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Chicago, IL 60643

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## 1.0 Executive Summary

*Hands On! Children's Art Museum of Chicago, (Hands On!)* is a not-for-profit 501(c)(3) organization. *Hands On!* is being formed to provide unique and meaningful arts programming for all children, to educate children in the arts, and to build a lifelong audience for the arts. We plan to offer a dynamic and constantly-evolving program. Although we will incorporate all of the fine arts into our programs, our focus is on visual art. Most activities will be open-ended and enjoyed on a walk-in basis. The Museum will be staffed by working artists, and all structured activities will be led by master artist-teachers.

The Arts Education Partnership, in conjunction with the President's Committee on the Arts and Humanities, commenced a study in 2000 to examine the impact of arts experiences on young people and to explore why and how young people were changed through their arts experiences. Evidence demonstrates that children with high levels of arts participation outperform "arts-poor" students by virtually every measure. This study, *Champions of Change*, found much evidence that learning in the arts helps develop habits that will support other disciplines, and that it can often reach at-risk students when other disciplines cannot. The arts provide young people with authentic learning experiences that engage their minds, hearts, and bodies. Arts education helps students learn; it can enhance creativity, self-discipline, and the skills and confidence necessary to meet the challenges encountered during their lives.

The three founding board members, all of whom are mothers of young children, are uniquely qualified to bring this project to fruition. Carolyn Kuehner, Executive Director, holds a Bachelor of Music degree in Piano Pedagogy and a Master of Music degree in Piano Performance and Pedagogy, with highest honors, from Chicago Musical College of Roosevelt University. In addition, she served as Lecturer in Piano at Roosevelt University for over 10 years, and has also served on the piano faculties at Concordia University and Elmhurst College. Ms. Kuehner received the D.H. Baldwin Fellowship in recognition of her contributions to piano pedagogy and is listed in the book, *Who's Who in American Music*. Ms. Kuehner is an active Brownie Troop leader with the Girl Scouts of Chicago and is an advocate for homeschooling. She was a guest on Educate! on Channel 20, and Medill Reports at Northwestern University. Interviews with Ms. Kuehner have appeared in Chicago Parent and the Homeschooling Link.

Sheri Jendra, Operations Director, holds a Bachelor of Arts degree in Public Administration, and a Master of Public Administration degree from Governors State University. She was formerly employed as the Housing Director at the Beverly Area Planning Association, a non-for-profit community organization. She has also served as Assistant Planner for the

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Northeastern Illinois Planning Commission. Ms. Jendra is active as a volunteer in many capacities at St. Barnabas Catholic Church and Elementary School, and in a variety of youth sports activities.

Nancy McGourty, Marketing Director, holds a Bachelor of Science in Commerce degree with a major in Marketing from DePaul University. Previous employment includes the position of Assistant Vice President/Marketing at Founders Bank, Economic Development Director for the Beverly Area Planning Association, and Marketing Officer in the Corporate and Institutional Banking group at First Chicago Bank. Ms. McGourty is active in the Beverly/Morgan Park community as a director of the Southwest Beverly Improvement Association, and as a volunteer at Sutherland Elementary School, St. Barnabas Catholic Church, and the AYSO.

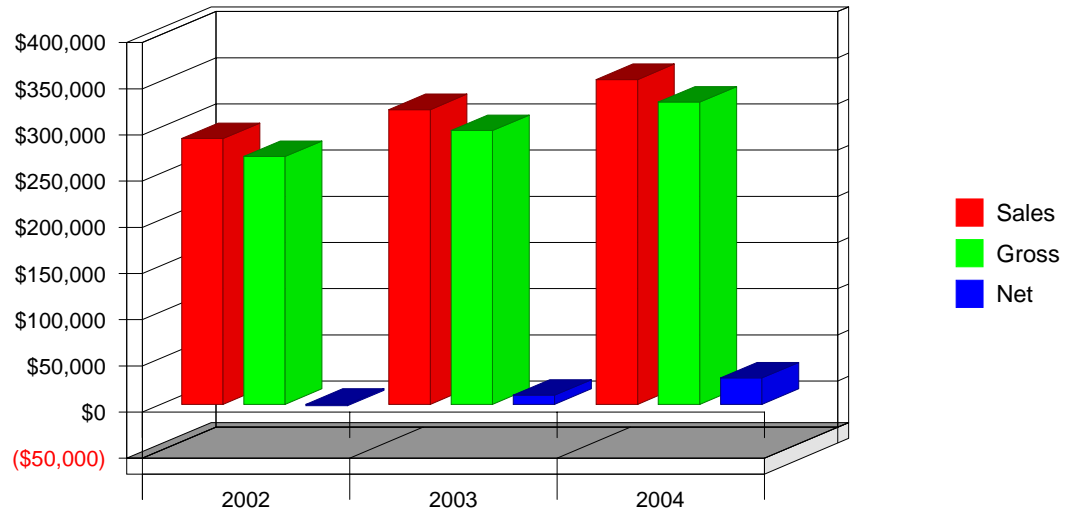
In addition to the founding board members, our Board of Directors is comprised of a diverse group of individuals including Grammy Award winning composer and pianist Ramsey Lewis, Michael Friedman, CEO of Premonition Records, James Lindsey, CPA with TTX Company, and Paul Tuminaro, Chicago-based arts advocate and member of the NewGroup Board at the Museum of Contemporary Art.

We are seeking funding for initial start-up costs of \$70,000 to be used for legal costs, leasehold improvements, rent and related expenses, office equipment, furniture, starting inventory, and initial cash to handle the first few months of expenses.

We estimate that approximately 60% of *Hands On!*'s annual revenue will be generated by a combination of membership, admissions, programming, retail sales, and related activities. The remainder of our funding will be generated by:

- The writing of proposals to secure grants from foundations.
- The solicitation of individuals, corporations, and small businesses.
- An annual large-scale benefit concert, family benefits, and special events.
- A variety of small scale fundraising activities.

## Highlights (Planned)



## 1.1 Objectives

*Hands On!*'s objectives during the first year of business are:

- To generate \$225,000 in earned revenue from a combination of membership and admission fees, programming, outreach, retail sales, and special events.
- To raise \$62,000 from new funding sources including foundation grants, government grants, and private and corporate donations.
- To have 375 total paid memberships.
- To serve 1,500 children through our outreach programs.

## 1.2 Mission

The mission of *Hands On!* is to encourage children of all ages to develop their full creative potential through the visual and performing arts. *Hands On!* strives, through the fine arts, to create a unique environment in which children of all ages, abilities, and experience can feel free to imagine, create, and welcome the arts into their lives. *Hands On!* provides a professional work environment that is challenging, rewarding, creative, and respectful of ideas and individuals.

## 1.3 Keys to Success

This topic was not included in the original business plan, but is included here as a placeholder for others using this plan as a guide. Please remember that the default outline is flexible on purpose, because every business plan is unique, so many excellent plans omit topics included in the standard outline and many add additional topics. The outline is a suggestion, not a checklist. You can add and delete topics easily. Make it your plan, not the software's plan.

## 2.0 Organization Summary

*Hands On!* is a not-for-profit organization formed to provide a place where children of all ages and abilities are encouraged to develop their full creative potential through the visual and performing arts. We plan to offer a dynamic, unique, and constantly evolving program. Although we will incorporate all of the fine arts into our programs, our focus is on visual art. Most activities will be open-ended and enjoyed on a walk-in basis. The Museum will be staffed by working artists, and all structured activities will be led by master artist-teachers. *Hands On!* will offer an art experience to children that will increase awareness of the arts, create an audience for the arts, and cannot be duplicated.

Our facility will house nine permanent open-art stations, including the Little People Lounge for our youngest visitors, Art Journey for toddlers, Sunflower Studio, Daisy Doodle-Shop, the Navajo Weaving Loom, I-MAC Imagination Station, the Sculpture Shop, Poppyseed Palace, and the Daily Special. In addition to our permanent stations, we will have a revolving set of installations, including our Shell Grotto, English Garden Light Design Table, City Design Architecture Board, and the Paint-Your-Own Ceramics Studio. We will have three art galleries: the Children's Gallery, a gallery showcasing the work created by the children who visit *Hands On!*; the Artworks Gallery, which is dedicated to the presentation of reproductions of work created by famous (and not so famous) grown-up artists; and the Chicago Artists Gallery, which provides a venue for our resident artists, as well as other area artists, to showcase their work.

Our facility will also house an extensive children's library that contains high quality books about artists, dancers, musicians, and composers and their lives and work. We will also provide a resource library for adults who are interested in furthering their knowledge of the arts. Our Curiosity Shop will sell affordable, high-quality art supplies, handmade toys, and other unique items.

We will offer special artist-led workshops and performances on a daily basis,

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including a twice daily "Storytime at Poppyseed Palace," and the Daily Special guided art activity. In addition, we will host the First Friday Concert Series, the Second Sunday Family Workshop, Culture Bugs classes for 18-42 month old children, Art Colony for 4-6 year old children, the Apprentice Workshop for teenagers, the Saturday Film Series, Art Encounters outreach program, monthly docent visits led by representatives of Chicago area galleries and museums, scheduled gallery openings, and seasonal special events.

*Hands On!* plans to locate in the Beverly/Morgan Park neighborhood on the southwest side of the city of Chicago. Although preliminary plans are being made to find a location, we will secure space when approximately fifty percent of our start-up funding has been raised.

