012	FY 2013	
Net Profit Margin	16.65%	27.63%	26.98%	n.a
Return on Equity	4.39%	7.29%	7.00%	n.a
Activity Ratios				
Accounts Receivable Turnover	11.39	11.39	11.39	n.a
Collection Days	29	31	31	n.a
Inventory Turnover	12.00	11.42	11.49	n.a
Accounts Payable Turnover	11.92	12.17	12.17	n.a
Payment Days	29	32	29	n.a
Total Asset Turnover	0.26	0.26	0.26	n.a
Debt Ratios				
Debt to Net Worth	0.02	0.01	0.01	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	$96,544	$132,236	$169,056	n.a
Interest Coverage	0.00	0.00	0.00	n.a

Additional Ratios				
Assets to Sales	3.86	3.84	3.90	n.a
Current Debt/Total Assets	2%	1%	1%	n.a
Acid Test	12.69	19.80	24.37	n.a
Sales/Net Worth	0.26	0.26	0.26	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Table: Sales Forecast

Sales Forecast												
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Sales												
Row 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Therapeutic Services	$6,125	$6,235	$6,321	$6,523	$6,621	$6,720	$6,780	$6,820	$6,830	$6,940	$7,220	$7,280
Special Services	$2,288	$2,319	$2,450	$2,560	$2,680	$2,680	$2,720	$2,720	$2,810	$2,810	$2,820	$2,910
Total Sales	$8,413	$8,554	$8,771	$9,083	$9,301	$9,400	$9,500	$9,540	$9,640	$9,750	$10,040	$10,190
Direct Cost of Sales	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Therapeutic Services	$2,328	$2,369	$2,402	$2,369	$2,369	$2,554	$2,576	$2,592	$2,369	$2,637	$2,744	$2,766
Special Services	$869	$881	$931	$973	$1,018	$1,018	$1,034	$1,034	$1,068	$1,068	$1,072	$1,106
Row 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Direct Cost of Sales	$3,197	$3,251	$3,333	$3,342	$3,388	$3,572	$3,610	$3,625	$3,437	$3,705	$3,815	$3,872

Table: Personnel

Personnel Plan												
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
owner draw	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600
	$0	$0	$0	$0	$0	$0	$0	$0	$0		$0	$0
Total People	1	1	1	1	1	1	1	1	1	1	1	1
Total Payroll	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600

Table: Profit and Loss

Pro Forma Profit and Loss												
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Sales	$8,413	$8,554	$8,771	$9,083	$9,301	$9,400	$9,500	$9,540	$9,640	$9,750	$10,040	$10,190
Direct Cost of Sales	$3,197	$3,251	$3,333	$3,342	$3,388	$3,572	$3,610	$3,625	$3,437	$3,705	$3,815	$3,872
Other Costs of Sales	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cost of Sales	$3,197	$3,251	$3,333	$3,342	$3,388	$3,572	$3,610	$3,625	$3,437	$3,705	$3,815	$3,872
Gross Margin	$5,216	$5,303	$5,438	$5,741	$5,913	$5,828	$5,890	$5,915	$6,203	$6,045	$6,225	$6,318
Gross Margin %	62.00%	62.00%	62.00%	63.20%	63.58%	62.00%	62.00%	62.00%	64.35%	62.00%	62.00%	62.00%
Expenses												
Payroll	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600
Marketing/Promotion	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Depreciation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Rent	$750	$750	$750	$750	$0	$0	$0	$0	$0	$0	$0	$0
Utilities	$480	$480	$480	$480	$480	$480	$480	$480	$480	$480	$480	$480
Insurance	$0	$0	$0	$0	$0	$400	$0	$0	$0	$0	$0	$0

Payroll Taxes	15%	$90	$90	$90	$90	$90	$90	$90	$90	$90	$90	$90	$90
inventory	0%	$0	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
office expense	0%	$90	$90	$90	$90	$90	$90	$90	$90	$90	$90	$90	$90
Maintenance/repair		$233	$233	$233	$233	$233	$233	$233	$233	$233	$233	$233	$233
Total Operating Expenses		$4,243	$4,493	$4,493	$4,493	$3,743	$4,143	$3,743	$3,743	$3,743	$3,743	$3,743	$3,743
Profit Before Interest and Taxes		$973	$810	$945	$1,248	$2,170	$1,685	$2,147	$2,172	$2,460	$2,302	$2,482	$2,575
EBITDA		$973	$810	$945	$1,248	$2,170	$1,685	$2,147	$2,172	$2,460	$2,302	$2,482	$2,575
Interest Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Taxes Incurred		$146	$122	$142	$187	$326	$253	$322	$326	$369	$345	$372	$386
Other Income													
		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Income Account Name		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Other Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Expense													
Other Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Account Name												
Other Expense Account Name	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Other Expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Other Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Profit	$827	$689	$803	$1,061	$1,845	$1,432	$1,825	$1,846	$2,091	$1,957	$2,110	$2,189
Net Profit/Sales	9.83%	8.05%	9.16%	11.68%	19.83%	15.24%	19.21%	19.35%	21.69%	20.07%	21.01%	21.48%

