SOMTHING BORROWED
SOMETHING NEW

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Executive Summary

Something Borrowed Something New is an emerging e-commerce business providing wedding accessories and personalized gifts. Headquartered in San Francisco, CA truly has the entire country at their finger tips through a fully developed drop ship business model. Providing unparalleled customer service and prompt shipping, Something Borrowed Something New has the potential to take the market by storm.

The key selling point of Something Borrowed Something New current business model is no overhead, possible only by utilizing a drop ship platform. By offering hundreds of products supplied by only the finest manufacturers, Something Borrowed Something New is able to reach a host of potential buyers; in doing so the company will be able to generate a faithful following of consumers. Operating under a drop ship model these items are consistently available, but inventory costs are paid for by other corporations; passing cost savings from Something Borrowed Something New to their customers. This is a tremendous cost savings, and one that undoubtedly appeals to all segments of the target audience. In order to reach this target audience, Something Borrowed Something New depends primarily on the Internet and word of mouth referrals. Eventually field-based salesmen may be used to generate regional interest, but still using the site and drop ship format for purchasing and distributing.

In addition, social networking and blogging may be used to drive awareness and interest, giving Something Borrowed Something New a comprehensive online marketing model.

Something Borrowed Something New currently offers a variety of products, including:

- Wedding decoration accents
- Personalized wedding party gifts
- Custom Banners
- Reception accessories

To achieve the Company's objectives, Something Borrowed Something New is seeking $40,000 in total funding. The requested investment will be repaid from the cash flow of the business.

Startup Summary

The following tables specify the funding Something Borrowed Something New needs to bring the business to the next level through the operations of "Something Borrowed Something New".

Start-up Expenses	
Website construction	10,000
Set up Merchant Account	3,500
Business Plan Development	500
Business Consultant/Accountant	2,000
First year salary	24,000
Total Start-up Expenses	40,000

MISSION

The Company's mission statement is as follows:

Our mission is to provide the best quality, service and price for our clients with every transaction; regardless of size or immediate need. Furthermore we commit to our clients to provide 2-3 day shipping, resulting in a measurable business strategy; and above all, stress free shopping for every bride's big day.

COMPANY OWNERSHIP

Something Borrowed Something New is a limited liability corporation registered in the state of California. The Company has been owned by Mr. Williams (100%) since June of 2011.

As the visionary behind the Something Borrowed Something New brand, Mr. Williams has a passion for providing the perfect touch to every wedding; but doing so without steep price tag. Mr. Williams is well equipped to effectively launch this venture with a background laden with quick decision making. As a seasoned professional with a strong entrepreneurial drive, Mr. Williams will not only be able to establish a foundation for Something Borrowed Something New, but also push the company beyond the confines of ecommerce sales. In addition to his intense passion and decision making ability, Mr. Williams is well known for his strengths in time management, continuous improvement and targeted customer service.

Products

Something Borrowed Something New is currently operating from San Francisco, CA, though as with any web-based business location is not critical to success. This is particularly true when considering the drop ship nature of the company's business model. As mentioned previously, Something Borrowed Something New is focused on providing affordable solutions for weddings and personalized gifts. This will be done through a shopping cart style website selling various accessories and gifts for every bride's big day.

To expand upon the previous list Something Borrowed Something New promptly provides products including:

WEDDING ACCESSORIES

- Candles
- Custom aisle runners
- Invitations
- Garters

RECEPTION ACCESSORIES

- Custom serving utensils
- Custom glasses
- Table runners
- Custom banners

PERSONALIZED GIFTS

- Hand bags
- Totes
- Groomsmen gifts
- Bridesmaid gifts

Though this list is already quite extensive, the company has access to hundreds of items from which they can select for posting on their website. With this level of flexibility and product selection, it will be difficult for competitors to maintain an edge above Something Borrowed Something New.

Market Needs

Though there are several competitors inX the target region, there are very few, if any, which provide the broad range of products offered through Something Borrowed Something New. With the economy in its current state of repair, it is not uncommon for bride's to operate on a limited budget which has not always been the case. As a result they are intentionally seeking cost effective solutions which allow them to have the day they have always envisioned without spending thousands of dollars on accessories and gifts. Something Borrowed Something New provides for this need through their extensive product offering at affordable prices.

Industry at a Glance

E-Commerce Snapshot

Revenue
$104.5bn

Annual Growth 06-11
4.9%

Annual Growth 11-16
9.4%

Profit
$11.5bn

Wages
$7.8bn

Business
52,248

As is apparent from the figures above the e-commerce industry is quickly making a substantial mark on the economy. Though some business models require a moderate amount of capital intensive operations, with a purely drop ship model many of these costs can be avoided. The industry is also well known for high profit margins, driven by a highly competitive environment. With very low barriers to entry competition is consistently generating new ideas, products and processes. To keep up with these ever changing trends, industry contenders must be certain their technology and service are constantly improving.

