

Grooming for the Distinguished Gentleman

June 2002

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Upon request, this document is to be immediately returned to Dr. Jonpaul Leskie, 3881 The Battery - Duluth, GA 30096.

Signature

Name (typed or printed)

Date

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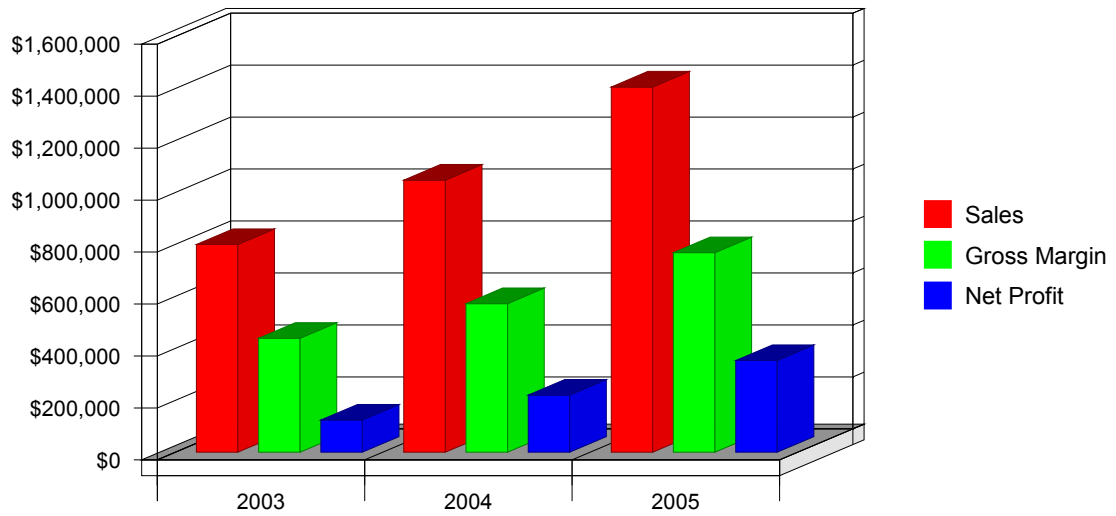
Jonpaul's

1.0 Executive Summary

Jonpaul's is an upscale old-world gentleman's barber shop that offers today's progressive gentlemen a haven where he can sit back, relax and experience the "World Class" art of grooming and services in a gentleman's club atmosphere, which is masculine and therapeutic. Jonpaul's is aimed at an exclusive market and a discerning customer base, and will add tremendous value to our community while offering a combination of "World Class Services" not currently being offered by any competitor in the greater Atlanta/Alpharetta area. We intend to be profitable by increasing our client base through becoming a highly sought after destination.

Our goal, beyond becoming a profitable business, is becoming a trusted destination whereby the clients in our community can come to refresh their minds and bodies, replenish their energies, and network with their colleagues and friends!

Highlights



1.1 Objectives

The objectives for Jonpaul's are outlined below:

1. To create a service-base company whose goal is to exceed customer's expectations.
2. Sales increase to \$1.0 million by end of second year and \$1.4 million by end of third year.
3. To increase the number of clients services by at least 20% per year through superior performance and word-of-mouth referrals.
4. Have a clientele return rate of 90% by end of first year.
5. Become an established community destination by end of first year.

Jonpaul's

1.2 Mission

Jonpaul's will provide a comforting, yet stimulating, old world gentleman's club atmosphere in which customers will be able to relax both their body and mind, through a wide range of services. Jonpaul's will establish itself as a world class service provider to which clients can always come to escape the stresses of life, and rejuvenate their energies, enjoy the camaraderie of their colleagues and friends.

1.3 Keys to Success

The keys to success in our business are:

1. **Location:** Providing an easily accessible location for clients.
2. **Environment:** Providing an environment conducive to giving relaxing and professional service.
3. **Convenience:** Offering clients a wide range of services in one setting, and extended business hours.
4. **Reputation:** Reputation of the owner and staff as providing superior personal service.
5. **Effective advertising:** Advertising in the corporate environment.

2.0 Company Summary

Jonpaul's is a full-service gentleman's barber shop - men's services dedicated to consistently providing world class service to our clients, high quality products while furnishing an enjoyable relaxing atmosphere at an acceptable price/value relationship.

Our Motto: "World Class Service Begins Here"

The timing is right for this venture. Patiently searching for the last few years for a similar highly recognized existing business in a prime location, was unsuccessful. We therefore decided to build one from the ground up.

2.1 Company Ownership

Jonpaul's is a privately held S corporation co-owned by Cathy Leskie and her husband Dr. Jonpaul Leskie. Cathy Leskie has 10 years experience in the hair and spa industry. She studied in the U.S. and Europe and continues to stay on top of the latest styles, trends and products. Cathy has worked as a stylist, then as a manager - managing 16 stylist in a prestigious upscale salon.

Dr. Jonpaul Leskie - is President/CEO of Jp Leskie & Associates, a Technology Consulting Firm. Dr. Leskie is a pioneer and innovator with over 30 years experience in the computer, e-business and telecommunications industry. Dr. Leskie has a proven track record of success in launching new business and directing operations for Fortune 500 companies worldwide.

To achieve our objectives, Jonpaul's is seeking \$225,000 in loan financing. This loan will be paid from the cash flow from the business, and will be secured by the assets of the company, and backed by the character, experience and personal guarantees of the owners.

2.2 Start-up Summary

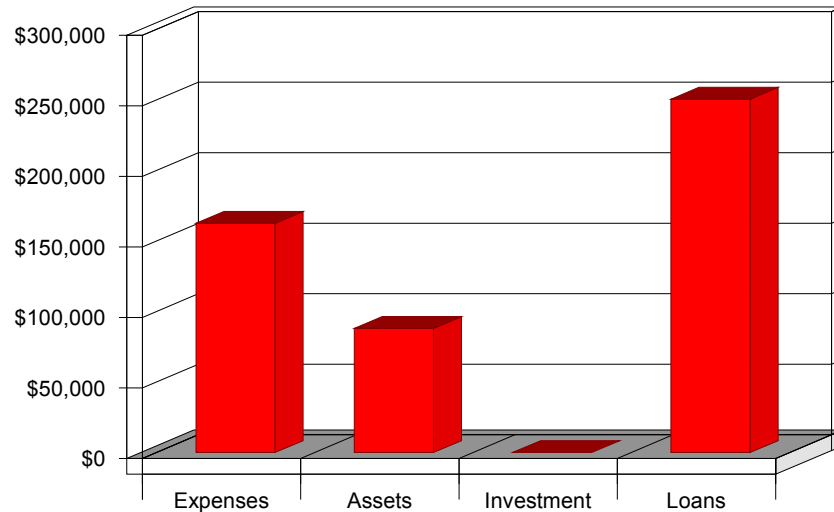
After spending several months searching for a high-end exclusive gentleman's barber shop to purchase, the owners decided to start an exclusive barber shop - men's services from the ground up. The start-up capital will be used for the design, leasehold improvements, and equipment for the shop. Leasehold improvements will amount to approximately \$115,000 and shop equipment will cost about \$45,000. The start-up cash has been marked for the estimated amount needed to cover operational expenses for the first two months (\$50,000).

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	\$2,500
Stationery etc.	\$1,000
Brochures, Logo, and Design	\$3,000
Consultants-Interior Design	\$2,000
Insurance	\$3,000
Rent	\$14,000
Leasehold Improvement construction	\$115,000
Expensed Equipment - \$38000 in S-Assets	\$17,000
Other	\$5,000
Total Start-up Expenses	\$162,500
Start-up Assets Needed	
Cash Balance on Starting Date	\$40,000
Start-up Inventory	\$10,000
Other Current Assets	\$38,000
Total Current Assets	\$88,000
Long-term Assets	\$0
Total Assets	\$88,000
Total Requirements	\$250,500
Funding	
Investment	
Investor 1	\$0
Investor 2	\$0
Other	\$0
Total Investment	\$0
Current Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities	\$25,500
Current Liabilities	\$25,500
Long-term Liabilities	\$225,000
Total Liabilities	\$250,500
Loss at Start-up	(\$162,500)
Total Capital	(\$162,500)
Total Capital and Liabilities	\$88,000

Jonpaul's

Start-up



2.3 Company Locations and Facilities

Jonpaul's is located at 9700 Medlock Bridge Road, Suite 122, Duluth, GA 30097 - in *Medlock Crossing* - a 160,000 foot shopping and entertainment center in Duluth, GA. The suite is 1950 sq. ft at \$24.50/sq. ft. with a 3-year lease. This site is a very high profile area with easy access and ample parking.

