

CigarBar
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Cigar Bar

Strategic Business and Marketing Plan

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1.0 Executive Summary

The purpose of this business plan is to raise \$115,000 for the development of a cigar bar and lounge while showcasing the expected financials and operations over the next three years. Cigar Bar, Inc. (“the Company”) is a New York based corporation that will provide sales of cigars and other related products to customers in its targeted market. Customers will be free to smoke cigars in the lounge areas of the shop along with enjoying alcoholic beverages. The Company was founded by John Doe.

1.1 The Products

The primary revenue centers for the Company will come from the sale of cigars, specialty cigarettes, and related items. Mr. Doe is currently sourcing a number of wholesalers and manufacturers that will be able to provide the Company with an extensive line of products for sale to the Company’s targeted demographic of people. As stated above, customers will be free to enjoy tobacco products directly at the location. The Company will also maintain an expansive online sales platform to make sales of cigar products (where online sales of tobacco products are permitted).

The Cigar Bar will feature approximately 1,500 square feet of space. The facility will have a full bar that will serve spirits, wine, and beer.

The Company will also enact strict policies regarding underage drinking, and the business will comply with all state regulations regarding the sale of alcohol to the general public. Mr. Doe is currently in the process of obtaining the liquor license for the Cigar Bar.

The third section of the business plan will further describe the services offered by the Cigar Bar.

1.2 Financing

Mr. Doe is seeking to raise \$115,000 from as a bank loan. The interest rate and loan agreement are to be further discussed during negotiation. This business plan assumes that the business will receive a 7 year loan with a 6% fixed interest rate. The financing will be used for the following:

- Development of the Company’s Cigar Bar location.
- Financing for the first six months of operation.
- Capital to purchase inventories of cigars and accessories.

Mr. Doe will contribute \$20,000 to the venture.

1.3 Mission Statement

Cigar Bar’s mission is to become the recognized leader in its targeted market for providing an extensive line of domestic and imported cigars.

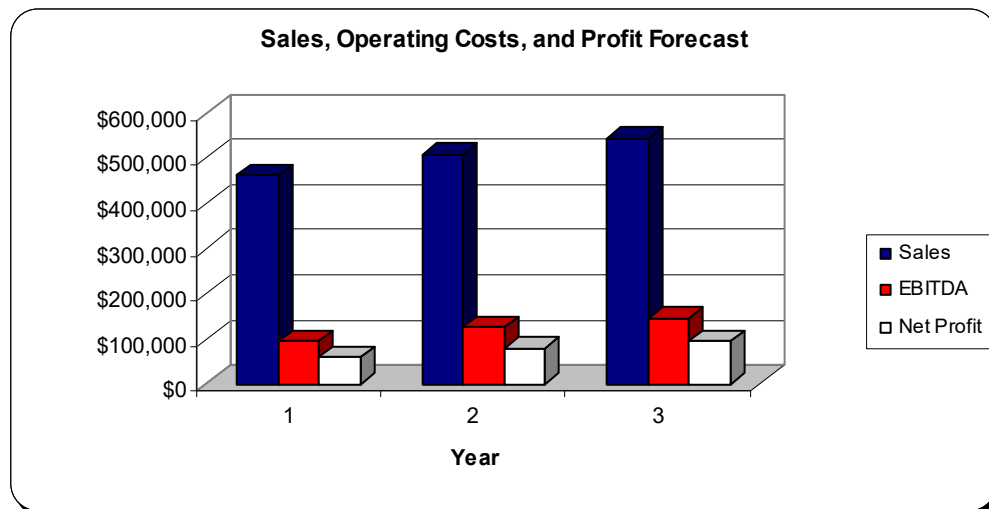
1.4 Management Team

The Company was founded by John Doe. Mr. Doe has more than 10 years of experience in the bar and nighttime entertainment industry. Through his expertise, he will be able to bring the operations of the business to profitability within its first year of operations.

1.5 Sales Forecasts

Mr. Doe expects a strong rate of growth at the start of operations. Below are the expected financials over the next three years.

Proforma Profit and Loss (Yearly)			
Year	1	2	3
Sales	\$462,000	\$508,200	\$543,774
Operating Costs	\$284,972	\$293,521	\$302,327
EBITDA	\$95,128	\$124,589	\$145,051
Taxes, Interest, and Depreciation	\$37,534	\$45,784	\$51,297
Net Profit	\$57,594	\$78,805	\$93,753



1.6 Expansion Plan

The Founder expects that the business will aggressively expand during the first three years of operation. Mr. Doe intends to implement marketing campaigns that will effectively target individuals within the target market.

2.0 Company and Financing Summary

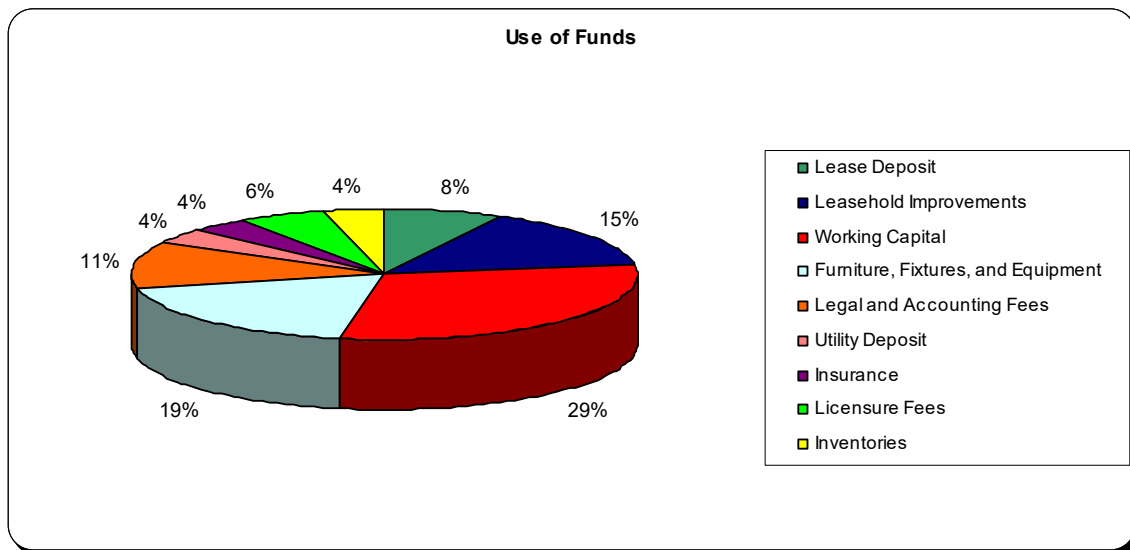
2.1 Registered Name and Corporate Structure

Cigar Bar, Inc. The Company is registered as a corporation in the State of New York.

2.2 Required Funds

At this time, the Cigar Bar requires \$115,000 of debt funds. Below is a breakdown of how these funds will be used:

Projected Startup Costs	
Lease Deposit	\$10,000
Leasehold Improvements	\$20,000
Working Capital	\$40,000
Furniture, Fixtures, and Equipment	\$25,000
Legal and Accounting Fees	\$15,000
Utility Deposit	\$5,000
Insurance	\$5,000
Licensure Fees	\$7,500
Inventories	\$5,000
Miscellaneous and Unforeseen Costs	\$2,500
Total Startup Costs	\$135,000



2.3 Investor Equity

Mr. Doe is not seeking an investment from a third party at this time.

2.4 Management Equity

John Doe owns 100% of the Cigar Bar, Inc.

2.5 Exit Strategy

If the business is very successful, Mr. Doe may seek to sell the business to a third party for a significant earnings multiple. Most likely, the Company will hire a qualified business broker to sell the business on behalf of the Cigar Bar. Based on historical numbers, the business could fetch a sales premium of up to 4 times earnings.

