

GroupPublisher

January, 1997

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The Group Publishing, Inc.

1.0 Executive Summary

The Group Publishing, Inc. (Group Publishing) is the publisher of "Artists In Business" magazine. The magazine, which has already printed an initial issue in July/August 1996 is directed at artists at all levels of business throughout the United States. The management of Group Publishing is targeting a total combined circulation of "Artists In Business" of 206,000 in year one, increasing to 310,000 by the end of year three. The magazine will be published bi-monthly with increased press runs throughout the first three years. Sample distribution, organizational sales, and direct mail to targeted lists of artists will be utilized to build subscriptions.

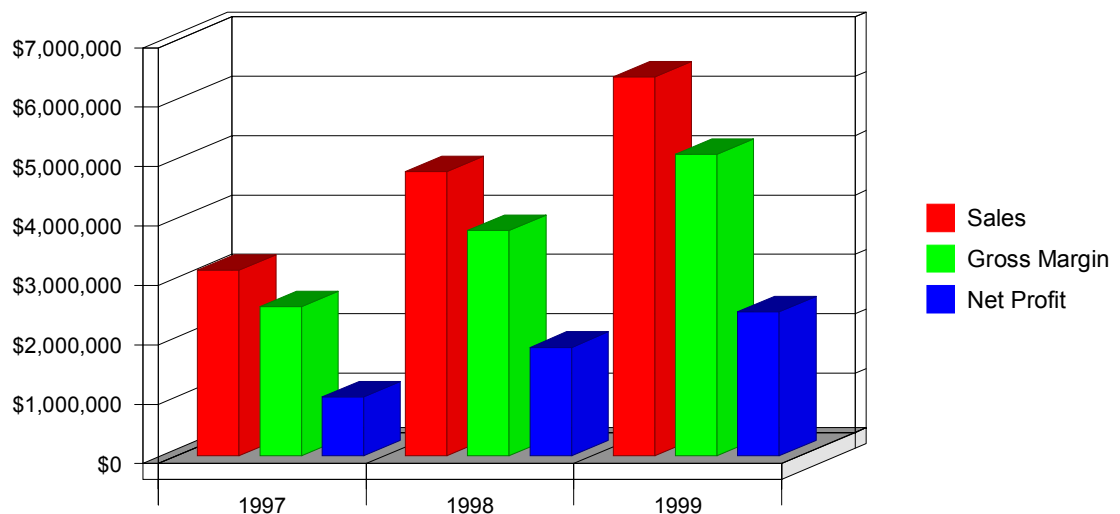
In addition, Group Publishing will market books via direct marketing and through established artist distribution channels. The direct marketing of Group Publishing books will be implemented through its magazine readership base.

Publishing is a high profit and high margin business. The key to success is successful marketing. The Group has a highly focused multi-dimensional sales and marketing plan to build its total circulation base quickly. The same channels and methods were utilized to establish a circulation of 500,000 in the first year for the Visionary Artist's periodical.

Successful execution of The Group's plan will produce sales revenues of \$3.1 million in year one, \$4.8 million in year two, and \$6.4 million in year three. Net profit will reach \$2.4 million in year three. Margins are in excess of 38% after tax.

The highlights of the business plan are illustrated in the following chart. Sales, margins, and net profit increase each year. The lowest margins (below 32%) occur in year one, reflecting the marketing costs of building the circulation base.

Highlights (Planned)



1.1 Objectives

The initial objectives of The Group are as follows:

1. To raise seed capital of \$150,000 to ensure publication by February 1997 and to establish a cash reserve to market subscriptions.
2. To have 90,000 subscribers by the end of year one through direct sampling and marketing.
3. To have an additional 50,000 subscribers by the end of year one through organizational sales.
4. To have 10,000 more two-year subscriptions sold.
5. To publish two 36 page issues initially with press runs of 50,000 promotional copies each.
6. To go to 48 pages by issue number three and increase press runs to 75,000 promotional copies.
7. Increase to 100,000 promotional copies in issues five and six.
8. Increase average ad page cost from \$1,819 to \$2,618 by the end of the first year.
9. To sell an average of 17.5 ad pages per issue throughout year one.

1.2 Mission

"Artists In Business" magazine is for the artist who is a worker at any level. The magazine has a commitment to be a platform to profile artists who are representing artistic vision in the marketplace and who can both encourage and provide role models to other men and women. Group Publishing, through its magazine, books, and editorial content, will be a vessel to inform artists about artistic principles in everyday business and will encourage interaction among artists as business people. Our mission is to promote the concept of "community" in the workplace.

1.3 Keys to Success

The keys to success are:

- Attaining targeted circulation levels.
- Controlling costs while spending the maximum on subscription marketing in year one.
- Carefully monitoring response rates of all media executions.
- Follow-on marketing of two to four book titles in the first year.
- Attaining targeted advertising sales revenues.
- Having quality editorial content in each issue.
- Making all production and distribution dates in a timely fashion for each issue.

2.0 Company Summary

Group Publishing, Inc. began as a joint concept between two avocational artists, Red Brushwielder, an advertising executive, and Thallos Green, a former insurance executive and the owner of the "Artists In Business" name. Mr. Green will promote "Artists In Business" as a radio program for syndication (a separate business entity).

Mr. Green is licensing the "Artists In Business" name to The Group Publishing, Inc. for the sum of \$1 (one dollar). Mr. Green will also receive one page of advertising at no charge in each and every issue of the magazine and one page of editorial in each issue (as the founder of the magazine). It is expected that the radio show produced by Mr. Green will be a powerful promotional vehicle for the magazine.

Group Publishing will have exclusive rights to "Artists In Business" for all print media, electronic media (Internet home page, CD-ROM, Interactive Publications, etc.), catalogue business, and possible seminars and workshops devoted to the artistic business person.

2.1 Company Ownership

Red Brushwielder is the founder of The Group Publishing, Inc. a newly formed Southwest "C" corporation. He currently owns all its stock.

Equity investment in the company is now being made available to outside investors for the first time. The purpose of this investment is to raise the needed "seed" capital to launch the magazine. An initial Private Placement offering to raise from \$150K to \$375K is in progress. The minimum amount of the offering would be sufficient to publish the first new issue in 1997. Money raised in excess of the minimum will enable full-scale sampling and marketing of subscriptions. It is possible that no further investment may be needed. However, it cannot be assured that additional capital will not be required in the future or that sufficient capital will be available to continue publication.

2.2 Company Locations and Facilities

The Group Publishing, Inc. has current offices at 1234 Main Street, Anytown, GA. 30000 The phone # is ... and the fax # is The office is fully equipped and functional. It is not anticipated that expanded facilities will be needed for the first few years of the plan. All business, management and editorial functions will be performed there. All printing, mailing, warehousing, and fulfillment is outsourced.

