

NIGHTCLUB

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Sample Plan

January 2001

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1.0 Executive Summary

This Nightclub will be the premier, high-energy, themed dance and nightclub in Southern, Your State. Our goal is to remain a step ahead of our competition through an exemplary service provision. We expect our guests to have more fun during their leisure time. We will provide more video and electronic technology per square footage than anyone else in the region. A simple, yet unique, themed menu and atmosphere will create a sense of 'belonging' for locals and tourists alike. Our operating credo is: "happy enthusiastic employees create happy enthusiastic guests."

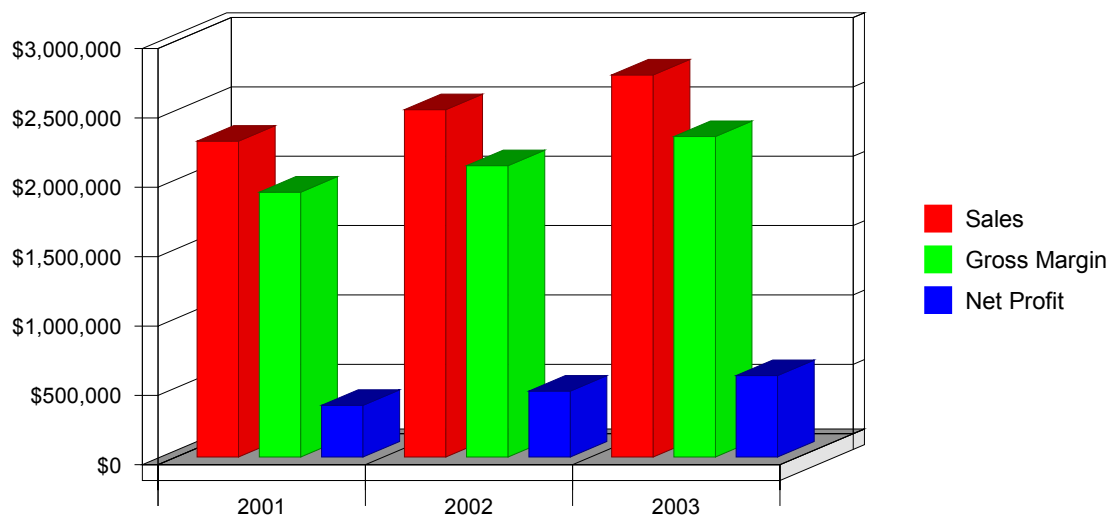
The main objectives of the development of this new venue are:

- Capitalize on excellent location opportunity with swift commitment to the new Town Square development.
- To launch the venue with a highly publicized grand opening event in the summer of 2001.
- To maintain tight control of costs, operations, and cash flow through diligent management and automated computer control.
- To maintain a food cost below 33% of food revenue.
- To maintain a total beverage cost below 25% of beverage revenue.
- To exceed \$3 million in annual sales by the third year of plan implementation.

The keys to success in achieving our goals are:

- Provide exceptional service that leaves an impression.
- Consistent entertainment atmosphere and product quality.
- Managing our internal finances and cash flow to enable upward capital growth.
- Strict control of all costs, at all times, without exception.

Highlights



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2.0 Company Summary

The key elements of the Nightclub's concept are as follows:

1. Entertainment and dance based themes -- The company will focus on themes that have mass appeal.
2. Distinctive design features -- The Nightclub will be characterized by the elaborate dance club situated in a spectator setting which comfortably accommodates 350 guests. The area will also offer three private sky boxes which can be combined for use in a conference or private party setting. This room is intended for special events and daily use. The adjoining dining room and bar would present an inviting and relaxing atmosphere, which displays a collection of musical and dance memorabilia. A live dj will coordinate the events and entertain the patrons with music and games during music breaks and off-times.
3. Location, location, location -- One of the major advantages that the Nightclub will have over its competition will be its location in the new, high-profile Your Town Center.
4. Gaming -- The Nightclub will provide several interactive style video games and pool tables to provide for both additional entertainment and revenue.
5. Quality food -- All would be lost without special attention being paid to the level of food quality. A simple menu offering foods similar to those found at a premier venue. Traditional 'bar' appetizers will be on hand for people craving nachos, wings, or quesadillas while they drink and enjoy themselves.
6. Exceptional service -- In order to reach and maintain a unique image of quality, the Nightclub will provide attentive and friendly service through a high ratio of service personnel to customers, and will also invest in the training and supervision of its employees. We estimate nearly one service staff member for every 35 guests.

2.1 Company Ownership

The Nightclub is a privately-held LLC, the details of which have not been solidified as of the date of this publication. The LLC consists of three principals DD, HK, BK.

D D holds a BS in business administration from the The State University. He has held restaurant management positions for the PepsiCo Corporation. He successfully opened and managed two nightclubs, and went on to open other operations including a sports bar. He is currently in his fifth year in the hotel industry, where he manages a successful sales department.

HK holds a BA in Industrial Media Management, with a concentration in marketing. She has held a financial analyst position with Lockheed Martin and L3 Communications for two years.

BK has been managing a staff for eight years. He is currently in his fifth year in the automotive industry, where he is a successful finance manager.

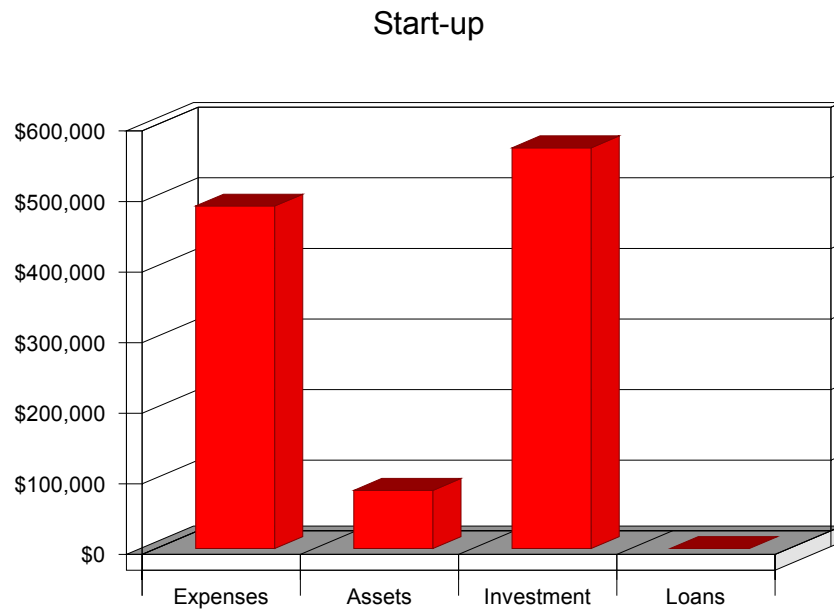
Nightclub Sample Plan

2.2 Start-up Summary

The company is seeking a loan for start-up purposes for a new entertainment venue in Your City.

Funds needed to accomplish goal referenced above will be \$x.x million. The applicant will require the entire \$x.x million to finish project build-out.

We will utilize the anticipated loans in the amount of \$x.x million to build out the approximate 10,000 square foot space and purchase equipment necessary for the start-up of a new nightclub venue. The following tables and charts illustrate the capital requirements.



