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Chef Vending, L.L.C.

1.0 Executive Summary

Introduction

Chef Vending, LLC is a family start-up business that specializes in importing vending machines and commercial food & beverage equipment from Spain. We will penetrate the vending industry with innovative, first to market, high quality vending machines. We will establish our own vending routes in the Southern and Central Florida region. We also plan to participate in the \$321 billion food & beverage industry by supplying high-quality innovative equipment. With the establishment of one strategic alliance with a national brand name in either of our vending lines, we expect to easily exceed our financial forecasts.

The Company

Chef Vending's mission is to be the leader in introducing innovative, quality vending machines and restaurant equipment to the market. Through close customer contact and excellent relationships, we will meet the needs of our customers wherever we can.

Chef Vending, LLC, is a privately-held Florida corporation and maintains an office and a small warehouse in a mixed-use area of North Miami Beach, Florida.

Three of the four investors in the company have full operational responsibility. Mauricio Ordonez and Javier Palmera, the co-founders, have both entrepreneurial and industry experience. Charles Mulligan brings operational management and financial skills to the operation.

The Products

Chef Vending will have two product lines, each for the various markets it serves. Our vending products line will include our unique Sandwich Express machine, our Fresh Orange Juice machine and our Multi-line Dispenser. Our restaurant equipment products will be toasters, espresso makers, and fresh juice squeezers.

Most of our products, such as Sandwich Express are innovative machines that have functions and advantages not found in today's common vending machines, thus providing Chef Vending a competitive advantage over more established competitors.

We plan to aggressively enhance our existing line in the future. Our immediate plans are to include a larger model of Sandwich Express that will offer a greater variety of sandwiches, and a more diverse product line, such as pizza. Other products are in the exploratory phase.

We are also pursuing supplier relationships with large nationally-branded juice and sandwich manufacturers, to customize our machines to their products. This would enable Chef Vending to supply machines to national companies and allow them to brand the machines with their product lines.

The Market

Revenue from U.S. vending consumable merchandise was \$24.5 billion in 1999, an increase of 4.9% over 1998, according to the *Automatic Merchandiser* magazine's State of the Vending Industry Report in August 2000. Small companies, with sales of less than \$1 million, accounted for 5.8% of the market and had projected sales for 1999 of \$1.35 billion. Three quarters of all vending operators are classified in the small category.

Within the industry, snacks and cold beverages are the largest product segments and these two categories are the driving force of the industry. The food category grew at a rate of 7% last year, according to the *Automatic Merchandiser*. Cold storage machines grew at an even more impressive 42% in 1999, with this growth coming at the expense of shelf-stable products.

According to the National Restaurant Association, revenues from restaurants are expected to reach \$321 billion in 1999. This is a large and healthy industry in our economy, and suppliers

Chef Vending, L.L.C.

to this industry are expected to benefit from this growth.

All of this indicates that a fast moving, innovative company that can introduce enhanced products to vending machine/restaurant equipment customers stand to gain significant market share in a relatively short time span.

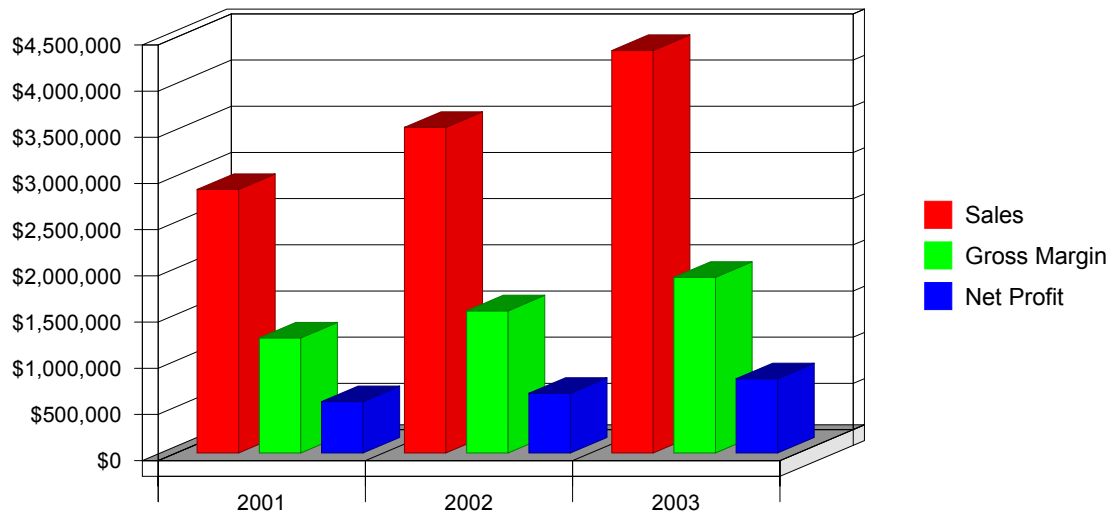
Chef Vending will market its machines to three distinct market segments including; distributors, branded sandwich and juice manufacturers, and end users. For our restaurant equipment business we will focus on restaurants and hotels and equipment supply companies.

Financial Considerations

The company has an initial start-up cost of approximately \$157,000 of which \$125,000 will come from a ten year SBA loan. Short-term borrowing will provide us with an additional \$2,500 and the rest will be provided by investment capital.

We project our monthly break even will be roughly \$93,000 or 27 vending units. The attractiveness of our innovative vending machines and restaurant equipment will provide us with a sales level far above this break-even point. We expect to generate \$500,000 of net profit on \$2.8 million worth of sales in the first year.

Highlights



1.1 Objectives

Chef Vending's objectives in our first year of operation are:

- Sell 400 vending machines.
- Directly place 10 vending machines, that we will operate, in the South Florida area.
- Achieve \$500,000 in sales in our restaurant equipment line.

For the following two years our growth objectives are:

- Grow our vending machine and equipment business by 20% each year.
- Grow revenues by 25% in our directly operated vending machines.

1.2 Mission

Chef Vending's mission is to be the leader in introducing innovative, quality vending machines and restaurant equipment to the market. Through close customer contact and excellent relationships, we will meet the needs of our customers wherever we can. Chef Vending will secure sufficient profits from free cash flow from operations, to sustain its stability and finance future growth. We will add value to our community by maintaining a friendly, familial work environment.

1.3 Keys to Success

As a start-up company, new to the industry, and introducing new products, we must be focused and work hard to create acceptance for ourselves and our products within the marketplace. The keys to our success are:

1. Quality support and service, recognizing that Chef Vending's success depends most critically on the relationships it's able to create.
2. Innovative, quality products that are able to both expand existing markets and create new ones for our customers.
3. Steady, disciplined pattern of growth.
4. Our customers and keeping them happy.

2.0 Company Summary

Chef Vending, LLC, is a family-owned and operated import company that focuses on importing innovative vending machines and restaurant equipment from Spain. By serving a niche segment of the \$24.5 billion dollar vending industry, we will position Chef Vending as a high-quality, innovative company, that creates value for its customers.

Located in North Miami Beach, Florida, three of the four investors have full operational responsibility. Mauricio Ordonez and Javier Palmera, the co-founders, have both entrepreneurial and industry experience. Charles Mulligan brings operational management and financial skills to the operation.

2.1 Company Ownership

Chef Vending, LLC, is a privately-held Florida corporation. Chef Vending is owned by three of its key employees, and one financial investor. The ownership breakdown is as follows:

- Mauricio Ordonez- 40%
- Javier Palmera- 20%
- Charles Mulligan- 20%
- Pedro Herrera- 20%

Chef Vending, L.L.C.

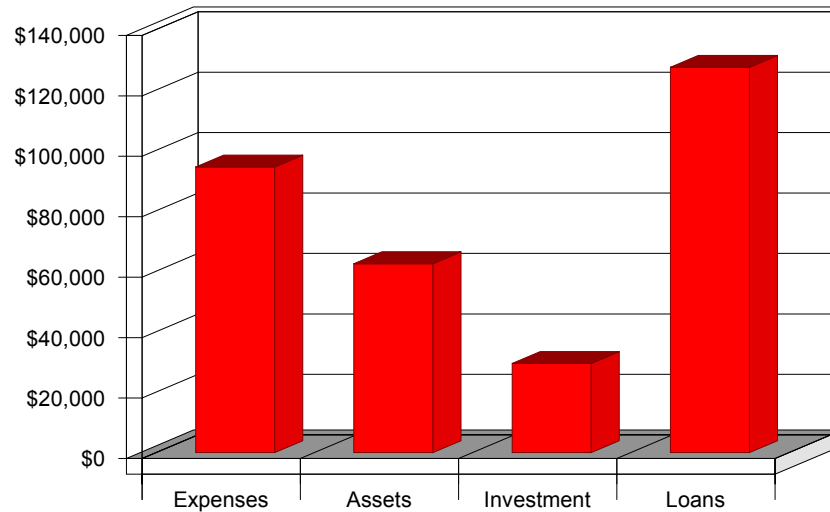
2.2 Start-up Summary

Our start-up costs, listed below, have been financed to date by the investment from its owners.

