

# Fasta Pasta

Fasta Pasta  
Rancho Bernardo, CA.

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# Fasta Pasta

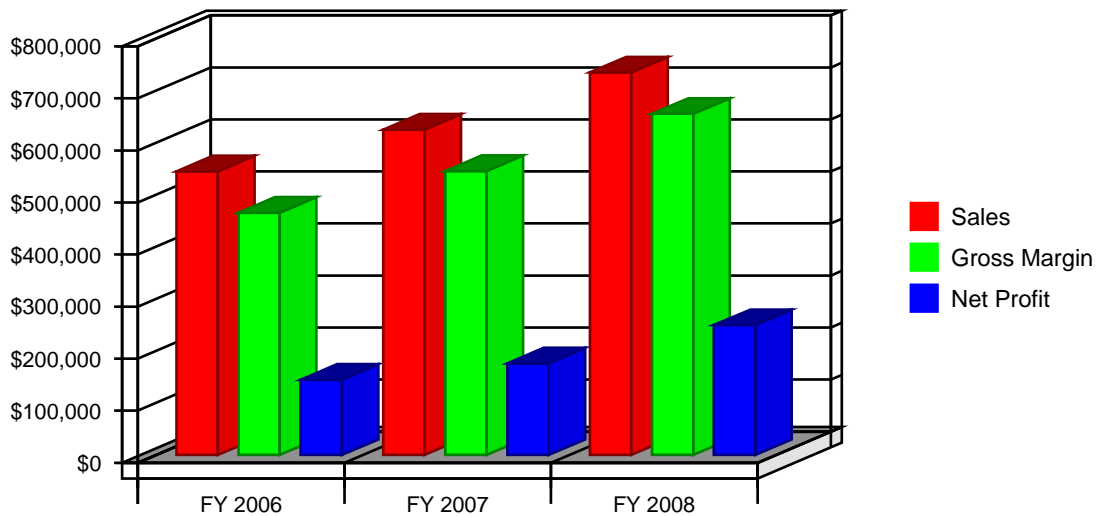
## 1.0 Executive Summary

Fasta Pasta will be the leading gourmet pasta restaurant in San Diego County with a rapidly developing consumer brand and growing customer base. The signature line of innovative, premium, pasta dishes will entice diners. Our unique ability to become your own chef and choose among ingredients such as fresh Italian Sausage and Fresh Salmon will allow diners to create a meal experience suited for their tastes. Fasta Pasta also serves distinctive salads, desserts, and beverages.

Fasta Pasta will reinvent the pasta experience for individuals, families, and take-away customers with discretionary income by selling high quality, innovative products at a reasonable price, designing tasteful, convenient locations, and providing industry benchmark customer service.

In order to grow at a rate consistent with our objectives, Fasta Pasta is seeking an outside loan or investment of \$100,000 in the form of a credit line.

### Highlights



## 1.1 Objectives

Fasta Pasta's objectives are to build brand awareness and customer service, while growing sales in our restaurant. Fasta Pasta intends to utilize the following strategies to achieve these objectives:

- Offer high quality, innovative menu items, utilizing premium vegetables, meats and cheeses.
- Provide an excellent dining value. Sigmund's provides large portions of fresh, high-quality food for an average guest check of \$10.
- Build brand awareness through inexpensive, guerrilla marketing tactics.
- Pursue disciplined restaurant growth.
- Provide superior customer service.
- Leverage the experience, intelligence, and skills of our sophisticated advisory board.

## 1.2 Mission

Fasta Pasta's mission is to provide the customer the finest pasta meal and dining experience. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations of our customers.

## 1.3 Keys to Success

Location, Location, Location.

Fasta Pasta's site selection is critical to success. We have identified the following site selection criteria:

- Daytime and evening populations.
- Shopping patterns.
- Car counts.
- Household income levels.

The location we have settled on is the Rancho Bernardo Town Center.

## 2.0 Company Summary

Fasta Pasta is a gourmet pasta restaurant Rancho Bernardo, CA. Fasta Pasta serves individuals, families, and take-away customers with fresh, creative, attractive pasta dishes, salads and desserts. Sigmund's fresh pasta, fresh vegetables, and premium meats and cheeses.

The restaurant in the Rancho Bernardo Town Center will be the concept restaurant on which all future stores will be based.

## 2.1 Company Ownership

Sigmund's is a privately held California Corporation. The majority stock holders are Terry and Marina Hernandez.

## 2.2 Start-up Summary

Fasta Pasta will incur the following start-up costs:

- Pasta machines.
- Commercial stove.
- Commercial refrigerators and freezers.
- Commercial dishwasher.
- Cabinets with cutting board surfaces.
- Chairs and tables.
- Beverage dispenser.
- Dishware and flatware.
- Assorted knives, mixing bowls, and other accessories needed in the production of food.
- Point-of-Sale terminal.
- Computer with Internet connection, CD-RW, and printer.

Please note that the following items which are considered assets to be used for more than a year will be labeled long-term assets and will be depreciated using G.A.A.P. approved straight-line depreciation method.