Nightclub Sample Plan

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Air Cond. Upgrade	\$25,000
Audio/Lighting Lease Payment	\$2,750
Bar Equipment	\$9,500
Bar Supply	\$5,500
Cash Reserves	\$125,000
Exterior Signage	\$15,000
Fees and Permits	\$35,000
FFE	\$75,000
Impact Fees	\$7,500
Initial Marketing	\$22,500
Interior Refit	\$45,000
Kitchen Upgrade	\$12,500
Legal	\$7,500
Opening Salaries Deposits	\$25,000
Paper Products	\$2,500
Point of Sales Systems	\$35,000
Restroom Upgrade	\$35,000
Total Start-up Expenses	\$485,250
Start-up Assets Needed	
Cash Balance on Starting Date	\$75,000
Start-up Inventory	\$7,500
Other Current Assets	\$0
Total Current Assets	\$82,500
Long-term Assets	\$0
Total Assets	\$82,500
Total Requirements	\$567,750
Funding	
Investment	
Investor 1	\$250,000
Investor 2	\$250,000
Other	\$67,750
Total Investment	\$567,750
Current Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities	\$0
Current Liabilities	\$0
Long-term Liabilities	\$0
Total Liabilities	\$0
Loss at Start-up	(\$485,250)
Total Capital	\$82,500
Total Capital and Liabilities	\$82,500

Nightclub Sample Plan

3.0 Services

The emergence of the Main Street area of Your City represents a unique opportunity for a high-energy, dance-themed venue. The development's central location, demographics, and lack of direct competition are major advantages to this project. The proposed venue will provide a local solution to the lack of social atmosphere and live sports venues geared primarily toward the 21-35 age group in the Your City area and will help keep late night entertainment expenditures within the localized region.

The new venue will specialize in high-energy themes, a quality video and gaming area, and will offer beer, wine and an array of liquors and mixed drinks. In addition, the venue will sell non-alcoholic beverages such as soft drinks, juices and bottled water. A "casual" food menu consisting mostly of appetizers and small entrees ranging in cost from six to nine dollars will also be available. The initial hours of operation will be 11:00 P.M. to 2:00 A.M., four nights a week. The establishment will draw primarily from the Your City market while attracting guests from the area's other surrounding cities and towns.

4.0 Market Analysis Summary

The concept and management of the Nightclub has been well received, and has been offered key placement at the center of Your City's new First & Main Town Center development. This commercial center spans 138 acres and promises an immediate primary trade population of 332,000 people with a secondary population of 164,000 people. The Boulevard at the Avenue average daily traffic counts are currently 53,000, and will increase to 72,000 by 2003 following the Boulevard's connection northward to I-25 in 2001. At the center of the complex will be a 16-screen Cinemark and IMAX theater opening March, 2000. The Center's planners having met the Nightclub's management and have reviewed the concept. They have indicated that the Nightclub is "exactly" what they were looking for and wish to place it directly in front of the theater. The annual projected traffic for what Cinemark is calling their 'flagship' location is 1.4 million people, which exceeds their current Tinseltown location at the arena.

The Nightclub will be a 10,000 square foot unit, which will also house the company's corporate business office. The dance club and bar will accommodate 750 people. With Your City's rapidly growing population, the variety of the Nightclub from across the country would create mass appeal for all of the Nightclub's customers. The store will be equipped with state-of-the-art audio and video systems like none other found in Your City. It will serve the need for a true nightclub in Your City. The general appearance will be clean, open, and pleasing to the customer. The demographics are favorable, with minimal competition from other dance-themed venues and bars.

4.1 Market Segmentation

We see the Nightclub as appealing to three major market segments. Fortunately, the long, late night hours of operation help the Nightclub lend itself to multiple segment appeal. Our market segmentation scheme allows some room for estimates and nonspecific definitions.

1. **Childless Young Professionals**--Due to our proximity to the IMAX and Cinemark theaters, we must appeal to single adults and young couples. Whether it is a group of friends or a couple out to see a movie together, these people need a place to eat/drink either before and/or after their movie. These customers will range in age from 27 to 40. The Nightclub will appeal to this category by switching the tempo and entertainment to be more appealing to adults as it gets later into the evening. We also

Nightclub Sample Plan

anticipate a 15% annual growth rate in tandem with the growth rate of Your City and through increased popularity.

2. **College Students**--By creating an environment that is appealing to college students, we secure a natural progression between the high school student and the young professional. Through word of mouth, the Nightclub expects realize an increase of five percent annually from this segment.

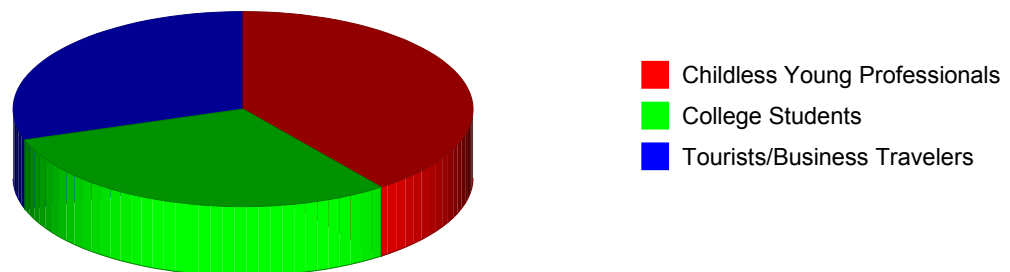
3. **Tourists and Business Travelers**--More and more business and travelers and tourists are finding themselves in Your City every year as is made evident by the increased demand and subsequent expansion of the local airport. We plan to reach these people through direct marketing to local hotel patrons. We anticipate a 20% annual growth rate in this segment. As our relationships grow with the local hotels, so too will the word of mouth recommendations from the hotel staff as well as the patronizing of our restaurant by their families. Our future plan is to publish a simple website in order to create awareness to any traveler who wants to take an advanced look at the club before their visit.

The following chart and table outline the target market segments for the Nightclub, and include annual growth projections.

Table: Market Analysis

Market Analysis	Growth	2001	2002	2003	2004	2005	CAGR
Potential Customers							
Childless Young Professionals	15%	132,000	151,800	174,570	200,756	230,869	15.00%
College Students	5%	100,000	105,000	110,250	115,763	121,551	5.00%
Tourists/Business Travelers	20%	100,000	120,000	144,000	172,800	207,360	20.00%
Total	13.95%	332,000	376,800	428,820	489,319	559,780	13.95%

Market Analysis (Pie)



Nightclub Sample Plan

4.2 Target Market Segment Strategy

Our strategy is based on serving our niche markets exceptionally well. The nightclub enthusiast, the tourist and business traveler, the local nightclub crowd, the local service industry as well as groups going out together, can all enjoy the Nightclub experience.

The marketing strategy is essential to the main strategy:

- Emphasize exceptional service.
- Create awareness of the Nightclub's unique features.
- Focus on our target markets.

We must charge appropriately for the high-end, high-quality service and food that we offer. Our revenue structure has to match our cost structure, so the wages we pay and the training we provide to assure superior quality and service must be balanced by the fees we charge.

Part of the superior experience we offer is the simplicity of the menu items. While being unique, they are relatively inexpensive and easy to prepare. While a premium is appropriate for the experience, the pricing has to be balanced in accordance with what we are serving.

All menu items will be moderately priced. We expect an average guest expenditure of \$12.50 for beverages and \$7.50 for the percentage of our guests who choose to take advantage of our food menu. Our target customer spends more than the industry average for moderately priced establishments. This is due to our creating an atmosphere that encourages longer stays and more spending, while still allowing adequate table turns due to extended hours of appeal.