Medlock Crossing is anchored by Regal Cinema, the largest theater chain in the Atlanta market with a 16-screen, state of the art complex. In addition to specialty retail and service shops within the center, there is a food pavilion anchored by Starbucks, Macaroni Grill, Garrison's, and Rio Bravo. Other tenants include Ben & Jerry's, Las Vegas Golf, specialty furniture, boutiques, antiques, and specialty children shops.

Medlock Crossing is located on the corner of highly traveled Highway State 141 and State Bridge Road in the high growth, affluent area of the Atlanta. *Medlock Crossing's* primary trade area will serve the burgeoning country club communities and exclusive neighborhoods located within a fifteen-minute drive from the site. According to Equifax National Decision Systems, the primary trade area in 2000 had a population of 317,931 that is projected to reach 358,716 by 2005.

Jonpaul's

3.0 Products and Services

Jonpaul's is considered an upscale full-service barber shop - services exclusively for men. We offer our clients a gentleman's club atmosphere, with a complimenting wide range of services and products that include:

Services:

1. **Hair:** Cut and style, one step hair color, highlights, toner, corrective color, hair and scalp treatments
2. **Shaves:** Traditional straight razor shaves, hot towels, and balm treatment
3. **Nails:** Manicures, pedicures
4. **Waxing Services:** Eyebrow shaping
5. **Men's Services:** Essential facials and peels, sports massage, deep tissue massage
6. **Hair Laser Removal:** Hair removal on neck, back, ears, etc.
7. **Shoe Shine:** Shoe shine service in the waiting room or while services are being performed.

Products:

1. **London:** Shave creams, soap, bath oils, shaving accessories exclusively for men
2. **United States:** Shave creams, skin care, shaving accessories exclusively for men.

Explanations and/or consultations will be provided on all services and products if needed.

3.1 Product and Service Description

Men's Services	
Shampoo, Cut, Style, Blow-dry	\$ 38
Hair and Scalp Treatments	\$ 20
Colour Blending or Highlights	\$ 40 and Up
Moustache and Beard Trim	\$ 7
Moustache Trim	\$ 5
Stately Shave (Hot towels, Balm)	\$ 30 (30 minutes)
Hair Style and Stately Shave	\$ 60
Eyebrow Shaping	\$ 12
Natural Nail Grooming	\$ 15
Royal Pedicure	\$ 38
Essential Facial	\$ 65
Deep Tissue Massage	\$ 75 (1 hour)
Laser Hair Removal	\$ 85 and Up
Shoe Shine	\$ 5 and Up
Products - Men's Shave Creams, Oils, Soaps, Accessories	
London	\$ 20 and Up
United States	\$ 18 and Up

3.2 Competitive Comparison

There are many salons in the *Medlock Crossings* area, but no direct competitors. There is no one place in the greater Atlanta area that offers a high-end gentleman's barber shop exclusively for men, where a gentleman can sit back, relax in a gentleman's club atmosphere and experience the art of traditional grooming services in an environment that is masculine and therapeutic.

3.3 Sales Literature

Service brochure, logo/slogan with advertising to be included, and a planned website.

3.4 Fulfillment

Jonpaul's services sell themselves. World Class Service performed in an upscale environment will attract clientele. Our prices are very reasonable for the quality of services provided. We have an agreement with a U.S. based importer of our London products, which keeps our product price at its lowest price point.

3.5 Technology

Jonpaul's will sell complimenting products of the highest quality, and latest scientific development.

Our gentleman's shop computer system, incorporates the latest hardware and software to manage appointments, client database, point of sale, email capabilities, Web-enabled networking, inventory, bar code reading, historical data, employee records, transaction history, accounts receivable/payable and payroll. Back-up of the system is performed daily.

Clients will be emailed appointment confirmation messages two days prior to appointment. In addition they will also receive a personal phone call one day prior to appointment to confirm appointment. A thank you note will be emailed automatically after services have been performed.

Our gentleman's shop will incorporate a wireless network within the facilities. It will serve as an internal network and provide a service for our clients that need to access the Internet while visiting our facilities.

3.6 Future Products and Services

Jonpaul's will be considering branding its own product line in the future. In addition it may offer chiropractic services and acupuncture services on an as needed basis. Jonpaul's will always remain involved with the best men's hair styling and health techniques offered, and will implement them if deemed appropriate and feasible for Jonpaul's clientele.

4.0 Market Analysis Summary

Jonpaul's will focus on the professional male. An Internet study revealed that 85% of professional men had personal hair grooming services performed during the workday. The space at *Medlock Crossing* fits the demographics for our business. Applied Geographic Solutions estimates that 59,251 people live within a three-mile radius of our facility and 42,759 work there. They estimate 161,848 live within a five-mile radius and 109,867 work there. There are 15 business parks totaling 6,206 businesses located within a seven-mile radius.

4.1 Market Segmentation

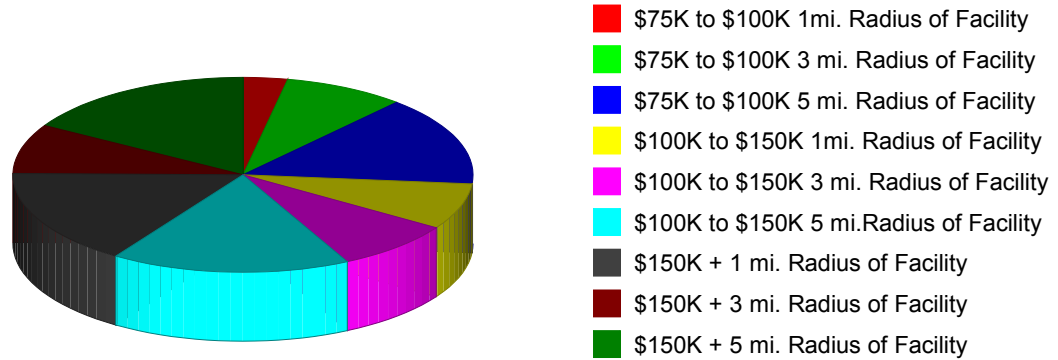
Our target market will be barber shop services for the professional male. Based on our Internet survey, 80% of our services will be associated with hair, hair color, shaves, shoe shine; 15% will come from facial, massage, nail, and tanning services; and 5% will come from products. Thus, our target market will be male professionals and retirees, from the age of 25, with individual and household incomes greater than \$75,000.

The following table and chart depict our potential customers with a conservative annual growth rate of 4%. The annual growth rate for the area has been 7.5% since 1990.

Table: Market Analysis

Market Analysis Potential Customers	Growth	2002	2003	2004	2005	2006	CAGR
\$75K to \$100K 1mi. Radius of Facility	4%	3,816	3,969	4,128	4,293	4,465	4.00%
\$75K to \$100K 3 mi. Radius of Facility	4%	10,403	10,819	11,252	11,702	12,170	4.00%
\$75K to \$100K 5 mi. Radius of Facility	4%	18,140	18,866	19,621	20,406	21,222	4.00%
\$100K to \$150K 1mi. Radius of Facility	4%	9,352	9,726	10,115	10,520	10,941	4.00%
\$100K to \$150K 3 mi. Radius of Facility	4%	10,224	10,633	11,058	11,500	11,960	4.00%
\$100K to \$150K 5 mi. Radius of Facility	4%	20,540	21,362	22,216	23,105	24,029	4.00%
\$150K + 1 mi. Radius of Facility	4%	19,432	20,209	21,017	21,858	22,732	4.00%
\$150K + 3 mi. Radius of Facility	4%	10,045	10,447	10,865	11,300	11,752	4.00%
\$150K + 5 mi. Radius of Facility	4%	20,229	21,038	21,880	22,755	23,665	4.00%
Total	4.00%	122,181	127,069	132,152	137,439	142,936	4.00%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

The members of these market segments have luxury money on hand, and lead professional lives filled with very busy schedules. All persons usually need hairstyling regardless of income level, and make the effort to find money available to style their "look."