### **2.1 Legal Entity**

This topic was not included in the original business plan, but is included here as a placeholder for others using this plan as a guide. Please remember that the default outline is flexible on purpose, because every business plan is unique, so many excellent plans omit topics included in the standard outline and many add additional topics. The outline is a suggestion, not a checklist. You can add and delete topics easily. Make it your plan, not the software's plan.

### **2.2 Start-up Summary**

Start-up expense totals \$35,000 including legal costs, leasehold improvements, rent, and related expenses. Start-up assets required include \$10,000 in short-term assets (office equipment, furniture, and initial inventory) and \$25,000 in initial cash to handle the first few months of expenses. The details are included in the following chart and table.

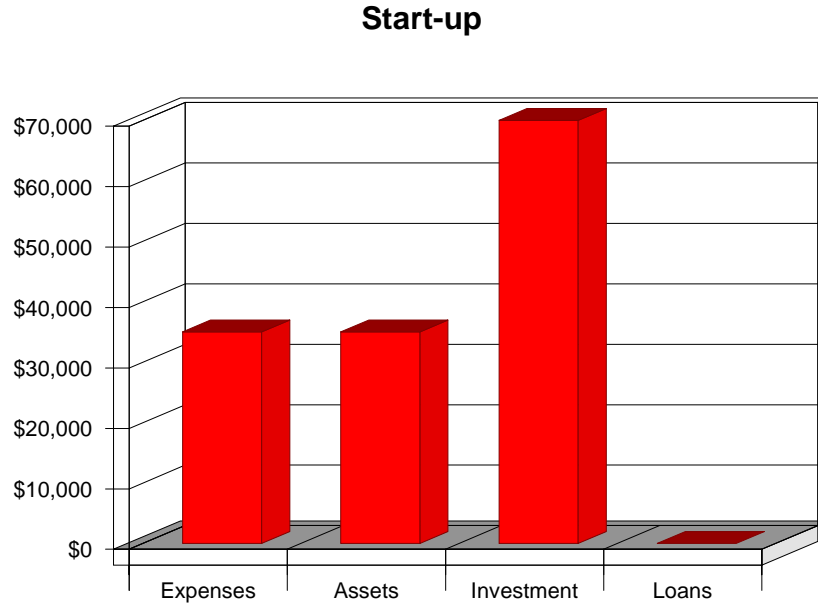


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**Table: Start-up**

Start-up	
<hr/>	
Requirements	
<hr/>	
Start-up Expenses	
Legal (Incorp., Permits, License)	\$1,500
Consulting Services	\$1,100
Leasehold Improvements	\$14,000
Stationery/Office Supplies	\$500
Advertising/Promotion	\$1,200
Website Design	\$1,700
Insurance	\$1,000
Rent	\$3,500
Security Deposit	\$7,000
Utilities (During Buildout)	\$1,300
Signage	\$1,400
Other	\$800
Total Start-up Expense	\$35,000
<hr/>	
Start-up Assets Needed	
Cash Requirements	\$25,000
Start-up inventory	\$1,500
Other Short-term Assets	\$8,500
Total Short-term Assets	\$35,000
<hr/>	
Long-term Assets	\$0
Total Assets	\$35,000
Total Requirements	\$70,000
<hr/>	
Funding	
<hr/>	
Investment	
Founding Directors	\$15,000
Private and Corporate Investors	\$25,000
Grants	\$30,000
Total Investment	\$70,000
<hr/>	
Short-term Liabilities	
Unpaid Expenses	\$0
Short-term Loans	\$0
Interest-free Short-term Loans	\$0
Subtotal Short-term Liabilities	\$0
<hr/>	
Long-term Liabilities	\$0
Total Liabilities	\$0
<hr/>	
Loss at Start-up	(\$35,000)
Total Capital	\$35,000
Total Capital and Liabilities	\$35,000



## 2.3 Locations and Facilities

This topic was not included in the original business plan, but is included here as a placeholder for others using this plan as a guide. Please remember that the default outline is flexible on purpose, because every business plan is unique, so many excellent plans omit topics included in the standard outline and many add additional topics. The outline is a suggestion, not a checklist. You can add and delete topics easily. Make it your plan, not the software's plan.

## 3.0 Services

### Open-Art Stations

*Hands On!* will house nine permanent open-art stations. These stations are the focus of our daily work. Our resident teaching artists will staff the open-art stations and will provide guidance when it is requested. The remainder of their time will be spent demonstrating their skills and maintaining the studio spaces. Each station provides a unique opportunity for *Hands On!* to further our purposes as an educational and charitable organization. The permanent open-art stations include:

1. ***Little People Lounge***. This is a place where our youngest visitors can freely explore their creativity and curiosity. All activities are open-

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ended and designed for children who are not yet ready for our open-art tables. The Lounge is stocked with an evolving supply of creative and challenging playthings including wall-mounted mirrors, a revolving display of eye level artwork, sorting boxes with color, shape, and texture cards, simple wooden puzzles, stacking toys, including graduated blocks and collapsible pole stacking rings, woolen and knit balls, and cloth blocks.

2. ***Art Journey.*** Art Journey is a studio space that is specifically designed to meet the needs of toddlers. Young children will enjoy working at the Colorful Window (using colorform material), sculpting with homemade play-clay using cookie cutters, wooden mallets, rolling pins, and other tools, fingerpainting, stamping, and building with a variety of blocks, including architecture blocks, Kapla blocks, and tree blocks. In addition, there will be a handmade doll-sized treehouse stocked with fairies, trolls, and dolls for creative play.
3. ***Sunflower Studio.*** All painting, printing, and similarly messy projects will take place here. The studio will be generously stocked with a multitude of different types of child friendly paints, inks, and dyes as well as a variety of papers, brushes, brayers, and printing mediums.
4. ***Daisy Doodle-Shop.*** The focus in the Daisy Doodle-Shop is on drawing, design, and reproduction. This studio will contain a drawing table as well as two easels. Children can choose from a variety a drawing tools including color pencils, crayons, markers, watercolor pencils, chalk, charcoal pencils, and pastels. Discovery is possible through imitation or free exploration. Many paper textures and incomplete reproductions will be available for use.
5. ***Sculpture Shop.*** All sculpture and three-dimensional art activities are held in the Sculpture Shop. Children are free to produce sculpture using the ever-changing materials, including found objects, purchased supplies, and items donated by local artisans.
6. ***Weaving Loom.*** The weaving loom is a reproduction of a large Navajo loom. Children can enjoy the rhythmic process of weaving as the Navajo have for generations. The loom is a stationary exhibit and all weaving remains with the loom.
7. ***I-MAC Imagination Station.*** Children can explore lines, shapes, form and design using a computer graphics design program. They can also explore the collection of CD-ROMs, featuring the works found in some of the world's finest art galleries and museums.
8. ***Poppyseed Palace.*** "Storytime at Poppyseed Palace" takes place twice daily at Poppyseed Palace. Storytime will include the reading of

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quality children's storybooks and poetry books appropriate and challenging for children of all ages. Some storytime sessions will be augmented by the addition of live music, interactive theatre, and impromptu storytelling. When there is no storytime scheduled, children and their caregivers will be encouraged to choose a book from the children's library and read together or to try their hand at assembling puzzles of famous works of art.

9. ***Daily Special***. This is an open-art station that hosts the special activities of the day, including beadmaking, quilting, or candlemaking, among others. The Daily Special will be a multi-use area and will be framed by a curtain and small puppet theatre. This area will also be used as a venue for presenting performance art and theatre pieces created by the children. The Daily Special is an in-depth, artist led activity that provides balance between a structured and an unstructured creative experience. The children will benefit from exploring the processes of art through the eyes of a professional artist.

In addition to the nine permanent stations, we will have a ***revolving set of installations***, including a Shell Grotto, English Garden Light Design Table, and the City Design Architecture Board. These special exhibits will rotate on a quarterly basis and will be installed after *Hands On!* has been in operation for one full year.

### 3.1 Art Galleries

We will have three art galleries:

1. ***Children's Gallery***. This is an exhibit showcasing the work created by the children who visit *Hands On!*
2. ***Artworks Gallery***. This gallery is dedicated to the presentation of reproductions of work created by famous (and not so famous) grown-up artists.
3. ***Chicago Artists Gallery***. This gallery provides a venue for our resident artists, as well as other area artists, to showcase their work.

The resident teaching artists staffing the museum will be available to answer questions and guide visitors through the galleries. These galleries provide an opportunity for our visitors to explore the full range of visual arts in all its forms, past and present. As children are exposed to quality art, it becomes an integral part of their lives. These experiences will be the catalyst to a lifetime of appreciation of and a respect for their own creativity and the creativity of others.

## 3.2 Additional Services

### Libraries

Our facility will house an extensive *non-circulating children's library* that will contain high quality books about artists, dancers, musicians, and composers, and their lives and work. *Hands On!* will also provide a *resource library* for adults who are interested in furthering their knowledge of the arts. The resource library will be a collection of reference books, museum guides, prints, postcard collections, and brochures that will enable the user to learn more about the work of a particular artist, style, or period in art history.

### Outreach Program

*Hands On!* is dedicated to fostering the creative spirits of all children. To this end, we will offer an extensive outreach program, *Art Encounters*. *Hands On!* will provide programming that meets the needs of schools, community groups, and private organizations. Most programs will run between one and two hours in length, and most will run during regular museum hours, but arrangements will be made to accommodate before and after hours programs. Representative programs include: "Artists Past and Present," "Open-Art Table Extravaganza," "Global Art," and "Girl Scout Badge Work." In addition, *Hands On!* will provide programming for children with special needs that will be developed and executed by a licensed art therapist. All other programs will be developed and executed by resident teaching artists. *Hands On!* expects that Art Encounters will eventually be a substantial part of its programming.