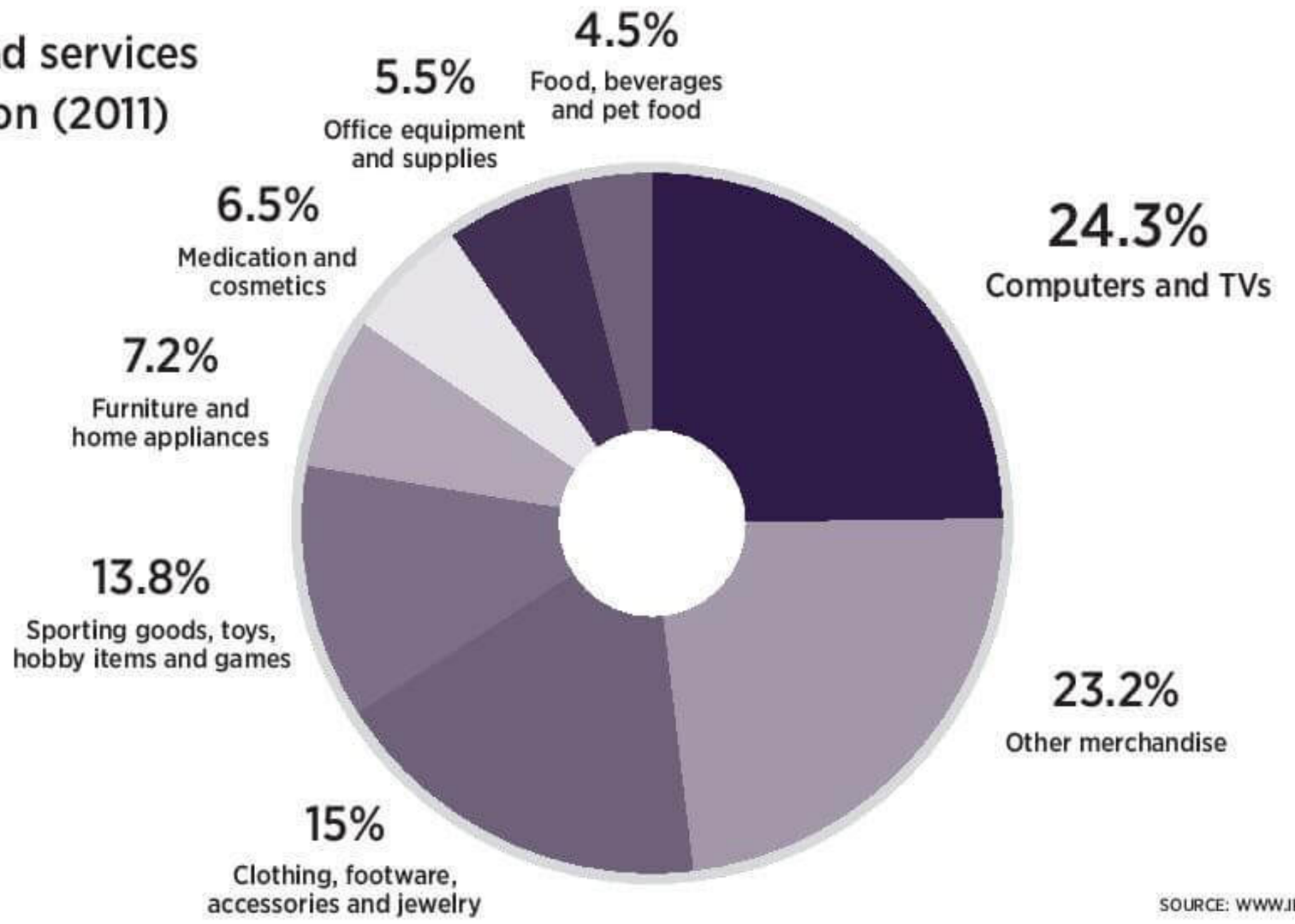
Every year, roughly 100 million Americans purchase goods from the online retail marketplace, one of the fastest-growing industries in the United States. Since the start of the decade, revenue for the e-commerce industry has grown at an exceptional rate, outperforming most retail industries in the country. Because of steady growth, industry margins have also improved, increasing from about 5.0% in 2006 to an estimated 11.0% in 2011.

As online shopping has become more popular among consumers, hard-to-find niche products, such as hunting and camping equipment, have found a home online. As product ranges have grown, so has the number of operators entering the industry.

In the coming years, continued economic recovery will contribute to the e-commerce industry's strong growth. Increases in per capita income and employment levels will improve consumer sentiment, increasing consumers' likelihood to buy. Additionally, broadband internet adoption will grow in the next five years, increasing online retailers' accessibility.

Industry Outlook

Products and services segmentation (2011)



SOURCE: WWW.IBISWORLD.COM

The Online Retail industry is still considered to be in the growth phase of its life cycle. The industry continues to move into new markets and product segments and this in turn, drives new revenue streams and profit opportunities. As the industry continues to grow, households are now becoming one of the larger customer groups. The increasing adoption of online purchasing, by a variety of new clients, is likely to keep the industry in the growth phase of its life cycle for the next five years. As consumers and businesses gain comfort and familiarity with the concept of e-commerce, companies like Something Borrowed Something New will benefit substantially from the increased level of confidence in this business model.

Something Borrowed Something New Keys to Success

1. Ability to compete at a profit. It will be extremely important for Something Borrowed Something New to compete with other organizations in the industry and drive a profit by generating new customer accounts.

2. Effective cost controls. Because shipping has historically made up such a large portion of the industry's costs, Something Borrowed Something New must be able to control this cost driver and integrate effective feasible measures.

3. Developing a skilled labor force. Though not needed immediately, moving forward in expansion to additional e-commerce sites it will be crucial for Something Borrowed Something New to establish high quality staffing strategies.

4. Developing a broad customer base. From households to education programs, the template that has been shown to be successful in the online retailing industry is to develop a broad customer base.

Something Borrowed Something New SWOT Analysis

What follows is a listing of the key strengths and weaknesses of the Something Borrowed Something New business model along with the opportunities and threats that exist within the marketplace.

STRENGTHS

1. The staff. The staff that has been assembled is well-rounded with skills in all of the core service areas including construction and renovation, sales and marketing and finance.

2. The vision. The business vision that the founders have developed is strategic and calls for the systemic growth of the organization by acquiring properties with a profile that will allow Black Diamond Accommodations to realize significant year to year profits.

3. Volume of properties. The volume of properties that are being targeted will put Black Diamond in an instant position to realize profits in a fraction of the time that it would otherwise take.

WEAKNESSES

1. Funding. Funding is the lone weakness for what is otherwise a fairly sound business model and approach. If the organization is able to acquire the needed funds the possibilities for success and profit are nothing less than exceptional.

OPPORTUNITIES

1. Location. The location of Black Diamond Accommodations will be Altoona, Iowa. The area is filled with high profit, low price properties; a fact that bodes extremely well for the long-term prospects of the organization.

2. Lack of competition. The lack of competition presents an amazing opportunity for Black Diamond Accommodations. With the volume of properties currently on the market the potential to purchase them, sell at a profit while erecting significant barriers to competitor entry are all quite promising.

THREATS

1. Inability to sell properties. The inability to sell properties that are acquired poses a threat to the short and long-term prospects of Black Diamond Accommodations. With tightened lending standards, this is an areas that could possibly impact year to year growth and revenue generation.

Marketing

A variety of tools will be used to drive the Something Borrowed Something New marketing message with the most prominent among these tools being the Internet. The company already has a strong web presence with a website that is highly scalable, user-friendly and clearly spells out the services that the company offers. Moving forward, Something Borrowed Something New will begin to leverage the website in a much more aggressive fashion to drive online traffic that ultimately translates into sales. SEO (Search Engine Optimization), social networking and blogging will all be used to give Something Borrowed Something New a comprehensive online marketing presence. Social network pages will include Facebook.com and Twitter.com; the world's two largest social networks. Having a presence on these two portals will give the brand the opportunity to effectively drive interest and awareness.

