NAME: Anita C. Ekweozor

MATRIC NO: 18/sms13/005

COURSE: AFE 202 (food production and health awareness)

LEVEL: 200

ANITA’S LINE

Clothing without limit

BUSSINESS PLAN

PREPARED (20TH MARCH 2020)

CONTACT INFORMTION

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Executive Summary

Mahogany Western Wear is a new apparel store that caters to the African-American cowboy community in Houston, Texas. As our name suggests our focus is to provide western wear apparel and accessories, and position ourselves as the top retail store servicing this particular market. We are the first and only African-American owned western apparel store in the city of Houston. Our intentions are to obtain 80% market share and become a central hub of shopping activity for the local African-American cowboy population as well others who enjoy wearing western apparel.

Mahogany Western Wear will be located at 13328 1/2 Almeda Rd., Houston, TX in southwest Houston, TX. Mahogany Western Wear has centralized itself directly in position to the residental location and social activities of our target market. We believe that this is critical to our initial success and long-term growth. Need actual charts? We recommend using LivePlan as the easiest way to create graphs for your own business plan. Create your own business plan

Objectives

To create a shopping environment that caters to the apparel needs of the urban African-America cowboy and cowgirl. To earn 80% market share and become the number one ethnic western wear apparel store in southwest Houston, TX and achieve name recognition in the local cowboy community. To receive a 50% profit margin within the first year. To have a customer base of 1,000 by the end of the first operating year. To achieve a net profit of $75,000 by year two and $100,000 by year three. To be an active and vocal member in the community supporting agricultural events, and equestrian organizations working with children.

Mission

Mahogany Western Wear's mission is to offer quality, name brand western wear in an assortment of sizes and styles to accommodate all varying body styles and shapes.

Keys to Success

In order to succeed in the western wear apparel industry Mahogany Western Wear must: Carry an assortment of sizes to fit the more ample frames of their African-American target customer base. Provide customers with top notch personalized customer service in an atmosphere of southern hospitality. Advertise and promote in areas that our target customer base will learn about our store. Continuously review our inventory and sales and adjust our inventory levels accordingly.

## Company Summary

Mahogany Western Wear is organized as a partnership among the two partners of Chandra E. Miller and Derrick L. McCoy.

We will be located at 13328 1/2 Almeda Rd, Houston, TX, being the epi-center of the African-American cowboy community on the south side of Houston.

The hours of operation will be Monday - Tuesday 10 a.m. - 6 p.m., Wednesday - Saturday 10 a.m. - 8 p.m., and Sunday 12 p.m. - 6 p.m. There will be extended special hours designated during The Houston Livestock

All merchandise will be purchased according to the company's mission and customer focus of outfitting all sizes including women's plus sizes and men's big and tall.

### 2.1 Company Ownership/

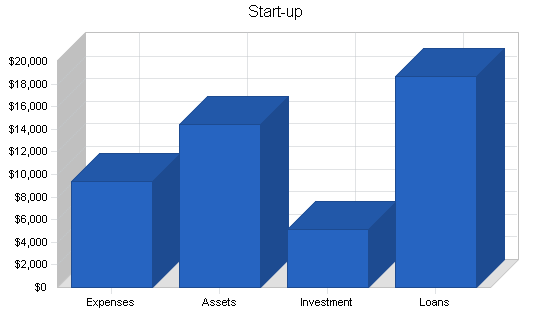
Mahogany Western Wear is organized as a partnership among the two partners of Chandra E. Miller and Derrick L. McCoy. Chandra E. Miller will handle all administrative and managerial duties while Derrick L. McCoy acts as a silent partner.

### 2.2 Start-up Summary

Mahogany Western Wear's incorporation costs are listed below. The company will start with three months inventory on hand for apparel and accessories as this is the main revenue generator. The majority of the company's assets will reside in inventory. The opening days cash on hand balance will be $384.

The purpose of this business plan is to secure a $16,700 ACCION loan. This supplemental financing is required to work on site preparation, inventory, and operational expenses. The loan amount appears in the long-term liability row of the start-up summary. Other financing will include an owners investment of $5,100 and a short term revolving line of credit of $2,000 for inventory replenishment during months of high receipts.

Successful operation and building a loyal customer base will allow Mahogany Western Wear to be self sufficient and profitable in year two.



|  |  |
| --- | --- |
| **sTART-UP FUNDING** | |
| Start-up Expenses to Fund | $9,416 |
| Start-up Assets to Fund | $14,384 |
| **TOTAL FUNDING REQUIRED** | **$23,800** |
| Assets |  |
| Non-cash Assets from Start-up | $14,000 |
| Cash Requirements from Start-up | $384 |
| Additional Cash Raised | $0 |
| Cash Balance on Starting Date | $384 |
| **TOTAL ASSETS** | **$14,384** |
| Liabilities and Capital |  |
| Liabilities |  |
| Current Borrowing | $0 |
| Long-term Liabilities | $16,700 |
| Accounts Payable (Outstanding Bills) | $0 |
| Other Current Liabilities (interest-free) | $2,000 |
| **TOTAL LIABILITIES** | **$18,700** |
| Capital |  |
| Planned Investment |  |
| Owners Investment - Cash | $5,100 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **TOTAL PLANNED INVESTMENT** | **$5,100** |
| Loss at Start-up (Start-up Expenses) | ($9,416) |
| **TOTAL CAPITAL** | **($4,316)** |
| **TOTAL CAPITAL AND LIABILITIES** | **$14,384** |
| Total Funding | $23,800 |

#### Need real financials

|  |  |
| --- | --- |
| **START-UP** | |
| Requirements |  |
| Start-up Expenses |  |
| Rent | $1,606 |
| Grand Opening Event | $400 |
| Telephone & Utilities (3 months) | $1,575 |
| Travel - Dallas Market Buying Trip | $350 |
| Business Insurance | $600 |
| Advertising & Promotion | $1,010 |
| Store Fixtures/Decorations | $1,500 |
| Computer/Cash Register | $950 |
| Signage (Including Permits) | $400 |
| Organizational Dues & Subscriptions | $125 |
| Business/Office Supplies | $400 |
| Other | $500 |
| **TOTAL START-UP EXPENSES** | **$9,416** |
| Start-up Assets |  |
| Cash Required | $384 |
| Start-up Inventory | $14,000 |
| Other Current Assets | $0 |
| Long-term Assets | $0 |
| **TOTAL ASSETS** | **$14,384** |
| Total Requirements | $23,800 |

### 2.3 Company Locations and Facilities

Mahogany Western Wear will be located at 13328 1/2 Almeda Rd., Houston, TX 77045. This space has 1,020 square feet and has been leased for two years. This location is central to the geographical location for the African-American cowboy community in the southern part of Houston, TX. We feel it is essential to our initial and ongoing success that we locate ourselves in the heartbeat of the community. We also strive to create an atmosphere of acceptance and community, as well as a retail environment where individuals can identify and bond with their culture.

All business deliveries and shipments will be handled through the store. The company office will also be housed at this location.