### Classes

*Hands On!* will sponsor two classes for young children: *Culture Bugs* and *Art Colony*. Participants will have an intensive multi-media arts experience that involves painting, collage, music, and movement. They develop an awareness of their environment through the manipulation of materials, and sensory awareness is expanded through activities that stimulate hearing, sight, and touch. The classes will meet weekly for six week sessions. Classes will be facilitated by a resident teaching artist.

*Hands On!* will offer a unique program directed toward the interests of young adults between the ages of 13 and 17. We will offer a flexible series of special classes, workshops, and seminars that introduce students to a wide variety of art mediums. Topics include the basics of photography and darkroom, animation, and exploring the art of portraiture. The *Apprentice Workshop* is held once weekly for three hours. Students can choose to participate on a weekly basis, or cater the program to meet their needs and

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register for only a portion of the program. All sessions are led by a resident teaching artist. Apprentice Workshop will become a regular part of *Hands On!*'s programming after we have been in operation for one full year.

### Concert Series

The *First Friday Concert Series* will begin as a bi-monthly event until *Hands On!* has been in operation for one full year. This programming will then be presented on a monthly basis. The programs will be one hour in length and will feature classical, jazz, and world music, as well as dance, storytelling, and theatre performances presented by Chicago-based performers.

### Family Workshops

*Hands On!* will sponsor the *Second Sunday Family Workshop* that will give all members of families the opportunity to create art together in a positive and fun environment. Our senior staff artists will introduce new and involved art processes for a creative, yet challenging experience. This workshop will meet in the Daily Special studio.

### Film Series

The *Saturday Afternoon Film Series* will emphasize high quality videos appropriate for the viewing of all children. Most films will be about the lives and work of important artists, composers, musicians, and dancers. Most film viewings will last approximately one hour.

### Additional Programs

After *Hands On!* has been operating for one full year, we will add additional programming, including quarterly *Docent Visits* by representatives of different galleries and museums located in the Chicago area. Docents will be prepared to answer questions about their collections and special exhibits, as well as help participants navigate the gallery or museum with their children.

*Hands On!* will sponsor quarterly *Field Trips* to various cultural destinations throughout Chicago, including the Art Institute of Chicago and the Chicago Symphony Orchestra children's matinees.

### Curiosity Shop

*Hands On!* plans to open a small *Curiosity Shop* that will sell affordable, quality art supplies, handmade toys, and other unique items. Most items will be made by artists and sold on a consignment basis.

## 4.0 Market Analysis Summary

*Hands On!* will be focused on families seeking to nurture their children's creative potential through the visual and performing arts. Initially, we will address a segment of the Chicagoland market known for its stable, family orientation, and for its willingness to support and patronize local institutions. Once established, we will expand our focus to include the entire Chicagoland market.

*Hands On!* strives, through the fine arts, to create a unique environment in which children of all ages, ability, and experience can feel free to imagine, create, and welcome the arts into their lives. This environment will appeal to a broad cross-section of all families, without regard to racial, educational, or economic background.

## 4.1 Market Segmentation

Using a broad definition of our market, every family with a child is a potential consumer of the programs and services offered by *Hands On!* If we were to temper that broad definition with a geographic boundary of a thirty-mile radius, we still have the opportunity to reach a vast market, the entire Chicagoland area. Simply stated, there are literally millions of households that meet this market definition. Our target market is families with children ages seventeen and under. Our core market is families with children between the ages of three and ten.

We feel that in order to establish a foothold within this vast market and create brand awareness for the unique and high-quality programs we are offering, we need to focus our initial marketing efforts on a smaller market segment. The initial marketing effort will extend through our first twelve months of operation and target a market segment within a five-mile radius of our location. By any measure, this remains a richly populated market of approximately 78,000 households with children (using 103rd and Western as the center point), representing 151,000 children between the ages of one and seventeen (1999 U.S. Census data).

As a result of scaling our initial efforts in this manner, we are able to leverage our strong ties within the local community, local media, and educational institutions. To drive awareness, we will supplement the support we receive from local institutions with a broad sweeping outreach program, focused direct mail campaigns, and media placement. Beverly/Morgan Park is a stable area with a history of supporting family-oriented programs offered both locally and throughout the greater metropolitan area. Once established, we will expand our market reach utilizing the same techniques,

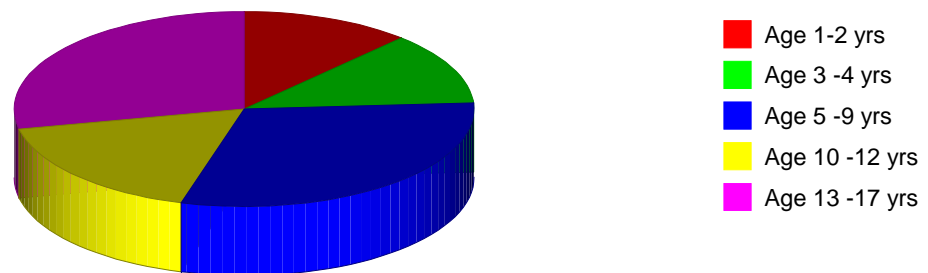
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but scaled to reach a much broader audience.

Our outreach programs will focus primarily on serving children in low to moderate income areas of the city of Chicago and the surrounding communities. Programming will be tailored to fit the needs of children in the Chicago Public School system, as well as Chicago-based private and parochial schools. In addition, our programming will extend to those children in suburban public, private, and parochial schools, homeschoolers, children served by Easter Seals and the Progress Center for Independent Living, among others. Our outreach will also extend to those children enrolled in day care and preschool programs, and to those children who are patients at local children's hospitals. We are in the process of developing relationships with Chicago-area galleries and arts organizations with the intent of extending our outreach into communities outside the five-mile radius of our location. We will combine programming, special events, and gallery shows with these organizations.

### Market Analysis (Pie)



**Table: Market Analysis**

Market Analysis Potential Customers	Growth	2001	2002	2003	2004	2005	CAGR
Age 1-2 yrs	5%	18,089	18,993	19,943	20,940	21,987	5.00%
Age 3-4 yrs	3%	18,151	18,605	19,070	19,547	20,036	2.50%
Age 5-9 yrs	5%	45,838	48,130	50,537	53,064	55,717	5.00%
Age 10-12 yrs	5%	26,100	27,405	28,775	30,214	31,725	5.00%
Age 13-17 yrs	2%	42,688	43,542	44,413	45,301	46,207	2.00%
<b>Total</b>	<b>3.88%</b>	<b>150,866</b>	<b>156,675</b>	<b>162,738</b>	<b>169,066</b>	<b>175,672</b>	<b>3.88%</b>



### 4.2 Service Providers Analysis

There is no known organization in the Chicagoland area that offers the unique art experience provided by *Hands On!*

Alternatives come from such Chicago area institutions as the Kohl Children's Museum, the Chicago Children's Museum, the Museum of Contemporary Art, and the Kraft Education Center at the Art Institute of Chicago, however, these institutions do not have the *singular* focus of *Hands On!*, on providing a rich art experience for children.

There are several area organizations where children can register for art classes. Local examples include the Beverly Art Center, Heritage Gallery, Spectrum Art Supplies, and the Chicago Park District. Lakeshore Learning offers free craft workshops on Saturday mornings. Again, an art class for children is only a part of what these institutions provide. *Hands On!* intends to establish cooperative relationships with these organizations with the expectation that increased awareness in these types of programs will result in mutual benefit.

In a much broader sense, our competition is not limited to places offering art classes and museums. There are many external activities in which families can choose to participate. Given free time and disposable income, families may choose among a variety of activities including sports, music classes, dance classes, and park district programs. We believe that families will recognize the benefit of an organization with a singular focus, as a means of providing balance, as an opportunity to enrich their children's lives, and as a fun place to spend time with their children.

Beverly Art Center, Chicago Park District, and Lakeshore Learning are the closest to direct alternatives.

### 5.0 Marketing and Fundraising Summary

Through our singular focus on visual arts targeted to children, we are positioned as a premier source of arts education, enrichment and enjoyment for the entire Chicagoland area. Our offerings will include a diverse range of programs and activities on a rotated calendar basis, ensuring a fresh experience for even the most frequent visitors.

A key marketing strategy for *Hands On!* is membership growth as a means to drive recurring revenue. By extending a value proposition to our target market in the form of comprehensive membership benefits, we expect to quickly expand our membership. Closely related to membership are fees

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from general admissions. Targeted advertising and networking throughout a very active local community will allow us to focus on continually bringing first time attendees to the Museum. Once inside, we will rely upon the dynamic environment and our staff to spark interest in our programs and workshops. Print advertising during our first year will be limited. We plan to distribute flyers through local community groups and specific child-oriented groups that directly reach our initial target market. As we expand our presence in the Chicagoland area, we will scale our advertising accordingly.

On-site marketing for workshops and special events is an economical and effective way to generate revenue. By reaching attendees, we anticipate a high degree of interest and participation in activities such as workshops and special events.

A strong Internet presence is an opportunity to extend our market reach. Initially, our direct marketing efforts will be locally focused, but we will rely upon a dynamic and informative website to support our efforts, while broadcasting our message to a much larger audience.

