



ABC Café & Music

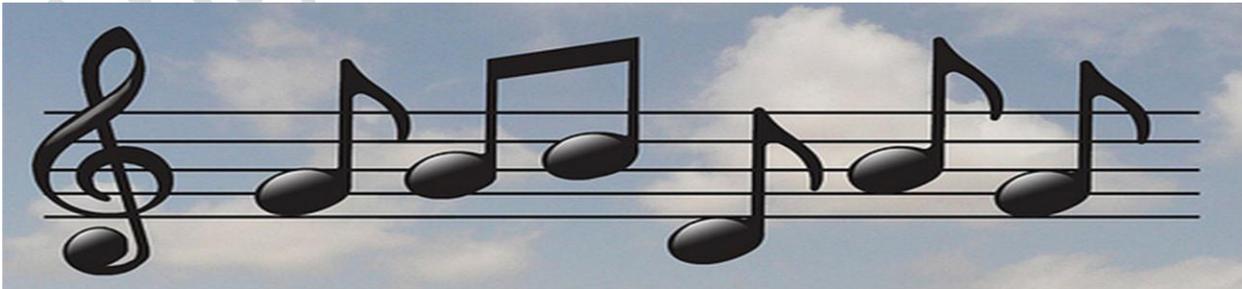


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1. Executive Summary

1.1 Business Overview

ABC Café & Music is a unique retail concept to be introduced in the vibrant, music loving city of ZZZ, Michigan . It combines the passion for music and coffee to bring a community place where coffee and music connoisseurs come together to learn, enjoy and share music over a nice cup of java. Our goal is to be the place that comes to people's mind when they are thinking of relaxing with friends and other music lovers while enjoying coffee and pastries with them.

We are currently in the process of establishing the corporation and expect to receive the documentation in the next 15 days. We are also working towards finalizing the lease agreements for the physical location at XYZ Street in ZZZ. ABC Café & Music will be set up as a C-corporation owned by John Doe and will be organized in the state of Michigan.

1.2 Business Model

Our business model is built upon leveraging complementary nature of the coffee and music business. The revenue model is composed of three groups of revenue streams – 1) coffee retail and catering, 2) music instrument sales and rental and 3) Facility rental for music lessons and recording studio. The coffee segment will generate the largest share of revenue. It will also act as a catalyst to introduce music store to the potential new customers. We plan to ramp up facility rental segment slowly over 2nd year of operation.

We plan to combine our brick-and-mortar business with the web site where we intend to attract customers with music related news and services. It will also have an E-commerce store that will sell music instruments as well as provide rental services.

The complementary nature of our business model will allow us to distribute overhead cost over larger number of revenue segments; which will help us achieve higher profit margin compared to peers.

Our estimate for overall operating margin is 14% in the first year increasing to 28% in year 5 as our sales increase, allowing us to take advantage of economies of scale.

1.3 Market Analysis

According to Specialty Coffee Association of America (SCAA), there are more than 150 million coffee consumers in U.S. that spend more than \$18 billion in various types of coffee drinks every year. Specialty coffee sales is increasing by 20% per year and currently accounts for nearly 8% of the U.S. coffee market.

The music instrument is a fairly large business segment. It recorded \$7.5 billion in sales in 2007 according to National Association of Music Merchants (NAMM). The industry has grown 18% in the last 10 years.

In addition, the music instrument rental business has flourished recently with more and more children participating in the music programs in their schools and private lessons requiring the rental of the instruments on an ongoing basis.

The city of ZZZ, where the business will be located, has a population of 183,000 according to 2010 U.S. Census Bureau. There are approx. 67,000 households, and 24,000 families residing in the city. The median income for a household in the city is \$46,299 and the median income for a family is \$71,293. The city is part of AAA Metropolitan area that includes the city of AAA as well as number of affluent suburbs in Wayne, Oakland, Macomb, Washtenaw, Lapeer, St. Clair and Livingston counties. The total population covering these six counties as part of AAA Metro is more than 5 million.

1.4 Financial Projections

Our estimate shows that the monthly sales will increase from \$19,100 in month 1 to \$28,900 in month 12. Our operating profit will increase from \$1,655 in month 1 to \$5,081 in month 12; while net profit will increase from loss of \$762 in month 1 to profit of \$2,850 in month 12.

We expect to increase sales from \$286,000 year 1 to \$418,600 in year 5; while operating profit will increase from \$40,000 in year 1 to \$118,000 in year 5. Net profit will improve from \$12,000 in year 1 to \$96,000 in year 5.

Our plan is to have positive operating cash flow from the first month 1; while achieving positive net cash flow by month 6. Our operating cash flow will increase from \$400 in 1st month to \$4,000 in month 12. The first year operating cash flow will be \$26,000 increasing to \$116,000 in year 5.

1.5 Financial Needs

We are requesting \$150,000 in loan amount to be repaid over 5 years. We will also contribute \$50,000 in equity contribution bringing the total funding from all sources to \$20,000. The table also shows that we intend to use \$70,000 from these funds towards capital expenditure in year 1 and \$25,000 for start-up inventory. The remaining amount of \$105,000 will be used for working capital.

1.6 Debt Repayment Plan

We intend to repay the entire \$150,000 in debt over 5 years. As shown in the cash flow statements we will have sufficient cash flow after taking care of operating expenses to service the debt. Assuming 10% fixed interest rate the total interest payment will be \$41,223 over 5 years.

2. Business Overview

2.1 Vision and Goals

Our vision at ABC Café & Music is to be the premium meeting spot in ZZZ where coffee and music connoisseurs come together to learn, enjoy and share music over a nice cup of java. We want to be the place that comes to people's mind when they are thinking of relaxing with friends and other music lovers while enjoying coffee and pastries with them.

We have laid out several principles in support of this vision that will help us to be successful in the coming years. The principles are as follows:

1. We will aim to match and exceed Starbucks in terms of the quality of our coffee. The coffee connoisseurs will think of ABC Café & Music in the same regard as they do Starbucks.
2. Our love of music will show up in everything we do at ABC Café & Music. We will do all we can to help fellow music lovers in ZZZ and beyond.
3. We will provide a comfortable venue and meeting place for music lovers so that they will be able to find and meet other musicians.
4. Our employees will be musicians in their own right. We will make ABC Café & Music a place where employees will come to work not only for money; but for their love of music.

2.2 Business Location

ABC Café & Music will be located at XYZ Street in ZZZ. The building we are looking to lease is ideal to utilize as a café / music place. The building has 2,200 square feet in usable area and covers 2 floors.

In addition to the physical location, we are in the process of building a web site where customers can browse through large selection of musical instruments and purchase or rent them right from the web site. The web site will also be a repository for music related information; which will act as catalyst to bring new customers not only for music instruments; but also to our physical café for coffee.

ZZZ and surrounding area has a vibrant community of people that enjoy music and who like to relax and chat over a nice cup of coffee. Even though there are several coffee shops as well as music schools in the area, a unique concept like ABC Café & Music can provide an ambient atmosphere. Our market research has received number of positive comments from the community.

2.3 Ownership Structure

ABC Café & Music will be set up as a C-corporation owned by John Doe and will be organized in the state of Michigan. We are currently in the process of establishing the corporation and expect to receive the documentation in the next 15 days.

2.4 Current State

We are currently working diligently to put all pieces together with the goal of starting the business in February, 2010. The following outlines some of the activities that are ongoing towards our goal.

- We are in the process of negotiating a lease with the landlord for the building located at XYZ Street, ZZZ, 99999.
- We are working on setting up a web site where we will start selling and renting music instruments. The expected completion date for the web site is December 15, 2010.
- We have applied for business license with the state of Michigan and have filed paper work with IRS and other relevant federal and state agencies to register the business.
- We have been talking to couple of potential key employees and expect to get them on board a month before the business open date.

3. Business Model

3.1 Overview

Our business model is built upon leveraging complementary nature of the coffee and music business. By providing convenience of enjoying the music to customers; while they are enjoying their coffee we plan to attract loyal customer base that will keep coming to our store. In addition, the location we plan to lease has a perfect setup for offering additional music related services not found in other locations. We plan to offer services such as music instrument sales and rental, live music entertainment and facility rental for music lessons and meetings.

We also plan to combine our brick-and-mortar business with the web site where we intend to attract customers with music related news and services. We also plan to set up an E-commerce store that will sell music instruments as well as provide rental services. Our background and passion for music will help us create a community for music lovers through blog, news and discussion groups.

3.2 Revenue Model

As mentioned earlier, our revenue model will look for multiple revenue streams that are complementary to one another. As shown below, the revenue stream will consist of coffee as well as music related sales.

