

Hair Salon

HairSalon |
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Strategic Business and Marketing Plan

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1.0 Executive Summary

The purpose of this business plan is to raise \$175,000 for the development of a hair salon that will also provide its services in a mobile capacity while showcasing the expected financials and operations over the next three years. The Hair Salon, Inc. (“the Company”) is a New York based corporation that will provide hair cutting and styling to customers in its targeted market. The Company was founded by John Doe. Revenue generating operations are expected to commence in 2020.

1.1 The Services

Primarily, the Company will generate revenues from the direct sale of hair cutting, hair styling, hair dyeing, and related services within its targeted market. These services will be provided by the Company’s staff and local cosmetologists that rent space from the Hair Salon.

To a lesser extent, the Company will also generate revenue from the sale of hair care and body products. Management anticipates that 10% of aggregate revenues will come from the sale of these products.

As a result of the Covid-19 pandemic, the Company will also maintain a mobile vehicle so that haircuts and styling can be rendered at the comfort of a client’s homes. Given the uncertainty as to ongoing opening and closing of brick-and-mortar locations as a result of the pandemic, the Founder sees a substantial opportunity to generate revenues by providing these services on a mobile basis. This will ensure the ongoing profitability of the business at all times (especially since people cannot give themselves a haircut, and this is a service that is in ongoing demand).

The third section of the business plan will further describe the services offered by the Hair and Nail Salon.

1.2 Financing

Mr. Doe is seeking to raise \$175,000 from as a bank loan. The interest rate and loan agreement are to be further discussed during negotiation. This business plan assumes that the business will receive a 7 year loan with a 6% fixed interest rate. The financing will be used for the following:

- Development of the Company’s Hair Salon location.
- Financing for the first six months of operation.
- Capital to purchase a company vehicle for rendering services on a mobile basis.

Mr. Doe will contribute \$25,000 to the venture.

1.3 Mission Statement

The Hair Salon’s mission is to become the recognized leader in its targeted market for hair, nail, and cosmetology services.

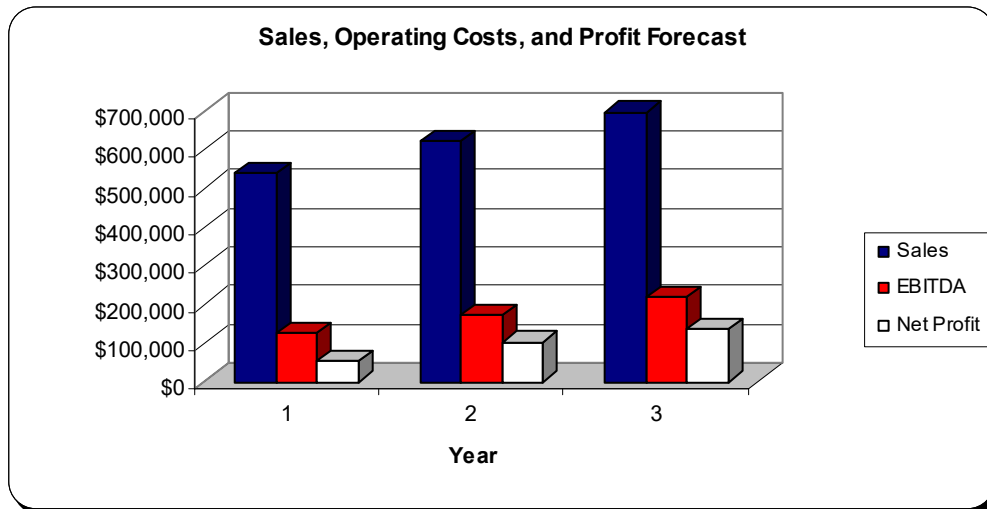
1.4 Management Team

The Company was founded by John Doe. Mr. Doe has more than 10 years of experience in the cosmetology industry. Through his expertise, he will be able to bring the operations of the business to profitability within its first year of operations.

1.5 Sales Forecasts

Mr. Doe expects a strong rate of growth at the start of operations. Below are the expected financials over the next three years.

Proforma Profit and Loss (Yearly)			
Year	1	2	3
Sales	\$540,000	\$621,000	\$695,520
Operating Costs	\$250,388	\$257,899	\$265,636
EBITDA	\$124,613	\$173,351	\$217,364
Taxes, Interest, and Depreciation	\$69,622	\$70,398	\$82,651
Net Profit	\$54,991	\$102,953	\$134,713



1.6 Expansion Plan

The Founder expects that the business will aggressively expand during the first three years of operation. Mr. Doe intends to implement marketing campaigns that will effectively target individuals within the target market. The Company will continually expand its operations as it relates to providing services on an in-home basis.

2.0 Company and Financing Summary

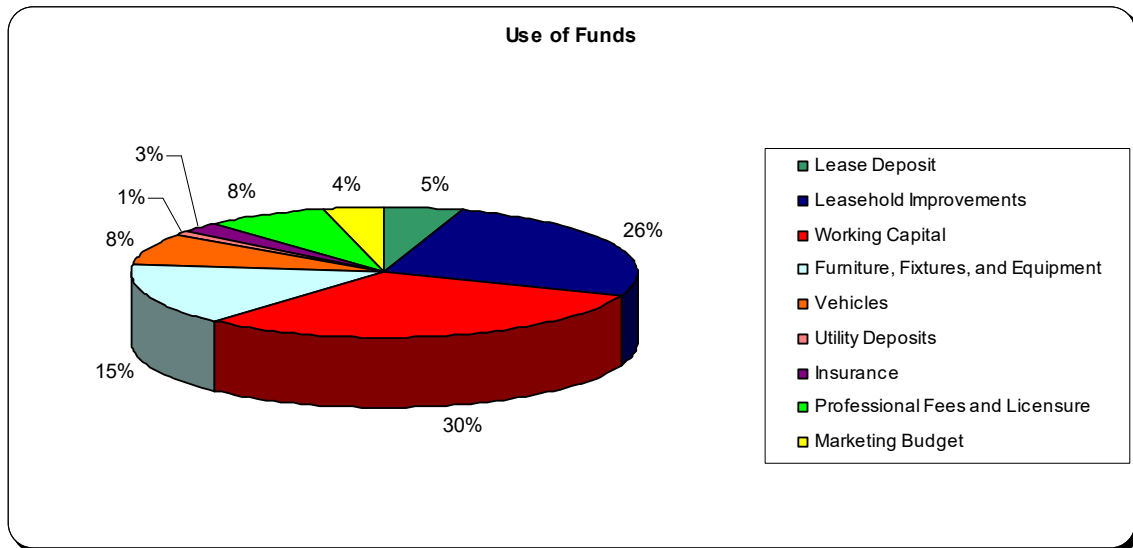
2.1 Registered Name and Corporate Structure

Hair Salon, Inc. The Company is registered as a corporation in the State of New York.