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**Table: Start-up**

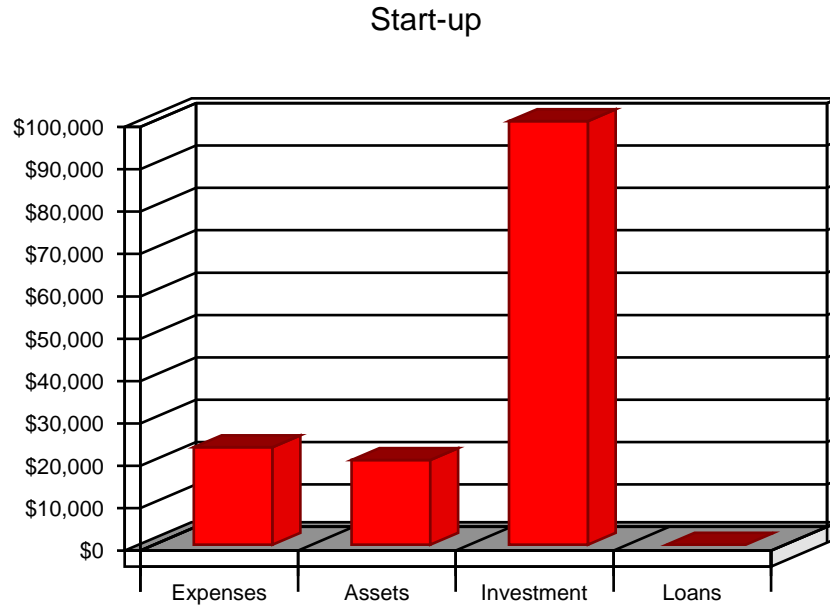
<u>Start-up</u>	
<u>Requirements</u>	
<u>Start-up Expenses</u>	
Rent	\$10,000
Stationery etc.	\$500
Menus	\$1,500
Insurance	\$500
Utilities	\$500
Advertising/Marketing	\$5,000
Other	\$5,000
Total Start-up Expenses	\$23,000
<u>Start-up Assets</u>	
Cash Required	\$20,000
Other Current Assets	\$0
Long-term Assets	\$0
Total Assets	\$20,000
Total Requirements	\$43,000

**Table: Start-up Funding**

<u>Start-up Funding</u>	
Start-up Expenses to Fund	\$23,000
Start-up Assets to Fund	\$20,000
Total Funding Required	\$43,000
<u>Assets</u>	
Non-cash Assets from Start-up	\$0
Cash Requirements from Start-up	\$20,000
Additional Cash Raised	\$57,000
Cash Balance on Starting Date	\$77,000
Total Assets	\$77,000
<u>Liabilities and Capital</u>	
<u>Liabilities</u>	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities	\$0
Total Liabilities	\$0
<u>Capital</u>	
<u>Planned Investment</u>	
Owner Capital	\$100,000
Outside Investment	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$100,000
Loss at Start-up (Start-up Expenses)	(\$23,000)
Total Capital	\$77,000
Total Capital and Liabilities	\$77,000
Total Funding	\$100,000

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## 3.0 Products

Fast Pasta has created gourmet pastas and salads that are differentiated and superior to competitors. Customers can taste the quality and freshness of the product in every bite. The following are some characteristics of the product:

1. Fasta Pasta lets the diner become the chef, in their own private kitchen.
2. Cheeses are all imported.
3. Vegetables are organic and fresh with three shipments a week.
4. Meats are all top-shelf varieties, organic when possible.

At Fasta Pasta, food is not the only product. Fasta Pasta prides themselves on providing service that is on par with fine dining. This is accomplished through an extensive training program and only hiring experienced employees.

At A Glance--The Prototype Fasta Pasta restaurant.

- **Location:** an upscale mall, suburban neighborhood, or urban retail district.
- **Design:** bright, hip, and clean.
- **Size:** 1,200-1,700 square feet.
- **Employees:** six to seven full time.
- **Seating:** 35-45.
- **Types of transactions:** 80% dine in, 20% take away.



## 4.0 Market Analysis Summary

The market can be divided into three target markets, individuals, families and take-away business. Please see the next session for an intricate analysis of the different segments.

Fasta Pasta's expansion strategy is to further gain foothold in the marketplace and then penetrate the existing markets by opening an additional restaurant (or restaurants) in Southern California in 2006. This clustering approach enables Fasta Pasta to increase brand awareness and improve operating and marketing efficiencies. For example:

- Clustering allows Fasta Pasta to negotiate a fixed percentage contract with the food wholesalers.
- Marketing expenditures can be spread over multiple revenue centers. This strategy reduces risks involved with opening new restaurants given that Fasta Pasta better understands the competitive conditions, consumer tastes, and spending patterns in the market. When the local market is saturated with one or two additional restaurants, then Sigmund's intends to look at new markets within Southern California, and eventually outside of California.

## 4.1 Market Segmentation

The market can be segmented into three target populations:

- **Individuals:** people that dine in by themselves.
- **Families:** a group of people, either friends or a group of non-nuclear relatives dining together.
- **Take away:** people that prefer to eat Sigmund's food at another location.

