

# Pamperzhou Day Spa

## Pamperzhou Day Spa - Sample Plan



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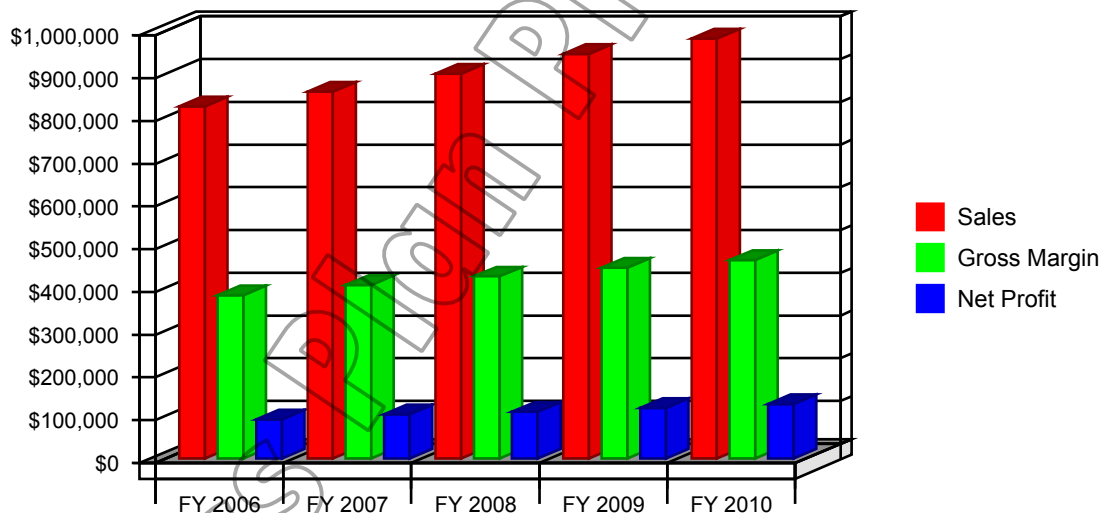
# Pamperzhou Day Spa

## 1.0 Executive Summary

Pamperzhou Day Spa is an upscale destination in Freeway County, CA, offering a complete day spa experience. We offer seven ultra-chic, ultra-comfortable treatment rooms with the finest spa linens and equipment. We offer massage in a variety of styles - traditional Swedish Massage, Deep Tissue work, Hot Stone Massage, Reflexology, Sports, Pregnancy and others. We also offer facial and body treatments, like a Vitamin C Antioxidant Facial and Pevonia's Anti-Free Radical Treatment. The day spa has the latest in anti-aging products and techniques but does NOT offer services on hair such as cutting, styling and coloring. The only time a pedicure would be provided, is when it's part of a full treatment, like Kneipp's Arnica and Calendula Foot and Leg Reflexology Treatment. In fact, for location, we prefer being located to hair and nail salon for co-marketing opportunities.

This business plan has been developed to track progress prior to grand opening and following through with a five-year projection. In addition, this plan has been written to secure a small portion of the start-up funding strategy for Spa's successful kick-off.

### Highlights



## 1.1 Objectives

1. Achieve \$31,000 in sales the third month after opening by performing 14 services per day.
2. Achieve \$62,550 in sales the six month after opening by performing 29 services per day.
3. Have a local client return rate of 90% by the end of the first six months.
4. Become an established community Spa destination by the end of the first 12 months.
5. Perform 53 services per day by the end of the first year.

# Pamperzhou Day Spa

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## 1.2 Mission

Our mission is to run a profitable business by providing high-end therapeutic massage and aesthetician services in a caring, upscale, professional environment. We offer massage in a variety of styles - traditional Swedish Massage, Sports Massage, Deep Tissue work, Sports Massage, Hot Stone Massage, Reflexology, and others. Our licensed aestheticians offer the latest in skin treatments, body treatments and anti-aging therapies.

Our goal is to tailor the client's experience based on initial interview information, as well as feedback during the treatments, to ensure the client's comfort and satisfaction, and to increase repeat business. We are mindful of the overall experience - using only the finest oils and lotions, beauty treatments and aromatherapies. Special lighting, music, decor, and textiles are used throughout the spa to complete the comfortable, plush environment and enhance the client's overall spa experience.

## 1.3 Keys to Success

1. **Marketing, Marketing, Marketing** - Owner is a proven, 15-year sales executive. Marketing will be the first strength to our success and a huge competitive edge.
2. **Professionalism:** Which includes everything from maintaining confidentiality, to hiring the very best LMT and Aestheticians.
3. **Individual Attention:** Each client's experience will be tailored to his or her preference.
4. **Repeat business/Recommendations:** giving the kind of service that brings people back for regular treatments, and encourages clients to recommend us to friends, and other health professionals to recommend their clients.
5. **Unique Treatments:** We have the latest in techniques with the best products from around the world.
6. **Fantastic Location:** Freeway County.

## 2.0 Company Summary

Pamperzhou Day Spa is a new destination offering customers the combination of massage, body treatments, facials and anti-aging treatments. The settings are upscale, beautiful and serene. We cater to both men and women and offer the latest in skin care products and therapies.

Culway Plaza, where we plan to locate, has a daily traffic count of 64,000 cars. It is also only 2 blocks from a commuter train stop, and has an upscale hair and nail salon which would complement our services nicely.

# Pamperzhou Day Spa

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## 2.1 Company Ownership

Pamperzhou Day Spa is a Sole Proprietorship owned by Madame Pamperzhou. Madame functions as developer and manager for Pamperzhou Day Spa. Madame has been a marketing and sales professional for over 15 years with a proven track record, who has been working in the medical industry for the last five years. While her tenure with X Company, a leading dental manufacturer, she built the Metropolis territory from \$400k per year to over \$1.8 Million per year. During Madame's sales career she also built a territory from zero per year to over \$3.6 Million per year at Y Computer Systems. At her current position with Z Dental Systems, she continues to excel and currently ended 2004 at 117% of the sales budget. Earlier in her career, as a leasor / manager for an Apartment community, she consistently maintained a 100% lease level while managing a 140-unit apartment community. Prior to that, she worked in the budget department for an overseas United States Military installation in Bamberg, Germany. Madame's unique cold-calling, sales, budget, management and people skills will be a perfect fit for building the client-base in a new business and seeing it through to success.

## 2.2 Start-up Summary

The following table outlines start-up expenses related to leasing, build-out and start-up expenses in opening Pamperzhou Day Spa. \$130,000 in cash will be invested by the owner and the remaining \$35,000 will be funded through short-term financing.

**Other Current Assets** purchased at start-up are as follows:

Massage table equipment - \$3,795 (5 complete)

Aesthetician Equipment - \$2,800 (2 room setup)

Decor and Furnishings - \$13,000

Envision Software & Equipment - \$4,000

Signage - \$3,500

Backbar Supplies - \$5,000

# Pamperzhou Day Spa

**Table: Start-up**

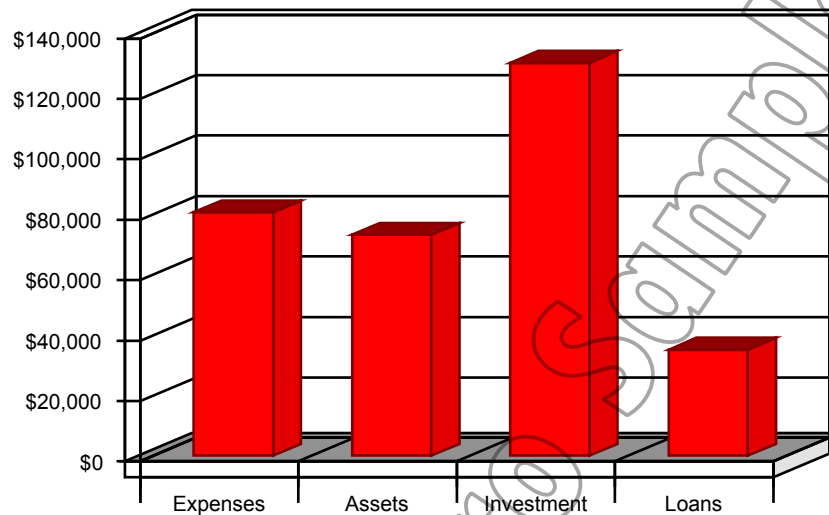
Start-up	
Requirements	
Start-up Expenses	
Legal	\$2,500
Printing, stationery, bags, grand opening coupons	\$3,500
Brochures	\$500
Construction/Design	\$45,000
Insurance	\$2,000
Rent	\$17,000
Research and Development	\$0
Advertising	\$5,000
Accountant	\$950
Linens	\$4,000
Other	\$0
Total Start-up Expenses	\$80,450
Start-up Assets	
Cash Required	\$35,000
Start-up Inventory	\$6,000
Other Current Assets	\$32,095
Long-term Assets	\$0
Total Assets	\$73,095
Total Requirements	\$153,545