2.2 Required Funds

At this time, the Hair and Nail Salon requires \$175,000 of debt funds. Below is a breakdown of how these funds will be used:

Projected Startup Costs	
Lease Deposit	\$10,000
Leasehold Improvements	\$50,000
Working Capital	\$60,000
Furniture, Fixtures, and Equipment	\$30,000
Vehicles	\$15,000
Utility Deposits	\$2,500
Insurance	\$5,000
Professional Fees and Licensure	\$15,000
Marketing Budget	\$7,500
Miscellaneous and Unforeseen Costs	\$5,000
Total Startup Costs	\$200,000



2.3 Investor Equity

Mr. Doe is not seeking an investment from a third party at this time.

2.4 Management Equity

John Doe owns 100% of the Hair Salon, Inc.

2.5 Exit Strategy

If the business is very successful, Mr. Doe may seek to sell the business to a third party for a significant earnings multiple. Most likely, the Company will hire a qualified business broker to sell the business on behalf of the Hair Salon. Based on historical numbers, the business could fetch a sales premium of up to 4 times earnings.

3.0 Products and Services

Below is a description of the cosmetology services offered by the Hair and Nail Salon.

3.1 Hair Cutting, Styling, and Cutting Services

The primary source of revenue for the business will be the styling, cutting, and dyeing of hair for women in the target market. The Hair Salon will generate very high gross margins from these services. The menu of services offered by the business will include:

- Hair Cutting (for both women and men)
- Hair Coloring Services (including corrective coloring services)
- Hair Styling (including for events such as weddings)
- Extensions
- Highlights
- Shampoo and Blow Dry Services

3.2 Mobile Services

One of the most important aspects of the Company's operations will be the business' ability to provide these services on a mobile basis at the comfort of a client's home. The business will use both directly employed staff and independent contractors to provide these services. All services that will be provided at the retail location will also be rendered through the Company's mobile operations.

The business, at all times, will comply with all regulations specific for ensuring that the risk of contracting Covid-19 is kept to a minimum.

3.3 Sales of Hair Care Products

The Company will also generate secondary revenues from the sale of hair styling products such as hair gel, mousse, and brushes/combs. The Company anticipates that approximately 250 units per month (with an average price of \$35) will be sold. Given the Covid-19 pandemic, the Founder sees a substantial opportunity to sell these products not only within the retail location but also through the business' mobile operations. The pricing of the products offered will be competitive with those that can be purchased through ecommerce channels.

4.0 Strategic and Market Analysis

4.1 Economic Outlook

This section of the analysis will detail the economic climate, the hair salon and cosmetology industry, the customer profile, and the competition that the business will face as it progresses through its business operation.

Currently, the economic climate is uncertain. The pandemic stemming from Covid-19 has created a substantial amount of turmoil within the capital markets. It is expected that an economic recession will occur given that numerous businesses are being forced to remain closed for an indefinite period of time (while concurrently having their respective employees remain at home). However, central banks around the world have taken aggressive steps in order to ensure the free flow of capital into financial institutions. This is expected to greatly blunt the economic issues that will arise from this public health matter.

However, the current economic climate should only have a modest impact on the Company's ability to generate revenues (especially as the business intends to offer its services on a mobile basis at clients' homes). Haircuts and styling are something that only a trained professional can do. The demand for haircuts and styling will remain strong at all times.

4.2 Industry Analysis

Salons provide the US economy with over \$10 billion dollars a year of revenue. Nationwide, there are over 30,000 businesses that focus on providing these services. Additionally, the industry employs more than 332,000 people.

The growth of this industry is expected to remain strong despite the current deleterious economic conditions facing the country. It should be noted that more states are reopening their economies at a measured rate in order to prevent a second major wave of the Covid-19 pandemic.

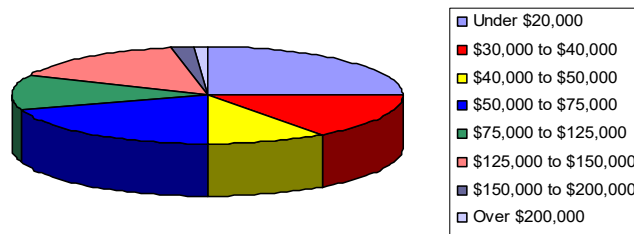
4.3 Customer Profile

The Hair Salon's average client will be a middle to upper middle class woman living in the Company's target market. Common traits among clients will include:

- Annual household income exceeding \$50,000
- Lives or works no more than 15 miles from the Company's location.
- Will spend \$70 per visit to the Hair Salon (with a similar per customer fee charged for onsite visits).

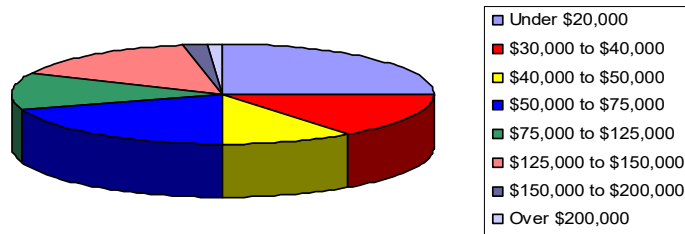
Household Income (by % of Population)	5 Miles	20 Miles	State
Under \$20,000	25.00%	25.00%	25.00%
\$30,000 to \$40,000	15.00%	19.00%	15.00%
\$40,000 to \$50,000	10.00%	19.00%	10.00%
\$50,000 to \$75,000	20.00%	12.00%	20.00%
\$75,000 to \$125,000	12.00%	13.00%	8.00%
\$125,000 to \$150,000	15.00%	6.00%	12.00%
\$150,000 to \$200,000	2.00%	5.00%	5.00%
Over \$200,000	1.00%	1.00%	5.00%

Income Breakdown (5 Miles)



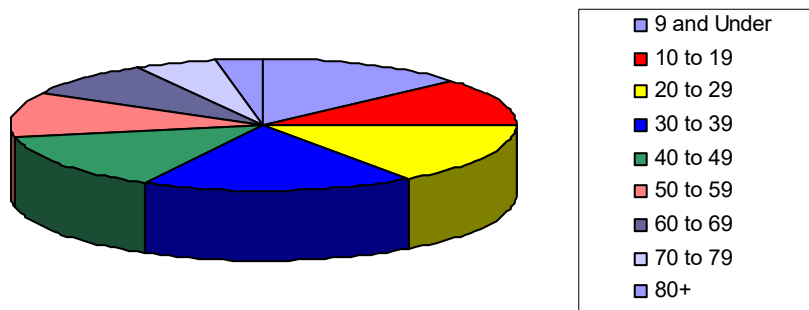
Education (by % of Population)	5 Miles	20 Miles	State
No High School	28.60%	24.40%	29.40%
High School	32.20%	30.50%	31.70%
Some College	14.10%	13.60%	14.40%
Associate's Degree	6.40%	6.80%	6.40%
Bachelor's Degree	12.40%	15.40%	13.00%
Master's Degree	3.90%	5.70%	3.40%
Professional Degree or Doctorate	2.40%	3.60%	1.60%

Education Breakdown (5 Miles)



Age (by % of Population)	5 Miles	20 Miles	State
9 and Under	13.40%	12.80%	11.20%
10 to 19	12.00%	10.70%	9.70%
20 to 29	15.00%	14.90%	14.20%
30 to 39	17.30%	16.20%	15.90%
40 to 49	14.30%	14.10%	14.70%
50 to 59	11.10%	12.70%	13.40%
60 to 69	8.60%	9.10%	9.90%
70 to 79	5.40%	6.00%	6.60%
80+	3.00%	3.40%	4.50%

Age Brekdown (5 Miles)



4.4 Competition

This is one of the sections of the business plan that you must write completely on your own. The key to writing a strong competitive analysis is that you do your research on the local competition. Find out who your competitors are by searching online directories and searching in your local Yellow Pages. If there are a number of competitors in the same industry (meaning that it is not feasible to describe each one) then showcase the number of businesses that compete with you, and why your business will provide customers with service/products that are of better quality or less expensive than your competition.