Fasta Pasta customers are hungry individuals between the ages of 25 and 50, making up 53% of Rancho Bernardo. Age is not the most defined demographic of this customer base; all age groups enjoy pasta. The most defined characteristic of the target market is income. Gourmet pasta restaurants have been very successful in high rent, mixed-use urban areas. These areas have a large day and night population consisting of business people and families who have household disposable incomes over \$40,000. Combining several key demographic factors, Fasta Pasta arrives at a profile of the primary customer as follows:

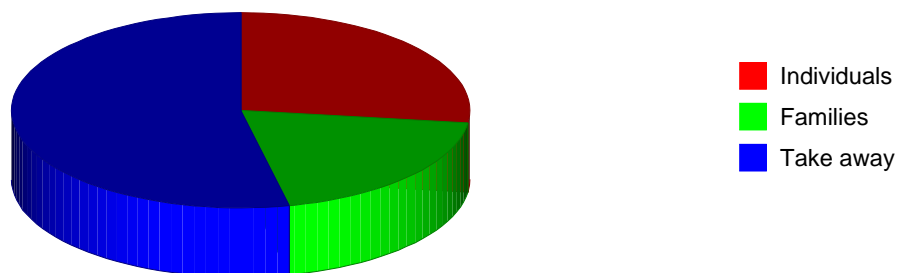
- Sophisticated families who live nearby.
- Young professionals who work close to the location.
- Shoppers who patronize the high rent stores.

# Fasta Pasta

**Table: Market Analysis**

Market Analysis		2005	2006	2007	2008	2009	
Potential Customers	Growth						CAGR
Individuals	8%	12,457	13,454	14,530	15,692	16,947	8.00%
Families	9%	8,974	9,782	10,662	11,622	12,668	9.00%
Take away	10%	24,574	27,031	29,734	32,707	35,978	10.00%
Total	9.27%	46,005	50,267	54,926	60,021	65,593	9.27%

**Market Analysis (Pie)**



## 4.2 Industry Analysis

In 2004, global pasta sales reached \$8 billion. Pasta sales are estimated to grow by at least 10% for the next five years. The market is primarily made up of independent restaurants. Though the barrier to entry into the pasta market is low, due to insufficient capitalization, most entrants fail within their first six months.

### 4.2.1 Competition and Buying Patterns

#### National Competition

- **Pastabilities.** This restaurant offers consumers their choice of noodles, sauces, and ingredients, allowing the customer to assemble their dish as they wish. Food quality is average.
- **PastaFresh.** This company has a limited selection but the dishes are assembled with high-quality ingredients. The price point is high, but the food is quite good.

## Fasta Pasta

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- **Pasta Works.** This company offers pasta that is reasonably fresh, reasonably innovative and at a lower price point. The company was sold a few years ago, and consequently the direction of management has been stagnant lately and has resulted in excessive employee turnover.
- **Perfect Pasta.** This company had medium-priced pasta dishes that use average ingredients, no creativity, and less than average store atmosphere. Sigmund's is not sure how this company has been able to grow in size as their whole product is mediocre at best.

### Local Competition

As far as competition goes in this area, there is only one pizza place and all of the usual fast food chains, such as McDonalds, Carls Jr., Rubios, etc. There currently are no Italian restaurants in the area. Our surroundings include office buildings, senior citizens communities, family homes and industrial parks, such as Sony and Hewlett Packard.

### 5.0 Strategy and Implementation Summary

Fasta Pasta will leverage their two competitive advantages, superior product and industry benchmarked customer service to build a loyal customer base, as well as uniqueness of product.

### 5.1 Competitive Edge

Fasta Pasta's competitive edge is quite simple - superior product and superior service.

- **Product:** the product will have the freshest ingredients including homemade pasta, imported cheeses, organic vegetables and top-shelf meats. The product will also be developed to enhance presentation, everything will be aesthetically pleasing.
- **Service:** customer service will be the priority. All employees will ensure that the customers are having the most pleasant dining experience. All employees will go through an extensive training program and only experienced people will be hired.
- **Uniqueness:** There are currently no other pasta restaurants that offer a diner what Fasta Pasta offers, the ability to be their own chef. Through the use of their own private kitchen, diners can create the pasta dish they are craving from choosing amongst our many ingredients.

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## 5.2 Marketing Strategy

Fasta Pasta's advertising budget is very limited, so the advertising program is simple. Fasta Pasta will do direct mail, banner ads, and inserts, with inserts in the Val-Pak likely to be the most successful of the campaigns.

Lastly, Fasta Pasta will leverage personal relationships to get an article about the opening of Fast Pasta in the media. We believe that this will not be too difficult, as the opportunity for a diner to become their own chef is something new to the market.

## 5.3 Sales Strategy

The sales strategy will be to allow people to try the superior product and service for themselves. In essence, the product will speak for itself. The marketing campaign will attract people into Fasta Pasta and the sales strategy will be to let people experience Fasta Pasta, this will be sufficient to turn the person into a long-term customer.