Something Borrowed Something New is planning to integrate a marketing professional with a strong background in the music and sustainable business industry to implement the chosen marketing strategies. Members of the future sales team will be used in a marketing capacity to establish new customers and continue to cultivate relationships with existing customers. Having a presence in front of certain customers will establish valuable contacts, gain impressions and consumer touches with the targeted audiences in an effort to lay the base for physical locations to root in various communities.

Objectives

What follows is a listing of key corporate objectives for Something Borrowed Something New:

1. Obtain a $40,000 loan. Having access to $40,000 in working capital is one of the primary corporate objectives for Something Borrowed Something New. Doing so will allow the organization to establish operations through marketing, coverage for startup expenses and growth in terms of revenue base.

2. Expand operations. E-commerce provides nearly endless opportunities for business establishment and growth; with this related to current or new products. With that being said, Something Borrowed Something New will look to expand operations to better capitalize on all of the opportunities that are currently present in the market.

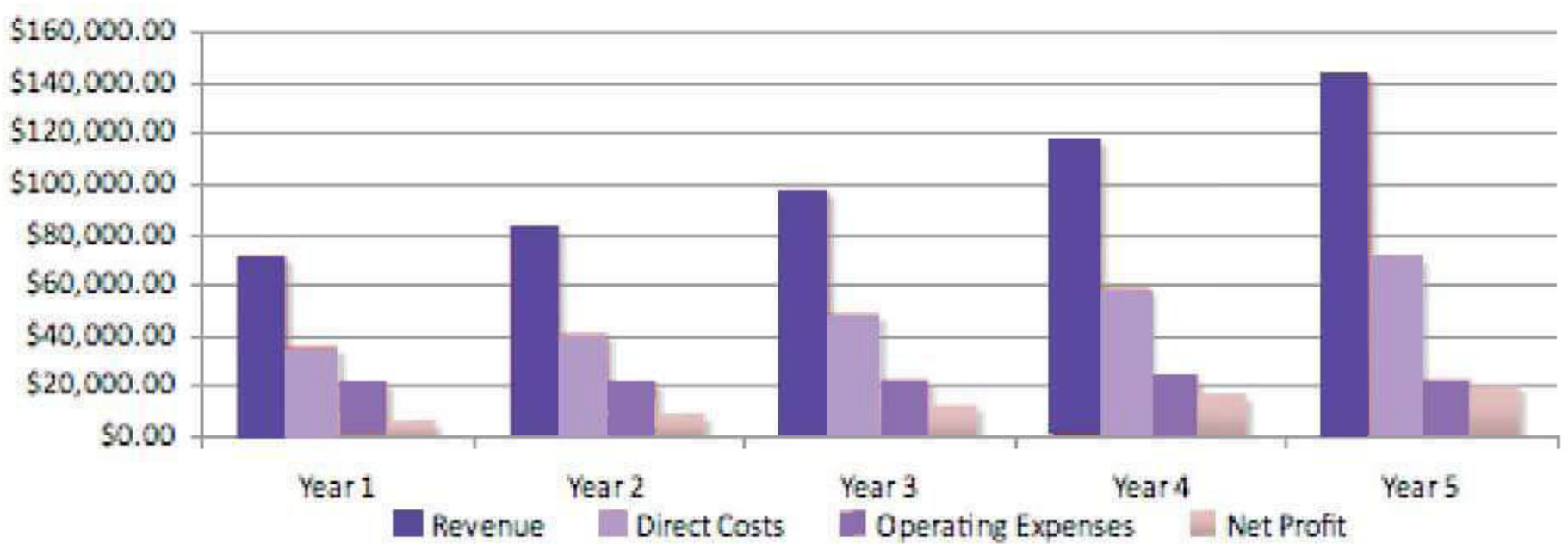
3. Grow supplier relationships. Something Borrowed Something New is currently working with one distinct web-based supplier, offering an attractive drop ship business model. A crucial piece of Something Borrowed Something New's success will be fostering relationships with this type of company in an effort to provide and receive premium service.

Initially the company will expand the number of items offered to existing clients, and then proceed to increase the overall population of customers served. To ensure these objectives are met the company will remain flexible in their business model including the number of employees needed and physical office space: as growth necessitates.

Financial Highlights

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$72,000.00	$82,800.00	$97,704.00	$117,244.80	$143,038.66
Direct Costs	$36,000.00	$41,400.00	$48,852.00	$58,622.40	$71,519.33
Operating Expenses	$21,350.00	$22,310.00	$23,318.00	$24,376.40	$23,337.72
Net Profit	$6,913.60	$8,458.82	$13,106.87	$17,036.58	$20,873.09