5.0 Marketing Plan

The Hair Salon intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market. Below is an overview of the marketing strategies and objectives of the business. Please note that a full scale separate marketing plan has been included as an addendum to this document.

5.1 Marketing Objectives

- Develop an online presence by developing a website and placing the Company's name and contact information with online directories.
- Implement a local campaign with the Company's targeted market via the use of flyers, local newspaper advertisements, and word of mouth.
- Establish relationships with other cosmetologists within the targeted market that will rent booths and work as independent contactors at the business.

5.2 Marketing Strategies

From the onset of operations, the Company will use a number of marketing strategies that will create instant awareness of the Hair Salon location, its mobile operations, and overall brand name. Below is an overview of the marketing strategies that will be used during the course of business operations.

Foremost, Hair Salon will use a number of traditional marketing strategies via print and mailed advertisements in order to create an immediate customer base for the business once the Company opens its doors to the general public. One month prior to the grand opening of the business, Management will distribute mailers that will provide discounts on services for the first two months of operation (among all services). The Company will also place advertisements in local/regional newspapers and circulars that are distributed within 15 miles of the location.

The business will also use an expansive online marketing strategy in order to further drive traffic to the retail location while also making the general public aware of the Company's mobile services. The business will develop an expansive website that showcases the operations of the business, the services offered by the hair salon, pricing information, and contact information. The website will be mobile friendly and search engine optimized. This platform will also feature functionality so that customers can make an appointment (for either onsite services or through the business' mobile operations).

Beyond the Company's proprietary website, Hair Salon, Inc. will maintain profiles on popular social media platforms including Facebook, Twitter, Instagram, and YouTube. The Company's website will feature links to all social media platforms. Beyond social media sites, the business will also have profiles on Yelp.com. Most importantly, Management expects that the business will benefit greatly from the positive reviews that will be on these sites from customers (which will further boost the Hair Salon brand

while concurrently contributing a substantial benefit for the Company’s search engine optimization strategies).

Moving forward, the business may seek to further promote Hair Salon, Inc. by hiring a social media influencer that lives within 20 miles of the Company’s location. This individual (with a major online following) would have their experience at the salon filmed, and they will distribute it through their respective social media channels. This can be a very high impact method of increasing awareness of the Hair Salon brand.

5.3 Pricing

In this section of the document, describe the pricing of your hair salon services and products. You should provide as much information as possible about your pricing in this section of the document. This section of the business plan should span no more than one page.

5.4 Sales Overview

Yearly Sales Forecast			
Year	1	2	3
Growth (%)	0.0%	15.0%	12.0%
Hair Styling Services	\$210,000	\$241,500	\$270,480
Hair Coloring Services	\$90,000	\$103,500	\$115,920
Product Sales	\$105,000	\$120,750	\$135,240
Booth Rentals	\$135,000	\$155,250	\$173,880
Totals	\$540,000	\$621,000	\$695,520

Cost of Sales Forecast			
Year	1	2	3
Growth (%)	0.0%	15.0%	12.0%
Hair Styling Services	\$105,000	\$120,750	\$135,240
Hair Coloring Services	\$18,000	\$20,700	\$23,184
Product Sales	\$42,000	\$48,300	\$54,096
Booth Rentals	\$0	\$0	\$0
Totals	\$165,000	\$189,750	\$212,520

Gross Profit			
Year	1	2	3
Total	\$375,000	\$431,250	\$483,000

5.4 Marketing Return on Investment

Marketing ROI			
Year	1	2	3
Short Term Marketing			
Billboards	\$175	\$180	\$186
Radio Advertisements	\$70	\$72	\$74
TV Advertisements	\$700	\$721	\$743
PPC Marketing	\$455	\$469	\$483
Total Short Term Marketing	\$1,400	\$1,442	\$1,485

Intermediate Term Marketing			
Brochures	\$525	\$541	\$557
Mailers	\$700	\$721	\$743
Total Intermediate Marketing	\$1,225	\$1,262	\$1,300

Long Term Marketing			
Website Search Engine Optimization	\$350	\$361	\$371
General Company Branding	\$525	\$541	\$557
Total Long Term Marketing	\$875	\$901	\$928

Total Marketing Costs	\$3,500	\$3,605	\$3,713
Total Net Profits	\$54,991	\$102,953	\$134,713
Total Marketing ROI	1571.16%	2855.83%	3627.99%

Marketing Breakdown			
Year	1	2	3
Short Term Marketing			
Billboards	5.00%	5.00%	5.00%
Radio Advertisements	2.00%	2.00%	2.00%
TV Advertisements	20.00%	20.00%	20.00%
PPC Marketing	13.00%	13.00%	13.00%

