





# Art Gallery


*Bringing Joy of Creativity*


# Business Plan


2020 - 21

 John Doe

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# Executive Summary

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**REMEMBER**

Before you think about how to start an Art Gallery service, you must create a detailed Art Gallery business plan. It will not only guide you in the initial phases of your startup but will also help you later on.

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**TIP**

The purpose of this free business plan is to raise \$100,000 for the development of an art gallery while showcasing the expected financials and operations over the next three years. The Art Valley, Inc. ("the Company") is a New York-based corporation that will provide sales of art from established and up and coming artists to customers in its targeted market. The Company was founded in 2019 by John Doe.

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## The Financing



**TIP**

Mr. Doe is seeking to raise \$100,000 from a bank loan. The interest rate and loan agreement are to be further discussed during negotiation. This free business plan assumes that the business will receive a 10-year loan with a 9% fixed interest rate.

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## Mission Statement



**TIP**

To provide a platform for new and established artists to promote sales of their art, while concurrently providing the business with a steady stream of revenues and profits which will allow the business to expand to a nationwide level of the next three to five years.

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## Management Team



**TIP**

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

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## Sales Forecasts



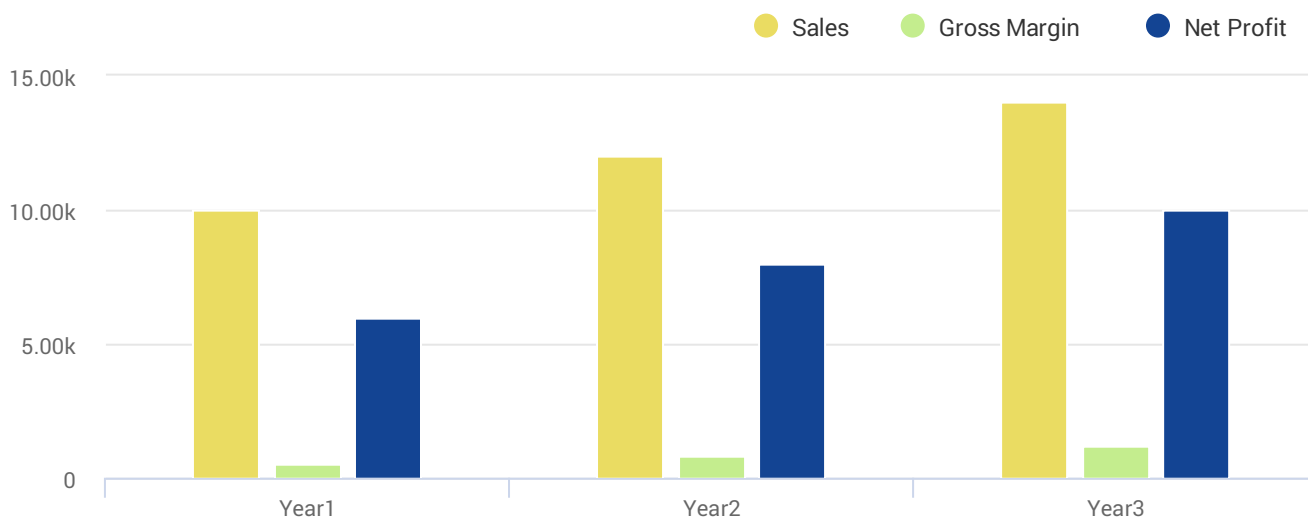
**TIP**

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

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## 3 Year profit forecast



| Financial Year | Sales | Gross Margin | Net Profit |
|----------------|-------|--------------|------------|
| Year1          | 10000 | 500          | 6000       |
| Year2          | 12000 | 800          | 8000       |
| Year3          | 14000 | 1200         | 10000      |

## Expansion Plan



**TIP**

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

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# Company Overview

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## Ownership



TIP

Art Valley, Inc. The Company is registered as a corporation in the State of New York. It is owned by John Doe, a renowned American artist, entrepreneur, and art collector. John has numerous ancient and precious artworks in his possession, making him one of the richest artists in the United States. John has produced abstract and photorealistic paintings as well as glass pieces and photographs. He has also created "spot paintings", which are

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## Purpose of starting A Business



TIP

John had been painting his entire life. He left his studies after completing high-school to pursue his passion for art. Within the next 20 years, he had made himself a name in art but he came to the limelight in 2004 when his famous painting 'The Weeping Laugh' was sold for \$13 Million. Since then John is counted among one of the best artists of the modern-day world. Other than painting himself, John also owns a collection of extremely precious

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## How the Business will be started



TIP

The art gallery will be started in an old museum at Elmwood Avenue, Buffalo, New York in Delaware Park. The museum closed a decade ago and since then the place is not being used for any purpose. That's why a lot of changes and interior designing woodwork are required and a contractor has been hired for this purpose. The art gallery will display John's own paintings, his collection, and the artworks of other artists. Having an experience spanning o

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## Startup cost



### Cost distribution

### Amount

|                   |      |
|-------------------|------|
| <b>Expenses</b>   | 1550 |
| <b>Assets</b>     | 1800 |
| <b>Investment</b> | 2050 |