4.3 Service Business Analysis

High energy and dance themed venues have significantly impacted cities from coast to coast in the nineties. Los Angeles' Hollywood, New York's Times Square, and Seattle's Pioneer Square are just a few examples. Entrancing their audiences with high-powered lights, sound, music, and interactive entertainment, these venues are still one of the highest cash flow businesses in the world. Our localized studies have shown that the average person will spend three to four hours per weekend in this type of an environment and will spend an average of twenty to fifty dollars in that time frame. As we approach the new millennium, this trend shows no signs of declining.

The typical venue of our style is open from 8:00 P.M. to 2:00 A.M., and within this time frame, the venue can achieve gross revenues anywhere from \$3,500 to \$25,000, nightly. The primary sources of revenue in a venue of this type are high volume traffic, coupled with comparably nominal spending. In addition to alcohol revenues, we will also generate substantial revenues from food sales that can typically range from seven to ten dollars per person, and admission fees that range between five and ten dollars per admit.

Entertainment venues in the late 1980's and 1990's focused on high-energy light and sound, multiple source video screens, and participative events. This relatively simple concept is still quite popular today. However, these concepts have greatly evolved with society. In recent years this industry has become more sophisticated with the availability of new technology. Larger metropolitan areas have taken this technology to new heights with sound, lighting, video and interactive designs that create an exciting and memorable experience. Fortunately, no one in Your State area has been a pioneer in this specific segment of the industry as of the date of this report.

Additionally, the nightclub and bar industry is shifting towards a more entertainment-oriented

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concept. Guests of these venues are not only offered a dynamic place to gather and mingle, but also a place to participate in the entertainment through interactive contests, theme nights, and other events. We intend to heavily utilize entertainment-oriented marketing in an effort to withstand the perpetual shift in trends and cater to as large a client base as possible.

Nightclubs and other drinking establishments rely heavily on their primary suppliers. The primary suppliers are the various beverage distributors that provide the establishment with both alcoholic and non-alcoholic beverages. The alcoholic beverages (beer, wine, and liquor) are the primary sources of income in this industry. Other beverage suppliers also play a crucial role by providing non-alcoholic beverages. These are either served alone or mixed with alcohol.

In the area, all major brands of alcoholic beverages are available, in addition to several regional brands of beer. Initial research shows that the major distributors in the market have a high rating in both product availability and delivery.

4.3.1 Business Participants

The Nightclub will be part of the restaurant and bar industry, which includes several kinds of businesses:

- **Locally Operated Bars and Nightclubs** - This genre usually appeals to the local neighborhood clientele. This same client base dictates that the average price structure be drastically scaled down in order to create "regulars."
- **Nightclub Entertainment Complexes** - This type of complex represents the concept we will most closely compete with. They are typically placed in high traffic locations and are normally treated as destination entertainment. An admission charge is usually in place and the associated price structure is also most like our proposed structure. Thankfully there is not an abundance of this type of entertainment within our region.
- **Conventional Dining** - Primarily owned by large national chains, usually less than 10,000 square feet, focused on serving good quality food in a reasonable amount of time in a dining room setting. The service and food quality are superior to that of a fast food establishment. People go there to eat and leave when they're done eating since there's rarely a reason to stay.
- **Formal Dining** - Similar to conventional dining yet offering a higher quality of food and service for the added expense. As with the conventional dining facilities, there is little interaction and when people are done eating, they leave.
- **Casual Dining** - Commonly building upon conventional dining with the addition of a bar, playing of music and sporting events on numerous televisions. Some establishments offer their own brand of beer made on the premises. The food quality and service are at best, similar to that found in a conventional dining experience.
- **Chain Entertainment** - Typically manifested in each market through the Hard Rock Cafes, The Planet Hollywoods, etc. We expect to create an atmosphere that thrives on its trendy feel. These chain entertainment venues can not hope to draw the same "hip" clientele.

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4.3.2 Main Competitors

The Nightclub competition lies mainly with other casual facilities and less with conventional and chain entertainment establishments. We need to effectively compete with the widely held idea that you can't get good service anymore, while maintaining the idea that being out can be a lot of fun. Our polling has indicated that consumers think of atmosphere, price, and quality respectively. Additionally, price was frequently mentioned by pointing out that if the former concerns are present then they are willing to pay more for the experience.

Our review of the market concludes that there are four entertainment venues that can be considered direct competition to the proposed new venue. We do realize that the proposed venue will also compete indirectly for every entertainment dollar spent in the Anytown area.

The main competitors of the Nightclub will be:

Club A

Hours of Operation: 5:00 P.M.-2:00 A.M.

Wednesday through Saturday

Capacity: 300

Wednesday College Night (\$1 beers)

-This nightclub appeals to a college crowd seeking cheap drinks.

-The club is known for being dingy and dirty.

Bar B

Hours of Operation: 10:00 A.M.- 2:00 A.M.

Monday through Sunday

Capacity: 400

Thursday College/Ladies Nights

-This club appeals to 25-35 year olds.

-Pool and video games are central focus.

-Dancing is pushed to the back of the club.

Grill C

Hours of Operation: 6:00 P.M.-2:00 A.M.

Wednesday through Saturday

Capacity: 250

-This club's target customer is 25 to 45 years old / middle class or above.

-This club is known for its older, dressed up crowd and cramped space.

Club D

Hours of Operation: 11:00 A.M.-2:00 A.M.

Monday through Sunday

Capacity: 350

-This club's target customer is 25 to 45 years old.

-This club is known for live jazz and blues entertainment and their draught beers.

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5.0 Strategy and Implementation Summary

In order to place emphasis on exceptional service, our main tactics are bi-monthly service training, employee recognition, and higher service employee to customer ratios. Our specific programs for training include employee for life training for management, customer for life training for employees, and the sharing of success stories among employees and management. Our specific employee recognition programs include employee of the month with a personal parking space, service excellence recognition awards of specific employees attached to advertising. To achieve higher service employee to customer ratios, we include separate beverage servers and bussing personnel, as well as maintaining a comfortable table count for the wait staff.

Our second strategy is emphasizing entertainment. The tactics are interactive entertainment, constant sensory appeal, and unique event viewing. Our specific programs for interactive entertainment and constant sensory appeal are frequent contests, games, music, and karaoke all hosted by an in-house dj who is also in charge of event programming for the main room and lounge. A billiard room will overlook the main area. Billiards was selected due to its widespread popularity (fifth most popular sport in the world, according to CNN). A limited number of video and pinball games, as well as computer dart boards, will compliment the billiard tables in order to offer a less interactive entertainment option. With an adjoining bar and plenty of seating, yet another unique experience could be carved out of a visit to the Nightclub.

Our promise fulfillment strategy may be our most important. The necessary tactics are ongoing value-based training, maintenance, and attention to detail, especially after popularity has been established. Through empowerment of service employees to solve problems without making a customer wait for management consultation we create a win-win situation for the customer and the restaurant. Continuous and never-ending improvement is the order of the day through our regular training sessions and meetings. Since value is equal to service rendered minus the price charged, it is crucial to go beyond the mere serving of food in a room full of lights and sound, you have to create a long-lasting impression.