**Products**

Mahogany Western Wear will carry nationally recognized American western wear brands (see list below). Our selection will range from the basics of Wrangler to the trendy western style of Western Ethics. We will be purchasing through sales representatives and manufacturers in a variety of sizes, colors and style to fit our target market base. The greatest percentage of merchandise will be in apparel, followed by accessories, hats, and gifts.

Management will rely on customer feedback, suggestions, and sales reports to introduce or eliminate certain brands, styles and sizes.

**3.1 Product Description**

Mahogany Western Wear will provide a selection of brands that fall within our mission statement. Our goal is to carry a selection of labels from the hardcore western wear to the more sophisticated southwestern styles.

Some of the labels we will carry are listed below:

|  |  |
| --- | --- |
| Cinch | Rouchrider of Circle T |
| Circle Y of Yoakum | Silver Strike Buckles |
| Cowboy Hardware | Sunbody Hats |
| Hat 'N' Hand | 20X by Wrangler |
| Lawman Jeans | Urgent Gear |
| Panhandle Slim | Western Ethics |
| Rocky Mountains | Wrangler |

**3.2 Competitive Comparison**

Mahogany Western Wear has a number of advantages that will allow us to build our brand identity, add value to our merchandise and build a loyal customer base  while standing apart from our competitors.

* We will be the first African-American-owned western wear apparel retailer in Houston, TX.
* The 'Mahogany Shopper Card' will entitle customers to a 15% discount after ten purchases.
* We will offer clothing to fit plus-size women and big and tall men.
* We will create a sense of culture and bonding with the community by offering products that combine both the African-American and cowboy cultures.
* Our location is central to our target customer base.
* We will maintain a detailed record on each customer, logging addresses, their purchases, size, and brand for customer follow-up and in-house promotional purposes.

**3.3 Sales Literature**

Mahogany Western Wear will use a targeted advertising and sales program to generate publicity and build a customer base.

* 2,500 full-color postcard flyers with a 10% coupon will be distributed throughout southwest Houston area: local zydeco and cowboy dance halls and clubs, rodeos, trail riding events, two weeks prior to the grand opening event.
* 200 grand opening invites will be mailed to potential new customers two weeks before the grand opening in June, 2002. The invitation will also include a promotional 10% coupon off a customer's first purchase. The customer mailing list has been compiled from contacts the owners have made while in the community.
* 5,000 business cards with a Mahogany Frequent Shopper Card on the reverse side entitling the customer to a 15% discount on the eleventh purchase after ten purchases.

**3.4 Sourcing**

We will shop for our merchandise as outlined below:

* With manufacturers who have a regional representative and showroom located at the Dallas Market Center, we will place our weekly and monthly reorders with them and review new products. For all other brands we will work directly with the manufacturer and utilize product catalogs and line sheets.
* August 2002 is the International Western Apparel Tack & Accessories Show, the largest regional show for western wear and southwestern influence apparel featuring the latest collections of all brands with regional representatives. All orders will be placed for Fall lines not previously viewed and placement orders for Holiday 2002 and Spring 2003 will begin.

The Dallas Market Center is the largest wholesale merchandise mart and was the first to have a permanent facility to unite regional wholesalers under one roof. 2350 Stemmons is a 400,000 square foot, six story building that houses all major manufacturers of boots, hats and other western apparel.

The Dallas Market Center offers to all registered buyers, special events, fashion shows, product displays and demonstrations, educational programs, seminars, new buyer's kits and registrations, special buying programs and first Monday and Tuesday Design Events.

With the Dallas Market Center being only a four hour drive and 250 miles away from Houston, TX, this makes it a prime sourcing for Mahogany Western Wear in servicing its retail needs.

We will also work to solidify our relationships with sales representatives and vendors so that we may achieve decreased cost of goods. Our competitors, (both direct and indirect) purchase from the same sources and we believe that through marketing programs and strategic alliances we will begin to gain a competitive advantage.

**3.5 Technology**

Retail apparel establishments have a tendency to have a high number of SKU's because of the level of inventory. It is imperative that an advanced inventory and point of sales program be utilized to maintain stock levels and track sales. Mahogany Western Wear will utilize Peachtree Accounting software for all financial and accounting purposes. For inventory management and point of sale transactions we will utilize Retail I.C.E. (Inventory Control Expert) software. This product is a Windows-based software that allows the small, single store retailer to manage their inventory and point of sale functions all in one.

Our business plan will be generated and reviewed on a bi-annual basis using the most updated version of Business Plan Pro from Palo Alto Software and reviewed quarterly to ensure all financial goals and objectives are being reached. Palo Alto's companion software, Marketing Plan Pro, will allow us to make the most of our limited marketing budget by focusing our communications on our target markets and enhancing our marketing knowledge.

**3.6 Future Products**

As we achieve and exceed our sales and profitability goals, Mahogany Western Wear will add western boots to the product line and our own personal in-house label of clothing that will include Mahogany t-shirts for women and shirts for men. We will  expand our line of brands with those that have been repeatedly requested by our customers. An e-commerce website will also be created to increase our distribution channels and expand our customer base to a national level.

## Market Analysis Summary

The primary target customer of Mahogany Western Wear will be the African-American cowboys located in the southern part of Houston, TX.  As we are situated in the epi-center of their residental community we believe they will make up the largest percentage of our customer base.

The secondary target customers are the Hispanic community in the area. As the Hispanic population continues to grow rapidly in the south central area we expect to receive the patronage of Hispanics as they are very loyal to western apparel.

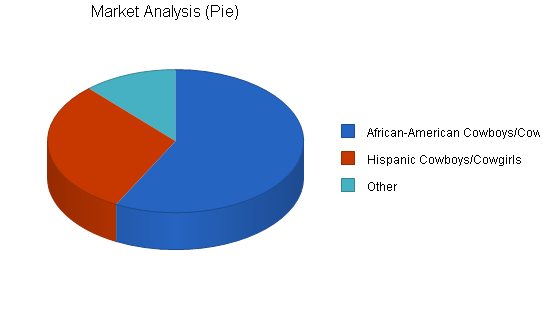
The last target customer of Mahogany is listed as other. As popularity about the store increases we expect to see an assortment of curiosity seekers, and local residents from the community as well as seasonal purchasers during rodeo season.

### 4.1 Market Segmentation

The African-American cowboy population is concentrated heavily in the southwestern part of the city therefore leading to the highest concentration of our customer base.

The Hispanic community, which is a growing population in the community in which the store is located, has statistically shown to be loyal to the major western brands such as Wrangler.

The last area of potential customers is labeled as "other." Because Mahogany Western Wear offers a variety of western and southwestern wear apparel, along with accessories and gifts we feel that we will attract many curious shoppers. Our ambience and customer service will make them repeat customers.



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **MARKET ANALYSIS** | | | | | | | |
|  |  | **YEAR 1** | **YEAR 2** | **YEAR 3** | **YEAR 4** | **YEAR 5** |  |
| Potential Customers | Growth |  |  |  |  |  | CAGR |
| African-American Cowboys/Cowgirls | 10% | 18,247 | 19,981 | 21,879 | 23,958 | 26,234 | 9.50% |
| Hispanic Cowboys/Cowgirls | 15% | 9,682 | 11,134 | 12,804 | 14,725 | 16,934 | 15.00% |
| Other | 10% | 3,724 | 4,096 | 4,506 | 4,957 | 5,453 | 10.00% |
| Total | 11.33% | 31,653 | 35,211 | 39,189 | 43,640 | 48,621 | 11.33% |

### 4.2 Target Market Segment Strategy

The goal of Mahogany Western Wear is to serve the local African-American cowboy community that have difficulty finding western clothes that fit their larger frames. We will also serve the Hispanic community which tends to have a slimmer yet shorter frame.