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Cash Purchases	\$2,500
Utilities	\$855
Repairs & Maintenance	\$2,388
Professional Fees	\$500
Insurance	\$921
Rent	\$7,136
Travel	\$9,271
Inventory	\$43,086
Telephone	\$1,166
Postage	\$111
Office Equipment/Supplies	\$4,645
Marketing/Advertising	\$15,587
Freight	\$4,926
Other	\$1,400
Total Start-up Expenses	\$94,492
Start-up Assets Needed	
Cash Balance on Starting Date	\$25,000
Start-up Inventory	\$37,508
Other Current Assets	\$0
Total Current Assets	\$62,508
Long-term Assets	\$0
Total Assets	\$62,508
Total Requirements	\$157,000
Funding	
Investment	
Investor 1	\$10,500
Investor 2	\$9,000
Investor 3	\$5,000
Investor 4	\$5,000
Total Investment	\$29,500
Current Liabilities	
Accounts Payable	\$2,500
Current Borrowing	\$0
Other Current Liabilities	\$0
Total Current Liabilities	\$2,500
Long-term Liabilities	\$125,000
Total Liabilities	\$127,500
Loss at Start-up	(\$94,492)
Total Capital	(\$64,992)
Total Capital and Liabilities	\$62,508

Start-up



2.3 Company Locations and Facilities

Chef Vending maintains an office and a small warehouse in a mixed-use area of North Miami Beach, Florida. We maintain a showroom, where we provide customers with product demonstrations, a warehouse, where we keep an inventory of machines and supplies, and an administrative area to handle the business functions.

3.0 Products

Chef Vending imports a variety of innovative products that serve the needs of special segments of the market. These machines all aim to expand existing sales and open new lines of sales for our customers.

3.1 Product Description

Chef Vending has three vending machines and three lines of restaurant equipment.

Our vending products are:

1. **Sandwich Express**- This machine stores, in a refrigerated unit, up to 140 pre-packaged sandwiches. When an order is placed, the machine sends a sandwich from the refrigerator to the toaster, toasts the sandwich for a pre-determined time, and at a predetermined temperature. In approximately 60 seconds, a fresh, delicious, hot sandwich is served.
2. **Fresh Orange Juice (OJ) Machine**- This machine, as its name implies, delivers a chilled 7 oz. cup of fresh squeezed orange juice. In a refrigerated unit, the machine stores up to 140 lbs. of juice oranges. This will yield approximately 110, 7 oz. cups.

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When an order is placed, the machine will dispense, from its refrigerated container, whole oranges that will be sliced in half, and then each half is pulverized for its juice. The juice will run through a filtering system to keep out the seeds and most of the pulp, to finally provide the customer with a 100% all natural cup of OJ in approximately 30 seconds.

3. **Multi-line**- These versatile, low-cost, easy-to-maintain machines provide the end user with a variety of vending options, from phone cards to disposable cameras. Chef Vending is able to provide customers with machines that have either two, three, or four product lines; this will provide flexibility to maximize unit revenue.

Our restaurant equipment products are:

1. **Toasters**- Coming with either a single or double toaster, these panini-type toasters provide the commercial establishment with an automatic machine that frees up service personnel for other customer service tasks. These machines will toast sandwiches, pastries, and a variety of other menu items, in a predetermined time and temperature, automatically dispensing the food item when done.
2. **Espresso Maker**- This high-quality espresso maker makes single-serve cups of delicious gourmet coffee from pre-packaged coffee pods. These pods provide great benefit to the owner by reducing the cost of measuring for each new order, and eliminating the waste associated with the traditional methods.
3. **Fresh Juice Squeezer**- This commercial grade machine will squeeze fresh, whole-juice oranges to allow the owner to sell a cup of fresh-squeezed orange juice.

3.2 Competitive Comparison

Both our Sandwich Express and Fresh OJ machines will be first to market. Currently, the market only provides a sandwich, or other hot meals, that must then be microwaved. We will be the first to market a vending machine that both toasts the sandwich, and then delivers it hot to the customer. Our machine's products will enjoy a qualitative advantage over microwaved products as well.

For juice drinks, the market only offers bottled or canned juices for a customer to purchase. Our OJ machine will literally squeeze a fresh cup each and every vend. A qualitative advantage over other machines is the fact that the product is free of additives and refined sugars.

There are a number of similar multi-line machines on the market today. We will offer the customer a quality product at prices below the prevailing market rates. Our machines also enjoy distinctive packaging that will compete favorably with the products currently in the market.

We will also be first to market a fully automated line of toasters. Currently, the toasters on the market require the food service worker to manually monitor the cooking process, where ours automatically toast and dispense, freeing the service worker to engage in other customer service tasks.

Our espresso coffee makers will compete with the existing espresso makers on the market today. Our machines will offer the pre-packaged coffee pod which will be a cost savings to the end user. We will also compete with an aggressive pricing strategy.

Our fresh juice machines will be priced aggressively as well, in order to better compete in the market.

3.3 Sales Literature

Sales brochures have been developed as part of our start-up expenses.

3.4 Sourcing

Chef Vending imports its machines from Spain. For oranges and sandwiches, we contract with local suppliers.

3.5 Technology

Chef Vending's mission is to be the company that introduces innovative products to the market. To achieve this, we will search out the latest in food preparation technology in the vending and equipment business. As first to market, we currently enjoy a technological advantage over the competition.

3.6 Future Products

To enhance our existing line, we are looking at a larger model of Sandwich Express that will offer a greater variety of sandwiches, and a more diverse product line, such as pizza.

We are also pursuing supplier relationships with large nationally-branded juice and sandwich manufacturers, to customize our machines to their products. This would enable Chef Vending to supply machines to national companies and allow them to brand the machines with their product lines.

As we increase our presence in the equipment business, we will continuously search out products to expand our existing line. A key component of this will be the feedback from our customer base.

4.0 Market Analysis Summary

Revenue from U.S. vending consumable merchandise was \$24.5 billion in 1999, an increase of 4.9% over 1998, according to the *Automatic Merchandiser* magazine's State of the Vending Industry Report in August 2000. This figure includes both machines and products. Small companies, with sales of less than \$1 million, accounted for 5.8% of the market and had projected sales for 1999 of \$1.35 billion. Three quarters of all vending operators are classified in the small category.

Within the industry, snacks and cold beverages are the largest product segments, representing 29% and 25% of the industry, respectively. These two segments are the driving force of the industry. The food category grew at a rate of 7% last year, according to the *Automatic Merchandiser*. Cold storage machines grew at an even more impressive 42% in 1999, with this growth coming at the expense of shelf-stable products.

Broader economic and cultural trends are also positively impacting the industry. Food sales away from home have become a larger part of total food sales in the U.S. since the 50's,

Chef Vending, L.L.C.

according to the Department of Agriculture. Technomic, a Chicago-based research firm, reports an increase in demand for takeout meals as the percentage of two-parent households declines, along with the decline of the three regular sit down meals per day.

Consumer preferences about taste, price, nutrition, convenience, and technology are changing. These changes favor the vending industry, which now has the opportunity to spot these trends and develop their markets.

According to the National Restaurant Association, revenues from restaurants are expected to reach \$321 billion in 1999. This is a large and healthy industry in our economy, and suppliers to this industry are expected to benefit from this growth.

4.1 Market Segmentation

Chef Vending will market its machines to three distinct market segments:

1. **End Users**- Operators that have their own vending routes who wish to expand their product selections. Included in this category are large institutional food service companies that engage in vending operations as part of their overall food service business.
2. **Distributors**- Companies that supply operators with machines and supplies for their operations.
3. **Branded Sandwich Manufacturers and Branded Juice Companies**- By working closely with these companies, we will customize our machines to meet their specifications and to allow them to "brand" our machines with their products. They will either supply the machines or sell them to their customers who will buy product supply for the machines from these companies.