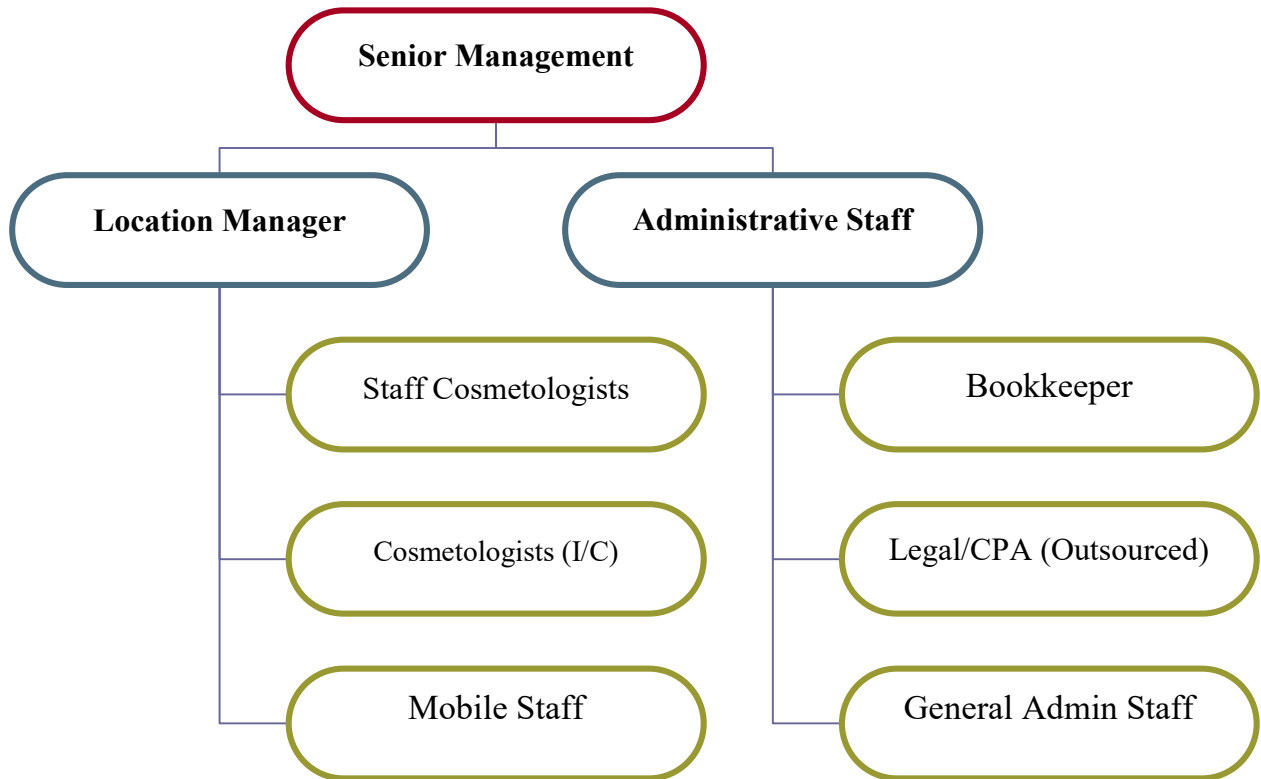
Intermediate Term Marketing			
Brochures	15.00%	15.00%	15.00%
Mailers	20.00%	20.00%	20.00%

Long Term Marketing			
Website Search Engine Optimization	10.00%	10.00%	10.00%
General Company Branding	15.00%	15.00%	15.00%

Total Marketing Costs (%)	100.00%	100.00%	100.00%
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6.0 Organizational Plan and Personnel Summary

6.1 Corporate Organization

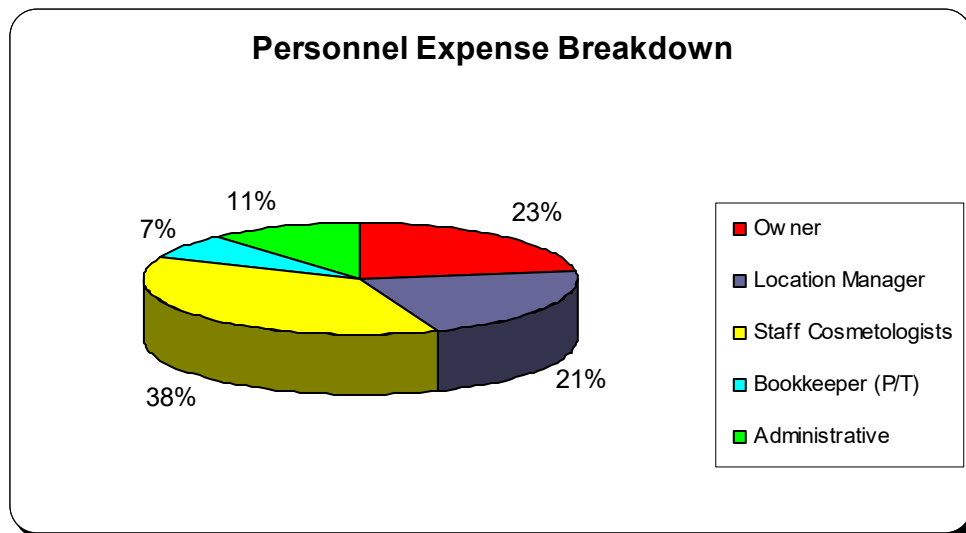


6.2 Organizational Budget

Personnel Plan - Yearly			
Year	1	2	3
Owner	\$40,000	\$41,200	\$42,436
Location Manager	\$37,500	\$38,625	\$39,784
Staff Cosmetologists	\$65,000	\$66,950	\$68,959
Bookkeeper (P/T)	\$12,500	\$12,875	\$13,261
Administrative	\$20,000	\$20,600	\$21,218
Total	\$175,000	\$180,250	\$185,658

Numbers of Personnel			
Year	1	2	3
Owner	1	1	1
Location Manager	1	1	1
Staff Cosmetologists	2	2	2
Bookkeeper (P/T)	1	1	1
Administrative	1	1	1
Totals	6	6	6

6.2 Organizational Budget (Cont.)



6.3 Management Biographies

In this section of the business plan, you should write a two to four paragraph biography about your work experience, your education, and your skill set. For each owner or key employee, you should provide a brief biography in this section.

7.0 Financial Plan

7.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- The Hair Salon will have an annual revenue growth rate of 16% per year.
- The Owner will acquire \$175,000 of debt funds to develop the business.
- The loan will have a 7 year term with a 6% interest rate.
- The Founder will contribute \$25,000 towards the business venture.

7.2 Sensitivity Analysis

In the event of an economic downturn, the business may have a decline in its revenues. However, hair cutting and styling services are demanded by businesses and individuals due to the simple fact that no one can give themselves their own haircut. As such, only a severe economic downturn would result in a decline in revenues. The business will also maintain expansive mobile operations that will ensure that the Company is able to continue to generate revenues as a result of the Covid-19 pandemic.

7.3 Source of Funds

Financing	
Equity Contributions	
Management Investment	\$25,000.00
Total Equity Financing	\$25,000.00
Banks and Lenders	
Banks and Lenders	\$175,000.00
Total Debt Financing	\$175,000.00
Total Financing	\$200,000.00

7.4 General Assumptions

General Assumptions			
Year	1	2	3
Federal Tax Rate	33.0%	33.0%	33.0%
State Tax Rate	5.0%	5.0%	5.0%
Personnel Taxes	15.0%	15.0%	15.0%