3.0 Operations

Below is a description of the products offered by the Cigar Bar:

3.1 Sales of Cigars and Accessories

As stated in the executive summary, the Company intends to acquire a substantial amount of retail sale of cigars and related accessories which it will sell through its retail store and online sales platform. Management expects that the business will generate gross margins of 80% on each item sold by the Company.

One of the primary differentiating factors for the business will come from the fact that the Cigar Bar will allow customers to enjoy tobacco products directly at the location. The business will seek to obtain a liquor license (see below) so that customers can enjoy alcoholic beverages while smoking cigars at the facility.

3.2 Alcohol Sales

The Cigar Bar will offer a wide variety of liquors and alcoholic beverages that are available on the menu. The lounge will maintain a full bar including liquors, spirits, several vintages and types of wine, as well as an extensive number of bottled and draught beers.

At all times, the Cigar Bar will comply with all state and municipal regulations regarding the sale of alcohol. For each patron, a valid ID will be required to ensure that the patron is 21 or older. For very busy evenings, Mr. Doe will hire a part time door bouncer to check identifications as customers enter the bar. Additionally, Management will keep all liquor licenses up to date, and will file the appropriate documentation and fees on a quarterly basis.

3.3 Online Sales of Products

In addition to the retail facility, Management intends to develop an online platform which would allow the business to aggressively sell its products on the Internet. As many people now use the internet to purchase specialized tobacco goods, Mr. Doe sees a significant opportunity to develop a secondary sales channel that is not overly expensive to maintain. Once the retail operations of the business are functional, Management will hire a web development firm to develop the online ordering platform.

4.0 Strategic and Market Analysis

4.1 Economic Outlook

This section of the analysis will detail the economic climate, the cigar bar/lounge industry, the customer profile, and the competition that the business will face as it progresses through its business operations.

Currently, the economic climate is uncertain. The pandemic stemming from COVID-19 has created a substantial amount of turmoil within the capital markets. It is expected that a prolonged economic recession will occur given that numerous businesses are being forced to remain closed for an indefinite period of time (while concurrently having their respective employees remain at home). It should be noted that central banks around the world have taken aggressive steps in order to ensure the free flow of capital into financial institutions. This is expected to greatly blunt the economic issues that will arise from this public health matter.

However, the current economic climate should have a minimal impact on the Company's ability to generate revenues. As the economy is reopening, more people are eager to resume their normal lifestyles (including going to venues such as cigar bars). This will further ensure that the business will operate profitably and with a positive cash flow at all times.

4.2 Industry Analysis

Tobacco Sales

The aggregate sale of cigars in the United States is a \$2 billion a year business. As of the last economic census, the industry employed more than 18,000 people working among 2,000 retail establishments.

This is a mature industry, and the expected future growth rate of the industry will remain in lockstep with that of the general economy.

Alcohol Sales

There is a plethora of bars and drinking establishments in the United States. A U.S. Economic census report indicates that there are over 60,000 individual establishments in the country. This number is expected to continue as bars (including cigar lounges) remain a popular form of entertainment among people under forty. Each year the industry generates more than \$24 billion dollars of revenue. The industry also employs more than 360,000 people nationwide.

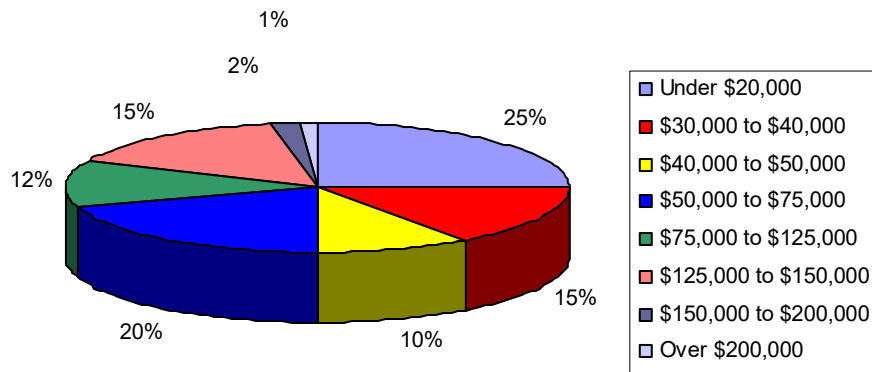
4.3 Customer Profile

The Cigar Bar’s average client will be a middle to upper middle class person living in the Company’s target market. Common traits among clients will include:

- Annual household income exceeding \$50,000
- Lives or works no more than 15 miles from the Company’s location.
- Will spend \$25 per visit to the Cigar Bar
- Ages 25 to 45

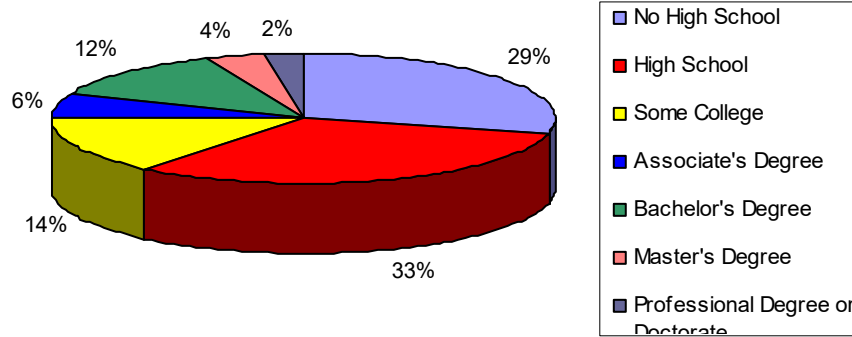
Household Income (by % of Population)	5 Miles	20 Miles	State
Under \$20,000	25.00%	25.00%	25.00%
\$30,000 to \$40,000	15.00%	19.00%	15.00%
\$40,000 to \$50,000	10.00%	19.00%	10.00%
\$50,000 to \$75,000	20.00%	12.00%	20.00%
\$75,000 to \$125,000	12.00%	13.00%	8.00%
\$125,000 to \$150,000	15.00%	6.00%	12.00%
\$150,000 to \$200,000	2.00%	5.00%	5.00%
Over \$200,000	1.00%	1.00%	5.00%

Income Breakdown (5 Miles)



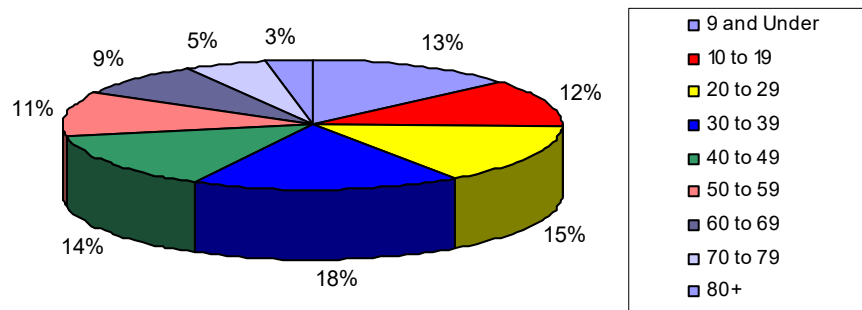
Education (by % of Population)	5 Miles	20 Miles	State
No High School	28.60%	24.40%	29.40%
High School	32.20%	30.50%	31.70%
Some College	14.10%	13.60%	14.40%
Associate's Degree	6.40%	6.80%	6.40%
Bachelor's Degree	12.40%	15.40%	13.00%
Master's Degree	3.90%	5.70%	3.40%
Professional Degree or Doctorate	2.40%	3.60%	1.60%