We have two markets for our equipment business:

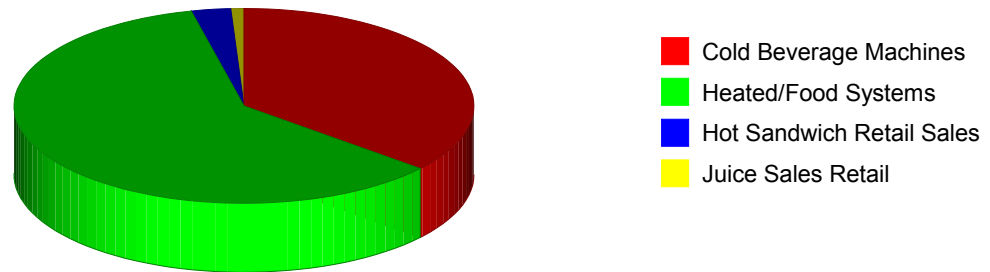
1. **Restaurants and Hotels** - End users who benefit from the equipment purchased.
2. **Equipment Supply Companies**- These are large supply houses that offer a variety of equipment to the food & beverage industry.

The following Market Analysis table and chart are broken down by general market segments, versus the specifics listed above.

Table: Market Analysis

Market Analysis							
Potential Customers	Growth	2000	2001	2002	2003	2004	CAGR
Cold Beverage Machines	4%	900	936	973	1,012	1,052	3.98%
Heated/Food Systems	5%	1,500	1,575	1,654	1,737	1,824	5.01%
Hot Sandwich Retail Sales	5%	69	72	76	80	84	5.23%
Juice Sales Retail	4%	23	24	25	26	27	4.09%
Total	4.64%	2,492	2,607	2,728	2,855	2,987	4.64%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

Chef Vending's initial strategy is to offer all of our products to all segments of the market. We will focus on both the end user and the distributor initially, as the strategy to secure accounts with the nationally branded companies will take some time to realize. We will reach our target market in one of three ways. First, we have begun a small advertising scheme in industry trade publications highlighting the many features and benefits of our products. Secondly, we have joined the National Automatic Merchandiser Association (NAMA) and have introduced ourselves and our products to distributors and end users at the NAMA annual convention in October, 2000; we will also participate in their Southeast regional show in South Carolina and in their national show next year. Finally, we will pursue personalized relationships with contacts developed at these shows and with regional companies in the South and Central Florida area.

For equipment sales, we will focus on end users and distributors in the South and Central Florida regions. As we gain market share in these markets we will expand geographically.

4.2.1 Market Needs

The principle market need we will be addressing will be revenue. Each of our machines will act to expand existing sales for operators, and in many cases will create new markets entirely. For the operator that is already vending snacks, a high end sandwich will enable this operator to expand his or her sales without cannibalizing existing sales. For the coffee vendor, a perfect compliment to a gourmet cup of vended coffee will be a fresh cup of orange juice. By creating a new untapped market, the operator will be able to expand revenue streams beyond their existing accounts. Another important need we will fill with our multi-line machines and our equipment, will be price. As we will be competing with existing supplies already in the market, we will price our products to be highly competitive in order to attract clients.

4.2.2 Market Trends

Growth rates in both the vending industry and the restaurant industry remain strong. This growth is fueled by the changes in the workplace and workforce that are causing workers to consume more of their meals away from home. Away from home food sales are expected to increase by 53%, according to NAMA.

As more and more consumers eat away from home, the demand for higher quality is also growing. Vendors are now offering a full line of packaged frozen meals in their machines. Margins will increase as premium prices are being placed on branded, high-quality products.

Demographic trends are affecting the industry. A large group of young adults, who mainly grew up on fast food, have emerged as an economic force. This group's perceptions on fast food, technology, and vending, will have a positive impact in the vending business. Furthermore, overall population growth rates, and immigration trends particularly, will also have a tremendous economic impact on the vending industry. Much of the growth in both of these areas will be in the Southeast, where Chef Vending is poised to capitalize on these trends.

4.2.3 Market Growth

Studies by *Automatic Merchandiser* reflect an industry growth rate of approximately 4.8% over the last five years, matching the overall growth of the U.S. economy.

4.3 Industry Analysis

The U.S vending industry is divided into three main segments:

1. **Operators-** Companies that buy and place vending machines on their routes, sell the product and service the machine, and range from small family businesses to large national companies.
2. **Manufacturers-** Companies that manufacture machines for sale to operators.
3. **Distributors-** The link between the manufacturer and the operator. Supplies the market with both machines and products for operators.

The food & beverage industry is divided into similar segments:

1. **Food & Beverage Establishments-** This segment covers the entire spectrum of bars and restaurants.
2. **Suppliers-** Companies that supply the establishments with all of their food, paper, and equipment needs.
3. **Supply Houses-** Acting as a distributor, these firms supply an area with their required supply needs.

4.3.1 Distribution Patterns

Distribution in the vending industry typically runs through a distributor. These distributors will carry a brand of machine for sale in a defined geographic region. In some instances, manufacturers sell direct to operators or end users. Another form of distribution is to be a supplier to a nationally branded company. Similar distribution patterns are established in the food & beverage industry.

4.3.2 Competition and Buying Patterns

Both the food & beverage and vending industries are highly competitive. Price, Return On Investment (ROI), reliability, and customer service are the factors most effecting a buying decision.

There are many large name brand companies with vending machines in the market. We will focus on creating a niche market for our innovative machines, to compete with larger more recognizable names. By being first to market, we have a unique opportunity to brand ourselves and our machines.

Buying patterns are fairly consistent across the year.

5.0 Strategy and Implementation Summary

Chef Vending will achieve its sales targets through a combination of relationship building and aggressive pricing. Our initial targets will be medium-sized operators and distributors who have the capital to invest in our machines. We will continue to participate in industry trade shows and expand our advertising budget when the funds become available. Concurrent with this strategy, we will establish relationships with larger brand name companies to become a supplier of choice.

5.1 Value Proposition

Chef Vending's customers will derive immediate and lasting value from our products. Our vending machines, as shown earlier, will both expand existing markets and create new ones. The ROI exceeds the industry norm of 12-18 months. The quality of the products, as well as the attractive and distinctive design features, will work to satisfy existing customers and to attract new ones.

5.2 Competitive Edge

Chef Vending will enjoy the traditional benefits of first to market. We will attempt to leverage this position to establish and solidify our brand in the market. As a small company looking to establish itself, we will be attentive and flexible in meeting our customer's demands.

For our other products we have design features that will make us very competitive. In addition to these design features, we will also be competing on price.

5.3 Marketing Strategy

Our marketing strategy will emphasize the strengths of both our company and our products. We will position ourselves as an aggressive, innovative company that supplies the market with new, high-quality products. We will position ourselves in trade shows, within industry publications, and the Internet, to reinforce this marketing strategy. Our brochures, letterhead, and business correspondence will further reinforce these concepts.

We also recognize that it costs six times more to attract a customer than to retain one. To that end, we will operate under the principle that our best marketing is an exceedingly satisfied customer. While the industries we operate in are large, reputations play an important part.

5.3.1 Pricing Strategy

Chef Vending will pursue two distinct pricing strategies. For our Sandwich Express and Fresh OJ machines, we will price these machines at the higher end of the market. For the other machines, we will compete aggressively in our pricing strategies in order to attract and retain new customers. Below is a table outlining the pricing strategy of Chef Vending.

Machine	Cost
Sandwich Express	\$9,500
Fresh OJ	\$6,500/\$7,500
Multi-line Machines	\$2,750/\$3,800
Toaster	\$2,750/\$3,800
Espresso Maker	\$250
Juice Machine	\$4,200

5.3.2 Promotion Strategy

Chef Vending will participate each year in two NAMA-sponsored trade shows. We will also attend a number of local and regional trade shows and distributor open houses to promote our product lines. During the year we will expand our advertising budget to allow us greater and higher quality exposure on the trade publications. We are also positioned on the Internet at www.chefvending.com to allow our company greater exposure and easier communication with our customers.