### 5.3.1 Sales Forecast

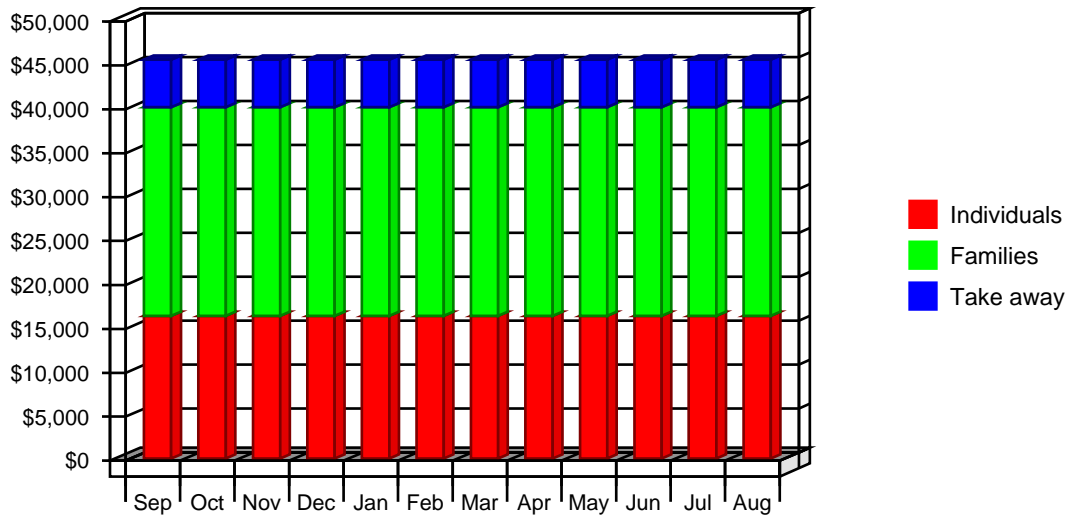
The first two months will be used to get the restaurant up and running. By month three things will get a bit busier. Sales will gradually increase with profitability being reached by the beginning of year two.

**Table: Sales Forecast**

Sales Forecast	FY 2006	FY 2007	FY 2008
<b>Sales</b>			
Individuals	\$195,000	\$250,000	\$300,000
Families	\$285,000	\$300,000	\$350,000
Take away	\$65,000	\$75,000	\$85,000
<b>Total Sales</b>	<b>\$545,000</b>	<b>\$625,000</b>	<b>\$735,000</b>
<b>Direct Cost of Sales</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Individuals	\$24,000	\$24,000	\$24,000
Families	\$48,000	\$48,000	\$48,000
Take away	\$7,200	\$7,200	\$7,200
<b>Subtotal Direct Cost of Sales</b>	<b>\$79,200</b>	<b>\$79,200</b>	<b>\$79,200</b>

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## Sales Monthly



## 5.4 Milestones

Fasta Pasta will have several milestones:

1. Business plan completion. This will be done as a roadmap for the organization. This will be an indispensable tool for the ongoing performance and improvement of the company. The business plan will be also used for raising capital.
2. Set up of the restaurant.
3. Opening of the second store.
4. Profitability.

**Table: Milestones**

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Business plan completion	5/1/2005	6/15/2005	\$0	Owner	Mgmt
Set up of the restaurant	8/15/2005	9/15/2005	\$0	Owner	Mgmt
Opening of the second store	10/6/2005	12/6/2005	\$0	Owner	Mgmt
Profitability	1/1/2006	1/1/2006	\$0	Owner	Mgmt
Totals			\$0		

### **6.0 Management Summary**

#### **Terry Hernandez, Co-Owner**

- Duties: strategic development, back-office administration, financial analysis, internal control.
- Restaurant experience: Previously owned Mexican restaurant in San Diego.

#### **Marina Hernandez, Co-Owner**

- Duties: manages the back of the house, product development, and inventory management.
- Restaurant Experience: Native of Brazil, worked in family owned restaurant for several years before working at Creative Croissant in Downtown San Diego.

# Fasta Pasta

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## 6.1 Personnel Plan

Terry and Marina Hernandez will all be working full time. In addition to this management team, there will be five other full-time employees brought on board.

**Table: Personnel**

Personnel Plan	FY 2006	FY 2007	FY 2008
Terry Hernandez	\$36,000	\$37,800	\$39,690
Marina Hernandez	\$36,000	\$37,800	\$39,690
Full time employee	\$26,000	\$26,000	\$26,000
Full time employee	\$26,000	\$26,000	\$26,000
Full time employee	\$26,000	\$26,000	\$26,000
Full time employee	\$26,000	\$26,000	\$26,000
Total People	7	12	12
Total Payroll	\$202,000	\$205,600	\$209,380

## 7.0 Financial Plan

The following sections will outline important financial information.

### 7.1 Important Assumptions

The following table details important financial assumptions.

**Table: General Assumptions**

General Assumptions	FY 2006	FY 2007	FY 2008
Plan Month	1	2	3
Current Interest Rate	7.00%	7.00%	7.00%
Long-term Interest Rate	7.00%	7.00%	7.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

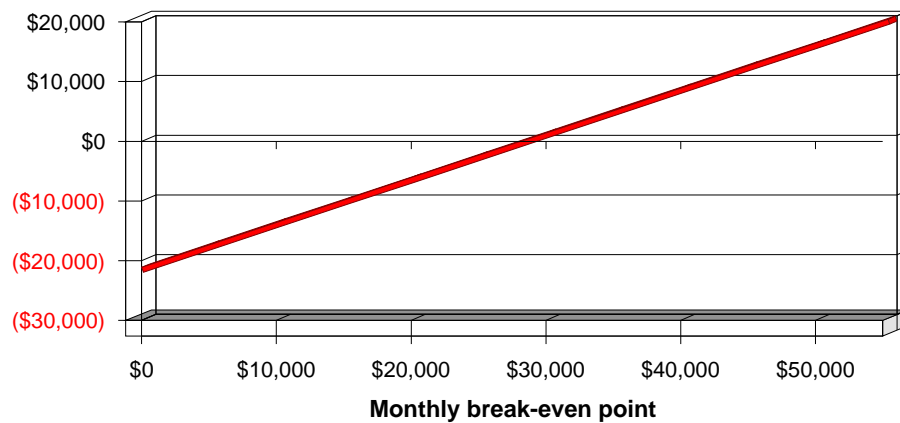
## 7.2 Break-even Analysis

The Break-even Analysis indicates that \$29,793 will be needed in monthly revenue to reach the break-even point.