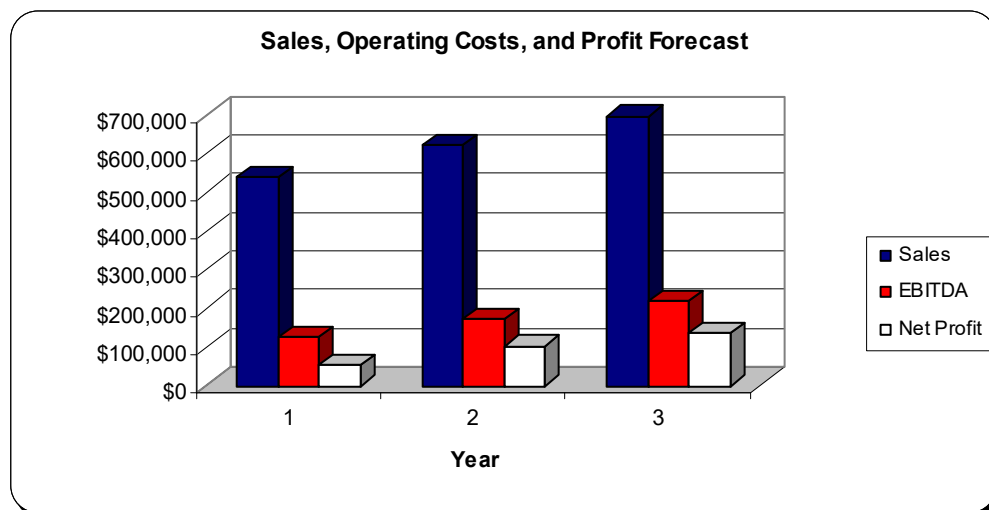
7.5 Profit and Loss Statements

Proforma Profit and Loss (Yearly)			
Year	1	2	3
Sales	\$540,000	\$621,000	\$695,520
Cost of Goods Sold	\$165,000	\$189,750	\$212,520
Gross Margin	69.44%	69.44%	69.44%
Gross Profit	\$375,000	\$431,250	\$483,000

Expenses			
Payroll	\$175,000	\$180,250	\$185,658
General and Administrative	\$10,000	\$10,300	\$10,609
Marketing Expenses	\$3,500	\$3,605	\$3,713
Professional Fees and Licensure	\$2,500	\$2,575	\$2,652
Insurance Costs	\$12,000	\$12,360	\$12,731
Facility Costs	\$25,000	\$25,750	\$26,523
Property Maintenance	\$7,500	\$7,725	\$7,957
Miscellaneous Costs	\$1,500	\$1,545	\$1,591
Payroll Taxes	\$13,388	\$13,789	\$14,203
Total Operating Costs	\$250,388	\$257,899	\$265,636

EBITDA	\$124,613	\$173,351	\$217,364
Federal Income Tax	\$41,122	\$41,174	\$52,516
State Income Tax	\$6,231	\$8,235	\$10,503
Interest Expense	\$9,936	\$8,656	\$7,298
Depreciation Expenses	\$12,333	\$12,333	\$12,333

Net Profit	\$54,991	\$102,953	\$134,713
Profit Margin	10.18%	16.58%	19.37%



7.6 Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly			
Year	1	2	3
Cash From Operations	\$67,324	\$115,286	\$147,046
Cash From Receivables	\$0	\$0	\$0
Operating Cash Inflow	\$67,324	\$115,286	\$147,046

Other Cash Inflows

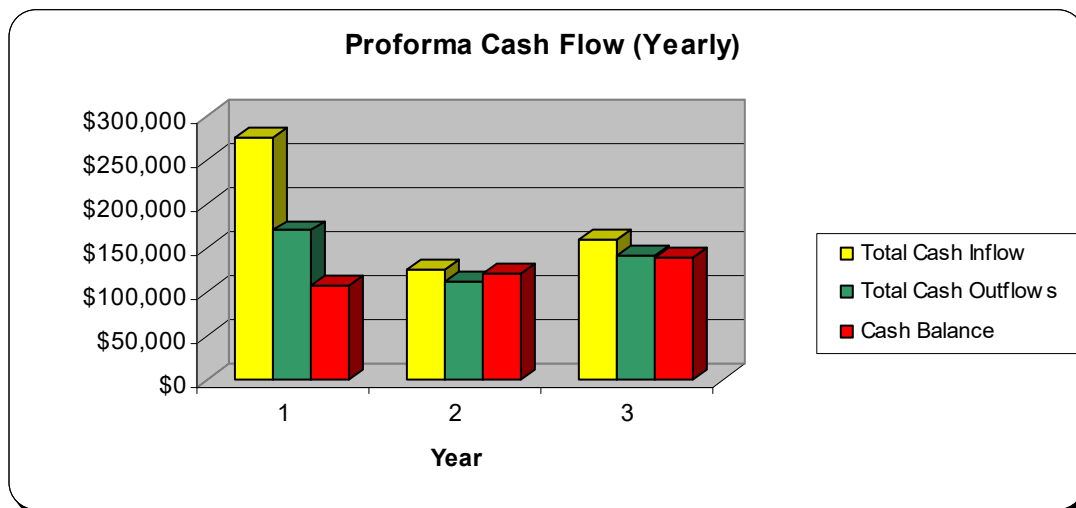
Equity Investment	\$25,000	\$0	\$0
Increased Borrowings	\$175,000	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0
A/P Increases	\$10,000	\$11,500	\$13,225
Total Other Cash Inflows	\$210,000	\$11,500	\$13,225

Total Cash Inflow	\$277,324	\$126,786	\$160,271
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Cash Outflows

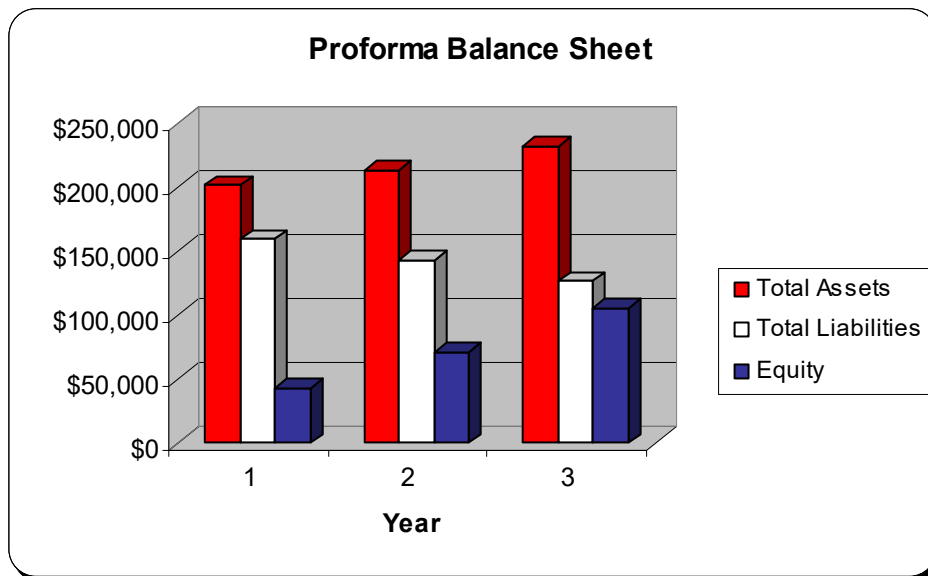
Repayment of Principal	\$20,742	\$22,022	\$23,380
A/P Decreases	\$5,000	\$6,000	\$7,200
A/R Increases	\$0	\$0	\$0
Asset Purchases	\$107,500	\$9,326	\$12,367
Dividends	\$37,265	\$74,612	\$98,933
Total Cash Outflows	\$170,508	\$111,960	\$141,879

Net Cash Flow	\$106,816	\$14,826	\$18,392
Cash Balance	\$106,816	\$121,643	\$140,034



