Florist: The Perfect Bloom, Inc.
Business Plans Handbook. Ed. Donna Craft. Vol. 40. Farmington Hills, MI: Gale, 2018.

"1.0 Executive Summary"

The purpose of this business plan is to raise $125,000 for the development of a franchised flower shop while showcasing the expected financials and operations over the next three years. The Perfect Bloom, Inc. ("the Company") is a New York-based corporation that will provide arrangements of flowers and delivery services customers in its targeted market. The Company was founded by Chad Murphy.

1.1 The Services

The Perfect Bloom will operate a moderately sized retail location that will provide an extensive variety of flowers and floral arrangements. The business will also generate substantial income from providing large scale floral arrangements for weddings, funerals, and other major events.

The business' secondary revenue center will come from delivery services provided to customers.

The third section of the business plan will further describe the services offered by The Perfect Bloom.

1.2 Financing

Mr. Murphy is seeking to raise $125,000 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 10-year loan with a 9% fixed interest rate. The financing will be used for the following:

- Development of the Company's location.
- Initial franchise fee.
- Financing for the first six months of operation.
- Capital to purchase a company vehicle.

Mr. Murphy will contribute $25,000 to the venture.

1.3 Mission Statement

The Perfect Bloom's mission is to become the recognized local leader in its targeted market for flower arrangement and delivery services.

1.4 Management Team

The Company was founded by Chad Murphy. Mr. Murphy has more than 10 years of experience as a florist. Through his expertise, he will be able to bring the operations of the business to profitability within its first year of operations.

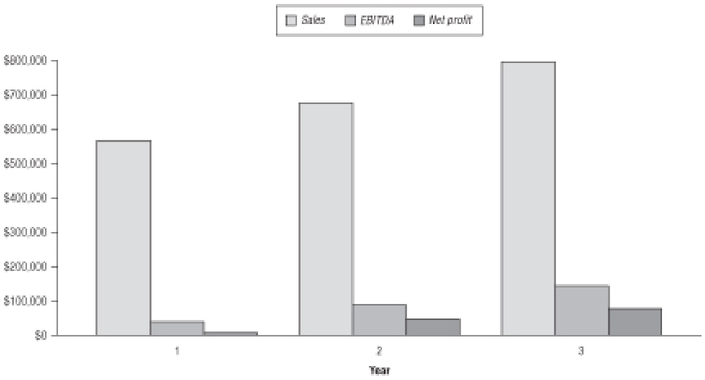
1.5 Sales Forecasts

Mr. Murphy 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	$567,378	$680,854	$796,599
Operating costs	$301,220	$317,216	$333,639
EBITDA	$ 39,633	$ 91,808	$144,919
Taxes, interest, and depreciation	$ 30,090	$ 45,296	$ 64,964
Net profit	$ 9,543	$ 46,512	$ 79,955

Sales, Operating Costs, and Profit Forecast



1.6 Expansion Plan

The Founder expects that the business will aggressively expand during the first three years of operation. Mr. Murphy intends to implement marketing campaigns that will effectively target individuals, wedding planners, event planners, and funeral homes within the target market.

"2.0 Company and Financing Summary"

2.1 Registered Name and Corporate Structure

The Company is registered as a corporation in the State of New York.

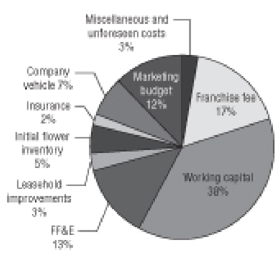
2.2 Required Funds

At this time, The Perfect Bloom requires $125,000 of debt funds. Below is a breakdown of how these funds will be used:

Projected Startup Costs

Franchise fee	$ 25,000
Working capital	$ 57,500
FF&E	$ 20,000
Leasehold improvements	$ 5,000
Initial flower inventory	$ 7,500
Insurance	$ 2,500
Company vehicle	$ 10,000
Marketing budget	$ 17,500
Miscellaneous and unforeseen costs	$ 5,000
Total startup costs	**$150,000**

Use of Funds



2.3 Investor Equity

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

2.4 Management Equity

Chad Murphy owns 100% of The Perfect Bloom, Inc.

2.5 Exit Strategy

If the business is very successful, Mr. Murphy 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 Perfect Bloom. Based on historical numbers, the business could fetch a sales premium of up to 3 to 5 times earnings.

"3.0 Products and Services"

Below is a description of the floral arrangement and delivery offered by The Perfect Bloom.