3.0 Products

The Group Publishing will publish "Artists In Business" magazine. The magazine is high gloss, 48 pages, contemporary in look and appeal. Quality art content is the constant goal. The magazine will be entertaining and newsworthy and thought-provoking. It will appeal to a broad artist readership. No magazine like it is available today.

The Group Publishing will also publish softcover and hardcover books. Certain titles will be published in softcover "trade" size. Others (called "booklets" in this plan) will be similar to "paperback" size. Contemporary Arts themes will prevail, particularly those that deal with the demands placed on both business and family life by today's business climate.

4.0 Market Analysis Summary

The target market is broadly based and is defined as the artist business person at all levels in any organization.

Market segments are defined by organizational affiliation.

Media strategy and execution may vary by segment.

5.0 Strategy and Implementation Summary

Our strategy is based on serving a clearly defined niche market well. By having an identifiable market with available lists and related memberships, the management of The Group believes we can exceed publishing industry standards for conversion of potential subscribers. Committed artists are a passionate and loyal clientele. A thirst exists for the published periodical product that "Artists In Business" will provide. The initial issue, published in late summer of 1996 met with rave reviews at booksellers and distributors conventions and was profiled on Arts News radio. The task is to reach and inform the target market. The strategy is to combine sampling, direct mail, and group membership solicitation to build circulation through both subscriptions and newsstand distribution. Multi-channel distribution principles will be employed. Each has a differing margin structure but the combination will maximize the potential reach of the magazine.

5.1 Marketing Strategy

New subscriptions are both sample and media based. Sampling will be done to both known arts organization members and to artist mailing lists. Several of these databases are already available to The Group. "Artists In Business" has access to a list of 100,000 Artist business leaders. All will be sampled with the magazine.

Sample runs will be: 50,000 issues on the first and second runs, 75,000 issues on the second and third runs, and 100,000 issues on the fifth and sixth issues of 1997. All cost associated with these sampling programs are included in the advertising and promotion budgets for those months. A total of \$362,000 will be spent on direct mailed sampling geared to subscription.

In alternate months, print media will be used. Arts publications will be employed. "New Brush" magazine, "Colours" magazine, and "Artistic License Today" will have the early insertions. As

The Group Publishing, Inc.

subscription base grows general interest media will be used later in the year. "Inc." magazine and "Business Week" are likely choices.

Finally, sales to Arts supply and retail bookstores through magazine distributors will also be accomplished. Key distributors have already expressed interest in the publication.

All sales projections through this multi-channel approach will reflect the different pricing and margin considerations pertinent to each.

5.1.1 Pricing Strategy

The "Artists In Business" magazine will sell for \$3.95 per single issue on the newsstand.

- A one-year subscription is \$16.95.
- A two year subscription is \$29.95.
- "Trade" soft-cover books will sell for \$14.95.
- Paperback size "booklets" will sell for \$7.95.
- Future hardcover books will sell for \$19.95 to \$22.95. No hardcover sales are projected in this three year plan.

5.1.2 Promotion Strategy

In addition to advertising, direct mail, and media executions, public relations exposure will benefit magazine circulation significantly. Red Brushwielder has already appeared and been interviewed on Arts News radio programs four times. Tapes of these interviews are available. In one instance more than 1800 calls were received requesting subscription information from a single program.

Red Brushwielder has also been asked to tape programs for an Anytown radio station on the subject of Artists in the workplace.

Promotion strategy for sales through organizations to their memberships includes a split of the first year's subscription revenue with the selling organization.

5.1.3 Strategic Alliances

The strategic alliance with Thallos Green and his AIB radio broadcasts holds great potential. Thallos plans to syndicate the broadcasts on Arts News radio stations across the U.S.

5.1.4 Distribution Strategy

Distribution of magazines and books through retail channels are projected at retail less 60%.

Subscriptions through organizations are projected at list less 50%.

All direct sales are booked at full revenue. Cost of product is deducted for 6 issues per year. Fulfillment costs are expensed.

Direct sales of books are billed to credit cards and drop shipped. The magazine is an ideal vehicle to promote these sales.

Future sales are planned directly over the internet from the AIB website.

5.2 Sales Strategy

Our combined sales strategy of sampling, direct mail, and organizations will result in the following first year sales goals:

- 90,000 one-year subscriptions.
- 50,000 one-year subscriptions through organizations.
- 10,000 two-year subscriptions.

Four book titles are factored in in the second half of the year. Two are "trade" and two are "booklets." Sales goals are modest.

The following sections illustrate annual revenue over the next three years of \$3.1, \$4.8, and \$6.4 million respectively.

5.2.1 Sales Forecast

The following table and chart presents specific sales forecasts by product, by month, over the first year of sales development. Years two and three are cumulative totals only. All sales project the relevant unit cost and margin differences to reflect discounts, commissions, and revenue splits.

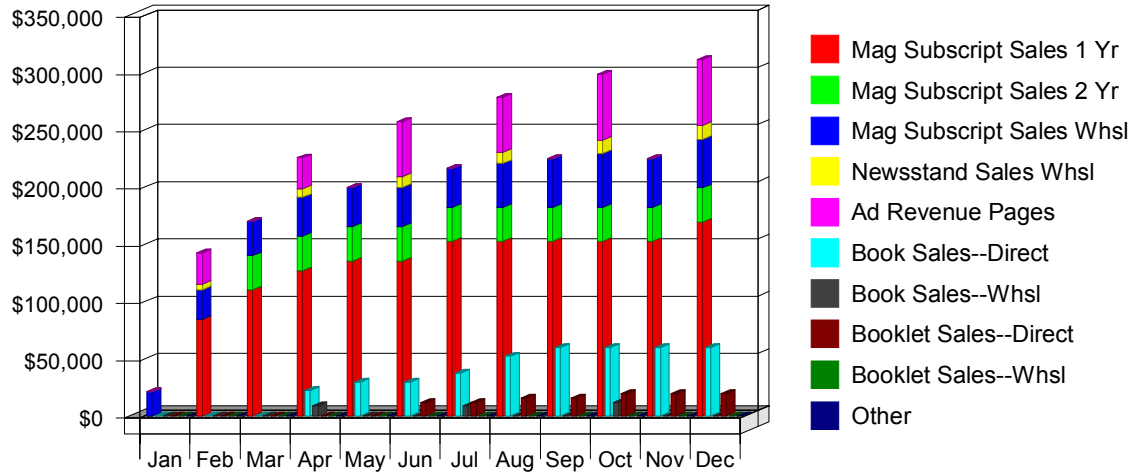
Discount on ad revenue is 15% agency commission and 20% sales commission for a total of 35%.

All product costs for subscriptions are based on \$.40 per issue--6 issues for one year, 12 issues for two years.

The only cost not included here is an author's royalty on book sales--expected to be 15%. These royalty costs are incurred on the P & L statement as an expense item.