**Table: Break-even Analysis**

Break-even Analysis	
Monthly Revenue Break-even	\$28,804
Assumptions:	
Average Percent Variable Cost	25%
Estimated Monthly Fixed Cost	\$21,603

**Break-even Analysis**



Break-even point = where line intersects with 0



## Fasta Pasta

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### 7.3 Projected Profit and Loss

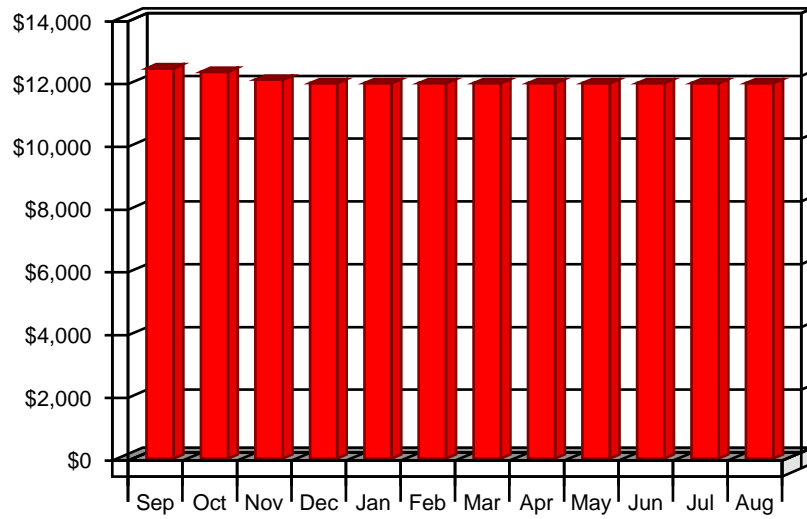
The following table will indicate projected profit and loss.

**Table: Profit and Loss**

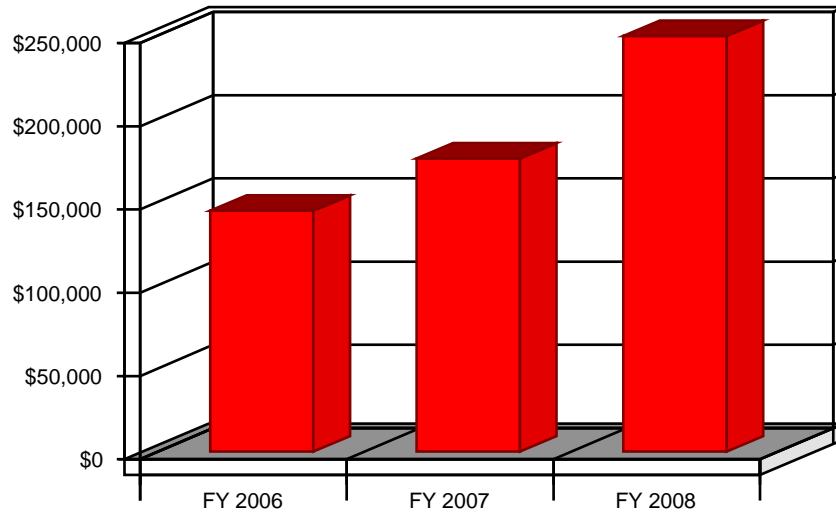
Pro Forma Profit and Loss			
	FY 2006	FY 2007	FY 2008
Sales	\$545,000	\$625,000	\$735,000
Direct Costs of Goods	\$79,200	\$79,200	\$79,200
Other Production Expenses	\$0	\$0	\$0
Cost of Goods Sold	\$79,200	\$79,200	\$79,200
Gross Margin	\$465,800	\$545,800	\$655,800
Gross Margin %	85.47%	87.33%	89.22%
<b>Expenses</b>			
Payroll	\$202,000	\$205,600	\$209,380
Sales and Marketing and Other Expenses	\$2,400	\$2,400	\$2,400
Depreciation	\$100	\$0	\$0
	\$0	\$0	\$0
Utilities	\$6,000	\$6,000	\$6,000
Insurance	\$2,400	\$3,600	\$3,600
Rent	\$18,000	\$36,000	\$36,000
Payroll Taxes	\$28,337	\$40,824	\$41,958
Other	\$0	\$0	\$0
Total Operating Expenses	\$259,237	\$294,424	\$299,338
Profit Before Interest and Taxes	\$206,563	\$251,376	\$356,462
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$61,969	\$75,413	\$106,939
<b>Other Income</b>			
Interest Income	\$0	\$0	\$0
Extraordinary Items	\$0	\$0	\$0
Total Other Income	\$0	\$0	\$0
<b>Other Expense</b>			
Account Name	\$0	\$0	\$0
Extraordinary Items	\$0	\$0	\$0
Total Other Expense	\$0	\$0	\$0
Net Other Income	\$0	\$0	\$0
Net Profit	\$144,594	\$175,963	\$249,523
Net Profit/Sales	26.53%	28.15%	33.95%

# Fasta Pasta

## Profit Monthly



## Profit Yearly



# Fasta Pasta

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## 7.4 Projected Cash Flow

The following chart and table will indicate projected cash flow.