3.1 Sales of Flowers and Floral Arrangements

The primary source of revenue for the business will be the direct sale of flowers and floral arrangements for both walk in customers and customers that are planning large scale events. At the onset of operations, Management will source several vendors that can provide The Perfect Bloom with a variety of flowers for the Company's floral arrangements. As stated in the executive summary, the business will generate substantial revenues from the sale of flowers for major events such as weddings, anniversaries, corporate events, and funerals.

The business will have substantial spikes in revenues during holiday months and in the month of May, when many proms are held. Mother's Day is also held in May, and will also provide the business with significant sales during that time.

3.2 Delivery Services

The Company will also generate secondary revenues from delivery services provided in conjunction with the floral arrangements. Mr. Murphy expects that this aspect of the business will generate 20% of the Company's aggregate income. Delivery services are expected to generate contribution margins of 30%.

"4.0 Strategic and Market Analysis"

4.1 Economic Outlook

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

Currently, the economic market condition in the United States is moderate. Unemployment rates have declined while asset prices have risen substantially. As such, now is a strong economic climate for starting a florist shop. In most economic climates, floral businesses are generally able to remain profitable given that people will continue to host events that require flowers. The gross margins generated from floral products are extremely high. Additionally, The Perfect Bloom will receive substantial marketing support from the Company's franchisor in order to ensure continued visibility for the business.

4.2 Industry Analysis

Within the United States, there are approximately 24,000 companies that provide floral arrangements and sales of flowers on a retail level. In each of the last five years, aggregate revenues have exceeded $7 billion dollars. The industry employs 125,000 people and provides annual payrolls in excess of $1.9 billion dollars.

This is a mature industry, and the expected future growth rate is expected to equal that of the general economy. However, recent advances in Internet technology have allowed florists to operate with greater economic efficiency as orders can now be placed over the internet through major flower brokers (such as Teleflora and 1800flowers.com) and routed to local florists to fulfill the order. As such, the industry as a whole may see an increase in its baseline profitability due to these technological advances.

4.3 Customer Profile

The Perfect Bloom's average client will be a middle- to upper-middle-class man or woman 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 to $100 per visit to The Perfect Bloom.
- For events, will spend $1,000 to $3,000 for floral arrangements with the Company.

Within the Company's target market of the greater New York metropolitan area, there are more than 4 million potential customers for the business.

4.4 Competition

Within the greater New York metropolitan area, there are approximately 400 flower shops in operation. As such, it is difficult to gauge the exact competition that the business will face as it launches operations. One of the foremost ways that the business will maintain a competitive advantage is via the Company's relationship with the franchisor. The franchisor maintains an expansive national level marketing campaign, which creates substantial brand name visibility. The Perfect Bloom will benefit tremendously from this relationship. The business will also be able to source any type of flower for an arrangement via a customer's request.

"5.0 Marketing Plan"

The Perfect Bloom 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 Perfect Bloom.

5.1 Marketing Objectives

- Establish relationships with event and wedding planners within the target market.
- Maintain a very strong marketing relationship with the Company's franchisor.
- Establish relationships with funeral homes within the target market.

5.2 Marketing Strategies

Foremost, the business will benefit tremendously from its relationship with the Franchisor. The business will pay the franchisor 5% of aggregate sales. In exchange for ongoing royalties, the business will receive ongoing marketing support from this nationally recognized franchisor. The brand name associated with the franchisor will ensure immediate visibility for the Company's location.

The Perfect Bloom will also partner with major online portals such as 1800flowers.com, FTD, and TeleFlora.com (all of which have expansive online ordering websites and operate in conjunction with the franchisor). The business will also develop strategic partnerships with other smaller online flower brokerages so that the Company can receive orders from anywhere in the country that need to be delivered within the Company's local market. In conjunction with the franchisor, the Company will maintain its own website. The Franchisor's website will provide the location and contact information for the Company's location.

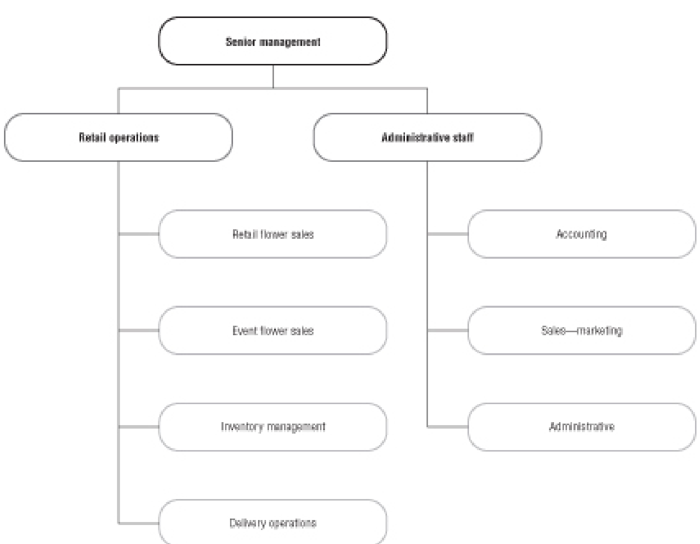
Mr. Murphy intends to develop ongoing relationships with event/wedding planners (as well as funeral directors) that will outsource their client's flower needs to the Company. Over time, this will become an invaluable method of generating revenue for The Perfect Bloom. Once these relationships are developed, there is very little need for ongoing marketing in order to maintain ongoing orders from these businesses.