## Funding Required

The detailed start-up requirements, start-up funding, start-up expenses, total assets, total funding required, total liabilities, total planned investment, total capital, and liabilities as forecasted by experts, is given below:

| Start-up Expenses              | Amount           |
|--------------------------------|------------------|
| Legal                          | \$75,500         |
| Consultants                    | \$0              |
| Insurance                      | \$62,750         |
| Rent                           | \$22,500         |
| Research and Development       | \$42,750         |
| Expended Equipment             | \$42,750         |
| Signs                          | \$1,250          |
| <b>TOTAL START-UP EXPENSES</b> | <b>\$247,500</b> |
| Start-up Assets                | \$0              |
| Cash Required                  | \$322,500        |
| Start-up Inventory             | \$52,625         |



| <b>Start-up Expenses</b>                  | <b>Amount</b>    |
|---|------------------|
| Other Current Assets                      | \$222,500        |
| Long-term Assets                          | \$125,000        |
| <b>TOTAL ASSETS</b>                       | <b>\$121,875</b> |
| Total Requirements                        | \$245,000        |
| <b>START-UP FUNDING</b>                   | <b>\$0</b>       |
| START-UP FUNDING                          | \$273,125        |
| Start-up Expenses to Fund                 | \$121,875        |
| Start-up Assets to Fund                   | \$195,000        |
| <b>TOTAL FUNDING REQUIRED</b>             | <b>\$0</b>       |
| Assets                                    | \$203,125        |
| Non-cash Assets from Start-up             | \$118,750        |
| Cash Requirements from Start-up           | \$0              |
| Additional Cash Raised                    | \$118,750        |
| Cash Balance on Starting Date             | \$121,875        |
| <b>TOTAL ASSETS</b>                       | <b>\$0</b>       |
| Liabilities and Capital                   | \$0              |
| Liabilities                               | \$0              |
| Current Borrowing                         | \$0              |
| Long-term Liabilities                     | \$0              |
| Accounts Payable (Outstanding Bills)      | \$0              |
| Other Current Liabilities (interest-free) | \$0              |
| <b>TOTAL LIABILITIES</b>                  | <b>\$0</b>       |
| Capital                                   | \$0              |
| Planned Investment                        | \$0              |
| Investor 1                                | \$312,500        |
| Investor 2                                | \$0              |
| Other                                     | \$0              |
| Additional Investment Requirement         | \$0              |
| <b>TOTAL PLANNED INVESTMENT</b>           | <b>\$695,000</b> |
| Loss at Start-up (Start-up Expenses)      | \$313,125        |
| <b>TOTAL CAPITAL</b>                      | <b>\$221,875</b> |
| <b>TOTAL CAPITAL AND LIABILITIES</b>      | <b>\$221,875</b> |
| <b>Total Funding</b>                      | <b>\$265,000</b> |

## Management Equity



TIP

John Doe owns 100% of the Art Valley, Inc.

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## Exit Strategy



TIP

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

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## Products and Services

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### REMEMBER

Before starting an Art Gallery Business, you must take many things into consideration such as you must consider what types of art services will you be providing to your customers. Deciding your services is extremely important since it helps you plan other components of your business so make sure to consider it before you think about how to start an art gallery business.

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### TIP

Art Valley will be an open art gallery where artists can put their artworks on display and tourists or visitors can view them. We will provide the following services to our esteemed customers:

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### TIP

We will primarily auction or sell the artworks of John and other artists as well as John's prestigious collection which is expected to drive the most of our revenue. Any artist from all over the world can put his/her artwork for display at our art gallery on the condition that a fixed royalty (service fee) will be deducted from the amount of purchase of that artwork by anyone through the auction at our art gallery. The auction will take place on the first Saturday of every month.

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## Auction Services

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### TIP

We will provide an artwork exhibition or display service to the tourists and art lovers. Anyone can enter the gallery and can enjoy the mesmerizing pieces of arts by purchasing an entry ticket throughout the weekend except the first Saturday of every month.

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## Exhibition Services

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**TIP**

This service will be purely provided for the promotion of various cultural products in this modern-day computerized world. Art Valley does not aim to generate any revenue from it except for the revenue needed for its self-sustainability. The prices of these crafts will be set to as minimal as possible so as to promote them. Initially, these handicrafts will be imported to India, China, France, Turkey, and Egypt but within the next ten years, hand

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## Cultural Handicrafts

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**TIP**

Finally, visitors can also buy various art-related products either for themselves or for their artist friends and family members.

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## Art Shop

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## Market Analysis

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REMEMBER

The most important component of an effective Art Gallery business plan is its accurate marketing analysis. If you are starting on a smaller scale, you can do marketing analysis yourself by taking help from this art gallery business plan sample or other art gallery business plans available online.

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## Market Trends



TIP

The arts & culture market, in general, is a very diverse market. It is estimated that each year about 1.94 billion U.S. dollars are spent by consumers on arts and culture-related goods in the United States as of 2013. Among these contributors are the government (federal, state, and local), foundations, other non-profit organizations, corporations, and private philanthropists. The exhibitions organized by the government as well as private art galleries...

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## Industry Analysis



TIP

The direct sale of art in the United States is a \$4 billion dollar a year industry that consists of 6,300 companies that operate galleries countrywide. The industry also provides jobs to more than 25,000 Americans and generates annual payrolls of \$631 million dollars. The growth of this industry has remained in line with that of the growth of the general economy. The art industry focuses on providing pieces to a predominately upper-mid...