Both of these markets are underserved in the major western retailer outlets.

### 4.2.1 Market Needs

There are several important needs in the western wear apparel business that are being either underserved or not met at all. Mahogany Western Wear plans to meet and service those needs.

* Mahogany will provide a large assortment of sizes to compliment the various body shapes and sizes of the ethnic community. This is a size segment that is missing throughout the larger western wear apparel retailers in the city.
* Focus and attention to customer's personal preferences and customer retention will be given high priority. Because of the high rate of employee turnover at major mass retailers, customer service and personal detail has been  lost.

### 4.2.2 Market Trends

Millions of people around the world instantly recognize and identify with western apparel. It is synonymous with America and is a true classic.

Western wear has survived many eras. Modern cowboys herd cattle in helicopters but they still wear the same jeans, boots and hats their grandfathers wore. There will always be a future for western apparel. Within the last two years the southwestern and western look has made a comeback in the fashion industry. Mahogany Western Wear intends to use its place in the community to heighten the awareness of the African-American cowboy culture in Houston, TX.

With the increase of participation by professional African-American cowboys such as five-time World Champion professional calf roper Fred Whitfield from Houston, TX more people are becoming aware of African-Americans role and contribution in the cowboy community.

### 4.2.3 Market Growth

Market growth is in an upward motion, despite some of the latest economic downturns in the Houston metro area. According to a report by the City of Houston Economy & Trade, Houston ranked second in the rate of job growth among the nation's 10 largest cities during 2000. Although for the time being, Houston will mirror much of the national economy, by the second half of 2002 Houston will again see positive growth as the city is predicted to add another 15,000 jobs. In the 12 months ending in January 2002, the city posted a net gain of 7,500 jobs while the nation as a whole lost 1.2 million. It is important to note that 90% of the new jobs are in the non-energy dependent sectors thereby adding to the city's economy and economic diversity.

Houston has also been designated as the best city in the U.S. to start a new business. For three consecutive years, Houston has ranked first in the nation in new business growth, according to American Business Information. The most recent survey shows that more than 31,000 new local businesses were started in Houston. Los Angeles, California was a distant second with 16,780.

For these reasons and  more, Houston is considered an economic leader in America. Economy.com has analyzed America's 40 largest metro areas and predicts Houston's Gross Area Product will do better than any other city through the second quarter of 2002. Industry Week named Houston one of 12 world class cities for manufacturing and Black Enterprise has ranked Houston as the top U.S. city for blacks based on income potential, cost of living, proximity to employers, cost of housing and 21 quality-of-life factors.

### 4.2.4 Industry Analysis

Western wear apparel retailers are made of several kinds of stores:

* **Small Speciality Stores**: The majority of western wear apparel is sold through small family-run speciality stores that are located in or near neighborhood communities. 85% of the purchasing statistics for western apparel is derived from these locations.
* **Large Multi-owned Western Wear Retailers**: These large stores mass market and sell to hardcore enthusiasts as well as the local tourists and those who purchase only during rodeo season.

### 4.3 Main Competitors

Mahogany Western Wear has three competitors within a 15 miles radius of its location.

**Cavender's Boot City**, which is located approximately 7.1 miles from our location is our closest competitor. Cavender's is one of the largest western wear apparel stores in the state of Texas. They operate 42 stores and sell basic western wear apparel and boots to the general mass market. Because of Cavender's size they have a large percentage of the market share but still only cater to what the apparel industry considers to be the average size. Locating plus size clothing for women and big and tall sizes for men can be extremely difficult. They also tend to be a bit behind the market in offering more contemporary western styles. Because of Cavender's size they have also lost some of their customer service skills as employee turnover is high.

**Barbecue Hall of Fame**, located approximately 9.3 miles from our store. The Barbecue Hall of Fame retail outlet combines the atmosphere of Goode & Co. BBQ restaurant with shopping and a prime tourist attraction. They offer an eclectic mix of old west meets new west with apparel, grills, cookware, and gift items. BBQ Hall of Fame doesn't do any advertising or promotions of their retail outlet so if you don't visit The Goode & Co. restaurant you wouldn't know about the retail establishment.

**Turner Saddlery** is approximately 12.1 miles from Mahogany Western Wear and is the farthest of the three competitors. Turner Saddlery is a family-owned western apparel with two stores in the Houston area and one store in Conroe, TX. Their customer base tends to be more upscale as they carry more of the high end western labels such as Saddle Ridge and Lucchese. They also carry housewares and bedding items of which Cavender's and BBQ Hall of Fame does not carry. They have few plus sizes for women and big and tall for men. Also, Turner Saddlery does very little advertising and promotion.

## Strategy and Implementation Summary

Mahogany Western Wear's goal is to provide apparel to the under served market of the African-American cowboy community.The major western apparel retailers have left a hole in this market by not providing a larger assortment of sizes.

Our intention is to gain 80% of this market share by focusing on our niche positioning, neighborhood location, brand that we sell, southern hospitality and special promotions.

### 5.1 Competitive Edge

* The Mahogany Shopper Card which allows the customer a 15% discount after ten purchases.
* Our location in the community will offer closer access to our target customer base.
* We will offer plus sizes for women and big and tall sizes for men.

### Ik.5.2 Marketing Strategy

Our marketing strategy will focus heavily on sales promotion, niche positioning in the market and customer service with loyalty and retention in sales.

* The marketing budget will not exceed 5% of our gross annual sales.
* Our promotions will always stay in tune with our company objectives and mission statement.

### 5.2.1 Pricing Strategy

Mahogany Western Wear will maintain a flexible pricing strategy. We base the product lines that we carry on their reputation and quality as western wear apparel. Most of our lines come with a suggested retail price that we will follow. We will also utilize the standard practice of key stoning as well.

### 5.2.2 Promotion Strategy

Mahogany Western Wear will follow an aggressive yet creative promotional plan. This will allow us to focus directly on our target customer while still being conservative with our advertising dollars.

* A press release kit will be sent to all major media outlets in Houston, TX highlighting the grand opening of the first African-American owned western wear apparel retailer in the city. This kit will include a press release, pictures of the interior space, color postcard/flyer, and a business card.
* 5,000 4x5 color flyers/postcards will be distributed throughout the city at local zydeco and cowboy dance halls and clubs, trailrides and rodeos.
* Spot radio advertisements on two local FM radio stations, KMJQ Majic 102 and KTSU 90.9.
* A direct mail program that will further focus on and target the top 50% customer base with special in-house sales and promotions.

### 5.2.3 Distribution Strategy

Our retail location will be the foundation of building our customer base. We will also manage a direct mail program that will focus on our top 50% customers spotlighting any in-house sales and promotions.