5.3 Pricing

Management anticipates that each individual order will generate $50 of revenue for the business. Revenues from large flower sales for events/funerals will generate $750 to $3,000.

"6.0 Organizational Plan and Personnel Summary"

6.1 Corporate Organization



6.2 Organizational Budget

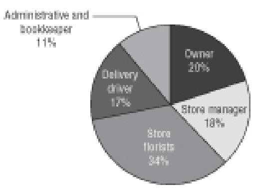
Personnel Plan—Yearly

Year	1	2	3
Owner	$ 40,000	$ 41,200	$ 42,436
Store manager	$ 35,000	$ 36,050	$ 37,132
Store florists	$ 66,000	$ 67,980	$ 70,019
Delivery driver	$ 34,000	$ 35,020	$ 36,071
Administrative and bookkeeper	$ 22,000	$ 22,660	$ 23,340
Total	**$197,000**	**$202,910**	**$208,997**

Numbers of Personnel

Year	1	2	3
Owner	1	1	1
Store manager	1	1	1
Store florists	3	3	3
Delivery driver	2	2	2
Administrative and bookkeeper	1	1	1
Totals	**8**	**8**	**8**

Personnel Expense Breakdown



"7.0 Financial Plan"

7.1 Underlying Assumptions

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

The Perfect Bloom will have an annual revenue growth rate of 14% per year.
The Owner will acquire $125,000 of debt funds to develop the business.
The loan will have a 10-year term with a 9% interest rate.

7.2 Sensitivity Analysis

In the event of an economic downturn, the business may have a decline in its revenues. However, The Perfect Bloom will earn substantial margins on the sales of flowers from walk in customers and from customers holding large scale events. As such, the business will be able to remain cash flow positive and profitable despite moderate declines in revenues.

7.3 Source of Funds

Financing

Equity contributions	
Management investment	$ 25,000.00
Total equity financing	**$ 25,000.00**
Banks and lenders	
Banks and lenders	$ 125,000.00
Total debt financing	**$125,000.00**
Total financing	**$150,000.00**

7.4 General Assumptions

General Assumptions

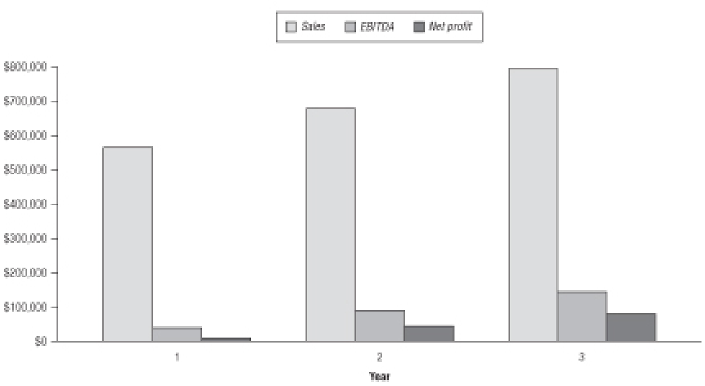
Year	1	2	3
Short term interest rate	9.5%	9.5%	9.5%
Long term interest rate	10.0%	10.0%	10.0%
Federal tax rate	33.0%	33.0%	33.0%
State tax rate	5.0%	5.0%	5.0%
Personnel taxes	15.0%	15.0%	15.0%

7.5 Profit and Loss Statements

Proforma Profit and Loss (Yearly)