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## Marketing Segmentation

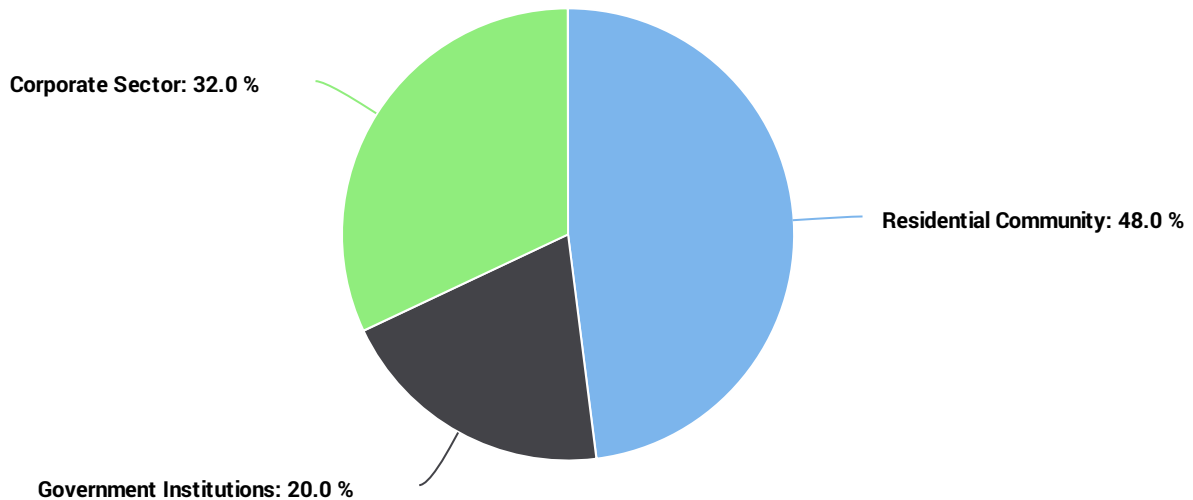


Our target market is the community living nearby at the 30 minutes' drive from our gallery and the corporate sector located in the Central Business District of the city. The community consists of all types of people from varying backgrounds. As per the financial position, nearly half of the community has a monthly income ranging from \$30 k to \$40 k while nearly 13% of people have incomes even around \$90,000.

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## Marketing share



| Segments                | Market share |
|-------------------------|--------------|
| Residential Community   | 48           |
| Government Institutions | 20           |
| Corporate Sector        | 32           |

The detailed marketing segmentation of our target audience is as follows:



The first category of our customers includes the community residing in the residential zones of the city at a 30 minutes' drive from our gallery. The residential community is extremely diverse comprising of people belonging to various age groups and varying needs. This customer group, especially the art-loving middle-aged persons, presents many opportunities for us. They are very much likely to purchase the artworks, handicrafts, and art-related products.

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## Residential Community

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TIP

The second category comprises various government institutions including federal, state, and local level institutions. These government organizations often take great interest in purchase unique artworks for displaying in their institutions, hence they will also contribute to our revenue.

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## Government Institutions

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TIP

The second-biggest consumer of our services will be the corporate sector located in the Central Business District of the city. There are hundreds of local, national, and multinational businesses and companies located within a 15 km radius of our office. It has been found that the corporate sector, especially the higher executives, usually has a great interest in art and paintings. Most of these businesses make millions of dollars every year and can easily afford to purchase artworks for their offices.

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## Corporate Sector

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The detailed market analysis of our potential customers is given in the following table:

| Potential Customers     | Growth | Year 1 | Year 2 | Year 3 | Year 4 | Year 5  | CAGR   |
|-------------------------|--------|--------|--------|--------|--------|---------|--------|
| Residential Community   | 48%    | 22,334 | 32,344 | 43,665 | 52,544 | 66,432  | 10.00% |
| Government Institutions | 18%    | 11,433 | 13,344 | 16,553 | 18,745 | 20,545  | 13.43% |
| Corporate Sector        | 34%    | 18,322 | 19,455 | 20,655 | 22,867 | 24,433  | 15.32% |
| Total                   | 100%   | 52,089 | 65,143 | 80,873 | 94,156 | 111,410 | 9.54%  |

## Business Target



TIP

We aim to become one of the biggest art galleries in the city within the next five years of our startup. Our main business targets to be achieved as milestones over the course of the next three years are as follows:

- To achieve the net profit margin of \$100 k per month by the end of the first year, \$150 k per month by the end of the second year, and \$200 k per month by the end of the third year.

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## Product Pricing



TIP

Product and service pricing is one of the most important factors in deciding the strategy of a startup. Selecting the price for the services is a difficult task because one has to attract customers while yielding a profit at the same time. These two things cannot be achieved at the same time and the only way out is to select a compromised trade-off or balance between the two.

After considering the market demands, we have priced our entry tickets as follows:

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# Sales Strategy

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REMEMBER

Like marketing analysis, sales strategy is also an important component of a steam art gallery business plan. After identifying the market trends, the market demand, and the potential customers of the startup, the next step is to develop an ingenious strategy to attract those customers toward us. John carried out extensive research about various marketing and advertising strategies before he carried out his art gallery planning.

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## Competitive Analysis



TIP

Art Industry is one of the biggest industries of the United States. Considering the unique and dynamic nature of this industry, one has to introduce something innovative before even thinking about how to start an art business. That's why John has already made preparations for entering the competitive industry of event management. Our biggest competitive edge over other art galleries and museums will be our cultural handicrafts imported from India, China

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## Sales Strategy



TIP

After carrying out a detailed analysis, our experts came up with the following brilliant ideas to advertise and sell ourselves.