### 5.2.4 Marketing Programs

Our marketing programs will consist of the distribution of 5,000 color flyers two weeks prior to our grand opening event.

### 5.2.5 Positioning Statement

For the more full-bodied individual seeking western apparel, Mahogany Western Wear will offer name brand western wear in a larger assortment of styles and sizes that aren't always readily available in the mass western apparel retailers.

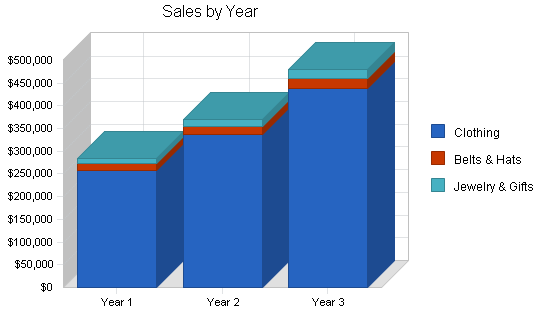
### 5.3 Sales Strategy

* We will utilize the Retail ICE POS software with every sales transaction. With each purchase the software will record and maintain in its database the customer's name, address and purchases. This information will be used with our direct mailing program to focus on our top 50% of customers.
* We will offer a 14 day return/exchange policy to build trust with our customers and maintain retention and loyalty.

### 5.3.1 Sales Forecast

The following table and chart give a highlight on forecasted sales. We expect sales to start off conservatively and increase extensively during the Christmas holiday shopping season and during the months of The Houston Livestock Show and Rodeo.

Mahogany Western Wear has planned for a rate of growth at 15% for the first year as we build name recognition and status in the community. In the second and third year we look to see an increase of revenue of 20% as we gain a larger percentage of the market share and increase our customer base beyond the southwest part of the city.

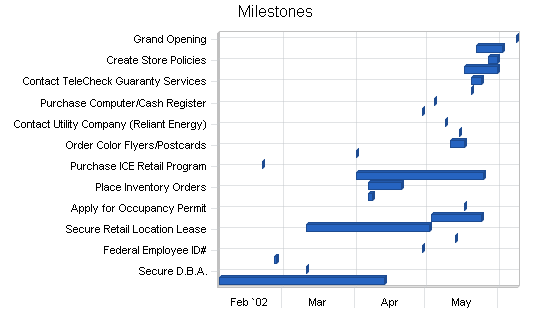


|  |  |  |  |
| --- | --- | --- | --- |
| **SALES FORECAST** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Unit Sales |  |  |  |
| Clothing | 5,175 | 6,728 | 8,746 |
| Belts & Hats | 285 | 371 | 482 |
| Jewelry & Gifts | 560 | 728 | 946 |
| **TOTAL UNIT SALES** | **6,020** | **7,826** | **10,173** |
| Unit Prices | Year 1 | Year 2 | Year 3 |
| Clothing | $50.00 | $50.00 | $50.00 |
| Belts & Hats | $50.00 | $50.00 | $50.00 |
| Jewelry & Gifts | $20.00 | $20.00 | $20.00 |
| Sales |  |  |  |
| Clothing | $258,750 | $336,375 | $437,288 |
| Belts & Hats | $14,250 | $18,525 | $24,083 |
| Jewelry & Gifts | $11,200 | $14,560 | $18,920 |
| **TOTAL SALES** | **$284,200** | **$369,460** | **$480,290** |
| Direct Unit Costs | Year 1 | Year 2 | Year 3 |
| Clothing | $25.00 | $25.00 | $25.00 |
| Belts & Hats | $25.00 | $25.00 | $25.00 |
| Jewelry & Gifts | $10.00 | $10.00 | $10.00 |
| Direct Cost of Sales |  |  |  |
| Clothing | $129,375 | $168,188 | $218,644 |
| Belts & Hats | $7,125 | $9,263 | $12,041 |
| Jewelry & Gifts | $5,600 | $7,280 | $9,460 |
| Subtotal Direct Cost of Sales | $142,100 | $184,730 | $240,145 |

#### Need real financials

### Milestones

The accompanying milestone chart highlights our plan with specific dates. This schedule reflects our strong committment to organization and detail.



**Management Summary**

Employees will be encouraged to work within their creative, physical, and intellectual boundaries. All duties will be divided and delegated according to strengths and weaknesses. At Mahogany we will expect a high degree of customer service skills and personality as this is essential to our success.

Chandra Miller will assess the productivity and perform informal employees evaluations of all employees every six months. These bi-annual evaluations are conducive to the continued growth of our small business.

**Organizational Structure**

Mahogany Western Wear is a small business and therefore requires a simple organizational structure. Chandra Miller will act a general manager. All decisions are made in-line with the company objectives. Employee tasks are delegated based upon their level of expertise, creativity, strengths and weaknesses.

**Management Team**

Chandra E. Miller, co-owner and general manager will be responsible for all administrative functions, purchasing, inventory control, and promotions. She will also act as a part-time sales representative. She has spent over 10 years in accounting, finance and operations management. She was also the owner of Tattletale's, an e-commerce toy store for three years. She has extensive background in purchasing, inventory control, and marketing.

**Personnel Plan**

The personnel plan is included in the following table below. There will be one full-time employee and two part-time employees working 20-30 hours per week. The full-time employee will be paid at a rate of  $10.00 per hour and the two part-time employees will be paid at a rate of $8.00 per hour. All employee's will benefit from a one day paid holiday on their respective birthdays and one week of paid vacation after twelve months of employment.

At this time medical benefits will not be offered to employees. As profits increase in the future medical benefits will be offered to all employees.

|  |  |  |  |
| --- | --- | --- | --- |
| **PERSONNEL PLAN** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Owner | $11,475 | $12,623 | $13,885 |
| Full-time postion | $20,400 | $22,440 | $24,684 |
| Part-time position | $12,240 | $13,464 | $14,810 |
| **TOTAL PEOPLE** | **3** | **3** | **3** |
| Total Payroll | $44,115 | $48,527 | $53,379 |

## Financial Plan

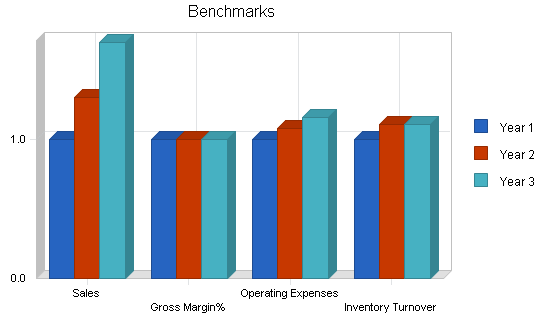
The growth of Mahogany Western Wear will be moderate and the cash balance will always be positive. Being a retail environment we will not be selling on credit. We will accept cash, checks, and all major credit cards. TeleCheck Services will be used as the check guaranty system to help reduce the percentage of loss on bad checks. Marketing and advertising will remain at or below 5% of sales. We will continue to reinvest residual profits into company expansion, and personnel.

### Important Assumptions

Mahogany Western Wear does not sell on credit nor do we offer layaways at this time. We accept cash and checks, Visa, MasterCard, Discover and American Express. All sales paid via credit cards will be deposited in our business checking account within 48 hours. Our business checking account will be with Washington Mutual. They have reported the interest rate as those listed below.