Year	1	2	3
Sales	**$567,378**	**$680,854**	**$796,599**
Cost of goods sold	$226,525	$271,830	$318,041
Gross margin	60.08%	60.08%	60.08%
Operating income	**$340,853**	**$409,024**	**$478,558**
Expenses			
Payroll	$197,000	$202,910	$208,997
General and administrative	$ 13,200	$ 13,728	$ 14,277
Marketing expenses	$ 2,837	$ 3,404	$ 3,983
Professional fees and licensure	$ 5,219	$ 5,376	$ 5,537
Insurance costs	$ 3,987	$ 4,186	$ 4,396
Franchise fees	$ 28,369	$ 34,043	$ 39,830
Rent and utilities	$ 14,250	$ 14,953	$ 15,711
Miscellaneous costs	$ 6,809	$ 8,170	$ 9,559
Payroll taxes	$ 29,550	$ 30,437	$ 31,350
Total operating costs	**$301,220**	**$317,216**	**$333,639**
EBITDA	**$ 39,633**	**$ 91,808**	**$144,919**
Federal income tax	$ 13,079	$ 26,942	$ 44,743
State income tax	$ 1,982	$ 4,082	$ 6,779
Interest expense	$ 10,922	$ 10,164	$ 9,335
Depreciation expenses	$ 4,107	$ 4,107	$ 4,107
Net profit	**$ 9,543**	**$ 46,512**	**$ 79,955**
Profit margin	**1.68%**	**6.83%**	**10.04%**

Sales, Operating Costs, and Profit Forecast

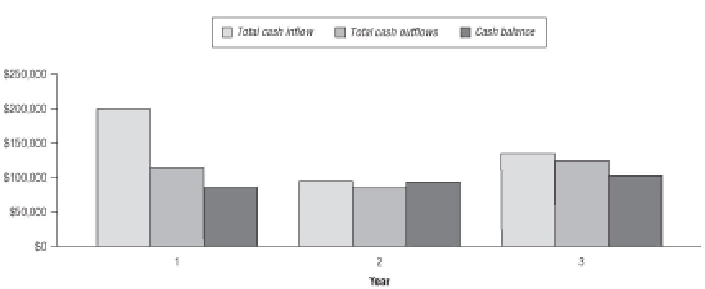


7.6 Cash Flow Analysis

Proforma Cash Flow Analysis—Yearly

Year	1	2	3
Cash from operations	$ 13,650	$50,619	$ 84,062
Cash from receivables	$ 0	$ 0	$ 0
Operating cash inflow	**$ 13,650**	**$50,619**	**$ 84,062**
Other cash inflows			
Equity investment	$ 25,000	$ 0	$ 0
Increased borrowings	$125,000	$ 0	$ 0
Sales of business assets	$ 0	$ 0	$ 0
A/P increases	$ 37,902	$43,587	$ 50,125
Total other cash inflows	**$187,902**	**$43,587**	**$ 50,125**
Total cash inflow	**$201,552**	**$94,206**	**$134,187**
Cash outflows			
Repayment of principal	$ 8,079	$ 8,837	$ 9,666
A/P decreases	$ 24,897	$29,876	$ 35,852
A/R increases	$ 0	$ 0	$ 0
Asset purchases	$ 72,500	$12,655	$ 21,015
Dividends	$ 9,555	$35,433	$ 58,843
Total cash outflows	**$115,032**	**$86,802**	**$125,377**
Net cash flow	**$ 86,521**	**$ 7,405**	**$ 8,811**
Cash balance	**$ 86,521**	**$93,926**	**$102,736**

Proforma Cash Flow (Yearly)

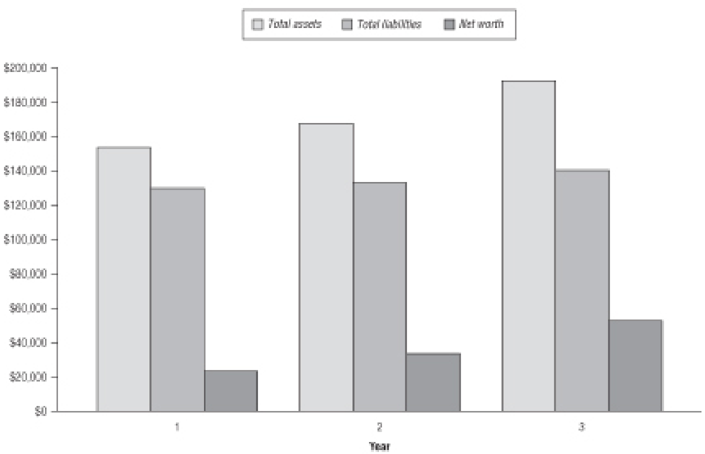


7.7 Balance Sheet

Proforma Balance Sheet—Yearly

Year	1	2	3
Assets			
Cash	$ 86,521	$ 93,926	$102,736
Amortized development/expansion costs	$ 35,000	$ 36,265	$ 38,367
Company vehicle and lease deposits	$ 10,000	$ 11,265	$ 13,367
FF&E	$ 20,000	$ 25,062	$ 33,468
Inventory	$ 7,500	$ 12,562	$ 20,968
Accumulated depreciation	($ 5,179)	($ 10,357)	($ 15,536)
Total assets	**$153,842**	$168,723	$193,371
Liabilities and equity			
Accounts payable	$ 13,005	$ 26,716	$ 40,990
Long term liabilities	$116,921	$108,084	$ 99,247
Other liabilities	$ 0	$ 0	$ 0
Total liabilities	**$129,926**	**$134,800**	**$140,236**
Net worth	**$ 23,917**	**$ 33,924**	**$ 53,135**
Total liabilities and equity	**$153,842**	**$168,723**	**$193,371**