4.2.1 Market Needs

The traditional barbershop of years past have been traditionally been replaced by unisex salon's and spa's which focused mainly on women. Professional men are more health and style conscious, especially men who have achieved a modicum level of professional success. They are willing pay for products and services that are geared specifically toward men. They are looking for an environment that consistently offers quality service, products and camaraderie. They look for a gathering place where they can openly discuss politics, watch sports or stock market news on TV, read the newspaper, network, get a cup of gourmet coffee, buy an imported cigar, and get a shoe shine.

The surrounding area of *Medlock Crossing* and Fulton County has become a bastion for the successful, having consistently been the fastest growing areas in the state of Georgia. This has created a community of wealth, mobility, and growth. Georgia State Route 141 is a major north/south highway that connects the northern suburbs of metropolitan Atlanta to midtown Atlanta. The section of State 141 near our site is two lanes in each direction and includes an interchange at State Bridge Road. In 1998, the Georgia DOT recorded an ADT volume on State 141 of 46,082 vehicles per day up from the 1997 traffic count of 38,375. This number is expected to continue to increase substantially over the next few years.

4.2.2 Market Trends

In spite of the massive growth in residential and corporate complexes and substantial employment within 7 miles of *Medlock Crossing*, a gap currently exists in the retail trade and entertainment area. The shopping center is strategically located between two major malls, Gwinnett Place and North Point, each occupying more than 1.2 million square feet. Virtually no high-end restaurants or commercial support services existed in the Duluth vicinity until *Medlock Crossing* was developed. Our facility will be located in this center, which provides a huge competitive advantage.

A population of nearly 205,000 people, consisting of young, upper-class families with an average household income of \$92,247, exists within a seven-mile radius of the center. The immediate area surrounding *Medlock Crossing* has impressive demographics as well, with an average household income of \$119,423 within a three-mile radius. The average new house sale price in the *Medlock Crossing* area in 1998 was \$377,249, up from \$227,000 in 1990. It is also important to note that many companies are locating their corporate headquarters in the Duluth vicinity, not just administrative offices. Another plus is that several office buildings, and hotels, are located within a short drive of our gentleman's shop.

4.2.3 Market Growth

Our gentleman's shop's trade area's best growth potential is in terms of daytime employment. The total daytime business population in a three-mile radius is 42,759 with the residential population at 59,251. The total daytime business population in a five-mile radius is 109,867 with the residential population at 161,848. The nearby business parks also have an ample supply of land for future office development. An even more predictable source of daytime employment growth is the planned expansion of existing companies.

Medlock Crossing is the only shopping and entertainment center site within an 8 mile radius. Jonpaul's is the only gentleman's shop exclusively for men at *Medlock Crossing*. The future look very promising for a thriving business with a continual presence of clients.

4.3 Service Business Analysis

We are part of the retail health and beauty industry which has four major types:

1. **Salons:** Stores with only hair styling services and products.
2. **Day Spas:** Stores specializing in body health maintenance through a variety of services and products.
3. **Day Spa & Salon:** Stores combining the services of the two aforementioned.
4. **Health & Beauty Products:** Stores selling only merchandise product covering the wide range of products available but not inclusive of those sold by salons and spas.

The industry is now starting to realize that the traditional barber shop needs to be added to their list of major types. The European market has catered to men since their first barber shop in 1805. The traditional barber shop in Europe is starting to expand its services to include massage, facials, manicures and pedicures based on the suggestions of the "progressive gentleman". High standards of grooming has always been a tradition in Europe. U.S. professionals who travel abroad have experienced these services and are looking for similar services here in the U.S.

4.3.1 Business Participants

Industry participants are those whose services include salon and spa offerings. Salon services concern hair styling, while spa services concern body relaxing and rejuvenating offerings such as massage, nail, and face works.

No one industry participant has focused specifically toward men only.

4.3.2 Competition and Buying Patterns

Clients choose men's grooming services based on proximity to their daily travels from home and work, reputation for high quality service, and good pricing. With our combined services and catering to the male professional, we don't feel we have competition. Any competition will mainly be from unisex salons or combination unisex spa-salons.

4.3.3 Main Competitors

The main competitor is Moda-Salon/SPA located in *The Shoppe's of St. Ives*. Strengths of Moda-Salon/SPA are its wide array of spa services. The weaknesses of Moda-Salon/SPA are the limited number of services dedicated specifically to male clients, i.e. hair grooming, shaves, shoe shines. Moda-Salon/SPA services and products cater more toward the female professional. We feel the presence of Jonpaul's is not a direct competitor to Moda-Salon/SPA and visa versa.

Our market advantage is wide open, and will give us the opportunity to service a large population base of professional males that is not currently being well served.

5.0 Strategy and Implementation Summary

1. **Emphasize quality, originality, and "World Class Service"**. We will differentiate ourselves from our competitors by offering a staff of practitioners who are not only certified in their professions, but will be trained in understanding the dynamics of customer service so as to maximize the connection to their clients and more easily meet their clients expectations.
2. **We will provide a unique atmosphere**. From our professional staff to our ambience of our barber shop, Jonpaul's will distinguish itself as a completely trustworthy and soothing setting where clients can enjoy being pampered, escape the stress of their everyday lives and enjoy the camaraderie of friends and colleagues.
3. **Build a community/corporate relationship-oriented business**. We will focus on strengthening the trust of our customer base, and providing not only services, but information that will aid everyone in the progression of obtaining a balanced and healthy lifestyle.

5.1 Value Proposition

Our value proposition is that we will bring a unique mode of relaxation and fulfillment to the discerning gentleman. When people are relaxed, comfortable, and happy they have the ability to work harder, concentrate better, feel physically, emotionally, and mentally balanced, and give that happiness back into their homes, workplace, and community. Simply put, our value proposition is that we help our community become a better place to live and work.

5.2 Competitive Edge

Our competitive edge is a combination of our unique services, outstanding location, and our interaction with our clients. By providing our clients a gentleman's club atmosphere and provide world class services, we build relationships of trust and satisfaction. Our clients will come to depend on our unique services and fulfilling environment.

5.3 Marketing Strategy

Our marketing strategy is the key to our success:

1. Emphasize our name and unique services and environment through advertising.
2. Focus on the convenience of our location.
3. Build community relationships and corporate relationships through unique and quality service, a friendly caring atmosphere, and delivering world class service.

5.3.1 Positioning Statements

We will automatically position ourselves as the top, exclusive gentlemen's grooming shop in the greater Duluth area. Considering that none of the other competitors will offer the range of men's services that we will, nor that their staffs will be trained like ours, and that there are not any barbershops of our type in our target locations, we will be able to provide services to the *Medlock Crossing* populace not currently being tapped.

5.3.2 Pricing Strategy

Our pricing strategy will be similar to that of our competitors. We will not charge over, nor substantially under, standard prices for our services. We will be paying our employees a straight percentage of their total individual client sales plus a bonus—that's more than our competitors. This will allow us to hire the best employees, and have a built-in motivational factor that will keep them empowered to enhance their opportunity.

5.3.3 Promotion Strategy

Our promotional strategy will be two-fold: first phase promotion will advertising before, during, and six months following our opening; the second phase advertising will deal with long-term advertising.

1. **First Phase Promotions**

- Advertising
 - We will utilize local newspaper, local social magazines, local radio, mail-outs to all households within the immediate 10-mile radius, and mail-outs to all local business within a five-mile radius.
- Internet
 - We will have a comprehensive website.
- Alliances
 - We will place our brochure within the offices of our corporate referral clients.

2. **Second Phase Promotions**

- Advertising
 - We will continue to place ads in the local social magazines year around. Mail-outs will be done again within a 10-mile radius one year after takeoff, then again only every three to five years. Radio and television ads will be done only when we have sale promotions during the most stressful time of the year—the holiday season; television ads are not certain, we will evaluate their effectiveness before further implementation.
- Internet
 - We will continue to have a comprehensive website. After the first six months, and certainly after the first year, we will evaluate the viability of having target clients advertise on our site, and conversely, we will evaluate viability of advertising on our target client website (if applicable).
- Alliances
 - This type of advertising will be implemented once we have grown beyond our revenue objective. We will also form advertising alliances with any business with whom we share common business goals. We will also implement mutual perks with our business and restaurant neighbors which will aid in local visibility.

5.3.4 Marketing Programs

Owner Cathy Leskie and Jonpaul Leskie will be responsible for marketing Jonpaul's through the advertising channels. The general manager will be responsible for assisting with the implementation of alliance advertising partnerships. Our advertising budget is \$10,000 for the first year. Advertising will begin two weeks prior to opening.

