

Beauty Salon: Salon Flora

Staff at BusinessandMarketingPlans.com

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EXECUTIVE SUMMARY
 BUSINESS OVERVIEW
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This plan originally appeared in *Business Plans Handbook, Volume 12*, but has been updated and revised for *Small Business Resource Center*.

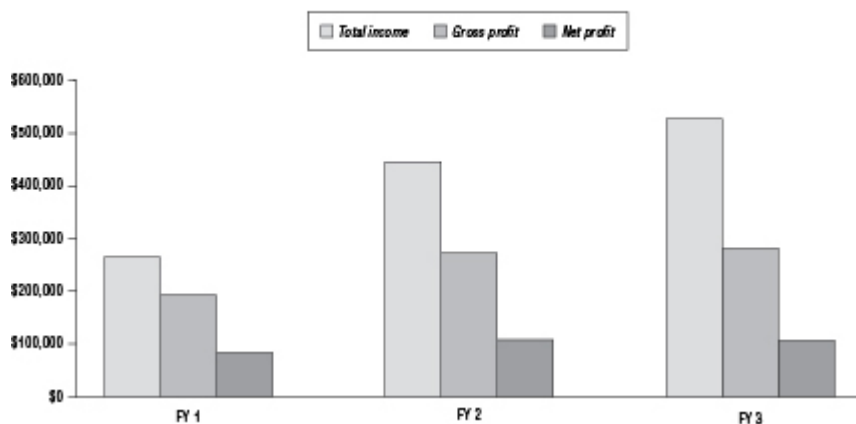
This business plan was created for two highly trained, veteran hair stylists with an established client base and lots of business savvy. They sought capital to open an upscale salon to further serve the styling needs of regional customers. This plan raised \$70,000 for the company's owners.

"EXECUTIVE SUMMARY"

Nature is not something you can hold onto, it is something we are borrowing from our children; we must do our part to keep the balance in life. We strive to keep balance in our clients' life by supplying services and products that enhance physical appearance and mental relaxation. We will maintain a friendly, fair, and creative work environment, which respects diversity, ideas, and hard work.

To achieve our objectives, Flora is seeking \$77,000 in additional loan financing. This loan will be paid back from the cash flow of the business, will be collateralized by the assets of the company, and backed by the character, experience, and personal guarantees of the owners.

Financial highlights for the first three years of operations



Keys to Success

The keys to success in our business are:

Location, Location, Location: providing an easily accessible location for customers with plenty of off-street parking.

Environment: providing an environment conducive to relaxation and professional service.

Convenience: offering clients a variety of services in one setting as well as flexible business hours.

Reputation: superior personal service reputation of the owners/managers and other stylists.”

"BUSINESS OVERVIEW"

Company Summary

Salon Flora is designed to enhance each client's image and outlook. We specialize in restoring balance to the body and mind, through the *HairFlux* philosophy of beauty, wellness, care for the environment and our passion for service and retail. We will provide a unique experience for our guests. We treat each client as if they were a guest in our home, offering a cup of *HairFlux's* comforting tea and a cozy robe to change into. Our outstanding stylists will benefit from ongoing *HairFlux* education classes both in the salon and at other choice locations.

Start-up summary

Start-up expenses	
Legal	\$ 1,500
Stationary	\$ 100
Rent (deposit)	\$ 7,400
Utilities	\$ 250
Phone	\$ 100
Total start-up expenses	\$ 9,400
Start-up assets	
Cash balance on starting date	\$ 30,800
Total current assets	\$ 30,800
Long-term assets	
Leasehold improvements	\$ 48,500
Equipment (chairs, mirrors, etc)	\$ 20,900
Total long-term assets	\$ 70,400
Total assets	\$101,200
Owner's equity	
Alan Wolvis	\$ 20,000
Yvette DeVito	\$ 20,000
Total owner's equity	\$ 40,000
Total current liabilities	\$ 0
Long-term liabilities	
Loan	\$ 77,000
Total long-term liabilities	\$ 77,000
Loss at start-up	(\$ 15,800)
Total liabilities and owner's equity	\$101,200

Products & Services

Salon Flora is considered an upscale beauty salon. We will offer a wide range of services that include:

Hair: Precision cuts, relaxers, perms, colors, color correction, shampoo, conditioning, curling, re-constructing, weaving, waving, and a patented hair straightening system.

Skin Care: European facials, body waxing, and massage

Provide added-value services to each of our guests, such as: a stress-relieving scalp treatment, stress-relieving hand massage, and make-up touch up after each service

Retail *HairFlux* products so that the client can reproduce their enhanced appearance.