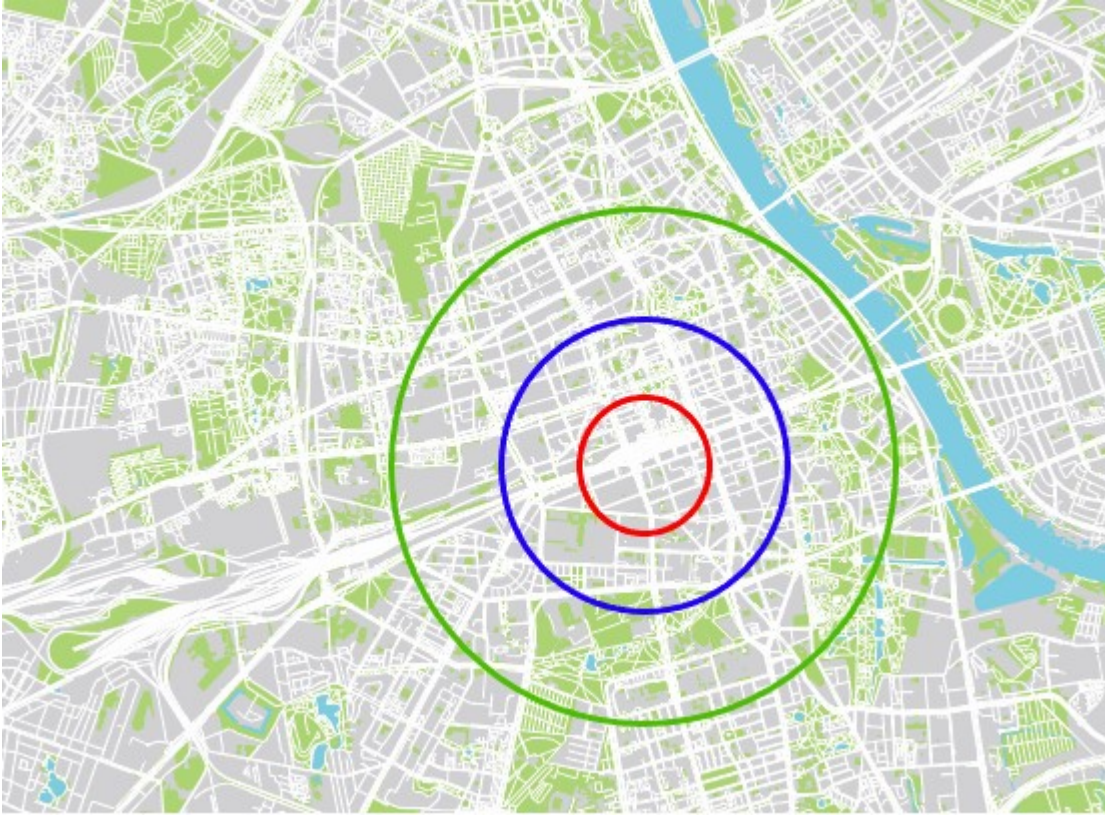
Education Breakdown (5 Miles)



Age (by % of Population)	5 Miles	20 Miles	State
9 and Under	13.40%	12.80%	11.20%
10 to 19	12.00%	10.70%	9.70%
20 to 29	15.00%	14.90%	14.20%
30 to 39	17.30%	16.20%	15.90%
40 to 49	14.30%	14.10%	14.70%
50 to 59	11.10%	12.70%	13.40%
60 to 69	8.60%	9.10%	9.90%
70 to 79	5.40%	6.00%	6.60%
80+	3.00%	3.40%	4.50%

Age Brekdown (5 Miles)





Target Market Map

Target Market Size

- 2 Miles (Red) – 30,000 People
- 5 Miles (Blue) – 100,000 People
- 10 Miles (Green) – 325,000 People

4.4 Competition

This is one of the sections of the business plan that you must write completely on your own. The key to writing a strong competitive analysis is that you do your research on the local competition. Find out who your competitors are by searching online directories. If there are a number of competitors in the same industry (meaning that it is not feasible to describe each one) then showcase the number of businesses that compete with you, and why your business will provide customers with service/products that are of better quality or less expensive than your competition.

5.0 Marketing Plan

The Cigar Bar intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market. Below is an overview of the marketing strategies and objectives of the business.

5.1 Marketing Objectives

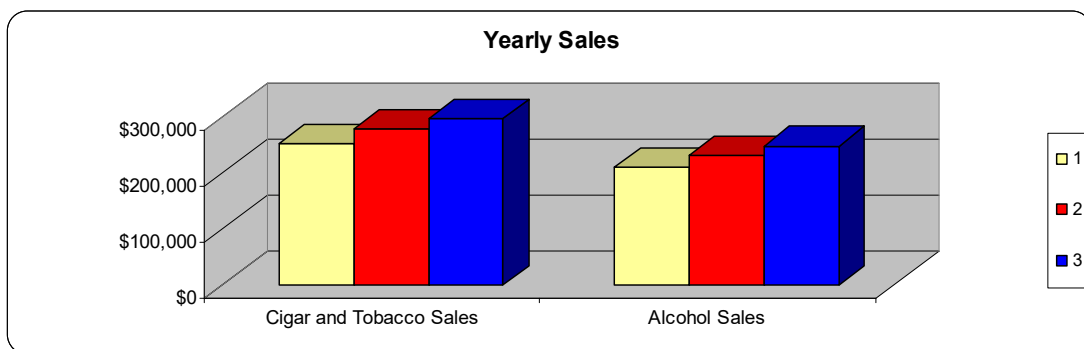
- Develop an online presence by developing a website and placing the Company's name and contact information with online directories.
- Maintain an expansive presence via social media platforms including the potential use of social media influencers to boost the visibility of the Cigar Bar.
- Implement a local campaign with the Company's targeted market via the use of flyers, local newspaper advertisements, and word of mouth advertising.

5.2 Sales Overview

Yearly Sales Forecast			
Year	1	2	3
Growth (%)	0.0%	10.0%	7.0%
Cigar and Tobacco Sales	\$252,000	\$277,200	\$296,604
Alcohol Sales	\$210,000	\$231,000	\$247,170
Totals	\$462,000	\$508,200	\$543,774

Cost of Sales Forecast			
Year	1	2	3
Growth (%)	0.0%	10.0%	7.0%
Cigar and Tobacco Sales	\$50,400	\$55,440	\$59,321
Alcohol Sales	\$31,500	\$34,650	\$37,076
Totals	\$81,900	\$90,090	\$96,396

Gross Profit			
Year	1	2	3
Total	\$380,100	\$418,110	\$447,378



5.3 Marketing Strategies

Mr. Doe intends on using a number of marketing strategies that will allow the Cigar Bar to easily target people within the target market. These strategies include traditional print advertisements and ads placed on search engines on the Internet.

In addition to the high visibility location, the Company will also use direct mail, flyers, and other forms of local advertisement to promote traffic to the Cigar Bar. During the one month grand opening period, the Company will offer extended “happy hours”, discounts on tobacco products/drinks, and other promotions that will draw patrons to the location. Management feels that this will solidify a repeat customer base that will regularly frequent Cigar Bar.

The business will also use an expansive online marketing strategy in order to further drive traffic to the location while also making the general public aware of the Company’s cigar bar and lounge. The business will develop an expansive website that showcases the operations of the business, the cigar inventories, the drink menu, pricing information, and contact information. The website will be mobile friendly and search engine optimized. The website will be ecommerce enabled so that people from anywhere in the country can purchase cigars (where permitted).

Beyond the Company’s proprietary website, Cigar Bar, Inc. will maintain profiles on popular social media platforms including Facebook, Twitter, Instagram, and YouTube. The Company’s website will feature links to all social media platforms. Beyond social media sites, the business will also have profiles on Yelp.com.