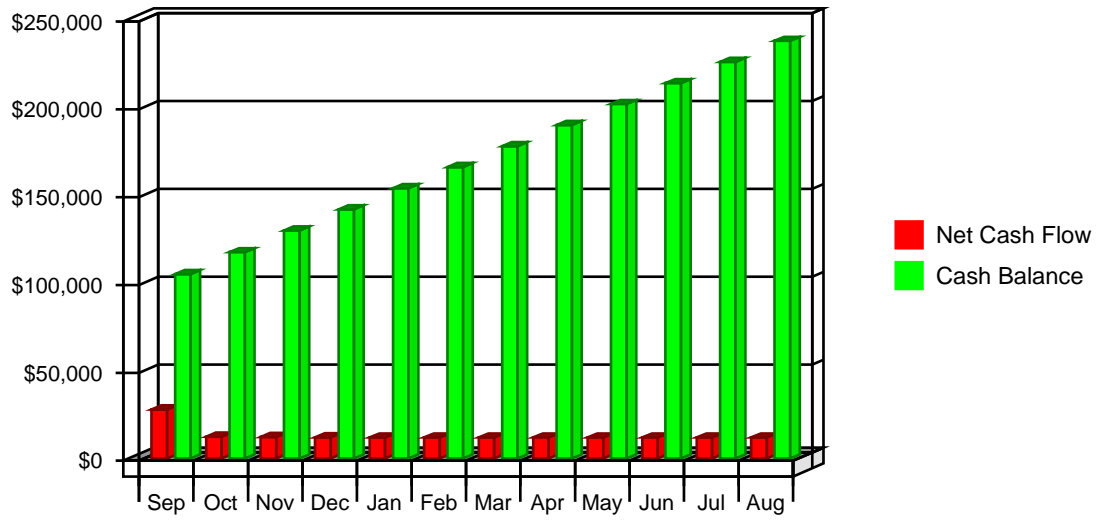
**Table: Cash Flow**

Pro Forma Cash Flow			
	FY 2006	FY 2007	FY 2008
<b>Cash Received</b>			
<b>Cash from Operations</b>			
Cash Sales	\$545,000	\$625,000	\$735,000
Subtotal Cash from Operations	\$545,000	\$625,000	\$735,000
<b>Additional Cash Received</b>			
Non Operating (Other) Income	\$0	\$0	\$0
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	\$100,000	\$0
Subtotal Cash Received	\$545,000	\$725,000	\$735,000
<b>Expenditures</b>			
<b>Expenditures from Operations</b>			
Cash spending	\$202,000	\$205,600	\$209,380
Bill Payments	\$182,256	\$239,784	\$273,453
Subtotal Spent on Operations	\$384,256	\$445,384	\$482,833
<b>Additional Cash Spent</b>			
Non Operating (Other) Expense	\$0	\$0	\$0
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	\$100,000	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$384,256	\$545,384	\$482,833
<b>Net Cash Flow</b>	<b>\$160,744</b>	<b>\$179,616</b>	<b>\$252,167</b>
<b>Cash Balance</b>	<b>\$237,744</b>	<b>\$417,359</b>	<b>\$669,526</b>

# Fasta Pasta

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## Cash



# Fasta Pasta

## 7.5 Projected Balance Sheet

The following table will indicate the projected balance sheet.

**Table: Balance Sheet**

Pro Forma Balance Sheet			
	FY 2006	FY 2007	FY 2008
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$237,744	\$417,359	\$669,526
Other Current Assets	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$237,744</b>	<b>\$417,359</b>	<b>\$669,526</b>
<b>Long-term Assets</b>			
Long-term Assets	\$0	\$100,000	\$100,000
Accumulated Depreciation	\$100	\$100	\$100
<b>Total Long-term Assets</b>	<b>(\$100)</b>	<b>\$99,900</b>	<b>\$99,900</b>
<b>Total Assets</b>	<b>\$237,644</b>	<b>\$517,259</b>	<b>\$769,426</b>
<b>Liabilities and Capital</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$16,049	\$19,702	\$22,345
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$16,049</b>	<b>\$19,702</b>	<b>\$22,345</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$16,049</b>	<b>\$19,702</b>	<b>\$22,345</b>
Paid-in Capital	\$100,000	\$200,000	\$200,000
Retained Earnings	(\$23,000)	\$121,594	\$297,557
<b>Earnings</b>	<b>\$144,594</b>	<b>\$175,963</b>	<b>\$249,523</b>
<b>Total Capital</b>	<b>\$221,594</b>	<b>\$497,557</b>	<b>\$747,081</b>
<b>Total Liabilities and Capital</b>	<b>\$237,644</b>	<b>\$517,259</b>	<b>\$769,426</b>
<b>Net Worth</b>	<b>\$221,594</b>	<b>\$497,557</b>	<b>\$747,081</b>

## 7.6 Business Ratios

The table shows projected business ratios.