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Sales Monthly (Planned)



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Table: Sales Forecast (Planned)

Sales Forecast			
Unit Sales	1997	1998	1999
Mag Subscript Sales 1 Yr	90,000	120,000	150,000
Mag Subscript Sales 2 Yr	10,000	20,000	30,000
Mag Subscript Sales Whsl	50,000	50,000	50,000
Newsstand Sales Whsl	56,500	72,000	80,000
Ad Revenue Pages	118	150	150
Book Sales--Direct	27,500	50,000	80,000
Book Sales--Whsl	5,000	20,000	30,000
Booklet Sales--Direct	14,500	30,000	50,000
Booklet Sales--Whsl	0	15,000	20,000
Other	0	0	0
Total Unit Sales	253,618	377,150	490,150
Unit Prices	1997	1998	1999
Mag Subscript Sales 1 Yr	\$16.95	\$16.95	\$16.95
Mag Subscript Sales 2 Yr	\$29.95	\$29.95	\$29.95
Mag Subscript Sales Whsl	\$8.50	\$8.50	\$8.50
Newsstand Sales Whsl	\$0.99	\$0.99	\$0.99
Ad Revenue Pages	\$2,252.29	\$3,365.00	\$3,976.00
Book Sales--Direct	\$14.95	\$14.95	\$14.95
Book Sales--Whsl	\$5.98	\$5.98	\$5.98
Booklet Sales--Direct	\$7.95	\$7.95	\$7.95
Booklet Sales--Whsl	\$0.00	\$3.18	\$3.18
Other	\$0.00	\$0.00	\$0.00
Sales	1997	1998	1999
Mag Subscript Sales 1 Yr	\$1,525,500	\$2,034,000	\$2,542,500
Mag Subscript Sales 2 Yr	\$299,500	\$599,000	\$898,500
Mag Subscript Sales Whsl	\$425,000	\$425,000	\$425,000
Newsstand Sales Whsl	\$55,935	\$71,280	\$79,200
Ad Revenue Pages	\$265,770	\$504,750	\$596,400
Book Sales--Direct	\$411,125	\$747,500	\$1,196,000
Book Sales--Whsl	\$29,900	\$119,600	\$179,400
Booklet Sales--Direct	\$115,275	\$238,500	\$397,500
Booklet Sales--Whsl	\$0	\$47,700	\$63,600
Other	\$0	\$0	\$0
Total Sales	\$3,128,005	\$4,787,330	\$6,378,100
Direct Unit Costs	1997	1998	1999
Mag Subscript Sales 1 Yr	\$2.40	\$2.40	\$2.40
Mag Subscript Sales 2 Yr	\$4.80	\$4.80	\$4.80
Mag Subscript Sales Whsl	\$2.40	\$2.40	\$2.40
Newsstand Sales Whsl	\$0.40	\$0.40	\$0.40
Ad Revenue Pages	\$788.02	\$1,178.00	\$1,392.00
Book Sales--Direct	\$2.99	\$2.99	\$2.99
Book Sales--Whsl	\$2.99	\$2.99	\$2.99
Booklet Sales--Direct	\$1.59	\$1.59	\$1.59
Booklet Sales--Whsl	\$0.00	\$1.59	\$1.59
Other	\$0.00	\$0.00	\$0.00
Direct Cost of Sales	1997	1998	1999
Mag Subscript Sales 1 Yr	\$216,000	\$288,000	\$360,000
Mag Subscript Sales 2 Yr	\$48,000	\$96,000	\$144,000
Mag Subscript Sales Whsl	\$120,000	\$120,000	\$120,000
Newsstand Sales Whsl	\$22,600	\$28,800	\$32,000
Ad Revenue Pages	\$92,986	\$176,700	\$208,800
Book Sales--Direct	\$82,225	\$149,500	\$239,200
Book Sales--Whsl	\$14,950	\$59,800	\$89,700
Booklet Sales--Direct	\$23,055	\$47,700	\$79,500
Booklet Sales--Whsl	\$0	\$23,850	\$31,800
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$619,816	\$990,350	\$1,305,000

5.3 Milestones

Important milestones are:

- Raising "seed" capital.
- Publishing magazine by February.
- Launching subscription marketing programs.
- Achieving subscription goals.

6.0 Management Summary

With production and fulfillment services outsourced, The Group Publishing, Inc. has need for general management, editorial, artistic, sales & marketing, and financial expertise.

6.1 Management Team

Red Brushwielder (44), President & CEO, Publisher & Editor

Mr. Brushwielder founded and successfully grew an advertising agency over a thirteen year period. He is accomplished in both publishing and direct marketing. One of his largest clients over the years has been Payne's Gray Publishers, Inc. a NASDAQ public company and Art book publisher.

Mr. Brushwielder has a total of 20 years experience in advertising and publishing. His advertising clients have included American Express, Steinway & Sons Piano Company, Peachtree Software, Parisian Department Stores, and ADP Payroll Services. Red Brushwielder attended the University of South Carolina.

Ochre & Sienna Burnt, Asst. Editors

Ochre (50) and Sienna (48) are the founders of Painting Restoration, which has the mission of restoring old family portraits. They are accomplished authors, with the titles "Restoring the Early Portrait" and "Demolishing Portrait Forgeries" to their credit. Ochre served in the U.S. Navy, serving three deployments in Viet Nam as a helicopter pilot.

Ochre holds a BA in Economics from the University of Connecticut, an MBA from California Lutheran College, and a Master's of Art Education from School of Hard Knocks. Sienna holds a BS in Education from the University of Connecticut.

John Crimson (50), Interim Chief Financial Officer

Mr. Crimson was last VP and Treasurer for Holiday Inn Worldwide. He previously was President of a \$30 million dollar credit union. John has a BA in Finance from the College of Wooster in Ohio and an MBA in Finance from Emory University.

The Group Publishing, Inc.

Timothy Clark (48), VP of Corporate Development

Mr. Clark has successfully raised capital for both public and private companies and has written and executed strategic growth plans as both an executive and as a consultant. He has previously been in executive positions with three growth stage companies and also was part of a turn-around team that successfully righted a failed venture-backed start-up. In his early career he held sales and marketing management positions with Lever Brothers Company and the LCR Division of Squibb, Inc. both in Chicago and New York. He is skilled in Strategic Planning and Capital Formation. Mr. Clark holds a BA in Marketing from the University of Notre Dame.

6.2 Management Team Gaps

An art director is needed. Also freelance artists.

Ad sales manager and circulation manager are factored in as needed.

6.3 Personnel Plan

The following table includes the personnel plan and projected salaries for all key people.