Proforma Balance Sheet

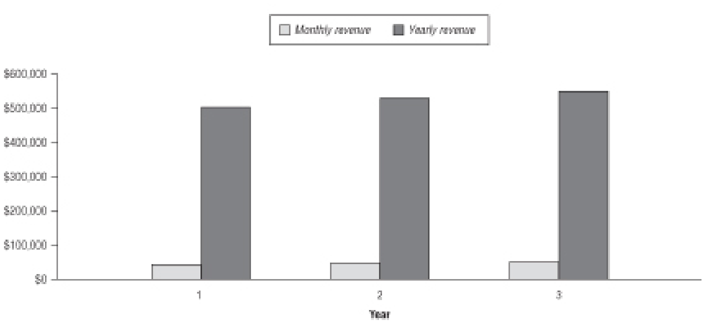


7.8 Breakeven Analysis

Monthly Break Even Analysis

Year	1	2	3
Monthly revenue	$ 41,784	$ 44,003	$ 46,281
Yearly revenue	$501,406	$528,032	$555,369

Break Even Analysis



7.9 Business Ratios

Business Ratios—Yearly

Year	1	2	3
Sales			
Sales growth	0.0%	20.0%	17.0%
Gross margin	60.1%	60.1%	60.1%
Financials			
Profit margin	1.49%	5.67%	9.90%
Assets to liabilities	1.18	1.25	1.38
Equity to liabilities	0.18	0.25	0.38
Assets to equity	6.43	4.97	3.64
Liquidity			
Acid test	0.67	0.70	0.73
Cash to assets	0.56	0.56	0.53

"Three Year Profit and Loss Statement"

Profit and Loss Statement (First Year)

Months	1	2	3	4	5	6	7
Sales	**$46,550**	**$46,683**	**$46,816**	**$46,949**	**$47,082**	**$47,215**	**$47,348**
Cost of goods sold	$18,585	$18,638	$18,691	$18,744	$18,797	$18,851	$18,904
Gross margin	60.1%	60.1%	60.1%	60.1%	60.1%	60.1%	60.1%
Operating income	**$27,965**	**$28,045**	**$28,125**	**$28,205**	**$28,285**	**$28,365**	**$28,444**
Expenses							
Payroll	$16,417	$16,417	$16,417	$16,417	$16,417	$16,417	$16,417
General and administrative	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 1,100
Marketing expenses	$ 236	$ 236	$ 236	$ 236	$ 236	$ 236	$ 236
Professional fees and licensure	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435
Insurance costs	$ 332	$ 332	$ 332	$ 332	$ 332	$ 332	$ 332
Franchise fees	$ 2,364	$ 2,364	$ 2,364	$ 2,364	$ 2,364	$ 2,364	$ 2,364
Rent and utilities	$ 1,188	$ 1,188	$ 1,188	$ 1,188	$ 1,188	$ 1,188	$ 1,188
Miscellaneous costs	$ 567	$ 567	$ 567	$ 567	$ 567	$ 567	$ 567
Payroll taxes	$ 2,463	$ 2,463	$ 2,463	$ 2,463	$ 2,463	$ 2,463	$ 2,463
Total operating costs	**$25,102**	**$25,102**	**$25,102**	**$25,102**	**$25,102**	**$25,102**	**$25,102**
EBITDA	**$ 2,863**	**$ 2,943**	**$ 3,023**	**$ 3,103**	**$ 3,183**	**$ 3,263**	**$ 3,343**
Federal income tax	$ 1,073	$ 1,076	$ 1,079	$ 1,082	$ 1,085	$ 1,088	$ 1,091
State income tax	$ 163	$ 163	$ 164	$ 164	$ 164	$ 165	$ 165
Interest expense	$ 938	$ 933	$ 928	$ 923	$ 918	$ 913	$ 908
Depreciation expense	$ 342	$ 342	$ 342	$ 342	$ 342	$ 342	$ 342
Net profit	**$ 348**	**$ 429**	**$ 510**	**$ 592**	**$ 673**	**$ 754**	**$ 836**

Profit and Loss Statement (First Year Cont.)