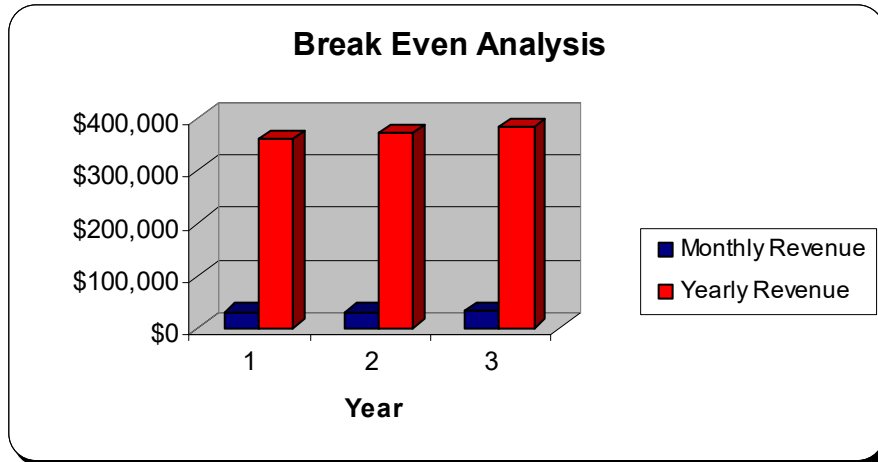
7.7 Balance Sheet

Proforma Balance Sheet - Yearly			
Year	1	2	3
Assets			
Cash	\$106,816	\$121,643	\$140,034
Lease and Security Deposits	\$12,500	\$12,500	\$12,500
FF&E and Vehicles	\$45,000	\$51,995	\$61,270
Leasehold Improvements	\$50,000	\$52,332	\$55,423
Accumulated Depreciation	(\$12,333)	(\$24,667)	(\$37,000)
Total Assets	\$201,983	\$213,803	\$232,228
Liabilities and Equity			
Accounts Payable	\$5,000	\$10,500	\$16,525
Long Term Liabilities	\$154,258	\$132,236	\$110,215
Other Liabilities	\$0	\$0	\$0
Total Liabilities	\$159,258	\$142,736	\$126,740
Equity	\$42,725	\$71,066	\$105,488
Total Liabilities and Equity	\$201,983	\$213,803	\$232,228



7.8 Breakeven Analysis

Monthly Break Even Analysis			
Year	1	2	3
Monthly Revenue	\$30,047	\$30,948	\$31,876
Yearly Revenue	\$360,558	\$371,375	\$382,516



7.9 Business Ratios

Business Ratios - Yearly			
Year	1	2	3

Sales

Sales Growth	0.0%	15.0%	12.0%
Gross Margin	69.4%	69.4%	69.4%

Financials

Profit Margin	10.18%	16.58%	19.37%
Assets to Liabilities	1.27	1.50	1.83
Equity to Liabilities	0.27	0.50	0.83
Assets to Equity	4.73	3.01	2.20

Liquidity

Acid Test	0.67	0.85	1.10
Cash to Assets	0.53	0.57	0.60

SWOT Analysis

Strengths

- Economically insulated business as individuals will continue hair salon services.
- The ability to render the services on a mobile basis as a result of the Covid-19 pandemic.
- Recurring streams of revenue on a regular basis.
- A staff that will consist of highly trained cosmetologists.
- Large streams of high margin revenue from booth rentals on a daily basis.
- An owner-operator (John Doe) that has extensive experience in the hair salon industries.

Weaknesses

- Many regulatory and compliance issues.
- Legal liabilities resulting from improper nail service methods.

Opportunities

- Expansion of the business to maintain several locations within the New York metropolitan area.
- Attract additional equity capital from private equity firms and angel investors.
- Hire additional cosmetologists that will substantially boost billings of the business.

Threats

- Errors and omissions can cause serious legal liability for Hair Salon, Inc.
- Many other businesses targeting the same clientele.

Three Year Profit and Loss Statement

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Sales	\$36,000	\$36,000	\$36,000	\$39,600	\$39,600	\$39,600	\$43,200
Cost of Goods Sold	\$11,000	\$11,000	\$11,000	\$12,100	\$12,100	\$12,100	\$13,200
Gross Margin	69.4%	69.4%	69.4%	69.4%	69.4%	69.4%	69.4%

Gross Profit	\$25,000	\$25,000	\$25,000	\$27,500	\$27,500	\$27,500	\$30,000
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Expenses

Payroll	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583
General and Administrative	\$833	\$833	\$833	\$833	\$833	\$833	\$833
Marketing Expenses	\$292	\$292	\$292	\$292	\$292	\$292	\$292
Professional Fees and Licensure	\$208	\$208	\$208	\$208	\$208	\$208	\$208
Insurance Costs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Facility Costs	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Property Maintenance	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Miscellaneous Costs	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Payroll Taxes	\$1,116	\$1,116	\$1,116	\$1,116	\$1,116	\$1,116	\$1,116
Total Operating Costs	\$20,866	\$20,866	\$20,866	\$20,866	\$20,866	\$20,866	\$20,866

EBITDA	\$4,134	\$4,134	\$4,134	\$6,634	\$6,634	\$6,634	\$9,134
Federal Income Tax	\$2,741	\$2,741	\$2,741	\$3,016	\$3,016	\$3,016	\$3,290
State Income Tax	\$415	\$415	\$415	\$457	\$457	\$457	\$498
Interest Expense	\$875	\$867	\$858	\$850	\$841	\$833	\$824
Depreciation Expense	\$1,028	\$1,028	\$1,028	\$1,028	\$1,028	\$1,028	\$1,028

Net Profit	-\$925	-\$917	-\$908	\$1,284	\$1,293	\$1,302	\$3,494
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Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	1
Sales	\$43,200	\$43,200	\$61,200	\$61,200	\$61,200	\$540,000
Cost of Goods Sold	\$13,200	\$13,200	\$18,700	\$18,700	\$18,700	\$165,000
Gross Margin	69.4%	69.4%	69.4%	69.4%	69.4%	69.4%
Gross Profit	\$30,000	\$30,000	\$42,500	\$42,500	\$42,500	\$375,000

Expenses

Payroll	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583	\$175,000
General and Administrative	\$833	\$833	\$833	\$833	\$833	\$10,000
Marketing Expenses	\$292	\$292	\$292	\$292	\$292	\$3,500
Professional Fees and Licensure	\$208	\$208	\$208	\$208	\$208	\$2,500
Insurance Costs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Facility Costs	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
Property Maintenance	\$625	\$625	\$625	\$625	\$625	\$7,500
Miscellaneous Costs	\$125	\$125	\$125	\$125	\$125	\$1,500
Payroll Taxes	\$1,116	\$1,116	\$1,116	\$1,116	\$1,116	\$13,388
Total Operating Costs	\$20,866	\$20,866	\$20,866	\$20,866	\$20,866	\$250,388
EBITDA	\$9,134	\$9,134	\$21,634	\$21,634	\$21,634	\$124,613
Federal Income Tax	\$3,290	\$3,290	\$4,661	\$4,661	\$4,661	\$41,122
State Income Tax	\$498	\$498	\$706	\$706	\$706	\$6,231
Interest Expense	\$815	\$807	\$798	\$789	\$780	\$9,936
Depreciation Expense	\$1,028	\$1,028	\$1,028	\$1,028	\$1,028	\$12,333
Net Profit	\$3,503	\$3,512	\$14,442	\$14,451	\$14,460	\$54,991