Jonpaul's

5.4 Sales Strategy

1. Our umbrella sales strategy is to sell Jonpaul's to the male professional as a uniquely desirable destination that will enhance their lives.
2. We will sell Jonpaul's through each employee's skill, courtesy, and warmth, creating a trusting impression on all clients, and establishing loyalty and return visits. We will ensure each visit to Jonpaul's is a relaxing and memorable experience, so that clients can always depend on our brand of service when they arrive.

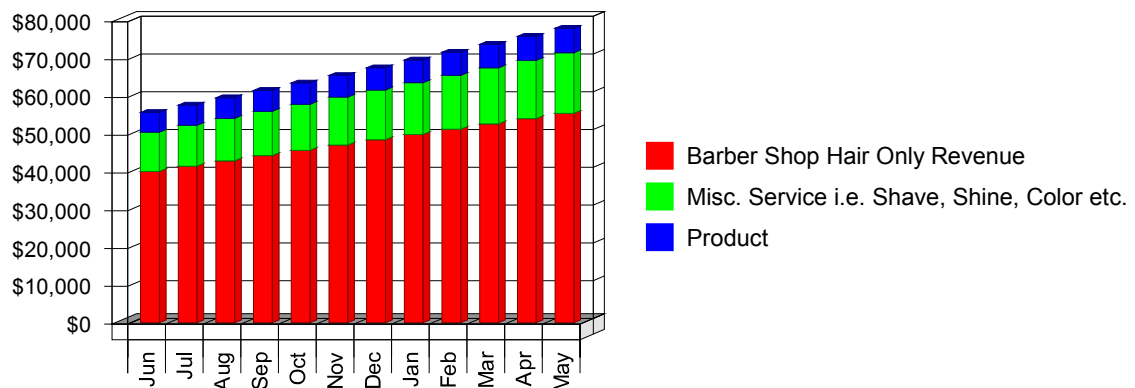
5.4.1 Sales Forecast

The important elements of the Sales Forecasts are shown in the chart and table below. Initial sales forecast indicate first year revenue of \$799,124 increasing to \$1.0 million by the end of the second year, then \$1.4 million by the end of the third year. These figures are based on revenue from minimum average estimates from barber shop hair styles and additional services, with sales costs reflective of the 45% commission earnings to each barber/therapist.

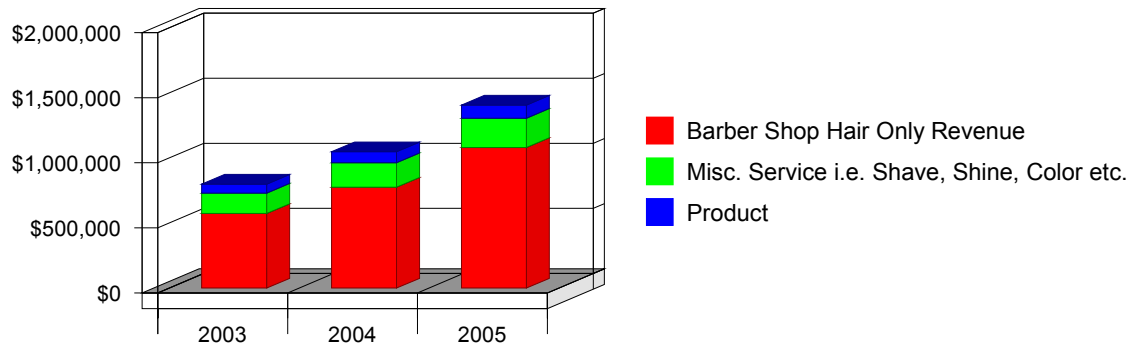
Table: Sales Forecast

Sales Forecast			
Sales	2003	2004	2005
Barber Shop Hair Only Revenue	\$572,880	\$775,680	\$1,080,000
Misc. Service i.e. Shave, Shine, Color etc.	\$156,518	\$187,821	\$225,385
Product	\$69,726	\$83,671	\$100,040
Total Sales	\$799,124	\$1,047,172	\$1,405,425
Direct Cost of Sales			
	2003	2004	2005
Barber Shop Hair Only Revenue	\$255,794	\$349,056	\$486,000
Misc. Service i.e. Shave, Shine, Color etc.	\$70,429	\$84,519	\$101,423
Product	\$34,868	\$41,835	\$50,020
Subtotal Direct Cost of Sales	\$361,091	\$475,410	\$637,443

Sales Monthly



Sales by Year



5.4.2 Sales Programs

1. Our comprehensive brochure will explain the nature of our services, and how this benefits our clients.
2. Our website will be comprehensively informative of our services, environment and their benefits.

5.5 Strategic Alliances

We will form alliances with our referral clients, local restaurants, offices, and businesses who will be strategically beneficial for generating new clients. We will also form alliances with local barber schools and local spas.

5.6 Milestones

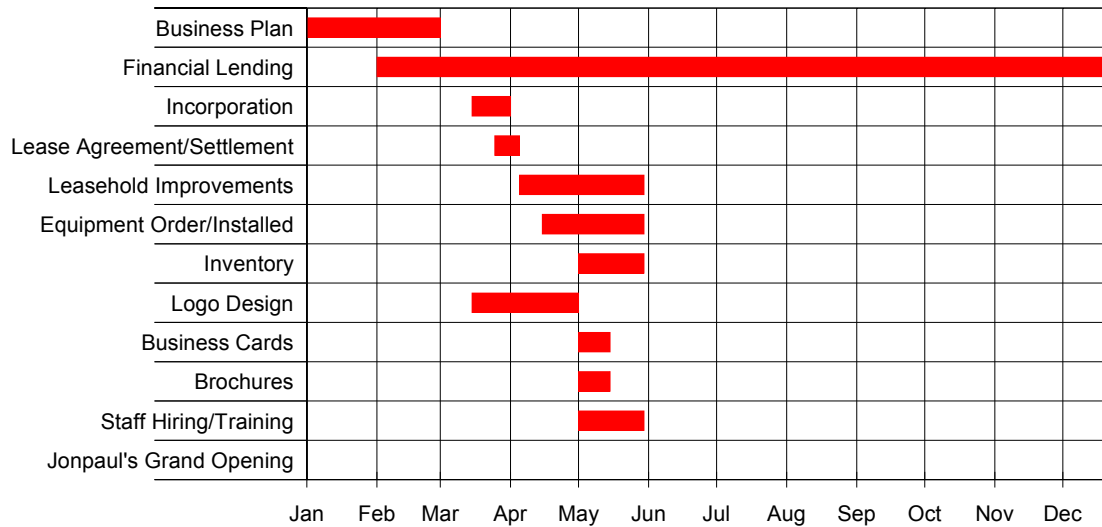
The following table lists important store milestones, with dates, implementation duty, and budgets for each. The milestone schedule emphasizes the timeliness for implementation per the sales and marketing targets listed in the detail in the previous topics.

Jonpaul's

Table: Milestones

Milestones	Start Date	End Date	Budget	Manager	Department
Business Plan	1/1/2002	3/1/2002	\$0	Jp Leskie	Owners
Financial Lending	2/1/2002	3/15/2001	\$0	Jp Leskie	Owners
Incorporation	3/15/2002	4/1/2002	\$350	Jp Leskie	Owners
Lease Agreement/Settlement	3/25/2002	4/5/2002	\$0	Jp Leskie	Owners
Leasehold Improvements	4/5/2002	5/30/2002	\$105,000	Cathy/Jp Leskie	Owners
Equipment Order/Installed	4/15/2002	5/30/2002	\$45,000	Cathy Leskie	Owners
Inventory	5/1/2002	5/30/2002	\$10,000	Cathy Leskie	Owners
Logo Design	3/15/2002	5/1/2002	\$1,000	Cathy/Jp Leskie	Owners
Business Cards	5/1/2002	5/15/2002	\$500	Cathy/Jp Leskie	Owners
Brochures	5/1/2002	5/15/2002	\$3,000	Cathy/Jp Leskie	Owners
Staff Hiring/Training	5/1/2002	5/30/2002	\$1,000	Cathy Leskie	Owners
Jonpaul's Grand Opening	6/15/2002		\$0	Cathy/Jp Leskie	Owners
Totals			\$165,850		

Milestones



6.0 Management Summary

The management philosophy of Jonpaul's is based on respect for each of our fellow employees, respect for every client, and individual responsibility. Jonpaul's success is dependent on the warmth and uniqueness of its atmosphere which is generated by a fun-loving and caring employees. The management team will consist of the owners, and assistant manager (if deemed necessary). We will hire only those who demonstrate the qualities necessary for working in a professional environment, and the willingness to move forward in continuing education. We will be hiring the ultimate "people persons" to provide world class service.