- We will carry out a large-scale social media campaign for our advertisement.
- We will offer a 10% discount on the service fee on purchases

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## Sales Forecast

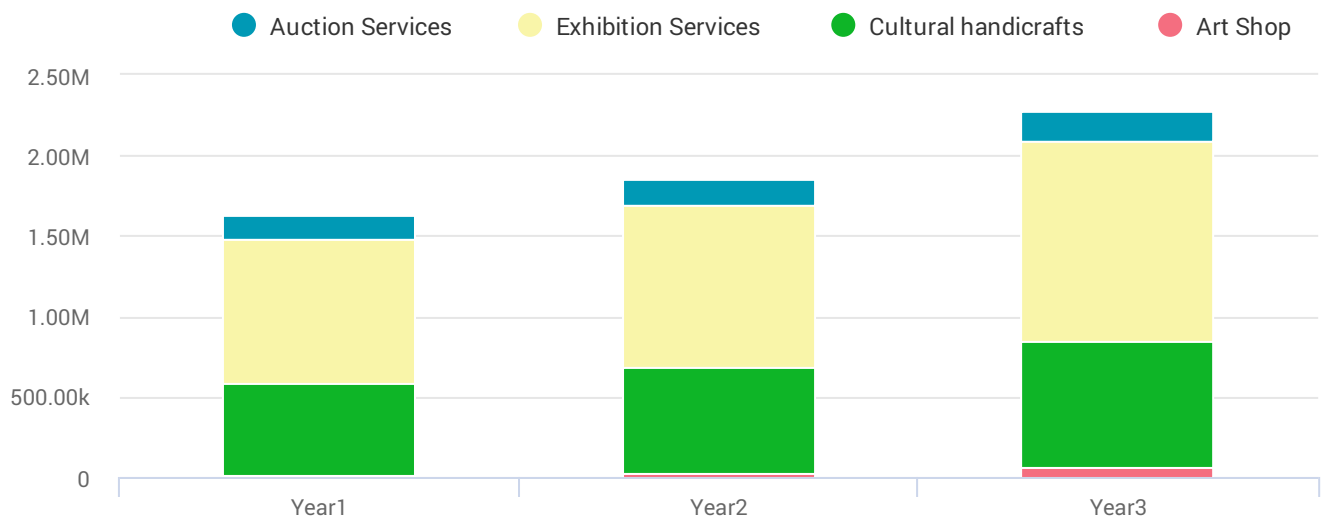


Considering our competitive advantages, our lower rates, the quality of our services, and our unparalleled customer service, our sales pattern is expected to increase with years. The largest contribution to the sales will be by John's collected artworks which will be purchased by high-class business executives and will amount to approximately \$1 M per painting. The auction sales will remain consistent throughout the year, the revenue generated by the

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## Sales Forecast for 3 Years



| Financial Year | Auction Services | Exhibition Services | Cultural handicraf... | Art Shop |
|----------------|------------------|---------------------|-----------------------|----------|
| Year1          | 158745           | 895665              | 568654                | 12451    |
| Year2          | 164548           | 1004512             | 658457                | 24578    |
| Year3          | 186541           | 1245587             | 784512                | 56452    |

The detailed information about sales forecast, total unit sales, total sales is given in the following table:

|                      | Year 1    | Year 2    | Year 3    |
|----------------------|-----------|-----------|-----------|
| <b>Unit Sales</b>    |           |           |           |
| Auction Services     | 1,873,300 | 2,603,200 | 2,582,400 |
| Exhibition Services  | 802,370   | 815,430   | 823,540   |
| Cultural Handicrafts | 539,320   | 770,230   | 1,002,310 |
| Art Shop             | 265,450   | 322,390   | 393,320   |

|                               | Year 1       | Year 2       | Year 3      |
|-------------------------------|--------------|--------------|-------------|
| TOTAL UNIT SALES              | 3,480,440    | 4,511,250    | 4,801,570   |
| <b>Unit Prices</b>            |              |              |             |
| Auction Services              | \$140,000.00 | \$150,050.00 | \$160.00    |
| Exhibition Services           | \$600.00     | \$800.00     | \$1,000.00  |
| Cultural Handicrafts          | \$700.00     | \$800.00     | \$900.00    |
| Art Shop                      | \$650.00     | \$750.00     | \$850.00    |
| <b>Sales</b>                  |              |              |             |
| Auction Services              | \$2,180,000  | \$2,740,000  | \$3,300,000 |
| Exhibition Services           | \$120,050    | \$194,500    | \$268,500   |
| Cultural Handicrafts          | \$50,110     | \$71,600     | \$93,000    |
| Art Shop                      | \$139,350    | \$194,600    | \$249,850   |
| <b>TOTAL SALES</b>            |              |              |             |
| <b>Direct Unit Costs</b>      |              |              |             |
| Auction Services              | \$0.70       | \$0.80       | \$0.90      |
| Exhibition Services           | \$0.40       | \$0.45       | \$0.50      |
| Cultural Handicrafts          | \$0.30       | \$0.35       | \$0.40      |
| Art Shop                      | \$3.00       | \$3.50       | \$4.00      |
| <b>Direct Cost of Sales</b>   |              |              |             |
| Auction Services              | \$983,000    | \$1,830,000  | \$2,677,000 |
| Exhibition Services           | \$66,600     | \$119,900    | \$173,200   |
| Cultural Handicrafts          | \$17,900     | \$35,000     | \$52,100    |
| Art Shop                      | \$19,400     | \$67,600     | \$115,800   |
| Subtotal Direct Cost of Sales | \$294,100    | \$699,400    | \$1,104,700 |