Profit and Loss Statement (Second Year)					
2					
Quarter	Q1	Q2	Q3	Q4	2
Sales	\$124,200	\$136,620	\$149,040	\$211,140	\$621,000
Cost of Goods Sold	\$37,950	\$41,745	\$45,540	\$64,515	\$189,750
Gross Margin	69.4%	69.4%	69.4%	69.4%	69.4%

Gross Profit	\$86,250	\$94,875	\$103,500	\$146,625	\$431,250
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Expenses

Payroll	\$36,050	\$39,655	\$43,260	\$61,285	\$180,250
General and Administrative	\$2,060	\$2,266	\$2,472	\$3,502	\$10,300
Marketing Expenses	\$721	\$793	\$865	\$1,226	\$3,605
Professional Fees and Licensure	\$515	\$567	\$618	\$876	\$2,575
Insurance Costs	\$2,472	\$2,719	\$2,966	\$4,202	\$12,360
Facility Costs	\$5,150	\$5,665	\$6,180	\$8,755	\$25,750
Property Maintenance	\$1,545	\$1,700	\$1,854	\$2,627	\$7,725
Miscellaneous Costs	\$309	\$340	\$371	\$525	\$1,545
Payroll Taxes	\$2,758	\$3,034	\$3,309	\$4,688	\$13,789
Total Operating Costs	\$51,580	\$56,738	\$61,896	\$87,686	\$257,899

EBITDA	\$34,670	\$38,137	\$41,604	\$58,939	\$173,351
Federal Income Tax	\$8,235	\$9,058	\$9,882	\$13,999	\$41,174
State Income Tax	\$1,647	\$1,812	\$1,976	\$2,800	\$8,235
Interest Expense	\$2,287	\$2,206	\$2,124	\$2,040	\$8,656
Depreciation Expense	\$3,083	\$3,083	\$3,083	\$3,083	\$12,333

Net Profit	\$19,418	\$21,978	\$24,539	\$37,017	\$102,953
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Profit and Loss Statement (Third Year)					
3					
Quarter	Q1	Q2	Q3	Q4	3
Sales	\$139,104	\$153,014	\$166,925	\$236,477	\$695,520
Cost of Goods Sold	\$42,504	\$46,754	\$51,005	\$72,257	\$212,520
Gross Margin	69.4%	69.4%	69.4%	69.4%	69.4%

Gross Profit	\$96,600	\$106,260	\$115,920	\$164,220	\$483,000
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Expenses

Payroll	\$37,132	\$40,845	\$44,558	\$63,124	\$185,658
General and Administrative	\$2,122	\$2,334	\$2,546	\$3,607	\$10,609
Marketing Expenses	\$743	\$817	\$891	\$1,262	\$3,713
Professional Fees and Licensure	\$530	\$583	\$637	\$902	\$2,652
Insurance Costs	\$2,546	\$2,801	\$3,055	\$4,328	\$12,731
Facility Costs	\$5,305	\$5,835	\$6,365	\$9,018	\$26,523
Property Maintenance	\$1,591	\$1,750	\$1,910	\$2,705	\$7,957
Miscellaneous Costs	\$318	\$350	\$382	\$541	\$1,591
Payroll Taxes	\$2,841	\$3,125	\$3,409	\$4,829	\$14,203
Total Operating Costs	\$53,127	\$58,440	\$63,753	\$90,316	\$265,636

EBITDA	\$43,473	\$47,820	\$52,167	\$73,904	\$217,364
Federal Income Tax	\$10,503	\$11,554	\$12,604	\$17,856	\$52,516
State Income Tax	\$2,101	\$2,311	\$2,521	\$3,571	\$10,503
Interest Expense	\$1,955	\$1,869	\$1,781	\$1,693	\$7,298
Depreciation Expense	\$3,083	\$3,083	\$3,083	\$3,083	\$12,333

Net Profit	\$25,830	\$29,003	\$32,178	\$47,701	\$134,713
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Three Year Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$103	\$111	\$119	\$2,312	\$2,321	\$2,329	\$4,522	\$4,531
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$103	\$111	\$119	\$2,312	\$2,321	\$2,329	\$4,522	\$4,531

Other Cash Inflows

Equity Investment	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$175,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833
Total Other Cash Inflows	\$200,833	\$833	\$833	\$833	\$833	\$833	\$833	\$833

Total Cash Inflow	\$200,936	\$944	\$953	\$3,146	\$3,154	\$3,163	\$5,356	\$5,364
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Cash Outflows

Repayment of Principal	\$1,681	\$1,690	\$1,698	\$1,707	\$1,715	\$1,724	\$1,733	\$1,741
A/P Decreases	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$107,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$109,598	\$2,107	\$2,115	\$2,124	\$2,132	\$2,141	\$2,149	\$2,158

Net Cash Flow	\$91,338	-\$1,162	-\$1,162	\$1,022	\$1,022	\$1,022	\$3,206	\$3,206
Cash Balance	\$91,338	\$90,175	\$89,013	\$90,035	\$91,057	\$92,079	\$95,285	\$98,492

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	\$4,540	\$15,470	\$15,479	\$15,488	\$67,324
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$4,540	\$15,470	\$15,479	\$15,488	\$67,324

Other Cash Inflows

Equity Investment	\$0	\$0	\$0	\$0	\$25,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$175,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$833	\$833	\$833	\$833	\$10,000
Total Other Cash Inflows	\$833	\$833	\$833	\$833	\$210,000

Total Cash Inflow	\$5,373	\$16,303	\$16,312	\$16,321	\$277,324
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Cash Outflows

Repayment of Principal	\$1,750	\$1,759	\$1,767	\$1,776	\$20,742
A/P Decreases	\$417	\$417	\$417	\$417	\$5,000
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$107,500
Dividends	\$0	\$0	\$0	\$37,265	\$37,265
Total Cash Outflows	\$2,167	\$2,175	\$2,184	\$39,458	\$170,508

Net Cash Flow	\$3,206	\$14,128	\$14,128	-\$23,138	\$106,816
Cash Balance	\$101,698	\$115,826	\$129,954	\$106,816	\$106,816

Cash Flow Analysis (Second Year)					
2					
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	\$23,057	\$25,363	\$27,669	\$39,197	\$115,286
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$23,057	\$25,363	\$27,669	\$39,197	\$115,286

Other Cash Inflows

Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$2,300	\$2,530	\$2,760	\$3,910	\$11,500
Total Other Cash Inflows	\$2,300	\$2,530	\$2,760	\$3,910	\$11,500

Total Cash Inflow	\$25,357	\$27,893	\$30,429	\$43,107	\$126,786
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Cash Outflows