Jonpaul's

6.1 Organizational Structure

Our initial team will consist of the owner and 10 employees. On the shop floor, there will be six barbers, one nail specialist, one shoe shine person and one receptionist. Initially there will be one full time combination aesthetician/massage therapist. As our client base grows we will add additional barbers, which then will be working two shifts per day per station. We expect to have 18 employees by the end of the first year and 20 employees in years two and three.

6.2 Management Team

Cathy Leskie, co-owner, president: has 10 years experience in the hair and spa industry. She studied in the U.S. and Europe and continues to stay on top of the latest styles, trends and products. Cathy has worked as a stylist (six years) then as a manager (four years) - managing 16 stylist in a prestigious upscale salon.

Dr. Jonpaul Leskie, co-owner: will not be directly involved in daily operations, but will assist Cathy in general organizational/business planning and operations implementation. Currently Jonpaul is President/CEO of Jp Leskie & Associates, a Technology Consulting Firm. Dr. Leskie is a pioneer and innovator with over 30 years experience in the computer, e-business and telecommunications industry. Dr. Leskie has a proven track record of success in launching new businesses and directing operations for Fortune 500 companies worldwide.

6.3 Management Team Gaps

We believe the experience of our team covers the needs to make the business plan for Jonpaul's a very successful reality. We will review the current talent of the salon and re-engineer accordingly. We plan on outsourcing payroll and benefits.

6.4 Personnel Plan

The Personnel Plan below reflects our projected need at opening, and carries through the second year expansions.

Table: Personnel

Personnel Plan	2003	2004	2005
Cathy Leskie	\$72,000	\$72,000	\$72,000
100% Commissioned Employees	\$150	\$165	\$175
Assistant	\$15,360	\$16,500	\$17,500
Receptionist	\$15,360	\$16,500	\$17,500
Total People	12	14	14
Total Payroll	\$102,870	\$105,165	\$107,175

7.0 Financial Plan

The premier element in our financial plan is initiating, maintaining, and improving the factors that create, stabilize, and increase our cash flow:

1. We must create visibility so as to create customer flow.
2. We must maintain a dependable, cheerful employee force so as to minimize turnover.
3. Create a brisk turnaround on our retail products, always maintaining viable stock levels.

7.1 Important Assumptions

The key underlying assumptions of our financial plan shown in the following general assumption table are:

1. We assume access to equity capital and financing to support our financial plan.
2. We assume our financial progress based on realistic sales to minimum sales against highest expenses.
3. We assume there will not be an economic crash that would greatly hinder our target market's access to their personal luxury finds.

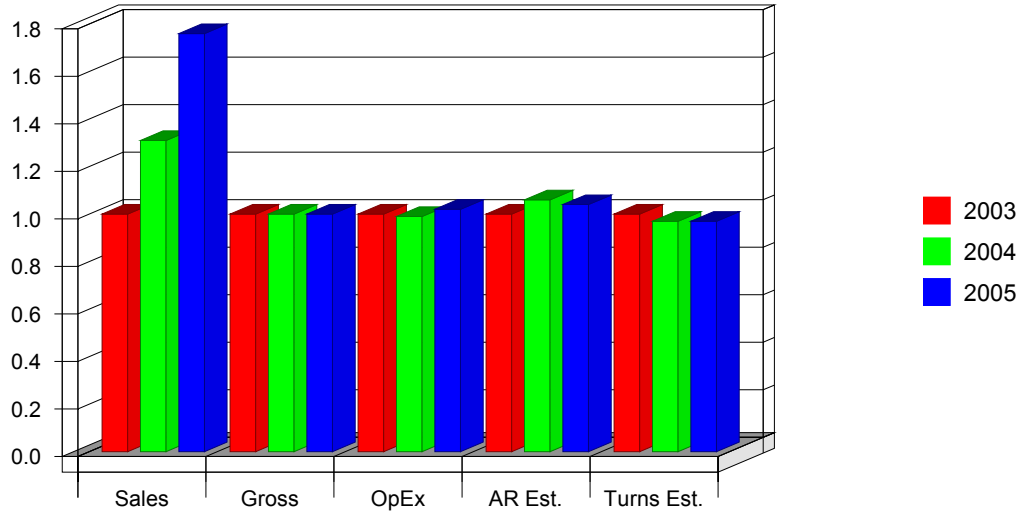
Table: General Assumptions

General Assumptions	2003	2004	2005
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	8.50%	8.50%	8.50%
Tax Rate	30.00%	30.00%	30.00%
Sales on Credit %	75.00%	75.00%	75.00%
Other	0.00%	0.00%	0.00%
Calculated Totals			
Payroll Expense	\$102,870	\$105,165	\$107,175
Sales on Credit	\$599,343	\$785,379	\$1,054,069
New Accounts Payable	\$642,849	\$767,062	\$974,009
Inventory Purchase	\$386,487	\$486,616	\$653,326

7.2 Key Financial Indicators

Our most important Key Financial Indicator is when each barber averages seven clients per day and each specialist averages three clients per day.

Benchmarks



7.3 Break-even Analysis

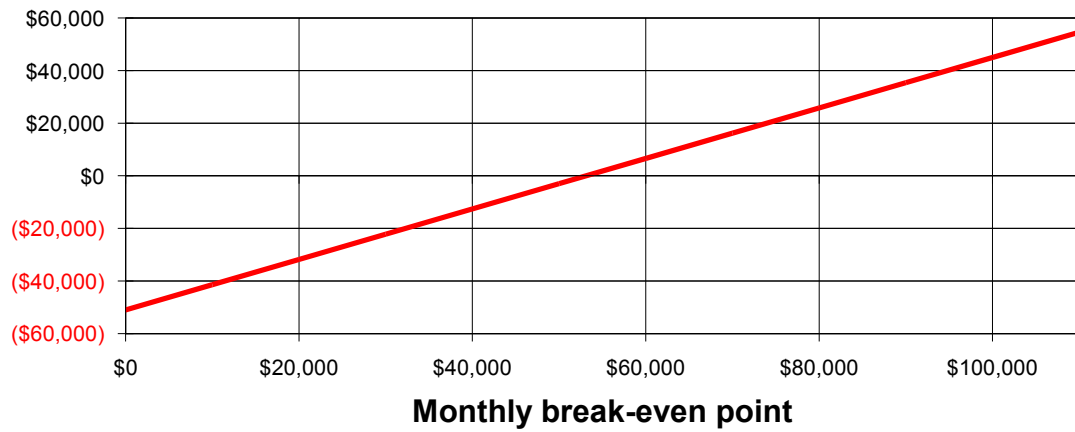
For our Break-even Analysis we assume estimated operational costs of \$20,000 per month, which includes payroll, rent, utilities and other running costs (not including employee draw fund considerations). Payroll alone is only estimated at \$9,800 per month.

The analysis shows that we need to generate revenues of \$52,000 per month to break even. This total is about 15% less than estimated monthly gross. This estimation does not include revenue from any other sources and is based on a barber shop client average of \$35 and miscellaneous services average of \$50. Our yearly average per client is estimated at \$48. Considering our minimal assumptions show a monthly total client average of 1,063, we therefore believe our break-even figures can be readily maintained.