**Table: Start-up Funding**

Start-up Funding	
Start-up Expenses to Fund	\$80,450
Start-up Assets to Fund	\$73,095
Total Funding Required	\$153,545
Assets	
Non-cash Assets from Start-up	\$38,095
Cash Requirements from Start-up	\$35,000
Additional Cash Raised	\$11,455
Cash Balance on Starting Date	\$46,455
Total Assets	\$84,550
Liabilities and Capital	
Liabilities	
Current Borrowing	\$35,000
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities	\$0
Total Liabilities	\$35,000
Capital	
Planned Investment	
Kari Cathy Investment from Sale of Home	\$130,000
N/A	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$130,000
Loss at Start-up (Start-up Expenses)	(\$80,450)
Total Capital	\$49,550
Total Capital and Liabilities	\$84,550
Total Funding	\$165,000

# Pamperzhou Day Spa

## Start-up



### 3.0 Products and Services

Pamperzhou Day Spa offers therapeutic massage services, body treatments, facials and anti-aging treatments. Services are provided by licensed therapists and aestheticians who are independently contracted and paid on a commission basis. The upside of the commissioned employee is that there is very little overhead without sales; employees only make money when the business makes money.

We also offer a full retail line that complements the services menu. Products included are high-end cosmetics, creams, candles, and other beauty products. These high-end items tend to retail at a minimum of \$20-\$25 per item and have 50% mark-up, or higher.

### 4.0 Market Analysis Summary

There are about 12,000 spas in the U.S. and Canada, according to ISPA, and seven out of ten are day spas. Today, Spa Industry revenues total \$12 billion annually, with Day Spas accounting for over \$7 billion of this figure and growing at 25% per year.

There are several existing day spas and a number of individual LMTs (Licensed Massage Therapists) in Freeway County, but none with our service/product range within a five mile radius. To find a such a comprehensive day spa, residents currently have to travel into the city. The going rate for massage in Freeway County is \$70-\$90 per hour, which is slightly above most of the other residential areas in the metropolis, which can even be as low as \$40 per hour in saturated or low-income areas. This larger metropolitan area spent \$464 million on entertainment and recreation in 2004.



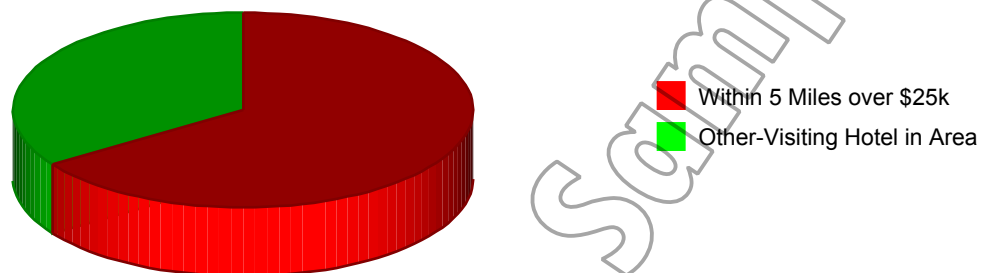
## 4.1 Market Segmentation

We are primarily targeting potential clients within a five-mile radius of Culway Plaza with a household income over \$25,000. Our secondary market will include visitors staying in a local hotel. Within the U.S., approximately 14% of the population has never tried a massage. We will assume that a conservative 70% of these two categories has tried a massage and would undergo one again, if offered appealing services at the right price. Our market Analysis table thus reflects 70% of the local and visiting population who might be targeted.

Within this group, clients who use spa services fall into four basic groups:

- 1. Clients recovering from injuries or accidents / Massage Therapy** (Madame Pamperzhou, owner, has professional contacts for referral in this area.)
  - Often also seeing a chiropractor or physical therapist (more often referral from chiropractor)
  - Frequently paid by insurance
  - Usually insurance will pay for short-term therapy only, although clients will sometimes supplement out-of-pocket
  - Our spa will be set up to take insurance patients and bill to insurance when prescribed by a qualified physician.
- 2. Clients pampering themselves / Massage Therapy, Body and Facial Treatments**
  - Individuals with high disposable income
  - Sometimes have chronic pain or old injury issues
  - Massage 1 - 4 times a month for relaxation
  - Huge anti-aging and beauty market potential
  - Traffic continues to be a huge problem in Metropolis and our therapies are valuable for this segment of the population.
  - Local hotels that do not offer spa services will be able to refer to our local facility or use our out-call services.
- 3. Clients who prefer alternative health care**
  - Use massage as preventative health care
  - Use other alternative practices - e.g. acupuncture, Chiropractor, Naturopath, Herbalist, etc.
  - Try to have massage as regularly as they can afford - usually once per month
  - Commuters in Metropolis suffer through some of the worst traffic in the country. As the population grows, the traffic worsens and the need for massage therapies increases. Extended hours will capitalize on those who want an appointment on their way home from work.
- 4. Serious Athletes**
  - Injury and workout recovery, also preventative.
  - Many serious runners, surfers, bicyclists and college athletes in the local area.
  - Massage for improved performance - great for word-of mouth referrals if they see results.
  - California climate allows this client-segment to be less seasonal than in most parts of the country.

## Market Analysis (Pie)



**Table: Market Analysis**

Market Analysis		2005	2006	2007	2008	2009	CAGR
Potential Customers	Growth						
Within 5 Miles over \$25k	2%	284,950	288,883	292,869	296,911	337,885	4.35%
Other-Visiting Hotel in Area	0%	150,000	150,000	150,000	150,000	150,000	0.00%
Total	2.91%	434,950	438,883	442,869	446,911	487,885	2.91%

## 4.2 Target Market Segment Strategy

As individual as our clients are, they seem to fall into one of four general categories: Injury Recovery, Self-Pampering/Relaxation, Alternative Care Users, and Athletes. Besides the obvious differences in the style of massage or treatments each of these prefer, they also represent separate groups for marketing and retention purposes. In addition, the booming anti-aging market is an additional momentum builder.

The Injury recovery group is usually referred by a Chiropractor, self-referred through our listing on the American Specialty Health Network site, or referred by another client who found massage helpful during an injury recovery. Marketing to this audience is done indirectly, through the referring parties. While car insurance will typically pay for massage for only a limited time (less than one year), many health insurance policies now have Alternative Care coverage with a renewable annual maximum. Most people do not know that regular massage therapy is covered on their insurance when prescribed by a physician. We will work to educate clients of their benefits and be able to bill to insurance on the appropriate patients.

Clients who have the disposable income to indulge in massage and body treatments for self-pampering or relaxation are the core of our long-term repeat customers. These clients will come once a week to once a month for years, and often refer other family and friends. This type of client can be difficult to find - an ad in the local alternative news weekly (especially with a coupon for \$5 off) or a donation to a charity auction may result in a one-time visit, or a long-term client. Another source of usually one-time visitors is the Gift Certificate - friends

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pampering friends for a birthday or other special occasion. Our desired location will provide an excellent demographic to provide this type of client.

The third group are Alternative Care users. These are people who mistrust allopathic medicine, and prefer to use chiropractors, naturopaths, herbalists, and acupuncturists. A local networking group of alternative care providers is a great way to get referrals, as well as placing posters on other practitioners offices, and ads in the local alternative newspaper.

The final group is another backbone of this business - the amateur athletes. There is a large population of runners and bicyclists in the local area, as well as out-of-town participants who return for annual events, and book massages during those times. They are a very loyal group, and will readily give word-of-mouth recommendations, especially if they see massage as having given them a specific boost to their performance. This group will cross over from the Injury group, and become long-term clients after the specific initial injury has healed. They also tend to have chronic injuries or pain, especially as they age, which can encourage them to become repeat clients.

### 4.3 Service Business Analysis

We are part of the retail health and beauty industry, which has four major types:

- 1) **Salons with Day Spa Services:** Hair salons that offer limited spa services like massage and facials.
- 2) **Heath & Beauty Products:** Stores selling only merchandise products covering the wide range of products available, but not inclusive of those sold by salons and spas.
- 3) **Hotels with Spa Services:** Major hotels with on-site spas.
- 4) **Medical Spa:** Focus mainly on non surgical cosmetic but also have massage therapy, facials and microdermabrasion.