# Organisational And Personnel Plan

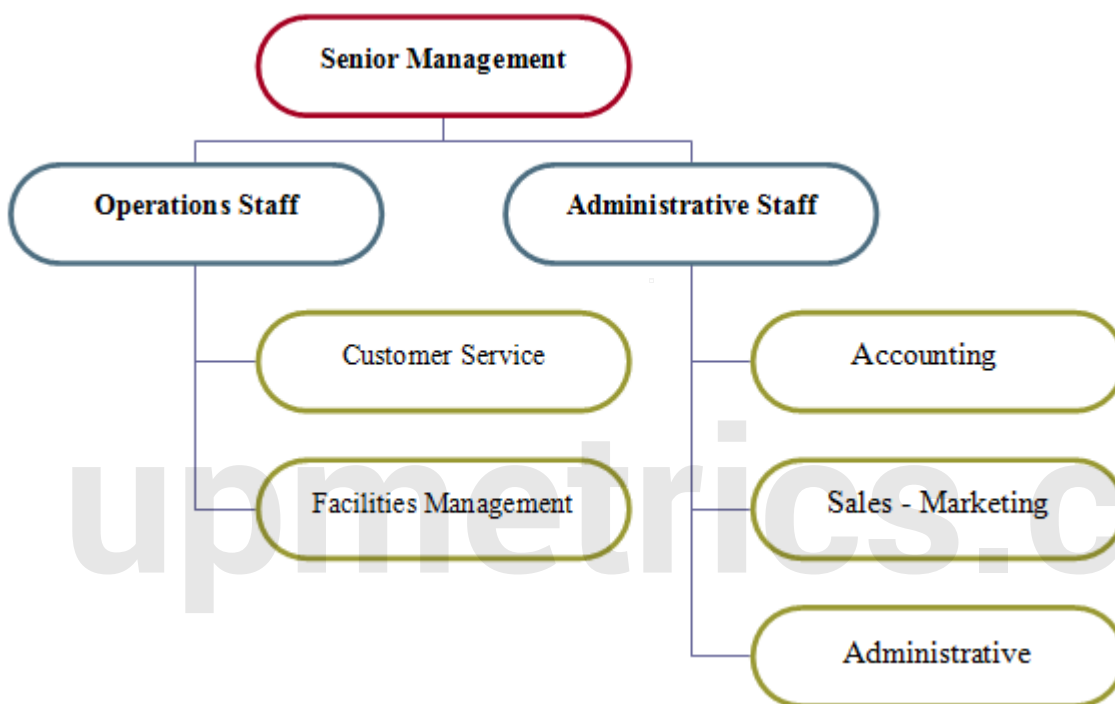


REMEMBER

You have to plan everything before you even think about **how to open an art gallery**. The personnel plan is also an important component of an art gallery business plan since it gives you an estimate of the staff required for your startup as well as the costs incurred on their salaries. So, make sure to duly consider it before thinking about how to start an auto detailing business. The personnel plan of the Art gallery is as follows.

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## Corporate Organization



## Company Staff



TIP

John will act as the General Manager of the Art Valley while he will initially hire the following people for the startup:

- 1 Accountant to maintain financial records
- 2 Sales Executives responsible for marketing and discovering new ventures

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## Average Salary of Employees

The following table shows the forecast data about employees and their salaries for the next three years.

|                    | Year 1      | Year 2      | Year 3      |
|--------------------|-------------|-------------|-------------|
| Accountant         | \$85,000    | \$95,000    | \$105,000   |
| Sales Executives   | \$85,000    | \$92,000    | \$109,000   |
| Auctioneer         | \$41,000    | \$44,000    | \$48,000    |
| Art Shop Manager   | \$16,600    | \$17,300    | \$18,000    |
| Cleaners           | \$350,000   | \$420,000   | \$590,000   |
| Assistants         | \$600,000   | \$633,000   | \$700,000   |
| Inventory Manager  | \$63,300    | \$70,000    | \$76,700    |
| Front Desk Officer | \$20,000    | \$23,300    | \$30,000    |
| Security Officers  | \$400,000   | \$450,000   | \$520,000   |
| Total Salaries     | \$1,175,900 | \$1,299,600 | \$1,571,700 |

# Financial Plan



## REMEMBER

The last component of an art gallery business plan is an in-depth financial plan. The financial plan crafts a detailed map of all the expenses needed for the startup and how these expenses will be met by the earned profits. It is recommended that you use [our financial planning tool](#) for guiding you through all financial aspects needed to be considered for starting an art gallery business.

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## Important Assumptions

The financial projections of the company are forecasted on the basis of the following assumptions. These assumptions are quite conservative and are expected to show deviation but to a limited level such that the company's major financial strategy will not be affected.

|                         | Year 1 | Year 2 | Year 3 |
|-------------------------|--------|--------|--------|
| Plan Month              | 1      | 2      | 3      |
| Current Interest Rate   | 10,00% | 11,00% | 12,00% |
| Long-term Interest Rate | 10,00% | 10,00% | 10,00% |
| Tax Rate                | 26,42% | 27,76% | 28,12% |
| Other                   | 0      | 0      | 0      |