Most importantly, Management expects that the business will benefit greatly from the positive reviews that will be on these sites from customers (which will further boost the Cigar Bar brand while concurrently contributing a substantial benefit for the Company’s search engine optimization strategies).

Moving forward, the business may seek to further promote Cigar Bar, Inc. by hiring a social media influencer that lives within 20 miles of the Company’s location. This individual (with a major online following) would have their experience at the location filmed, and they will distribute it through their respective social media channels. This can be a very high impact method of increasing awareness of the Cigar Bar brand.

5.4 Pricing

For cigar and tobacco products, each unit is expected to have a sales price of \$5 to \$20 (with gross profits of 80%). For alcoholic beverage sales, Management anticipates gross margins of 85% (with an average price of \$7 per beverage).

5.5 Marketing Return on Investment

Marketing ROI			
Year	1	2	3
Short Term Marketing			
Billboards	\$175	\$180	\$186
Radio Advertisements	\$70	\$72	\$74
TV Advertisements	\$700	\$721	\$743
PPC Marketing	\$455	\$469	\$483
Total Short Term Marketing	\$1,400	\$1,442	\$1,485

Intermediate Term Marketing			
Hand Distributed Flyers	\$525	\$541	\$557
Mailers	\$700	\$721	\$743
Total Intermediate Marketing	\$1,225	\$1,262	\$1,300

Long Term Marketing			
Website Search Engine Optimization	\$350	\$361	\$371
General Company Branding	\$525	\$541	\$557
Total Long Term Marketing	\$875	\$901	\$928

Total Marketing Costs	\$3,500	\$3,605	\$3,713
Total Net Profits	\$57,594	\$78,805	\$93,753
Total Marketing ROI	1645.54%	2185.99%	2524.90%

Marketing Breakdown			
Year	1	2	3
Short Term Marketing			
Billboards	5.00%	5.00%	5.00%
Radio Advertisements	2.00%	2.00%	2.00%
TV Advertisements	20.00%	20.00%	20.00%
PPC Marketing	13.00%	13.00%	13.00%

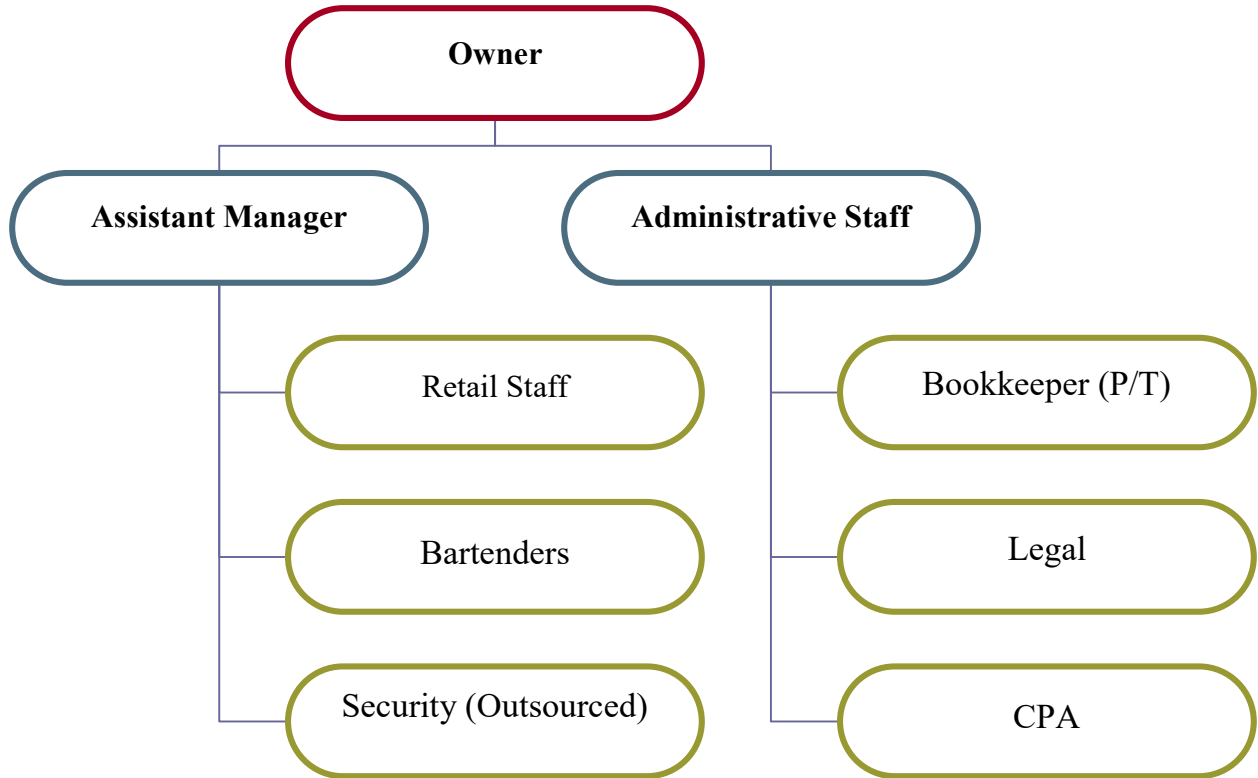
Intermediate Term Marketing			
Hand Distributed Flyers	15.00%	15.00%	15.00%
Mailers	20.00%	20.00%	20.00%

Long Term Marketing			
Website Search Engine Optimization	10.00%	10.00%	10.00%
General Company Branding	15.00%	15.00%	15.00%

Total Marketing Costs (%)	100.00%	100.00%	100.00%
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6.0 Organizational Plan and Personnel Summary

6.1 Corporate Organization

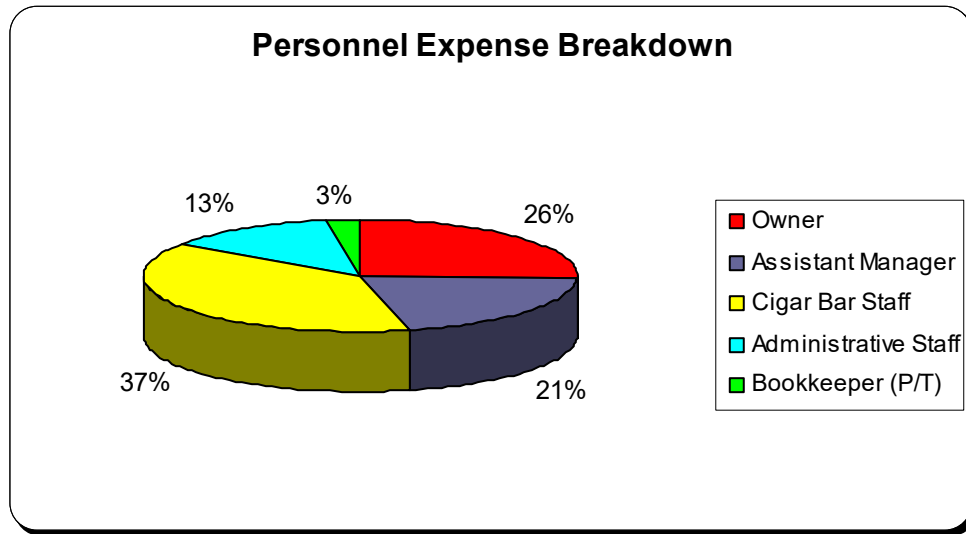


6.2 Organizational Budget

Personnel Plan - Yearly			
Year	1	2	3
Owner	\$32,500	\$33,475	\$34,479
Lounge Manager	\$25,000	\$25,750	\$26,523
Lounge Employees	\$45,000	\$46,350	\$47,741
Bookkeeper (P/T)	\$12,500	\$12,875	\$13,261
Administrative	\$20,000	\$20,600	\$21,218
Total	\$135,000	\$139,050	\$143,222

Numbers of Personnel			
Year	1	2	3
Owner	1	1	1
Lounge Manager	1	1	1
Lounge Employees	3	3	3
Bookkeeper (P/T)	1	1	1
Administrative	1	1	1
Totals	7	7	7

6.2 Organizational Budget (Cont.)



6.3 Management Biographies

In this section of the business plan, you should write a two to four paragraph biography about your work experience, your education, and your skill set. For each owner or key employee, you should provide a brief biography in this section.