5.3.3 Distribution Strategy

Chef Vending will pursue distribution agreements with large regional and national distributors. Until these agreements are in place, we will sell directly to the operator. We are also pursuing relationships with nationally-branded companies to supply them with machines for their products.

5.3.4 Marketing Programs

Chef Vending's most important marketing program is our participation at the NAMA trade show. We were able to introduce our machines to important end users and distributors. We followed up with the contacts through a mailing campaign and follow-up phone calls. We will measure how many of these contacts we are able to turn into accounts, and track the volume of each of these accounts.

Another key component of our marketing plan is the relationships we are able to build within our local marketplace. Everyone involved spends time each day developing and cultivating relationships with local companies. We will measure our success in two ways. First, we will track the number of contacts that we turn into customers and the volume of their business. Secondly, we will track these contacts into the number of machines we will be able to place into the marketplace and the volume that each location is able to produce.

Chef Vending will also expand its advertising budget, participate in regional and local shows and open houses, and seek out innovative creative ways in which to market our company.

5.4 Sales Strategy

We will identify large- and medium-sized regional and national operators, distributors, and manufacturers as our primary targets. We will focus our efforts on the key decision makers at each company. We will also look to our customers as important sources of industry information and create new leads from them.

Chef Vending, L.L.C.

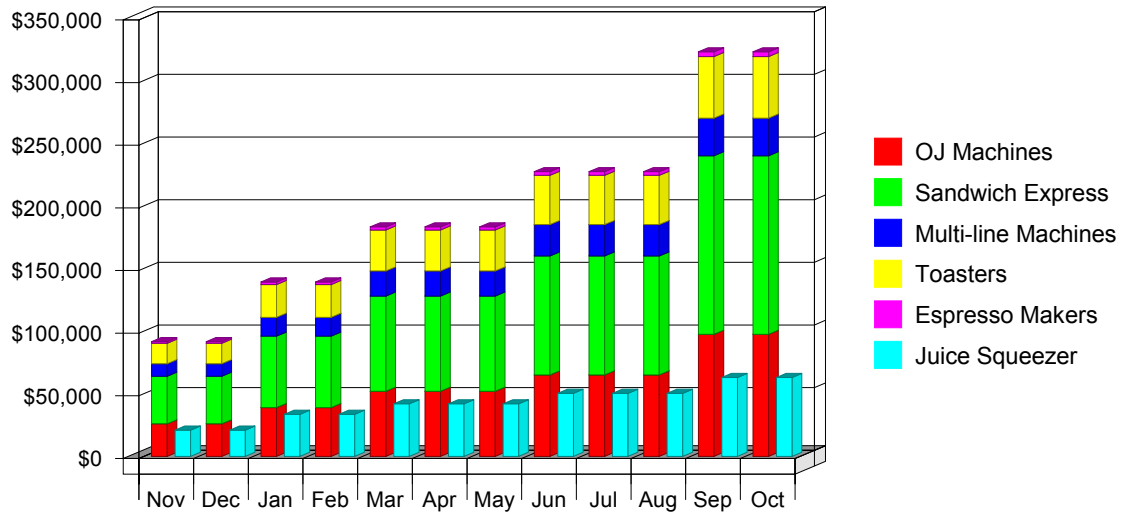
5.4.1 Sales Forecast

The following table and chart reflect the forecasted sales for Chef Vending. We are forecasting sales growth of 20% a year for our vending and equipment sales, and 25% for the vending routes that we will establish and manage ourselves.

Table: Sales Forecast

Sales Forecast			
Unit Sales	2001	2002	2003
OJ Machines	104	125	150
Sandwich Express	104	125	150
Multi-line Machines	245	294	353
Toasters	122	146	176
Espresso Makers	122	146	176
Juice Squeezer	122	146	176
Total Unit Sales	819	983	1,179
Unit Prices	2001	2002	2003
OJ Machines	\$6,500.00	\$6,695.00	\$6,895.85
Sandwich Express	\$9,500.00	\$9,785.00	\$10,078.55
Multi-line Machines	\$1,000.00	\$1,030.00	\$1,060.90
Toasters	\$3,275.00	\$3,373.25	\$3,474.45
Espresso Makers	\$250.00	\$257.50	\$265.23
Juice Squeezer	\$4,200.00	\$4,326.00	\$4,455.78
Sales			
OJ Machines	\$676,000	\$835,536	\$1,032,722
Sandwich Express	\$988,000	\$1,221,168	\$1,509,364
Multi-line Machines	\$245,000	\$302,820	\$374,286
Toasters	\$399,550	\$493,844	\$610,391
Espresso Makers	\$30,500	\$37,698	\$46,595
Juice Squeezer	\$512,400	\$633,326	\$782,791
Total Sales	\$2,851,450	\$3,524,392	\$4,356,149
Direct Unit Costs	2001	2002	2003
OJ Machines	\$4,700.00	\$4,841.00	\$4,986.23
Sandwich Express	\$6,326.92	\$6,516.73	\$6,712.23
Multi-line Machines	\$500.00	\$515.00	\$530.45
Toasters	\$1,650.00	\$1,699.50	\$1,750.49
Espresso Makers	\$160.00	\$164.80	\$169.74
Juice Squeezer	\$960.00	\$988.80	\$1,018.46
Direct Cost of Sales	2001	2002	2003
OJ Machines	\$488,800	\$604,157	\$746,738
Sandwich Express	\$658,000	\$813,288	\$1,005,224
Multi-line Machines	\$122,500	\$151,410	\$187,143
Toasters	\$201,300	\$248,807	\$307,525
Espresso Makers	\$19,520	\$24,127	\$29,821
Juice Squeezer	\$117,120	\$144,760	\$178,924
Subtotal Direct Cost of Sales	\$1,607,240	\$1,986,549	\$2,455,374

Sales Monthly



5.5 Strategic Alliances

A leading objective of Chef Vending is the development of key strategic alliances. We will pursue alliances with branded, national sandwich makers such as Oscar Mayer, Pierre, and others to create a greater market potential for Sandwich Express. We will also seek out strategic alliances with national juice brands, such as Tropicana, Sunkist, and others to increase the market potential for our Fresh OJ machines.

Chef Vending views the relationship between ourselves and our distributors as a strategic alliance. We will work closely with each distributor to co-market and promote our products and will work, wherever possible, in partnership to achieve desired market penetration.

6.0 Management Summary

Chef Vending is a small, family-owned and operated business. The work is organized by function, and the business is carried out in a logical and organized structure. The work environment is characterized by hard work, respect, and a familial structure.

6.1 Organizational Structure

Chef Vending is organized around three functional areas:

1. Sales and marketing.
2. Finance and administration.
3. Route development and service.

6.2 Management Team

Javier Palmera- Partner and co-founder of Chef Vending. Palmera brings a diverse background which includes sales, marketing, and promotion in the beverage industry in Colombia. Additionally, he has experience in promotions and productions through his work at a morning TV program in Philadelphia. He is a graduate of the Art Institute of Philadelphia. Single, 27 years old.

Mauricio Ordonez- Partner and co-founder of Chef Vending. Utilizing his law degree in Colombia, Ordonez has spent time in both public and private enterprises. He has vast entrepreneurial experience, having developed restaurants, hotels, and distribution companies in Miami and in Bogota. Married, two children, 50 years old.

Charles Mulligan- Partner. Mulligan has spent the last twelve years in the hospital management business. With an MBA from Drexel University, he has experience in financial and operational management. Additionally, he has had experience in marketing, contract negotiations, and distribution. Single, 39 years old.

6.3 Management Team Gaps

There are some important gaps as follows:

1. Limited vending industry experience.
2. Technical support needs to be developed.

As we grow and generate additional business, we will look to bring on technical staff to provide us the support and service capabilities that we will provide to our customers. We will also look to bring on a sales team and we will focus on bringing in knowledgeable, experienced industry hands.

Chef Vending, L.L.C.

6.4 Personnel Plan

Chef Vending will begin with only two employees, Mulligan and Palmera. Chef Vending will contract with Ordonez, through his affiliate company, MO Global. Compensation for this staff is low at the beginning, and we will look to have a 15% and a 20% increase in the following two years.

As revenue allows, we will add technical staff, sales staff, and an office administrator to handle the increased volume.