## Brake-even Analysis

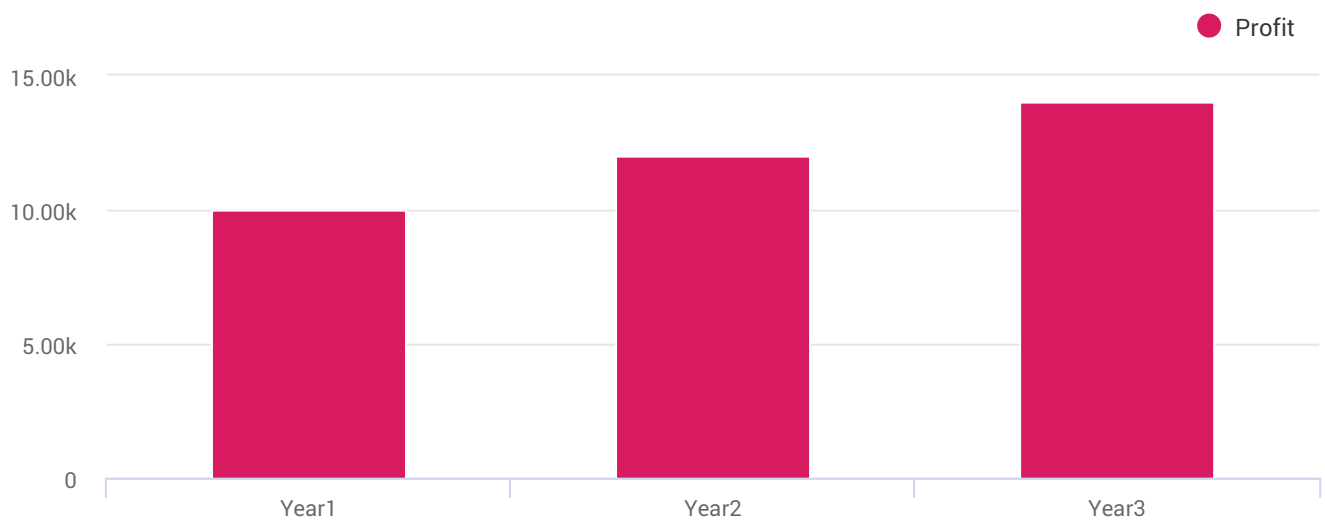
|                                |           |
|--------------------------------|-----------|
| Monthly Units Break-even       | 5530      |
| Monthly Revenue Break-even     | \$159 740 |
| <b>Assumptions:</b>            |           |
| Average Per-Unit Revenue       | \$260,87  |
| Average Per-Unit Variable Cost | \$0,89    |
| Estimated Monthly Fixed Cost   | \$196 410 |

## Projected Profit and Loss

|                      | Year 1    | Year 2    | Year 3    |
|----------------------|-----------|-----------|-----------|
| <b>Sales</b>         | \$309 069 | \$385 934 | \$462 799 |
| Direct Cost of Sales | \$15 100  | \$19 153  | \$23 206  |
| Other                | \$0       | \$0       | \$0       |

|  | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
|--|---------------|---------------|---------------|
| TOTAL COST OF SALES                    | \$15 100      | \$19 153      | \$23 206      |
| Gross Margin                           | \$293 969     | \$366 781     | \$439 593     |
| Gross Margin %                         | 94,98%        | 94,72%        | 94,46%        |
| <b>Expenses</b>                        |               |               |               |
| Payroll                                | \$138 036     | \$162 898     | \$187 760     |
| Sales and Marketing and Other Expenses | \$1 850       | \$2 000       | \$2 150       |
| Depreciation                           | \$2 070       | \$2 070       | \$2 070       |
| Leased Equipment                       | \$0           | \$0           | \$0           |
| Utilities                              | \$4 000       | \$4 250       | \$4 500       |
| Insurance                              | \$1 800       | \$1 800       | \$1 800       |
| Rent                                   | \$6 500       | \$7 000       | \$7 500       |
| Payroll Taxes                          | \$34 510      | \$40 726      | \$46 942      |
| Other                                  | \$0           | \$0           | \$0           |
| Total Operating Expenses               | \$188 766     | \$220 744     | \$252 722     |
| Profit Before Interest and Taxes       | \$105 205     | \$146 040     | \$186 875     |
| EBITDA                                 | \$107 275     | \$148 110     | \$188 945     |
| Interest Expense                       | \$0           | \$0           | \$0           |
| Taxes Incurred                         | \$26 838      | \$37 315      | \$47 792      |
| Net Profit                             | \$78 367      | \$108 725     | \$139 083     |
| <b>Net Profit/Sales</b>                | 30,00%        | 39,32%        | 48,64%        |