Months	8	9	10	11	12	1
Sales	**$47,481**	**$47,614**	**$47,747**	**$47,880**	**$48,013**	**$567,378**
Cost of goods sold	$18,957	$19,010	$19,063	$19,116	$19,169	$226,525
Gross margin	60.1%	60.1%	60.1%	60.1%	60.1%	60.1%
Operating income	**$28,524**	**$28,604**	**$28,684**	**$28,764**	**$28,844**	**$340,853**
Expenses						
Payroll	$16,417	$16,417	$16,417	$16,417	$16,417	$197,000
General and administrative	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 1,100	$ 13,200
Marketing expenses	$ 236	$ 236	$ 236	$ 236	$ 236	$ 2,837
Professional fees and licensure	$ 435	$ 435	$ 435	$ 435	$ 435	$ 5,219
Insurance costs	$ 332	$ 332	$ 332	$ 332	$ 332	$ 3,987
Franchise fees	$ 2,364	$ 2,364	$ 2,364	$ 2,364	$ 2,364	$ 28,369
Rent and utilities	$ 1,188	$ 1,188	$ 1,188	$ 1,188	$ 1,188	$ 14,250
Miscellaneous costs	$ 567	$ 567	$ 567	$ 567	$ 567	$ 6,809
Payroll taxes	$ 2,463	$ 2,463	$ 2,463	$ 2,463	$ 2,463	$ 29,550
Total operating costs	**$25,102**	**$25,102**	**$25,102**	**$25,102**	**$25,102**	**$301,220**
EBITDA	**$ 3,423**	**$ 3,503**	**$ 3,582**	**$ 3,662**	**$ 3,742**	**$ 39,633**
Federal income tax	$ 1,095	$ 1,098	$ 1,101	$ 1,104	$ 1,107	$ 13,079
State income tax	$ 166	$ 166	$ 167	$ 167	$ 168	$ 1,982
Interest expense	$ 903	$ 898	$ 893	$ 887	$ 882	$ 10,922
Depreciation expense	$ 342	$ 342	$ 342	$ 342	$ 342	$ 4,107
Net profit	**$ 917**	**$ 999**	**$ 1,080**	**$ 1,162**	**$ 1,243**	**$ 9,543**

Profit and Loss Statement (Second Year)

		2			
Quarter	Q1	Q2	Q3	Q4	2
Sales	**$136,171**	**$170,213**	**$183,830**	**$190,639**	**$680,854**
Cost of goods sold	$ 54,366	$ 67,957	$ 73,394	$ 76,112	$271,830
Gross margin	60.1%	60.1%	60.1%	60.1%	60.1%
Operating income	**$ 81,805**	**$102,256**	**$110,437**	**$114,527**	**$409,024**
Expenses					
Payroll	$ 40,582	$ 50,728	$ 54,786	$ 56,815	$202,910
General and administrative	$ 2,746	$ 3,432	$ 3,707	$ 3,844	$ 13,728
Marketing expenses	$ 681	$ 851	$ 919	$ 953	$ 3,404
Professional fees and licensure	$ 1,075	$ 1,344	$ 1,451	$ 1,505	$ 5,376
Insurance costs	$ 837	$ 1,047	$ 1,130	$ 1,172	$ 4,186
Franchise fees	$ 6,809	$ 8,511	$ 9,192	$ 9,532	$ 34,043
Rent and utilities	$ 2,993	$ 3,741	$ 4,040	$ 4,190	$ 14,963
Miscellaneous costs	$ 1,634	$ 2,043	$ 2,206	$ 2,288	$ 8,170
Payroll taxes	$ 6,087	$ 7,609	$ 8,218	$ 8,522	$ 30,437
Total operating costs	**$ 63,443**	**$ 79,304**	**$ 85,648**	**$ 88,821**	**$317,216**
EBITDA	**$ 18,362**	**$ 22,952**	**$ 24,788**	**$ 25,706**	**$ 91,808**
Federal income tax	$ 5,388	$ 6,736	$ 7,274	$ 7,544	$ 26,942
State income tax	$ 816	$ 1,021	$ 1,102	$ 1,143	$ 4,082
Interest expense	$ 2,615	$ 2,566	$ 2,517	$ 2,466	$ 10,164
Depreciation expense	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 4,107
Net profit	**$ 8,515**	**$ 11,603**	**$ 12,868**	**$ 13,526**	**$ 46,512**

Profit and Loss Statement (Third Year)