### Key Financial Indicators

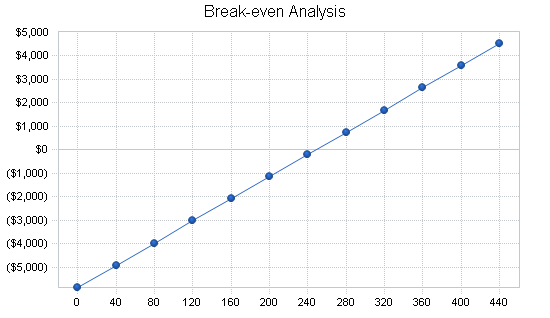
The following chart shows the benchmark figures for Mahogany Western Wear.



|  |  |  |  |
| --- | --- | --- | --- |
| **GENERAL ASSUMPTIONS** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| 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 | 30.00% | 30.00% | 30.00% |
| Other | 0 | 0 | 0 |

### 7.3 Break-even Analysis

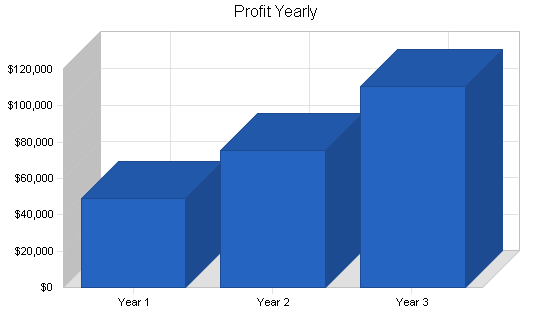
A break-even analysis table has been completed on the basis of average costs/prices. With fixed costs of $5,800, ~$47 in average sales, and $23 in an average variable costs, we need $11,700 per month in sales to break even.



|  |  |
| --- | --- |
| **BREAK-EVEN ANALYSIS** | |
| Monthly Units Break-even | 248 |
| Monthly Revenue Break-even | $11,712 |
| Assumptions: |  |
| Average Per-Unit Revenue | $47.21 |
| Average Per-Unit Variable Cost | $23.60 |
| Estimated Monthly Fixed Cost | $5,856 |

### 7.4 Projected Profit and Loss

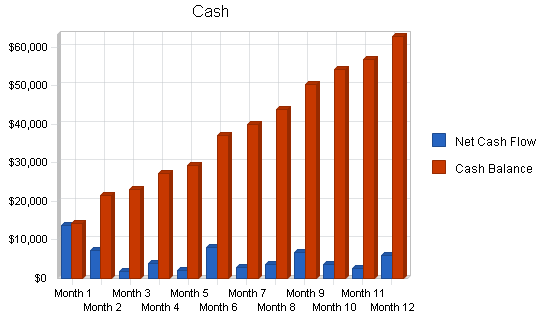
The following chart and table will indicate projected profit and loss.



|  |  |  |  |
| --- | --- | --- | --- |
| **PRO FORMA PROFIT AND LOSS** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Sales | $284,200 | $369,460 | $480,290 |
| Direct Cost of Sales | $142,100 | $184,730 | $240,145 |
| Other Production Expenses | $0 | $0 | $0 |
| **TOTAL COST OF SALES** | **$142,100** | **$184,730** | **$240,145** |
| Gross Margin | $142,100 | $184,730 | $240,145 |
| Gross Margin % | 50.00% | 50.00% | 50.00% |
| Expenses |  |  |  |
| Payroll | $44,115 | $48,527 | $53,379 |
| Sales and Marketing and Other Expenses | $15,448 | $15,523 | $15,834 |
| Depreciation | $0 | $0 | $0 |
| Telephone / Pagers/ Cell | $1,800 | $1,800 | $1,836 |
| Utilities | $4,500 | $4,800 | $4,896 |
| Payroll Taxes | $4,412 | $4,853 | $5,338 |
| Other | $0 | $0 | $0 |
| Total Operating Expenses | $70,275 | $75,502 | $81,283 |
| Profit Before Interest and Taxes | $71,826 | $109,228 | $158,862 |
| EBITDA | $71,826 | $109,228 | $158,862 |
| Interest Expense | $1,491 | $1,175 | $845 |
| Taxes Incurred | $21,100 | $32,416 | $47,405 |
| Net Profit | $49,234 | $75,637 | $110,612 |
| Net Profit/Sales | 17.32% | 20.47% | 23.03% |

### 7.5 Projected Cash Flow

The following table explains projected cash flow.



|  |  |  |  |
| --- | --- | --- | --- |
| **PRO FORMA CASH FLOW** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Cash Received |  |  |  |
| Cash from Operations |  |  |  |
| Cash Sales | $284,200 | $369,460 | $480,290 |
| **SUBTOTAL CASH FROM OPERATIONS** | **$284,200** | **$369,460** | **$480,290** |
| 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** | **$284,200** | **$369,460** | **$480,290** |
| Expenditures | Year 1 | Year 2 | Year 3 |
| Expenditures from Operations |  |  |  |
| Cash Spending | $44,115 | $48,527 | $53,379 |
| Bill Payments | $174,454 | $244,577 | $315,576 |
| **SUBTOTAL SPENT ON OPERATIONS** | **$218,569** | **$293,103** | **$368,955** |
| 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 | $3,300 | $3,300 | $3,300 |
| Purchase Other Current Assets | $0 | $0 | $0 |
| Purchase Long-term Assets | $0 | $0 | $0 |
| Dividends | $0 | $0 | $0 |
| **SUBTOTAL CASH SPENT** | **$221,869** | **$296,403** | **$372,255** |
| Net Cash Flow | $62,331 | $73,057 | $108,035 |
| Cash Balance | $62,715 | $135,771 | $243,806 |

### 7.6 Projected Balance Sheet

|  |  |  |  |
| --- | --- | --- | --- |
| **PRO FORMA BALANCE SHEET** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Assets |  |  |  |
| Current Assets |  |  |  |
| Cash | $62,715 | $135,771 | $243,806 |
| Inventory | $13,365 | $17,375 | $22,586 |
| Other Current Assets | $0 | $0 | $0 |
| **TOTAL CURRENT ASSETS** | **$76,080** | **$153,146** | **$266,393** |
| Long-term Assets |  |  |  |
| Long-term Assets | $0 | $0 | $0 |
| Accumulated Depreciation | $0 | $0 | $0 |
| **TOTAL LONG-TERM ASSETS** | **$0** | **$0** | **$0** |
| **TOTAL ASSETS** | **$76,080** | **$153,146** | **$266,393** |
| Liabilities and Capital | Year 1 | Year 2 | Year 3 |
| Current Liabilities |  |  |  |
| Accounts Payable | $15,762 | $20,491 | $26,426 |
| Current Borrowing | $0 | $0 | $0 |
| Other Current Liabilities | $2,000 | $2,000 | $2,000 |
| **SUBTOTAL CURRENT LIABILITIES** | **$17,762** | **$22,491** | **$28,426** |
| Long-term Liabilities | $13,400 | $10,100 | $6,800 |
| **TOTAL LIABILITIES** | **$31,162** | **$32,591** | **$35,226** |
| Paid-in Capital | $5,100 | $5,100 | $5,100 |
| Retained Earnings | ($9,416) | $39,818 | $115,455 |
| Earnings | $49,234 | $75,637 | $110,612 |
| **TOTAL CAPITAL** | **$44,918** | **$120,555** | **$231,167** |
| **TOTAL LIABILITIES AND CAPITAL** | **$76,080** | **$153,146** | **$266,393** |
| Net Worth | $44,918 | $120,555 | $231,167 |