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	1,063
Monthly Revenue Break-even	\$51,011
Assumptions:	
Average Per-Unit Revenue	\$48.00
Average Per-Unit Variable Cost	\$0.01
Estimated Monthly Fixed Cost	\$51,000

Break-even Analysis



Break-even point = where line intersects with 0

7.4 Projected Profit and Loss

There are two important assumptions with our Projected Profit and Loss statement:

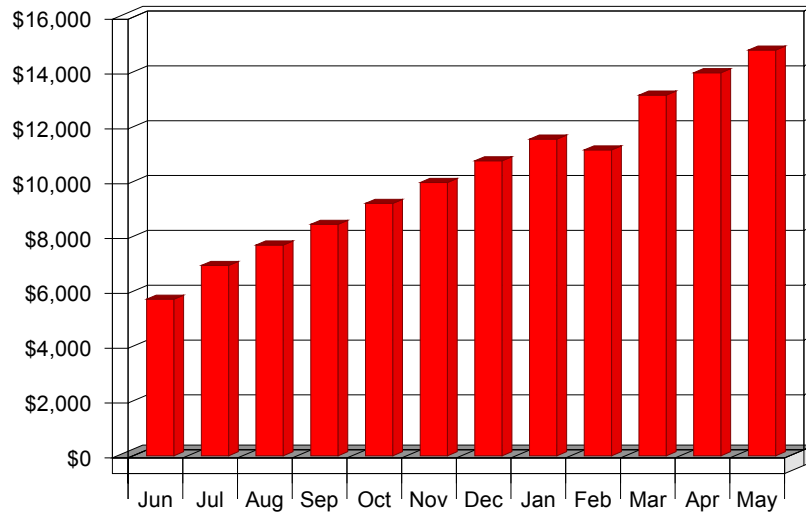
1. Our revenue is based on minimum estimated averages against highest expense expectations.
2. Our major expense of rent and utilities is fixed for the next five years.

Jonpaul's

Table: Profit and Loss

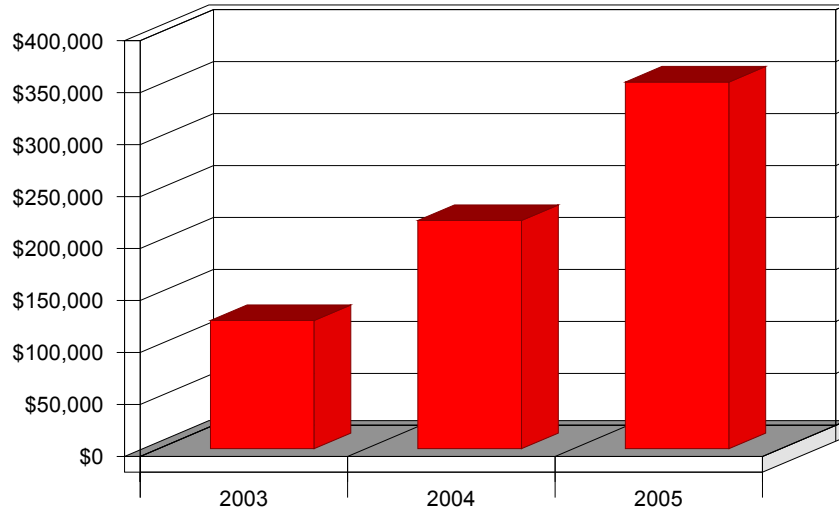
Pro Forma Profit and Loss	2003	2004	2005
Sales	\$799,124	\$1,047,172	\$1,405,425
Direct Costs of Goods	\$361,091	\$475,410	\$637,443
	\$0		
Cost of Goods Sold	\$361,091	\$475,410	\$637,443
Gross Margin	\$438,033	\$571,762	\$767,982
Gross Margin %	54.81%	54.60%	54.64%
Expenses:			
Payroll	\$102,870	\$105,165	\$107,175
Sales and Marketing and Other Expenses	\$20,000	\$15,000	\$20,000
Depreciation	\$0	\$0	\$0
Leased Equipment	\$0	\$0	\$0
Utilities	\$9,000	\$9,000	\$9,000
Insurance	\$12,000	\$12,000	\$12,000
Rent	\$84,000	\$84,000	\$84,000
Payroll Taxes	\$15,431	\$15,775	\$16,076
Other	\$0	\$0	\$0
Total Operating Expenses	\$243,301	\$240,940	\$248,251
Profit Before Interest and Taxes	\$194,733	\$330,822	\$519,731
Interest Expense	\$18,464	\$17,215	\$15,773
Taxes Incurred	\$52,880	\$94,082	\$151,187
Net Profit	\$123,388	\$219,525	\$352,770
Net Profit/Sales	15.44%	20.96%	25.10%
Include Negative Taxes	TRUE	TRUE	TRUE

Profit Monthly

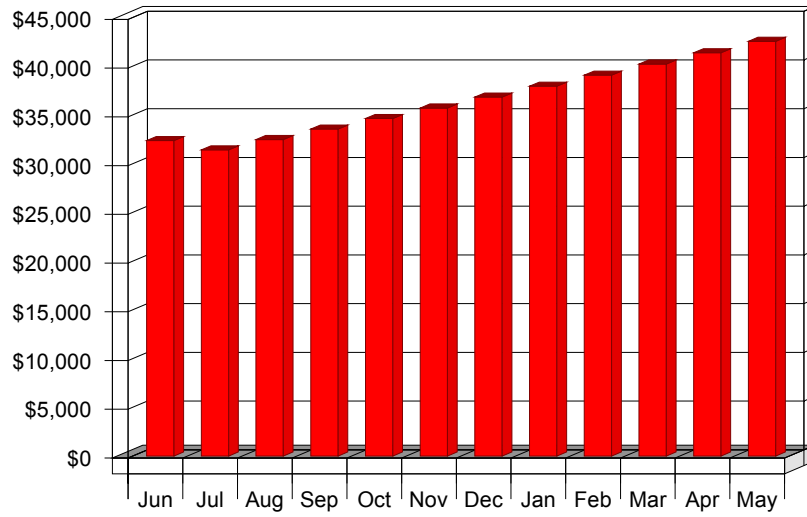


Jonpaul's

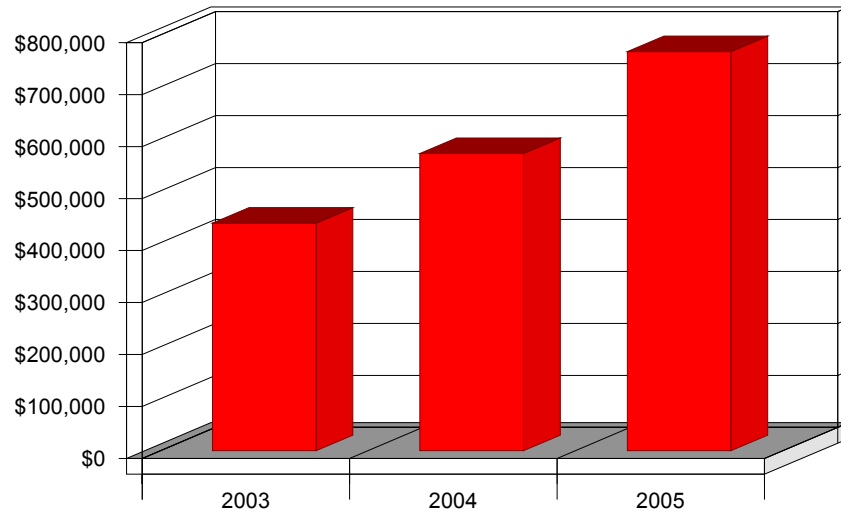
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



7.5 Projected Cash Flow

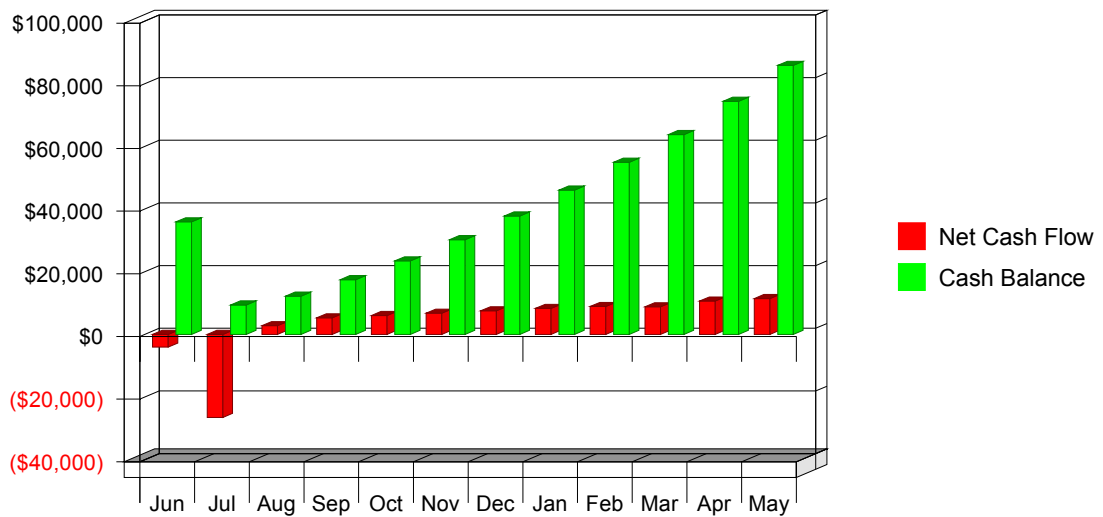
Considering our business is a luxury, retail-oriented business with clients who will pay primarily with credit cards, our cash flow is dependant on mandatory collection within the 45 day cycle.