- Emphasize exceptional service -- We MUST prove to guests that exceptional service is still available and should be expected as part of a dining experience. We need to differentiate ourselves from the mediocre service venues.
- Emphasize an entertaining experience -- By assuring that all guests will enjoy themselves, we would be securing market share through repeat business.
- Focus on target markets -- Our marketing and themes of mass appeal and music based entertainment will attract our target market segments.
- Differentiate and fulfill the above promises.

We can't just market and sell another dance club, we must actually deliver on our promise of quality, service and a unique guest experience. We need to make sure we have the fun and service intensive staff that we claim to have.

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5.1 Marketing Strategy

A high growth area, such as Your City, has an annual influx of new residents from many other parts of the country. This trend is true of Your State in general.

Many new residents, as well as many existing ones, are members of clubs in other markets. The Nightclub is a place for all. The enabling technology will be an inherent part of the Nightclub's image.

Advertising budgets and event promotion are ongoing processes of management geared to promote the brand name and keep the Nightclub at the forefront of the dance theme establishments in Your City's marketing area.

We depend on radio advertising as our main way to reach new customers. Our strategies and practices will remain constant, as will the way we promote ourselves:

- Advertising -- We'll be developing a core positioning message.
- Grand Opening -- We will concentrate a substantial portion of our early advertising budget towards the 'Grand Opening Event.'
- Direct Marketing -- We'll directly market to local hotels surrounding the powers and the local airport.

The Nightclub will create an identity-oriented marketing strategy with executions particularly in radio media, alongside print ads, and in-store promotions.

A grand opening event will be held to launch the Nightclub in the summer of 2001. A radio advertising blitz will precede the event for three weeks, with ambiguous teasers about an "event like no other" in the city's history and the forthcoming opening date. Contests will be held on the target radio stations giving away V.I.P. passes (coupons) to the event while at the same time, creating excitement about the opening. We will leverage our relationship with the Dallas Cowboy Cheerleaders to be present on the night of the grand opening. The opening date is tentative at this point and dependent upon construction completion. The budget for the event will be \$10,000, and the milestone date will parallel the available opening date, currently June of 2001.

Achievement of the following campaigns will be measured by the polling of customers as to how they heard of the Nightclub for the first ninety days of operation. Budget adjustments will be made as the results dictate.

We will be running regular local radio and newspaper ads to create brand awareness. Our radio ads will be concentrated strongly on Magic FM, the city's top radio station among our target market segments. Through commercial repetition, a teaser campaign, and the use of catchy phrases, we hope to obtain intellectual ownership of our target market segments: when they think dance club and bar they'll have to think the Nightclub. Drink specials will also be staples of our radio advertising in order to bring people in. HK will be responsible for ongoing radio ads with a monthly budget of \$12,000 per month for the first ninety days, followed by an ongoing budget of \$6500 per month.

We will advertise directly to local hotel guests in the local airport and surrounding the Boulevard areas to attract business travelers and tourists with no knowledge of where to go in the evening. Through the use of fliers and table tents to place in hotel rooms, we hope to create visitor awareness of our location and event promotion. Promos such as 'show your room key and get a free drink' in conjunction with the room ads would be relatively inexpensive from an advertising standpoint and requires limited ongoing maintenance and expense. BK will be responsible for direct advertising with a start-up budget of \$3,000 and a maintenance budget of \$1,000 per month. The milestone date will be thirty days after the grand opening event.

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Ads will also go into the college newspapers for the local campuses of Your State College and the University of Your State. HK will be responsible for this program. The monthly budget for these ads will be \$300. The event date will be in tandem with the grand opening.

Shirts, ball caps, and bumper stickers bearing the Nightclub's logo will be marketed, as well as given away as prizes, in order to further spread brand awareness. Artistic design will be HK's responsibility and merchandising will be headed by DD. A start-up budget of \$1800 will be in place and a monthly promotional (giveaway) budget will also exist.

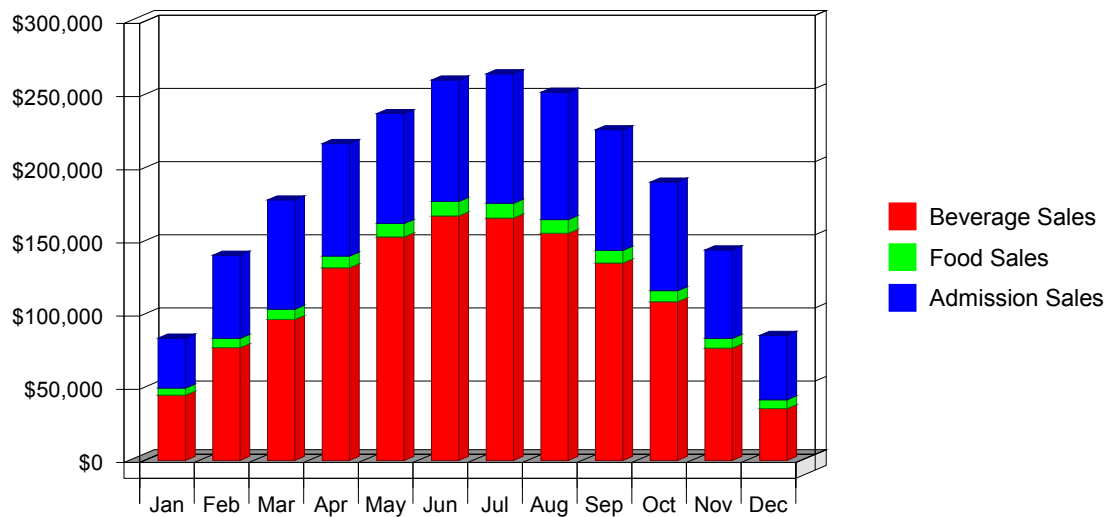
5.2 Sales Strategy

Sales projections for this plan are presented in the following topics.

5.2.1 Sales Forecast

This chart represents our forecast for Income on a monthly basis. The table presents yearly expected sales. Complete monthly forecast figures for the first year are presented in the appendix.

Sales Monthly



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Table: Sales Forecast

Sales Forecast			
Sales	2001	2002	2003
Beverage Sales	\$1,346,100	\$1,480,710	\$1,628,781
Food Sales	\$93,500	\$102,850	\$113,135
Admission Sales	\$836,740	\$920,414	\$1,012,455
Total Sales	\$2,276,340	\$2,503,974	\$2,754,371
Direct Cost of Sales			
	2001	2002	2003
Beverage Sales	\$336,525	\$370,178	\$407,196
Food Sales	\$30,855	\$33,941	\$37,335
Admission Sales	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$367,380	\$404,119	\$444,531

5.2.2 Daily Revenue Forecast

This table illustrates our daily revenue forecast for X,xxx total square feet. We are assuming a seating capacity for said space of XXX guests. In addition, we expect just less than one complete rotation of this space for food and beverage guests alike.