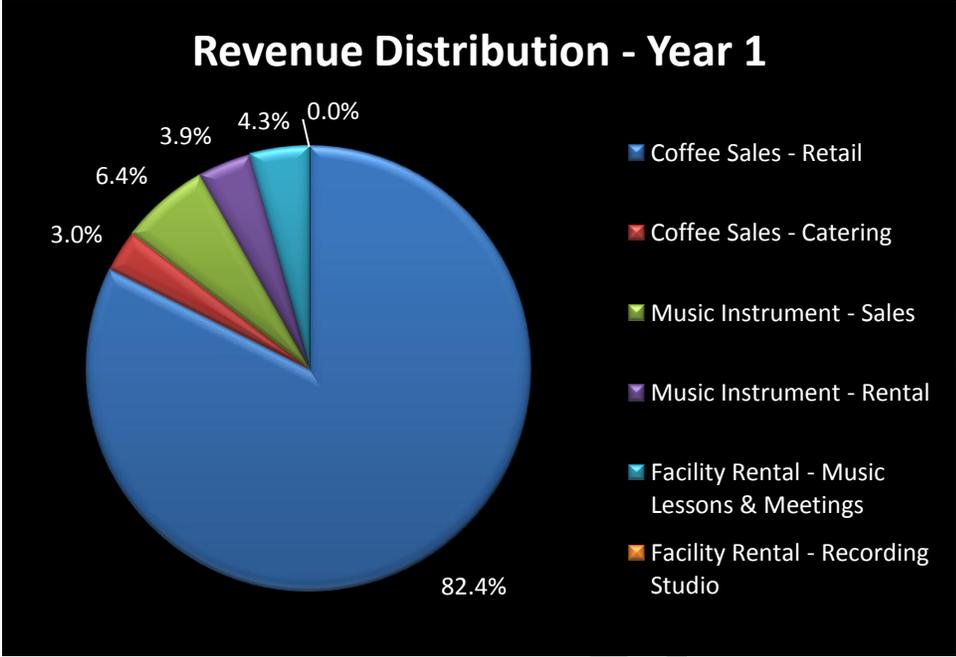


Revenue Model Segments

These revenue Segments are described in detail in the following sections.

1. **Coffee Shop** – This revenue segment is expected to generate the largest share of revenue in the early years. Once the music instrument segment is established, the percent of revenue from coffee shop will be reduced. The coffee shop will generate revenue from the sales of coffee and associated products. We intend to carry large selection of premium coffee and pastries in an environment that is inviting to group of people who want to engage in laid-back conversation. In addition, we will seek catering orders from the businesses that are located in the vicinity. To source our coffee supply we have entered into licensing agreement with Java Days – a premium coffee vendor.
2. **Music Instrument** – We plan to carry a limited selection of music instruments and accessories that will be available for sale and rental. For the rental business, we have entered into revenue sharing agreement with a music instrument vendor XYZ that will enable us to reduce our working capital investment in the instruments, while still be able to rent large selection of music instruments. We have also entered into agreement with a vendor that will enable us to drop-ship the instruments upon receiving orders from customers. The sale and rental of music instruments will be carried out both in our physical location as well as from the web site.
3. **Facility Rental** – This is the third and smallest cog of our revenue model that will be enabled by the facility that is ideally suited for this. The coffee shop has couple of rooms where we plan to establish classrooms for music lessons. This room will also serve as a meeting room for various purposes. We also plan to establish a recording studio at a later date that can be rented for music recordings.

The chart below shows the approximate revenue distribution amongst these three Segments in year 1.



Revenue Distribution – Year 1

The table below shows the expected revenue from these three Segments in year 1 through 5 based on our assumptions about the growth of the business.

	Year 1	Year 2	Year 3	Year 4	Year 5
Coffee Sales					
Coffee Retail					
Average Customer Spend	\$5.47	\$5.74	\$6.03	\$6.33	\$6.65
# of Customers	45,356	46,717	48,119	49,562	51,049
Revenue - Coffee Retail	\$236,194	\$268,216	\$290,076	\$313,717	\$339,285
Coffee Catering					
Average Catering Order	\$70	\$70	\$70	\$70	\$70
# of Catering Orders	124	126	130	134	138
Revenue - Coffee Catering	\$8,670	\$8,843	\$9,108	\$9,382	\$9,663
Total Revenue - Coffee	\$244,864	\$277,059	\$299,184	\$323,099	\$348,948
Instrument Sales / Rental					
Instrument Sales					
Average Sales per Customer	\$50	\$50	\$50	\$50	\$50
# of Customers	369	387	406	427	448
Revenue - Instrument Sales	\$18,429	\$19,350	\$20,317	\$21,333	\$22,400
Instrument Rental					
Average Rent per Customer	\$30	\$30	\$30	\$30	\$30
# of Rentals	369	387	406	427	448
Revenue - Instrument Rental	\$11,057	\$11,610	\$12,190	\$12,800	\$13,440
Total Revenue - Music Instruments	\$29,486	\$30,960	\$32,508	\$34,133	\$35,840
Facility Rental					
Music Lessons & Meetings					
Average Rent per Rental	\$200	\$200	\$200	\$200	\$200
# of Rentals	61	63	65	67	69
Revenue - Music Lessons & Meetings	\$12,286	\$12,654	\$13,034	\$13,425	\$13,828
Recording studio					
Average Rent per Rental	\$400	\$400	\$400	\$400	\$400
# of Studio Rentals	0	50	50	50	50
Revenue - Recording Studio	\$0	\$20,000	\$20,000	\$20,000	\$20,000
Total Revenue - Facility Rental	\$12,286	\$32,654	\$33,034	\$33,425	\$33,828
Total Revenue	\$286,635	\$340,674	\$364,726	\$390,657	\$418,616

Revenue Growth Year 1 - 5

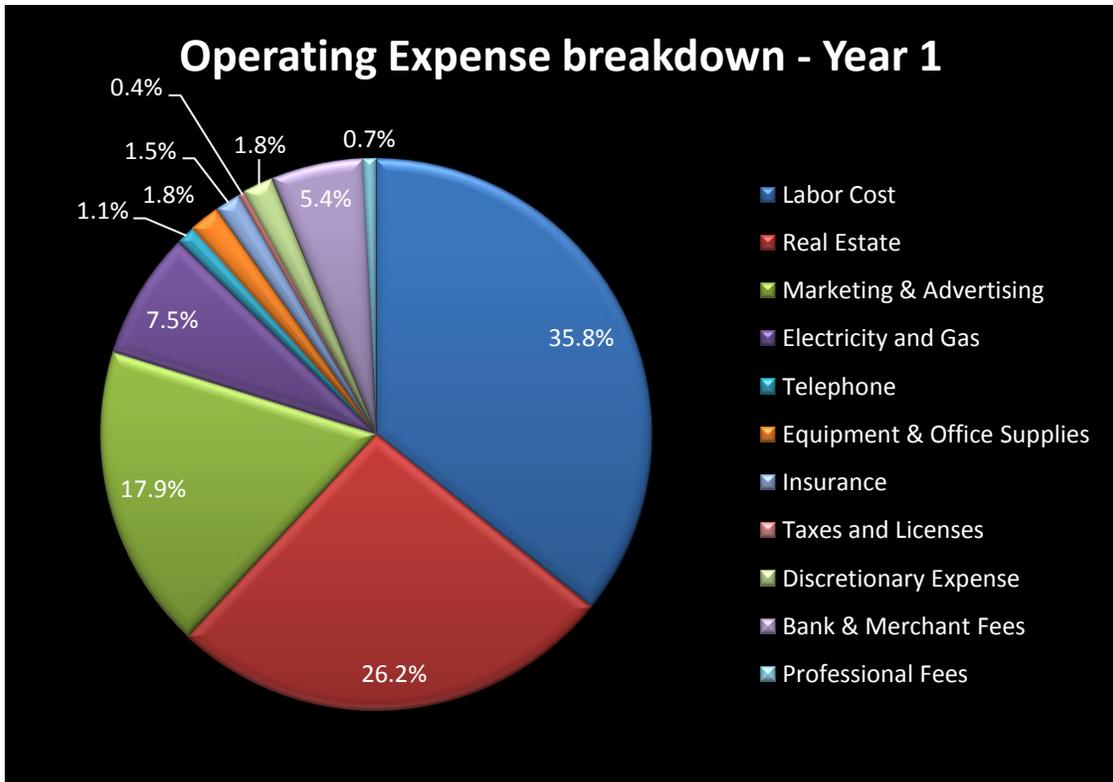
3.3 Cost Model

The complementary nature of our business model allows us to distribute overhead cost over larger number of revenue segments; which will help us achieve higher profit margin compared to peers. For example, the building we plan to lease can be utilized for multiple purposes including coffee shop, music instrument showroom and rental facility.

The paragraphs below describe the primary cost drivers for these three revenue segments and how we plan to minimize the expenses leading to higher profit margin.