		3			
Quarter	Q1	Q2	Q3	Q4	3
Sales	**$159,320**	**$199,150**	**$215,082**	**$223,048**	**$796,599**
Cost of goods sold	$ 63,608	$ 79,510	$ 85,871	$ 89,051	$318,041
Gross margin	60.1%	60.1%	60.1%	60.1%	60.1%
Operating income	**$ 95,712**	**$119,640**	**$129,211**	**$133,996**	**$478,558**
Expenses					
Payroll	$ 41,799	$ 52,249	$ 56,429	$ 58,519	$208,997
General and administrative	$ 2,855	$ 3,569	$ 3,855	$ 3,998	$ 14,277
Marketing expenses	$ 797	$ 996	$ 1,075	$ 1,115	$ 3,983
Professional fees and licensure	$ 1,107	$ 1,384	$ 1,495	$ 1,550	$ 5,537
Insurance costs	$ 879	$ 1,099	$ 1,187	$ 1,231	$ 4,396
Franchise fees	$ 7,966	$ 9,957	$ 10,754	$ 11,152	$ 39,830
Rent and utilities	$ 3,142	$ 3,928	$ 4,242	$ 4,399	$ 15,711
Miscellaneous costs	$ 1,912	$ 2,390	$ 2,581	$ 2,677	$ 9,559
Payroll taxes	$ 6,270	$ 7,837	$ 8,464	$ 8,778	$ 31,350
Total operating costs	**$ 66,728**	**$ 83,410**	**$ 90,083**	**$ 93,419**	**$333,639**
EBITDA	**$ 28,984**	**$ 36,230**	**$ 39,128**	**$ 40,577**	**$144,919**
Federal income tax	$ 8,949	$ 11,186	$ 12,081	$ 12,528	$ 44,743
State income tax	$ 1,356	$ 1,695	$ 1,830	$ 1,898	$ 6,779
Interest expense	$ 2,414	$ 2,361	$ 2,307	$ 2,252	$ 9,335
Depreciation expense	$ 1,027	$ 1,027	$ 1,027	$ 1,027	$ 4,107
Net profit	**$ 15,238**	**$ 19,961**	**$ 21,883**	**$ 22,872**	**$ 79,955**

"7.10 Three Year Cash Flow Analysis"

Cash Flow Analysis (First Year)

Month	1	2	3	4	5	6	7	8
Cash from operations	$ 690	$ 771	$ 853	$ 934	$ 1,015	$ 1,097	$ 1,178	$ 1,259
Cash from receivables	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Operating cash inflow	**$ 690**	**$ 771**	**$ 853**	**$ 934**	**$ 1,015**	**$ 1,097**	**$ 1,178**	**$ 1,259**
Other cash inflows								
Equity investment	$ 25,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Increased borrowings	$125,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Sales of business assets	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
A/P increases	$ 3,159	$ 3,159	$ 3,159	$ 3,159	$ 3,159	$ 3,159	$ 3,159	$ 3,159
Total other cash inflows	**$153,159**	**$ 3,159**	**$ 3,159**	**$ 3,159**	**$ 3,159**	**$ 3,159**	**$ 3,159**	**$ 3,159**
Total cash inflow	**$153,849**	**$ 3,930**	**$ 4,011**	**$ 4,092**	**$ 4,174**	**$ 4,255**	**$ 4,337**	**$ 4,418**
Cash outflows								
Repayment of principal	$ 646	$ 651	$ 656	$ 661	$ 666	$ 671	$ 676	$ 681
A/P decreases	$ 2,075	$ 2,075	$ 2,075	$ 2,075	$ 2,075	$ 2,075	$ 2,075	$ 2,075
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	**$ 75,221**	**$ 2,726**	**$ 2,730**	**$ 2,735**	**$ 2,740**	**$ 2,745**	**$ 2,750**	**$ 2,755**
Net cash flow	**$ 78,628**	**$ 1,204**	**$ 1,281**	**$ 1,357**	**$ 1,433**	**$ 1,510**	**$ 1,586**	**$ 1,663**
Cash balance	**$ 78,628**	**$79,832**	**$81,113**	**$82,470**	**$83,904**	**$85,413**	**$87,000**	**$88,662**

Cash Flow Analysis (First Year Cont.)