Daily Revenue Breakdown **	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Weekly
Total Guests Charged Admission	0	0	325	475	675	775	0	2,250
Average Admission Fee	\$7	\$7	\$7	\$10	\$10	\$10	\$7	\$9.57
Total Admission Sales	\$0	\$0	\$2,275	\$4,750	\$6,750	\$7,750	\$0	\$21,525
Total Bar Guests	0	0	350	550	775	1,100	0	2,775
Average Drinks per Person	0	3	3	3	3	3	3	3.25
Average Beverage Sales per Guest	\$12.50	\$12.50	\$10.00	\$12.50	\$12.50	\$12.50	\$12.50	\$12.18
Average Price per Drink	\$0	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75
Total Beverage Sales	\$0	\$0	\$3,500	\$6,875	\$9,688	\$13,750	\$0	\$33,812
Total Admission and Beverage Sales	\$0	\$0	\$5,775	\$11,625	\$16,438	\$21,500	\$0	\$55,337
Total Food Guests	0	0	30	50	70	100	0	250
Average Food Sales per Guest	\$5.00	\$5.00	\$7.50	\$7.50	\$7.50	\$7.50	\$5.00	\$45.00
Total Food Sales	\$0	\$0	\$225	\$375	\$525	\$750	\$0	\$1,875
Misc. Sales (10% of Gross Sales)	\$0	\$0	\$578	\$1,163	\$1,644	\$2,150	\$0	\$5,533
Total Revenue	\$0	\$0	\$6,578	\$13,163	\$18,606	\$24,400	\$0	\$62,746

**based on 750-person capacity

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6.0 Management Summary

The management team is an especially close one. One of the presidents has been married to the vice president for seven years. The two co-presidents have worked directly together for three and a half years at four positions. One of the presidents has worked with the bar manager in the past and has known him for nearly ten years. Together we share a single vision: to provide a unique and entertaining experience through exceptional service.

The company will have six managers, including the two presidents, and three managers who have yet to be recruited.

6.1 Management Team

DD, Co- President. D has a bachelors degree in business management, five years management in the restaurant/bar business, consultative experience opening other bars, six subsequent years management in the car industry ending currently with his current position as department manager. D's specific responsibilities will lie primarily with the coordination of events and oversight of the operations and evening activities of the restaurant and bar.

BK, Co-President. B is pursuing a life-long ambition of restaurant/nightclub ownership. Three years of restaurant kitchen experience and nearly eight years of experience managing people ending with three and a half years of finance management. B is committed to not only creating a successful business but also successfully running it. Even though his hands-on experience in business management is extensive through the finance business, he has spent the last year and a half researching business and business ownership in his spare time. B's specific responsibilities will be administrative management to include inventory management, accounts payable, purchasing, payroll, and public relations with limited marketing involvement (mostly direct) to other companies.

HK, Vice President. H has a bachelor's degree in industrial media management. Her experience ranges from radio marketing sales to three years as a financial analyst for L3 Communications. H is a born leader to whom people of all levels flock. H's responsibilities will be limited to marketing with local radio and newspaper and her day-to-day role in the restaurant will be a mostly silent one.

MC, Bar Manager. M has more than fifteen years bartending and bar management experience. M is eagerly awaiting the opportunity to work at a restaurant/bar where things are done correctly and the customer is put first. In addition to managing the bar, its personnel, and the djs, M will also be third in command under the two co-presidents.

The positions of office, kitchen and dining room managers have yet to be filled at this time. These positions will be openly sought along with the remainder of the staff.

Nightclub Sample Plan

6.2 Management Team Gaps

We believe we have a solid team constructed in order to cover the main points of the business plan. Management growth through training will be an ongoing component of the Nightclub's priorities.

However, we do realize that we may not have the hands on specific knowledge that may be required to execute pre-opening and opening phases of the venture. We also realize that we may benefit greatly from the retention of a hospitality industry consultant to guide us through the aforementioned time frames, as well as to consult with us through the first two years of our operation.

To this end we have contracted with a hospitality industry specialist consultant. His involvement will exist in several facets, most notably, through providing assistance in launching this venue. This consultant has over 12 years of experience in the hospitality industry and has assisted many first-time operators in getting their proposed venues launched successfully. They will assist in the development of the design, concept, and strategies of the new business. In addition, they will assist in the hiring process of the management staff, djs, bartenders, waitresses, and security staff. They will also provide educational services for management-level personnel who will be responsible for the day-to-day operations of the club.

Interviews for a general manager, operations manager, and all other personnel will be conducted with the assistance of the consultant. The co-presidents, Mr. D and Mr. K, will make final decisions for each position.

These gaps will be filled as the opening date draws closer.

Nightclub Sample Plan

6.3 Personnel Plan

The Personnel Plan reflects the objective of providing an ample amount of service personnel. Our headcount will remain at thirty unless any unforeseen demands dictate otherwise. Assume a burden rate of 17%.

DAILY STAFFING (750-person capacity) **Hourly Employees**

Day	Position	Quantity	Rate	Avg Hrs	Sub-total	Burden	Total
Monday	Staff Cost/Mon.	0	\$0	0	\$0	\$0	\$0
Tuesday	Staff Cost/Tues.				\$0	\$0	\$0
Wednesday	Waitress	2	\$5.00	7.5	\$75		
	Security	4	\$7.00	6.5	\$195		
	Bartender	2	\$5.00	7.5	\$75		
	Barback	1	\$4.50	7	\$31		
	Police Detail	1	\$15.00	0	\$0		
	Misc.		\$8.00	0	\$0		
	Staff Cost/Wed.				\$376	\$64	\$441
Thursday	Waitress	3	\$5.00	7.5	\$113		
	Security	5	\$7.50	6.5	\$244		
	Bartender	3	\$5.00	7.5	\$113		
	Barback	1.5	\$4.50	7	\$47		
	Police Detail	0	\$15.00	0	\$0		
	Misc.	0	\$15.00	0	\$0		
	Staff Cost/Thur.				\$516	\$88	\$604
Friday	Waitress	4	\$5.00	7.5	\$150		
	Security	7	\$7.50	6.5	\$341		
	Bartender	4	\$5.00	7.5	\$150		
	Barback	2	\$4.50	7	\$63		
	Police Detail	0	\$15.00	0	\$0		
	Misc.	0	\$15.00	0	\$0		
	Staff Cost/Fri.				\$704	\$120	\$824
Saturday	Waitress	4	\$5.00	7.5	\$150		
	Security	9	\$7.50	6.5	\$439		
	Bartender	5	\$5.00	7.5	\$188		
	Barback	2	\$4.50	7	\$63		
	Police Detail	0	\$15.00	0	\$0		
	Misc.	0	\$15.00	0	\$0		
	Staff Cost/Sat.				\$839	\$143	\$982
Sunday	Staff Cost/Sun.	0	\$0	0	\$0	\$0	\$0
Ttl Wkly/Hrly					\$2,436	\$414	\$2,850

Salaried Staff

Position	Salary	Yearly	Weekly	Burden	Total
Manager #1	Oper Prtnr	\$55,000	\$877	\$179	
Manager #2	Oper Prtnr	\$55,000	\$877	\$179	
Manager #3	General Mgr	\$50,000	\$798	\$163	
Manager #4	PR Mgr	\$45,000	\$718	\$147	
Manager #5	Bar Mgr	\$35,000	\$558	\$114	
Manager #6	Asst.	\$25,000	\$399	\$81	
Entertainmnt	DJ	\$65,000			
Ttl Salaried			\$5,480	\$866	\$6,346
Ttl Weekly Staff					\$9,196

Nightclub Sample Plan

Table: Personnel

Personnel Plan	2001	2002	2003
Salaried Staff	\$284,736	\$298,968	\$313,916
Hourly Staff	\$107,200	\$112,560	\$118,188
Total People	0	0	0
Total Payroll	\$391,936	\$411,528	\$432,104

7.0 Financial Plan

The financial projections for this plan are presented in the tables and charts of the following subtopics.