### 7.7 Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 5699, Miscellaneous Apparel and Accessory stores.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **RATIO ANALYSIS** | | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** | **INDUSTRY PROFILE** |
| Sales Growth | 0.00% | 30.00% | 30.00% | 0.20% |
| Percent of Total Assets |  |  |  |  |
| Inventory | 17.57% | 11.35% | 8.48% | 49.00% |
| Other Current Assets | 0.00% | 0.00% | 0.00% | 23.00% |
| Total Current Assets | 100.00% | 100.00% | 100.00% | 81.40% |
| Long-term Assets | 0.00% | 0.00% | 0.00% | 18.60% |
| **TOTAL ASSETS** | **100.00%** | **100.00%** | **100.00%** | **100.00%** |
| Current Liabilities | 23.35% | 14.69% | 10.67% | 40.70% |
| Long-term Liabilities | 17.61% | 6.60% | 2.55% | 15.20% |
| Total Liabilities | 40.96% | 21.28% | 13.22% | 55.90% |
| **NET WORTH** | **59.04%** | **78.72%** | **86.78%** | **44.10%** |
| Percent of Sales |  |  |  |  |
| Sales | 100.00% | 100.00% | 100.00% | 100.00% |
| Gross Margin | 50.00% | 50.00% | 50.00% | 38.30% |
| Selling, General & Administrative Expenses | 32.72% | 29.62% | 27.09% | 22.10% |
| Advertising Expenses | 0.00% | 0.02% | 0.02% | 2.10% |
| Profit Before Interest and Taxes | 25.27% | 29.56% | 33.08% | 0.70% |
| Main Ratios |  |  |  |  |
| Current | 4.28 | 6.81 | 9.37 | 2.22 |
| Quick | 3.53 | 6.04 | 8.58 | 0.62 |
| Total Debt to Total Assets | 40.96% | 21.28% | 13.22% | 55.90% |
| Pre-tax Return on Net Worth | 156.58% | 89.63% | 68.36% | 1.70% |
| Pre-tax Return on Assets | 92.45% | 70.56% | 59.32% | 3.80% |
| Additional Ratios | Year 1 | Year 2 | Year 3 |  |
| Net Profit Margin | 17.32% | 20.47% | 23.03% | n.a |
| Return on Equity | 109.61% | 62.74% | 47.85% | n.a |
| Activity Ratios |  |  |  |  |
| Inventory Turnover | 10.91 | 12.02 | 12.02 | n.a |
| Accounts Payable Turnover | 12.07 | 12.17 | 12.17 | n.a |
| Payment Days | 27 | 27 | 27 | n.a |
| Total Asset Turnover | 3.74 | 2.41 | 1.80 | n.a |
| Debt Ratios |  |  |  |  |
| Debt to Net Worth | 0.69 | 0.27 | 0.15 | n.a |
| Current Liab. to Liab. | 0.57 | 0.69 | 0.81 | n.a |
| Liquidity Ratios |  |  |  |  |
| Net Working Capital | $58,318 | $130,655 | $237,967 | n.a |
| Interest Coverage | 48.16 | 92.96 | 188.00 | n.a |
| Additional Ratios |  |  |  |  |
| Assets to Sales | 0.27 | 0.41 | 0.55 | n.a |
| Current Debt/Total Assets | 23% | 15% | 11% | n.a |
| Acid Test | 3.53 | 6.04 | 8.58 | n.a |
| Sales/Net Worth | 6.33 | 3.06 | 2.08 | n.a |
| Dividend Payout | 0.00 | 0.00 | 0.00 | n.a |