1. **Coffee Shop** – The primary cost driver for coffee shop is the Cost of Goods Sold (COGS). Our estimates show that the gross margin for the coffee shop will be approx. 70%. The next largest cost component for coffee shop will be labor cost; which we estimate to be 25%. We will be able to reduce other components of operating expense by leveraging them with other revenue segments including music instrument sale / rental and facility rental.
2. **Music Instruments** – Due to our novel arrangement with the music instrument vendor we will be able to keep COGS for music instrument segment considerably low. We have arranged drop-ship arrangement with the instrument distributor that will enable us to reduce the inventory carrying cost and will necessitate lower working capital. We have also entered into revenue sharing arrangement with the distributor for the rental segment of our business that will enable us to rent the instruments with virtually zero carrying cost.
3. **Facility Rental** – The building we plan to lease has a layout that is ideal for conducting music lessons and meetings. This enables us to use this facility for rental without increasing our cost considerably. The primary cost for this segment of the business will be building maintenance cost that will be shared over all revenue segments.

The chart below shows the overall cost distribution spread amongst all three revenue segments.



Operating Expense Breakdown – Year 1

4. Market Analysis

4.1 Industry / Market Overview

Music Instruments

The music instrument is a fairly large business segment. It recorded \$7.5 billion in sales in 2007 according to National Association of Music Merchants (NAMM) ⁽¹⁾. The industry has grown 18% in the last 10 years. The growth has slowed to 1% in the last 3-4 years as a result of economic downturn.

In addition, the music instrument rental business has flourished recently with more and more children participating in the music programs in their schools and private lessons requiring the rental of the instruments on an ongoing basis. The music rental business provides a steady, recurring revenue stream that can continue for number of years once signed.

The music instrument business is fairly stable and recession-resistant due to popularity of music with people of all ages and parents' desire to teach their children music at an early age. It is not uncommon to find families willing to spend several hundred dollars per month on music lessons and instrument purchase / rental.

According to NAMM / Gallup poll, 52% of U.S. Households own at least one musical instrument; while 40% of households own two or more. More than 41% of students going to school participate in school instrumental music programs resulting in constant need to purchase and rent music instruments.

Coffee Shop

According to Specialty Coffee Association of America (SCAA), there are more than 150 million coffee consumers in U.S. that spend more than \$18 billion in various types of coffee drinks every year. Specialty coffee sales is increasing by 20% per year and currently accounts for nearly 8% of the U.S. coffee market. Coffee shops make up the fastest growing part of the restaurant business, checking in with a 7% annual growth rate! Nationwide, there are more than 45,000 coffee shops with the largest concentration in Seattle, Manhattan and San Francisco.

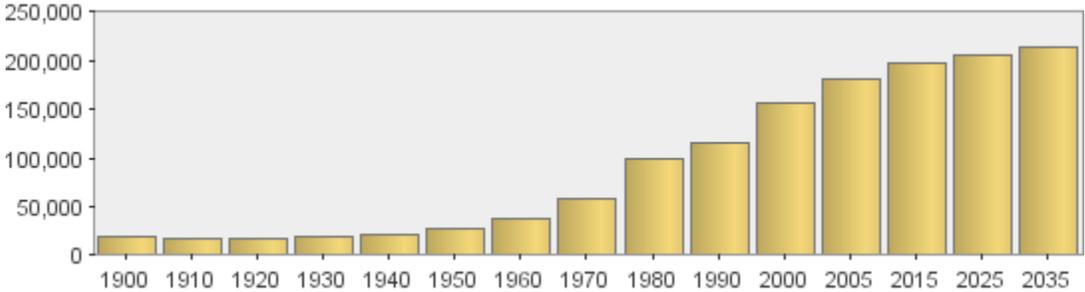
The popularity of coffee products worldwide is almost astonishing. It has a universal appeal to people of different income levels, ethnicities, and religions. US coffee drinkers consume approximately 3.1 cups per day on average. On average, coffee drinkers will spend \$164.71 per year on coffee.

4.2 Demographics

The city of ZZZ, where the business will be located, has a population of 183,000 according to 2010 U.S. Census Bureau. There are approx. 67,000 households, and 24,000

families residing in the city. Out of the 67,000 households, 23% have children under the age of 18 living with them. The median income for a household in the city is \$46,299 and the median income for a family is \$71,293. There are 16,500 pupils enrolled in ZZZ Public schools covering 21 elementary schools.

The chart below shows the population growth to date and projected growth through 2035 as calculated by U.S. Census Bureau and SEMCOG.



City of ZZZ Population Forecast

The city is part of AAA Metropolitan area that includes the city of AAA as well as number of affluent suburbs in Wayne, Oakland, Macomb, Washtenaw, Lapeer, St. Clair and Livingston counties. The total population covering these six counties as part of AAA Metro is more than 5 million.

4.3 Competitive Analysis

Our music instrument business is part of a market segment covering musical instrument sales and rental. From competition perspective, the overall market is divided into 3 segments – large music stores, music instrument rentals and specialty stores. The table below describes the characteristics of these three segments.

Market Segment	Characteristics
Large Music Stores	<ul style="list-style-type: none"> • Operated by music chains with national footprint • Provide music instrument sales, rental services • Carry all types of instruments as well as printed music • Limited community involvement and personal relationship with customers
Music Instrument Rentals	<ul style="list-style-type: none"> • Only provide rental services for music instruments

	<ul style="list-style-type: none"> • Have good relationships and contracts with local schools • Employ knowledgeable sales people who understand customer needs and provide suggestions
Specialty Stores	<ul style="list-style-type: none"> • Focus on a particular segment such as sheet music, string instruments, electronics, etc. • Typically family owned • Operated by people who love music and are musicians themselves • Have built strong relationship in the community • Owners and employees are knowledgeable about current music news as well as history

Music Instrument Competitive Segments

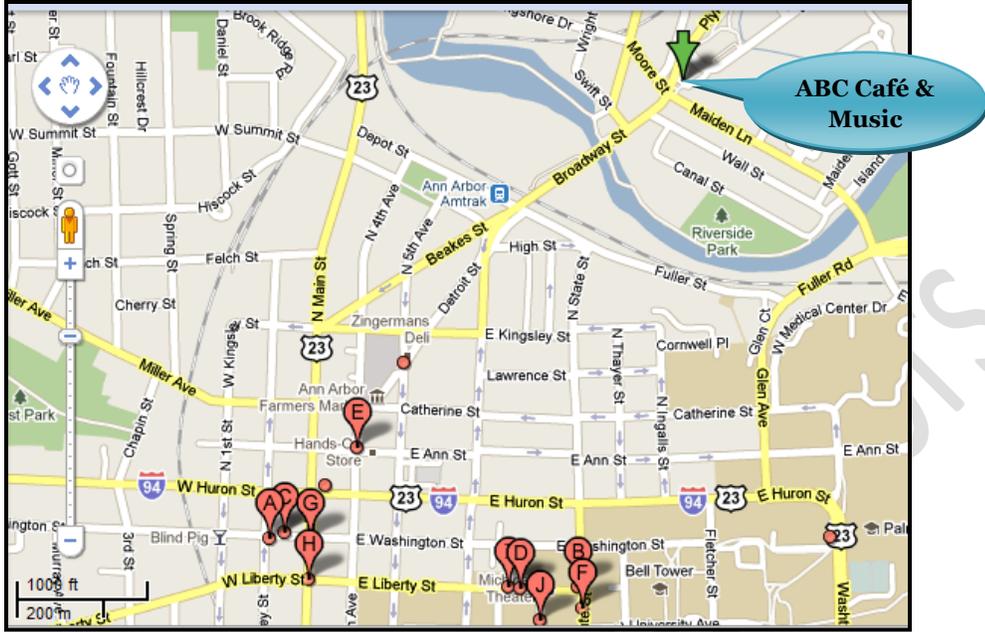
ZZZ has several music instrument stores focusing on the needs of music teachers and students. Shar Music is the largest in the city that sells and rents string instruments. They also carry large inventory of instruments.

The table below shows the music instrument businesses that we consider as our potential competition.

Business Name	Address
Shar Music	2465 South Industrial Highway, ZZZ
Herb David Guitar Studio	302 E. Liberty, ZZZ
Psarianos Violins Ltd	157 E Hoover Ave, ZZZ
J S Holmes Fine Violins LLC	1157 Wendy Ct, ZZZ
Jim Gibbons Avs Sound Systems	2575 Prairie Street, ZZZ
Music Go Round	2791 Oak Valley Drive, ZZZ
Oz's Music	1920 Packard St, ZZZ
King's Keyboard House	2363 E. Stadium Blvd, ZZZ

Music Instrument Competition

Our coffee shop segment of the business has number of well-known, national coffee shop franchises as well as local ones as competition. As can be seen in the map below, all of our competition is more than a mile away from our proposed location; which gives us competitive advantage in terms of location.



Location of Coffee Shop Segment Competition

The table below lists the business name and address of our potential competitors in the coffee shop segment.