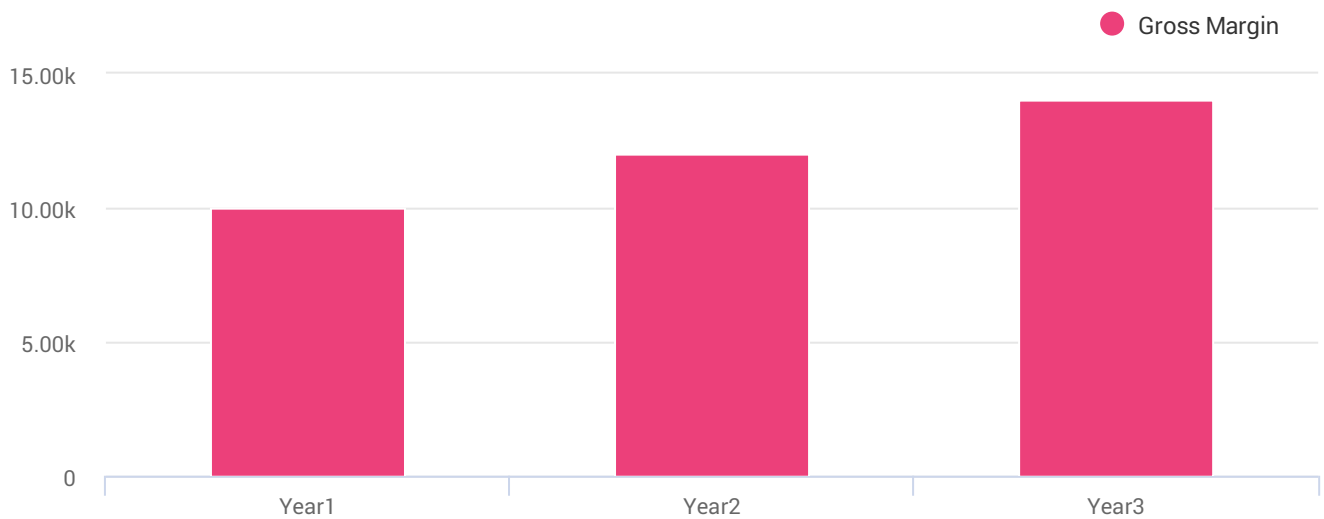
## Profit Yearly



| Financial Year | Profit |
|----------------|--------|
| Year1          | 10000  |
| Year2          | 12000  |
| Year3          | 14000  |



## Gross Margin Yearly



| Financial Year | Gross Margin |
|----------------|--------------|
| Year1          | 10000        |
| Year2          | 12000        |
| Year3          | 14000        |

## Projected Cash Flow

| Cash Received                         | Year 1          | Year 2          | Year 3          |
|---------------------------------------|-----------------|-----------------|-----------------|
| <b>Cash from Operations</b>           |                 |                 |                 |
| Cash Sales                            | \$40 124        | \$45 046        | \$50 068        |
| Cash from Receivables                 | \$7 023         | \$8 610         | \$9 297         |
| <b>SUBTOTAL CASH FROM OPERATIONS</b>  | <b>\$47 143</b> | <b>\$53 651</b> | <b>\$59 359</b> |
| <b>Additional Cash Received</b>       |                 |                 |                 |
| 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             |
| <b>SUBTOTAL CASH RECEIVED</b>         | <b>\$47 143</b> | <b>\$53 651</b> | <b>\$55 359</b> |

| <b>Cash Received</b>                      | <b>Year 1</b>   | <b>Year 2</b>   | <b>Year 3</b>   |
|---|-----------------|-----------------|-----------------|
| <b>Expenditures from Operations</b>       |                 |                 |                 |
| Cash Spending                             | \$21 647        | \$24 204        | \$26 951        |
| Bill Payments                             | \$13 539        | \$15 385        | \$170 631       |
| <b>SUBTOTAL SPENT ON OPERATIONS</b>       | <b>\$35 296</b> | <b>\$39 549</b> | <b>\$43 582</b> |
| <b>Additional Cash Spent</b>              |                 |                 |                 |
| 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 | \$0             | \$0             | \$0             |
| Purchase Other Current Assets             | \$0             | \$0             | \$0             |
| Purchase Long-term Assets                 | \$0             | \$0             | \$0             |
| Dividends                                 | \$0             | \$0             | \$0             |
| <b>SUBTOTAL CASH SPENT</b>                | <b>\$35 296</b> | <b>\$35 489</b> | <b>\$43 882</b> |
| <b>Net Cash Flow</b>                      | <b>\$11 551</b> | <b>\$13 167</b> | <b>\$15 683</b> |
| <b>Cash Balance</b>                       | <b>\$21 823</b> | <b>\$22 381</b> | <b>\$28 239</b> |

## Projected Balance Sheet

| <b>Assets</b>                 | <b>Year 1</b>    | <b>Year 2</b>    | <b>Year 3</b>    |
|-------------------------------|------------------|------------------|------------------|
| <b>Current Assets</b>         |                  |                  |                  |
| Cash                          | \$184 666        | \$218 525        | \$252 384        |
| Accounts Receivable           | \$12 613         | \$14 493         | \$16 373         |
| Inventory                     | \$2 980          | \$3 450          | \$3 920          |
| Other Current Assets          | \$1 000          | \$1 000          | \$1 000          |
| <b>TOTAL CURRENT ASSETS</b>   | <b>\$201 259</b> | <b>\$237 468</b> | <b>\$273 677</b> |
| <b>Long-term Assets</b>       |                  |                  |                  |
| Long-term Assets              | \$10 000         | \$10 000         | \$10 000         |
| Accumulated Depreciation      | \$12 420         | \$14 490         | \$16 560         |
| <b>TOTAL LONG-TERM ASSETS</b> | <b>\$980</b>     | <b>\$610</b>     | <b>\$240</b>     |
| <b>TOTAL ASSETS</b>           | <b>\$198 839</b> | <b>\$232 978</b> | <b>\$267 117</b> |
| <b>Current Liabilities</b>    |                  |                  |                  |
| Accounts Payable              | \$9 482          | \$10 792         | \$12 102         |
| Current Borrowing             | \$0              | \$0              | \$0              |