Annual sales forecast

Sales	FY 1	FY 2	FY 3
Owners	\$ 52,580	\$ 53,680	\$ 53,680
Stylist retail sales	\$ 75,970	\$171,800	\$209,339
Treatment room rent	\$ 11,880	\$ 15,840	\$ 19,008
Treatment rooms retail sales	\$ 26,158	\$ 58,532	\$ 72,185
Station rental	\$ 97,900	\$145,200	\$174,240
Total sales	\$214,418	\$448,032	\$527,451
Cost of goods sold			
Owners	\$ 24,384	\$ 32,693	\$ 39,436
Stylist retail sales	\$ 35,254	\$104,631	\$153,055
Treatment room rent	N/A	N/A	N/A
Treatment rooms retail sales	\$ 12,151	\$ 36,257	\$ 53,028
Station rental	N/A	N/A	N/A
Total cost of goods sold	\$ 71,749	\$173,581	\$245,519

Competition

There are a number of salons in our area; however, none will be like Salon Flora. Salon Flora will set itself apart from other beauty salons. We will offer over twenty-five years of combined hair care experience, weekly education to our staff, added-value services and a full line of *HairFlux* products. Our business atmosphere is a relaxing one where clients can kick back and be pampered. Soft drinks, coffee, and tea will be offered to clients as they enter for service.

"GROWTH STRATEGY"

The major market for our products and services is singles, couples, and families within but not limited to a twenty mile radius. The owners/managers have clients that travel twenty to ninety miles, and many plan their business around their hair care needs. Salon Flora has easy access from a main highway with plenty of parking, a rarity in the downtown business district. Our service is for individuals but might be beneficial for companies and corporations through incentive programs such as business make over or other promotional services.

We will also promote bridal packages through local hotels and associated business and day-of-beauty packages complete with lunch and door-to-door limousine service, if desired. *HairFlux Corporation* will offer our services through their 800 phone number, website, and corporate store at the nearby Shady Oak Mall, along with our own Salon Flora website. We will concentrate on the Palma County area in southern Florida.

Marketing & Sales

Our marketing strategy is a simple one: satisfied clients are our best marketing tool. When a client leaves our business with a new look, he or she is broadcasting our name and quality to the public.

Most of our new clients are referrals from existing clients. We reward clients for referrals with free shampoo and/or conditioner. Distribution of coupons for a free gift with product purchases or services at the salon "grand opening" celebration will strengthen customer loyalty.

We will publish ads in local publications and magazines to promote our staff, services, and retail products. The publications we will work with are:

Best Images: a full color, bimonthly advertising magazine with a 100,000 home circulation in the regional area. This full page, color ad will cost \$4,500, and reach potential upper income clients.

All the News Magazine: a trusted reference for business and shopping resources with a home circulation of 50,000 in the nearby coastal areas. These full page color ads cost \$1,500 for an inside page, and \$3,500 for front cover. These ads will reach potential clients with \$60,000 to \$175,000 incomes.

We will also have our own Salon Flora—*HairFlux Institute* website. This website is always available for stylists and guests. Information on current promotions, upcoming events, education and links to the *HairFlux Corporation* are instantly available.

"MANAGEMENT SUMMARY"

Salon Flora is a *HairFlux* concept salon. The upscale brand recognition of *HairFlux* enhances the reputation of the salon. Salon Flora will be organized and managed in a creative and innovative fashion to generate very high levels of customer satisfaction, and to create a working climate conducive to a high degree of personal development and economic satisfaction for our staff.

Training classes to help improve employee product knowledge and skills will be conducted on a regular basis. As the business grows, the company will consider offering an employee benefit package to include health and vacation benefits for everyone.

Management Team

Yvette and Alan have both been independent contractors for a combined thirty-two years and have the experience, passion, and working knowledge to get the job done.

Alan F. Slinger

Owner/Manager/Artistic Director. Alan has been in the beauty industry for eighteen years and brings a large variety of experience to this venture; upon graduating from Monique Beauty College in 1996 he worked for one of New York's leading salons, helping with education and platform work for both *HairFlux* and *Matrix/Logics Corporations*. He was also a part-time Artistic Educator with *Matrix/Logics*, responsible for color and hair cutting classes in New York City. His previous experiences consist of commercial, retail stores, management, construction and manufacturing. Alan's retail management experience and general business knowledge grounds him in the realities of running a successful business. He loves dealing with people and has the drive, ambition, and discipline to manage the business and its employees. This career is his life, his calling.

Yvette Cruz

Owner/Manger: Yvette Cruz was born in Barcelona, Spain, forty years ago. She is the second child of nine. She began her career by mentoring her three cousins.

At age 21, she moved to the United States. After finishing her education at Monique Beauty College she went to work in her cousin's salon. Cruz is involved in various activities in the world of beauty. She is responsible for the designing and marketing of a specialty tool called the *Color-Wandz*, created to expedite the stylist time in color services. She has worked with the *HairFlux* product line for the past eleven years as an independent contractor, and also has been involved in many global events for *HairFlux*. She is a firm believer in donating her artistic talents for various events.

Personnel Plan

The personnel plan calls for a salon receptionist starting in the second year. The receptionist will answer the phone, book appointments, and receive payments for services and products. There will be eleven hair stylists, one artistic director/owner, one stylist/owner, two part-time assistant stylists, one esthetician and one massage therapist. Everyone but the salon receptionist and assistants will be independent contractors, and will pay a weekly fee for their station or treatment room.