#### 4.3.1 Competition and Buying Patterns

Customers choose spa services based on proximity to their daily commute, quality and an exceptional experience. With our combined services, we expect to dominate the Day Spa market. There is not one direct competitor of this nature within the area where we are intending to locate.

The closest competitor is the Heavenly Spa which is a Hair salon that offers additional, limited, spa services. The Hyatt Regency Hotel also offers massage treatments, but will mostly cater to visitors to the area and not the local residential base. Finally, Atmosphere Spa, located in Plaza Center is not a traditional day spa but combines a day spa with a female gymnasium. No men are allowed at Atmosphere Spa, either. The going rate for massage in Freeway County is \$70-\$90 per hour which is slightly above most of the other residential areas in Metropolis which can even be as low as \$40 per hour in saturated or low-income areas.

# Pamperzhou Day Spa

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## 5.0 Strategy and Implementation Summary

Our strategy is to implement the most aggressive marketing and networking in the community---followed by the best services in the business. Our prices are competitive for the area, and our personnel plan, which includes using a pool of skilled, commissioned therapists and aestheticians, will give us a financial advantage.

## 5.1 Competitive Edge

Our competitive edge is our ability to market effectively and creatively to bring in the clients and then back that up with the best service and products in the business. In addition, our combination of unique services, outstanding location and our interaction with the customers are setting us up for huge success.

## 5.2 Marketing Strategy

**Local Advertising & Seasonal Promotions** - Local newspaper advertising, local fliers, grand opening party kick-off and promotion for first 30 days. Continue regular advertising and plan for seasonal events: Christmas, Valentine's, Mother's Day, Prom and New Year's.

**Local Networking** - Charities, women's groups, country clubs, wedding planners, and membership with the **Metropolis Chamber of Commerce**.

**Health Care Referrals - prior to opening**, work current contacts and create new contacts with health care providers, especially chiropractors. Also, become a Provider with health insurance companies that offer Alternative Care to their members. Most people don't know that massage therapy is usually paid by insurance when billed correctly and when prescribed by a physician. Pamperzhou Day Spa already has practice management software to handle medically billable massage. When the insurance does not cover the entire amount of a service the client will pay the difference. For that reason, we will not want to participate with any PPO's that require write-off for amounts over the usual and customary fee (which tends to be too low). A list of acceptable insurance company plans will be maintained and those clients will be able to handle massage therapy through their insurance. Any opportunity to convince allopathic physicians - MDs - to see massage as having long-term healing benefits for their patients will also be taken, since they hold the key to having massage paid for as "medically necessary." The client will also help drive that with the physicians if they are properly educated.

**Hotel Referrals** - Hotels that do not offer their own spa services will send their guests to our spa or use our out-call spa services. Prior to opening, I will make contacts with managers and concierges at local hotels to ensure they are aware of the services available. Promotions will be offered to professionals in these industries to create buzz and build relationships.

**Online Website** - our spa will show up on every major search engine and in the phone directory. The website will have a full menu of services and eventually have the ability to schedule appointments on-line. The spa software we are using will allow a user to see the schedule and make an appointment without making a phone call.

**Location traffic** - It is imperative that we be located in a high-traffic strip mall that is high-end, modern, and clean. We prefer locating near a complementary business like a nail or hair salon that does not offer any massage or facial treatments.

# Pamperzhou Day Spa

## 5.3 Sales Strategy

If, as it has been said, the top three items which determine success in business are location, location, location, then a busy location at **Culway Plaza** in a thriving residential community represents our top marketing strategy. With the owner focusing on the sales, marketing and management and delegating the massage and aesthetician therapies to employees--business profitability potential is exponentially maximized over a one or two person operation by a direct care-giver without any marketing, management or sales background.

As the owner, I have done extensive market research and visited some of the best spas in the world -- Beverly Hills, Paris, Amsterdam, Vegas and Arizona -- and have taken ideas from the best to offer an upscale, ultra-amenity, spa experience. Once a client experiences the luxurious, high-end level of personalized care that we offer, we are confident that we will have a return client.

### 5.3.1 Sales Forecast

The startup table assumes a realistic growth trend. There are four main areas of income: massage, aesthetician, retail and out-call. For the forecast, massage and aesthetician services were conservatively estimated at \$65 per service with 35% of that going to the service provider. The basis for these projections is a conservative estimate of 7 services per day the first month in business, and 53 services per day by the end of the first year. At 53 services per day, we would still only be operating 75% to capacity with 7 treatment rooms operating 7 days a week, 8-10 hours per day. Out call services will enhance the bottom line by allowing us to generate sales without using any of our retail space. Out call also averages a higher per service charge, averaging around \$80 per service with 65% to the therapist and virtually no overhead.

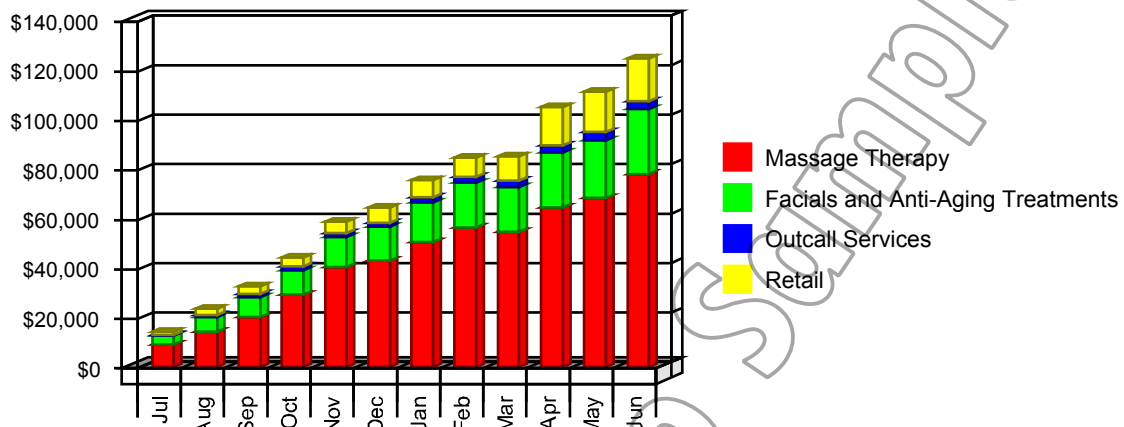
On retail products the gross margin is consistently 50% across the board. The retail lines go in conjunction with the spa services as an extension of the spa experience. The more customers, the more retail sales that will be driven. These high-end cosmetics and spa products are hard-to-find items that generate repeat purchases.

**Table: Sales Forecast**

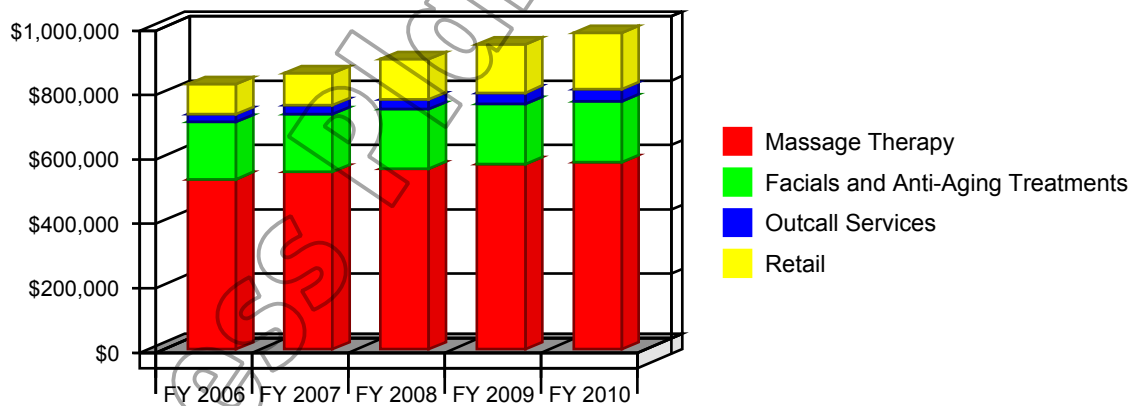
Sales Forecast	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Sales					
Massage Therapy	\$527,830	\$550,000	\$560,000	\$575,000	\$580,000
Facials and Anti-Aging Treatments	\$177,410	\$180,000	\$185,000	\$186,000	\$190,000
Outcall Services	\$23,600	\$27,000	\$30,000	\$35,000	\$37,000
Retail	\$94,845	\$100,000	\$125,000	\$150,000	\$175,000
Total Sales	\$823,685	\$857,000	\$900,000	\$946,000	\$982,000
Direct Cost of Sales					
Linens and Cleaning	\$3,644	\$3,785	\$3,875	\$3,980	\$4,035
Oils & Lotions	\$14,577	\$6,140	\$6,800	\$7,420	\$8,040
Cost of Retail products / 50% of Sales	\$47,423	\$50,000	\$62,500	\$75,000	\$87,500
Subtotal Direct Cost of Sales	\$65,644	\$59,925	\$73,175	\$86,400	\$99,575