Table: Cash Flow

Pro Forma Cash Flow													
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Cash Received													
Cash from Operations													
Cash Sales		$1,262	$1,283	$1,316	$1,362	$1,395	$1,410	$1,425	$1,431	$1,446	$1,463	$1,506	$1,529
Cash from Receivables		$238	$7,155	$7,277	$7,464	$7,727	$7,909	$7,993	$8,076	$8,112	$8,197	$8,296	$8,538
Subtotal Cash from Operations		$1,500	$8,438	$8,593	$8,827	$9,122	$9,319	$9,418	$9,507	$9,558	$9,660	$9,802	$10,067
Additional Cash Received													
Non Operating (Other) Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales Tax, VAT, HST/GST Received	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

New Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Long-term Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
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	$400,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received	$401,500	$8,438	$8,593	$8,827	$9,122	$9,319	$9,418	$9,507	$9,558	$9,660	$9,802	$10,067
Expenditures	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Expenditures from Operations												
Cash	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600

Spending												
Bill Payments	$6,827	$6,010	$7,323	$7,450	$7,414	$6,924	$7,537	$7,113	$7,098	$6,784	$7,461	$7,441
Subtotal Spent on Operations	$7,427	$6,610	$7,923	$8,050	$8,014	$7,524	$8,137	$7,713	$7,698	$7,384	$8,061	$8,041
Additional Cash Spent												
Non Operating (Other) Expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Other	$49,129	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Current Assets												
Purchase Long-term Assets	$325,000	$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	$381,556	$6,610	$7,923	$8,050	$8,014	$7,524	$8,137	$7,713	$7,698	$7,384	$8,061	$8,041
Net Cash Flow	$19,944	$1,828	$670	$777	$1,108	$1,795	$1,280	$1,794	$1,860	$2,275	$1,741	$2,025
Cash Balance	$22,044	$23,873	$24,542	$25,319	$26,428	$28,223	$29,503	$31,297	$33,158	$35,433	$37,174	$39,200

Table: Balance Sheet

Pro Forma Balance Sheet												
		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	J
Assets	Starting Balances											
Current Assets												
Cash	$2,100	$22,044	$23,873	$24,542	$25,319	$26,428	$28,223	$29,503	$31,297	$33,158	$35,433	$37,1
Accounts Receivable	$0	$6,913	$7,029	$7,207	$7,463	$7,642	$7,724	$7,806	$7,839	$7,921	$8,011	$8,2
Inventory	$4,218	$3,197	$3,251	$3,333	$3,342	$3,388	$3,572	$3,610	$3,625	$3,437	$3,705	$3,8
Other Current Assets	$3,180	$52,309	$52,309	$52,309	$52,309	$52,309	$52,309	$52,309	$52,309	$52,309	$52,309	$52,3
Total Current Assets	$9,498	$84,463	$86,461	$87,391	$88,434	$89,767	$91,827	$93,228	$95,070	$96,825	$99,458	$101,5
Long-term Assets												
Long-term Assets	$9,000	$334,000	$334,000	$334,000	$334,000	$334,000	$334,000	$334,000	$334,000	$334,000	$334,000	$334,0

Accumulated Depreciation	$5,054	$5,054	$5,054	$5,054	$5,054	$5,054	$5,054	$5,054	$5,054	$5,054	$5,054	$5,0
Total Long-term Assets	$3,946	$328,946	$328,946	$328,946	$328,946	$328,946	$328,946	$328,946	$328,946	$328,946	$328,946	$328,9
Total Assets	$13,444	$413,409	$415,407	$416,337	$417,380	$418,713	$420,773	$422,174	$424,016	$425,771	$428,404	$430,4
Liabilities and Capital		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	J
Current Liabilities												
Accounts Payable	$6,628	$5,766	$7,075	$7,202	$7,184	$6,672	$7,300	$6,876	$6,872	$6,536	$7,212	$7,1
Current Borrowing	$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	
Subtotal Current Liabilities	$6,628	$5,766	$7,075	$7,202	$7,184	$6,672	$7,300	$6,876	$6,872	$6,536	$7,212	$7,1
Long-term Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Total Liabilities	$6,628	$5,766	$7,075	$7,202	$7,184	$6,672	$7,300	$6,876	$6,872	$6,536	$7,212	$7,1

Paid-in Capital	$0	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,000	$400,0
Retained Earnings	$2,625	$6,816	$6,816	$6,816	$6,816	$6,816	$6,816	$6,816	$6,816	$6,816	$6,816	$6,8
Earnings	$4,191	$827	$1,516	$2,319	$3,380	$5,225	$6,657	$8,482	$10,328	$12,419	$14,376	$16,4
Total Capital	$6,816	$407,643	$408,332	$409,135	$410,196	$412,041	$413,473	$415,298	$417,144	$419,235	$421,192	$423,3
Total Liabilities and Capital	$13,444	$413,409	$415,407	$416,337	$417,380	$418,713	$420,773	$422,174	$424,016	$425,771	$428,404	$430,4
Net Worth	$6,816	$407,643	$408,332	$409,135	$410,196	$412,041	$413,473	$415,298	$417,144	$419,235	$421,192	$423,3