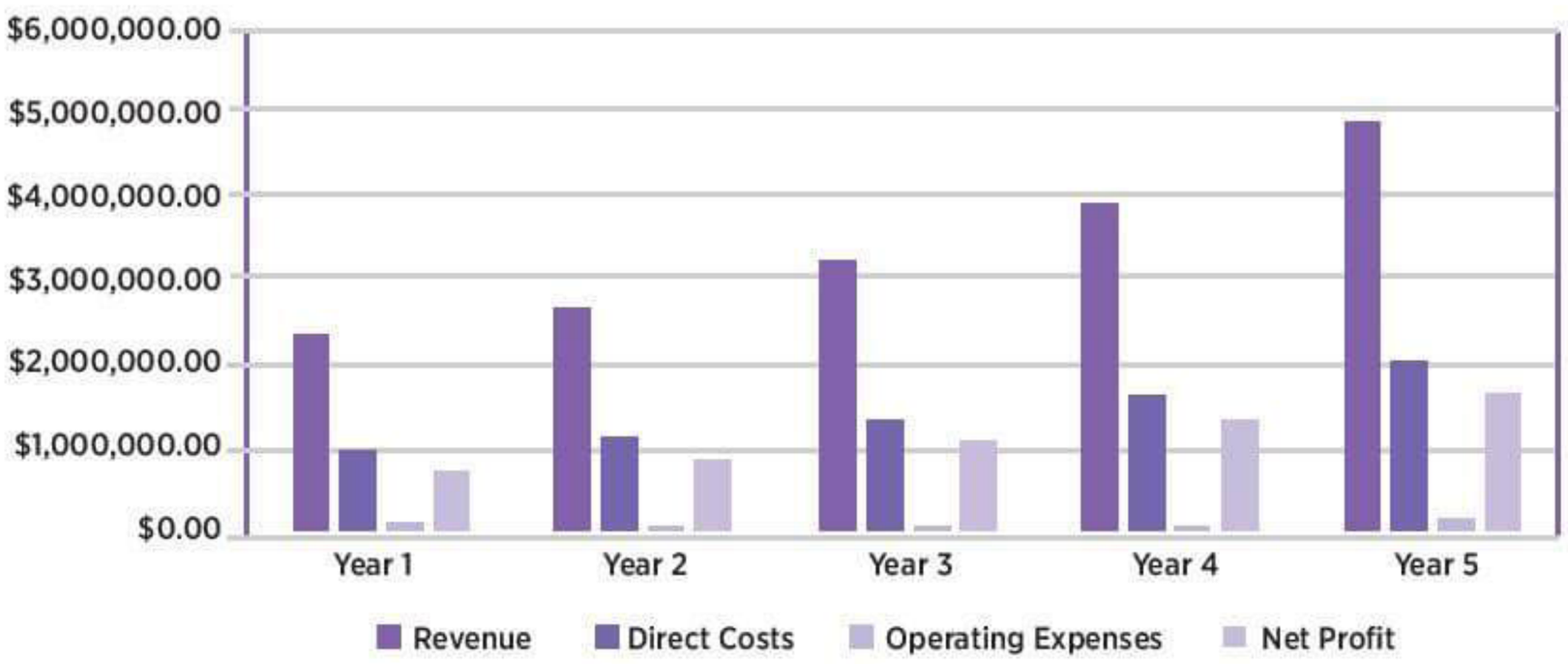
Financial Highlights



Financial Indicators

	Year 1	Year 2	Year 3	Year 4	Year 5
Profitability %'s:					
Gross Margin	50.00%	50.00%	50.00%	50.00%	50.00%
Net Profit Margin	9.60%	10.22%	13.41%	14.53%	14.59%
EBITDA to Revenue	23.33%	25.65%	28.33%	31.04%	33.68%
Leverage Ratios:					
Debt to Equity	(2.20)	(3.86)	(10.21)	25.44	6.19
Debt to Assets Ratio	183.61%	134.99%	110.86%	96.22%	86.09%
Interest Coverage Ratio	2.17	2.00	2.23	2.56	3.00
Liquidity Ratios:					
Current Ratio	0.70	0.93	1.13	1.29	1.42
Current Debt to Total Assets Ratio	151.63%	113.65%	94.29%	82.27%	73.79%
Additional Indicators:					
Revenue to Equity Ratio	(2.18)	(3.36)	(8.48)	21.26	5.42

Financial Indicators



Break-even Analysis

Monthly Revenue Break-even	$4,848
Assumptions:	
Average Monthly Revenue	$6,000
Average Monthly Variable Cost	$3,000
Estimated Monthly Costs	$2,424

PERSONNEL FORECAST

	Year 1	Year 2	Year 3	Year 4	Year 5
Personnel Count					
Founder	1	1	1	1	1
Total Personnel	1	1	1	1	1
Personnel Wage					
Founder	$12,000	$12,600	$13,230	$13,892	$14,586
Personnel Costs					
Founder	$12,000	$12,600	$13,230	$13,892	$14,586
Total Payroll	$12,000	$12,600	$13,230	$13,892	$14,586

Personnel Forecast

The personnel forecast below shows the staffing needs for the next five years.

PERSONNEL FORECAST					
	Year 1	Year 2	Year 3	Year 4	Year 5
Personnel Count					
Barista	4	4	4	4	4
Total Personnel	4	4	4	4	4
Personnel Wage					
Barista	$23,059	$23,751	$24,463	$25,197	$25,953
Personnel Costs					
Barista	$92,236	$95,003	$97,853	$100,789	$103,812
Total Payroll	$92,236	$95,003	$97,853	$100,789	$103,812
Personnel Assumptions: (1) Costs are based on average wages.					

FINANCIAL INDICATORS

The following table summarizes The Coffee Shoppe's projected financial performance with standardized measurement indicators used to evaluate profitability, leverage, asset turnover, and liquidity. As with any long-range projection, accuracy is based on reasonable estimates of return on investment and past performance. The Company believes the following numbers are attainable and reasonable. However, actual results will vary.

FINANCIAL INDICATORS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Profitability %'s:					
Gross Margin	65.25%	65.25%	65.25%	65.25%	65.25%
Net Profit Margin	8.45%	11.70%	14.49%	15.60%	16.64%
EBITDA to Revenue	15.07%	18.00%	20.48%	21.14%	21.73%
Return on Assets	10.91%	15.28%	18.31%	18.28%	18.07%
Return on Equity	43.49%	39.47%	34.49%	27.77%	23.46%
Activity Ratios:					
Accounts Payable Turnover	5.65	6.26	6.64	6.75	6.85
Asset Turnover	1.29	1.31	1.26	1.17	1.09
Leverage Ratios:					
Debt to Equity	2.98	1.58	0.88	0.52	0.30
Debt to Assets Ratio	74.90%	61.30%	46.93%	34.18%	22.97%
Interest Coverage Ratio	3.40	5.01	7.21	9.53	13.59
Debt Service Coverage Ratio	1.38	1.79	2.19	2.34	2.49
Liquidity Ratios:					
Current Ratio	4.42	5.55	7.12	8.82	10.66
Current Debt to Total Assets Ratio	7.94%	7.25%	6.61%	6.04%	5.51%
Additional Indicators:					
Revenue to Equity Ratio	5.14	3.37	2.38	1.78	1.41