# Pamperzhou Day Spa

## Sales Monthly



## Sales by Year



# Pamperzhou Day Spa

## 5.4 Milestones

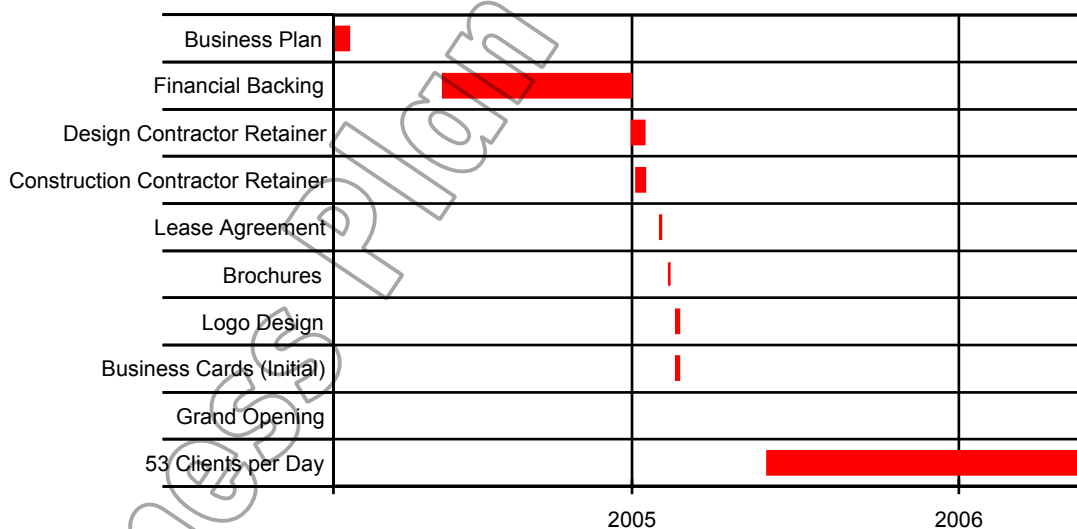
The following table lists important store milestones, with dates, implementation duty, and budgets for each. The milestone schedule emphasizes the timelines for implementation per the sales and marketing targets listed in detail in the previous topics.

**Table: Milestones**

**Milestones**

Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan	2/2/2004	2/20/2004	\$0	Kari	Owner
Financial Backing	6/4/2004	12/31/2004	\$165,000	Kari	Owner
Design Contractor Retainer	1/1/2005	1/15/2005	\$5,000	Kari	Owner
Construction Contractor Retainer	1/6/2005	1/16/2005	\$10,000	Kari	Owner
Lease Agreement	2/1/2005	2/3/2005	\$20,000	Kari	Owner
Brochures	2/11/2005	2/12/2005	\$500	Kari	Owner
Logo Design	2/19/2005	2/23/2005	\$150	Kari	Owner
Business Cards (Initial)	2/19/2005	2/23/2005	\$20	Kari	Owner
Grand Opening	6/1/2005	6/1/2005	\$0	Kari	Owner
53 Clients per Day	6/1/2005	5/31/2006	\$0	Kari	Owner
Totals			\$200,670		

### Milestones



# Pamperzhou Day Spa

## 6.0 Management Summary

Pamperzhou Day Spa is a Sole Proprietorship owned by Madame Pamperzhou. Madame Pamperzhou functions as developer and manager for Pamperzhou Day Spa. Madame has been a marketing and sales professional for over 15 years with a proven track record, who has been working in the medical industry for the last five years. While her tenure with X Company, a leading dental manufacturer, she built the Metropolis territory from \$400k per year to over \$1.8 Million per year. During Madame's sales career she also built a territory from zero per year to over \$3.6 Million per year at Y Computer Systems. At her current position with Z Dental Systems, she continues to excel and currently ended 2004 at 117% of the sales budget.

Earlier in her career, as a leasor / manager for an Apartment community, she consistently maintained a 100% lease level while managing a 140-unit apartment community. Prior to that, she worked in the budget department for an overseas United States Military installation in Bamberg, Germany. Madame's unique cold-calling, sales, budget, management and people skills will be a perfect fit for building the client-base in a new business and seeing it through to success.

## 6.1 Personnel Plan

Most employees are licensed, contract massage therapists and aestheticians. The employees are 1099 and get paid 100% commission. This alleviates huge overhead for salaries as employees are only paid when sales are generated. Employees are paid on a sliding scale based on production and % service sales to retail. There are more employees of this type available than there are jobs to fill them so it's an employer's market which is another positive. An on-call list of approximately 20 therapists will be available at any given time.

A front office person will be hired within two months of the Pamperzhou Day Spa Grand Opening. This person will relieve some of the phone, front desk and cashier duties from the manager. By the end of five months, a second office person will be hired.

The Personnel Plan below reflects our projected need at opening, and carries through five year of expenses. The owner draw and front desk are the only salaries. The rest of the payroll is commission and is only paid when the business is generating sales. Our Licensed Massage therapists will receive commission of 55% of the session price, aesthetician services will average 40% payments, and out-calls are budgeted at 65%, since most require some travel and will be largely massage calls.

**Table: Personnel**

Personnel Plan	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Owner Draw	\$103,250	\$105,000	\$110,000	\$115,000	\$120,000
Front Desk	\$34,260	\$40,000	\$45,000	\$45,000	\$47,000
Total People	3	3	3	3	3
Total Payroll	\$137,510	\$145,000	\$155,000	\$160,000	\$167,000



## 7.0 Financial Plan

The premier element to our financial plan is initiating, maintaining, and improving the factors that create, stabilize and increase our cash flow. Because of the commission structure of our contractor payments, our variable costs will exceed fixed costs for all years of this plan, which should help stabilize the cash flow - we only pay commission when we make a sale. We will surpass the break-even point by month four, and end the first year with a net profit margin of almost 11%. By quickly repaying our loan while increasing sales, and managing costs, we will increase the net worth of the business to over \$139,000 in the first year, and continue increasing it for the foreseeable future.

## 7.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown in the following table as annual assumptions. We assume cash payments for all services, except for the 1% of sales projected as insurance reimbursements, with collection days at 90. The collection days are for insurance billings only. Interest rates, tax rates, and personnel burden are based on conservative assumptions.

Two of the more important underlying assumptions are:

1. We assume a strong economy, without major recession.
2. We assume, of course, that there are no changes to the Medical/insurance Industry, such as the nationalization of health care.

**Table: General Assumptions**

General Assumptions	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Plan Month	1	2	3	4	5
Current Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%
Long-term Interest Rate	5.65%	5.65%	5.65%	5.65%	5.65%
Tax Rate	28.17%	28.00%	28.17%	28.00%	28.17%
Other	0	0	0	0	0

# Pamperzhou Day Spa

## 7.2 Break-even Analysis

The break-even analysis shows that in the first year, we need to make sales of \$34,519 to meet costs. Our variable costs include both the direct costs shown in the Sales Forecast table, for linens, oils, and retail product inventory, but also includes the commissions paid to contracted massage therapists and aestheticians. We should surpass the break-even point by month four of operations.