Map Reference	Business Name	Address
A	Sweetwaters Coffee and Tea	123 W. Washington, ZZZ
B	Starbucks Coffee	222 S State St, ZZZ
C	Cafe Zola	112 West Washington Street, ZZZ
D	Biggby Coffee	539 Liberty Ave, ZZZ
E	Cafe Verde	214 N 4th Ave # 1, ZZZ
F	Amer's Delicatessen	312 S State St, ZZZ
G	Cafe Felix	204 S Main St, ZZZ
H	Starbucks Coffee	300 S Main St, ZZZ
I	Lab	505 E. Liberty Suite 300, ZZZ
J	Cafe Ambrosia	326 Maynard St, ZZZ

Coffee Shop Competition

5. Marketing Plan

5.1 SWOT Analysis

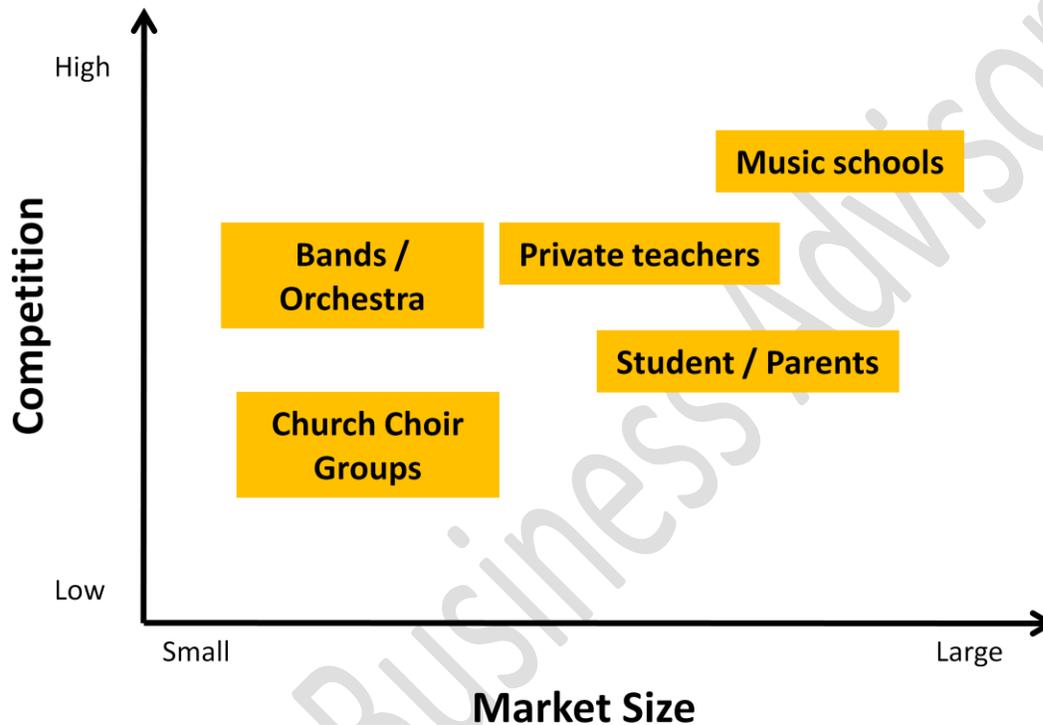
ABC Café and Music is uniquely positioned to combine the love of music and coffee and bring the best of both worlds to its customers. Through our extensive market research, competitive analysis and customer surveys we have compiled the list of our strengths and weaknesses and identified potential opportunities and threats to the business. The table below provides summary of SWOT analysis.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Unique concept that brings complementary businesses of coffee and music together • Good relationship with suppliers – revenue and cost sharing reduces working capital needs • Community connections with schools and music teachers • Knowledgeable staff that loves music and is able to help with customer questions 	<ul style="list-style-type: none"> • High competition in coffee business segment • Established large businesses in music sales and rental • Need to build and establish the brand in the community
Opportunities	Threats
<ul style="list-style-type: none"> • Reduce working capital needs by pursuing unique revenue and cost sharing model with suppliers • Build a professional web site to general additional revenue stream • Leverage social media sites such as Facebook, Twitter, Blog to build stronger, ongoing relationship with customers • Potential addition of new customers resulting from planned expansion of University of Michigan North campus • Explore other uses of the facility resulting in additional revenue possibility 	<ul style="list-style-type: none"> • Current economic downturn may have negative impact on sales due to customers’ desire to cut down on discretionary spend • Existing online music stores may take some customers away from the business • Potential new entrants in the coffee shop segment may hurt sales

SWOT Analysis

5.2 Market Segments

The music instrument segment will attract several categories of customers. The categories are – private music teachers, music schools, bands / orchestra, church choir groups and students / parents. The market size and potential competition vary from one segment to another. The chart below shows the relative market size and competition amongst these segments.



Market Size vs. Competition

As shown above the music schools, private teachers and students / parents constitute large part of the music instrument market; while at the same time the competition remains high to serve these market segments.

We believe that we have competitive advantage due to unique value proposition provided to these customers. Our unique competitive advantage, which will help us target these customers, is summarized below:

- Combination of two complementary businesses – coffee and music
- Unique relationship with music instrument suppliers will result in lower working capital requirement
- Large selection music instruments

- Knowledgeable staff that itself is music and coffee connoisseur
- Ability to cross-leverage customer base of three different business segments – coffee shop, music instrument and facility rental
- Lower overhead cost as a result of spreading the cost over multiple revenue segments

The coffee shop business is typically divided between specialty coffee shops such as Starbucks and low price alternatives such as Dunkin Donuts and others. The table below summarizes the characteristics of these two segments:

Specialty Coffee Shops	Low Price Coffee Shops
<ul style="list-style-type: none"> • Provides unique value proposition in addition to regular coffee • Typically charges high price resulting in higher gross margins • The operating costs are usually higher than low price alternatives • The staff is usually knowledgeable and well-trained 	<ul style="list-style-type: none"> • Competes primarily on price and convenience (easy-in / easy-out) • The gross margins are typically lower than specialty shops; however operating overhead is lower • Does not require well-trained staff

Coffee Shop Market Segment Characteristics

ABC Café & Music will be positioned in the specialty segment as a result of our ambience and plan to offer streamed / live music and specialty coffee drinks.

5.3 Marketing Strategy

We plan to deploy both online and offline marketing strategy to raise brand awareness of ABC Café & Music. Our multi-pronged marketing strategy will aim to make potential customers aware of our business as well as establish long-term relationship with existing customers through ongoing dialog.

Online Marketing Strategy

- Web site

We will develop and launch a web site that will serve as destination for all things related to music. The web site will be launched prior to the business launch. It will attract potential customers looking for information on music instruments. We will also have the functionality for customers to order music instruments for sales and rental.

- Social Media

The emergence of social media sites such as Facebook and Twitter have fundamentally changed the way businesses interact with their customers. These sites provide an opportunity for businesses to establish an ongoing, two-way dialog with customers. We plan to take full advantage of these social media sites by establishing presence on Facebook, Twitter, Myspace and other sites. Our knowledge and passion for music will be a natural fit for social media communication.

- Blog

Similar to social media sites mentioned above, blogs afford an opportunity to establish our business as a go-to place for music information and demonstrate our expertise to the potential customers. At the same time, the periodic update of information on the blog encourages users to visit our web site more frequently; which will help build deep, long-term relationship with our customers.

Offline Marketing Strategy

- Community Partnerships

We will establish partnership with music schools, churches and private music teachers by offering them avenue for information on our web site. We also plan to enter into group purchasing arrangement with them by which the students / members can get discounts. Our facility rental provides another opportunity to bring members from these organizations to our premises for meetings and seminars leading to future sales.

- Local Advertisement

In the initial phase of the business we will run Grand Opening advertisements in the local newspapers and magazines. We will also place pamphlets and other informative material at locations that are likely to attract our target customers of music and coffee lovers. In addition, our own coffee shop provides a unique opportunity to showcase the music side of business to potential customers.

- Event Sponsorships

ZZZ has a vibrant music community that has music concerts and related events scheduled throughout the year. The Hill Auditorium at University of Michigan hosts well-known classical music composers on a periodic basis. We will sponsor some of these prominent as well as less well-known events all year to get our name in front of large number of potential customers.

6. Management Team

6.1 Management

The ABC Café & Music will be owned and led by John Doe who is an avid music lover himself. Professionally, John has extensive experience in helping small and large corporations with their ERP and retail management systems. John has worked for more than 20 years implementing and administering complex business ERP systems for number of global corporations. He has solid understanding of all aspects of retail business including inventory management, sales forecasting and planning, marketing among others. He will be able to utilize his experience in this business to streamline business operations and improve sales.

In addition, John is passionate about music since his childhood. He has played percussion instruments in school bands and symphonies throughout his career. He has been organizing jam sessions with other music loving colleagues on a weekly basis for the last 3 years. Recently, he created a web site for musicians in the tri-county area to meet and play music together.