Table: Personnel

Personnel Plan	2001	2002	2003
Javier Palmera	\$43,200	\$49,680	\$59,616
Charles Mulligan	\$43,200	\$49,680	\$59,616
Technician	\$16,500	\$18,900	\$19,845
M&O	\$50,160	\$57,684	\$69,221
Future Staff	\$0	\$75,000	\$115,000
Total People	4	7	9
Total Payroll	\$153,060	\$250,944	\$323,298

Chef Vending, L.L.C.

7.0 Financial Plan

Chef Vending will meet its future needs for capital through the free cash flow generated from its operations. This will require us to be disciplined, tempered, and prudent in our operations and our growth.

7.1 Important Assumptions

The financial plan depends on important financial assumptions outlined in the following table. Key underlying assumptions are as follows:

1. Industry growth trends will continue as they have for the past five years.
2. Inflation will be at 3% for the next two years.
3. We will access the capital we need to meet our cash needs for the first six months.

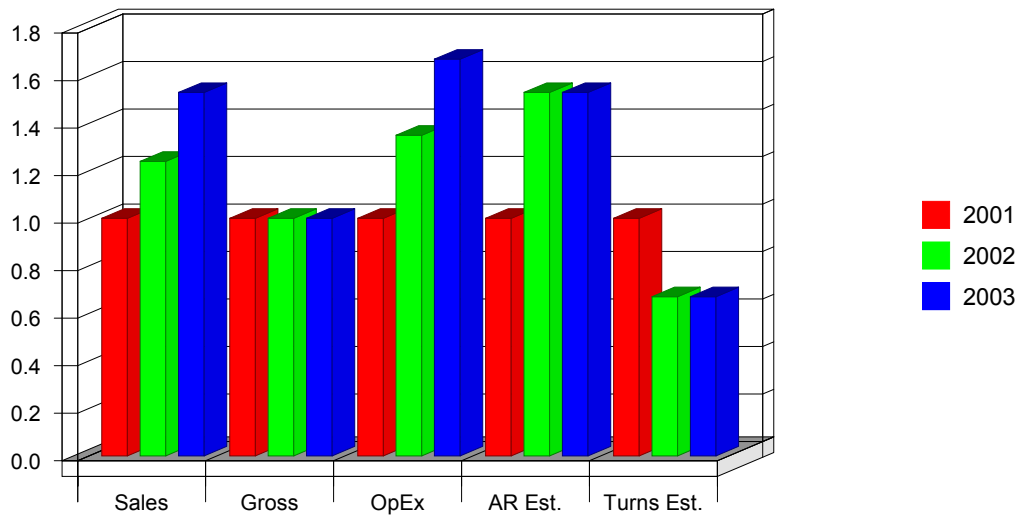
Table: General Assumptions

General Assumptions	2001	2002	2003
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	11.50%	11.50%	11.50%
Tax Rate	25.00%	25.00%	25.00%
Sales on Credit %	50.00%	50.00%	50.00%
Other	0.00%	0.00%	0.00%
Calculated Totals			
Payroll Expense	\$153,060	\$250,944	\$323,298
Sales on Credit	\$1,425,725	\$1,762,196	\$2,178,074
New Accounts Payable	\$2,119,775	\$2,607,918	\$3,217,875
Inventory Purchase	\$1,680,507	\$2,012,692	\$2,487,687

7.2 Key Financial Indicators

1. Free cash flow to finance our growth.
2. Gross margins will be an important gauge on our profitability.
3. The exchange rates between the U.S. dollar and the Euro, which is tied to the Spanish Peseta.

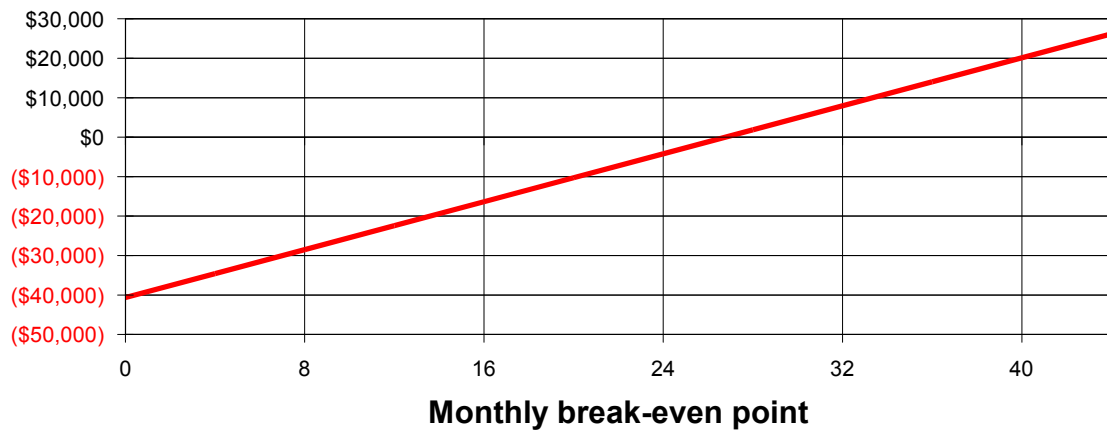
Benchmarks



7.3 Break-even Analysis

The following table indicates our break-even unit volume measure. An important element will be the product mix that went into the unit sales. We believe that we have outlined a conservative sales forecast that we should be able to achieve by year-end. The start-up months will be the most difficult as we attempt to break into the market, but after a three to four month successful product testing period, we should see tremendous sales, easily reaching our year-end targets.

Break-even Analysis



Break-even point = where line intersects with 0

Table: Break-even Analysis

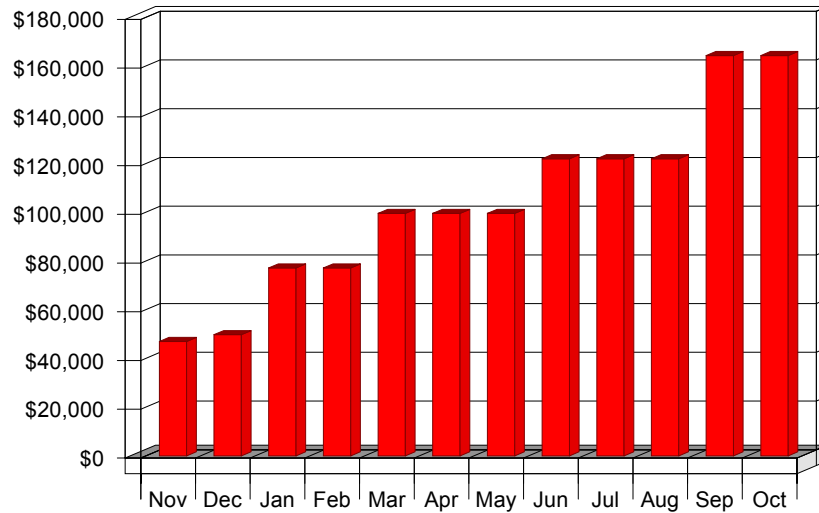
Break-even Analysis:	
Monthly Units Break-even	27
Monthly Revenue Break-even	\$93,166
Assumptions:	
Average Per-Unit Revenue	\$3,481.62
Average Per-Unit Variable Cost	\$1,962.44
Estimated Monthly Fixed Cost	\$40,652

Chef Vending, L.L.C.

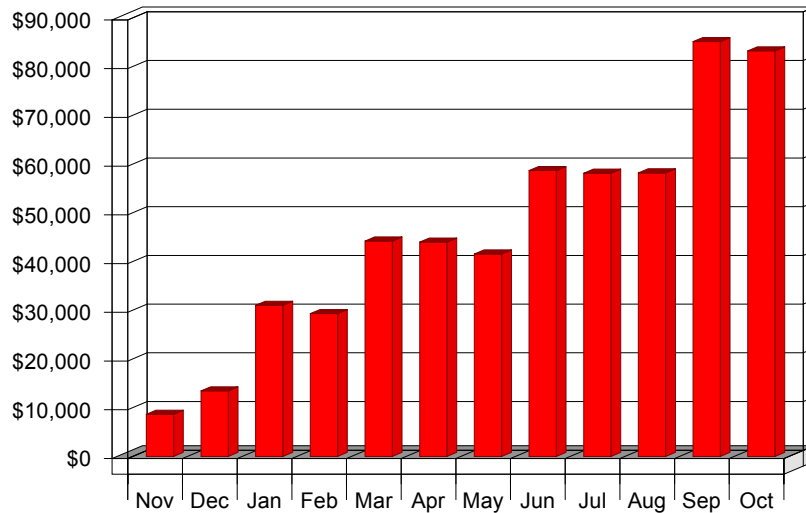
7.4 Projected Profit and Loss

Chef Vending is projected to make over \$500,000 profit on \$2.8 million of sales. The following table indicates how we will achieve this performance.