Annual personnel plan

	FY 1	FY 2	FY 3
Receptionist	\$0	\$25,000	\$40,000
Assistant	\$0	\$ 0	\$ 0
Assistant	\$0	\$15,000	\$15,000
Total payroll	\$0	\$20,000	\$25,000

"FINANCIAL ANALYSIS"

Our goal is to be a profitable business beginning in the second month. The owners and stylists already have an existing client base.

The financials that are enclosed have a number of assumptions:

Chair rental value is \$275.00 per week x 11 chairs = \$3,025.00 per week x 52 = \$157,300 per year. This figure is not assumed until the end of the first year. Our projections are based on opening with three stylists. We will then add a stylist the second month, the third month, the fourth month, and the sixth month. Flora Salon will then add two more stylists in the eighth month and two more in the tenth month. Revenues will grow on chair rental each month and level off at the end of the first year with all chairs rented.

Revenues will grow at an annual rate near 50% on retail sales in year one.

Revenues are expected to increase in November and December due to holiday sales at this time of year. We anticipate this increase from gift certificates and increased product sales, and to stay steady throughout the following year to account for the normal flow of new clients coming into the salon and our aggressive marketing program.

Estimates for sales revenue and growth are intentionally low, while anticipated expenses are exaggerated to illustrate a worst-case scenario.

We have included cost of goods sold in our calculation of net sales because we expect to do a high volume of retail through our salon. However, the majority of sales are coming from the services and rental income.

Product sales will be a major part of our business. We are projecting sales of \$4,400 a month increasing each month thereafter as we add stylists to the salon. We expect each stylist to sell a minimum of \$110.00 per day in retail. We also project the treatment rooms to generate a minimum of \$190.00 per day in retail sales. We are certain that in time these services will be a large part of our revenue, but to err on the conservative side, we estimate revenues from these services to be only \$4,021.00 a month for the first year.

To assure the initial capital fund lender that the owners are financially stable, personnel tax returns for both partners for the last three years are attached. Another source of collateral is Alan Slinger's home, valued at \$550,000 with a payoff balance of \$395,000.

Break-even analysis

Monthly units break-even	130
Monthly revenue break-even	\$7,165
Average per-unit revenue	\$60.00
Average per-unit variable cost	\$12.57
Estimated monthly fixed cost	\$5,676

General assumptions

	FY 1	FY 2	FY 3
Current interest rate	8.00%	8.00%	8.00%
Long-term interest rate	8.00%	8.00%	8.00%
Sales on credit	0.00%	0.00%	0.00%
Tax rate	33.00%	33.00%	33.00%

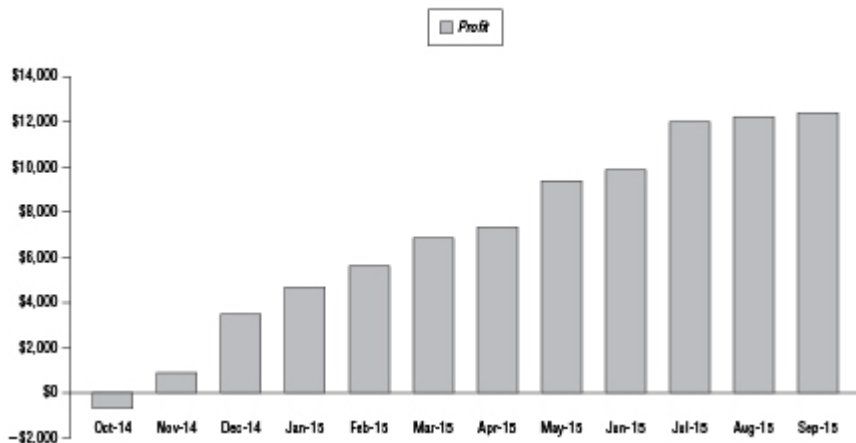
Projected Profit and Loss

We expect sales to hit nearly \$265,000 at the end of the first year of business, and should increase to more than \$527,450 by the third year as the reputation of the salon, its stylists, and services grow. Second year revenues also anticipate having a full staff.