Table: Personnel (Planned)

Personnel Plan	1997	1998	1999
Production Personnel			
Name or title	\$0	\$0	\$0
Other	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
Sales and Marketing Personnel			
Ad Sales Mgr.	\$36,000	\$40,000	\$44,000
Subscription Mgr.	\$15,000	\$30,000	\$33,000
Other	\$0	\$0	\$0
Subtotal	\$51,000	\$70,000	\$77,000
General and Administrative Personnel			
Red Brushwelder, CEO	\$60,000	\$66,000	\$72,000
Ochre & Sienna Burnt, Exec. Editors	\$52,800	\$60,000	\$66,000
John Crimson, CFO	\$12,000	\$52,000	\$60,000
Exec. Asst.	\$18,000	\$22,000	\$24,000
Timothy Clark, VP Corp. Dev.	\$18,000	\$36,000	\$48,000
Other	\$0	\$0	\$0
Subtotal	\$160,800	\$236,000	\$270,000
Other Personnel			
Art Director	\$52,800	\$60,000	\$66,000
Freelance Artist	\$6,000	\$6,000	\$6,000
Bookkeeper	\$5,400	\$0	\$0
Other	\$0	\$0	\$0
Subtotal	\$64,200	\$66,000	\$72,000
Total People	10	11	12
Total Payroll	\$276,000	\$372,000	\$419,000
Payroll Burden	\$55,200	\$74,400	\$83,800
Total Payroll Expenditures	\$331,200	\$446,400	\$502,800

7.0 Financial Plan

After initial capitalization growth can be financed largely through internal cash flow provided subscription targets are met. In the event of a sales shortfall, marketing can be cut back temporarily to preserve cash. Or, more likely, additional investment may be sought to re-accelerate productive campaigns if growth demands more funding.

The company created by this plan will generate cash as soon as subscription base reaches critical mass.

7.1 Important Assumptions

The following table illustrates the financial assumptions used as the basis for this plan. The key element is six inventory turns per year. This reflects the issues of the magazine as well as ad revenue. Ad space is treated as an inventory item.

Subscriptions are paid in advance. Only 10% of receivables are collected in 30 days, primarily from wholesale accounts. These are notoriously slow payors, so care must be taken not to let these collections run past 60 days. This will be more significant if book sales become a higher-than-expected percentage of revenue.

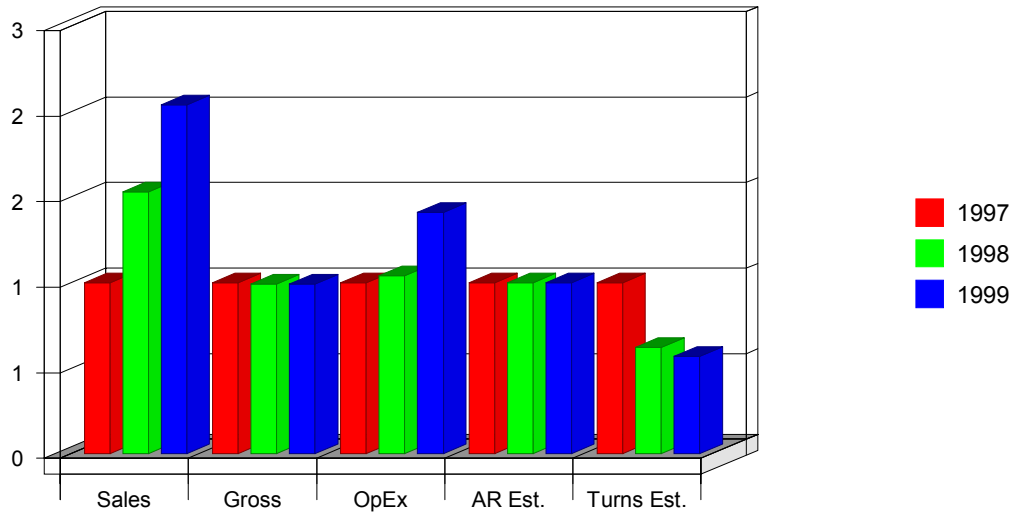
Table: General Assumptions

General Assumptions	1997	1998	1999
Short-term Interest Rate %	8.00%	8.00%	8.00%
Long-term Interest Rate %	8.00%	8.00%	8.00%
Tax Rate %	33.00%	33.00%	33.00%
Expenses in Cash %	30.00%	30.00%	30.00%
Sales on Credit %	10.00%	10.00%	10.00%
Personnel Burden %	20.00%	20.00%	20.00%

7.2 Key Financial Indicators

The following chart represents changes in critical profit variables. Note that margins and expenses are consistently controlled and net profit increases nicely. Inventory turns slow down somewhat in the third year due to the burden of higher inventories for increasing book sales.

Benchmarks (Planned)



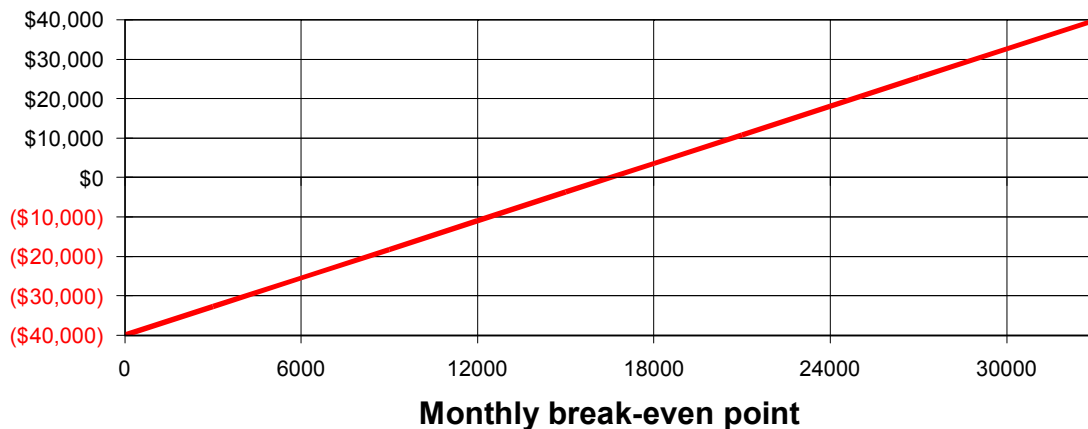
7.3 Break-even Analysis

This break-even analysis is applicable to the early 1997 time frame only. Key fixed costs are pegged at \$40K per month. This represents the "burn" rate prior to major acceleration of marketing plans. Thus, if subscriptions didn't flow in as planned this represents the point at which the company could continue to survive without increasing marketing. In that event, management could "buy" time to raise additional capital.

Avg. unit cost per magazine is \$.40 and avg. unit revenue is \$2.82 (a weighted avg. of subscriptions over one and two years and newsstand sales).

Thus, the company could survive on a break-even basis as soon as 16,529 magazines are sold per month.

Break-even Analysis



Break-even point = where line intersects with 0

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	16,529
Monthly Sales Break-even	\$46,612
Assumptions:	
Average Per-Unit Revenue	\$2.82
Average Per-Unit Variable Cost	\$0.40
Estimated Monthly Fixed Cost	\$40,000

The Group Publishing, Inc.