Building and maintaining a solid database of potential customers will be critical to the success of our outreach programs. We are planning direct mail and telemarketing campaigns, and will offer general informational on-site outreach to all interested groups.

*Hands On!* has begun an extensive fundraising campaign to provide our initial start-up costs. Our current work includes the development of prospect lists of persons who may be interested in providing a financial donation, the solicitation of support from corporations and the local business community, the writing of grant proposals soliciting funds from Illinois foundations, and the temporary hiring of a professional fundraising consultant.

Approximately 60% of *Hands On!*'s annual revenue will be generated by a combination of membership, admissions, programming, retail sales, and related activities. The remainder of our funding will be generated by:

- The writing of proposals to secure grants from foundations.
- The solicitation of individuals, corporations, and small businesses.
- An annual large scale benefit concert, family benefits, and special events.
- A variety of small scale fundraising activities.

We anticipate that we will be able to manage our consumable expenses through the pursuit of in-kind donations from businesses and individuals, the creative use of found objects, and inexpensive means of purchasing bulk items.

### 5.1 Marketing Strategy

We start with a critical competitive edge: there is no competitor we know of that can offer the unique art experience for children provided by *Hands On!* Through our singular focus on visual arts targeted to children, we are positioned as a premier source of arts education, enrichment, and enjoyment for the entire Chicagoland area. Our offerings include a diverse range of programs and activities on a rotated calendar basis, ensuring a fresh experience for even the most frequent visitors.

A key strategy for *Hands On!* is membership growth as a mechanism to drive recurring revenue. By extending a value proposition to our target market in the form of comprehensive membership benefits, we expect to quickly expand our membership. Our membership plan is structured to allow members to determine the frequency of visits to the museum and the degree of participation in special programming. We will offer four levels of membership that include an "Introductory Membership," "Friend," "Frequent Artist," and "Sponsor." All members will receive a ten percent discount on retail purchases, special programming, and events. Our quarterly newsletter will keep members informed and involved. Our diverse and calendar of programs and events, coupled with the uniqueness of the *Hands On!* experience, will deliver high member retention rates.

Closely related to membership, but anticipated to be a larger source of revenue, are fees from general admissions. Through a grassroots approach, we will continually communicate the compelling influence and value that attendance at *Hands On!* will deliver to children and their families. Targeted advertising and networking throughout a very active local community will allow us to focus on continually bringing first time attendees to the museum. Once inside, we will rely upon the dynamic environment and our staff to spark interest in our programs and workshops. We will also employ PSA's on radio stations and well timed press releases as effective and affordable vehicles to deliver our message.

Print advertising during our first year will be limited and placed in the less expensive local media such as the Beverly Review, Villager, and News Marketer. We plan to distribute flyers through local community groups. The Beverly/Morgan Park area has highly active community groups who provide a proven communication network throughout the area. These civic organizations coupled with specific child oriented groups (Indian Princesses, Scouts, AYSO Soccer, etc.) have shown to be receptive to similar messages in the past and directly reach our initial target market. As we expand our presence in the Chicagoland area, we will scale our advertising accordingly: Chicago Parent magazine and the weekend sections of the major newspapers.

## Hands On! Children's Art Museum of Chicago

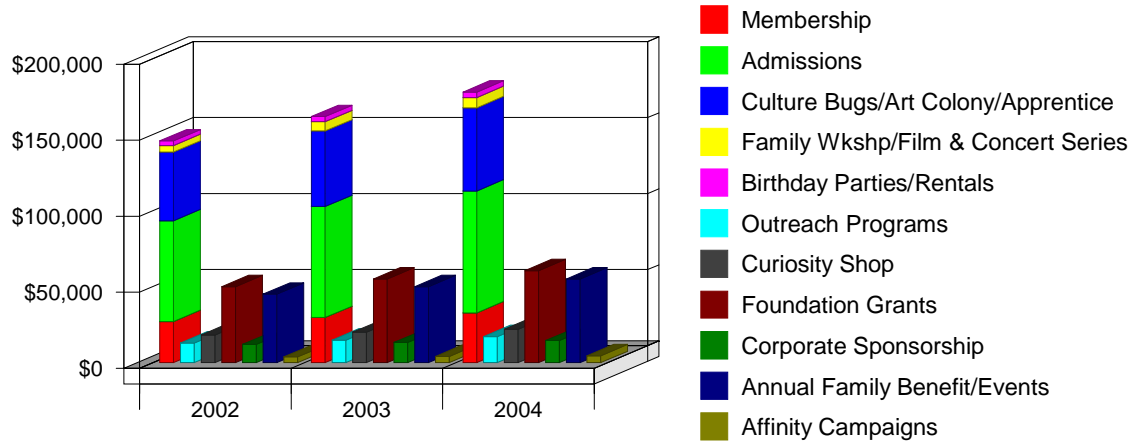
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On-site marketing for workshops and special events represents an economical and effective way to generate revenue. By reaching attendees, people who have already made the initial step to engage in our experience, we anticipate a high degree of interest and participation in revenue producing activities such as workshops and special events.

We recognize that a strong Internet presence is an opportunity to extend our market reach in a manner consistent with our mission. Initially, our direct marketing efforts will be locally focused, but we will rely upon a dynamic and informative website to support our efforts, while broadcasting our message to a much larger audience. The goal of our site is to create interest, inform and entertain visitors, facilitate requests for membership, renewals and registrations, and generate additional revenue. We will direct visitors to our site through consistent references in all of our marketing materials and the strategic placement of links to our site from other related websites.

Building and maintaining a solid database of potential customers will be critical to the success of our outreach programs. We are currently in the process of developing a database of contact persons at all local and Chicago-area schools, community groups, and private organizations whose programming serves the youth of Chicago and her surrounding communities. Examples include Chicago Public Library branches, local public, private, and parochial elementary and high schools, Chicago Park District fieldhouses, local and regional Girl and Boy Scout troops and service units, Indian Princesses and Guides, art supply stores, children's retailers, local churches, daycare centers and preschools, sports programs, teacher stores, local civic associations, and pediatric dentist and doctor offices. We are planning direct mail and telemarketing campaigns, and will offer general informational on-site outreach to all interested groups. Additionally, we are developing a prospect database of persons who may be interested in making a financial contribution and/or giving their time as volunteers.

## Funding by Year (Planned)



## 5.2 Fundraising Strategy

Approximately 60% of *Hands On!*'s annual revenue will be generated by a combination of membership, admissions, programming, retail sales and related activities. We estimate that memberships and admissions combined will account for a third of our annual revenue. See the following Funding Forecast table and the Funding Monthly chart.

The remainder of our funding will be generated by the following activities:

- The writing of **grant proposals** to secure grants from Illinois foundations.
- The **solicitation of members of the Board of Directors** and other individuals for financial contributions.
- The **solicitation of corporations and small businesses** for financial support.
- The pursuit of **large scale in-kind donations** from major retailers that provide the materials and supplies that we will need. They include Borders Books and Music, Lakeshore Learning Store, and Microsoft, among others. We will offer a sponsorship agreement that will provide exclusive sponsorship in their industry or market, the option to decorate the chosen sponsorship area with suitable company materials, positive PR in all printed materials and special programming, and pride in their participation in a project that is educational, charitable, and enjoyable.

## Hands On! Children's Art Museum of Chicago

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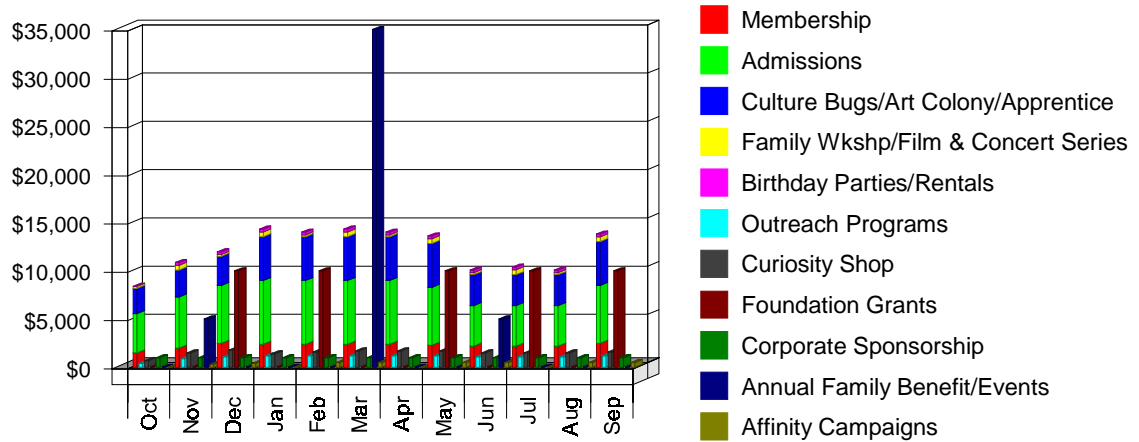
- An annual large scale ***benefit concert*** featuring a top name performer.
- ***Family benefits*** and ***special events***.
- A variety of ***small scale fundraising activities*** including Shop and Share days at local supermarkets and bookstores, affinity campaigns such as a "Day at \_\_\_\_\_" in which a percentage of retail sales for the day are donated to our organization, art auctions, raffles of donated items, large tag sales, and movie benefits, among others.