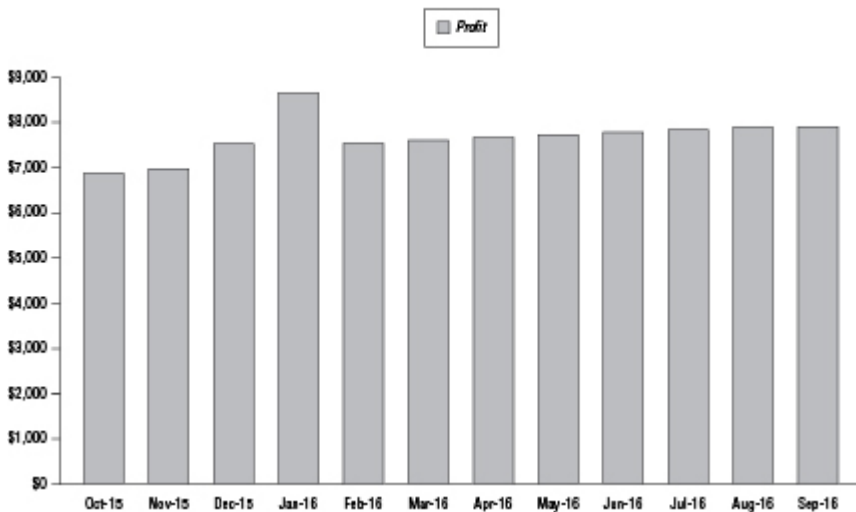
Annual pro forma profit and loss

	FY 1	FY2	FY 3
Total income	\$214,495	\$446,151	\$527,450
Cost of goods sold	\$ 71,748	\$173,580	\$245,520
Gross profit	\$142,748	\$272,471	\$281,930
Gross profit %	80.16%	67.20%	58.80%
Expenses:			
Payroll	\$ 0	\$ 46,112	\$ 50,512
Depreciation	\$ 11,990	\$ 11,990	\$ 11,990
Rent	\$ 29,568	\$ 29,568	\$ 29,568
Utilities	\$ 6,600	\$ 7,480	\$ 7,700
Insurance	\$ 1,320	\$ 1,320	\$ 1,320
Supplies	\$ 13,080	\$ 13,080	\$ 13,080
Advertising	\$ 4,620	\$ 4,620	\$ 4,620
Misc.	\$ 924	\$ 924	\$ 924
Payroll taxes (17%)	\$ 0	\$ 6,917	\$ 7,577
Total operating expenses	\$ 48,112	\$122,821	\$127,301
Profit before interest and taxes	\$124,636	\$190,449	\$154,629
Interest expense	\$ 4,755	\$ 3,254	\$ 1,868
Taxes incurred	\$ 35,965	\$ 39,436	\$ 45,828
Net profit	\$ 83,917	\$107,759	\$106,933
Net profit/sales	34.90%	26.58%	22.30%

First year of operations monthly profits



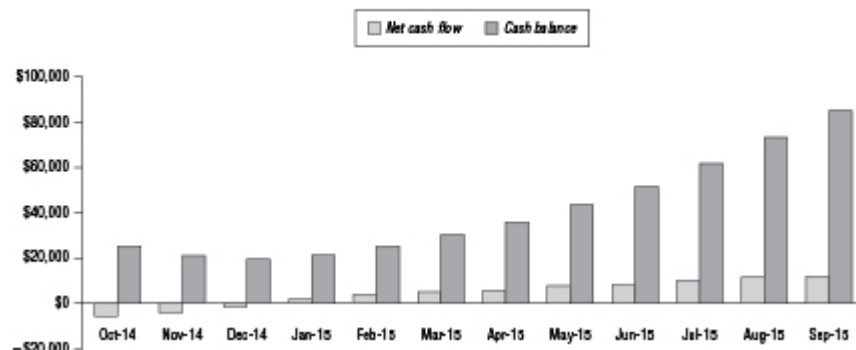
Second year of operations monthly profits



Annual pro forma cash flow

	FY 1	FY 2	FY 3
Cash received			
Cash from operations:			
Cash sales	\$264,495	\$446,060	\$527,490
Cash from receivables	\$ 0	\$ 0	\$ 0
Subtotal cash from operations	\$264,495	\$446,060	\$527,490
Additional cash received			
Subtotal cash received	\$264,495	\$446,060	\$527,490
Expenditures			
Expenditures from operations			
Cash spending	\$ 0	\$ 46,112	\$ 50,512
Payments of accounts payable	\$168,588	\$280,189	\$358,015
Subtotal spent on operations	\$168,588	\$326,301	\$408,527
Additional cash spent			
Principle repayment of loan	\$ 19,800	\$ 19,800	\$ 19,800
Change in inventory	\$ 22,000	\$ 22,000	\$ 0
Subtotal cash spent	\$210,388	\$368,101	\$428,327
Net cash flow	\$ 54,107	\$ 77,759	\$ 99,163
Cash balance	\$ 84,940	\$162,699	\$262,862