7.0 Financial Plan

7.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- The Cigar Bar will have an annual revenue growth rate of 8% per year.
- The Owner will acquire \$115,000 of debt funds to develop the business.
- The loan will have a 7 year term with a 6% interest rate.

7.2 Sensitivity Analysis

In the event of an economic downturn, the business may have a decline in its revenues. Cigars are non-essential items, and as such, customers will have less discretionary income to purchase these goods in an economic recession. However, the high gross margins generated from sales (both retail and online) will ensure that the Cigar Bar can remain profitable and cash flow positive in any economic climate.

7.3 Source of Funds

Financing	
Equity Contributions	
Management Investment	\$10,000.00
Total Equity Financing	\$10,000.00
Banks and Lenders	
Banks and Lenders	\$100,000.00
Total Debt Financing	\$100,000.00
Total Financing	\$110,000.00

7.4 General Assumptions

General Assumptions			
Year	1	2	3
Federal Tax Rate	25.0%	25.0%	25.0%
State Tax Rate	5.0%	5.0%	5.0%
Personnel Taxes	7.65%	7.65%	7.65%

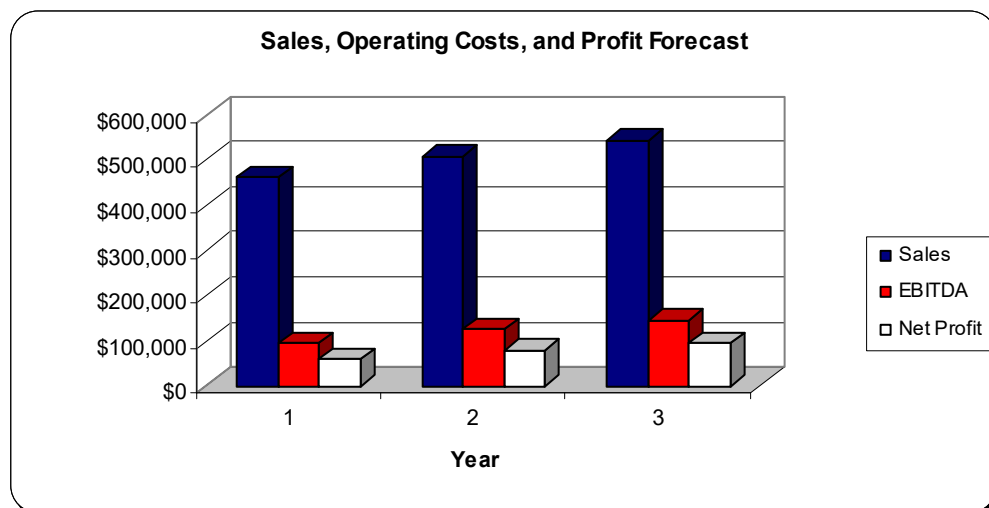
7.5 Profit and Loss Statements

Proforma Profit and Loss (Yearly)			
Year	1	2	3
Sales	\$462,000	\$508,200	\$543,774
Cost of Goods Sold	\$81,900	\$90,090	\$96,396
Gross Margin	82.27%	82.27%	82.27%
Gross Profit	\$380,100	\$418,110	\$447,378

Expenses			
Payroll	\$156,500	\$161,195	\$166,031
General and Administrative	\$20,000	\$20,600	\$21,218
Marketing Expenses	\$3,500	\$3,605	\$3,713
Professional Fees and Licensure	\$5,000	\$5,150	\$5,305
Insurance Costs	\$7,500	\$7,725	\$7,957
Rent and Utilities	\$75,000	\$77,250	\$79,568
Equipment Maintenance	\$3,000	\$3,090	\$3,183
Miscellaneous Costs	\$2,500	\$2,575	\$2,652
Payroll Taxes	\$11,972	\$12,331	\$12,701
Total Operating Costs	\$284,972	\$293,521	\$302,327

EBITDA	\$95,128	\$124,589	\$145,051
Federal Income Tax	\$20,569	\$28,145	\$33,483
State Income Tax	\$4,114	\$5,629	\$6,697
Interest Expense	\$6,529	\$5,689	\$4,796
Depreciation Expenses	\$6,321	\$6,321	\$6,321

Net Profit	\$57,594	\$78,805	\$93,753
Profit Margin	12.47%	15.51%	17.24%



7.6 Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly			
Year	1	2	3
Cash From Operations	\$63,915	\$85,126	\$100,075
Cash From Receivables	\$0	\$0	\$0
Operating Cash Inflow	\$63,915	\$85,126	\$100,075

Other Cash Inflows

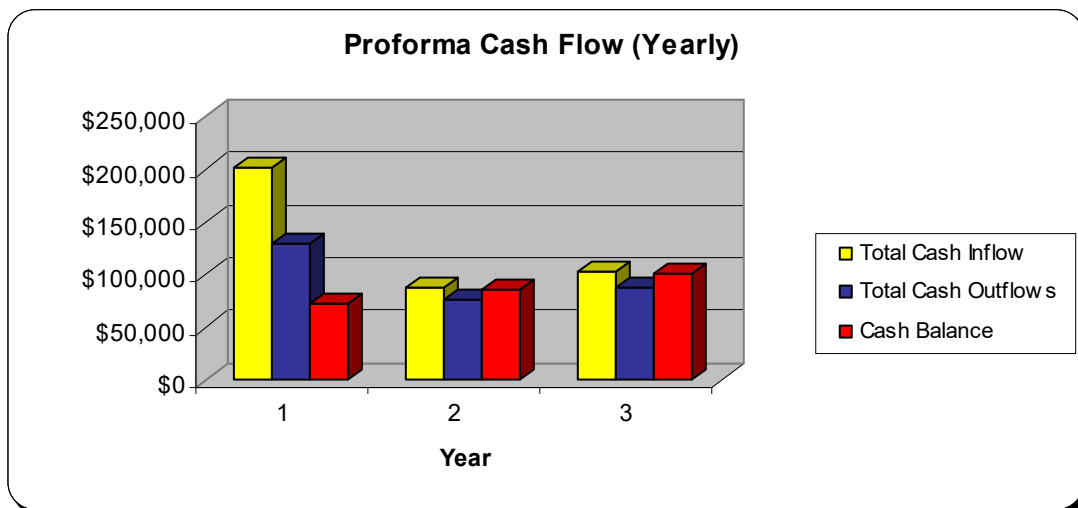
Equity Investment	\$20,000	\$0	\$0
Increased Borrowings	\$115,000	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0
A/P Increases	\$3,000	\$3,090	\$3,183
Total Other Cash Inflows	\$138,000	\$3,090	\$3,183

Total Cash Inflow	\$201,915	\$88,216	\$103,257
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Cash Outflows

Repayment of Principal	\$13,631	\$14,471	\$15,364
A/P Decreases	\$2,500	\$2,575	\$2,652
A/R Increases	\$0	\$0	\$0
Asset Purchases	\$72,500	\$2,120	\$2,541
Dividends	\$40,228	\$56,524	\$67,769
Total Cash Outflows	\$128,858	\$75,690	\$88,326