## 7.7 Untitled

The following table outlines some of the more important ratios from the restaurant industry. The final column, Industry Profile, details specific ratios based on the industry as it is classified by the Standard Industry Classification (SIC) code, 5812, Eating Places.

# Fasta Pasta

**Table: Ratios**

Ratio Analysis	FY 2006	FY 2007	FY 2008	Industry Profile
Sales Growth	0.00%	14.68%	17.60%	7.60%
<b>Percent of Total Assets</b>				
Other Current Assets	0.00%	0.00%	0.00%	35.60%
Total Current Assets	100.04%	80.69%	87.02%	43.70%
Long-term Assets	-0.04%	19.31%	12.98%	56.30%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	6.75%	3.81%	2.90%	32.70%
Long-term Liabilities	0.00%	0.00%	0.00%	28.50%
Total Liabilities	6.75%	3.81%	2.90%	61.20%
Net Worth	93.25%	96.19%	97.10%	38.80%
<b>Percent of Sales</b>				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	85.47%	87.33%	89.22%	60.50%
Selling, General & Administrative Expenses	91.28%	55.14%	51.74%	39.80%
Advertising Expenses	0.43%	0.17%	0.16%	3.20%
Profit Before Interest and Taxes	37.90%	40.22%	48.50%	0.70%
<b>Main Ratios</b>				
Current	14.81	21.18	29.96	0.98
Quick	14.81	21.18	29.96	0.65
Total Debt to Total Assets	6.75%	3.81%	2.90%	61.20%
Pre-tax Return on Net Worth	93.22%	50.52%	47.71%	1.70%
Pre-tax Return on Assets	86.92%	48.60%	46.33%	4.30%
<b>Additional Ratios</b>				
	FY 2006	FY 2007	FY 2008	
Net Profit Margin	26.53%	28.15%	33.95%	n.a
Return on Equity	65.25%	35.37%	33.40%	n.a
<b>Activity Ratios</b>				
Accounts Payable Turnover	12.36	12.36	12.36	n.a
Payment Days	27	27	28	n.a
Total Asset Turnover	2.29	1.21	0.96	n.a
<b>Debt Ratios</b>				
Debt to Net Worth	0.07	0.04	0.03	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
<b>Liquidity Ratios</b>				
Net Working Capital	\$221,694	\$397,657	\$647,181	n.a
Interest Coverage	0.00	0.00	0.00	n.a
<b>Additional Ratios</b>				
Assets to Sales	0.44	0.83	1.05	n.a
Current Debt/Total Assets	7%	4%	3%	n.a
Acid Test	14.81	21.18	29.96	n.a
Sales/Net Worth	2.46	1.26	0.98	n.a
Dividend Payout	0.00	0.00	0.00	n.a

# Appendix

**Appendix Table: Sales Forecast**

Sales Forecast													
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Sales</b>													
Individuals	0%	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250	\$16,250
Families	0%	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750	\$23,750
Take away	0%	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417
<b>Total Sales</b>		<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>	<b>\$45,417</b>
<b>Direct Cost of Sales</b>													
Individuals		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Families		\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Take away		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
<b>Subtotal Direct Cost of Sales</b>		<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>	<b>\$6,600</b>

# Appendix

**Appendix Table: Personnel**

Personnel Plan		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Terry Hernandez	0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Marina Hernandez	0%	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Full time employee	0%	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167
Full time employee	0%	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167
Full time employee	0%	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167
Full time employee	0%	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167
Full time employee	0%	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167	\$2,167
Total People		3	7	7	7	7	7	7	7	7	7	7	7
Total Payroll		\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833



# Appendix

**Appendix Table: General Assumptions**

General Assumptions	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Long-term Interest Rate	7.00%	10.00%	10.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

# Appendix

**Appendix Table: Profit and Loss**

Pro Forma Profit and Loss												
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Sales	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417
Direct Costs of Goods	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600
Other Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600	\$6,600
Gross Margin	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817	\$38,817
Gross Margin %	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%	85.47%
<b>Expenses</b>												
Payroll	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833
Sales and Marketing and Other Expenses	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Depreciation	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Insurance	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Rent	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Payroll Taxes	\$1,800	\$1,968	\$2,321	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472	\$2,472
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$21,042	\$21,210	\$21,562	\$21,714	\$21,714	\$21,714	\$21,714	\$21,714	\$21,714	\$21,714	\$21,714	\$21,714
Profit Before Interest and Taxes	\$17,775	\$17,607	\$17,254	\$17,103	\$17,103	\$17,103	\$17,103	\$17,103	\$17,103	\$17,103	\$17,103	\$17,103
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$5,333	\$5,282	\$5,176	\$5,131	\$5,131	\$5,131	\$5,131	\$5,131	\$5,131	\$5,131	\$5,131	\$5,131
<b>Other Income</b>												
Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Extraordinary Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Expense</b>												
Account Name	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Extraordinary Items	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	\$12,443	\$12,325	\$12,078	\$11,972	\$11,972	\$11,972	\$11,972	\$11,972	\$11,972	\$11,972	\$11,972	\$11,972
Net Profit/Sales	27.40%	27.14%	26.59%	26.36%	26.36%	26.36%	26.36%	26.36%	26.36%	26.36%	26.36%	26.36%