First year of operations monthly cash flow



Pro forma balance sheet

Assets	FY 1	FY 2	FY 3
Current assets			
Cash	\$ 84,940	\$162,689	\$262,012
Accounts receivable	\$ 0	\$ 0	\$ 0
Inventory	\$ 22,000	\$ 44,000	\$ 44,000
Total current assets	\$106,940	\$206,689	\$306,012
Long-term assets			
Leasehold improvements	\$ 49,500	\$ 49,500	\$ 49,500
Equipment	\$ 20,900	\$ 20,900	\$ 20,900
Accumulated depreciation	\$ 11,990	\$ 23,980	\$ 35,970
Total long-term assets	\$ 58,410	\$ 46,420	\$ 34,430
Total assets	\$165,350	\$253,109	\$340,442
Liabilities and owner's equity			
Current liabilities			
Accounts payable	\$ 0	\$ 0	\$ 0
Total current liabilities	\$ 0	\$ 0	\$ 0
Long-term liabilities			
Loan	\$ 57,200	\$ 37,400	\$ 17,600
Total liabilities	\$ 57,200	\$ 37,400	\$ 17,600
Owner's equity			
Paid-in capital	\$ 33,000	\$ 33,000	\$ 33,000
Retained earnings	(\$ 8,767)	\$ 75,190	\$182,909
Earnings	\$ 83,917	\$107,799	\$106,933
Total owner's equity	\$108,150	\$215,909	\$322,842
Total liabilities and owner's equity	\$165,350	\$253,309	\$340,442
Net worth	\$108,150	\$215,909	\$322,842

Monthly sales forecast—fiscal year one

Monthly sales forecast	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Sales						
Owners	\$3,300	\$4,400	\$ 5,280	\$ 4,400	\$ 4,400	\$ 4,400
Stylist retail sales	\$ 0	\$ 990	\$ 4,950	\$ 3,960	\$ 4,950	\$ 5,940
Treatment room rent	\$ 0	\$ 0	\$ 0	\$ 1,320	\$ 1,320	\$ 1,320
Treatment rooms retail sales	\$ 0	\$ 0	\$ 0	\$ 1,100	\$ 2,200	\$ 2,420
Station rental	\$3,300	\$4,400	\$ 5,300	\$ 6,600	\$ 6,600	\$ 7,700
Total sales	\$6,600	\$1,790	\$15,730	\$17,380	\$19,470	\$21,780

Monthly sales forecast	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Cost of goods sold						
Owners	\$1,530	\$2,041	\$ 2,449	\$ 2,041	\$ 2,041	\$ 2,041
Stylist retail sales	\$ 0	\$ 495	\$ 2,296	\$ 1,836	\$ 2,296	\$ 2,754
Treatment room rent	N/A	N/A	N/A	N/A	N/A	N/A
Treatment rooms retail sales	\$ 0	\$ 0	\$ 0	\$ 510	\$ 1,020	\$ 1,122
Station rental	N/A	N/A	N/A	N/A	N/A	N/A
Total cost of goods sold	\$1,530	\$2,499	\$ 4,744	\$ 4,387	\$5,356	\$ 5,917

Monthly sales forecast	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Sales						
Owners	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400
Stylist retail sales	\$ 7,160	\$ 7,920	\$ 8,910	\$10,120	\$10,362	\$10,725
Treatment room rent	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320
Treatment rooms retail sales	\$ 2,475	\$ 3,025	\$ 3,300	\$ 3,630	\$ 3,960	\$ 4,045
Station rental	\$ 7,700	\$ 9,900	\$ 9,900	\$12,100	\$12,100	\$12,100
Total sales	\$23,045	\$26,565	\$27,830	\$31,570	\$32,142	\$32,590

Monthly sales forecast	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Cost of goods sold						
Owners	\$ 2,041	\$ 2,041	\$ 2,041	\$ 2,041	\$ 2,041	\$ 2,041
Stylist retail sales	\$ 3,315	\$ 3,673	\$ 4,132	\$ 4,683	\$ 4,825	\$ 4,973
Treatment room rent	N/A	N/A	N/A	N/A	N/A	N/A
Treatment rooms retail sales	\$ 1,147	\$ 1,403	\$ 1,530	\$ 1,683	\$ 1,836	\$ 1,875
Station rental	N/A	N/A	N/A	N/A	N/A	N/A
Total cost of goods sold	\$ 6,504	\$ 7,116	\$ 7,702	\$ 8,417	\$ 8,682	\$ 8,891

Monthly sales forecast—fiscal year two

Monthly sales forecast	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Sales						
Owners	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,280	\$ 4,400	\$ 4,400
Stylist retail sales	\$10,490	\$11,000	\$13,200	\$15,840	\$13,640	\$14,080
Treatment room rent	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320
Treatment rooms retail sales	\$ 4,290	\$ 4,400	\$ 4,510	\$ 4,412	\$ 4,730	\$ 4,840
Station rental	\$12,100	\$12,100	\$12,100	\$12,100	\$12,100	\$12,100
Total sales	\$32,560	\$33,220	\$35,530	\$31,152	\$36,190	\$36,740

Monthly sales forecast	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Cost of goods sold						
Owners	\$ 2,680	\$ 2,680	\$ 2,680	\$ 3,215	\$ 2,680	\$ 2,680
Stylist retail sales	\$ 6,265	\$ 6,699	\$ 8,039	\$ 9,647	\$ 8,307	\$ 8,576
Treatment room rent	N/A	N/A	N/A	N/A	N/A	N/A
Treatment rooms retail sales	\$ 2,613	\$ 2,680	\$ 2,747	\$ 3,296	\$ 2,881	\$ 2,948
Station rental	N/A	N/A	N/A	N/A	N/A	N/A
Total cost of goods sold	\$11,557	\$12,059	\$13,466	\$16,159	\$13,868	\$14,202