Net Cash Flow	\$73,057	\$12,526	\$14,931
Cash Balance	\$73,057	\$85,583	\$100,515



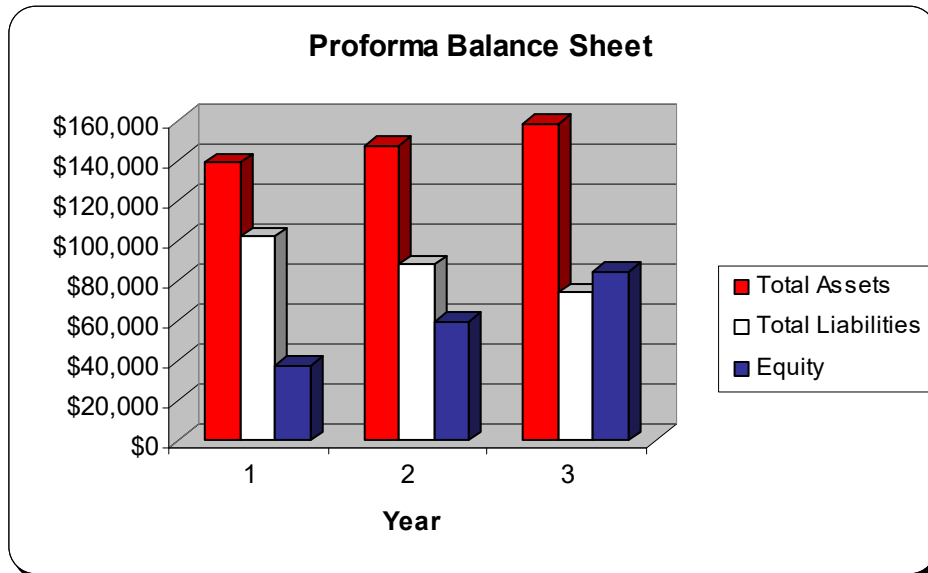
7.7 Balance Sheet

Proforma Balance Sheet - Yearly			
Year	1	2	3

Assets			
Cash	\$73,057	\$85,583	\$100,515
Deposits	\$15,000	\$15,000	\$15,000
Amortized Costs	\$27,500	\$27,500	\$27,500
FF&E	\$25,000	\$27,120	\$29,661
Inventory	\$5,000	\$5,000	\$5,000
Accumulated Depreciation	(\$6,321)	(\$12,643)	(\$18,964)
Total Assets	\$139,236	\$147,560	\$158,711

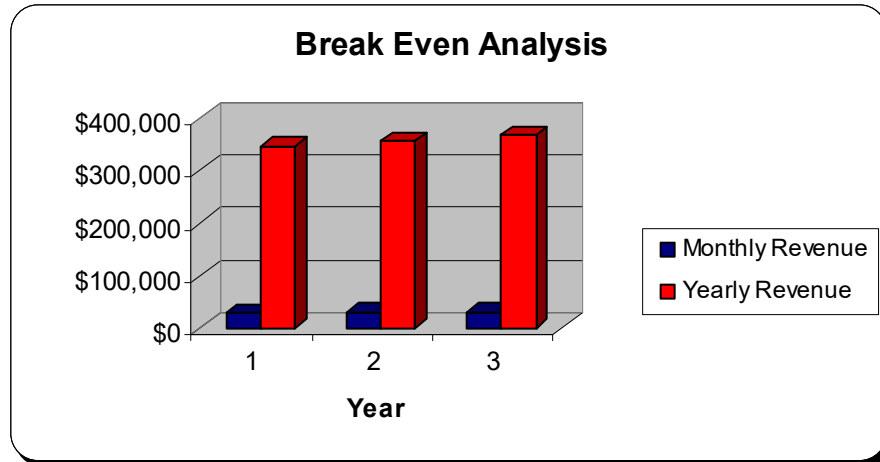
Liabilities and Equity			
Accounts Payable	\$500	\$1,015	\$1,545
Long Term Liabilities	\$101,369	\$86,898	\$72,427
Other Liabilities	\$0	\$0	\$0
Total Liabilities	\$101,869	\$87,913	\$73,972

Equity	\$37,366	\$59,647	\$84,739
Total Liabilities and Equity	\$139,236	\$147,560	\$158,711



7.8 Breakeven Analysis

Monthly Break Even Analysis			
Year	1	2	3
Monthly Revenue	\$28,865	\$29,731	\$30,622
Yearly Revenue	\$346,375	\$356,766	\$367,469



7.9 Business Ratios

Business Ratios - Yearly			
Year	1	2	3

Sales

Sales Growth	0.0%	10.0%	7.0%
Gross Margin	82.3%	82.3%	82.3%

Financials

Profit Margin	12.47%	15.51%	17.24%
Assets to Liabilities	1.37	1.68	2.15
Equity to Liabilities	0.37	0.68	1.15
Assets to Equity	3.73	2.47	1.87

Liquidity

Acid Test	0.72	0.97	1.36
Cash to Assets	0.52	0.58	0.63

Appendix A - SWOT Analysis

Strengths

- Many tobacco and alcohol products available through one business.
- Efficient back office support for managing the expansive inventory of Cigar Bar, Inc.
- High gross margins on all sales made through the Company's location.
- Low set up costs for new product lines.
- The ability to offer customers the ability to enjoy their tobacco products at the Company's location in a lounge atmosphere.
- Motivated and experienced Founder/CEO, John Doe.

Weaknesses

- Adverse market conditions can impact revenue.
- Transportation costs can suddenly increase (limited risk).
- Several competitors operating in targeted New York metropolitan area markets.
- Moderate barriers to entry.

Opportunities

- Expansion into several facets of the nighttime entertainment and tobacco retailing industry.
- Development of multiple retail locations throughout greater New York metropolitan area.
- Develop expanded relationships with tobacco and alcohol wholesalers.

Threats

- Decreases in the general output of the economy can impact the business's ability to generate sales.

Appendix B - Three Year Profit and Loss Statement

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Sales	\$30,800	\$30,800	\$30,800	\$46,200	\$46,200	\$46,200	\$46,200
Cost of Goods Sold	\$5,460	\$5,460	\$5,460	\$8,190	\$8,190	\$8,190	\$8,190
Gross Margin	82.3%	82.3%	82.3%	82.3%	82.3%	82.3%	82.3%

Gross Profit	\$25,340	\$25,340	\$25,340	\$38,010	\$38,010	\$38,010	\$38,010
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Expenses

Payroll	\$13,042	\$13,042	\$13,042	\$13,042	\$13,042	\$13,042	\$13,042
General and Administrative	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
Marketing Expenses	\$292	\$292	\$292	\$292	\$292	\$292	\$292
Professional Fees and Licensure	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Insurance Costs	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Rent and Utilities	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250
Equipment Maintenance	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Miscellaneous Costs	\$208	\$208	\$208	\$208	\$208	\$208	\$208
Payroll Taxes	\$998	\$998	\$998	\$998	\$998	\$998	\$998
Total Operating Costs	\$23,748	\$23,748	\$23,748	\$23,748	\$23,748	\$23,748	\$23,748

EBITDA	\$1,592	\$1,592	\$1,592	\$14,262	\$14,262	\$14,262	\$14,262
Federal Income Tax	\$1,371	\$1,371	\$1,371	\$2,057	\$2,057	\$2,057	\$2,057
State Income Tax	\$274	\$274	\$274	\$411	\$411	\$411	\$411
Interest Expense	\$575	\$569	\$564	\$558	\$553	\$547	\$541
Depreciation Expense	\$527	\$527	\$527	\$527	\$527	\$527	\$527