7.1 Important Assumptions

The financial plan depends on important assumptions, most of which are illustrated in the following table.

The key underlying assumptions are:

- We assume a slow-growth economy of five percent the first year, and three percent thereafter, without major recession.
- We assume that we will grow as managers during the process, this growth will manifest itself as flat line expense growth over the five-year period, leading to increased annual cash flow.
- We assume access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.
- We assume continued popularity of nightclubs in America and the growing demand for high-energy themed and casual dining venues.

Table: General Assumptions

General Assumptions	2001	2002	2003
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Sales on Credit %	10.00%	10.00%	10.00%
Other	0	0	0

Nightclub Sample Plan

7.2 Break-even Analysis

Example Break-Even Analysis formulas are presented in the text below. *Business Plan Pro's* interactive table and chart are still linked to the program spreadsheets.

Fixed Costs **\$X,xxx,xxx**
 Variable Costs **\$Xxx,xxx**
 Revenue (Estimated) **\$X,xxx,xx**

*S = Gross Sales

$$S = \$ + [(\$Xxx,xxx / \$X,xxx,xxx) \times S]$$

$$S = \$X,xxx,xxx + [(.xxxx) \times S]$$

$$S = \$X,xxx,xxx$$

$$\text{Break Even Point} = \$X,xxx,xxx$$

Average Nightly Break Even Revenues – approximately **\$ X,xxx**

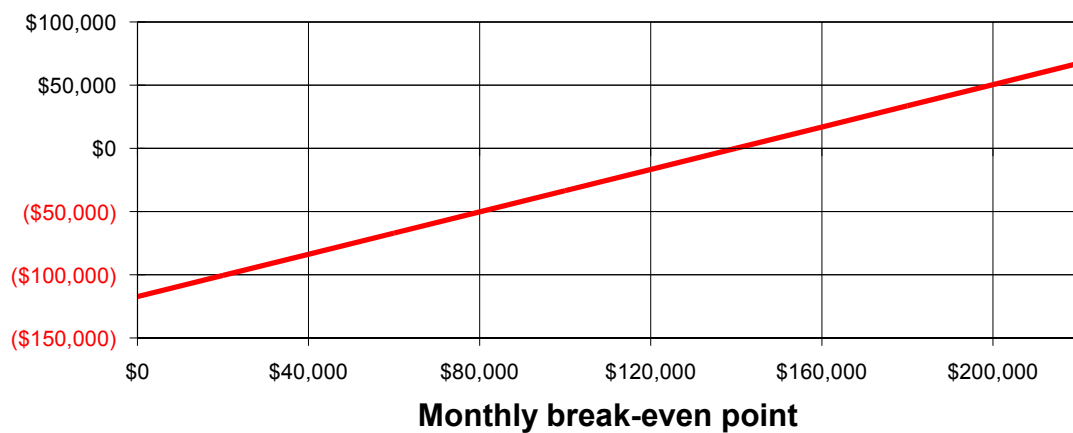
Minimum Nightly Required Spending Per Person - **\$8.75 + \$9.75 = \$18.50**

Minimum Nightly Required Incoming Traffic – **Xxx**

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	139,924
Monthly Revenue Break-even	\$139,924
Assumptions:	
Average Per-Unit Revenue	\$1.00
Average Per-Unit Variable Cost	\$0.16
Estimated Monthly Fixed Cost	\$117,342

Break-even Analysis



Break-even point = where line intersects with 0

Nightclub Sample Plan

7.3 Projected Profit and Loss

Projected profit and loss statement for the nightclub follows. Three years' annual totals are shown below. Monthly breakdown for year one appears in the appendix.

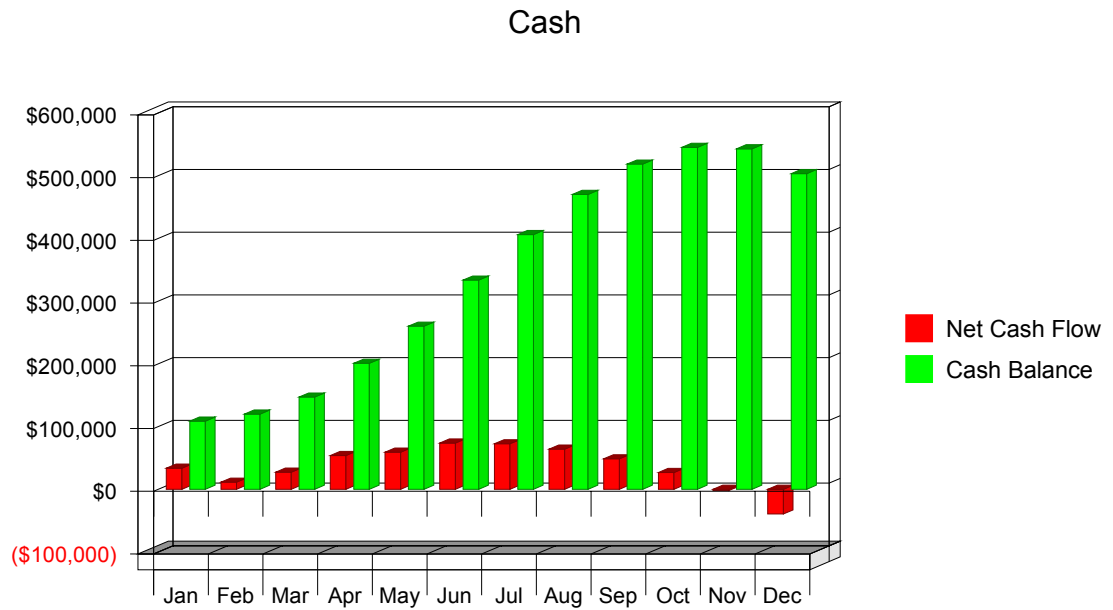
Table: Profit and Loss

Pro Forma Profit and Loss	2001	2002	2003
Sales	\$2,276,340	\$2,503,974	\$2,754,371
Direct Cost of Sales	\$367,380	\$404,119	\$444,531
Other Production Expenses	\$0	\$0	\$0
Total Cost of Sales	\$367,380	\$404,119	\$444,531
Gross Margin	\$1,908,960	\$2,099,855	\$2,309,840
Gross Margin %	83.86%	83.86%	83.86%
Expenses:			
Payroll	\$391,936	\$411,528	\$432,104
Sales and Marketing and Other Expenses	\$411,576	\$430,574	\$451,284
Depreciation	\$0	\$0	\$0
Fees--Credit Card	\$10,764	\$10,982	\$11,202
Fees--Professional	\$7,500	\$7,650	\$7,803
Taxes--Admission	\$0	\$0	\$0
Taxes--Excise	\$391,536	\$399,368	\$407,355
Taxes--Property	\$0	\$0	\$0
Leased Equipment	\$2,496	\$2,550	\$2,601
Utilities	\$36,000	\$36,720	\$37,454
Insurance	\$22,500	\$22,950	\$23,409
Rent	\$75,000	\$75,000	\$76,500
Payroll Taxes	\$66,629	\$69,960	\$73,458
Other	\$0	\$0	\$0
Total Operating Expenses	\$1,415,937	\$1,467,282	\$1,523,170
Profit Before Interest and Taxes	\$493,023	\$632,573	\$786,670
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$121,122	\$158,143	\$199,945
Net Profit	\$371,901	\$474,430	\$586,725
Net Profit/Sales	16.34%	18.95%	21.30%

Nightclub Sample Plan

7.4 Projected Cash Flow

The following chart illustrates our monthly cash flow for year one. The table shows three years of annual totals. First year monthly figures as presented in the appendix. The months are weighted according to the amount of weeks in that month in a typical calendar year.