Gross Margin Monthly



Profit Monthly



Chef Vending, L.L.C.

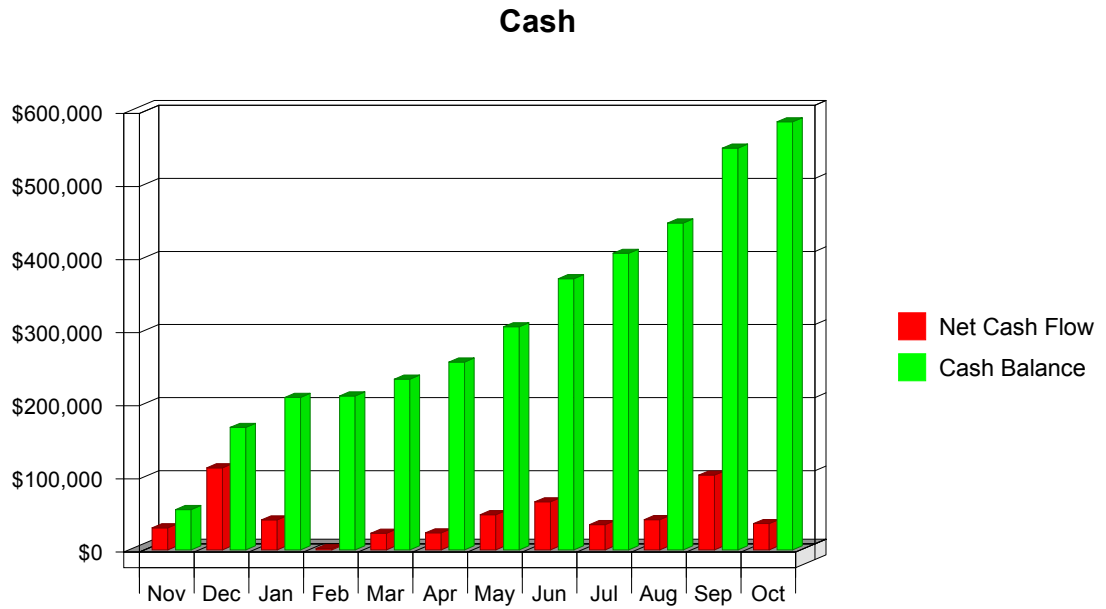
Table: Profit and Loss

Pro Forma Profit and Loss	2001	2002	2003
Sales	\$2,851,450	\$3,524,392	\$4,356,149
Direct Costs of Goods	\$1,607,240	\$1,986,549	\$2,455,374
Production Payroll	\$0	\$0	\$0
Other	\$0	\$0	\$0
	-----	-----	-----
Cost of Goods Sold	\$1,607,240	\$1,986,549	\$2,455,374
Gross Margin	\$1,244,210	\$1,537,844	\$1,900,775
Gross Margin %	43.63%	43.63%	43.63%
Expenses:			
Payroll	\$153,060	\$250,944	\$323,298
Sales and Marketing and Other Expenses	\$51,600	\$59,174	\$68,279
Depreciation	\$25,905	\$37,980	\$49,980
Depreciation	\$6,000	\$6,180	\$6,365
Depreciation	\$99,801	\$119,761	\$143,713
Depreciation	\$29,136	\$29,136	\$29,136
Depreciation	\$7,736	\$9,670	\$12,088
Depreciation	\$64,290	\$77,148	\$92,577
Depreciation	\$2,400	\$2,472	\$2,546
Depreciation	\$1,020	\$1,051	\$1,082
Telephone	\$9,000	\$9,270	\$9,548
Utilities	\$3,000	\$3,090	\$3,183
Insurance	\$3,600	\$3,708	\$3,819
Rent	\$15,972	\$25,000	\$35,000
Payroll Taxes	\$15,306	\$25,094	\$32,330
Other	\$0	\$0	\$0
	-----	-----	-----
Total Operating Expenses	\$487,825	\$659,677	\$812,944
Profit Before Interest and Taxes	\$756,385	\$878,166	\$1,087,830
Interest Expense	\$15,655	\$17,446	\$17,726
Taxes Incurred	\$185,182	\$215,180	\$267,526
Net Profit	\$555,547	\$645,540	\$802,579
Net Profit/Sales	19.48%	18.32%	18.42%
Include Negative Taxes	TRUE	TRUE	TRUE

Chef Vending, L.L.C.

7.5 Projected Cash Flow

We expect to manage cash flow from an initial Small Business Administration (SBA) loan of \$125,000, and then through our free cash flow generated from operations.



Chef Vending, L.L.C.

Table: Cash Flow

Pro Forma Cash Flow	2001	2002	2003
Cash Received			
Cash from Operations:			
Cash Sales	\$1,425,725	\$1,762,196	\$2,178,074
Cash from Receivables	\$1,142,750	\$1,695,414	\$2,095,532
Subtotal Cash from Operations	\$2,568,475	\$3,457,610	\$4,273,606
Additional Cash Received			
Non Operating (Other) Income	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$24,280	\$4,856	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$125,000	\$0	\$0
Subtotal Cash Received	\$2,717,755	\$3,462,466	\$4,273,606
Expenditures			
Expenditures from Operations:			
Cash Spending	\$223,490	\$259,098	\$318,028
Payment of Accounts Payable	\$1,873,539	\$2,568,287	\$3,152,289
Subtotal Spent on Operations	\$2,097,029	\$2,827,385	\$3,470,316
Additional Cash Spent			
Non Operating (Other) Expense	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$60,000	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$2,157,029	\$2,827,385	\$3,470,316
Net Cash Flow	\$560,726	\$635,081	\$803,290
Cash Balance	\$585,726	\$1,220,807	\$2,024,097

Chef Vending, L.L.C.

7.6 Projected Balance Sheet

Our Balance Sheet projections are presented in the table below.

Table: Balance Sheet

Pro Forma Balance Sheet

Assets	2001	2002	2003
Current Assets			
Cash	\$585,726	\$1,220,807	\$2,024,097
Accounts Receivable	\$282,975	\$349,757	\$432,300
Inventory	\$110,775	\$136,918	\$169,231
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$979,476	\$1,707,482	\$2,625,627
Long-term Assets			
Long-term Assets	\$60,000	\$60,000	\$60,000
Accumulated Depreciation	\$25,905	\$63,885	\$113,865
Total Long-term Assets	\$34,095	(\$3,885)	(\$53,865)
Total Assets	\$1,013,571	\$1,703,597	\$2,571,762
Liabilities and Capital			
Accounts Payable	\$248,736	\$288,366	\$353,952
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$248,736	\$288,366	\$353,952
Long-term Liabilities	\$149,280	\$154,136	\$154,136
Total Liabilities	\$398,016	\$442,502	\$508,088
Paid-in Capital	\$154,500	\$154,500	\$154,500
Retained Earnings	(\$94,492)	\$461,055	\$1,106,595
Earnings	\$555,547	\$645,540	\$802,579
Total Capital	\$615,555	\$1,261,095	\$2,063,674
Total Liabilities and Capital	\$1,013,571	\$1,703,597	\$2,571,762
Net Worth	\$615,555	\$1,261,095	\$2,063,674

7.7 Business Ratios

The computed standard Business Ratios are presented in the table below. Industry Profile ratios are based on Standard Industry Classification (SIC) code, 5962.

Chef Vending, L.L.C.