6.2 Personnel

The management will be assisted by a full-time manager. We plan to hire a manager, who has extensive experience in managing large-scale retail operations.

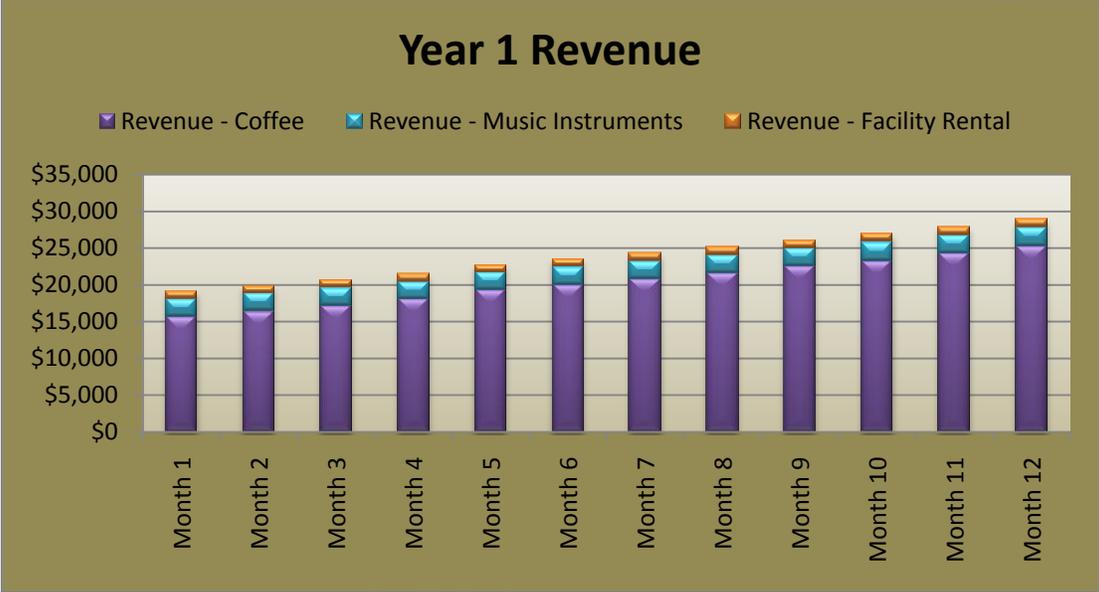
In addition, we will carefully screen employees to work in the coffee shop and music store to ensure that they have the passion and knowledge about coffee and music.

We are currently in the process of hiring couple of key employees, including full-time manager who will be on board prior to the launch of our business.

7. Financial Plan

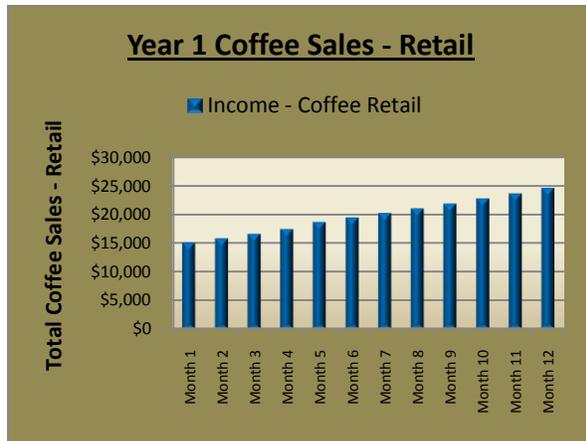
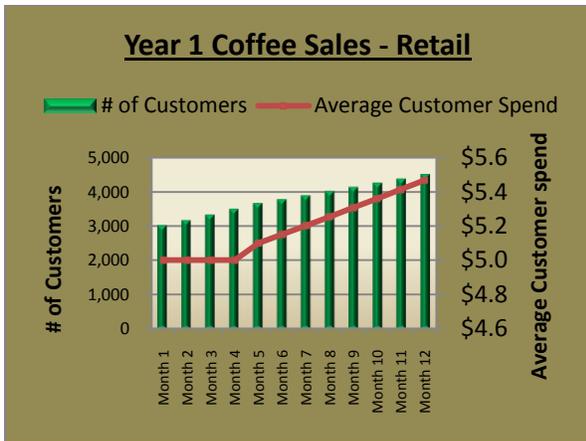
7.1 Revenue Projections

Our conservative forecast shows revenue increasing from \$19,100 in the 1st month to \$28,896 in the 12th month. The chart below shows overall sales improvement from month 1 to month 12 by business segments.



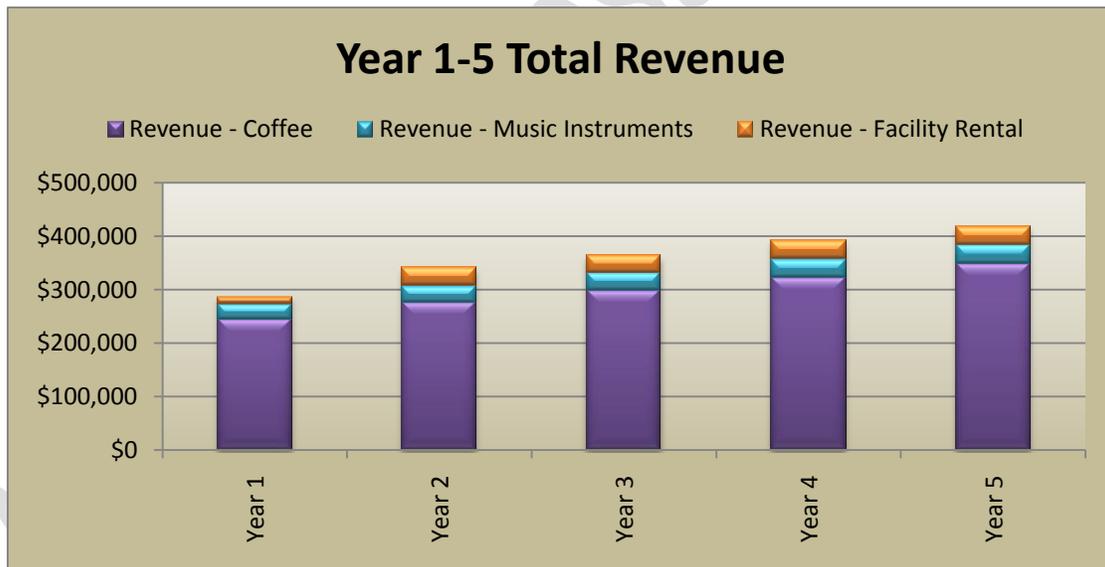
Revenue Projections by Segment – Year 1

The increase in total sales will be driven to a large extent by higher coffee shop income in the first year. We aim to improve the number of customers and average customer order month over month as shown in the chart below.



Coffee Sales Revenue Projections

The relative contribution from the business segments of music instrument and facility rental improve considerably after year 1 as we attract larger number of music customers from the community. The chart below shows the sales trends of all three business segments from year 1 to year 5.



Revenue Projections by Segment – Year 1-5

7.2 Expense Analysis

The table below shows our assumptions for various operating expense categories for year 1 through 5 of operations.

	Year 1	Year 2	Year 3	Year 4	Year 5
Coffee Sales					
COGS as % of Sales	30.0%	29.0%	28.0%	27.0%	26.0%

Instrument Sales / Rental					
COGS as % of Sales	70.0%	69.0%	68.0%	67.0%	66.0%

Operating Expense					
Labor Cost as % of Sales	20%	20.0%	20.0%	20.0%	20.0%
Rent, \$	\$42,000	\$43,260	\$44,558	\$45,895	\$47,271
Advertising Spend as % of Sales	10.0%	6.0%	5.0%	5.0%	5.0%
Electricity and Gas, \$	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506
Telephone, \$	\$1,800	\$1,854	\$1,910	\$1,967	\$2,026
Equipment and Office Supplies as % of Sales	1.0%	1.0%	1.0%	1.0%	1.0%
Insurance, \$	\$2,400	\$2,472	\$2,546	\$2,623	\$2,701
Taxes and Licenses, \$	\$600	\$618	\$637	\$656	\$675
Discretionary Spend as % of Sales	1.0%	1.0%	1.1%	1.1%	1.1%
Bank & Merchant Fees as % of Sales	3.0%	3.1%	3.2%	3.3%	3.4%
Professional Fees, \$	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351

Operating Expense Parameters

7.3 Startup Expense

Our initial estimate of the startup expense is \$127,400 based on the following assumptions. We expect this to be covered with owner's equity investment of \$50,000 as well as loan we are seeking in the amount of \$150,000.