## Appendix

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SALES FORECAST** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  | | **MONTH 1** | | **MONTH 2** | | | **MONTH 3** | | **MONTH 4** | | **MONTH 5** | | **MONTH 6** | | **MONTH 7** | | **MONTH 8** | | **MONTH 9** | | **MONTH 10** | | **MONTH 11** | | **MONTH 12** | |
| Unit Sales |  | |  | |  | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Clothing | 0% | | 325 | | 350 | | | 350 | | 400 | | 400 | | 475 | | 500 | | 475 | | 500 | | 500 | | 450 | | 450 | |
| Belts & Hats | 0% | | 15 | | 15 | | | 15 | | 20 | | 20 | | 30 | | 30 | | 35 | | 35 | | 30 | | 20 | | 20 | |
| Jewelry & Gifts | 0% | | 40 | | 40 | | | 40 | | 40 | | 40 | | 65 | | 65 | | 50 | | 50 | | 50 | | 40 | | 40 | |
| **TOTAL UNIT SALES** |  | | **380** | | **405** | | | **405** | | **460** | | **460** | | **570** | | **595** | | **560** | | **585** | | **580** | | **510** | | **510** | |
| Unit Prices |  | | Month 1 | | Month 2 | | | Month 3 | | Month 4 | | Month 5 | | Month 6 | | Month 7 | | Month 8 | | Month 9 | | Month 10 | | Month 11 | | Month 12 | |
| Clothing |  | | $50.00 | | $50.00 | | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | |
| Belts & Hats |  | | $50.00 | | $50.00 | | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | | $50.00 | |
| Jewelry & Gifts |  | | $20.00 | | $20.00 | | | $20.00 | | $20.00 | | $20.00 | | $20.00 | | $20.00 | | $20.00 | | $20.00 | | $20.00 | | $20.00 | | $20.00 | |
| Sales |  | |  | |  | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Clothing |  | | $16,250 | | $17,500 | | | $17,500 | | $20,000 | | $20,000 | | $23,750 | | $25,000 | | $23,750 | | $25,000 | | $25,000 | | $22,500 | | $22,500 | |
| Belts & Hats |  | | $750 | | $750 | | | $750 | | $1,000 | | $1,000 | | $1,500 | | $1,500 | | $1,750 | | $1,750 | | $1,500 | | $1,000 | | $1,000 | |
| Jewelry & Gifts |  | | $800 | | $800 | | | $800 | | $800 | | $800 | | $1,300 | | $1,300 | | $1,000 | | $1,000 | | $1,000 | | $800 | | $800 | |
| **TOTAL SALES** |  | | **$17,800** | | **$19,050** | | | **$19,050** | | **$21,800** | | **$21,800** | | **$26,550** | | **$27,800** | | **$26,500** | | **$27,750** | | **$27,500** | | **$24,300** | | **$24,300** | |
| Direct Unit Costs |  | | Month 1 | | Month 2 | | | Month 3 | | Month 4 | | Month 5 | | Month 6 | | Month 7 | | Month 8 | | Month 9 | | Month 10 | | Month 11 | | Month 12 | |
| Clothing | 0.00% | | $25.00 | | $25.00 | | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | |
| Belts & Hats | 0.00% | | $25.00 | | $25.00 | | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | | $25.00 | |
| Jewelry & Gifts | 0.00% | | $10.00 | | $10.00 | | | $10.00 | | $10.00 | | $10.00 | | $10.00 | | $10.00 | | $10.00 | | $10.00 | | $10.00 | | $10.00 | | $10.00 | |
| Direct Cost of Sales |  | |  | |  | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Clothing |  | | $8,125 | | $8,750 | | | $8,750 | | $10,000 | | $10,000 | | $11,875 | | $12,500 | | $11,875 | | $12,500 | | $12,500 | | $11,250 | | $11,250 | |
| Belts & Hats |  | | $375 | | $375 | | | $375 | | $500 | | $500 | | $750 | | $750 | | $875 | | $875 | | $750 | | $500 | | $500 | |
| Jewelry & Gifts |  | | $400 | | $400 | | | $400 | | $400 | | $400 | | $650 | | $650 | | $500 | | $500 | | $500 | | $400 | | $400 | |
| Subtotal Direct Cost of Sales |  | | $8,900 | | $9,525 | | | $9,525 | | $10,900 | | $10,900 | | $13,275 | | $13,900 | | $13,250 | | $13,875 | | $13,750 | | $12,150 | | $12,150 | |
| **PERSONNEL PLAN** | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | |  | | **MONTH 1** | | **MONTH 2** | **MONTH 3** | | **MONTH 4** | | **MONTH 5** | | **MONTH 6** | | **MONTH 7** | | **MONTH 8** | | **MONTH 9** | | **MONTH 10** | | **MONTH 11** | | **MONTH 12** | |
| Owner | | 0% | | $900 | | $900 | $900 | | $1,125 | | $900 | | $900 | | $1,125 | | $900 | | $900 | | $1,125 | | $900 | | $900 | |
| Full-time postion | | 0% | | $1,600 | | $1,600 | $1,600 | | $2,000 | | $1,600 | | $1,600 | | $2,000 | | $1,600 | | $1,600 | | $2,000 | | $1,600 | | $1,600 | |
| Part-time position | | 0% | | $960 | | $960 | $960 | | $1,200 | | $960 | | $960 | | $1,200 | | $960 | | $960 | | $1,200 | | $960 | | $960 | |
| **TOTAL PEOPLE** | |  | | **3** | | **3** | **3** | | **3** | | **3** | | **3** | | **3** | | **3** | | **3** | | **3** | | **3** | | **3** | |
| Total Payroll | |  | | $3,460 | | $3,460 | $3,460 | | $4,325 | | $3,460 | | $3,460 | | $4,325 | | $3,460 | | $3,460 | | $4,325 | | $3,460 | | $3,460 | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **GENERAL ASSUMPTIONS** | | | | | | | | | | | | | |
|  |  | **MONTH 1** | **MONTH 2** | **MONTH 3** | **MONTH 4** | **MONTH 5** | **MONTH 6** | **MONTH 7** | **MONTH 8** | **MONTH 9** | **MONTH 10** | **MONTH 11** | **MONTH 12** |
| 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% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% | 30.00% |
| Other |  | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PRO FORMA PROFIT AND LOSS** | | | | | | | | | | | | | |
|  |  | **MONTH 1** | **MONTH 2** | **MONTH 3** | **MONTH 4** | **MONTH 5** | **MONTH 6** | **MONTH 7** | **MONTH 8** | **MONTH 9** | **MONTH 10** | **MONTH 11** | **MONTH 12** |
| Sales |  | $17,800 | $19,050 | $19,050 | $21,800 | $21,800 | $26,550 | $27,800 | $26,500 | $27,750 | $27,500 | $24,300 | $24,300 |
| Direct Cost of Sales |  | $8,900 | $9,525 | $9,525 | $10,900 | $10,900 | $13,275 | $13,900 | $13,250 | $13,875 | $13,750 | $12,150 | $12,150 |
| Other Production Expenses |  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **TOTAL COST OF SALES** |  | **$8,900** | **$9,525** | **$9,525** | **$10,900** | **$10,900** | **$13,275** | **$13,900** | **$13,250** | **$13,875** | **$13,750** | **$12,150** | **$12,150** |
| Gross Margin |  | $8,900 | $9,525 | $9,525 | $10,900 | $10,900 | $13,275 | $13,900 | $13,250 | $13,875 | $13,750 | $12,150 | $12,150 |
| Gross Margin % |  | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% |
| Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payroll |  | $3,460 | $3,460 | $3,460 | $4,325 | $3,460 | $3,460 | $4,325 | $3,460 | $3,460 | $4,325 | $3,460 | $3,460 |
| Sales and Marketing and Other Expenses |  | $1,229 | $1,229 | $1,579 | $1,229 | $1,229 | $1,229 | $1,229 | $1,579 | $1,229 | $1,229 | $1,229 | $1,229 |
| Depreciation |  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Telephone / Pagers/ Cell |  | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 | $150 |
| Utilities |  | $375 | $375 | $375 | $375 | $375 | $375 | $375 | $375 | $375 | $375 | $375 | $375 |
| Payroll Taxes | 10% | $346 | $346 | $346 | $433 | $346 | $346 | $433 | $346 | $346 | $433 | $346 | $346 |
| Other |  | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Operating Expenses |  | $5,560 | $5,560 | $5,910 | $6,512 | $5,560 | $5,560 | $6,512 | $5,910 | $5,560 | $6,512 | $5,560 | $5,560 |
| Profit Before Interest and Taxes |  | $3,340 | $3,965 | $3,615 | $4,389 | $5,340 | $7,715 | $7,389 | $7,340 | $8,315 | $7,239 | $6,590 | $6,590 |