7.4 Projected Profit and Loss

We expect net income to hit \$1 million in year one and \$2.4 million in year three. Margin will improve from 32% to 38% of sales as subscriptions mature and marketing costs decrease.

Table: Profit and Loss (Planned)

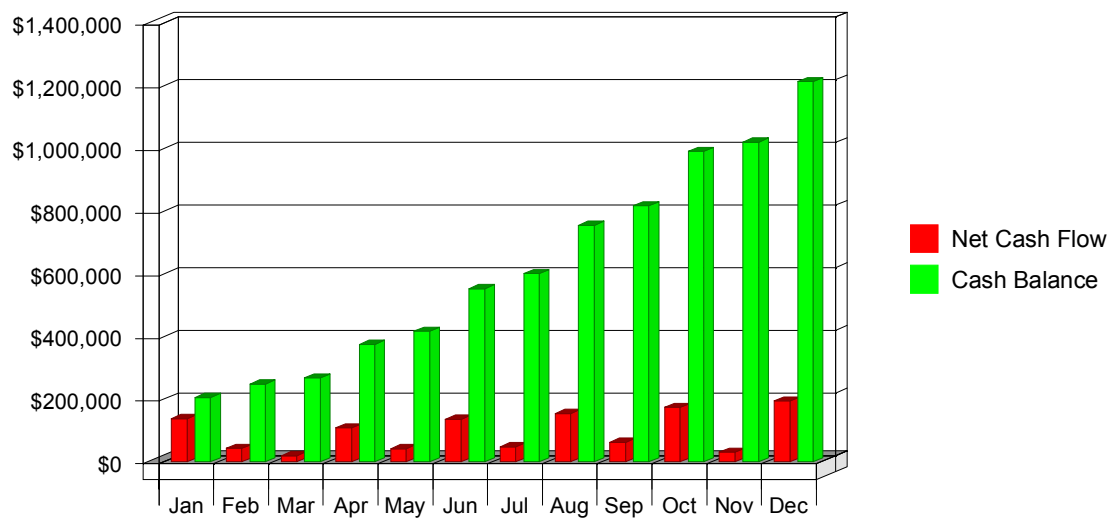
Pro Forma Profit and Loss	1997	1998	1999
Sales	\$3,128,005	\$4,787,330	\$6,378,100
Direct Cost of Sales	\$619,816	\$990,350	\$1,305,000
Production Payroll	\$0	\$0	\$0
Other	\$0	\$0	\$0
Total Cost of Sales	\$619,816	\$990,350	\$1,305,000
Gross Margin	\$2,508,189	\$3,796,980	\$5,073,100
Gross Margin %	80.18%	79.31%	79.54%
Operating Expenses:			
Sales and Marketing Expenses:			
Sales and Marketing Payroll	\$51,000	\$70,000	\$77,000
Advertising/Promotion	\$386,176	\$72,000	\$90,000
Author's Royalties--15%	\$83,446	\$173,000	\$276,000
Travel	\$7,500	\$9,000	\$11,000
Entertainment & Meals	\$2,400	\$3,000	\$3,600
Miscellaneous	\$12,000	\$15,000	\$18,000
Other	\$0	\$0	\$0
Total Sales and Marketing Expenses	\$542,522	\$342,000	\$475,600
Sales and Marketing %	17.34%	7.14%	7.46%
General and Administrative Expenses:			
General and Administrative Payroll	\$160,800	\$236,000	\$270,000
Payroll Burden	\$55,200	\$74,400	\$83,800
Depreciation	\$0	\$0	\$0
Depreciation	\$10,200	\$12,500	\$14,000
Depreciation	\$7,200	\$7,500	\$7,800
Depreciation	\$9,000	\$10,000	\$10,500
Postage	\$138,200	\$279,000	\$465,000
Insurance	\$12,000	\$12,000	\$14,000
Rent	\$30,000	\$30,000	\$36,000
Other	\$0	\$0	\$0
Total General and Administrative Expenses	\$422,600	\$661,400	\$901,100
General and Administrative %	13.51%	13.82%	14.13%
Other Expenses:			
Other Payroll	\$64,200	\$66,000	\$72,000
Contract/Consultants	\$0	\$0	\$0
Total Other Expenses	\$64,200	\$66,000	\$72,000
Other %	2.05%	1.38%	1.13%
Total Operating Expenses	\$1,029,322	\$1,069,400	\$1,448,700
Profit Before Interest and Taxes	\$1,478,867	\$2,727,580	\$3,624,400
Interest Expense Short-term	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0
Taxes Incurred	\$488,026	\$900,101	\$1,196,052
Extraordinary Items	\$0	\$0	\$0
Net Profit	\$990,841	\$1,827,479	\$2,428,348
Net Profit/Sales	31.68%	38.17%	38.07%

7.5 Projected Cash Flow

The table below illustrates cash accumulation from the initial assumption of \$150K capital infusion. At no point does the company run out of cash. At the end of year three a cash balance of \$5.3 million has been created.

The chart illustrates the critical cash flow in year one. Note that early contributions on a monthly basis are minimal and only gain momentum in the second half of the year. If shortfalls occur early on more capital may be required.

Cash (Planned)



The Group Publishing, Inc.

Table: Cash Flow (Planned)

Pro Forma Cash Flow	1997	1998	1999
Cash Received			
Cash from Operations:			
Cash Sales	\$2,815,205	\$4,308,597	\$5,740,290
From Receivables	\$274,994	\$458,678	\$618,583
Subtotal Cash from Operations	\$3,090,199	\$4,767,275	\$6,358,873
Additional Cash Received			
Extraordinary Items	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of other Short-term Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$150,000	\$0	\$0
Subtotal Cash Received	\$3,240,199	\$4,767,275	\$6,358,873
Expenditures			
Expenditures from Operations:			
Cash Spent on Costs and Expenses	\$590,801	\$783,336	\$1,058,967
Wages, Salaries, Payroll Taxes, etc.	\$331,200	\$446,400	\$502,800
Payment of Accounts Payable	\$1,171,422	\$1,760,287	\$2,374,295
Subtotal Spent on Operations	\$2,093,424	\$2,990,023	\$3,936,062
Additional Cash Spent			
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 Short-term Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Adjustment for Assets Purchased on Credit	\$0	\$0	\$0
Subtotal Cash Spent	\$2,093,424	\$2,990,023	\$3,936,062
Net Cash Flow	\$1,146,775	\$1,777,252	\$2,422,811
Cash Balance	\$1,213,775	\$2,991,027	\$5,413,838

The Group Publishing, Inc.

7.6 Projected Balance Sheet

At the end of year three the company has a net worth of \$5.5 million dollars.

It might be an attractive IPO candidate or an attractive acquisition.

Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets			
Short-term Assets	1997	1998	1999
Cash	\$1,213,775	\$2,991,027	\$5,413,838
Accounts Receivable	\$37,806	\$57,862	\$77,088
Inventory	\$163,374	\$261,041	\$343,978
Other Short-term Assets	\$0	\$0	\$0
Total Short-term Assets	\$1,414,955	\$3,309,930	\$5,834,905
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$1,414,955	\$3,309,930	\$5,834,905
Liabilities and Capital			
	1997	1998	1999
Accounts Payable	\$207,115	\$274,610	\$371,237
Current Borrowing	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$207,115	\$274,610	\$371,237
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$207,115	\$274,610	\$371,237
Paid-in Capital	\$300,000	\$300,000	\$300,000
Retained Earnings	(\$83,000)	\$907,841	\$2,735,319
Earnings	\$990,841	\$1,827,479	\$2,428,348
Total Capital	\$1,207,841	\$3,035,319	\$5,463,667
Total Liabilities and Capital	\$1,414,955	\$3,309,930	\$5,834,905
Net Worth	\$1,207,841	\$3,035,319	\$5,463,667

7.7 Business Ratios

These business ratios are limited in value since the company projects no debt. This will also be an advantage if debt capital is desired later without dilution to shareholders. Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 2721, Periodicals, are shown for comparison.

The Group Publishing, Inc.

Table: Ratios (Planned)

Ratio Analysis	1997	1998	1999	Industry Profile
Sales Growth	0.00%	53.05%	33.23%	-1.70%
Percent of Total Assets				
Accounts Receivable	2.67%	1.75%	1.32%	25.50%
Inventory	11.55%	7.89%	5.90%	5.40%
Other Short-term Assets	0.00%	0.00%	0.00%	54.10%
Total Short-term Assets	100.00%	100.00%	100.00%	85.00%
Long-term Assets	0.00%	0.00%	0.00%	15.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Other Short-term Liabilities	0.00%	0.00%	0.00%	42.30%
Subtotal Short-term Liabilities	14.64%	8.30%	6.36%	28.50%
Long-term Liabilities	0.00%	0.00%	0.00%	12.30%
Total Liabilities	14.64%	8.30%	6.36%	40.80%
Net Worth	85.36%	91.70%	93.64%	59.20%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	80.18%	79.31%	79.54%	56.10%
Selling, General & Administrative Expenses	48.51%	41.14%	41.47%	39.70%
Advertising Expenses	12.35%	1.50%	1.41%	1.90%
Profit Before Interest and Taxes	47.28%	56.97%	56.83%	4.20%
Main Ratios				
Current	6.83	12.05	15.72	2.16
Quick	6.04	11.10	14.79	1.71
Total Debt to Total Assets	14.64%	8.30%	6.36%	54.60%
Pre-tax Return on Net Worth	122.44%	89.86%	66.34%	7.40%
Pre-tax Return on Assets	104.52%	82.41%	62.12%	16.20%
Business Vitality Profile				
Sales per Employee	\$312,801	\$435,212	\$531,508	\$108,850
Survival Rate				55.05%
Additional Ratios				
Net Profit Margin	31.68%	38.17%	38.07%	n.a
Return on Equity	82.03%	60.21%	44.45%	n.a
Activity Ratios				
Accounts Receivable Turnover	8.27	8.27	8.27	n.a
Collection Days	22	36	39	n.a
Inventory Turnover	7.59	4.67	4.31	n.a
Accounts Payable Turnover	6.66	6.66	6.66	n.a
Total Asset Turnover	2.21	1.45	1.09	n.a
Debt Ratios				
Debt to Net Worth	0.17	0.09	0.07	n.a
Short-term Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$1,207,841	\$3,035,319	\$5,463,667	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.45	0.69	0.91	n.a
Current Debt/Total Assets	15%	8%	6%	n.a
Acid Test	5.86	10.89	14.58	n.a
Sales/Net Worth	2.59	1.58	1.17	n.a
Dividend Payout	\$0	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast (Planned)

Sales Forecast												
Unit Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mag Subscript Sales 1 Yr	0	5,000	6,500	7,500	8,000	8,000	9,000	9,000	9,000	9,000	9,000	10,000
Mag Subscript Sales 2 Yr	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Mag Subscript Sales Whsl	2,500	3,000	3,500	4,000	4,000	4,000	4,000	4,500	5,000	5,500	5,000	5,000
Newsstand Sales Whsl	0	5,000	0	7,500	0	10,000	0	10,000	0	12,000	0	12,000
Ad Revenue Pages	0	15	0	15	0	22	0	22	0	22	0	22
Book Sales--Direct	0	0	0	1,500	2,000	2,000	2,500	3,500	4,000	4,000	4,000	4,000
Book Sales--Whsl	0	0	0	1,500	0	0	1,500	0	0	2,000	0	0
Booklet Sales--Direct	0	0	0	0	0	1,500	1,500	2,000	2,000	2,500	2,500	2,500
Booklet Sales--Whsl	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
Total Unit Sales	2,500	13,015	11,000	23,015	15,000	26,522	19,500	30,022	21,000	36,022	21,500	34,522
Unit Prices												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mag Subscript Sales 1 Yr	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95	\$16.95
Mag Subscript Sales 2 Yr	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95	\$29.95
Mag Subscript Sales Whsl	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50
Newsstand Sales Whsl	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99
Ad Revenue Pages	\$1,819.00	\$1,819.00	\$1,819.00	\$1,819.00	\$2,182.00	\$2,182.00	\$2,182.00	\$2,182.00	\$2,618.00	\$2,618.00	\$2,618.00	\$2,618.00
Book Sales--Direct	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95	\$14.95
Book Sales--Whsl	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98	\$5.98
Booklet Sales--Direct	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95	\$7.95
Booklet Sales--Whsl	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18	\$3.18
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
Sales												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mag Subscript Sales 1 Yr	\$0	\$84,750	\$110,175	\$127,125	\$135,600	\$135,600	\$152,550	\$152,550	\$152,550	\$152,550	\$152,550	\$169,500
Mag Subscript Sales 2 Yr	\$0	\$0	\$29,950	\$29,950	\$29,950	\$29,950	\$29,950	\$29,950	\$29,950	\$29,950	\$29,950	\$29,950
Mag Subscript Sales Whsl	\$21,250	\$25,500	\$29,750	\$34,000	\$34,000	\$34,000	\$34,000	\$38,250	\$42,500	\$46,750	\$42,500	\$42,500
Newsstand Sales Whsl	\$0	\$4,950	\$0	\$7,425	\$0	\$9,900	\$0	\$9,900	\$0	\$11,880	\$0	\$11,880
Ad Revenue Pages	\$0	\$27,285	\$0	\$27,285	\$0	\$48,004	\$0	\$48,004	\$0	\$57,596	\$0	\$57,596
Book Sales--Direct	\$0	\$0	\$0	\$22,425	\$29,900	\$29,900	\$37,375	\$52,325	\$59,800	\$59,800	\$59,800	\$59,800
Book Sales--Whsl	\$0	\$0	\$0	\$8,970	\$0	\$0	\$8,970	\$0	\$0	\$11,960	\$0	\$0
Booklet Sales--Direct	\$0	\$0	\$0	\$0	\$0	\$11,925	\$11,925	\$15,900	\$15,900	\$19,875	\$19,875	\$19,875
Booklet Sales--Whsl	\$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
Total Sales	\$21,250	\$142,485	\$169,875	\$257,180	\$229,450	\$299,279	\$274,770	\$346,879	\$300,700	\$390,361	\$304,675	\$391,101
Direct Unit Costs												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mag Subscript Sales 1 Yr	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40
Mag Subscript Sales 2 Yr	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80	\$4.80
Mag Subscript Sales Whsl	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40	\$2.40
Newsstand Sales Whsl	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Ad Revenue Pages	\$637.00	\$637.00	\$637.00	\$637.00	\$763.00	\$763.00	\$763.00	\$763.00	\$916.00	\$916.00	\$916.00	\$916.00
Book Sales--Direct	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99
Book Sales--Whsl	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99	\$2.99
Booklet Sales--Direct	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59
Booklet Sales--Whsl	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59
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
Direct Cost of Sales												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mag Subscript Sales 1 Yr	\$0	\$12,000	\$15,600	\$18,000	\$19,200	\$19,200	\$21,600	\$21,600	\$21,600	\$21,600	\$21,600	\$24,000
Mag Subscript Sales 2 Yr	\$0	\$0	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Mag Subscript Sales Whsl	\$6,000	\$7,200	\$8,400	\$9,600	\$9,600	\$9,600	\$9,600	\$10,800	\$12,000	\$13,200	\$12,000	\$12,000
Newsstand Sales Whsl	\$0	\$2,000	\$0	\$3,000	\$0	\$4,000	\$0	\$4,000	\$0	\$4,800	\$0	\$4,800
Ad Revenue Pages	\$0	\$9,555	\$0	\$9,555	\$0	\$16,786	\$0	\$16,786	\$0	\$20,152	\$0	\$20,152