Net Profit	-\$1,155	-\$1,149	-\$1,144	\$10,709	\$10,714	\$10,720	\$10,726
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Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	1
Sales	\$46,200	\$46,200	\$30,800	\$30,800	\$30,800	\$462,000
Cost of Goods Sold	\$8,190	\$8,190	\$5,460	\$5,460	\$5,460	\$81,900
Gross Margin	82.3%	82.3%	82.3%	82.3%	82.3%	82.3%
Gross Profit	\$38,010	\$38,010	\$25,340	\$25,340	\$25,340	\$380,100

Expenses

Payroll	\$13,042	\$13,042	\$13,042	\$13,042	\$13,042	\$156,500
General and Administrative	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$20,000
Marketing Expenses	\$292	\$292	\$292	\$292	\$292	\$3,500
Professional Fees and Licensure	\$417	\$417	\$417	\$417	\$417	\$5,000
Insurance Costs	\$625	\$625	\$625	\$625	\$625	\$7,500
Rent and Utilities	\$6,250	\$6,250	\$6,250	\$6,250	\$6,250	\$75,000
Equipment Maintenance	\$250	\$250	\$250	\$250	\$250	\$3,000
Miscellaneous Costs	\$208	\$208	\$208	\$208	\$208	\$2,500
Payroll Taxes	\$998	\$998	\$998	\$998	\$998	\$11,972
Total Operating Costs	\$23,748	\$23,748	\$23,748	\$23,748	\$23,748	\$284,972
EBITDA	\$14,262	\$14,262	\$1,592	\$1,592	\$1,592	\$95,128
Federal Income Tax	\$2,057	\$2,057	\$1,371	\$1,371	\$1,371	\$20,569
State Income Tax	\$411	\$411	\$274	\$274	\$274	\$4,114
Interest Expense	\$536	\$530	\$524	\$518	\$513	\$6,529
Depreciation Expense	\$527	\$527	\$527	\$527	\$527	\$6,321
Net Profit	\$10,731	\$10,737	-\$1,104	-\$1,099	-\$1,093	\$57,594

Profit and Loss Statement (Second Year)					
2					
Quarter	Q1	Q2	Q3	Q4	2
Sales	\$101,640	\$152,460	\$152,460	\$101,640	\$508,200
Cost of Goods Sold	\$18,018	\$27,027	\$27,027	\$18,018	\$90,090
Gross Margin	82.3%	82.3%	82.3%	82.3%	82.3%

Gross Profit	\$83,622	\$125,433	\$125,433	\$83,622	\$418,110
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Expenses

Payroll	\$32,239	\$48,359	\$48,359	\$32,239	\$161,195
General and Administrative	\$4,120	\$6,180	\$6,180	\$4,120	\$20,600
Marketing Expenses	\$721	\$1,082	\$1,082	\$721	\$3,605
Professional Fees and Licensure	\$1,030	\$1,545	\$1,545	\$1,030	\$5,150
Insurance Costs	\$1,545	\$2,318	\$2,318	\$1,545	\$7,725
Rent and Utilities	\$19,313	\$19,313	\$19,313	\$19,313	\$77,250
Equipment Maintenance	\$618	\$927	\$927	\$618	\$3,090
Miscellaneous Costs	\$515	\$773	\$773	\$515	\$2,575
Payroll Taxes	\$2,466	\$3,699	\$3,699	\$2,466	\$12,331
Total Operating Costs	\$62,567	\$84,194	\$84,194	\$62,567	\$293,521

EBITDA	\$21,055	\$41,239	\$41,239	\$21,055	\$124,589
Federal Income Tax	\$5,629	\$8,443	\$8,443	\$5,629	\$28,145
State Income Tax	\$1,126	\$1,689	\$1,689	\$1,126	\$5,629
Interest Expense	\$1,503	\$1,450	\$1,395	\$1,341	\$5,689
Depreciation Expense	\$1,580	\$1,580	\$1,580	\$1,580	\$6,321

Net Profit	\$11,217	\$28,077	\$28,131	\$11,380	\$78,805
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Profit and Loss Statement (Third Year)					
3					
Quarter	Q1	Q2	Q3	Q4	3
Sales	\$108,755	\$163,132	\$163,132	\$108,755	\$543,774
Cost of Goods Sold	\$19,279	\$28,919	\$28,919	\$19,279	\$96,396
Gross Margin	82.3%	82.3%	82.3%	82.3%	82.3%

Gross Profit	\$89,476	\$134,213	\$134,213	\$89,476	\$447,378
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Expenses

Payroll	\$33,206	\$49,809	\$49,809	\$33,206	\$166,031
General and Administrative	\$4,244	\$6,365	\$6,365	\$4,244	\$21,218
Marketing Expenses	\$743	\$1,114	\$1,114	\$743	\$3,713
Professional Fees and Licensure	\$1,061	\$1,591	\$1,591	\$1,061	\$5,305
Insurance Costs	\$1,591	\$2,387	\$2,387	\$1,591	\$7,957
Rent and Utilities	\$19,892	\$19,892	\$19,892	\$19,892	\$79,568
Equipment Maintenance	\$637	\$955	\$955	\$637	\$3,183
Miscellaneous Costs	\$530	\$796	\$796	\$530	\$2,652
Payroll Taxes	\$2,540	\$3,810	\$3,810	\$2,540	\$12,701
Total Operating Costs	\$64,444	\$86,720	\$86,720	\$64,444	\$302,327

EBITDA	\$25,032	\$47,494	\$47,494	\$25,032	\$145,051
Federal Income Tax	\$6,697	\$10,045	\$10,045	\$6,697	\$33,483
State Income Tax	\$1,339	\$2,009	\$2,009	\$1,339	\$6,697
Interest Expense	\$1,285	\$1,228	\$1,171	\$1,112	\$4,796
Depreciation Expense	\$1,580	\$1,580	\$1,580	\$1,580	\$6,321

Net Profit	\$14,131	\$32,631	\$32,689	\$14,303	\$93,753
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Appendix C - Three Year Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	-\$628	-\$623	-\$617	\$11,236	\$11,241	\$11,247	\$11,253	\$11,258
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	-\$628	-\$623	-\$617	\$11,236	\$11,241	\$11,247	\$11,253	\$11,258

Other Cash Inflows

Equity Investment	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$115,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Total Other Cash Inflows	\$135,250	\$250	\$250	\$250	\$250	\$250	\$250	\$250

Total Cash Inflow	\$134,622	-\$373	-\$367	\$11,486	\$11,491	\$11,497	\$11,503	\$11,508
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Cash Outflows

Repayment of Principal	\$1,105	\$1,111	\$1,116	\$1,122	\$1,127	\$1,133	\$1,139	\$1,144
A/P Decreases	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$72,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$73,813	\$1,319	\$1,324	\$1,330	\$1,336	\$1,341	\$1,347	\$1,353

Net Cash Flow	\$60,808	-\$1,692	-\$1,692	\$10,156	\$10,156	\$10,156	\$10,156	\$10,156
Cash Balance	\$60,808	\$59,117	\$57,425	\$67,581	\$77,737	\$87,892	\$98,048	\$108,204

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	\$11,264	-\$577	-\$572	-\$566	\$63,915
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$11,264	-\$577	-\$572	-\$566	\$63,915

Other Cash Inflows

Equity Investment	\$0	\$0	\$0	\$0	\$20,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$115,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$250	\$250	\$250	\$250	\$3,000
Total Other Cash Inflows	\$250	\$250	\$250	\$250	\$138,000

Total Cash Inflow	\$11,514	-\$327	-\$322	-\$316	\$201,915
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Cash Outflows

Repayment of Principal	\$1,150	\$1,156	\$1,161	\$1,167	\$13,631
A/P Decreases	\$208	\$208	\$208	\$208	\$2,500
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$72,500
Dividends	\$0	\$0	\$0	\$40,228	\$40,228
Total Cash Outflows	\$1,358	\$1,364	\$1,370	\$41,603	\$128,858