Monthly sales forecast	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Sales						
Owners	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400	\$ 4,400
Stylist retail sales	\$14,520	\$14,950	\$15,400	\$15,840	\$16,280	\$16,585
Treatment room rent	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320	\$ 1,320
Treatment rooms retail sales	\$ 4,990	\$ 5,050	\$ 5,170	\$ 5,290	\$ 5,390	\$ 5,500
Station rental	\$12,100	\$12,100	\$12,100	\$12,100	\$12,100	\$12,100
Total sales	\$37,290	\$37,840	\$38,390	\$31,148	\$39,490	\$39,905

Monthly sales forecast	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Cost of goods sold						
Owners	\$ 2,680	\$ 2,680	\$ 2,680	\$ 2,680	\$ 2,680	\$ 2,680
Stylist retail sales	\$ 8,343	\$ 9,111	\$ 9,379	\$ 9,647	\$ 9,915	\$10,102
Treatment room rent	N/A	N/A	N/A	N/A	N/A	N/A
Treatment rooms retail sales	\$ 3,015	\$ 3,082	\$ 3,148	\$ 3,215	\$ 3,282	\$ 3,350
Station rental	N/A	N/A	N/A	N/A	N/A	N/A
Total cost of goods sold	\$14,038	\$14,872	\$15,208	\$15,542	\$15,877	\$16,132

Monthly profit and loss—fiscal year one

Monthly pro forma profit and loss	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Total income	\$6,600	\$9,790	\$15,790	\$17,980	\$18,470	\$21,780
Cost of goods sold	\$1,530	\$2,499	\$ 4,744	\$ 4,387	\$ 5,266	\$ 5,917
Gross profit	\$5,070	\$7,291	\$10,986	\$12,999	\$14,114	\$15,863
Gross profit %	84.49%	81.92%	76.82%	82.24%	79.74%	80.11%
Expenses:						
Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Depreciation	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999
Rent	\$2,464	\$2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464
Utilities	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
Insurance	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
Supplies	\$ 990	\$ 990	\$ 990	\$ 1,320	\$ 1,100	\$ 1,100
Advertising	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385
Misc.	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77
Payroll taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total operating expenses	\$5,575	\$5,575	\$ 5,575	\$ 5,985	\$ 5,685	\$ 5,685
Profit before interest and taxes	(\$ 506)	\$1,715	\$ 5,411	\$ 7,088	\$ 8,429	\$10,177
Interest expense	\$ 449	\$ 440	\$ 430	\$ 420	\$ 410	\$ 402
Taxes incurred	(\$ 286)	\$ 393	\$ 1,494	\$ 2,000	\$ 2,406	\$ 2,933
Net profit	(\$ 669)	\$ 993	\$ 3,487	\$ 4,167	\$ 5,612	\$ 6,843
Net profit/sales	-11.14%	10.03%	24.31%	29.54%	31.71%	34.36%

Monthly pro forma profit and loss	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Total income	\$29,045	\$26,565	\$27,190	\$31,570	\$32,142	\$32,593
Cost of goods sold	\$ 6,504	\$ 7,116	\$ 7,702	\$ 8,417	\$ 8,682	\$ 8,891
Gross profit	\$16,541	\$19,449	\$20,121	\$23,153	\$23,460	\$23,702
Gross profit %	78.96%	80.53%	79.55%	80.67%	80.29%	79.98%
Expenses:						
Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Depreciation	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999
Rent	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464
Utilities	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
Insurance	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
Supplies	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100
Advertising	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385
Misc.	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77
Payroll taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total operating expenses	\$ 5,685	\$ 5,685	\$ 5,685	\$ 5,685	\$ 5,685	\$ 5,685
Profit before interest and taxes	\$10,856	\$13,763	\$14,442	\$17,468	\$17,775	\$18,017
Interest expense	\$ 392	\$ 392	\$ 372	\$ 363	\$ 353	\$ 343
Taxes incurred	\$ 3,139	\$ 4,015	\$ 4,221	\$ 5,132	\$ 5,238	\$ 5,302
Net profit	\$ 7,325	\$ 9,369	\$ 9,149	\$11,974	\$12,196	\$12,372
Net profit/sales	34.97%	38.79%	38.93%	41.72%	41.73%	41.76%