Cost Category	Estimated Cost
Real Estate	
Building Improvements	\$10,000
Lease Deposit	\$7,000
Lease Payment	\$3,500
Furniture & Fixtures	
Furniture	\$15,000
Signage	\$10,000
Utilities	
Electric & Gas Deposits	\$2,700
Telephone	\$200
Internet	\$200
Equipments and Supplies	
Equipment purchase	\$30,000
Office Supplies	\$15,000
Building Supplies	\$500
Professional Fees	
Legal	\$1,000
Accountant	\$500
Consulting	\$3,000
Web site development	\$2,000
Marketing and Advertisement	
Marketing Brochures	\$500
Grand Opening Advertising	\$1,000
Insurance	
Business Insurance	\$150
Building Insurance	\$150
Inventory	
Startup Inventory	\$25,000
Total	\$127,400

Startup Expense Estimates

7.4 Capital Expense

Of the \$127,400 in startup expense we estimate that \$70,000 will be for capital purchase as shown below. The table also shows that we intend to spend additional \$20,000 in year 2 and \$10,000 in year 3 towards capital purchase in terms of leasehold improvements and furniture / fixtures.

Category	Year 1	Year 2	Year 3
Leasehold Improvements	\$10,000	\$10,000	\$0
Furniture / Fixtures	\$15,000	\$10,000	\$10,000
Equipments	\$30,000	\$0	\$0
Computers, POS	\$15,000	\$0	\$0
Total	\$70,000	\$20,000	\$10,000

Capital Expense Estimates

7.5 Profit and Loss Statement

Our estimate shows that the monthly sales will increase from \$19,100 in month 1 to \$28,900 in month 12. Our operating profit will increase from \$1,655 in month 1 to \$5,081 in month 12; while net profit will increase from loss of \$762 in month 1 to profit of \$2,850 in month 12. The chart below shows the monthly revenue and profit growth for 1st year of operations.



Revenue vs. Profit – Year 1

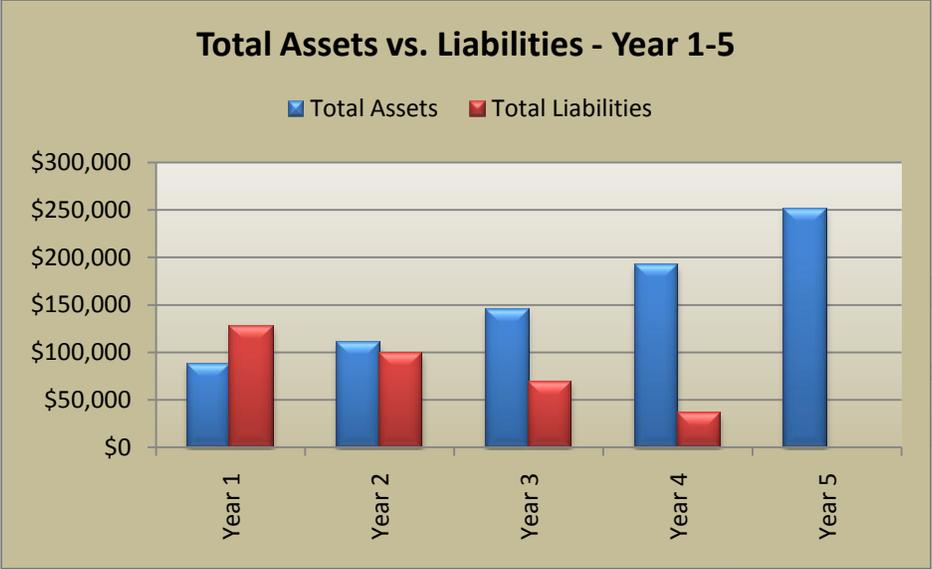
We expect to increase sales from \$286,000 year 1 to \$418,600 in year 5; while operating profit will increase from \$40,000 in year 1 to \$118,000 in year 5. Net profit will improve from \$12,000 in year 1 to \$96,000 in year 5. The chart below shows improvement in sales and net profit from year 1 to year 5.



Revenue vs. Profit – Year 1-5

7.6 Balance Sheet

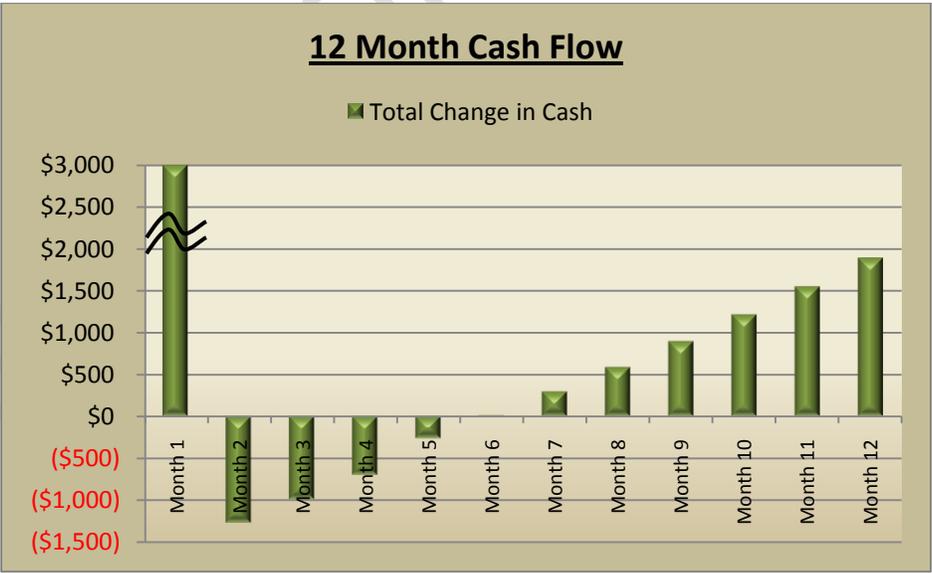
We intend to keep a healthy balance sheet from day 1 with the goal of having virtually zero long-term liabilities by year 5 as shown in the chart below.



Assets vs. Liabilities – Year 1-5

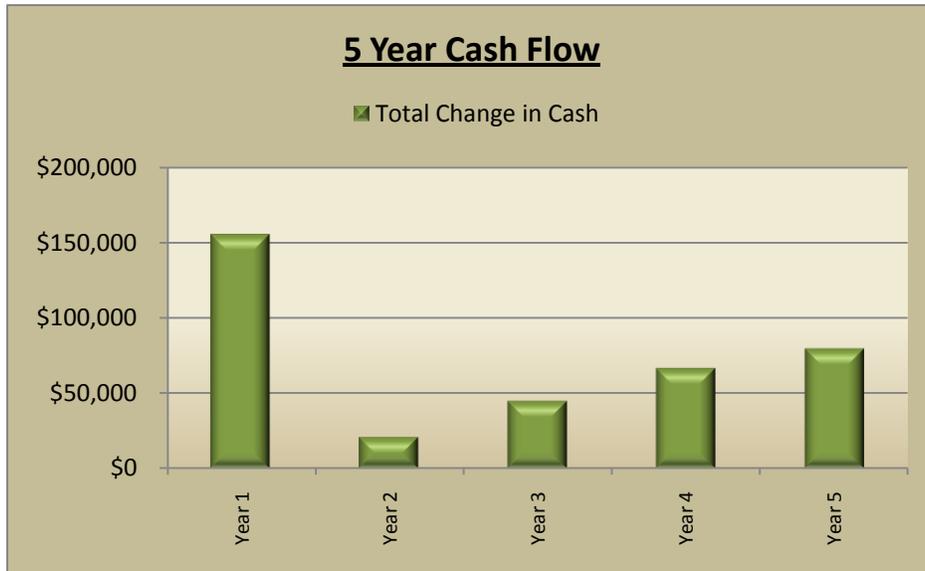
7.7 Cash Flow Analysis

Our goal is to have positive operating cash flow from month 1; while achieving positive net cash flow by month 6 as shown in the chart below.



Cash Flow Analysis – Year 1

The chart below shows our projections for 5 year cash flow.



Cash Flow Analysis – Year 1-5

8. Use of Funds

8.1 Use of Funds

As shown in the table below, we are requesting \$150,000 in loan amount to be repaid over 5 years. We will also contribute \$50,000 in equity contribution bringing the total funding from all sources to \$200,000. The table also shows that we intend to use \$70,000 from these funds towards capital expenditure in year 1 and \$25,000 for start-up inventory. The remaining amount of \$105,000 will be used for working capital.