Table: Ratios

Ratio Analysis	2001	2002	2003	Industry Profile
Sales Growth	0.00%	23.60%	23.60%	-1.30%
Percent of Total Assets				
Accounts Receivable	27.92%	20.53%	16.81%	19.20%
Inventory	10.93%	8.04%	6.58%	36.00%
Other Current Assets	0.00%	0.00%	0.00%	24.80%
Total Current Assets	96.64%	100.23%	102.09%	80.00%
Long-term Assets	3.36%	-0.23%	-2.09%	20.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	0.00%	0.00%	0.00%	36.40%
Long-term Liabilities	14.73%	9.05%	5.99%	11.70%
Total Liabilities	14.73%	9.05%	5.99%	48.10%
Net Worth	85.27%	90.95%	94.01%	51.90%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	43.63%	43.63%	43.63%	38.00%
Selling, General & Administrative Expenses	24.15%	25.32%	25.21%	22.60%
Advertising Expenses	0.83%	0.81%	0.79%	3.00%
Profit Before Interest and Taxes	26.53%	24.92%	24.97%	1.90%
Main Ratios				
Current	3.94	5.92	7.42	2.18
Quick	3.49	5.45	6.94	0.89
Total Debt to Total Assets	39.27%	25.97%	19.76%	48.10%
Pre-tax Return on Net Worth	120.34%	68.25%	51.85%	4.30%
Pre-tax Return on Assets	73.08%	50.52%	41.61%	8.20%
Business Vitality Profile				
	2000	2001	2002	Industry
Sales per Employee	\$712,863	\$503,485	\$484,017	\$72,231
Survival Rate				56.35%
Additional Ratios				
	2001	2002	2003	
Net Profit Margin	19.48%	18.32%	18.42%	n.a
Return on Equity	90.25%	51.19%	38.89%	n.a
Activity Ratios				
Accounts Receivable Turnover	5.04	5.04	5.04	n.a
Collection Days	43	66	66	n.a
Inventory Turnover	24.00	16.04	16.04	n.a
Accounts Payable Turnover	8.52	9.04	9.09	n.a
Payment Days	26	451	437	
Total Asset Turnover	2.81	2.07	1.69	n.a
Debt Ratios				
Debt to Net Worth	0.65	0.35	0.25	n.a
Current Liab. to Liab.	0.62	0.65	0.70	n.a
Liquidity Ratios				
Net Working Capital	\$730,740	\$1,419,116	\$2,271,675	n.a
Interest Coverage	48.32	50.34	61.37	n.a
Additional Ratios				
Assets to Sales	0.36	0.48	0.59	n.a
Current Debt/Total Assets	25%	17%	14%	n.a
Acid Test	2.35	4.23	5.72	n.a
Sales/Net Worth	4.63	2.79	2.11	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast

Sales Forecast	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Unit Sales												
OJ Machines	4	4	6	6	8	8	8	10	10	10	15	15
Sandwich Express	4	4	6	6	8	8	8	10	10	10	15	15
Multi-line Machines	10	10	15	15	20	20	20	25	25	25	30	30
Toasters	5	5	8	8	10	10	10	12	12	12	15	15
Espresso Makers	5	5	8	8	10	10	10	12	12	12	15	15
Juice Squeezer	5	5	8	8	10	10	10	12	12	12	15	15
Total Unit Sales	33	33	51	51	66	66	66	81	81	81	105	105
Unit Prices												
OJ Machines	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00	\$6,500.00
Sandwich Express	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00
Multi-line Machines	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Toasters	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00	\$3,275.00
Espresso Makers	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00	\$250.00
Juice Squeezer	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00	\$4,200.00
Sales												
OJ Machines	\$26,000	\$26,000	\$39,000	\$39,000	\$52,000	\$52,000	\$52,000	\$65,000	\$65,000	\$65,000	\$97,500	\$97,500
Sandwich Express	\$38,000	\$38,000	\$57,000	\$57,000	\$76,000	\$76,000	\$76,000	\$95,000	\$95,000	\$95,000	\$142,500	\$142,500
Multi-line Machines	\$10,000	\$10,000	\$15,000	\$15,000	\$20,000	\$20,000	\$20,000	\$25,000	\$25,000	\$25,000	\$30,000	\$30,000
Toasters	\$16,375	\$16,375	\$26,200	\$26,200	\$32,750	\$32,750	\$32,750	\$39,300	\$39,300	\$39,300	\$49,125	\$49,125
Espresso Makers	\$1,250	\$1,250	\$2,000	\$2,000	\$2,500	\$2,500	\$2,500	\$3,000	\$3,000	\$3,000	\$3,750	\$3,750
Juice Squeezer	\$21,000	\$21,000	\$33,600	\$33,600	\$42,000	\$42,000	\$42,000	\$50,400	\$50,400	\$50,400	\$63,000	\$63,000
Total Sales	\$112,625	\$112,625	\$172,800	\$172,800	\$225,250	\$225,250	\$225,250	\$277,700	\$277,700	\$277,700	\$385,875	\$385,875
Direct Unit Costs												
OJ Machines	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00	\$4,700.00
Sandwich Express	\$7,000.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00	\$6,300.00
Multi-line Machines	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00
Toasters	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00	\$1,650.00
Espresso Makers	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00	\$160.00
Juice Squeezer	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00	\$960.00
Direct Cost of Sales												
OJ Machines	\$18,800	\$18,800	\$28,200	\$28,200	\$37,600	\$37,600	\$37,600	\$47,000	\$47,000	\$47,000	\$70,500	\$70,500
Sandwich Express	\$28,000	\$25,200	\$37,800	\$37,800	\$50,400	\$50,400	\$50,400	\$63,000	\$63,000	\$63,000	\$94,500	\$94,500
Multi-line Machines	\$5,000	\$5,000	\$7,500	\$7,500	\$10,000	\$10,000	\$10,000	\$12,500	\$12,500	\$12,500	\$15,000	\$15,000
Toasters	\$8,250	\$8,250	\$13,200	\$13,200	\$16,500	\$16,500	\$16,500	\$19,800	\$19,800	\$19,800	\$24,750	\$24,750
Espresso Makers	\$800	\$800	\$1,280	\$1,280	\$1,600	\$1,600	\$1,600	\$1,920	\$1,920	\$1,920	\$2,400	\$2,400
Juice Squeezer	\$4,800	\$4,800	\$7,680	\$7,680	\$9,600	\$9,600	\$9,600	\$11,520	\$11,520	\$11,520	\$14,400	\$14,400
Subtotal Direct Cost of Sales	\$65,650	\$62,850	\$95,660	\$95,660	\$125,700	\$125,700	\$125,700	\$155,740	\$155,740	\$155,740	\$221,550	\$221,550

Appendix

Appendix Table: Personnel

Personnel Plan	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Javier Palmera	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Charles Mulligan	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Technician	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
M&O	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180	\$4,180
Future Staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People	3	4	4	4	4	4	4	4	4	4	4	4
Total Payroll	\$11,380	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880

Appendix

Appendix Table: General Assumptions

General Assumptions	Nov 1	Dec 2	Jan 3	Feb 4	Mar 5	Apr 6	May 7	Jun 8	Jul 9	Aug 10	Sep 11	Oct 12
Plan Month												
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Sales on Credit %	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Totals												
Payroll Expense	\$11,380	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880
Sales on Credit	\$56,313	\$56,313	\$86,400	\$86,400	\$112,625	\$112,625	\$112,625	\$138,850	\$138,850	\$138,850	\$192,938	\$192,938
New Accounts Payable	\$89,189	\$87,983	\$142,354	\$125,105	\$175,930	\$162,596	\$164,806	\$210,105	\$194,210	\$196,646	\$299,370	\$271,481
Inventory Purchase	\$60,967	\$61,450	\$112,065	\$95,660	\$140,720	\$125,700	\$125,700	\$170,760	\$155,740	\$155,740	\$254,455	\$221,550