Jonpaul's

Table: Cash Flow

Pro Forma Cash Flow	2003	2004	2005
Cash Received			
Cash from Operations:			
Cash Sales	\$199,781	\$261,793	\$351,356
Cash from Receivables	\$514,358	\$759,000	\$1,015,970
Subtotal Cash from Operations	\$714,139	\$1,020,793	\$1,367,326
Additional Cash Received			
Non Operating (Other) Income	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$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	\$714,139	\$1,020,793	\$1,367,326
Expenditures			
Expenditures from Operations:			
Cash Spending	\$58,283	\$71,791	\$94,529
Payment of Accounts Payable	\$595,650	\$756,122	\$955,596
Subtotal Spent on Operations	\$653,933	\$827,914	\$1,050,125
Additional Cash Spent			
Non Operating (Other) Expense	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$14,351	\$16,242	\$17,678
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$668,284	\$844,156	\$1,067,803
Net Cash Flow	\$45,855	\$176,637	\$299,523
Cash Balance	\$85,855	\$262,493	\$562,016

Cash



Jonpaul's

7.6 Projected Balance Sheet

Our Projected Balance Sheet shows we will not have any difficulty meeting our debt obligations as long as our revenue projections are met.

Table: Balance Sheet

Pro Forma Balance Sheet

Assets	2003	2004	2005
Current Assets			
Cash	\$85,855	\$262,493	\$562,016
Accounts Receivable	\$84,985	\$111,364	\$149,463
Inventory	\$35,396	\$46,602	\$62,485
Other Current Assets	\$38,000	\$38,000	\$38,000
Total Current Assets	\$244,236	\$458,459	\$811,964
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$244,236	\$458,459	\$811,964
Liabilities and Capital			
	2003	2004	2005
Accounts Payable	\$47,199	\$58,139	\$76,552
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$25,500	\$25,500	\$25,500
Subtotal Current Liabilities	\$72,699	\$83,639	\$102,052
Long-term Liabilities	\$210,649	\$194,407	\$176,729
Total Liabilities	\$283,348	\$278,046	\$278,781
Paid-in Capital	\$0	\$0	\$0
Retained Earnings	(\$162,500)	(\$39,112)	\$180,413
Earnings	\$123,388	\$219,525	\$352,770
Total Capital	(\$39,112)	\$180,413	\$533,183
Total Liabilities and Capital	\$244,236	\$458,459	\$811,964
Net Worth	(\$39,112)	\$180,413	\$533,183

7.7 Business Ratios

The following table contains important business ratios for the barber shop industry, as determined by the Standard Industry Classification (SIC) code, 7241.

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Table: Ratios

Ratio Analysis	2003	2004	2005	Industry Profile
Sales Growth	0.00%	31.04%	34.21%	10.40%
Percent of Total Assets				
Accounts Receivable	34.80%	24.29%	18.41%	11.70%
Inventory	14.49%	10.16%	7.70%	4.60%
Other Current Assets	15.56%	8.29%	4.68%	36.80%
Total Current Assets	100.00%	100.00%	100.00%	53.10%
Long-term Assets	0.00%	0.00%	0.00%	46.90%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	10.44%	5.56%	3.14%	29.70%
Long-term Liabilities	86.25%	42.40%	21.77%	24.70%
Total Liabilities	86.25%	42.40%	21.77%	54.40%
Net Worth	13.75%	57.60%	78.23%	45.60%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	54.81%	54.60%	54.64%	0.00%
Selling, General & Administrative Expenses	39.37%	33.64%	29.54%	69.20%
Advertising Expenses	1.00%	0.00%	0.00%	2.50%
Profit Before Interest and Taxes	24.37%	31.59%	36.98%	4.30%
Main Ratios				
Current	3.36	5.48	7.96	2.08
Quick	2.87	4.92	7.34	1.55
Total Debt to Total Assets	116.01%	60.65%	34.33%	54.40%
Pre-tax Return on Net Worth	-450.67%	173.83%	94.52%	6.90%
Pre-tax Return on Assets	72.17%	68.40%	62.07%	15.20%
Business Vitality Profile				
	2002	2003	2004	Industry
Sales per Employee	\$66,594	\$74,798	\$100,388	\$0
Survival Rate				0.00%
Additional Ratios				
	2003	2004	2005	
Net Profit Margin	15.44%	20.96%	25.10%	n.a
Return on Equity	0.00%	121.68%	66.16%	n.a
Activity Ratios				
Accounts Receivable Turnover	7.05	7.05	7.05	n.a
Collection Days	43	46	45	n.a
Inventory Turnover	12.00	11.60	11.69	n.a
Accounts Payable Turnover	13.62	13.19	12.72	n.a
Payment Days	22	301	303	
Total Asset Turnover	3.27	2.28	1.73	n.a
Debt Ratios				
Debt to Net Worth	0.00	1.54	0.52	n.a
Current Liab. to Liab.	0.26	0.30	0.37	n.a
Liquidity Ratios				
Net Working Capital	\$171,537	\$374,820	\$709,912	n.a
Interest Coverage	10.55	19.22	32.95	n.a
Additional Ratios				
Assets to Sales	0.31	0.44	0.58	n.a
Current Debt/Total Assets	30%	18%	13%	n.a
Acid Test	1.70	3.59	5.88	n.a
Sales/Net Worth	0.00	5.80	2.64	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecae

Sales Forecast												
Sales	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Barber Shop Hair Only Revenue	\$40,040	\$41,440	\$42,840	\$44,240	\$45,640	\$47,040	\$48,440	\$49,840	\$51,240	\$52,640	\$54,040	\$55,440
Misc. Service i.e. Shave, Shine, Color etc.	\$10,417	\$10,833	\$11,267	\$11,717	\$12,186	\$12,673	\$13,180	\$13,708	\$14,256	\$14,826	\$15,419	\$16,036
Product	\$5,200	\$5,304	\$5,410	\$5,518	\$5,628	\$5,728	\$5,856	\$5,973	\$6,092	\$6,214	\$6,338	\$6,465
Total Sales	\$55,657	\$57,577	\$59,517	\$61,475	\$63,454	\$65,441	\$67,476	\$69,521	\$71,588	\$73,680	\$75,797	\$77,941
Direct Cost of Sales	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Barber Shop Hair Only Revenue	\$16,016	\$18,648	\$19,278	\$19,908	\$20,538	\$21,168	\$21,798	\$22,428	\$23,058	\$23,688	\$24,318	\$24,948
Misc. Service i.e. Shave, Shine, Color etc.	\$4,687	\$4,875	\$5,070	\$5,272	\$5,483	\$5,703	\$5,931	\$6,168	\$6,415	\$6,671	\$6,938	\$7,216
Product	\$2,600	\$2,652	\$2,705	\$2,759	\$2,814	\$2,870	\$2,928	\$2,986	\$3,046	\$3,107	\$3,169	\$3,232
Subtotal Direct Cost of Sales	\$23,303	\$26,175	\$27,053	\$27,939	\$28,835	\$29,741	\$30,657	\$31,582	\$32,519	\$33,466	\$34,425	\$35,396

Appendix

Appendix Table: Personnel

Personnel Plan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Cathy Leskie	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
100% Commissioned Employees	\$10	\$10	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13
Assistant	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
Receptionist	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
Total People	11	11	11	11	11	12	12	12	12	12	12	12
Total Payroll	\$8,570	\$8,570	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573