Funding Sources

Debt Proceedings	\$150,000
Equity Proceedings	\$50,000
Total Sources	\$200,000

Funding Outlays

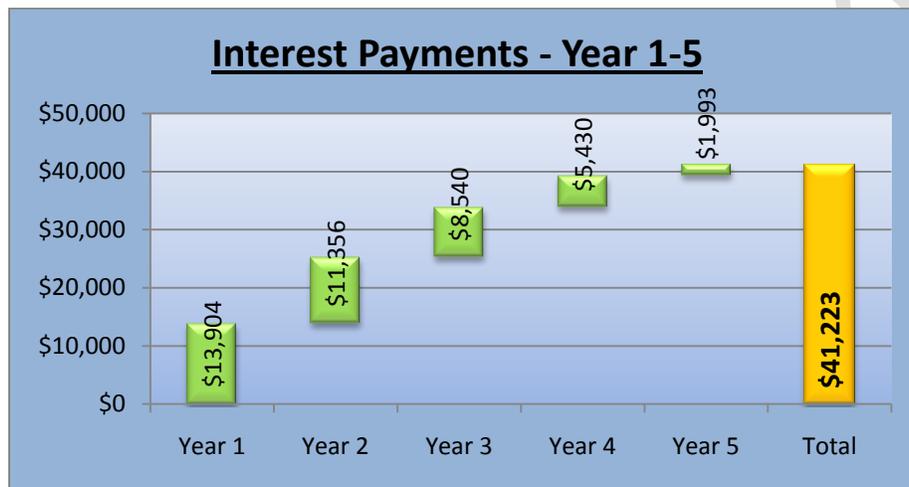
Leasehold Improvements	\$10,000
Furniture / Fixtures	\$15,000
Equipments	\$30,000
Computers, POS	\$15,000
Startup Inventory	\$25,000
Working Capital	\$105,000
Total Outlays	\$200,000

Funding Sources and Outlays

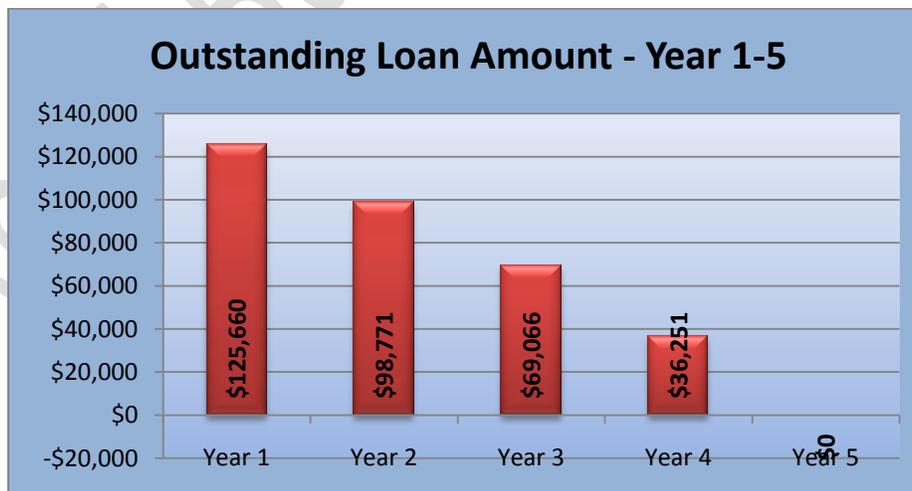
9. Debt Repayment Plan

9.1 Debt Repayment Plan

We intend to repay the entire \$150,000 in debt over 5 years. As shown in the cash flow statements above we will have sufficient cash flow after taking care of operating expenses to service the debt. The charts below show the amount of interest paid over 5 years (at 10% fixed interest rate) along with the outstanding loan amount.



Debt Interest Payments –Year 1-5



Outstanding Loan Amount – Year 1-5

10. Appendix

10.1 P&L Statement - Year 1

	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												
Coffee Sales - Retail	\$15,000	\$15,750	\$16,538	\$17,364	\$18,597	\$19,347	\$20,126	\$20,937	\$21,781	\$22,659	\$23,572	\$24,522
Coffee Sales - Catering	\$700	\$707	\$714	\$721	\$728	\$728	\$728	\$728	\$728	\$728	\$728	\$728
Instrument Sales	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,515	\$1,530	\$1,545	\$1,561	\$1,577	\$1,592	\$1,608
Instrument Rental	\$900	\$900	\$900	\$900	\$900	\$900	\$918	\$927	\$937	\$946	\$955	\$965
Facility Rental	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,010	\$1,020	\$1,030	\$1,041	\$1,051	\$1,062	\$1,072
Total Sales	\$19,100	\$19,857	\$20,652	\$21,486	\$22,726	\$23,509	\$24,323	\$25,169	\$26,048	\$26,961	\$27,910	\$28,896
COGS												
Purchase Cost - Coffee	\$4,710	\$4,937	\$5,175	\$5,426	\$5,798	\$6,023	\$6,256	\$6,500	\$6,753	\$7,016	\$7,290	\$7,575
Purchase Cost - Music Instrument	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,061	\$1,071	\$1,082	\$1,093	\$1,104	\$1,115	\$1,126
Total COGS	\$5,760	\$5,987	\$6,225	\$6,476	\$6,848	\$7,083	\$7,328	\$7,582	\$7,846	\$8,120	\$8,405	\$8,701
Gross Profit - Coffee	\$10,990	\$11,520	\$12,076	\$12,660	\$13,528	\$14,053	\$14,598	\$15,166	\$15,757	\$16,371	\$17,010	\$17,675
Gross Profit - Music Instrument Sales	\$450	\$450	\$450	\$450	\$450	\$455	\$459	\$464	\$468	\$473	\$478	\$482
Operating Expense												
Labor Cost	\$3,820	\$3,971	\$4,130	\$4,297	\$4,545	\$4,702	\$4,865	\$5,034	\$5,210	\$5,392	\$5,582	\$5,779
Real Estate	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Marketing & Advertising	\$1,910	\$1,986	\$2,065	\$2,149	\$2,273	\$2,351	\$2,432	\$2,517	\$2,605	\$2,696	\$2,791	\$2,890
Electricity and Gas	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Telephone	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Equipment & Office Supplies	\$191	\$199	\$207	\$215	\$227	\$235	\$243	\$252	\$260	\$270	\$279	\$289
Insurance	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Taxes and Licenses	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Discretionary Expense	\$191	\$199	\$207	\$215	\$227	\$235	\$243	\$252	\$260	\$270	\$279	\$289
Bank & Merchant Fees	\$573	\$596	\$620	\$645	\$682	\$705	\$730	\$755	\$781	\$809	\$837	\$867
Professional Fees	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Total - Operating Expense	\$11,685	\$11,950	\$12,228	\$12,520	\$12,954	\$13,228	\$13,513	\$13,809	\$14,117	\$14,436	\$14,768	\$15,114
Operating Profit	\$1,655	\$1,920	\$2,198	\$2,490	\$2,924	\$3,198	\$3,482	\$3,778	\$4,085	\$4,405	\$4,737	\$5,081
Non-Operating Expense												
Depreciation	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167
Amortization	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$1,250	\$1,234	\$1,218	\$1,201	\$1,185	\$1,168	\$1,151	\$1,134	\$1,117	\$1,100	\$1,082	\$1,065
Total - Non-Operating Expense	\$2,417	\$2,401	\$2,384	\$2,368	\$2,351	\$2,335	\$2,318	\$2,301	\$2,284	\$2,266	\$2,249	\$2,232
Net Income	-\$762	-\$481	-\$186	\$122	\$573	\$863	\$1,165	\$1,477	\$1,802	\$2,138	\$2,488	\$2,850

10.2 Balance Sheet - Year 1

	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 and Cash Equivalents	\$3,000	\$1,733	\$744	\$47	-\$216	-\$205	\$90	\$681	\$1,580	\$2,797	\$4,347	\$6,241
Short-term Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$28,000	\$26,733	\$25,744	\$25,047	\$24,784	\$24,795	\$25,090	\$25,681	\$26,580	\$27,797	\$29,347	\$31,241
Non-current Assets												
Property and Equipments	\$68,833	\$67,667	\$66,500	\$65,333	\$64,167	\$63,000	\$61,833	\$60,667	\$59,500	\$58,333	\$57,167	\$56,000
Intangible Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-current Assets	\$68,833	\$67,667	\$66,500	\$65,333	\$64,167	\$63,000	\$61,833	\$60,667	\$59,500	\$58,333	\$57,167	\$56,000
Total Assets	\$96,833	\$94,400	\$92,244	\$90,380	\$88,950	\$87,795	\$86,923	\$86,348	\$86,080	\$86,131	\$86,514	\$87,241
Liabilities and Equity												
Current Liabilities												
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Short-term Borrowings	\$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
Total Current Liabilities	\$0											
Non-current Liabilities												
Loans Payable	\$148,063	\$146,110	\$144,140	\$142,154	\$140,152	\$138,133	\$136,097	\$134,044	\$131,974	\$129,887	\$127,782	\$127,782
Other Non-current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Non-current Liabilities	\$148,063	\$146,110	\$144,140	\$142,154	\$140,152	\$138,133	\$136,097	\$134,044	\$131,974	\$129,887	\$127,782	\$127,782
Total Liabilities	\$148,063	\$146,110	\$144,140	\$142,154	\$140,152	\$138,133	\$136,097	\$134,044	\$131,974	\$129,887	\$127,782	\$127,782
Shareholder Equity												
Preferred Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Common Stock	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Additional Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	-\$762	-\$481	-\$186	-\$122	-\$573	\$863	\$1,165	\$1,477	\$1,802	\$2,138	\$2,488	\$2,850
Additional Shareholder Equity	-\$100,468	-\$101,230	-\$101,710	-\$101,896	-\$101,774	-\$101,202	-\$100,338	-\$99,174	-\$97,696	-\$95,894	-\$93,756	-\$93,391
Total Shareholder Equity	-\$51,230	-\$51,710	-\$51,896	-\$51,774	-\$51,202	-\$50,338	-\$49,174	-\$47,696	-\$45,894	-\$43,756	-\$41,268	-\$40,541
Total Liabilities and Equity	\$96,833	\$94,400	\$92,244	\$90,380	\$88,950	\$87,795	\$86,923	\$86,348	\$86,080	\$86,131	\$86,514	\$87,241