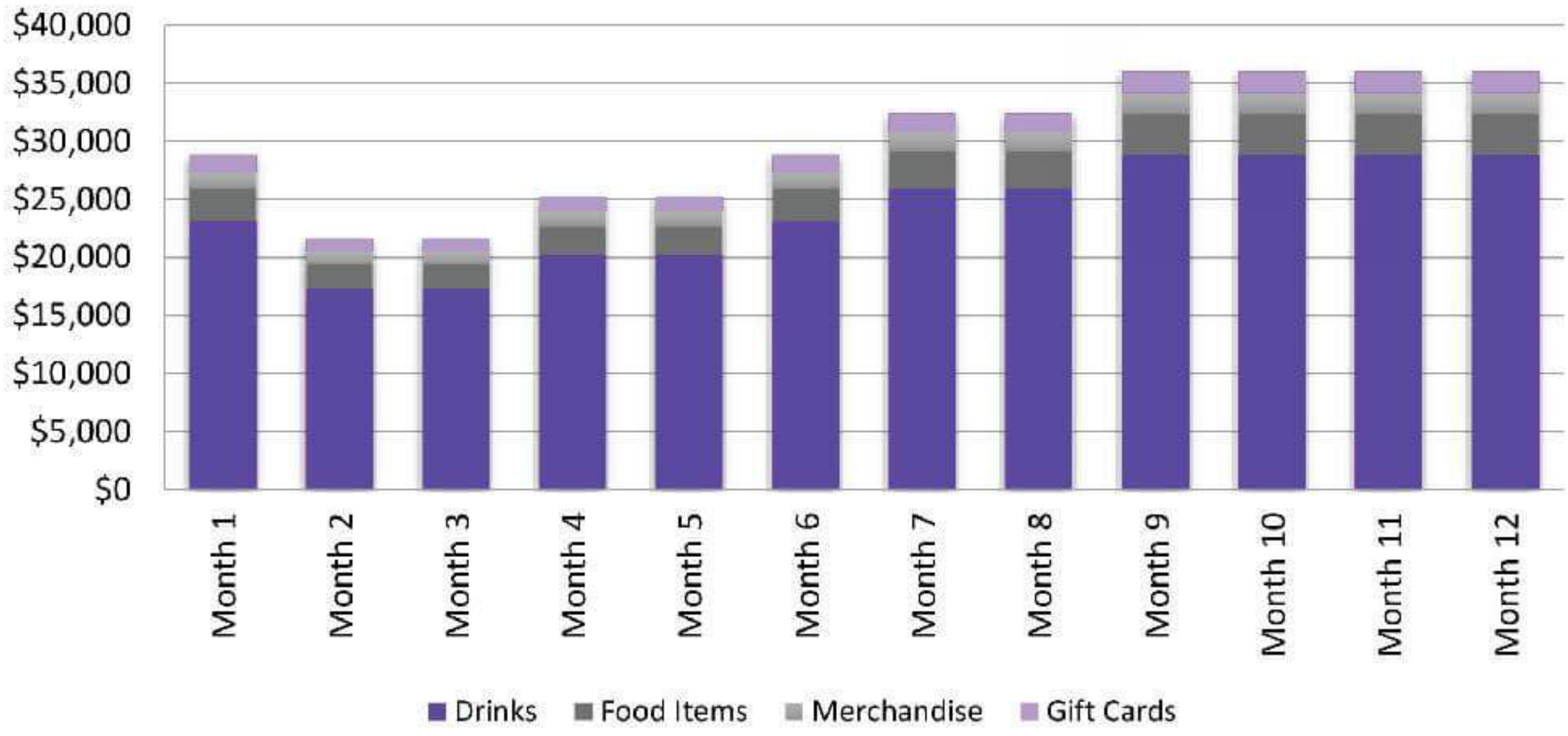


REVENUE FORECAST

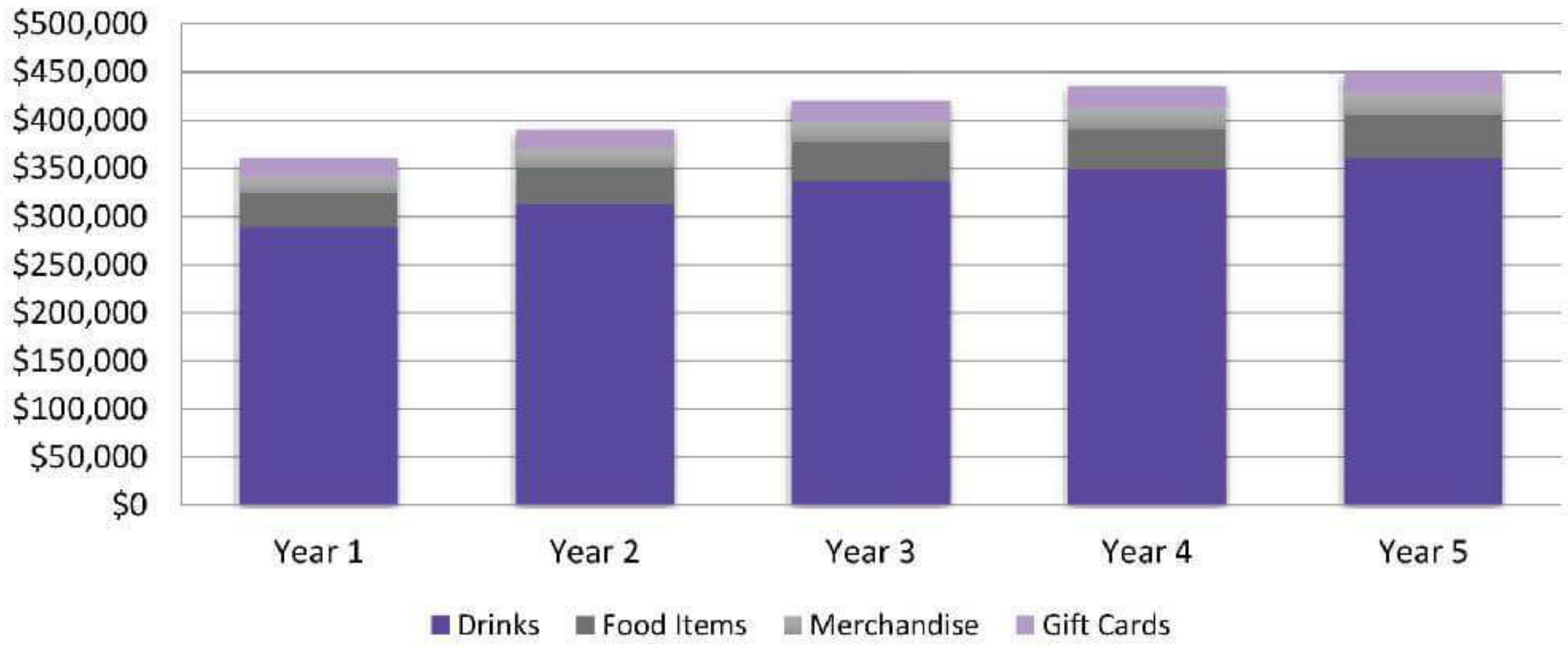
The following is a five-year revenue forecast. Direct costs include all costs which can be directly tied to revenue and include "cost of goods."