| EBITDA |  | $3,340 | $3,965 | $3,615 | $4,389 | $5,340 | $7,715 | $7,389 | $7,340 | $8,315 | $7,239 | $6,590 | $6,590 |
| Interest Expense |  | $137 | $135 | $132 | $130 | $128 | $125 | $123 | $121 | $119 | $116 | $114 | $112 |
| Taxes Incurred |  | $961 | $1,149 | $1,045 | $1,278 | $1,564 | $2,277 | $2,180 | $2,166 | $2,459 | $2,137 | $1,943 | $1,943 |
| Net Profit |  | $2,242 | $2,681 | $2,438 | $2,981 | $3,649 | $5,313 | $5,086 | $5,053 | $5,738 | $4,986 | $4,533 | $4,535 |
| Net Profit/Sales |  | 12.60% | 14.08% | 12.80% | 13.67% | 16.74% | 20.01% | 18.29% | 19.07% | 20.68% | 18.13% | 18.66% | 18.66% |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **PRO FORMA CASH FLOW** | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | |  | **MONTH 1** | | **MONTH 2** | | **MONTH 3** | | **MONTH 4** | | **MONTH 5** | | **MONTH 6** | | **MONTH 7** | | **MONTH 8** | | **MONTH 9** | | **MONTH 10** | | **MONTH 11** | | **MONTH 12** | |
| Cash Received | |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Cash from Operations | |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Cash Sales | |  | $17,800 | | $19,050 | | $19,050 | | $21,800 | | $21,800 | | $26,550 | | $27,800 | | $26,500 | | $27,750 | | $27,500 | | $24,300 | | $24,300 | |
| **SUBTOTAL CASH FROM OPERATIONS** | |  | **$17,800** | | **$19,050** | | **$19,050** | | **$21,800** | | **$21,800** | | **$26,550** | | **$27,800** | | **$26,500** | | **$27,750** | | **$27,500** | | **$24,300** | | **$24,300** | |
| Additional Cash Received | |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Sales Tax, VAT, HST/GST Received | | 0.00% | $0 | | $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** | |  | **$17,800** | | **$19,050** | | **$19,050** | | **$21,800** | | **$21,800** | | **$26,550** | | **$27,800** | | **$26,500** | | **$27,750** | | **$27,500** | | **$24,300** | | **$24,300** | |
| Expenditures | |  | Month 1 | | Month 2 | | Month 3 | | Month 4 | | Month 5 | | Month 6 | | Month 7 | | Month 8 | | Month 9 | | Month 10 | | Month 11 | | Month 12 | |
| Expenditures from Operations | |  |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Cash Spending | |  | $3,460 | | $3,460 | | $3,460 | | $4,325 | | $3,460 | | $3,460 | | $4,325 | | $3,460 | | $3,460 | | $4,325 | | $3,460 | | $3,460 | |
| Bill Payments | |  | $263 | | $8,078 | | $13,581 | | $13,247 | | $15,963 | | $14,881 | | $20,346 | | $19,017 | | $17,337 | | $19,200 | | $17,935 | | $14,605 | |
| **SUBTOTAL SPENT ON OPERATIONS** | |  | **$3,723** | | **$11,538** | | **$17,041** | | **$17,572** | | **$19,423** | | **$18,341** | | **$24,671** | | **$22,477** | | **$20,797** | | **$23,525** | | **$21,395** | | **$18,065** | |
| 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 | |  | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | | $275 | |
| 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** | |  | **$3,998** | | **$11,813** | | **$17,316** | | **$17,847** | | **$19,698** | | **$18,616** | | **$24,946** | | **$22,752** | | **$21,072** | | **$23,800** | | **$21,670** | | **$18,340** | |
| Net Cash Flow | |  | $13,802 | | $7,237 | | $1,734 | | $3,953 | | $2,102 | | $7,934 | | $2,854 | | $3,748 | | $6,678 | | $3,700 | | $2,630 | | $5,960 | |
| Cash Balance | |  | $14,186 | | $21,423 | | $23,157 | | $27,109 | | $29,212 | | $37,145 | | $39,999 | | $43,748 | | $50,425 | | $54,125 | | $56,755 | | $62,715 | |
| **PRO FORMA BALANCE SHEET** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  | | | **MONTH 1** | | **MONTH 2** | | **MONTH 3** | | **MONTH 4** | | **MONTH 5** | | **MONTH 6** | | **MONTH 7** | | **MONTH 8** | | **MONTH 9** | | **MONTH 10** | | **MONTH 11** | | **MONTH 12** | |
| Assets | Starting Balances | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Current Assets |  | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Cash | $384 | | | $14,186 | | $21,423 | | $23,157 | | $27,109 | | $29,212 | | $37,145 | | $39,999 | | $43,748 | | $50,425 | | $54,125 | | $56,755 | | $62,715 | |
| Inventory | $14,000 | | | $9,790 | | $10,478 | | $10,478 | | $11,990 | | $11,990 | | $14,603 | | $15,290 | | $14,575 | | $15,263 | | $15,125 | | $13,365 | | $13,365 | |
| Other Current Assets | $0 | | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | |
| **TOTAL CURRENT ASSETS** | **$14,384** | | | **$23,976** | | **$31,900** | | **$33,634** | | **$39,099** | | **$41,202** | | **$51,748** | | **$55,289** | | **$58,323** | | **$65,688** | | **$69,250** | | **$70,120** | | **$76,080** | |
| 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** | **$14,384** | | | **$23,976** | | **$31,900** | | **$33,634** | | **$39,099** | | **$41,202** | | **$51,748** | | **$55,289** | | **$58,323** | | **$65,688** | | **$69,250** | | **$70,120** | | **$76,080** | |
| Liabilities and Capital |  | | | Month 1 | | Month 2 | | Month 3 | | Month 4 | | Month 5 | | Month 6 | | Month 7 | | Month 8 | | Month 9 | | Month 10 | | Month 11 | | Month 12 | |
| Current Liabilities |  | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| Accounts Payable | $0 | | | $7,625 | | $13,143 | | $12,714 | | $15,473 | | $14,202 | | $19,710 | | $18,441 | | $16,696 | | $18,599 | | $17,450 | | $14,062 | | $15,762 | |
| Current Borrowing | $0 | | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | | $0 | |
| Other Current Liabilities | $2,000 | | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | | $2,000 | |
| **SUBTOTAL CURRENT LIABILITIES** | **$2,000** | | | **$9,625** | | **$15,143** | | **$14,714** | | **$17,473** | | **$16,202** | | **$21,710** | | **$20,441** | | **$18,696** | | **$20,599** | | **$19,450** | | **$16,062** | | **$17,762** | |
| Long-term Liabilities | $16,700 | | | $16,425 | | $16,150 | | $15,875 | | $15,600 | | $15,325 | | $15,050 | | $14,775 | | $14,500 | | $14,225 | | $13,950 | | $13,675 | | $13,400 | |
| **TOTAL LIABILITIES** | **$18,700** | | | **$26,050** | | **$31,293** | | **$30,589** | | **$33,073** | | **$31,527** | | **$36,760** | | **$35,216** | | **$33,196** | | **$34,824** | | **$33,400** | | **$29,737** | | **$31,162** | |
| Paid-in Capital | $5,100 | | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | | $5,100 | |
| Retained Earnings | ($9,416) | | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | | ($9,416) | |
| Earnings | $0 | | | $2,242 | | $4,923 | | $7,361 | | $10,342 | | $13,991 | | $19,304 | | $24,389 | | $29,443 | | $35,180 | | $40,166 | | $44,699 | | $49,234 | |
| **TOTAL CAPITAL** | **($4,316)** | | | **($2,074)** | | **$607** | | **$3,045** | | **$6,026** | | **$9,675** | | **$14,988** | | **$20,073** | | **$25,127** | | **$30,864** | | **$35,850** | | **$40,383** | | **$44,918** | |
| **TOTAL LIABILITIES AND CAPITAL** | **$14,384** | | | **$23,976** | | **$31,900** | | **$33,634** | | **$39,099** | | **$41,202** | | **$51,748** | | **$55,289** | | **$58,323** | | **$65,688** | | **$69,250** | | **$70,120** | | **$76,080** | |
| Net Worth | ($4,316) | | | ($2,074) | | $607 | | $3,045 | | $6,026 | | $9,675 | | $14,988 | | $20,073 | | $25,127 | | $30,864 | | $35,850 | | $40,383 | | $44,918 | |