Repayment of Principal	\$5,382	\$5,464	\$5,546	\$5,630	\$22,022
A/P Decreases	\$1,200	\$1,320	\$1,440	\$2,040	\$6,000
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$1,865	\$2,052	\$2,238	\$3,171	\$9,326
Dividends	\$14,922	\$16,415	\$17,907	\$25,368	\$74,612
Total Cash Outflows	\$23,370	\$25,250	\$27,131	\$36,209	\$111,960

Net Cash Flow	\$1,987	\$2,643	\$3,298	\$6,899	\$14,826
Cash Balance	\$108,804	\$111,446	\$114,744	\$121,643	\$121,643

Cash Flow Analysis (Third Year)					
3					
Quarter	Q1	Q2	Q3	Q4	3
Cash From Operations	\$29,409	\$32,350	\$35,291	\$49,996	\$147,046
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$29,409	\$32,350	\$35,291	\$49,996	\$147,046

Other Cash Inflows

Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$2,645	\$2,910	\$3,174	\$4,497	\$13,225
Total Other Cash Inflows	\$2,645	\$2,910	\$3,174	\$4,497	\$13,225

Total Cash Inflow	\$32,054	\$35,260	\$38,465	\$54,492	\$160,271
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Cash Outflows

Repayment of Principal	\$5,714	\$5,801	\$5,888	\$5,977	\$23,380
A/P Decreases	\$1,440	\$1,584	\$1,728	\$2,448	\$7,200
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$2,473	\$2,721	\$2,968	\$4,205	\$12,367
Dividends	\$19,787	\$21,765	\$23,744	\$33,637	\$98,933
Total Cash Outflows	\$29,414	\$31,870	\$34,328	\$46,267	\$141,879

Net Cash Flow	\$2,640	\$3,389	\$4,137	\$8,226	\$18,392
Cash Balance	\$124,283	\$127,672	\$131,809	\$140,034	\$140,034

Loan Amortization Table

\$175,000 Loan carrying a 7 Year Term and a 6% Interest Rate

Payment Number	Payment Amount	Principal Payment	Interest Payment	Balance
1	\$2,556	\$1,681	\$875	\$173,319
2	\$2,556	\$1,690	\$867	\$171,629
3	\$2,556	\$1,698	\$858	\$169,930
4	\$2,556	\$1,707	\$850	\$168,223
5	\$2,556	\$1,715	\$841	\$166,508
6	\$2,556	\$1,724	\$833	\$164,784
7	\$2,556	\$1,733	\$824	\$163,051
8	\$2,556	\$1,741	\$815	\$161,310
9	\$2,556	\$1,750	\$807	\$159,560
10	\$2,556	\$1,759	\$798	\$157,802
11	\$2,556	\$1,767	\$789	\$156,034
12	\$2,556	\$1,776	\$780	\$154,258
13	\$2,556	\$1,785	\$771	\$152,473
14	\$2,556	\$1,794	\$762	\$150,678
15	\$2,556	\$1,803	\$753	\$148,875
16	\$2,556	\$1,812	\$744	\$147,063
17	\$2,556	\$1,821	\$735	\$145,242
18	\$2,556	\$1,830	\$726	\$143,412
19	\$2,556	\$1,839	\$717	\$141,572
20	\$2,556	\$1,849	\$708	\$139,724
21	\$2,556	\$1,858	\$699	\$137,866
22	\$2,556	\$1,867	\$689	\$135,999
23	\$2,556	\$1,877	\$680	\$134,122
24	\$2,556	\$1,886	\$671	\$132,236
25	\$2,556	\$1,895	\$661	\$130,341
26	\$2,556	\$1,905	\$652	\$128,436
27	\$2,556	\$1,914	\$642	\$126,522
28	\$2,556	\$1,924	\$633	\$124,598
29	\$2,556	\$1,934	\$623	\$122,664
30	\$2,556	\$1,943	\$613	\$120,721
31	\$2,556	\$1,953	\$604	\$118,768
32	\$2,556	\$1,963	\$594	\$116,806
33	\$2,556	\$1,972	\$584	\$114,833
34	\$2,556	\$1,982	\$574	\$112,851
35	\$2,556	\$1,992	\$564	\$110,859
36	\$2,556	\$2,002	\$554	\$108,856
37	\$2,556	\$2,012	\$544	\$106,844
38	\$2,556	\$2,022	\$534	\$104,822
39	\$2,556	\$2,032	\$524	\$102,790
40	\$2,556	\$2,043	\$514	\$100,747
41	\$2,556	\$2,053	\$504	\$98,694
42	\$2,556	\$2,063	\$493	\$96,631
43	\$2,556	\$2,073	\$483	\$94,558
44	\$2,556	\$2,084	\$473	\$92,474
45	\$2,556	\$2,094	\$462	\$90,380

46	\$2,556	\$2,105	\$452	\$88,275
47	\$2,556	\$2,115	\$441	\$86,160
48	\$2,556	\$2,126	\$431	\$84,035
49	\$2,556	\$2,136	\$420	\$81,898
50	\$2,556	\$2,147	\$409	\$79,751
51	\$2,556	\$2,158	\$399	\$77,594
52	\$2,556	\$2,169	\$388	\$75,425
53	\$2,556	\$2,179	\$377	\$73,246
54	\$2,556	\$2,190	\$366	\$71,055
55	\$2,556	\$2,201	\$355	\$68,854
56	\$2,556	\$2,212	\$344	\$66,642
57	\$2,556	\$2,223	\$333	\$64,419
58	\$2,556	\$2,234	\$322	\$62,184
59	\$2,556	\$2,246	\$311	\$59,939
60	\$2,556	\$2,257	\$300	\$57,682
61	\$2,556	\$2,268	\$288	\$55,414
62	\$2,556	\$2,279	\$277	\$53,134
63	\$2,556	\$2,291	\$266	\$50,844
64	\$2,556	\$2,302	\$254	\$48,541
65	\$2,556	\$2,314	\$243	\$46,227
66	\$2,556	\$2,325	\$231	\$43,902
67	\$2,556	\$2,337	\$220	\$41,565
68	\$2,556	\$2,349	\$208	\$39,216
69	\$2,556	\$2,360	\$196	\$36,856
70	\$2,556	\$2,372	\$184	\$34,484
71	\$2,556	\$2,384	\$172	\$32,100
72	\$2,556	\$2,396	\$160	\$29,704
73	\$2,556	\$2,408	\$149	\$27,296
74	\$2,556	\$2,420	\$136	\$24,876
75	\$2,556	\$2,432	\$124	\$22,444
76	\$2,556	\$2,444	\$112	\$19,999
77	\$2,556	\$2,457	\$100	\$17,543
78	\$2,556	\$2,469	\$88	\$15,074
79	\$2,556	\$2,481	\$75	\$12,593
80	\$2,556	\$2,494	\$63	\$10,099
81	\$2,556	\$2,506	\$50	\$7,593
82	\$2,556	\$2,519	\$38	\$5,075
83	\$2,556	\$2,531	\$25	\$2,544
84	\$2,556	\$2,544	\$13	\$0