REVENUE FORECAST					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total					
Drinks	72,000	78,000	84,000	87,000	90,000
Food Items	10,286	11,143	12,000	12,429	12,857
Merchandise	1,059	1,147	1,235	1,279	1,324
Gift Cards	1,800	1,950	2,100	2,175	2,250
Price					
Drinks	$4.00	$4.00	$4.00	$4.00	$4.00
Food Items	$3.50	$3.50	$3.50	$3.50	$3.50
Merchandise	$17.00	$17.00	$17.00	$17.00	$17.00
Gift Cards	$10.00	$10.00	$10.00	$10.00	$10.00
Revenue					
Drinks	$288,000	$312,000	$336,000	$348,000	$360,000
Food Items	$36,000	$39,000	$42,000	$43,500	$45,000
Merchandise	$18,000	$19,500	$21,000	$21,750	$22,500
Gift Cards	$18,000	$19,500	$21,000	$21,750	$22,500
Total Revenue	$360,000	$390,000	$420,000	$435,000	$450,000
Direct Cost					
Drinks	$1.25	$1.25	$1.25	$1.25	$1.25
Food Items	$1.50	$1.50	$1.50	$1.50	$1.50
Merchandise	$10.00	$10.00	$10.00	$10.00	$10.00
Gift Cards	$0.25	$0.25	$0.25	$0.25	$0.25
Direct Cost of Revenue					
Drinks	$90,000	$97,500	$105,000	$108,750	$112,500
Food Items	$15,429	$16,714	$18,000	$18,643	$19,286
Merchandise	$10,588	$11,471	$12,353	$12,794	$13,235
Gift Cards	$450	$488	$525	$544	$563
Subtotal Cost of Revenue	$116,467	$126,172	$135,878	$140,731	$145,584
Revenue Forecast Assumptions: (1) Revenue and costs are based on averages; (2) Totals may have slight variances due to rounding.					

Year 1 Revenue Monthly



revenue by year



BREAK-EVEN ANALYSIS

The following break-even analysis shows the revenue necessary to break-even in the first year of operation. This is where revenue equals expenses. As shown below, the Company is expected to incur average monthly fixed costs of $16,591 in Year 1. To cover fixed costs and variable costs, which rise and fall with revenue, the Company must, on average, achieve revenue of $26,023 per month to break-even.

YEAR 1 BREAK-EVEN ANALYSIS	
Monthly Revenue Break-even	$26,023
Assumptions:	
Average Monthly Revenue	$30,000
Average Monthly Variable Cost	$10,873
Estimated Monthly Fixed Cost	$16,591

Year 1 Break-even Analysis



Monthly Revenue To Break-Even

PROJECTED INCOME STATEMENT

The Coffee Shoppe intends to deploy its funding to maximize growth and profitability. In the Income Statement table below, gross margin equals sales minus direct costs. The "bottom line" or profit (as measured before and after interest, taxes, depreciation, and amortization) equals gross margin minus operating expenses.

PRO FORMA INCOME STATEMENT					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$360,000	$390,000	$420,000	$435,000	$450,000
Subtotal Cost of Revenue	$116,467	$126,172	$135,878	$140,731	$145,584
Merchant Credit Card Fees	$8,640	$9,360	$10,080	$10,440	$10,800
Total Cost of Revenue	$125,107	$135,532	$145,958	$151,171	$156,384
Gross Margin	$234,893	$254,468	$274,042	$283,829	$293,616
Gross Margin/Revenue	65.25%	65.25%	65.25%	65.25%	65.25%
Expenses					
Rent	$54,000	$54,000	$54,000	$54,000	$54,000
General Insurance Liability	$2,400	$2,460	$2,522	$2,585	$2,649
Business License/Permits	$500	$513	$525	$538	$552
Telephone/Internet	$900	$923	$946	$969	$993
Website Hosting/Updates	$600	$615	$630	$646	$662
Marketing & Advertising	$1,200	$1,230	$1,261	$1,292	$1,325
Supplies	$3,600	$3,690	$3,782	$3,877	$3,974
Utilities	$18,000	$18,450	$18,911	$19,384	$19,869
Professional Services	$1,200	$1,230	$1,261	$1,292	$1,325
Travel & Entertainment	$2,400	$2,460	$2,522	$2,585	$2,649
Repairs & Maintenance	$2,400	$2,460	$2,522	$2,585	$2,649
Worker's Compensation	$1,200	$1,236	$1,273	$1,311	$1,351
Depreciation	$2,500	$2,500	$2,500	$2,500	$2,500
Total Personnel	$92,236	$95,003	$97,853	$100,789	$103,812
Total Operating Expenses	$183,136	$186,769	$190,507	$194,353	$198,310
Profit Before Interest and Taxes	$51,757	$67,699	$83,535	$89,476	$95,307
EBITDA	$54,257	$70,199	$86,035	$91,976	$97,807
Interest Expense	$15,957	$14,022	$11,925	$9,655	$7,197
Taxes Incurred	$5,370	$8,052	$10,741	$11,973	$13,217
Net Profit	$30,430	$45,625	$60,868	$67,848	$74,894
Net Profit/Revenue	8.45%	11.70%	14.49%	15.60%	16.64%
Income Statement Assumptions: (1) Depreciation is based on 10 years; (2) Payroll Taxes are based on 7.65% of Personnel Costs; (3) Company taxes are based on 15%.					