Nightclub Sample Plan

Table: Cash Flow

Pro Forma Cash Flow	2001	2002	2003
Cash Received			
Cash from Operations:			
Cash Sales	\$2,048,706	\$2,253,577	\$2,478,934
Cash from Receivables	\$212,383	\$248,872	\$273,760
Subtotal Cash from Operations	\$2,261,089	\$2,502,449	\$2,752,693
Additional Cash Received			
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 Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$2,261,089	\$2,502,449	\$2,752,693
Expenditures			
Expenditures from Operations:			
Cash Spending	\$144,573	\$155,044	\$166,133
Payment of Accounts Payable	\$1,688,286	\$1,869,949	\$1,996,707
Subtotal Spent on Operations	\$1,832,858	\$2,024,993	\$2,162,840
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 Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$1,832,858	\$2,024,993	\$2,162,840
Net Cash Flow	\$428,231	\$477,456	\$589,854
Cash Balance	\$503,231	\$980,687	\$1,570,541

Nightclub Sample Plan

7.5 Projected Balance Sheet

The following Balance Sheet indicates healthy growth of net worth and a strong financial position. The monthly estimates are included in the appendix.

Table: Balance Sheet

Pro Forma Balance Sheet			
Assets			
Current Assets	2001	2002	2003
Cash	\$503,231	\$980,687	\$1,570,541
Accounts Receivable	\$15,251	\$16,776	\$18,453
Inventory	\$3,259	\$3,585	\$3,943
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$521,740	\$1,001,048	\$1,592,938
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$521,740	\$1,001,048	\$1,592,938
Liabilities and Capital			
Current Liabilities	2001	2002	2003
Accounts Payable	\$67,339	\$72,217	\$77,382
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$67,339	\$72,217	\$77,382
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$67,339	\$72,217	\$77,382
Paid-in Capital	\$567,750	\$567,750	\$567,750
Retained Earnings	(\$485,250)	(\$113,349)	\$361,081
Earnings	\$371,901	\$474,430	\$586,725
Total Capital	\$454,401	\$928,831	\$1,515,556
Total Liabilities and Capital	\$521,740	\$1,001,048	\$1,592,938
Net Worth	\$454,401	\$928,831	\$1,515,556

7.6 Business Ratios

The Ratios table below outlines important ratios for this Nightclub. The last column, Industry Profile, is derived from the Standard Industrial Classification (SIC) Index code 5813, for Drinking Places.

Nightclub Sample Plan

Table: Ratios

Ratio Analysis	2001	2002	2003	Industry Profile
Sales Growth	0.00%	10.00%	10.00%	1.90%
Percent of Total Assets				
Accounts Receivable	2.92%	1.68%	1.16%	4.60%
Inventory	0.62%	0.36%	0.25%	3.10%
Other Current Assets	0.00%	0.00%	0.00%	44.60%
Total Current Assets	100.00%	100.00%	100.00%	52.30%
Long-term Assets	0.00%	0.00%	0.00%	47.70%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	12.91%	7.21%	4.86%	28.20%
Long-term Liabilities	0.00%	0.00%	0.00%	23.10%
Total Liabilities	12.91%	7.21%	4.86%	51.30%
Net Worth	87.09%	92.79%	95.14%	48.70%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	83.86%	83.86%	83.86%	42.30%
Selling, General & Administrative Expenses	67.36%	64.67%	62.20%	23.40%
Advertising Expenses	8.79%	8.39%	8.01%	2.40%
Profit Before Interest and Taxes	21.66%	25.26%	28.56%	2.80%
Main Ratios				
Current	7.75	13.86	20.59	1.14
Quick	7.70	13.81	20.53	0.74
Total Debt to Total Assets	12.91%	7.21%	4.86%	51.30%
Pre-tax Return on Net Worth	108.50%	68.10%	51.91%	5.20%
Pre-tax Return on Assets	94.50%	63.19%	49.38%	10.60%
Additional Ratios				
	2001	2002	2003	
Net Profit Margin	16.34%	18.95%	21.30%	n.a
Return on Equity	81.84%	51.08%	38.71%	n.a
Activity Ratios				
Accounts Receivable Turnover	14.93	14.93	14.93	n.a
Collection Days	44	23	23	n.a
Inventory Turnover	40.00	118.10	118.10	n.a
Accounts Payable Turnover	26.07	25.96	25.87	n.a
Payment Days	20	14	14	n.a
Total Asset Turnover	4.36	2.50	1.73	n.a
Debt Ratios				
Debt to Net Worth	0.15	0.08	0.05	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$454,401	\$928,831	\$1,515,556	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.23	0.40	0.58	n.a
Current Debt/Total Assets	13%	7%	5%	n.a
Acid Test	7.47	13.58	20.30	n.a
Sales/Net Worth	5.01	2.70	1.82	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast

Sales Forecast													
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beverage Sales	\$44,600	\$77,100	\$96,300	\$131,700	\$152,800	\$167,100	\$165,700	\$155,200	\$134,900	\$108,500	\$76,800	\$35,400	
Food Sales	\$4,900	\$6,300	\$7,100	\$7,900	\$9,100	\$9,900	\$10,000	\$9,400	\$8,700	\$7,500	\$6,600	\$6,100	
Admission Sales	\$34,100	\$56,800	\$74,600	\$76,900	\$75,100	\$82,900	\$88,440	\$87,000	\$82,400	\$74,200	\$60,400	\$43,900	
Total Sales	\$83,600	\$140,200	\$178,000	\$216,500	\$237,000	\$259,900	\$264,140	\$251,600	\$226,000	\$190,200	\$143,800	\$85,400	
Direct Cost of Sales													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Beverage Sales	25%	\$11,150	\$19,275	\$24,075	\$32,925	\$38,200	\$41,775	\$41,425	\$38,800	\$33,725	\$27,125	\$19,200	\$8,850
Food Sales	33%	\$1,617	\$2,079	\$2,343	\$2,607	\$3,003	\$3,267	\$3,300	\$3,102	\$2,871	\$2,475	\$2,178	\$2,013
Admission Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$12,767	\$21,354	\$26,418	\$35,532	\$41,203	\$45,042	\$44,725	\$41,902	\$36,596	\$29,600	\$21,378	\$10,863

Appendix

Appendix Table: Personnel

Personnel Plan	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Salaried Staff	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728	\$23,728
Hourly Staff	\$5,100	\$8,700	\$9,400	\$9,500	\$9,900	\$10,600	\$10,900	\$10,700	\$9,500	\$8,500	\$7,600	\$6,800
Total People	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	\$28,828	\$32,428	\$33,128	\$33,228	\$33,628	\$34,328	\$34,628	\$34,428	\$33,228	\$32,228	\$31,328	\$30,528

Appendix

Appendix Table: General Assumptions

General Assumptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Sales on Credit %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Appendix