**Table: Break-even Analysis**

Break-even Analysis

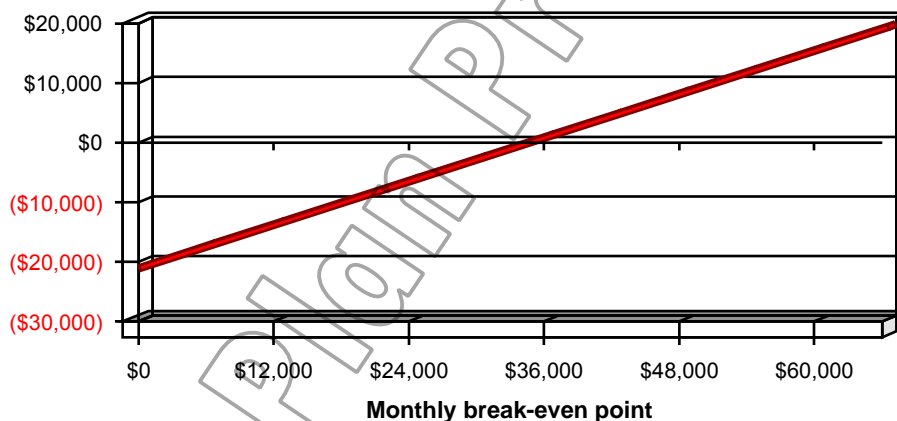
Monthly Revenue Break-even                      \$34,785

Assumptions:

Average Percent Variable Cost                      39%

Estimated Monthly Fixed Cost                      \$21,184

**Break-even Analysis**



Break-even point = where line intersects with 0

# Pamperzhou Day Spa

## 7.3 Projected Profit and Loss

Because we are paying our service-provider on commission, our variable costs will exceed our fixed costs. This keeps our overhead low, and means we paying ONLY for hours when they actually provide services. Keeping such a large pool of reliable massage therapists and aestheticians as we are recruiting will keep us from losing business with no-shows, especially since we will schedule our contractors, as much as possible, for full days or half-days, rather than individual appointments.

Fixed expenses are the customary: rent, electric, advertising, insurance. There are four main areas of income: massage, aesthetician retail and out call. Massage and aesthetician services are \$65 per service minimum, with 55% of that going to the service provider. The basis for the sales projections is a conservative estimate of 7 services per day the first month in business and 53 services per day by the end of the first year. At 53 services per day we would still only be operating 75% to capacity with 7 treatment rooms operating 7 days a week, 8-10 hours per day.

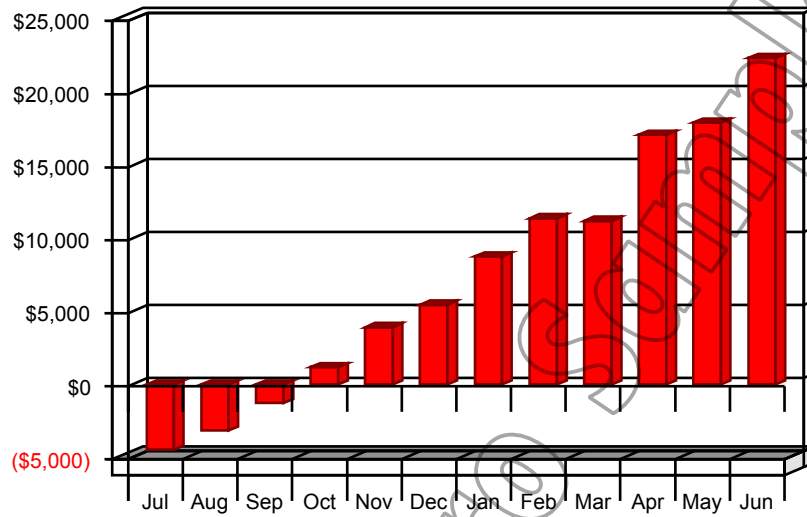
On retail products, the gross margin is consistently 50% across the board. The retail lines go in conjunction with the spa services as an extension of the spa experience. The more customers, the more retail sales that will be driven. These high-end cosmetics and spa products are hard to find items that generate repeat purchases.

**Table: Profit and Loss**

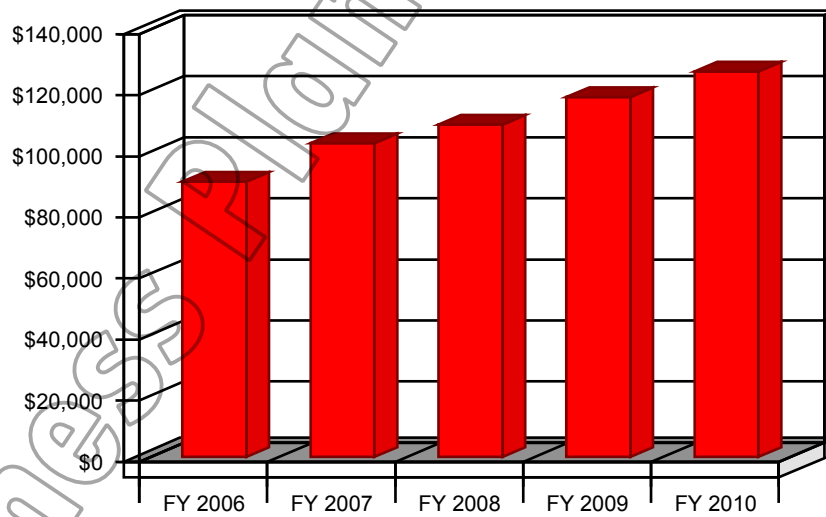
Pro Forma Profit and Loss					
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Sales	\$823,685	\$857,000	\$900,000	\$946,000	\$982,000
Direct Costs of Goods	\$65,644	\$59,925	\$73,175	\$86,400	\$99,575
Massage Therapists' commission	\$290,307	\$302,500	\$308,000	\$316,250	\$319,000
Aestheticians' commission	\$70,964	\$72,000	\$74,000	\$74,400	\$76,000
Out-call Services commission	\$15,340	\$17,550	\$19,500	\$22,750	\$24,050
<b>Cost of Goods Sold</b>	<b>\$442,254</b>	<b>\$451,975</b>	<b>\$474,675</b>	<b>\$499,800</b>	<b>\$518,625</b>
Gross Margin	\$381,431	\$405,025	\$425,325	\$446,200	\$463,375
Gross Margin %	46.31%	47.26%	47.26%	47.17%	47.19%
<b>Expenses</b>					
Payroll	\$137,510	\$145,000	\$155,000	\$160,000	\$167,000
Marketing/Promotion	\$7,500	\$5,000	\$5,000	\$8,000	\$5,000
Depreciation	\$0	\$50	\$50	\$50	\$50
Rent	\$66,000	\$66,000	\$66,000	\$66,000	\$66,000
Utilities	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400
Advertising	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Insurance	\$1,500	\$700	\$700	\$700	\$700
Payroll Taxes	\$27,502	\$29,000	\$31,000	\$32,000	\$33,400
Phone	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900
Software Support	\$0	\$495	\$495	\$495	\$495
Other	\$6,700	\$6,700	\$6,700	\$6,700	\$6,700
<b>Total Operating Expenses</b>	<b>\$254,212</b>	<b>\$260,645</b>	<b>\$272,845</b>	<b>\$282,045</b>	<b>\$287,645</b>
Profit Before Interest and Taxes	\$127,219	\$144,380	\$152,480	\$164,155	\$175,730
Interest Expense	\$2,132	\$1,568	\$980	\$392	\$49
Taxes Incurred	\$34,896	\$39,987	\$42,673	\$45,854	\$49,483
Net Profit	\$90,191	\$102,825	\$108,828	\$117,909	\$126,198
Net Profit/Sales	10.95%	12.00%	12.09%	12.46%	12.85%