*Hands On!* has begun an extensive fundraising campaign and we are currently devoting our energies to this end. Our current work includes:

- The development of ***primary and secondary prospect lists of persons who may be interested in providing a financial donation***. We plan to follow-up with personal phone calls as well as a direct mail campaign as soon as we receive an advance ruling of tax-exempt status.
- The solicitation of ***support from corporations and the local business community***. We are pursuing in-kind donations of money, time, and supplies from corporations and local businesses.
- The ***writing of grant proposals soliciting funds from Illinois foundations***. Research thus far has included seminars at the Donor's Forum in Chicago on using the library, as well as one on the "ABC's of Grant Writing;" extensive research into the funding and operations of Illinois-based nonprofits whose mission is to fulfill their purposes as educational and charitable organizations; extensive research time at Donor's Forum using the Foundation Search computer service and the books and videos in the library. Grant proposals will be sent as soon as we receive an advance ruling of tax exempt status.
- The temporary ***hiring of a professional fundraising consultant*** to direct us toward foundations that will fund the seed money to cover start-up costs, as well as to help develop a long-range fundraising plan.

# Hands On! Children's Art Museum of Chicago

## Funding Monthly (Planned)



**Table: Funding Forecast (Planned)**

Funding Forecast			
Funding	2002	2003	2004
Membership	\$27,000	\$29,700	\$32,670
Admissions	\$66,360	\$72,996	\$80,296
Culture Bugs/Art Colony/Apprentice	\$45,198	\$49,718	\$54,690
Family Wkshp/Film & Concert Series	\$4,260	\$6,100	\$6,710
Birthday Parties/Rentals	\$3,025	\$3,328	\$3,660
Outreach Programs	\$12,900	\$14,835	\$17,060
Curiosity Shop	\$18,200	\$20,020	\$22,022
Foundation Grants	\$50,000	\$55,000	\$60,500
Corporate Sponsorship	\$12,000	\$13,200	\$14,520
Annual Family Benefit/Events	\$45,000	\$50,000	\$55,000
Affinity Campaigns	\$3,700	\$4,070	\$4,477
<b>Total Funding</b>	<b>\$287,643</b>	<b>\$318,966</b>	<b>\$351,605</b>
Direct Cost of Funding	2002	2003	2004
Membership	\$1,130	\$1,243	\$1,367
Admissions	\$0	\$0	\$0
Culture Bugs/Art Colony/Apprentice	\$2,020	\$2,222	\$2,444
Family Wkshp/Film & Concert Series	\$1,800	\$3,300	\$3,300
Birthday Parties/Rentals	\$693	\$762	\$839
Outreach Programs	\$720	\$828	\$952
Curiosity Shop	\$9,100	\$10,010	\$11,011
Foundation Grants	\$180	\$198	\$218
Corporate Sponsorship	\$120	\$132	\$145
Annual Family Benefit/Events	\$3,500	\$3,800	\$4,100
Affinity Campaigns	\$40	\$75	\$75
<b>Subtotal Cost of Funding</b>	<b>\$19,303</b>	<b>\$22,570</b>	<b>\$24,451</b>

### 5.3 Strategic Alliances

We have forged several beneficial relationships with various organizations and are currently working on establishing others.

The President of Saint Xavier University (Richard Yanikoski, xxxxx, Chicago, IL) has offered *Hands On!* complimentary use of banquet and building facilities for meetings and fundraising benefits, as well as offering to review written grant proposals. SXU has also agreed to establish an internship program with *Hands On!* whereby art and/or education majors will serve as part-time junior staff members.

Martha Anderson of Lothair, Inc. (xxxxx., Blue Island, IL) has committed to an in-kind donation of graphic design services for the *Hands On!* logo and layout design of stationary.

Paul Krutulic, Joslyn Construction Co. (xxxxx, Chicago, IL) has agreed to provide an in-kind donation of architectural services.

Lawyers for the Creative Arts (xxxxx, Chicago, IL) will provide any legal services required on a pro bono basis.

Jim Lindsey, CPA (xxxxx, Chicago, IL) will provide pro bono accountancy services.

Tom McGourty of Gomembers, Inc., (xxxxx, Lombard, IL) a leading provider of member-based management software, has agreed to provide an in-kind donation of their software.

*Hands On!* currently has six artists committed to providing products to be sold through the Curiosity Shop, and plans to expand this number to about twelve artists. Approximately 75% of the retail items available in the Curiosity Shop will be sold on a consignment basis, with 25% of the retail sales going to fund *Hands On!* programs.

Local examples of organizations that are candidates for co-marketing include the Beverly Art Center, Heritage Gallery, Spectrum Art Supplies, and Lakeshore Learning. These organizations will benefit from a shared effort that creates increased awareness of art related activities for children.

Chicago area alliances may include the Old Town School of Folk Music, Gallery 37, and Woman Made Gallery, among others. We are in the process of developing a complimentary relationship with Woman Made Gallery to combine our outreach efforts, share gallery shows, and provide ongoing artistic support.



# Hands On! Children's Art Museum of Chicago

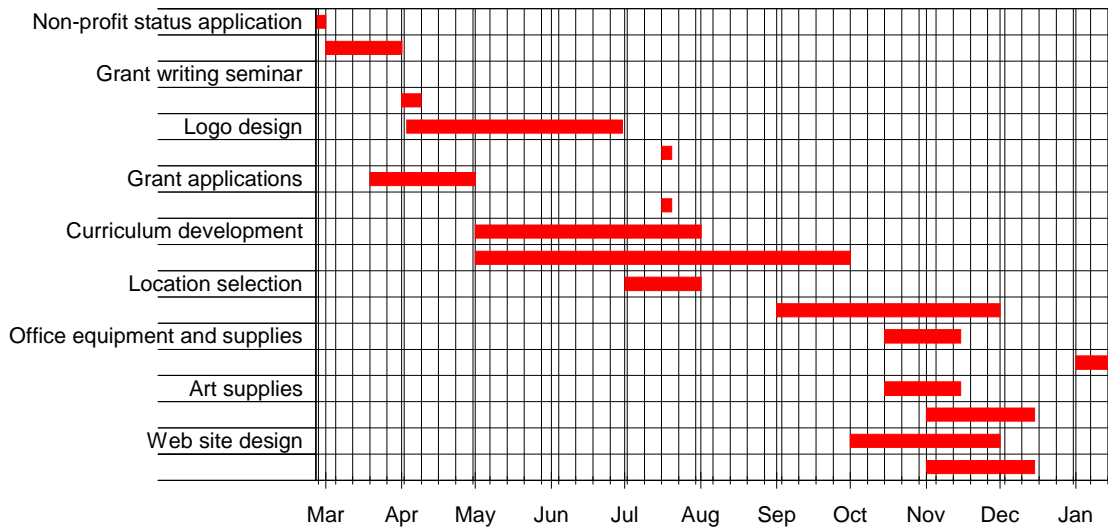
## 5.4 Milestones

The following table and chart show the specific implementation milestones.

**Table: Milestones (Planned)**

Milestones	Start Date	End Date	Budget	Manager	Department
Non-profit status application	2/25/01	3/1/01	\$565	KK	
Business plan	3/1/01	4/1/01	\$110	NM	
Grant writing seminar	3/11/01	3/11/01	\$140	SJ	
Funding plan training	4/1/01	4/9/01	\$1,100	KK	
Logo design	4/3/01	6/30/01	\$0	NM	
Business cards	7/16/01	7/20/01	\$120	NM	
Grant applications	3/19/01	5/1/01	\$0	SJ, KK	
Stationery	7/16/01	7/20/01	\$250	NM	
Curriculum development	5/1/01	8/1/01	\$0	KK	
In-kind donations	5/1/01	10/1/01	\$0	KK, SJ, NM	
Location selection	7/1/01	8/1/01	\$0	KK, SJ, NM	
Buildout of space	9/1/01	12/1/01	\$14,000	KK, SJ, NM	
Office equipment and supplies	10/15/01	11/15/01	\$7,000	SJ	
Press releases/advertising	1/1/02	1/15/02	\$1,200	NM	
Art supplies	10/15/01	11/15/01	\$1,750	KK	
Hiring of staff	11/1/01	12/15/01	\$100	KK, SJ	
Web site design	10/1/01	12/1/01	\$1,700	NM	
Outdoor signage	11/1/01	12/15/01	\$1,400	NM	
Totals			\$29,435		

### Milestones (Planned)



## 6.0 Personnel Plan

The initial management team consists of Karolyn Kuehner, Executive Director; Sheri Jendra, Operations Director; and Nancy McGourty, Marketing Director.

***Karolyn Kuehner, Executive Director.*** The Executive Director is hired by the board of directors. Responsibilities include, but are not limited to:

- Advise the board and carry out tasks assigned by the board.
- Oversee daily operations, project planning, and special events, working closely with each program coordinator.
- Personnel management (recruitment, hiring, training, evaluation and termination of staff).
- Together with the Operations Director, develop and manage the annual budget for board approval including necessary revisions.
- Program development.
- Supervision of artistic staff.
- Develop network of support within the arts community.
- Develop and implement outreach program.

***Sheri Jendra, Operations Director.*** The Operations Director is hired by the Executive Director. Responsibilities include, but are not limited to:

- Advise the board and carry out tasks assigned by the board.
- Assist in personnel management.
- Development of administrative standards and procedures related to personnel and staff development.
- Supervision of staff.
- Serve as liason between staff and board members.
- Coordinate with the Executive Director and the board to oversee activities including grant applications, management of grants, special projects, fiscal management.
- Together with the Executive Director, develop and manage the annual budget for board approval including necessary revisions.
- Oversee the preparation of the annual report of activities as well as fiscal reports.
- Manage network finances and reporting, including museum store.
- Coordinate work on annual audits.
- Define priorities for all supervised staff.
- Inventory management of art and office supplies.