Appendix Table: Profit and Loss

Pro Forma Profit and Loss												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	\$83,600	\$140,200	\$178,000	\$216,500	\$237,000	\$259,900	\$264,140	\$251,600	\$226,000	\$190,200	\$143,800	\$85,400
Direct Cost of Sales	\$12,767	\$21,354	\$26,418	\$35,532	\$41,203	\$45,042	\$44,725	\$41,902	\$36,596	\$29,600	\$21,378	\$10,863
Other Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$12,767	\$21,354	\$26,418	\$35,532	\$41,203	\$45,042	\$44,725	\$41,902	\$36,596	\$29,600	\$21,378	\$10,863
Gross Margin	\$70,833	\$118,846	\$151,582	\$180,968	\$195,797	\$214,858	\$219,415	\$209,698	\$189,404	\$160,600	\$122,422	\$74,537
Gross Margin %	84.73%	84.77%	85.16%	83.59%	82.61%	82.67%	83.07%	83.35%	83.81%	84.44%	85.13%	87.28%
Expenses:												
Payroll	\$28,828	\$32,428	\$33,128	\$33,228	\$33,628	\$34,328	\$34,628	\$34,428	\$33,228	\$32,228	\$31,328	\$30,528
Sales and Marketing and Other Expenses	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298	\$34,298
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees--Credit Card	\$897	\$897	\$897	\$897	\$897	\$897	\$897	\$897	\$897	\$897	\$897	\$897
Fees--Professional	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Taxes--Admission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes--Excise	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628	\$32,628
Taxes--Property	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leased Equipment	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208
Utilities	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Insurance	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875
Rent	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
Payroll Taxes	17% \$4,901	\$5,513	\$5,632	\$5,649	\$5,717	\$5,836	\$5,887	\$5,853	\$5,649	\$5,479	\$5,326	\$5,190
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$113,510	\$117,722	\$118,541	\$118,658	\$119,126	\$119,945	\$120,296	\$120,062	\$118,658	\$117,488	\$116,435	\$115,499
Profit Before Interest and Taxes	(\$42,677)	\$1,124	\$33,041	\$62,310	\$76,671	\$94,913	\$99,119	\$89,636	\$70,746	\$43,112	\$5,987	(\$40,962)
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	(\$12,803)	\$281	\$8,260	\$15,578	\$19,168	\$23,728	\$24,780	\$22,409	\$17,687	\$10,778	\$1,497	(\$10,240)
Net Profit	(\$29,874)	\$843	\$24,781	\$46,733	\$57,503	\$71,185	\$74,339	\$67,227	\$53,060	\$32,334	\$4,490	(\$30,721)
Net Profit/Sales	-35.73%	0.60%	13.92%	21.59%	24.26%	27.39%	28.14%	26.72%	23.48%	17.00%	3.12%	-35.97%

Appendix

Appendix Table: Cash Flow

Pro Forma Cash Flow	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received												
Cash from Operations:												
Cash Sales	\$75,240	\$126,180	\$160,200	\$194,850	\$213,300	\$233,910	\$237,726	\$226,440	\$203,400	\$171,180	\$129,420	\$76,860
Cash from Receivables	\$0	\$4,459	\$11,379	\$16,036	\$19,853	\$22,743	\$24,921	\$26,216	\$25,745	\$23,795	\$20,691	\$16,545
Subtotal Cash from Operations	\$75,240	\$130,639	\$171,579	\$210,886	\$233,153	\$256,653	\$262,647	\$252,656	\$229,145	\$194,975	\$150,111	\$93,405
Additional Cash Received												
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 Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$75,240	\$130,639	\$171,579	\$210,886	\$233,153	\$256,653	\$262,647	\$252,656	\$229,145	\$194,975	\$150,111	\$93,405
Expenditures												
Expenditures from Operations:												
Cash Spending	\$7,835	\$10,415	\$11,614	\$13,379	\$14,202	\$14,987	\$14,936	\$14,342	\$13,264	\$11,822	\$10,035	\$7,740
Payment of Accounts Payable	\$33,801	\$109,070	\$132,693	\$143,770	\$159,835	\$168,047	\$175,213	\$174,358	\$167,463	\$156,487	\$142,360	\$125,188
Subtotal Spent on Operations	\$41,637	\$119,486	\$144,307	\$157,149	\$174,037	\$183,034	\$190,150	\$188,699	\$180,727	\$168,309	\$152,395	\$132,928
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 Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$41,637	\$119,486	\$144,307	\$157,149	\$174,037	\$183,034	\$190,150	\$188,699	\$180,727	\$168,309	\$152,395	\$132,928
Net Cash Flow	\$33,603	\$11,153	\$27,272	\$53,737	\$59,116	\$73,619	\$72,497	\$63,957	\$48,419	\$26,665	(\$2,284)	(\$39,523)
Cash Balance	\$108,603	\$119,756	\$147,028	\$200,765	\$259,881	\$333,500	\$405,997	\$469,954	\$518,373	\$545,038	\$542,754	\$503,231

Appendix

Appendix Table: Balance Sheet

Pro Forma Balance Sheet													
Assets	Starting Balances	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Current Assets													
Cash	\$75,000	\$108,603	\$119,756	\$147,028	\$200,765	\$259,881	\$333,500	\$405,997	\$469,954	\$518,373	\$545,038	\$542,754	\$503,231
Accounts Receivable	\$0	\$8,360	\$17,921	\$24,343	\$29,957	\$33,803	\$37,050	\$38,543	\$37,487	\$34,341	\$29,567	\$23,256	\$15,251
Inventory	\$7,500	\$3,830	\$6,406	\$7,925	\$10,660	\$12,361	\$13,513	\$13,418	\$12,571	\$10,979	\$8,880	\$6,413	\$3,259
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$82,500	\$120,793	\$144,084	\$179,296	\$241,381	\$306,045	\$384,062	\$457,957	\$520,011	\$563,693	\$583,485	\$572,423	\$521,740
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	\$82,500	\$120,793	\$144,084	\$179,296	\$241,381	\$306,045	\$384,062	\$457,957	\$520,011	\$563,693	\$583,485	\$572,423	\$521,740
Liabilities and Capital													
Current Liabilities													
Accounts Payable	\$0	\$68,167	\$90,614	\$101,045	\$116,398	\$123,558	\$130,391	\$129,947	\$124,773	\$115,395	\$102,853	\$87,301	\$67,339
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$68,167	\$90,614	\$101,045	\$116,398	\$123,558	\$130,391	\$129,947	\$124,773	\$115,395	\$102,853	\$87,301	\$67,339
Long-term Liabilities													
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$68,167	\$90,614	\$101,045	\$116,398	\$123,558	\$130,391	\$129,947	\$124,773	\$115,395	\$102,853	\$87,301	\$67,339
Capital													
Paid-in Capital	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750	\$567,750
Retained Earnings	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)	(\$485,250)
Earnings	\$0	(\$29,874)	(\$29,031)	(\$4,250)	\$42,483	\$99,986	\$171,171	\$245,511	\$312,738	\$365,798	\$398,132	\$402,622	\$371,901
Total Capital	\$82,500	\$52,626	\$53,469	\$78,250	\$124,983	\$182,486	\$253,671	\$328,011	\$395,238	\$448,298	\$480,632	\$485,122	\$454,401
Total Liabilities and Capital	\$82,500	\$120,793	\$144,084	\$179,296	\$241,381	\$306,045	\$384,062	\$457,957	\$520,011	\$563,693	\$583,485	\$572,423	\$521,740
Net Worth	\$82,500	\$52,626	\$53,469	\$78,250	\$124,983	\$182,486	\$253,671	\$328,011	\$395,238	\$448,298	\$480,632	\$485,122	\$454,401