Appendix

Book Sales--Direct	\$0	\$0	\$0	\$4,485	\$5,980	\$5,980	\$7,475	\$10,465	\$11,960	\$11,960	\$11,960	\$11,960
Book Sales--Whsl	\$0	\$0	\$0	\$4,485	\$0	\$0	\$4,485	\$0	\$0	\$5,980	\$0	\$0
Booklet Sales--Direct	\$0	\$0	\$0	\$0	\$0	\$2,385	\$2,385	\$3,180	\$3,180	\$3,975	\$3,975	\$3,975
Booklet Sales--Whsl	\$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
Subtotal Direct Cost of Sales	\$6,000	\$30,755	\$28,800	\$53,925	\$39,580	\$62,751	\$50,345	\$71,631	\$53,540	\$86,467	\$54,335	\$81,687

Appendix

Appendix Table: Personnel (Planned)

Personnel Plan	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Production Personnel												
Name or title	\$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
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales and Marketing Personnel												
Ad Sales Mgr.	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Subscription Mgr.	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
General and Administrative Personnel												
Red Brushwielder, CEO	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Ochre & Sienna Burmt, Exec. Editors	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400
John Crimson, CFO	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Exec. Asst.	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Timothy Clark, VP Corp. Dev.	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$11,900	\$11,900	\$11,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900
Other Personnel												
Art Director	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400	\$4,400
Freelance Artist	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Bookkeeper	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350
Total People	8	8	8	9	9	9	10	10	10	10	10	10
Total Payroll	\$20,250	\$20,250	\$20,250	\$22,250	\$22,250	\$22,250	\$24,750	\$24,750	\$24,750	\$24,750	\$24,750	\$24,750
Payroll Burden	\$4,050	\$4,050	\$4,050	\$4,450	\$4,450	\$4,450	\$4,950	\$4,950	\$4,950	\$4,950	\$4,950	\$4,950
Total Payroll Expenditures	\$24,300	\$24,300	\$24,300	\$26,700	\$26,700	\$26,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700

Appendix

Appendix Table: General Assumptions

General Assumptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-term Interest Rate %	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Long-term Interest Rate %	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Tax Rate %	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
Expenses in Cash %	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Sales on Credit %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Personnel Burden %	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%

Appendix

Appendix Table: Profit and Loss (Planned)

Pro Forma Profit and Loss	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	\$21,250	\$142,485	\$169,875	\$257,180	\$229,450	\$299,279	\$274,770	\$346,879	\$300,700	\$390,361	\$304,675	\$391,101
Direct Cost of Sales	\$6,000	\$30,755	\$28,800	\$53,925	\$39,580	\$62,751	\$50,345	\$71,631	\$53,540	\$86,467	\$54,335	\$81,687
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
Total Cost of Sales	\$6,000	\$30,755	\$28,800	\$53,925	\$39,580	\$62,751	\$50,345	\$71,631	\$53,540	\$86,467	\$54,335	\$81,687
Gross Margin	\$15,250	\$111,730	\$141,075	\$203,255	\$189,870	\$236,528	\$224,425	\$275,248	\$247,160	\$303,894	\$250,340	\$309,414
Gross Margin %	71.76%	78.42%	83.05%	79.03%	82.75%	79.03%	81.68%	79.35%	82.19%	77.85%	82.17%	79.11%
Operating Expenses:												
Sales and Marketing Expenses:												
Sales and Marketing Payroll	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Advertising/Promotion	\$3,000	\$38,724	\$3,000	\$38,724	\$3,000	\$62,947	\$4,800	\$62,947	\$4,800	\$79,717	\$4,800	\$79,717
Author's Royalties--15%				\$4,710	\$4,485	\$6,274	\$8,741	\$10,234	\$11,355	\$13,745	\$11,951	\$11,951
Travel	\$500	\$500	\$500	\$500	\$500	\$500	\$750	\$750	\$750	\$750	\$750	\$750
Entertainment & Meals	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Miscellaneous	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales and Marketing Expenses	\$7,700	\$43,424	\$7,700	\$48,134	\$12,185	\$73,921	\$20,991	\$80,631	\$23,605	\$100,912	\$24,201	\$99,118
Sales and Marketing %	36.24%	30.48%	4.53%	18.72%	5.31%	24.70%	7.64%	23.24%	7.85%	25.85%	7.94%	25.34%
General and Administrative Expenses:												
General and Administrative Payroll	\$11,900	\$11,900	\$11,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900	\$13,900
Payroll Burden	\$4,050	\$4,050	\$4,050	\$4,450	\$4,450	\$4,450	\$4,950	\$4,950	\$4,950	\$4,950	\$4,950	\$4,950
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850
Depreciation	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Depreciation	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Postage	\$300	\$13,950	\$300	\$13,950	\$300	\$23,250	\$300	\$23,250	\$300	\$31,000	\$300	\$31,000
Insurance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Rent	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total General and Administrative Expenses	\$21,950	\$35,600	\$21,950	\$38,000	\$24,350	\$47,300	\$24,850	\$47,800	\$24,850	\$55,550	\$24,850	\$55,550
General and Administrative %	103.29%	24.99%	12.92%	14.78%	10.61%	15.80%	9.04%	13.78%	8.26%	14.23%	8.16%	14.20%
Other Expenses:												
Other Payroll	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350
Contract/Consultants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Expenses	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350	\$5,350
Other %	25.18%	3.75%	3.15%	2.08%	2.33%	1.79%	1.95%	1.54%	1.78%	1.37%	1.76%	1.37%
Total Operating Expenses	\$35,000	\$84,374	\$35,000	\$91,484	\$41,885	\$126,571	\$51,191	\$133,781	\$53,805	\$161,812	\$54,401	\$160,018
Profit Before Interest and Taxes	(\$19,750)	\$27,356	\$106,075	\$111,771	\$147,985	\$109,957	\$173,234	\$141,467	\$193,355	\$142,082	\$195,939	\$149,396
Interest Expense Short-term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	(\$6,518)	\$9,027	\$35,005	\$36,884	\$48,835	\$36,286	\$57,167	\$46,684	\$63,807	\$46,887	\$64,660	\$49,301
Extraordinary Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$13,233)	\$18,329	\$71,070	\$74,887	\$99,150	\$73,671	\$116,067	\$94,783	\$129,548	\$95,195	\$131,279	\$100,095
Net Profit/Sales	-62.27%	12.86%	41.84%	29.12%	43.21%	24.62%	42.24%	27.32%	43.08%	24.39%	43.09%	25.59%