PROJECTED CASH FLOW

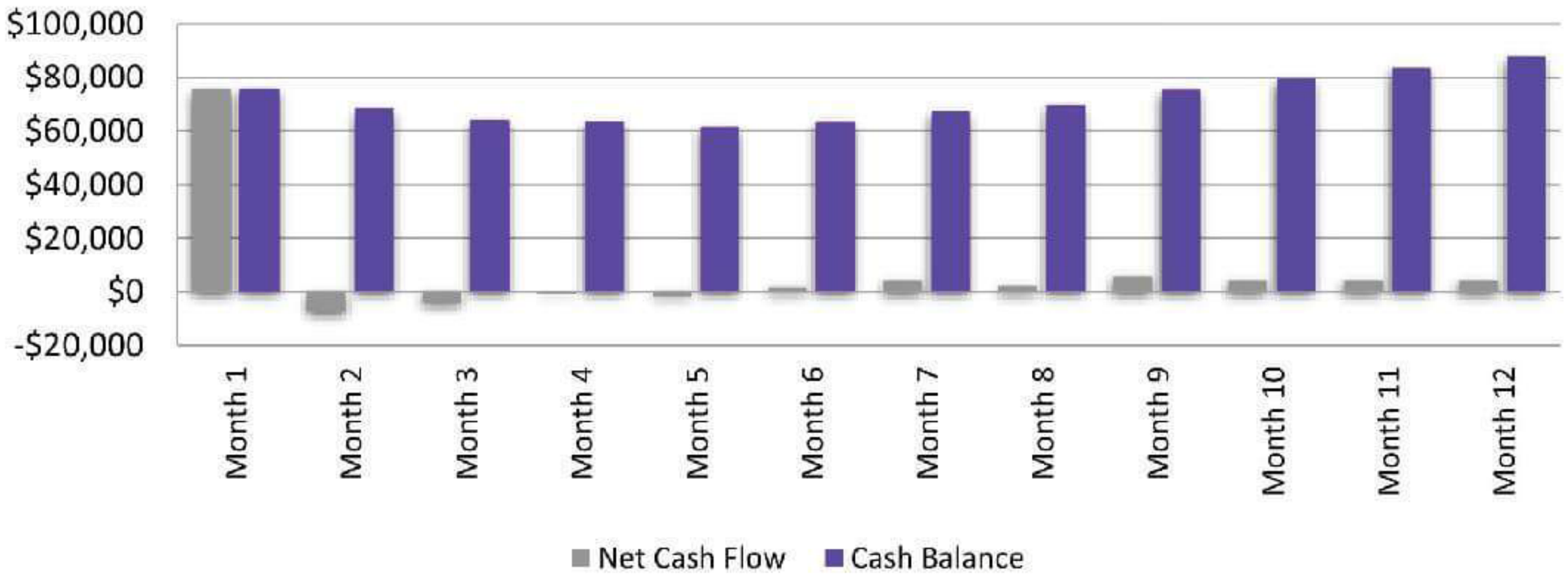
The following depictions of The Coffee Shoppe's projected cash flow show that the Company expects to maintain sufficient cash balances over the five years of this plan. The "pro forma cash flow" table differs from the "pro forma income statement" table. Pro forma cash flow is intended to represent the actual flow of cash in and out of The Coffee Shoppe. In comparison, the revenue and expense projections on the income statement include "non-cash" items and exclude funding and investment illustrations.

PRO FORMA CASH FLOW

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Revenue	$360,000	$390,000	$420,000	$435,000	$450,000
Owner Contribution	$40,000	$0	$0	$0	$0
Proceeds from Bank Loan	$210,000	$0	$0	$0	$0
Subtotal Cash Received	$610,000	$390,000	$420,000	$435,000	$450,000
Expenditures					
Expenditures from Operations					
Total Personnel	$92,236	$95,003	$97,853	$100,789	$103,812
Bill Payments	$213,145	$247,352	$258,465	$263,431	$268,375
Subtotal Spent on Operations	$305,381	$342,356	$356,318	$364,220	$372,188
Additional Cash Spent					
Start-up Costs	$158,500	$0	$0	$0	$0
Principal Loan Repayment	$23,320	$25,256	$27,352	$29,622	$32,081
Purchase Inventory	$10,000	$0	$0	$0	$0
Purchase Long-term Assets	$25,000	$0	$0	$0	$0
Subtotal Cash Spent	$522,202	$367,611	$383,670	$393,842	$404,268
Net Cash Flow	$87,798	$22,389	$36,330	$41,158	$45,732
Cash Balance	$87,798	$110,187	$146,518	$187,676	$233,407

Cash Flow Assumptions: (1) Proceeds from Bank Loan assume funds were received in the amount of $210K; (2) Owner Contribution is $40K.

YEAR 1 CASH



PROJECTED BALANCE SHEET

The balance sheet is a snapshot of The Coffee Shoppe's financial condition. The balance sheet has three parts: assets, liabilities, and ownership equity.

PRO FORMA BALANCE SHEET					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	$87,798	$110,187	$146,518	$187,676	$233,407
Inventory	$10,000	$10,000	$10,000	$10,000	$10,000
Other Current Assets	$0	$0	$0	$0	$0
Total Current Assets	$97,798	$120,187	$156,518	$197,676	$243,407
Long-term Assets					
Long-term Assets	$25,000	$25,000	$25,000	$25,000	$25,000
Accumulated Depreciation	$2,500	$5,000	$7,500	$10,000	$12,500
Total Long-term Assets	$22,500	$20,000	$17,500	$15,000	$12,500
Other Assets					
Other Assets	$158,500	$158,500	$158,500	$158,500	$158,500
Total Assets	$278,798	$298,687	$332,518	$371,176	$414,407
Liabilities and Capital					
Current Liabilities					
Accounts Payable	$22,145	$21,665	$21,978	$22,410	$22,829
Current Borrowing	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$22,145	$21,665	$21,978	$22,410	$22,829
Long-term Liabilities	$186,680	$161,424	$134,073	$104,451	$72,370
Total Liabilities	$208,825	$183,089	$156,051	$126,861	$95,199
Paid-in Capital	$40,000	$40,000	$40,000	$40,000	$40,000
Retained Earnings	$0	$29,973	$75,598	$136,467	$204,315
Earnings	$29,973	$45,625	$60,868	$67,848	$74,894
Total Capital	$69,973	$115,598	$176,467	$244,315	$319,208
Total Liabilities and Capital	$278,798	$298,687	$332,518	$371,176	$414,407
Net Worth	$69,973	$115,598	$176,467	$244,315	$319,208

SENSITIVITY ANALYSIS

VOLATILITY

The level of volatility is determined by averaging the absolute change in revenue in each of the past five years. Volatility levels: very high is more than ±20%; high volatility is ±10% to ±20%; moderate volatility is ±3% to ±10%; and low volatility is less than ±3%.

The sensitivity analysis below assumes that revenues are 5% higher or 5% lower than figures projected earlier in this business plan.

BEST CASE SCENARIO (REVENUE INCREASES BY 5%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$378,000	$409,500	$441,000	$456,750	$472,500
Cost of Goods	$131,362	$142,309	$153,256	$158,729	$164,203
Gross Margin	$246,638	$267,191	$287,744	$298,021	$308,297
Gross Margin/Revenue	65.25%	65.25%	65.25%	65.25%	65.25%
Operating Expenses	$183,136	$186,769	$190,507	$194,353	$198,310
Net Profit	$37,893	$54,337	$70,726	$78,462	$86,293
Cash Flow	$95,718	$31,101	$46,188	$51,772	$57,131
Cash Balance	$95,718	$126,819	$173,007	$224,779	$281,910
Net Profit/Revenue	10.02%	13.27%	16.04%	17.18%	18.26%

WORST CASE SCENARIO (REVENUE DECREASES BY 5%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$342,000	$370,500	$399,000	$413,250	$427,500
Cost of Goods	$118,851	$128,756	$138,660	$143,612	$148,564
Gross Margin	$223,149	$241,744	$260,340	$269,638	$278,936
Gross Margin/Revenue	65.25%	65.25%	65.25%	65.25%	65.25%
Operating Expenses	$183,136	$186,769	$190,507	$194,353	$198,310
Net Profit	$17,504	$32,707	$47,433	$54,337	$61,335
Cash Flow	$75,330	$9,471	$22,895	$27,647	$32,174
Cash Balance	$75,330	$84,800	$107,695	$135,342	$167,515
Net Profit/Revenue	5.12%	8.83%	11.89%	13.15%	14.35%

FINANCIAL ASSUMPTIONS

The assumptions below provide growth rates, cash on hand, and the terms of funding based on an initial loan amount of $210,000.