Appendix

Appendix Table: General Assumptions

General Assumptions	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
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	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Sales on Credit %	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Totals												
Payroll Expense	\$8,570	\$8,570	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573
Sales on Credit	\$41,743	\$43,183	\$44,638	\$46,106	\$47,591	\$49,081	\$50,607	\$52,141	\$53,691	\$55,260	\$56,848	\$58,456
New Accounts Payable	\$57,907	\$49,140	\$48,420	\$49,508	\$50,611	\$51,722	\$52,852	\$53,990	\$56,215	\$56,309	\$57,490	\$58,686
Inventory Purchase	\$36,606	\$29,047	\$27,931	\$28,825	\$29,731	\$30,647	\$31,573	\$32,507	\$33,456	\$34,413	\$35,384	\$36,367

Appendix

Appendix Table: Profit and Loss

Pro Forma Profit and Loss

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Sales	\$55,657	\$57,577	\$59,517	\$61,475	\$63,454	\$65,441	\$67,476	\$69,521	\$71,588	\$73,680	\$75,797	\$77,941
Direct Costs of Goods	\$23,303	\$26,175	\$27,053	\$27,939	\$28,835	\$29,741	\$30,657	\$31,582	\$32,519	\$33,466	\$34,425	\$35,396
Cost of Goods Sold	\$23,303	\$26,175	\$27,053	\$27,939	\$28,835	\$29,741	\$30,657	\$31,582	\$32,519	\$33,466	\$34,425	\$35,396
Gross Margin	\$32,354	\$31,402	\$32,464	\$33,536	\$34,619	\$35,700	\$36,819	\$37,939	\$39,069	\$40,214	\$41,372	\$42,545
Gross Margin %	58.13%	54.54%	54.55%	54.55%	54.56%	54.55%	54.57%	54.57%	54.57%	54.58%	54.58%	54.59%
Expenses:												
Payroll	\$8,570	\$8,570	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573	\$8,573
Sales and Marketing and Other Expenses	\$4,000	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$3,000	\$1,300	\$1,300	\$1,300
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leased Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Insurance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Rent	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Payroll Taxes	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286	\$1,286
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$22,606	\$19,906	\$19,909	\$19,909	\$19,909	\$19,909	\$19,909	\$19,909	\$21,609	\$19,909	\$19,909	\$19,909
Profit Before Interest and Taxes	\$9,749	\$11,497	\$12,555	\$13,627	\$14,710	\$15,791	\$16,910	\$18,030	\$17,460	\$20,305	\$21,463	\$22,636
Interest Expense	\$1,585	\$1,577	\$1,568	\$1,560	\$1,551	\$1,543	\$1,534	\$1,526	\$1,518	\$1,509	\$1,501	\$1,492
Taxes Incurred	\$2,449	\$2,976	\$3,296	\$3,620	\$3,948	\$4,274	\$4,613	\$4,951	\$4,783	\$5,639	\$5,989	\$6,343
Net Profit	\$5,714	\$6,944	\$7,691	\$8,447	\$9,211	\$9,974	\$10,763	\$11,553	\$11,160	\$13,157	\$13,974	\$14,801
Net Profit/Sales	10.27%	12.06%	12.92%	13.74%	14.52%	15.24%	15.95%	16.62%	15.59%	17.86%	18.44%	18.99%
Include Negative Taxes												

Appendix

Appendix Table: Cash Flow

Pro Forma Cash Flow	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Cash Received												
Cash from Operations:												
Cash Sales	\$13,914	\$14,394	\$14,879	\$15,369	\$15,864	\$16,360	\$16,869	\$17,380	\$17,897	\$18,420	\$18,949	\$19,485
Cash from Receivables	\$0	\$22,263	\$42,511	\$43,959	\$45,421	\$46,898	\$48,385	\$49,895	\$51,425	\$52,968	\$54,528	\$56,107
Subtotal Cash from Operations	\$13,914	\$36,657	\$57,390	\$59,328	\$61,284	\$63,258	\$65,254	\$67,275	\$69,322	\$71,388	\$73,477	\$75,592
Additional Cash Received												
Non Operating (Other) Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$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	\$13,914	\$36,657	\$57,390	\$59,328	\$61,284	\$63,258	\$65,254	\$67,275	\$69,322	\$71,388	\$73,477	\$75,592
Expenditures												
Expenditures from Operations:												
Cash Spending	\$5,339	\$4,365	\$4,285	\$4,406	\$4,528	\$4,651	\$4,777	\$4,903	\$5,151	\$5,161	\$5,292	\$5,425
Payment of Accounts Payable	\$11,457	\$57,615	\$49,120	\$48,456	\$49,545	\$50,648	\$51,760	\$52,890	\$54,064	\$56,218	\$56,348	\$57,530
Subtotal Spent on Operations	\$16,796	\$61,979	\$53,404	\$52,862	\$54,073	\$55,299	\$56,537	\$57,793	\$59,215	\$61,379	\$61,640	\$62,955
Additional Cash Spent												
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196	\$1,196
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	\$17,992	\$63,175	\$54,600	\$54,057	\$55,269	\$56,495	\$57,732	\$58,989	\$60,410	\$62,575	\$62,836	\$64,151
Net Cash Flow	(\$4,078)	(\$26,518)	\$2,790	\$5,270	\$6,015	\$6,763	\$7,522	\$8,286	\$8,912	\$8,813	\$10,641	\$11,441
Cash Balance	\$35,922	\$9,404	\$12,194	\$17,464	\$23,479	\$30,242	\$37,764	\$46,049	\$54,961	\$63,774	\$74,414	\$85,855

Appendix

Appendix Table: Balance Sheet

Pro Forma Balance Sheet

Assets	Starting Balances	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Current Assets													
Cash	\$40,000	\$35,922	\$9,404	\$12,194	\$17,464	\$23,479	\$30,242	\$37,764	\$46,049	\$54,961	\$63,774	\$74,414	\$85,855
Accounts Receivable	\$0	\$41,743	\$62,663	\$64,790	\$66,937	\$69,107	\$71,290	\$73,511	\$75,757	\$78,023	\$80,316	\$82,636	\$84,985
Inventory	\$10,000	\$23,303	\$26,175	\$27,053	\$27,939	\$28,835	\$29,741	\$30,657	\$31,582	\$32,519	\$33,466	\$34,425	\$35,396
Other Current Assets	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000	\$38,000
Total Current Assets	\$88,000	\$138,968	\$136,241	\$142,036	\$150,340	\$159,421	\$169,272	\$179,932	\$191,389	\$203,503	\$215,555	\$229,475	\$244,236
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	\$88,000	\$138,968	\$136,241	\$142,036	\$150,340	\$159,421	\$169,272	\$179,932	\$191,389	\$203,503	\$215,555	\$229,475	\$244,236
Liabilities and Capital													
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Accounts Payable	\$0	\$46,450	\$37,975	\$37,275	\$38,328	\$39,394	\$40,467	\$41,560	\$42,660	\$44,810	\$44,901	\$46,043	\$47,199
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500	\$25,500
Subtotal Current Liabilities	\$25,500	\$71,950	\$63,475	\$62,775	\$63,828	\$64,894	\$65,967	\$67,060	\$68,160	\$70,310	\$70,401	\$71,543	\$72,699
Long-term Liabilities	\$225,000	\$223,804	\$222,608	\$221,412	\$220,216	\$219,020	\$217,824	\$216,628	\$215,433	\$214,237	\$213,041	\$211,845	\$210,649
Total Liabilities	\$250,500	\$295,754	\$286,083	\$284,188	\$284,044	\$283,914	\$283,792	\$283,689	\$283,592	\$284,547	\$283,442	\$283,388	\$283,348
Capital													
Paid-in Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retained Earnings	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)	(\$162,500)
Earnings	\$0	\$5,714	\$12,658	\$20,349	\$28,796	\$38,007	\$47,981	\$58,743	\$70,296	\$81,456	\$94,613	\$108,587	\$123,388
Total Capital	(\$162,500)	(\$156,786)	(\$149,842)	(\$142,151)	(\$133,704)	(\$124,493)	(\$114,519)	(\$103,757)	(\$92,204)	(\$81,044)	(\$67,887)	(\$53,913)	(\$39,112)
Total Liabilities and Capital	\$88,000	\$138,968	\$136,241	\$142,036	\$150,340	\$159,421	\$169,272	\$179,932	\$191,389	\$203,503	\$215,555	\$229,475	\$244,236
Net Worth	(\$162,500)	(\$156,786)	(\$149,842)	(\$142,151)	(\$133,704)	(\$124,493)	(\$114,519)	(\$103,757)	(\$92,204)	(\$81,044)	(\$67,887)	(\$53,913)	(\$39,112)