# Pamperzhou Day Spa

## Profit Monthly

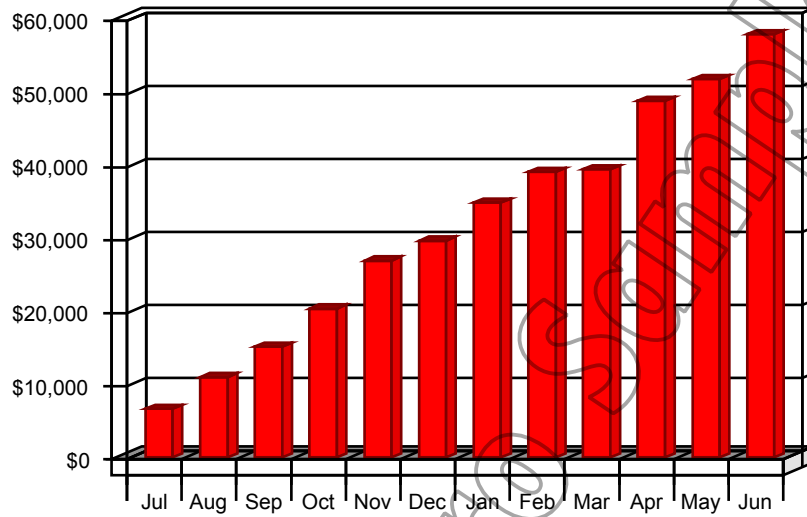


## Profit Yearly

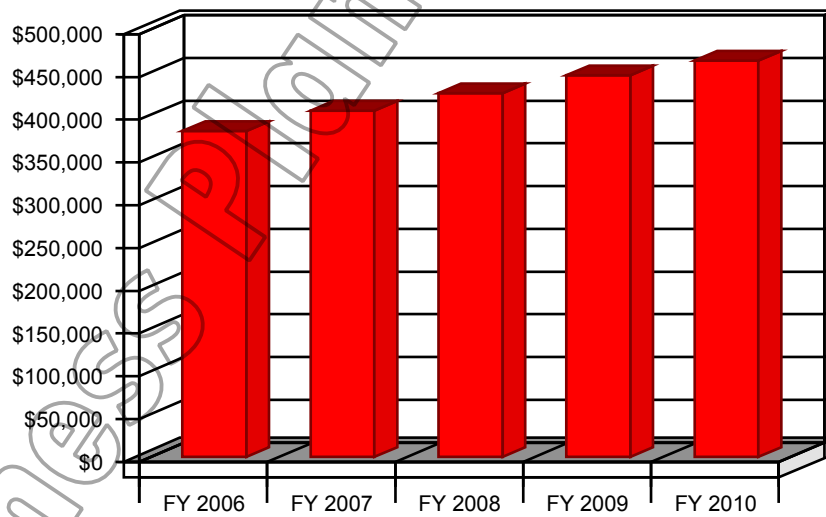


# Pamperzhou Day Spa

## Gross Margin Monthly



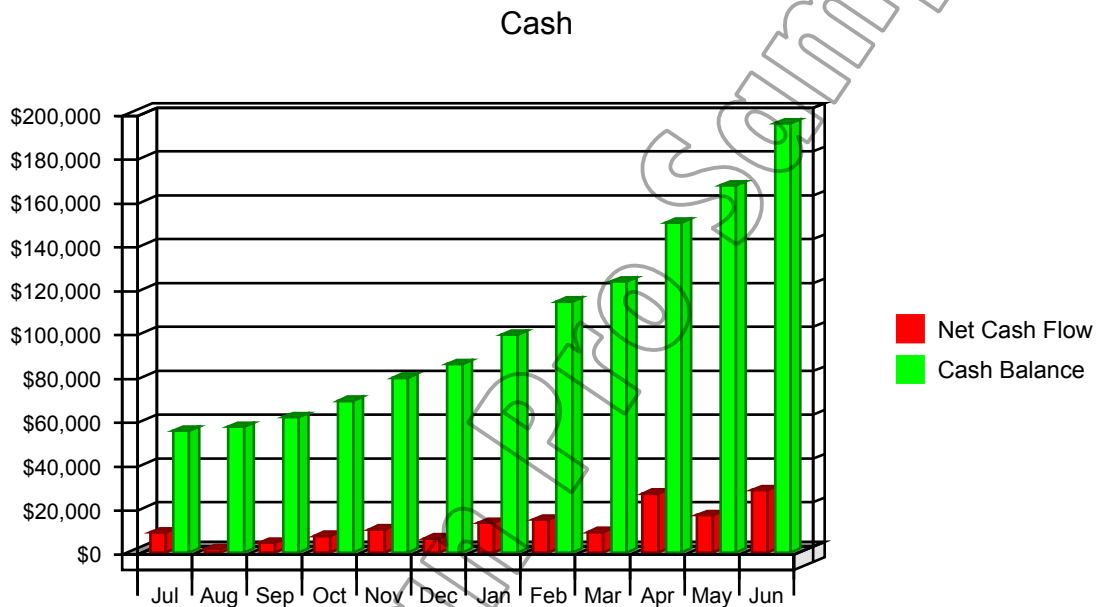
## Gross Margin Yearly



# Pamperzhou Day Spa

## 7.4 Projected Cash Flow

Based on our conservative sales forecasts, the following Cash Flow table shows Pamperzhou Day Spa with a consistently positive Cash Flow. After two months, the spa will show a consistent increase in the cash balance. Because the business is a sole proprietorship, the owner's draw is obviously the area of cash flow where adjustments can be made if Cash Flow becomes tight.



# Pamperzhou Day Spa

**Table: Cash Flow**

Pro Forma Cash Flow	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>Cash Received</b>					
Cash from Operations					
Cash Sales	\$799,494	\$831,290	\$875,250	\$917,620	\$954,995
Cash from Receivables	\$14,068	\$25,075	\$25,152	\$26,861	\$27,580
Subtotal Cash from Operations	\$813,562	\$856,365	\$900,402	\$944,481	\$982,575
Additional Cash Received					
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$813,562	\$856,365	\$900,402	\$944,481	\$982,575
<b>Expenditures</b>					
Expenditures from Operations					
Cash spending	\$137,510	\$145,000	\$155,000	\$160,000	\$167,000
Bill Payments	\$518,383	\$632,394	\$615,853	\$82,585	\$668,749
Subtotal Spent on Operations	\$655,893	\$777,394	\$770,853	\$242,585	\$835,749
Additional Cash Spent					
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$8,400	\$8,400	\$8,400	\$8,400	\$1,400
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$2,000	\$2,000	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$664,293	\$787,794	\$781,253	\$250,985	\$837,149
Net Cash Flow	\$149,269	\$68,571	\$119,149	\$693,496	\$145,426
Cash Balance	\$195,724	\$264,294	\$383,443	\$1,076,939	\$1,222,365

# Pamperzhou Day Spa

## 7.5 Projected Balance Sheet

The only Accounts Receivable carried is any Insurance Billings that are not paid during the month. Although some insurance companies pay promptly, within 10 working days, others take more than 6 weeks to pay. We have set our collection days for this small percentage of non-cash sales at 90 days, to be conservative.

The Balance Sheet shows a steady increase in earnings and net worth over the next five years.

**Table: Balance Sheet**

Pro Forma Balance Sheet					
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$195,724	\$264,294	\$383,443	\$1,076,939	\$1,222,365
Accounts Receivable	\$10,123	\$10,759	\$10,357	\$11,876	\$11,301
Inventory	\$12,441	\$11,357	\$13,868	\$14,577	\$15,132
Other Current Assets	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095
<b>Total Current Assets</b>	<b>\$250,383</b>	<b>\$318,505</b>	<b>\$439,763</b>	<b>\$1,135,487</b>	<b>\$1,280,893</b>
<b>Long-term Assets</b>					
Long-term Assets	\$0	\$2,000	\$4,000	\$4,000	\$4,000
Accumulated Depreciation	\$0	\$50	\$100	\$150	\$200
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>\$1,950</b>	<b>\$3,900</b>	<b>\$3,850</b>	<b>\$3,800</b>
<b>Total Assets</b>	<b>\$250,383</b>	<b>\$320,455</b>	<b>\$443,663</b>	<b>\$1,139,337</b>	<b>\$1,284,693</b>
<b>Liabilities and Capital</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$84,042	\$59,689	\$82,470	\$668,635	\$689,193
Current Borrowing	\$26,600	\$18,200	\$9,800	\$1,400	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$110,642</b>	<b>\$77,889</b>	<b>\$92,270</b>	<b>\$670,035</b>	<b>\$689,193</b>
<b>Long-term Liabilities</b>					
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$110,642</b>	<b>\$77,889</b>	<b>\$92,270</b>	<b>\$670,035</b>	<b>\$689,193</b>
<b>Capital</b>					
Paid-in Capital	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
Retained Earnings	(\$80,450)	\$9,741	\$112,566	\$221,393	\$339,303
Earnings	\$90,191	\$102,825	\$108,828	\$117,909	\$126,198
<b>Total Capital</b>	<b>\$139,741</b>	<b>\$242,566</b>	<b>\$351,393</b>	<b>\$469,303</b>	<b>\$595,500</b>
<b>Total Liabilities and Capital</b>	<b>\$250,383</b>	<b>\$320,455</b>	<b>\$443,663</b>	<b>\$1,139,337</b>	<b>\$1,284,693</b>
<b>Net Worth</b>	<b>\$139,741</b>	<b>\$242,566</b>	<b>\$351,393</b>	<b>\$469,303</b>	<b>\$595,500</b>



# Pamperzhou Day Spa

## 7.6 Business Ratios

The following table shows the projected businesses ratios. We expect to maintain healthy ratios for profitability, risk, and return. The ratios for the initial year of growth are, of course, not as favorable as the second year. Industry profile ratios based on the Standard Industrial Classification (SIC) code 7991.0103, Spas, are shown for comparison.