Appendix

Appendix Table: Cash Flow (Planned)

Pro Forma Cash Flow	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received												
Cash from Operations:												
Cash Sales	\$19,125	\$128,237	\$152,888	\$231,462	\$206,505	\$269,351	\$247,293	\$312,191	\$270,630	\$351,325	\$274,208	\$351,991
From Receivables	\$71	\$2,529	\$14,340	\$17,279	\$25,626	\$23,178	\$29,846	\$27,717	\$34,534	\$30,369	\$38,750	\$30,756
Subtotal Cash from Operations	\$19,196	\$130,766	\$167,227	\$248,741	\$232,131	\$292,529	\$277,139	\$339,908	\$305,164	\$381,694	\$312,958	\$382,746
Additional Cash Received												
Extraordinary Items	\$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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of other Short-term 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	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$169,196	\$130,766	\$167,227	\$248,741	\$232,131	\$292,529	\$277,139	\$339,908	\$305,164	\$381,694	\$312,958	\$382,746
Expenditures												
Expenditures from Operations:												
Cash Spent on Costs and Expenses	\$6,655	\$44,810	\$21,178	\$61,753	\$22,473	\$73,575	\$31,257	\$79,490	\$31,581	\$99,396	\$26,808	\$91,824
Wages, Salaries, Payroll Taxes, etc.	\$24,300	\$24,300	\$24,300	\$26,700	\$26,700	\$26,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700
Payment of Accounts Payable	\$518	\$18,495	\$102,719	\$52,572	\$141,035	\$56,412	\$168,383	\$76,685	\$181,751	\$78,964	\$226,278	\$67,609
Subtotal Spent on Operations	\$31,472	\$87,605	\$148,197	\$141,025	\$190,208	\$156,687	\$229,341	\$185,876	\$243,032	\$208,060	\$282,787	\$189,134
Additional Cash Spent												
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 Short-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjustment for Assets Purchased on Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$31,472	\$87,605	\$148,197	\$141,025	\$190,208	\$156,687	\$229,341	\$185,876	\$243,032	\$208,060	\$282,787	\$189,134
Net Cash Flow	\$137,723	\$43,160	\$19,030	\$107,715	\$41,922	\$135,842	\$47,798	\$154,033	\$62,132	\$173,634	\$30,171	\$193,613
Cash Balance	\$204,723	\$247,884	\$266,914	\$374,629	\$416,552	\$552,394	\$600,192	\$754,225	\$816,357	\$989,991	\$1,020,162	\$1,213,775

Appendix

Appendix Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets	Starting Balances	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-term Assets													
Cash	\$67,000	\$204,723	\$247,884	\$266,914	\$374,629	\$416,552	\$552,394	\$600,192	\$754,225	\$816,357	\$989,991	\$1,020,162	\$1,213,775
Accounts Receivable	\$0	\$2,054	\$13,774	\$16,421	\$24,861	\$22,180	\$28,930	\$26,561	\$33,532	\$29,068	\$37,735	\$29,452	\$37,806
Inventory	\$0	\$12,000	\$61,510	\$57,600	\$107,850	\$79,160	\$125,502	\$100,690	\$143,262	\$107,080	\$172,934	\$118,599	\$163,374
Other Short-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Short-term Assets	\$67,000	\$218,778	\$323,167	\$340,935	\$507,340	\$517,892	\$706,826	\$727,443	\$931,019	\$952,504	\$1,200,660	\$1,168,213	\$1,414,955
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$67,000	\$218,778	\$323,167	\$340,935	\$507,340	\$517,892	\$706,826	\$727,443	\$931,019	\$952,504	\$1,200,660	\$1,168,213	\$1,414,955
Liabilities and Capital													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Accounts Payable	\$0	\$15,010	\$101,071	\$47,769	\$139,287	\$50,689	\$165,952	\$70,503	\$179,295	\$71,233	\$224,193	\$60,468	\$207,115
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$0	\$15,010	\$101,071	\$47,769	\$139,287	\$50,689	\$165,952	\$70,503	\$179,295	\$71,233	\$224,193	\$60,468	\$207,115
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$15,010	\$101,071	\$47,769	\$139,287	\$50,689	\$165,952	\$70,503	\$179,295	\$71,233	\$224,193	\$60,468	\$207,115
Paid-in Capital	\$150,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Retained Earnings	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)	(\$83,000)
Earnings	\$0	(\$13,233)	\$5,096	\$76,166	\$151,053	\$250,203	\$323,874	\$439,941	\$534,724	\$664,272	\$759,466	\$890,746	\$990,841
Total Capital	\$67,000	\$203,768	\$222,096	\$293,166	\$368,053	\$467,203	\$540,874	\$656,941	\$751,724	\$881,272	\$976,466	\$1,107,746	\$1,207,841
Total Liabilities and Capital	\$67,000	\$218,778	\$323,167	\$340,935	\$507,340	\$517,892	\$706,826	\$727,443	\$931,019	\$952,504	\$1,200,660	\$1,168,213	\$1,414,955
Net Worth	\$67,000	\$203,768	\$222,096	\$293,166	\$368,053	\$467,203	\$540,874	\$656,941	\$751,724	\$881,272	\$976,466	\$1,107,746	\$1,207,841