Net Cash Flow	\$10,156	-\$1,692	-\$1,692	-\$41,919	\$73,057
Cash Balance	\$118,359	\$116,668	\$114,976	\$73,057	\$73,057

Cash Flow Analysis (Second Year)					
2					
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	\$12,798	\$29,657	\$29,712	\$12,960	\$85,126
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$12,798	\$29,657	\$29,712	\$12,960	\$85,126

Other Cash Inflows

Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$618	\$927	\$927	\$618	\$3,090
Total Other Cash Inflows	\$618	\$927	\$927	\$618	\$3,090

Total Cash Inflow	\$13,416	\$30,584	\$30,639	\$13,578	\$88,216
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Cash Outflows

Repayment of Principal	\$3,537	\$3,590	\$3,644	\$3,699	\$14,471
A/P Decreases	\$515	\$773	\$773	\$515	\$2,575
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$424	\$636	\$636	\$424	\$2,120
Dividends	\$0	\$0	\$0	\$56,524	\$56,524
Total Cash Outflows	\$4,476	\$4,999	\$5,053	\$61,163	\$75,690

Net Cash Flow	\$8,940	\$25,586	\$25,586	-\$47,585	\$12,526
Cash Balance	\$81,997	\$107,582	\$133,168	\$85,583	\$85,583

Cash Flow Analysis (Third Year)					
3					
Quarter	Q1	Q2	Q3	Q4	3
Cash From Operations	\$20,015	\$30,022	\$30,022	\$20,015	\$100,075
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$20,015	\$30,022	\$30,022	\$20,015	\$100,075

Other Cash Inflows

Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$637	\$955	\$955	\$637	\$3,183
Total Other Cash Inflows	\$637	\$955	\$955	\$637	\$3,183

Total Cash Inflow	\$20,651	\$30,977	\$30,977	\$20,651	\$103,257
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Cash Outflows

Repayment of Principal	\$3,755	\$3,812	\$3,869	\$3,928	\$15,364
A/P Decreases	\$530	\$796	\$796	\$530	\$2,652
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$508	\$762	\$762	\$508	\$2,541
Dividends	\$0	\$0	\$0	\$67,769	\$67,769
Total Cash Outflows	\$4,794	\$5,370	\$5,427	\$72,735	\$88,326

Net Cash Flow	\$15,858	\$25,607	\$25,550	-\$52,084	\$14,931
Cash Balance	\$101,441	\$127,048	\$152,598	\$100,515	\$100,515

Appendix D – Loan Amortization Table

Payment Number	Payment Amount	Principal Payment	Interest Payment	Balance
1	\$1,680	\$1,105	\$575	\$113,895
2	\$1,680	\$1,111	\$569	\$112,785
3	\$1,680	\$1,116	\$564	\$111,668
4	\$1,680	\$1,122	\$558	\$110,547
5	\$1,680	\$1,127	\$553	\$109,420
6	\$1,680	\$1,133	\$547	\$108,287
7	\$1,680	\$1,139	\$541	\$107,148
8	\$1,680	\$1,144	\$536	\$106,004
9	\$1,680	\$1,150	\$530	\$104,854
10	\$1,680	\$1,156	\$524	\$103,698
11	\$1,680	\$1,161	\$518	\$102,537
12	\$1,680	\$1,167	\$513	\$101,369
13	\$1,680	\$1,173	\$507	\$100,196
14	\$1,680	\$1,179	\$501	\$99,017
15	\$1,680	\$1,185	\$495	\$97,832
16	\$1,680	\$1,191	\$489	\$96,642
17	\$1,680	\$1,197	\$483	\$95,445
18	\$1,680	\$1,203	\$477	\$94,242
19	\$1,680	\$1,209	\$471	\$93,033
20	\$1,680	\$1,215	\$465	\$91,818
21	\$1,680	\$1,221	\$459	\$90,598
22	\$1,680	\$1,227	\$453	\$89,371
23	\$1,680	\$1,233	\$447	\$88,137
24	\$1,680	\$1,239	\$441	\$86,898
25	\$1,680	\$1,245	\$434	\$85,653
26	\$1,680	\$1,252	\$428	\$84,401
27	\$1,680	\$1,258	\$422	\$83,143
28	\$1,680	\$1,264	\$416	\$81,879
29	\$1,680	\$1,271	\$409	\$80,608
30	\$1,680	\$1,277	\$403	\$79,331
31	\$1,680	\$1,283	\$397	\$78,048
32	\$1,680	\$1,290	\$390	\$76,758
33	\$1,680	\$1,296	\$384	\$75,462
34	\$1,680	\$1,303	\$377	\$74,159
35	\$1,680	\$1,309	\$371	\$72,850
36	\$1,680	\$1,316	\$364	\$71,534
37	\$1,680	\$1,322	\$358	\$70,212
38	\$1,680	\$1,329	\$351	\$68,883
39	\$1,680	\$1,336	\$344	\$67,547
40	\$1,680	\$1,342	\$338	\$66,205
41	\$1,680	\$1,349	\$331	\$64,856
42	\$1,680	\$1,356	\$324	\$63,501
43	\$1,680	\$1,362	\$318	\$62,138
44	\$1,680	\$1,369	\$311	\$60,769
45	\$1,680	\$1,376	\$304	\$59,393
46	\$1,680	\$1,383	\$297	\$58,010
47	\$1,680	\$1,390	\$290	\$56,620

48	\$1,680	\$1,397	\$283	\$55,223
49	\$1,680	\$1,404	\$276	\$53,819
50	\$1,680	\$1,411	\$269	\$52,408
51	\$1,680	\$1,418	\$262	\$50,990
52	\$1,680	\$1,425	\$255	\$49,565
53	\$1,680	\$1,432	\$248	\$48,133
54	\$1,680	\$1,439	\$241	\$46,694
55	\$1,680	\$1,447	\$233	\$45,247
56	\$1,680	\$1,454	\$226	\$43,793
57	\$1,680	\$1,461	\$219	\$42,332
58	\$1,680	\$1,468	\$212	\$40,864
59	\$1,680	\$1,476	\$204	\$39,388
60	\$1,680	\$1,483	\$197	\$37,905
61	\$1,680	\$1,490	\$190	\$36,415
62	\$1,680	\$1,498	\$182	\$34,917
63	\$1,680	\$1,505	\$175	\$33,411
64	\$1,680	\$1,513	\$167	\$31,899
65	\$1,680	\$1,520	\$159	\$30,378
66	\$1,680	\$1,528	\$152	\$28,850
67	\$1,680	\$1,536	\$144	\$27,314
68	\$1,680	\$1,543	\$137	\$25,771
69	\$1,680	\$1,551	\$129	\$24,220
70	\$1,680	\$1,559	\$121	\$22,661
71	\$1,680	\$1,567	\$113	\$21,094
72	\$1,680	\$1,575	\$105	\$19,520
73	\$1,680	\$1,582	\$98	\$17,937
74	\$1,680	\$1,590	\$90	\$16,347
75	\$1,680	\$1,598	\$82	\$14,749
76	\$1,680	\$1,606	\$74	\$13,142
77	\$1,680	\$1,614	\$66	\$11,528
78	\$1,680	\$1,622	\$58	\$9,906
79	\$1,680	\$1,630	\$50	\$8,275
80	\$1,680	\$1,639	\$41	\$6,637
81	\$1,680	\$1,647	\$33	\$4,990
82	\$1,680	\$1,655	\$25	\$3,335
83	\$1,680	\$1,663	\$17	\$1,672
84	\$1,680	\$1,672	\$8	\$0