Monthly profit and loss—fiscal year two

Monthly pro forma profit and loss	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Total income	\$32,560	\$33,220	\$35,530	\$39,952	\$36,190	\$36,740
Cost of goods sold	\$11,657	\$12,059	\$13,466	\$16,159	\$13,869	\$14,202
Gross profit	\$20,903	\$21,161	\$22,064	\$23,793	\$22,322	\$22,538
Gross profit %	70.62%	70.07%	68.31%	65.51%	67.85%	67.47%
Expenses:						
Payroll	\$ 4,415	\$ 4,503	\$ 4,594	\$ 4,686	\$ 4,780	\$ 4,875
Depreciation	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999
Rent	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464
Utilities	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
Insurance	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
Supplies	\$ 1,091	\$ 1,113	\$ 1,125	\$ 1,158	\$ 1,161	\$ 1,205
Advertising	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385
Misc.	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77
Payroll taxes	\$ 682	\$ 675	\$ 689	\$ 709	\$ 717	\$ 732
Total operating expenses	\$10,754	\$11,877	\$11,003	\$11,191	\$11,262	\$11,396
Profit before interest and taxes	\$10,149	\$10,284	\$11,062	\$12,602	\$11,061	\$11,142
Interest expense	\$ 325	\$ 315	\$ 305	\$ 295	\$ 286	\$ 276
Taxes incurred	\$ 2,948	\$ 2,991	\$ 3,227	\$ 3,710	\$ 3,233	\$ 3,259
Net profit	\$ 6,876	\$ 6,978	\$ 7,530	\$ 8,597	\$ 7,543	\$ 7,607
Net profit/sales	23.23%	23.11%	23.91%	23.84%	22.92%	22.77%

Monthly pro forma profit and loss	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Total income	\$37,290	\$37,940	\$38,390	\$38,940	\$39,490	\$39,908
Cost of goods sold	\$14,538	\$14,872	\$15,208	\$15,543	\$15,877	\$16,132
Gross profit	\$22,752	\$22,968	\$23,183	\$23,397	\$23,613	\$23,777
Gross profit %	67.11%	66.77%	66.43%	66.10%	65.77%	65.54%
Expenses:						
Payroll	\$ 4,672	\$ 5,072	\$ 5,173	\$ 5,277	\$ 5,382	\$ 5,485
Depreciation	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999	\$ 999
Rent	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464	\$ 2,464
Utilities	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550	\$ 550
Insurance	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
Supplies	\$ 1,299	\$ 1,253	\$ 1,278	\$ 1,305	\$ 1,330	\$ 1,356
Advertising	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385
Misc.	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77	\$ 77
Payroll taxes	\$ 746	\$ 761	\$ 776	\$ 791	\$ 807	\$ 826
Total operating expenses	\$11,832	\$11,671	\$11,813	\$11,957	\$12,104	\$12,262
Profit before interest and taxes	\$11,221	\$11,297	\$11,370	\$11,440	\$11,509	\$11,514
Interest expense	\$ 266	\$ 266	\$ 248	\$ 238	\$ 228	\$ 218
Taxes incurred	\$ 3,297	\$ 3,312	\$ 3,337	\$ 3,361	\$ 3,384	\$ 3,389
Net profit	\$ 7,669	\$ 7,729	\$ 7,786	\$ 7,842	\$ 7,896	\$ 7,907
Net profit/sales	22.62%	22.46%	22.91%	22.15%	22.00%	21.79%

Monthly cash flow—fiscal year one

Monthly pro forma cash flow	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Cash received						
Cash from operations:						
Cash sales	\$ 6,600	\$ 9,790	\$15,750	\$17,380	\$19,470	\$21,780
Cash from receivables	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Subtotal cash from operations	\$ 6,600	\$ 9,790	\$15,750	\$17,380	\$19,470	\$21,780
Additional cash received						
Subtotal cash received	\$ 6,600	\$ 9,790	\$15,750	\$17,380	\$19,470	\$21,780
Expenditures						
Expenditures from operations						
Cash spending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Payments of accounts payable	\$ 6,269	\$ 7,898	\$11,244	\$11,714	\$12,558	\$13,957
Subtotal spent on operations	\$ 6,269	\$ 7,898	\$11,244	\$11,714	\$12,558	\$13,957
Additional cash spent						
Principle repayment of loan	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650
Change in inventory	\$ 4,400	\$ 4,400	\$ 4,400	\$ 2,200	\$ 1,100	\$ 1,100
Subtotal cash spent	\$12,319	\$13,948	\$17,214	\$15,514	\$15,401	\$16,487
Net cash flow	(\$ 5,719)	(\$ 4,158)	(\$ 1,464)	\$ 1,866	\$ 3,162	\$ 5,293
Cash balance	\$25,114	\$20,956	\$19,392	\$21,258	\$25,479	\$30,163
Monthly pro forma cash flow						
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Cash received						
Cash from operations:						
Cash sales	\$23,045	\$26,965	\$27,830	\$31,570	\$32,142	\$32,583
Cash from receivables	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Subtotal cash from operations	\$23,045	\$26,965	\$27,830	\$31,570	\$32,142	\$32,583
Additional cash received						
Subtotal cash received	\$23,045	\$26,965	\$27,830	\$31,570	\$32,142	\$32,583
Expenditures						
Expenditures from operations						
Cash spending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Payments of accounts payable	\$14,720	\$16,199	\$16,982	\$18,597	\$18,948	\$19,223
Subtotal spent on operations	\$14,720	\$16,199	\$16,982	\$18,597	\$18,948	\$19,223
Additional cash spent						
Principle repayment of loan	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650	\$ 1,650
Change in inventory	\$ 1,100	\$ 1,100	\$ 1,100	\$ 1,100	\$ 0	\$ 0
Subtotal cash spent	\$17,470	\$18,949	\$19,732	\$21,347	\$20,398	\$20,873
Net cash flow	\$ 8,575	\$ 7,616	\$ 8,098	\$10,223	\$11,344	\$11,721
Cash balance	\$38,737	\$43,353	\$51,451	\$61,675	\$73,219	\$84,148