Month	9	10	11	12	1
Cash from operations	$ 1,341	$ 1,422	$ 1,504	$ 1,586	$ 13,650
Cash from receivables	$ 0	$ 0	$ 0	$ 0	$ 0
Operating cash inflow	**$ 1,341**	**$ 1,422**	**$ 1,504**	**$ 1,586**	**$ 13,650**
Other cash inflows					
Equity investment	$ 0	$ 0	$ 0	$ 0	$ 25,000
Increased borrowings	$ 0	$ 0	$ 0	$ 0	$125,000
Sales of business assets	$ 0	$ 0	$ 0	$ 0	$ 0
A/P increases	$ 3,159	$ 3,159	$ 3,159	$ 3,159	$ 37,902
Total other cash inflows	**$ 3,159**	**$ 3,159**	**$ 3,159**	**$ 3,159**	**$187,902**
Total cash inflow	**$ 4,499**	**$ 4,581**	**$ 4,662**	**$ 4,744**	**$201,552**
Cash outflows					
Repayment of principal	$ 686	$ 691	$ 696	$ 701	$ 8,079
A/P decreases	$ 2,075	$ 2,075	$ 2,075	$ 2,075	$ 24,897
A/R increases	$ 0	$ 0	$ 0	$ 0	$ 0
Asset purchases	$ 0	$ 0	$ 0	$ 0	$ 72,500
Dividends	$ 0	$ 0	$ 0	$ 9,555	$ 9,555
Total cash outflows	**$ 2,760**	**$ 2,766**	**$ 2,771**	**$12,331**	**$115,032**
Net cash flow	**$ 1,739**	**$ 1,815**	**$ 1,892**	**−$ 7,587**	**$ 86,521**
Cash balance	**$90,401**	**$92,216**	**$94,108**	**$86,521**	**$ 86,521**

Cash Flow Analysis (Second Year)

		2			
Quarter	**Q1**	**Q2**	**Q3**	**Q4**	**2**
Cash from operations	$10,124	$12,655	$13,667	$14,173	$50,619
Cash from receivables	$ 0	$ 0	$ 0	$ 0	$ 0
Operating cash inflow	**$10,124**	**$12,655**	**$13,667**	**$14,173**	**$50,619**
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	$ 8,717	$10,897	$11,769	$12,204	$43,587
Total other cash inflows	**$ 8,717**	**$10,897**	**$11,769**	**$12,204**	**$43,587**
Total cash inflow	**$18,841**	**$23,552**	**$25,436**	**$26,378**	**$94,206**
Cash outflows					
Repayment of principal	$ 2,136	$ 2,184	$ 2,233	$ 2,284	$ 8,837
A/P decreases	$ 5,975	$ 7,469	$ 8,067	$ 8,365	$29,876
A/R increases	$ 0	$ 0	$ 0	$ 0	$ 0
Asset purchases	$ 2,531	$ 3,164	$ 3,417	$ 3,543	$12,655
Dividends	$ 7,087	$ 8,858	$ 9,567	$ 9,921	$35,433
Total cash outflows	**$17,728**	**$21,675**	**$23,284**	**$24,114**	**$86,802**
Net cash flow	**$ 1,113**	**$ 1,876**	**$ 2,152**	**$ 2,264**	**$ 7,405**
Cash balance	**$87,634**	**$89,510**	**$91,662**	**$93,926**	**$93,926**

Cash Flow Analysis (Third Year)

		3			
Quarter	**Q1**	**Q2**	**Q3**	**Q4**	**3**
Cash from operations	$16,812	$21,015	$ 22,697	$ 23,537	$ 84,062
Cash from receivables	$ 0	$ 0	$ 0	$ 0	$ 0
Operating cash inflow	**$16,812**	**$21,015**	**$ 22,697**	**$ 23,537**	**$ 84,062**
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	$10,025	$12,531	$ 13,534	$ 14,035	$ 50,125
Total other cash inflows	**$10,025**	**$12,531**	**$ 13,534**	**$ 14,035**	**$ 50,125**
Total cash inflow	**$26,837**	**$33,547**	**$ 36,231**	**$ 37,572**	**$134,187**
Cash outflows					
Repayment of principal	$ 2,336	$ 2,389	$ 2,443	$ 2,498	$ 9,666
A/P decreases	$ 7,170	$ 8,963	$ 9,680	$ 10,038	$ 35,852
A/R increases	$ 0	$ 0	$ 0	$ 0	$ 0
Asset purchases	$ 4,203	$ 5,254	$ 5,674	$ 5,884	$ 21,015
Dividends	$11,769	$14,711	$ 15,888	$ 16,476	$ 58,843
Total cash outflows	**$25,478**	**$31,316**	**$ 33,685**	**$ 34,897**	**$125,377**
Net cash flow	**$ 1,359**	**$ 2,230**	**$ 2,546**	**$ 2,675**	**$ 8,811**
Cash balance	**$95,285**	**$97,515**	**$100,061**	**$102,736**	**$102,736**

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