10.3 Cash Flow Statement – Year 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Operating Activities												
Net Income	(\$762)	(\$481)	(\$186)	\$122	\$573	\$863	\$1,165	\$1,477	\$1,802	\$2,138	\$2,488	\$2,850
Depreciation and Amortization	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167	\$1,167
Changes in Accounts Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Changes in Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Changes in Inventory	(\$25,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Changes in Other Operating Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Operating Activities	(\$24,995)	\$686	\$980	\$1,289	\$1,739	\$2,030	\$2,331	\$2,644	\$2,968	\$3,305	\$3,654	\$4,017
Investing Activities												
Capital Expenditures	(\$70,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Intangibles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Investing Activities	(\$70,000)	\$0										
Financing Activities												
Debt Proceedings	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Payments (Principle)	(\$1,937)	(\$1,953)	(\$1,969)	(\$1,986)	(\$2,002)	(\$2,019)	(\$2,036)	(\$2,053)	(\$2,070)	(\$2,087)	(\$2,105)	(\$2,122)
Equity Proceedings	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Financing Activities	\$198,063	(\$1,953)	(\$1,969)	(\$1,986)	(\$2,002)	(\$2,019)	(\$2,036)	(\$2,053)	(\$2,070)	(\$2,087)	(\$2,105)	(\$2,122)
Total Change in Cash	\$3,000	(\$1,267)	(\$989)	(\$697)	(\$263)	\$11	\$295	\$591	\$898	\$1,218	\$1,550	\$1,894
Opening Cash Balance	\$0	\$3,000	\$1,733	\$744	\$47	(\$216)	(\$205)	\$90	\$681	\$1,580	\$2,797	\$4,347
Ending Cash Balance	\$3,000	\$1,733	\$744	\$47	(\$216)	(\$205)	\$90	\$681	\$1,580	\$2,797	\$4,347	\$6,241

10.4 P&L Statement - Year 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales					
Coffee Sales - Retail	\$236,194	\$268,216	\$290,076	\$313,717	\$339,285
Coffee Sales - Catering	\$8,670	\$8,843	\$9,108	\$9,382	\$9,663
Instrument Sales	\$18,429	\$19,350	\$20,317	\$21,333	\$22,400
Instrument Rental	\$11,057	\$11,610	\$12,190	\$12,800	\$13,440
Facility Rental	\$12,286	\$32,654	\$33,034	\$33,425	\$33,828
Total Sales	\$286,635	\$340,674	\$364,726	\$390,657	\$418,616
COGS					
Purchase Cost - Coffee	\$73,459	\$80,347	\$83,772	\$87,237	\$90,727
Purchase Cost - Music Instrument	\$12,900	\$13,351	\$13,816	\$14,293	\$14,784
Total COGS	\$86,359	\$93,699	\$97,587	\$101,530	\$105,511
Gross Profit - Coffee	\$171,405	\$196,712	\$215,413	\$235,862	\$258,222
Gross Profit - Music Instrument Sales	\$5,529	\$5,998	\$6,502	\$7,040	\$7,616
Operating Expense					
Labor Cost	\$57,327	\$68,135	\$72,945	\$78,131	\$83,723
Real Estate	\$42,000	\$43,260	\$44,558	\$45,895	\$47,271
Marketing & Advertising	\$28,664	\$20,440	\$18,236	\$19,533	\$20,931
Electricity and Gas	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506
Telephone	\$1,800	\$1,854	\$1,910	\$1,967	\$2,026
Equipment & Office Supplies	\$2,866	\$3,407	\$3,647	\$3,907	\$4,186
Insurance	\$2,400	\$2,472	\$2,546	\$2,623	\$2,701
Taxes and Licenses	\$600	\$618	\$637	\$656	\$675
Discretionary Expense	\$2,866	\$3,509	\$3,869	\$4,269	\$4,712
Bank & Merchant Fees	\$8,599	\$10,527	\$11,608	\$12,806	\$14,135
Professional Fees	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Total - Operating Expense	\$160,322	\$167,818	\$173,960	\$184,210	\$195,217
Operating Profit	\$39,954	\$79,157	\$93,178	\$104,917	\$117,888
Non-Operating Expense					
Depreciation	\$14,000	\$18,000	\$20,000	\$20,000	\$20,000
Ammortization	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$13,904	\$11,356	\$8,540	\$5,430	\$1,993
Total - Non-Operating Expense	\$27,904	\$29,356	\$28,540	\$25,430	\$21,993
Net Income	\$12,049	\$49,802	\$64,638	\$79,488	\$95,895

10.5 Balance Sheet – Year 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash and Cash Equivalents	\$6,241	\$27,154	\$72,087	\$138,760	\$218,404
Short-term Investments	\$0	\$0	\$0	\$0	\$0
Net Receivables	\$0	\$0	\$0	\$0	\$0
Inventory	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Other Current Assets	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$31,241	\$52,154	\$97,087	\$163,760	\$243,404
Non-current Assets					
Property and Equipments	\$56,000	\$58,000	\$48,000	\$28,000	\$8,000
Intangible Assets	\$0	\$0	\$0	\$0	\$0
Other Non-Current Assets	\$0	\$0	\$0	\$0	\$0
Total Non-current Assets	\$56,000	\$58,000	\$48,000	\$28,000	\$8,000
Total Assets	\$87,241	\$110,154	\$145,087	\$191,760	\$251,404
Liabilities and Equity					
Current Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Short-term Borrowings	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$0	\$0	\$0	\$0	\$0
Non-current Liabilities					
Loans Payable	\$127,782	\$98,771	\$69,066	\$36,251	\$0
Other Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
Total Non-current Liabilities	\$127,782	\$98,771	\$69,066	\$36,251	\$0
Total Liabilities	\$127,782	\$98,771	\$69,066	\$36,251	\$0
Shareholder Equity					
Preferred Stock	\$0	\$0	\$0	\$0	\$0
Common Stock	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Additional Paid-in Capital	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$2,850	\$49,802	\$64,638	\$79,488	\$95,895
Additional Shareholder Equity	-\$93,391	-\$88,419	-\$38,617	\$26,021	\$105,509
Total Shareholder Equity	-\$40,541	\$11,383	\$76,021	\$155,509	\$251,404
Total Liabilities and Equity	\$87,241	\$110,154	\$145,087	\$191,760	\$251,404

10.6 Cash Flow Statement – Year 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Activities					
Net Income	\$12,049	\$49,802	\$64,638	\$79,488	\$95,895
Depreciation and Amortization	\$14,000	\$18,000	\$20,000	\$20,000	\$20,000
Changes in Accounts Receivables	\$0	\$0	\$0	\$0	\$0
Changes in Liabilities	\$0	\$0	\$0	\$0	\$0
Changes in Inventory	(\$25,000)	\$0	\$0	\$0	\$0
Changes in Other Operating Activities	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Operating Activities	\$1,049	\$67,802	\$84,638	\$99,488	\$115,895
Investing Activities					
Capital Expenditures	(\$70,000)	(\$20,000)	(\$10,000)	\$0	\$0
Intangibles	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Investing Activities	(\$70,000)	(\$20,000)	(\$10,000)	\$0	\$0
Financing Activities					
Debt Proceedings	\$150,000	\$0	\$0	\$0	\$0
Debt Payments (Principle)	(\$24,340)	(\$26,889)	(\$29,705)	(\$32,815)	(\$36,251)
Equity Proceedings	\$50,000	\$0	\$0	\$0	\$0
Dividends Paid	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Financing Activities	\$224,340	(\$26,889)	(\$29,705)	(\$32,815)	(\$36,251)
Total Change in Cash	\$155,390	\$20,913	\$44,934	\$66,673	\$79,644
Opening Cash Balance	\$0	\$6,241	\$27,154	\$72,087	\$138,760
Ending Cash Balance	\$6,241	\$27,154	\$72,087	\$138,760	\$218,404