Monthly balance sheet—fiscal year one

Pre forma balance sheet	Starting balances	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Assets							
Current assets							
Cash	\$ 30,833	\$25,114	\$20,956	\$19,392	\$ 21,208	\$ 25,070	\$ 30,163
Accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Inventory	\$ 0	\$ 4,400	\$ 8,800	\$13,200	\$ 15,400	\$ 16,900	\$ 17,600
Total current assets	\$ 30,833	\$29,514	\$29,756	\$32,592	\$ 36,608	\$ 41,970	\$ 47,763
Long-term assets							
Leasehold improvements	\$ 49,500	\$49,500	\$49,500	\$49,500	\$ 49,500	\$ 49,500	\$ 49,500
Equipment	\$ 20,900	\$20,900	\$20,900	\$20,900	\$ 20,900	\$ 20,900	\$ 20,900
Accumulated depreciation	\$ 0	\$ 989	\$ 1,979	\$ 2,968	\$ 3,956	\$ 4,946	\$ 5,935
Total long-term assets	\$ 70,400	\$69,401	\$69,401	\$67,400	\$ 69,404	\$ 69,404	\$ 64,405
Total assets	\$101,233	\$98,914	\$98,157	\$99,994	\$106,012	\$111,374	\$112,168
Liabilities and owner's equity							
Current liabilities							
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total current liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Long-term liabilities							
Loan	\$ 77,000	\$75,350	\$73,700	\$72,050	\$ 70,400	\$ 68,750	\$ 67,100
Total liabilities	\$ 77,000	\$75,350	\$73,700	\$72,050	\$ 70,400	\$ 68,750	\$ 67,100
Paid-in capital	\$ 23,000	\$23,000	\$23,000	\$23,000	\$ 23,000	\$ 23,000	\$ 23,000
Retained earnings	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)
Earnings	\$ 0	(\$ 689)	\$ 224	\$ 3,711	\$ 8,379	\$ 13,991	\$ 20,825
Total owner's equity	\$ 24,233	\$23,664	\$24,457	\$27,944	\$ 35,612	\$ 43,224	\$ 45,068
Total liabilities and owner's equity	\$101,233	\$98,914	\$98,157	\$99,994	\$106,012	\$111,374	\$112,168
Net worth	\$ 24,233	\$23,664	\$24,457	\$27,944	\$ 35,612	\$ 43,224	\$ 45,068

Pre forma balance sheet	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Assets						
Current assets						
Cash	\$ 35,737	\$ 43,353	\$ 51,451	\$ 61,675	\$ 73,219	\$ 84,940
Accounts receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Inventory	\$ 18,700	\$ 19,800	\$ 20,900	\$ 22,000	\$ 22,000	\$ 22,000
Total current assets	\$ 54,437	\$ 63,153	\$ 72,351	\$ 83,675	\$ 95,219	\$106,940
Long-term assets						
Leasehold improvements	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500	\$ 49,500
Equipment	\$ 20,900	\$ 20,900	\$ 20,900	\$ 20,900	\$ 20,900	\$ 20,900
Accumulated depreciation	\$ 6,994	\$ 7,984	\$ 8,973	\$ 9,961	\$ 10,951	\$ 11,940
Total long-term assets	\$ 68,406	\$ 69,406	\$ 69,406	\$ 69,406	\$ 69,406	\$ 69,406
Total assets	\$122,843	\$132,559	\$141,757	\$153,081	\$164,625	\$176,346
Liabilities and owner's equity						
Current liabilities						
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total current liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Long-term liabilities						
Loan	\$ 65,450	\$ 63,800	\$ 62,150	\$ 60,500	\$ 58,850	\$ 57,200
Total liabilities	\$ 65,450	\$ 63,800	\$ 62,150	\$ 60,500	\$ 58,850	\$ 57,200
Paid-in capital	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000
Retained earnings	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)	(\$ 8,767)
Earnings	\$ 28,160	\$ 37,529	\$ 47,396	\$ 59,351	\$ 71,345	\$ 83,917
Total owner's equity	\$ 52,393	\$ 61,761	\$ 71,619	\$ 83,584	\$ 95,778	\$108,133
Total liabilities and owner's equity	\$122,843	\$132,559	\$141,757	\$153,081	\$164,625	\$176,346
Net worth	\$ 52,393	\$ 61,761	\$ 71,619	\$ 83,584	\$ 95,778	\$108,133

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