FINANCIAL ASSUMPTIONS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Growth Assumptions					
Total Revenue Growth		8%	8%	4%	3%
Total Expense Growth		2%	2%	2%	2%
Personnel Assumptions					
Average Salary Growth		3%	3%	3%	3%
Payroll Growth		3%	3%	3%	3%
Cash Assumptions					
Months of Cash on Hand	4	7	9	12	14
Bill Payment Term (Days)	32	32	32	32	32
Loan Assumptions					
LOC Loan (Interest Only)					
Line-of-Credit Monthly Payment	$0	$0	$0	$0	$0
Fixed Rate Loan					
Loan Term	7				
Loan Rate	8.0%				
Monthly Loan Payment	$3,273	$3,273	$3,273	$3,273	$3,273
Average Monthly Interest	$1,330	$1,168	$994	$805	$600
Average Monthly Principle	$1,943	$2,105	$2,279	$2,468	$2,673

APPENDIX I: SELECT ITEMIZED START-UP EXPENSES

The following charts outline the tentative expenses for the equipment needed at start-up. These numbers may be subject to change depending on the Company's needs.

ITEMIZED START-UP EQUIPMENT			
Expenses	Quantity	Cost per Unit	Total Cost
Espresso Machine - Astra Mega 2 Compact 220V Fully Automatic	2	$3,000	$6,000
Coffee Grinder - Astra MG008 Automatic	2	$500	$1,000
Commercial Blenders - Hamilton Beach 58800	2	$200	$400
Commercial Refrigerator (1 door)	1	$1,200	$1,200
Work Top Commercial Refrigerator (3 door)	1	$1,900	$1,900
Food Prep Refrigerator (1 door)	1	$900	$900
Commercial Freezer (1 door)	1	$1,250	$1,250
Commercial Bagel Toaster	1	$375	$375
Coffee/Iced Tea Brewer	1	$1,000	$1,000
Coffee Air Pot	2	$40	$80
Iced Tea Dispenser	1	$105	$105
Ice Machine (w/bin)	1	$3,000	$3,000
Stainless Steel Ice Bin	1	$405	$405
Milk Pitcher Rinser	1	$150	$150
Blender Rinser	1	$140	$140
Microwave	1	$200	$200
Stainless Register Table 2'x1.5'	2	$80	$160
Stainless Steel Table 3'x2.5'	3	$205	$615
Stainless Food Table 4'x2.5'	1	$250	$250
Food Refrigerator Pan	6	$6	$36
Powder Bin	12	$10	$120
Powder Bin Lid	12	$5	$60
Ice Bin For Spoons	2	$8	$16
Towel Bucket	1	$15	$15
Ice Scoop	1	$10	$10
Spoon	10	$2	$20
Milk Pitcher Large	2	$15	$30
Milk Pitcher Small	4	$10	$40
Milk Thermometer	4	$8	$32
Knock Box	2	$20	$40
Syrup Bottle Organizer Shelving	2	$130	$260
Clover	2	$1,200	$2,400
Label Printer	2	$200	$400
Stainless Steel Rinse Sink	1	$150	$150
Stainless Steel Sink (3 compartment)	1	$500	$500
Wire Shelving Unit 36"	1	$70	$70
Alarm System (simplisafe)	1	$400	$400
Menu's	2	$500	$1,000
Open Sign	3	$30	$90
Total			$24,819

APPENDIX II: YEAR ONE FINANCIALS

The following charts show the Company's financial projections by month for Year 1. The numbers assume a ramp-up period following a substantial grand opening and assume Month 1 of operation being July 2018.

YEAR 1 REVENUE 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
Total												
Drinks	5,760	4,320	4,320	5,040	5,040	5,760	6,480	6,480	7,200	7,200	7,200	7,200
Food Items	823	617	617	720	720	823	926	926	1,029	1,029	1,029	1,029
Merchandise	85	64	64	74	74	85	95	95	106	106	106	106
Gift Cards	144	108	108	126	126	144	162	162	180	180	180	180
Price												
Drinks	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00	$4.00
Food Items	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50	$3.50
Merchandise	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00	$17.00
Gift Cards	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00
Revenue												
Drinks	$23,040	$17,280	$17,280	$20,160	$20,160	$23,040	$25,920	$25,920	$28,800	$28,800	$28,800	$28,800
Food Items	$2,880	$2,160	$2,160	$2,520	$2,520	$2,880	$3,240	$3,240	$3,600	$3,600	$3,600	$3,600
Merchandise	$1,440	$1,080	$1,080	$1,260	$1,260	$1,440	$1,620	$1,620	$1,800	$1,800	$1,800	$1,800
Gift Cards	$1,440	$1,080	$1,080	$1,260	$1,260	$1,440	$1,620	$1,620	$1,800	$1,800	$1,800	$1,800
Total Revenue	$28,800	$21,600	$21,600	$25,200	$25,200	$28,800	$32,400	$32,400	$36,000	$36,000	$36,000	$36,000
Direct Cost												
Drinks	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25
Food Items	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50	$1.50
Merchandise	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00	$10.00
Gift Cards	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25	$0.25
Direct Cost of Revenue												
Drinks	$7,200	$5,400	$5,400	$6,300	$6,300	$7,200	$8,100	$8,100	$9,000	$9,000	$9,000	$9,000
Food Items	$1,234	$926	$926	$1,080	$1,080	$1,234	$1,389	$1,389	$1,543	$1,543	$1,543	$1,543
Merchandise	$847	$635	$635	$741	$741	$847	$953	$953	$1,059	$1,059	$1,059	$1,059
Gift Cards	$36	$27	$27	$32	$32	$36	$41	$41	$45	$45	$45	$45
Subtotal Cost of Revenue	$9,317	$6,988	$6,988	$8,153	$8,153	$9,317	$10,482	$10,482	$11,647	$11,647	$11,647	$11,647