**Table: Ratios**

Ratio Analysis	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Industry Profile
Sales Growth	0.00%	4.04%	5.02%	5.11%	3.81%	3.43%
<b>Percent of Total Assets</b>						
Accounts Receivable	4.04%	3.36%	2.33%	1.04%	0.88%	4.05%
Inventory	4.97%	3.54%	3.13%	1.28%	1.18%	4.35%
Other Current Assets	12.82%	10.02%	7.23%	2.82%	2.50%	30.50%
Total Current Assets	100.00%	99.39%	99.12%	99.66%	99.70%	38.90%
Long-term Assets	0.00%	0.61%	0.88%	0.34%	0.30%	61.10%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Current Liabilities</b>						
Current Liabilities	44.19%	24.31%	20.80%	58.81%	53.65%	20.63%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	25.37%
Total Liabilities	44.19%	24.31%	20.80%	58.81%	53.65%	46.00%
Net Worth	55.81%	75.69%	79.20%	41.19%	46.35%	54.00%
<b>Percent of Sales</b>						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	46.31%	47.26%	47.26%	47.17%	47.19%	100.00%
Selling, General & Administrative Expenses	90.28%	94.36%	90.99%	0.00%	0.00%	69.59%
Advertising Expenses	0.91%	0.58%	0.56%	0.85%	0.51%	2.76%
Profit Before Interest and Taxes	15.45%	16.85%	16.94%	17.35%	17.90%	4.07%
<b>Main Ratios</b>						
Current	2.26	4.09	4.77	1.69	1.86	1.17
Quick	2.15	3.94	4.62	1.67	1.84	0.82
Total Debt to Total Assets	44.19%	24.31%	20.80%	58.81%	53.65%	58.83%
Pre-tax Return on Net Worth	89.51%	58.88%	43.11%	34.89%	29.50%	4.43%
Pre-tax Return on Assets	49.96%	44.57%	34.15%	14.37%	13.67%	10.76%
<b>Additional Ratios</b>						
Net Profit Margin	10.95%	12.00%	12.09%	12.46%	12.85%	n.a
Return on Equity	64.54%	42.39%	30.97%	25.12%	21.19%	n.a
<b>Activity Ratios</b>						
Accounts Receivable Turnover	2.39	2.39	2.39	2.39	2.39	n.a
Collection Days	77	148	156	143	157	n.a
Inventory Turnover	10.15	5.04	5.80	6.07	6.70	n.a
Accounts Payable Turnover	7.17	10.19	7.74	1.00	1.00	n.a
Payment Days	27	43	41	205	359	n.a
Total Asset Turnover	3.29	2.67	2.03	0.83	0.76	n.a
<b>Debt Ratios</b>						
Debt to Net Worth	0.79	0.32	0.26	1.43	1.16	n.a
Current Liab. to Liab.	1.00	1.00	1.00	1.00	1.00	n.a
<b>Liquidity Ratios</b>						
Net Working Capital	\$139,741	\$240,616	\$347,493	\$465,453	\$591,700	n.a
Interest Coverage	59.69	92.08	155.59	418.76	3586.33	n.a
<b>Additional Ratios</b>						
Assets to Sales	0.30	0.37	0.49	1.20	1.31	n.a
Current Debt/Total Assets	44%	24%	21%	59%	54%	n.a
Acid Test	2.06	3.81	4.50	1.66	1.82	n.a
Sales/Net Worth	5.89	3.53	2.56	2.02	1.65	n.a
Dividend Payout	0.00	0.00	0.00	0.00	0.00	n.a

## Appendix

**Appendix Table: Sales Forecast**

Sales Forecast		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Sales</b>													
Message Therapy	0%	\$9,000	\$14,105	\$20,150	\$29,250	\$40,300	\$42,900	\$50,375	\$56,420	\$54,600	\$64,480	\$68,250	\$78,000
Facials and Anti-Aging Treatments	0%	\$3,600	\$6,045	\$8,060	\$9,750	\$12,090	\$13,650	\$16,120	\$18,135	\$18,200	\$22,165	\$23,400	\$26,195
Outcall Services	0%	\$400	\$800	\$1,200	\$1,600	\$1,600	\$1,760	\$2,080	\$2,400	\$2,560	\$2,800	\$3,200	\$3,200
Retail	0%	\$1,240	\$2,480	\$3,100	\$3,600	\$4,650	\$6,000	\$6,975	\$7,750	\$9,800	\$15,500	\$16,500	\$17,250
<b>Total Sales</b>		<b>\$14,240</b>	<b>\$23,430</b>	<b>\$32,510</b>	<b>\$44,200</b>	<b>\$58,640</b>	<b>\$64,310</b>	<b>\$75,550</b>	<b>\$84,705</b>	<b>\$85,160</b>	<b>\$104,945</b>	<b>\$111,350</b>	<b>\$124,645</b>
<b>Direct Cost of Sales</b>													
Linens and Cleaning	1%	\$65	\$105	\$147	\$203	\$270	\$292	\$343	\$385	\$377	\$447	\$474	\$537
Oils & Lotions	2%	\$260	\$419	\$588	\$812	\$1,080	\$1,166	\$1,372	\$1,539	\$1,507	\$1,789	\$1,897	\$2,148
Cost of Retail products / 50% of Sales	50%	\$620	\$1,240	\$1,550	\$1,800	\$2,325	\$3,000	\$3,488	\$3,875	\$4,900	\$7,750	\$8,250	\$8,625
<b>Subtotal Direct Cost of Sales</b>		<b>\$945</b>	<b>\$1,764</b>	<b>\$2,285</b>	<b>\$2,815</b>	<b>\$3,675</b>	<b>\$4,458</b>	<b>\$5,202</b>	<b>\$5,799</b>	<b>\$6,784</b>	<b>\$9,986</b>	<b>\$10,621</b>	<b>\$11,310</b>

Business Plan Pro Sample

## Appendix

**Appendix Table: Personnel**

Personnel Plan		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Owner Draw	0%	\$3,750	\$5,000	\$6,000	\$7,500	\$8,000	\$8,500	\$9,000	\$9,500	\$10,000	\$11,000	\$12,500	\$12,500
Front Desk	0%	\$0	\$1,500	\$1,820	\$1,820	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640	\$3,640
Total People		1	2	2	2	3	3	3	3	3	3	3	3
Total Payroll		\$3,750	\$6,500	\$7,820	\$9,320	\$11,640	\$12,140	\$12,640	\$13,140	\$13,640	\$14,640	\$16,140	\$16,140

Business Plan Pro Sample

## Appendix

### Appendix Table: General Assumptions

General Assumptions	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Long-term Interest Rate	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%	5.65%
Tax Rate	30.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Business Plan Pro Sample