***Nancy McGourty, Marketing Director.*** The Marketing Director is hired by the Executive Director. Responsibilities include, but are not limited to:

- Advise the board and carry out tasks assigned by the board.

## Hands On! Children's Art Museum of Chicago

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- All marketing activities including establish the marketing budget with the executive director; create and implement marketing plan; develop marketing materials; advertising placement; develop direct mail plan.
- Membership management including establish and maintain member and prospective member databases; produce renewal notices; special member mailings.
- Publication and distribution of the quarterly newsletter.
- Website maintainance.
- Direct fundraising activities.
- Coordinate volunteers.
- Coordinate solicitation of corporate and in-kind donations.
- Measure effectiveness of marketing activities (program tracking).

Table: Personnel (Planned)

Personnel Plan	2002	2003	2004
Directors	\$86,400	\$90,720	\$95,256
Culture Bugs/Art Colony Coordinator	\$6,480	\$9,180	\$9,720
Curator	\$10,800	\$11,520	\$12,240
Store Staff	\$16,320	\$17,136	\$17,993
Junior Staff	\$12,960	\$13,608	\$14,288
Senior Staff	\$37,440	\$39,936	\$42,432
Total Payroll	\$170,400	\$182,100	\$191,929
Total Headcount	14	14	14
Payroll Burden	\$25,560	\$27,315	\$28,789
Total Payroll Expenditures	\$195,960	\$209,415	\$220,719

### 6.1 Organizational Structure

Our initial team includes three directors, a curator, four senior staff working artists, and two store clerks. During the second month of operation we will add two junior staff members, and in the third month of operation we will add another. In the fourth month, we will add the Culture Bugs/Art Colony program coordinator. All staff positions are part-time. The Executive Director will assume the responsibility of the program coordinator until that position is filled.

As stated in our articles of incorporation, our board of directors is to consist of a minimum of five and a maximum of twelve persons. We currently have seven persons serving on our board of directors representing various facets of both the arts and business.

## 7.0 Financial Plan

The basis for our financial planning has been looking forward with conservative estimates for revenue and expenses. We are committed to consistent growth of our cash balances through prudent management of our expenses. Our focus will be on remaining profitable year to year, while also building adequate cash reserves.

## 7.1 Important Assumptions

Personnel burden is relatively low at 15% based on the assumption that the only benefits included will be minimal vacation time based on the number of hours worked. Personnel burden also includes taxes.

We anticipate carrying one month's worth of inventory in the Curiosity Shop. The majority of items in the shop are sold on a consignment basis, and therefore do not affect inventory turnover.

The estimate of 8% funding on credit refers to the delay between the commitment of funding and the actual receipt of funds. We anticipate the great majority of our revenues will be paid by cash or check.

Table: General Assumptions

General Assumptions	2002	2003	2004
Short-term Interest Rate %	6.50%	6.50%	6.50%
Long-term Interest Rate %	7.00%	7.00%	7.00%
Tax Rate %	0.00%	0.00%	0.00%
Expenses in Cash %	10.00%	10.00%	10.00%
Funding on Credit %	8.00%	8.00%	8.00%
Personnel Burden %	15.00%	15.00%	15.00%

## 7.2 Surplus or Deficit

Our projected annual surplus or deficit is shown on the following table. The detailed monthly projections are included in the appendices.

# Hands On! Children's Art Museum of Chicago

**Table: Surplus and Deficit (Planned)**

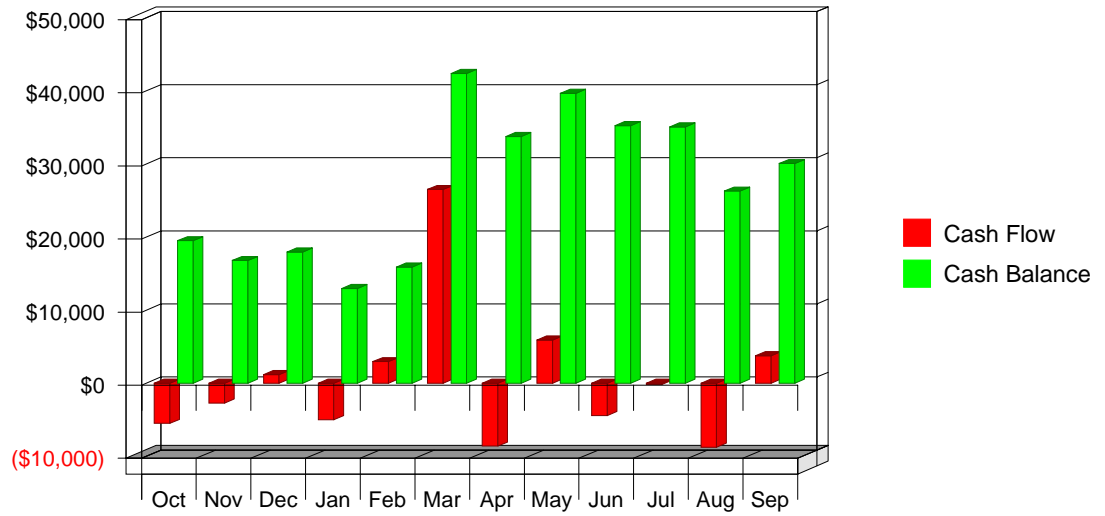
Surplus and Deficit	2002	2003	2004
Funding	\$287,643	\$318,966	\$351,605
Direct Cost	\$19,303	\$22,570	\$24,451
Other	\$0	\$0	\$0
	-----	-----	-----
Total Direct Cost	\$19,303	\$22,570	\$24,451
Gross Margin	\$268,340	\$296,396	\$327,153
Gross Margin %	93.29%	92.92%	93.05%
Operating Expenses:			
Advertising/Promotion	\$7,650	\$9,000	\$9,500
Art Supplies	\$3,500	\$3,800	\$4,000
Office Supplies	\$1,175	\$1,200	\$1,200
Payroll Expense	\$170,400	\$182,100	\$191,929
Payroll Burden	\$25,560	\$27,315	\$28,789
Depreciation	\$2,004	\$2,004	\$2,004
Leased Equipment	\$600	\$600	\$600
Utilities	\$14,400	\$15,000	\$15,000
Insurance	\$2,625	\$3,500	\$3,500
Rent	\$42,000	\$42,000	\$42,000
	-----	-----	-----
Total Operating Expenses	\$269,914	\$286,519	\$298,523
Surplus Before Interest and Taxes	(\$1,574)	\$9,877	\$28,631
Interest Expense Short-term	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0
Extraordinary Items	\$0	\$0	\$0
Net Surplus	(\$1,574)	\$9,877	\$28,631
Net Surplus/Sales	-0.55%	3.10%	8.14%

## 7.3 Projected Cash Flow

Management of cash flow is critical to our success. The monthly cash flow is shown in the illustration, with the red bar representing the cash flow per month, and the green bar the monthly balance. The annual cash flow figures are included here and the more important detailed monthly numbers are included in the appendices. Should our monthly cash flows fail to meet expectations, directors salaries will not be paid. If further action is required, we will utilize revolving credit facilities.

# Hands On! Children's Art Museum of Chicago

## Cash (Planned)



# Hands On! Children's Art Museum of Chicago

**Table: Cash Flow (Planned)**

Pro Forma Cash Flow	2002	2003	2004
<b>Cash Received</b>			
<b>Cash from Operations:</b>			
Cash Funding	\$264,632	\$293,449	\$323,476
From Receivables	\$20,233	\$25,215	\$27,813
Subtotal Cash from Operations	\$284,865	\$318,664	\$351,289
<b>Additional Cash Received</b>			
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	\$0	\$0	\$0
Subtotal Cash Received	\$284,865	\$318,664	\$351,289
<b>Expenditures</b>			
<b>Expenditures from Operations:</b>			
Cash Spent on Costs and Expenses	\$9,129	\$9,793	\$10,040
Wages, Salaries, Payroll Taxes, etc.	\$195,960	\$209,415	\$220,719
Payment of Accounts Payable	\$74,738	\$87,597	\$90,160
Subtotal Spent on Operations	\$279,827	\$306,805	\$320,918
<b>Additional Cash Spent</b>			
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	\$279,827	\$306,805	\$320,918
Net Cash Flow	\$5,038	\$11,859	\$30,371
Cash Balance	\$30,038	\$41,897	\$72,268

## 7.4 Projected Balance Sheet

The following balance sheet shows our projected financial position during the next three years. The monthly estimates are included in the appendices.

# Hands On! Children's Art Museum of Chicago

**Table: Balance Sheet (Planned)**

Pro Forma Balance Sheet

Assets			
Short-term Assets	2002	2003	2004
Cash	\$30,038	\$41,897	\$72,268
Accounts Receivable	\$2,778	\$3,081	\$3,396
Inventory	\$1,533	\$1,792	\$1,942
Other Short-term Assets	\$8,500	\$8,500	\$8,500
Total Short-term Assets	\$42,849	\$55,270	\$86,106
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$2,004	\$4,008	\$6,012
Total Long-term Assets	(\$2,004)	(\$4,008)	(\$6,012)
Total Assets	\$40,845	\$51,262	\$80,094
Liabilities and Capital			
	2002	2003	2004
Accounts Payable	\$7,419	\$7,959	\$8,160
Current Borrowing	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$7,419	\$7,959	\$8,160
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$7,419	\$7,959	\$8,160
Paid-in Capital	\$70,000	\$70,000	\$70,000
Retained Earnings	(\$35,000)	(\$36,574)	(\$26,697)
Earnings	(\$1,574)	\$9,877	\$28,631
Total Capital	\$33,426	\$43,303	\$71,934
Total Liabilities and Capital	\$40,845	\$51,262	\$80,094
Net Worth	\$33,426	\$43,303	\$71,934

## 7.5 Business Ratios

Our projected business ratios for the three years of this plan are shown below, along with ratios for an industry profile, based on the Standard Industry Classification (SIC) Index, 8412, for Museums and Art Galleries.