| Assets                               | Year 1           | Year 2           | Year 3           |
|--------------------------------------|------------------|------------------|------------------|
| Other Current Liabilities            | \$0              | \$0              | \$0              |
| <b>SUBTOTAL CURRENT LIABILITIES</b>  | <b>\$9 482</b>   | <b>\$10 792</b>  | <b>\$12 102</b>  |
| Long-term Liabilities                | \$0              | \$0              | \$0              |
| <b>TOTAL LIABILITIES</b>             | <b>\$9 482</b>   | <b>\$10 792</b>  | <b>\$12 102</b>  |
| Paid-in Capital                      | \$30 000         | \$30 000         | \$30 000         |
| Retained Earnings                    | \$48 651         | \$72 636         | \$96 621         |
| Earnings                             | \$100 709        | \$119 555        | \$138 401        |
| <b>TOTAL CAPITAL</b>                 | <b>\$189 360</b> | <b>\$222 190</b> | <b>\$255 020</b> |
| <b>TOTAL LIABILITIES AND CAPITAL</b> | <b>\$198 839</b> | <b>\$232 978</b> | <b>\$267 117</b> |
| <b>Net Worth</b>                     | <b>\$182 060</b> | <b>\$226 240</b> | <b>\$270 420</b> |

## Business Ratios

|  | Year 1         | Year 2         | Year 3         | Industry Profile |
|--|----------------|----------------|----------------|------------------|
| Sales Growth                               | 4,35%          | 30,82%         | 63,29%         | 4,00%            |
| <b>Percent of Total Assets</b>             |                |                |                |                  |
| Accounts Receivable                        | 5,61%          | 4,71%          | 3,81%          | 9,70%            |
| Inventory                                  | 1,85%          | 1,82%          | 1,79%          | 9,80%            |
| Other Current Assets                       | 1,75%          | 2,02%          | 2,29%          | 27,40%           |
| Total Current Assets                       | 138,53%        | 150,99%        | 163,45%        | 54,60%           |
| Long-term Assets                           | -9,47%         | -21,01%        | -32,55%        | 58,40%           |
| <b>TOTAL ASSETS</b>                        | <b>100,00%</b> | <b>100,00%</b> | <b>100,00%</b> | <b>100,00%</b>   |
| Current Liabilities                        | 4,68%          | 3,04%          | 2,76%          | 27,30%           |
| Long-term Liabilities                      | 0,00%          | 0,00%          | 0,00%          | 25,80%           |
| Total Liabilities                          | 4,68%          | 3,04%          | 2,76%          | 54,10%           |
| <b>NET WORTH</b>                           | <b>99,32%</b>  | <b>101,04%</b> | <b>102,76%</b> | <b>44,90%</b>    |
| <b>Percent of Sales</b>                    |                |                |                |                  |
| Sales                                      | 100,00%        | 100,00%        | 100,00%        | 100,00%          |
| Gross Margin                               | 94,18%         | 93,85%         | 93,52%         | 0,00%            |
| Selling, General & Administrative Expenses | 74,29%         | 71,83%         | 69,37%         | 65,20%           |
| Advertising Expenses                       | 2,06%          | 1,11%          | 0,28%          | 1,40%            |
| Profit Before Interest and Taxes           | 26,47%         | 29,30%         | 32,13%         | 2,86%            |
| <b>Main Ratios</b>                         |                |                |                |                  |

|                              | Year 1    | Year 2    | Year 3    | Industry Profile |
|------------------------------|-----------|-----------|-----------|------------------|
| Current                      | 25,86     | 29,39     | 32,92     | 1,63             |
| Quick                        | 25,4      | 28,88     | 32,36     | 0,84             |
| Total Debt to Total Assets   | 2,68%     | 1,04%     | 0,76%     | 67,10%           |
| Pre-tax Return on Net Worth  | 66,83%    | 71,26%    | 75,69%    | 4,40%            |
| Pre-tax Return on Assets     | 64,88%    | 69,75%    | 74,62%    | 9,00%            |
| Additional Ratios            | Year 1    | Year 2    | Year 3    |                  |
| Net Profit Margin            | 19,20%    | 21,16%    | 23,12%    | N.A.             |
| Return on Equity             | 47,79%    | 50,53%    | 53,27%    | N.A.             |
| <b>Activity Ratios</b>       |           |           |           |                  |
| Accounts Receivable Turnover | 4,56      | 4,56      | 4,56      | N.A.             |
| Collection Days              | 92        | 99        | 106       | N.A.             |
| Inventory Turnover           | 19,7      | 22,55     | 25,4      | N.A.             |
| Accounts Payable Turnover    | 14,17     | 14,67     | 15,17     | N.A.             |
| Payment Days                 | 27        | 27        | 27        | N.A.             |
| Total Asset Turnover         | 1,84      | 1,55      | 1,26      | N.A.             |
| <b>Debt Ratios</b>           |           |           |           |                  |
| Debt to Net Worth            | 0         | -0,02     | -0,04     | N.A.             |
| Current Liab. to Liab.       | 1         | 1         | 1         | N.A.             |
| <b>Liquidity Ratios</b>      |           |           |           |                  |
| Net Working Capital          | \$120 943 | \$140 664 | \$160 385 | N.A.             |
| Interest Coverage            | 0         | 0         | 0         | N.A.             |
| <b>Additional Ratios</b>     |           |           |           |                  |
| Assets to Sales              | 0,45      | 0,48      | 0,51      | N.A.             |
| Current Debt/Total Assets    | 4%        | 3%        | 2%        | N.A.             |
| Acid Test                    | 23,66     | 27,01     | 30,36     | N.A.             |
| Sales/Net Worth              | 1,68      | 1,29      | 0,9       | N.A.             |
| Dividend Payout              | 0         | 0         | 0         | N.A.             |