## Appendix

**Appendix Table: Profit and Loss**

Pro Forma Profit and Loss

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Sales	\$14,240	\$23,430	\$32,510	\$44,200	\$58,640	\$64,310	\$75,550	\$84,705	\$85,160	\$104,945	\$111,350	\$124,645
Direct Costs of Goods	\$945	\$1,764	\$2,285	\$2,815	\$3,675	\$4,458	\$5,202	\$5,799	\$6,784	\$9,986	\$10,621	\$11,310
Massage Therapists' commission	55%	\$4,950	\$7,758	\$11,083	\$16,088	\$22,165	\$23,595	\$27,706	\$31,031	\$30,030	\$35,464	\$37,538
Aestheticians' commission	40%	\$1,440	\$2,418	\$3,224	\$3,900	\$4,836	\$5,460	\$6,448	\$7,254	\$7,280	\$8,866	\$9,360
Out-call Services commission	65%	\$260	\$520	\$780	\$1,040	\$1,040	\$1,144	\$1,352	\$1,560	\$1,664	\$1,820	\$2,080
<b>Cost of Goods Sold</b>	<b>\$7,595</b>	<b>\$12,460</b>	<b>\$17,372</b>	<b>\$23,843</b>	<b>\$31,716</b>	<b>\$34,657</b>	<b>\$40,708</b>	<b>\$45,644</b>	<b>\$45,758</b>	<b>\$56,136</b>	<b>\$59,599</b>	<b>\$66,768</b>
Gross Margin	\$6,645	\$10,971	\$15,138	\$20,358	\$26,924	\$29,653	\$34,842	\$39,061	\$39,402	\$48,809	\$51,751	\$57,877
Gross Margin %	46.66%	46.82%	46.56%	46.06%	45.91%	46.11%	46.12%	46.11%	46.27%	46.51%	46.48%	46.43%
<b>Expenses</b>												
Payroll	\$3,750	\$6,500	\$7,820	\$9,320	\$11,640	\$12,140	\$12,640	\$13,140	\$13,640	\$14,640	\$16,140	\$16,140
Marketing/Promotion	\$2,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Advertising	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Insurance	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Payroll Taxes	20%	\$750	\$1,300	\$1,564	\$1,864	\$2,328	\$2,428	\$2,528	\$2,628	\$2,728	\$2,928	\$3,228
Phone	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Software Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$100	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
<b>Total Operating Expenses</b>	<b>\$12,850</b>	<b>\$15,150</b>	<b>\$16,734</b>	<b>\$18,534</b>	<b>\$21,318</b>	<b>\$21,918</b>	<b>\$22,518</b>	<b>\$23,118</b>	<b>\$23,718</b>	<b>\$24,918</b>	<b>\$26,718</b>	<b>\$26,718</b>
Profit Before Interest and Taxes	(\$6,205)	(\$4,180)	(\$1,596)	\$1,824	\$5,606	\$7,735	\$12,324	\$15,943	\$15,684	\$23,891	\$25,033	\$31,159
Interest Expense	\$200	\$196	\$192	\$188	\$184	\$180	\$176	\$172	\$167	\$163	\$159	\$155
Taxes Incurred	(\$1,922)	(\$1,225)	(\$501)	\$458	\$1,518	\$2,116	\$3,402	\$4,416	\$4,345	\$6,644	\$6,965	\$8,681
<b>Net Profit</b>	<b>(\$4,484)</b>	<b>(\$3,150)</b>	<b>(\$1,287)</b>	<b>\$1,178</b>	<b>\$3,904</b>	<b>\$5,440</b>	<b>\$8,747</b>	<b>\$11,356</b>	<b>\$11,172</b>	<b>\$17,084</b>	<b>\$17,909</b>	<b>\$22,323</b>
Net Profit/Sales	-31.49%	-13.45%	-3.96%	2.66%	6.66%	8.46%	11.58%	13.41%	13.12%	16.28%	16.08%	17.91%

## Appendix

**Appendix Table: Cash Flow**

Pro Forma Cash Flow

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Cash Received</b>												
Cash from Operations												
Cash Sales	\$14,098	\$22,961	\$31,535	\$42,874	\$56,881	\$62,381	\$73,284	\$82,164	\$82,605	\$101,797	\$108,010	\$120,906
Cash from Receivables	\$0	\$0	\$5	\$153	\$485	\$987	\$1,340	\$1,765	\$1,941	\$2,276	\$2,542	\$2,575
Subtotal Cash from Operations	\$14,098	\$22,961	\$31,539	\$43,027	\$57,366	\$63,368	\$74,624	\$83,929	\$84,546	\$104,072	\$110,551	\$123,480
<b>Additional Cash Received</b>												
Sales Tax, VAT, HST/GST Received	8.25%	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$14,098	\$22,961	\$31,539	\$43,027	\$57,366	\$63,368	\$74,624	\$83,929	\$84,546	\$104,072	\$110,551	\$123,480
<b>Expenditures</b>												
Expenditures from Operations												
Cash spending	\$3,750	\$6,500	\$7,820	\$9,320	\$11,640	\$12,140	\$12,640	\$13,140	\$13,640	\$14,640	\$16,140	\$16,140
Bill Payments	\$468	\$14,171	\$18,546	\$25,502	\$34,610	\$44,160	\$47,838	\$55,178	\$60,885	\$61,942	\$76,785	\$78,297
Subtotal Spent on Operations	\$4,218	\$20,671	\$26,366	\$34,822	\$46,250	\$56,300	\$60,478	\$68,318	\$74,525	\$76,582	\$92,925	\$94,437
<b>Additional Cash Spent</b>												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700
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 Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$4,918	\$21,371	\$27,066	\$35,522	\$46,950	\$57,000	\$61,178	\$69,018	\$75,225	\$77,282	\$93,625	\$95,137
<b>Net Cash Flow</b>	\$9,180	\$1,590	\$4,473	\$7,505	\$10,416	\$6,368	\$13,446	\$14,911	\$9,321	\$26,790	\$16,926	\$28,343
<b>Cash Balance</b>	\$55,635	\$57,225	\$61,698	\$69,203	\$79,619	\$85,987	\$99,433	\$114,344	\$123,665	\$150,455	\$167,381	\$195,724

## Appendix

**Appendix Table: Balance Sheet**

Pro Forma Balance Sheet

	Starting Balances	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>Assets</b>													
<b>Current Assets</b>													
Cash	\$46,455	\$55,635	\$57,225	\$61,698	\$69,203	\$79,619	\$85,987	\$99,433	\$114,344	\$123,665	\$150,455	\$167,381	\$195,724
Accounts Receivable	\$0	\$142	\$611	\$1,582	\$2,754	\$4,028	\$4,970	\$5,896	\$6,673	\$7,287	\$8,160	\$8,958	\$10,123
Inventory	\$6,000	\$5,055	\$3,291	\$2,514	\$3,097	\$4,042	\$4,904	\$5,722	\$6,379	\$7,462	\$10,985	\$11,683	\$12,441
Other Current Assets	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095	\$32,095
<b>Total Current Assets</b>	<b>\$84,550</b>	<b>\$92,927</b>	<b>\$93,222</b>	<b>\$97,889</b>	<b>\$107,149</b>	<b>\$119,784</b>	<b>\$127,956</b>	<b>\$143,147</b>	<b>\$159,490</b>	<b>\$170,509</b>	<b>\$201,694</b>	<b>\$220,118</b>	<b>\$250,383</b>
<b>Long-term Assets</b>													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Assets</b>	<b>\$84,550</b>	<b>\$92,927</b>	<b>\$93,222</b>	<b>\$97,889</b>	<b>\$107,149</b>	<b>\$119,784</b>	<b>\$127,956</b>	<b>\$143,147</b>	<b>\$159,490</b>	<b>\$170,509</b>	<b>\$201,694</b>	<b>\$220,118</b>	<b>\$250,383</b>
<b>Liabilities and Capital</b>													
<b>Current Liabilities</b>													
Accounts Payable	\$0	\$13,561	\$17,706	\$24,360	\$33,142	\$42,573	\$46,005	\$53,149	\$58,837	\$59,384	\$74,185	\$75,399	\$84,042
Current Borrowing	\$35,000	\$34,300	\$33,600	\$32,900	\$32,200	\$31,500	\$30,800	\$30,100	\$29,400	\$28,700	\$28,000	\$27,300	\$26,600
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$35,000</b>	<b>\$47,861</b>	<b>\$51,306</b>	<b>\$57,260</b>	<b>\$65,342</b>	<b>\$74,073</b>	<b>\$76,805</b>	<b>\$83,249</b>	<b>\$88,237</b>	<b>\$88,084</b>	<b>\$102,185</b>	<b>\$102,699</b>	<b>\$110,642</b>
<b>Long-term Liabilities</b>													
Total Liabilities	\$35,000	\$47,861	\$51,306	\$57,260	\$65,342	\$74,073	\$76,805	\$83,249	\$88,237	\$88,084	\$102,185	\$102,699	\$110,642
<b>Capital</b>													
Paid-in Capital	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000
Retained Earnings	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)	(\$80,450)
Earnings	\$0	(\$4,484)	(\$7,634)	(\$8,921)	(\$7,743)	(\$3,839)	\$1,601	\$10,348	\$21,703	\$32,875	\$49,959	\$67,868	\$90,191
Total Capital	\$49,550	\$45,066	\$41,916	\$40,629	\$41,807	\$45,711	\$51,151	\$59,898	\$71,253	\$82,425	\$99,509	\$117,418	\$139,741
<b>Total Liabilities and Capital</b>	<b>\$84,550</b>	<b>\$92,927</b>	<b>\$93,222</b>	<b>\$97,889</b>	<b>\$107,149</b>	<b>\$119,784</b>	<b>\$127,956</b>	<b>\$143,147</b>	<b>\$159,490</b>	<b>\$170,509</b>	<b>\$201,694</b>	<b>\$220,118</b>	<b>\$250,383</b>
<b>Net Worth</b>	<b>\$49,550</b>	<b>\$45,066</b>	<b>\$41,916</b>	<b>\$40,629</b>	<b>\$41,807</b>	<b>\$45,711</b>	<b>\$51,151</b>	<b>\$59,898</b>	<b>\$71,253</b>	<b>\$82,425</b>	<b>\$99,509</b>	<b>\$117,418</b>	<b>\$139,741</b>