# Hands On! Children's Art Museum of Chicago

**Table: Ratios (Planned)**

Ratio Analysis	2001	2002	2003	Industry Profile
Funding Growth	0.00%	10.89%	10.23%	9.50%
<b>Percent of Total Assets</b>				
Accounts Receivable	6.80%	6.01%	4.24%	18.90%
Inventory	3.75%	3.50%	2.42%	1.00%
Other Short-term Assets	20.81%	16.58%	10.61%	56.30%
Total Short-term Assets	104.91%	107.82%	107.51%	20.40%
Long-term Assets	-4.91%	-7.82%	-7.51%	43.70%
Total Assets	100.00%	100.00%	100.00%	100.00%
Other Short-term Liabilities	0.00%	0.00%	0.00%	32.50%
Subtotal Short-term Liabilities	18.16%	15.53%	10.19%	23.50%
Long-term Liabilities	0.00%	0.00%	0.00%	28.50%
Total Liabilities	18.16%	15.53%	10.19%	61.00%
Net Worth	81.84%	84.47%	89.81%	39.00%
<b>Percent of Sales</b>				
Funding	100.00%	100.00%	100.00%	100.00%
Gross Margin	93.29%	92.92%	93.05%	0.00%
Selling, General & Administrative Expenses	93.84%	89.83%	84.90%	82.00%
Advertising Expenses	2.66%	2.82%	2.70%	0.90%
Profit Before Interest and Taxes	-0.55%	3.10%	8.14%	1.70%
<b>Main Ratios</b>				
Current	5.78	6.94	10.55	1.71
Quick	5.57	6.72	10.31	1.52
Total Debt to Total Assets	18.16%	15.53%	10.19%	61.00%
Pre-tax Return on Net Worth	-4.71%	22.81%	39.80%	1.10%
Pre-tax Return on Assets	-3.85%	19.27%	35.75%	2.90%
<b>Business Vitality Profile</b>				
Sales per Employee	\$20,546	\$22,783	\$25,115	\$0
Survival Rate				0.00%
<b>Additional Ratios</b>				
Net Surplus Margin	-0.55%	3.10%	8.14%	n.a
Return on Equity	-4.71%	22.81%	39.80%	n.a
<b>Activity Ratios</b>				
Accounts Receivable Turnover	8.28	8.28	8.28	n.a
Collection Days	22	42	42	n.a
Inventory Turnover	12.73	13.57	13.10	n.a
Accounts Payable Turnover	11.07	11.07	11.07	n.a
Total Asset Turnover	7.04	6.22	4.39	n.a
<b>Debt Ratios</b>				
Debt to Net Worth	0.22	0.18	0.11	n.a
Short-term Liab. to Liab.	1.00	1.00	1.00	n.a
<b>Liquidity Ratios</b>				
Net Working Capital	\$35,430	\$47,311	\$77,946	n.a
Interest Coverage	0.00	0.00	0.00	n.a
<b>Additional Ratios</b>				
Assets to Funding	0.14	0.16	0.23	n.a
Current Debt/Total Assets	18%	16%	10%	n.a
Acid Test	5.19	6.33	9.90	n.a
Funding/Net Worth	8.61	7.37	4.89	n.a
Dividend Payout	\$0	0.00	0.00	n.a

# Appendix

**Appendix Table: Funding Forecast (Planned)**

Funding Forecast	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Funding</b>												
Membership	\$1,500	\$2,000	\$2,500	\$2,400	\$2,400	\$2,400	\$2,400	\$2,300	\$2,200	\$2,200	\$2,200	\$2,500
Admissions	\$4,080	\$5,280	\$6,000	\$6,600	\$6,600	\$6,600	\$6,600	\$6,000	\$4,200	\$4,200	\$4,200	\$6,000
Culture Bugs/Art Colony/Apprentice	\$2,600	\$2,800	\$3,000	\$4,533	\$4,533	\$4,533	\$4,533	\$4,533	\$3,200	\$3,200	\$3,200	\$4,533
Family Wkshp/Film & Concert Series	\$205	\$505	\$205	\$505	\$205	\$505	\$205	\$505	\$205	\$505	\$205	\$505
Birthday Parties/Rentals	\$0	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275
Outreach Programs	\$400	\$900	\$1,100	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,100	\$1,100	\$1,100	\$1,200
Curiosity Shop	\$700	\$1,500	\$1,800	\$1,400	\$1,600	\$1,700	\$1,700	\$1,700	\$1,500	\$1,500	\$1,500	\$1,600
Foundation Grants	\$0	\$0	\$10,000	\$0	\$10,000	\$0	\$0	\$10,000	\$0	\$10,000	\$0	\$10,000
Corporate Sponsorship	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Annual Family Benefit/Events	\$0	\$5,000	\$0	\$0	\$0	\$35,000	\$0	\$0	\$5,000	\$0	\$0	\$0
Affinity Campaigns	\$0	\$300	\$400	\$0	\$500	\$500	\$0	\$500	\$500	\$0	\$500	\$500
<b>Total Funding</b>	<b>\$10,485</b>	<b>\$19,560</b>	<b>\$26,280</b>	<b>\$17,913</b>	<b>\$28,313</b>	<b>\$53,713</b>	<b>\$17,913</b>	<b>\$28,013</b>	<b>\$19,180</b>	<b>\$23,980</b>	<b>\$14,180</b>	<b>\$28,113</b>
<b>Direct Cost of Funding</b>												
Membership	\$60	\$80	\$90	\$100	\$110	\$110	\$110	\$110	\$90	\$90	\$90	\$90
Admissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Culture Bugs/Art Colony/Apprentice	\$100	\$130	\$140	\$200	\$200	\$200	\$200	\$200	\$150	\$150	\$150	\$200
Family Wkshp/Film & Concert Series	\$25	\$275	\$25	\$275	\$25	\$275	\$25	\$275	\$25	\$275	\$25	\$275
Birthday Parties/Rentals	\$0	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63
Outreach Programs	\$20	\$45	\$55	\$65	\$75	\$75	\$75	\$70	\$55	\$55	\$55	\$75
Curiosity Shop	\$350	\$750	\$900	\$700	\$800	\$850	\$850	\$850	\$750	\$750	\$750	\$800
Foundation Grants	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Corporate Sponsorship	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Annual Family Benefit/Events	\$0	\$500	\$0	\$0	\$0	\$2,500	\$0	\$0	\$500	\$0	\$0	\$0
Affinity Campaigns	\$0	\$5	\$5	\$0	\$5	\$5	\$0	\$5	\$5	\$0	\$5	\$5
<b>Subtotal Cost of Funding</b>	<b>\$580</b>	<b>\$1,873</b>	<b>\$1,303</b>	<b>\$1,428</b>	<b>\$1,303</b>	<b>\$4,103</b>	<b>\$1,348</b>	<b>\$1,598</b>	<b>\$1,663</b>	<b>\$1,408</b>	<b>\$1,163</b>	<b>\$1,533</b>

## Appendix

**Appendix Table: Personnel (Planned)**

Personnel Plan	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Directors	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Culture Bugs/Art Colony Coordinator	\$0	\$0	\$0	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720
Curator	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
Store Staff	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360	\$1,360
Junior Staff	\$0	\$810	\$1,215	\$1,215	\$1,215	\$1,215	\$1,215	\$1,215	\$1,215	\$1,215	\$1,215	\$1,215
Senior Staff	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120
<b>Total Payroll</b>	<b>\$12,580</b>	<b>\$13,390</b>	<b>\$13,795</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>	<b>\$14,515</b>
<b>Total Headcount</b>	<b>10</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
Payroll Burden	\$1,887	\$2,009	\$2,069	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177
<b>Total Payroll Expenditures</b>	<b>\$14,467</b>	<b>\$15,399</b>	<b>\$15,864</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>	<b>\$16,692</b>

# Appendix

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**Appendix Table: General Assumptions**

General Assumptions	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Short-term Interest Rate %	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Long-term Interest Rate %	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Tax Rate %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expenses in Cash %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Funding on Credit %	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Personnel Burden %	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