Appendix

Appendix Table: Profit and Loss

Pro Forma Profit and Loss

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Sales	\$112,625	\$112,625	\$172,800	\$172,800	\$225,250	\$225,250	\$225,250	\$277,700	\$277,700	\$277,700	\$385,875	\$385,875
Direct Costs of Goods	\$65,650	\$62,850	\$95,660	\$95,660	\$125,700	\$125,700	\$125,700	\$155,740	\$155,740	\$155,740	\$221,550	\$221,550
Production Payroll	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$65,650	\$62,850	\$95,660	\$95,660	\$125,700	\$125,700	\$125,700	\$155,740	\$155,740	\$155,740	\$221,550	\$221,550
Gross Margin	\$46,975	\$49,775	\$77,140	\$77,140	\$99,550	\$99,550	\$99,550	\$121,960	\$121,960	\$121,960	\$164,325	\$164,325
Gross Margin %	41.71%	44.20%	44.64%	44.64%	44.20%	44.20%	44.20%	43.92%	43.92%	43.92%	42.59%	42.59%
Expenses:												
Payroll	\$11,380	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880	\$12,880
Sales and Marketing and Other Expenses	\$7,250	\$2,000	\$2,500	\$4,150	\$3,650	\$3,900	\$7,150	\$3,650	\$3,900	\$3,650	\$3,650	\$6,150
Depreciation	\$1,582	\$1,582	\$1,582	\$2,166	\$2,166	\$2,166	\$2,166	\$2,166	\$2,582	\$2,582	\$2,582	\$2,582
Depreciation	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Depreciation	\$3,942	\$3,942	\$6,048	\$6,048	\$7,884	\$7,884	\$7,884	\$9,720	\$9,720	\$9,720	\$13,506	\$13,506
Depreciation	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428
Depreciation	\$480	\$583	\$583	\$608	\$608	\$608	\$608	\$608	\$656	\$787	\$787	\$820
Depreciation	\$2,626	\$2,514	\$3,826	\$3,826	\$5,028	\$5,028	\$5,028	\$6,230	\$6,230	\$6,230	\$8,862	\$8,862
Depreciation	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Depreciation	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85
Telephone	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Insurance	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Rent	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331	\$1,331
Payroll Taxes	10% \$1,138	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288	\$1,288
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$34,242	\$30,633	\$34,552	\$36,810	\$39,348	\$39,598	\$42,848	\$42,385	\$43,099	\$42,980	\$49,399	\$51,932
Profit Before Interest and Taxes	\$12,733	\$19,142	\$42,588	\$40,330	\$60,202	\$59,952	\$56,702	\$79,575	\$78,861	\$78,980	\$114,926	\$112,393
Interest Expense	\$1,198	\$1,198	\$1,221	\$1,244	\$1,268	\$1,291	\$1,314	\$1,338	\$1,361	\$1,384	\$1,407	\$1,431
Taxes Incurred	\$2,884	\$4,486	\$10,342	\$9,771	\$14,734	\$14,665	\$13,847	\$19,559	\$19,375	\$19,399	\$28,380	\$27,741
Net Profit	\$8,651	\$13,458	\$31,025	\$29,314	\$44,201	\$43,996	\$41,541	\$58,678	\$58,125	\$58,197	\$85,139	\$83,222
Net Profit/Sales	7.68%	11.95%	17.95%	16.96%	19.62%	19.53%	18.44%	21.13%	20.93%	20.96%	22.06%	21.57%
Include Negative Taxes												

Appendix

Appendix Table: Cash Flow

Pro Forma Cash Flow	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Cash Received												
Cash from Operations:												
Cash Sales	\$56,313	\$56,313	\$86,400	\$86,400	\$112,625	\$112,625	\$112,625	\$138,850	\$138,850	\$138,850	\$192,938	\$192,938
Cash from Receivables	\$0	\$30,033	\$56,312	\$72,359	\$86,400	\$100,387	\$112,625	\$112,625	\$126,612	\$138,850	\$138,850	\$167,697
Subtotal Cash from Operations	\$56,313	\$86,346	\$142,713	\$158,759	\$199,025	\$213,012	\$225,250	\$251,475	\$265,462	\$277,700	\$331,788	\$360,634
Additional Cash Received												
Non Operating (Other) Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428	\$2,428
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	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$56,313	\$211,346	\$145,141	\$161,187	\$201,453	\$215,440	\$227,678	\$253,903	\$267,890	\$280,128	\$334,216	\$363,062
Expenditures												
Expenditures from Operations:												
Cash Spending	\$8,519	\$8,202	\$14,243	\$16,215	\$17,974	\$16,492	\$16,738	\$21,771	\$22,782	\$20,275	\$31,689	\$28,590
Payment of Accounts Payable	\$17,574	\$90,744	\$89,795	\$107,946	\$160,632	\$175,485	\$162,670	\$166,315	\$185,409	\$218,458	\$200,070	\$298,440
Subtotal Spent on Operations	\$26,093	\$98,946	\$104,038	\$124,161	\$178,606	\$191,977	\$179,407	\$188,086	\$208,191	\$238,734	\$231,759	\$327,030
Additional Cash Spent												
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$35,000	\$0	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$26,093	\$98,946	\$104,038	\$159,161	\$178,606	\$191,977	\$179,407	\$188,086	\$233,191	\$238,734	\$231,759	\$327,030
Net Cash Flow	\$30,220	\$112,400	\$41,102	\$2,026	\$22,847	\$23,463	\$48,271	\$65,817	\$34,698	\$41,394	\$102,456	\$36,032
Cash Balance	\$55,220	\$167,620	\$208,722	\$210,748	\$233,595	\$257,057	\$305,328	\$371,145	\$405,843	\$447,238	\$549,694	\$585,726

Appendix

Appendix Table: Balance Sheet

Pro Forma Balance Sheet

Assets	Starting Balances	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Current Assets													
Cash	\$25,000	\$55,220	\$167,620	\$208,722	\$210,748	\$233,595	\$257,057	\$305,328	\$371,145	\$405,843	\$447,238	\$549,694	\$585,726
Accounts Receivable	\$0	\$56,313	\$82,592	\$112,679	\$126,720	\$152,945	\$165,183	\$165,183	\$191,408	\$203,647	\$203,647	\$257,734	\$282,975
Inventory	\$37,508	\$32,825	\$31,425	\$47,830	\$47,830	\$62,850	\$62,850	\$62,850	\$77,870	\$77,870	\$77,870	\$110,775	\$110,775
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$62,508	\$144,357	\$281,636	\$369,231	\$385,298	\$449,390	\$485,091	\$533,361	\$640,423	\$687,360	\$728,754	\$918,203	\$979,476
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$60,000	\$60,000	\$60,000	\$60,000
Accumulated Depreciation	\$0	\$1,582	\$3,165	\$4,747	\$6,913	\$9,079	\$11,245	\$13,411	\$15,577	\$18,159	\$20,741	\$23,323	\$25,905
Total Long-term Assets	\$0	(\$1,582)	(\$3,165)	(\$4,747)	\$28,087	\$25,921	\$23,755	\$21,589	\$19,423	\$41,841	\$39,259	\$36,677	\$34,095
Total Assets	\$62,508	\$142,775	\$278,472	\$364,484	\$413,385	\$475,311	\$508,845	\$554,950	\$659,846	\$729,201	\$768,013	\$954,880	\$1,013,571
Liabilities and Capital													
Accounts Payable	\$2,500	\$74,116	\$71,355	\$123,914	\$141,072	\$156,370	\$143,480	\$145,616	\$189,406	\$198,208	\$176,395	\$275,695	\$248,736
Current Borrowing	\$0	\$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	\$0
Subtotal Current Liabilities	\$2,500	\$74,116	\$71,355	\$123,914	\$141,072	\$156,370	\$143,480	\$145,616	\$189,406	\$198,208	\$176,395	\$275,695	\$248,736
Long-term Liabilities	\$125,000	\$125,000	\$125,000	\$127,428	\$129,856	\$132,284	\$134,712	\$137,140	\$139,568	\$141,996	\$144,424	\$146,852	\$149,280
Total Liabilities	\$127,500	\$199,116	\$196,355	\$251,342	\$270,928	\$288,654	\$278,192	\$282,756	\$328,974	\$340,204	\$320,819	\$422,547	\$398,016
Paid-in Capital	\$29,500	\$29,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500	\$154,500
Retained Earnings	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)	(\$94,492)
Earnings	\$0	\$8,651	\$22,109	\$53,134	\$82,448	\$126,649	\$170,645	\$212,186	\$270,864	\$328,989	\$387,186	\$472,325	\$555,547
Total Capital	(\$64,992)	(\$56,341)	\$82,117	\$113,142	\$142,456	\$186,657	\$230,653	\$272,194	\$330,872	\$388,997	\$447,194	\$532,333	\$615,555
Total Liabilities and Capital	\$62,508	\$142,775	\$278,472	\$364,484	\$413,385	\$475,311	\$508,845	\$554,950	\$659,846	\$729,201	\$768,013	\$954,880	\$1,013,571
Net Worth	(\$64,992)	(\$56,341)	\$82,117	\$113,142	\$142,456	\$186,657	\$230,653	\$272,194	\$330,872	\$388,997	\$447,194	\$532,333	\$615,555