# Appendix

**Appendix Table: Surplus and Deficit (Planned)**

Surplus and Deficit	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Funding	\$10,485	\$19,560	\$26,280	\$17,913	\$28,313	\$53,713	\$17,913	\$28,013	\$19,180	\$23,980	\$14,180	\$28,113
Direct Cost	\$580	\$1,873	\$1,303	\$1,428	\$1,303	\$4,103	\$1,348	\$1,598	\$1,663	\$1,408	\$1,163	\$1,533
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Direct Cost	\$580	\$1,873	\$1,303	\$1,428	\$1,303	\$4,103	\$1,348	\$1,598	\$1,663	\$1,408	\$1,163	\$1,533
Gross Margin	\$9,905	\$17,687	\$24,977	\$16,485	\$27,010	\$49,610	\$16,565	\$26,415	\$17,517	\$22,572	\$13,017	\$26,580
Gross Margin %	94.47%	90.42%	95.04%	92.03%	95.40%	92.36%	92.47%	94.30%	91.33%	94.13%	91.80%	94.55%
Operating Expenses:												
Advertising/Promotion	\$300	\$700	\$500	\$700	\$1,100	\$600	\$600	\$750	\$600	\$600	\$600	\$600
Art Supplies	\$200	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Office Supplies	\$75	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Payroll Expense	\$12,580	\$13,390	\$13,795	\$14,515	\$14,515	\$14,515	\$14,515	\$14,515	\$14,515	\$14,515	\$14,515	\$14,515
Payroll Burden	\$1,887	\$2,009	\$2,069	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177	\$2,177
Depreciation	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167
Leased Equipment	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Utilities	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Insurance	\$0	\$0	\$0	\$875	\$0	\$0	\$0	\$875	\$0	\$0	\$0	\$875
Rent	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Total Operating Expenses	\$19,959	\$21,416	\$21,681	\$23,584	\$23,109	\$22,609	\$22,609	\$23,634	\$22,609	\$22,609	\$22,609	\$23,484
Surplus Before Interest and Taxes	(\$10,054)	(\$3,729)	\$3,296	(\$7,099)	\$3,901	\$27,001	(\$6,044)	\$2,781	(\$5,092)	(\$37)	(\$9,592)	\$3,096
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Extraordinary Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Surplus	(\$10,054)	(\$3,729)	\$3,296	(\$7,099)	\$3,901	\$27,001	(\$6,044)	\$2,781	(\$5,092)	(\$37)	(\$9,592)	\$3,096
Net Surplus/Sales	-95.89%	-19.06%	12.54%	-39.63%	13.78%	50.27%	-33.74%	9.93%	-26.55%	-0.16%	-67.65%	11.01%

# Appendix

**Appendix Table: Cash Flow (Planned)**

Pro Forma Cash Flow	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Cash Received</b>												
<b>Cash from Operations:</b>												
Cash Funding	\$9,646	\$17,995	\$24,178	\$16,480	\$26,048	\$49,416	\$16,480	\$25,772	\$17,646	\$22,062	\$13,046	\$25,864
From Receivables	\$0	\$447	\$1,226	\$1,852	\$1,745	\$1,877	\$3,349	\$2,770	\$1,864	\$1,864	\$1,739	\$1,500
Subtotal Cash from Operations	\$9,646	\$18,443	\$25,404	\$18,331	\$27,793	\$51,293	\$19,829	\$28,542	\$19,510	\$23,926	\$14,785	\$27,364
<b>Additional Cash Received</b>												
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$9,646	\$18,443	\$25,404	\$18,331	\$27,793	\$51,293	\$19,829	\$28,542	\$19,510	\$23,926	\$14,785	\$27,364
<b>Expenditures</b>												
<b>Expenditures from Operations:</b>												
Cash Spent on Costs and Expenses	\$533	\$868	\$638	\$828	\$743	\$1,265	\$575	\$722	\$748	\$690	\$667	\$853
Wages, Salaries, Payroll Taxes, etc.	\$14,467	\$15,399	\$15,864	\$16,692	\$16,692	\$16,692	\$16,692	\$16,692	\$16,692	\$16,692	\$16,692	\$16,692
Payment of Accounts Payable	\$160	\$4,893	\$7,740	\$5,802	\$7,425	\$6,842	\$11,181	\$5,219	\$6,502	\$6,713	\$6,206	\$6,057
Subtotal Spent on Operations	\$15,159	\$21,159	\$24,242	\$23,322	\$24,860	\$24,800	\$28,448	\$22,633	\$23,942	\$24,096	\$23,565	\$23,602
<b>Additional Cash Spent</b>												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$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	\$15,159	\$21,159	\$24,242	\$23,322	\$24,860	\$24,800	\$28,448	\$22,633	\$23,942	\$24,096	\$23,565	\$23,602
<b>Net Cash Flow</b>	<b>(\$5,513)</b>	<b>(\$2,717)</b>	<b>\$1,161</b>	<b>(\$4,990)</b>	<b>\$2,934</b>	<b>\$26,493</b>	<b>(\$8,619)</b>	<b>\$5,909</b>	<b>(\$4,433)</b>	<b>(\$170)</b>	<b>(\$8,780)</b>	<b>\$3,762</b>
Cash Balance	\$19,487	\$16,770	\$17,932	\$12,942	\$15,875	\$42,369	\$33,749	\$39,658	\$35,225	\$35,056	\$26,276	\$30,038

# Appendix

## Appendix Table: Balance Sheet (Planned)

### Pro Forma Balance Sheet

Assets	Starting Balances	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
<b>Short-term Assets</b>													
Cash	\$25,000	\$19,487	\$16,770	\$17,932	\$12,942	\$15,875	\$42,369	\$33,749	\$39,658	\$35,225	\$35,056	\$26,276	\$30,038
Accounts Receivable	\$0	\$839	\$1,956	\$2,833	\$2,414	\$2,934	\$5,354	\$3,438	\$2,910	\$2,580	\$2,634	\$2,030	\$2,778
Inventory	\$1,500	\$920	\$1,873	\$1,303	\$1,428	\$1,303	\$4,103	\$2,755	\$1,598	\$1,663	\$1,408	\$1,163	\$1,533
Other Short-term Assets	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
<b>Total Short-term Assets</b>	<b>\$35,000</b>	<b>\$29,746</b>	<b>\$29,100</b>	<b>\$30,567</b>	<b>\$25,284</b>	<b>\$28,612</b>	<b>\$60,326</b>	<b>\$48,443</b>	<b>\$52,666</b>	<b>\$47,969</b>	<b>\$47,598</b>	<b>\$37,968</b>	<b>\$42,849</b>
<b>Long-term Assets</b>													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$167	\$334	\$501	\$668	\$835	\$1,002	\$1,169	\$1,336	\$1,503	\$1,670	\$1,837	\$2,004
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>(\$167)</b>	<b>(\$334)</b>	<b>(\$501)</b>	<b>(\$668)</b>	<b>(\$835)</b>	<b>(\$1,002)</b>	<b>(\$1,169)</b>	<b>(\$1,336)</b>	<b>(\$1,503)</b>	<b>(\$1,670)</b>	<b>(\$1,837)</b>	<b>(\$2,004)</b>
<b>Total Assets</b>	<b>\$35,000</b>	<b>\$29,579</b>	<b>\$28,766</b>	<b>\$30,066</b>	<b>\$24,616</b>	<b>\$27,777</b>	<b>\$59,324</b>	<b>\$47,274</b>	<b>\$51,330</b>	<b>\$46,466</b>	<b>\$45,928</b>	<b>\$36,131</b>	<b>\$40,845</b>
<b>Liabilities and Capital</b>													
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Accounts Payable	\$0	\$4,633	\$7,548	\$5,553	\$7,202	\$6,462	\$11,008	\$5,003	\$6,278	\$6,506	\$6,006	\$5,801	\$7,419
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
<b>Subtotal Short-term Liabilities</b>	<b>\$0</b>	<b>\$4,633</b>	<b>\$7,548</b>	<b>\$5,553</b>	<b>\$7,202</b>	<b>\$6,462</b>	<b>\$11,008</b>	<b>\$5,003</b>	<b>\$6,278</b>	<b>\$6,506</b>	<b>\$6,006</b>	<b>\$5,801</b>	<b>\$7,419</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$4,633</b>	<b>\$7,548</b>	<b>\$5,553</b>	<b>\$7,202</b>	<b>\$6,462</b>	<b>\$11,008</b>	<b>\$5,003</b>	<b>\$6,278</b>	<b>\$6,506</b>	<b>\$6,006</b>	<b>\$5,801</b>	<b>\$7,419</b>
Paid-in Capital	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Retained Earnings	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)
Earnings	\$0	(\$10,054)	(\$13,783)	(\$10,487)	(\$17,586)	(\$13,685)	\$13,316	\$7,271	\$10,052	\$4,960	\$4,923	(\$4,670)	(\$1,574)
<b>Total Capital</b>	<b>\$35,000</b>	<b>\$24,946</b>	<b>\$21,218</b>	<b>\$24,513</b>	<b>\$17,414</b>	<b>\$21,315</b>	<b>\$48,316</b>	<b>\$42,271</b>	<b>\$45,052</b>	<b>\$39,960</b>	<b>\$39,923</b>	<b>\$30,330</b>	<b>\$33,426</b>
<b>Total Liabilities and Capital</b>	<b>\$35,000</b>	<b>\$29,579</b>	<b>\$28,766</b>	<b>\$30,066</b>	<b>\$24,616</b>	<b>\$27,777</b>	<b>\$59,324</b>	<b>\$47,274</b>	<b>\$51,330</b>	<b>\$46,466</b>	<b>\$45,928</b>	<b>\$36,131</b>	<b>\$40,845</b>
<b>Net Worth</b>	<b>\$35,000</b>	<b>\$24,946</b>	<b>\$21,218</b>	<b>\$24,513</b>	<b>\$17,414</b>	<b>\$21,315</b>	<b>\$48,316</b>	<b>\$42,271</b>	<b>\$45,052</b>	<b>\$39,960</b>	<b>\$39,923</b>	<b>\$30,330</b>	<b>\$33,426</b>