# Appendix

**Appendix Table: Cash Flow**

Pro Forma Cash Flow	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>Cash Received</b>												
<b>Cash from Operations</b>												
Cash Sales	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417
Subtotal Cash from Operations	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417
<b>Additional Cash Received</b>												
Non Operating (Other) Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417	\$45,417
<b>Expenditures</b>												
<b>Expenditures from Operations</b>												
Cash spending	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833	\$16,833
Bill Payments	\$538	\$16,136	\$16,258	\$16,501	\$16,603	\$16,603	\$16,603	\$16,603	\$16,603	\$16,603	\$16,603	\$16,603
Subtotal Spent on Operations	\$17,371	\$32,970	\$33,092	\$33,334	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436
<b>Additional Cash Spent</b>												
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$17,371	\$32,970	\$33,092	\$33,334	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436	\$33,436
<b>Net Cash Flow</b>	\$28,046	\$12,447	\$12,325	\$12,083	\$11,980	\$11,980	\$11,980	\$11,980	\$11,980	\$11,980	\$11,980	\$11,980
Cash Balance	\$105,046	\$117,492	\$129,817	\$141,900	\$153,881	\$165,861	\$177,842	\$189,822	\$201,802	\$213,783	\$225,763	\$237,744

## Appendix

**Appendix Table: Balance Sheet**

Pro Forma Balance Sheet													
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
<b>Assets</b>	<b>Starting Balances</b>												
<b>Current Assets</b>													
Cash	\$77,000	\$105,046	\$117,492	\$129,817	\$141,900	\$153,881	\$165,861	\$177,842	\$189,822	\$201,802	\$213,783	\$225,763	\$237,744
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$77,000</b>	<b>\$105,046</b>	<b>\$117,492</b>	<b>\$129,817</b>	<b>\$141,900</b>	<b>\$153,881</b>	<b>\$165,861</b>	<b>\$177,842</b>	<b>\$189,822</b>	<b>\$201,802</b>	<b>\$213,783</b>	<b>\$225,763</b>	<b>\$237,744</b>
<b>Long-term Assets</b>													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$8	\$17	\$25	\$33	\$42	\$50	\$58	\$67	\$75	\$83	\$92	\$100
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>(\$8)</b>	<b>(\$17)</b>	<b>(\$25)</b>	<b>(\$33)</b>	<b>(\$42)</b>	<b>(\$50)</b>	<b>(\$58)</b>	<b>(\$67)</b>	<b>(\$75)</b>	<b>(\$83)</b>	<b>(\$92)</b>	<b>(\$100)</b>
<b>Total Assets</b>	<b>\$77,000</b>	<b>\$105,037</b>	<b>\$117,476</b>	<b>\$129,792</b>	<b>\$141,867</b>	<b>\$153,839</b>	<b>\$165,811</b>	<b>\$177,783</b>	<b>\$189,755</b>	<b>\$201,727</b>	<b>\$213,700</b>	<b>\$225,672</b>	<b>\$237,644</b>
<b>Liabilities and Capital</b>													
<b>Current Liabilities</b>													
Accounts Payable	\$0	\$15,595	\$15,708	\$15,947	\$16,049	\$16,049	\$16,049	\$16,049	\$16,049	\$16,049	\$16,049	\$16,049	\$16,049
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$0</b>	<b>\$15,595</b>	<b>\$15,708</b>	<b>\$15,947</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$15,595</b>	<b>\$15,708</b>	<b>\$15,947</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>	<b>\$16,049</b>
<b>Capital</b>													
Paid-in Capital	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Retained Earnings	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)	(\$23,000)
Earnings	\$0	\$12,443	\$24,767	\$36,845	\$48,817	\$60,790	\$72,762	\$84,734	\$96,706	\$108,678	\$120,650	\$132,622	\$144,594
<b>Total Capital</b>	<b>\$77,000</b>	<b>\$89,443</b>	<b>\$101,767</b>	<b>\$113,845</b>	<b>\$125,817</b>	<b>\$137,790</b>	<b>\$149,762</b>	<b>\$161,734</b>	<b>\$173,706</b>	<b>\$185,678</b>	<b>\$197,650</b>	<b>\$209,622</b>	<b>\$221,594</b>
<b>Total Liabilities and Capital</b>	<b>\$77,000</b>	<b>\$105,037</b>	<b>\$117,476</b>	<b>\$129,792</b>	<b>\$141,867</b>	<b>\$153,839</b>	<b>\$165,811</b>	<b>\$177,783</b>	<b>\$189,755</b>	<b>\$201,727</b>	<b>\$213,700</b>	<b>\$225,672</b>	<b>\$237,644</b>
<b>Net Worth</b>	<b>\$77,000</b>	<b>\$89,443</b>	<b>\$101,767</b>	<b>\$113,845</b>	<b>\$125,817</b>	<b>\$137,790</b>	<b>\$149,762</b>	<b>\$161,734</b>	<b>\$173,706</b>	<b>\$185,678</b>	<b>\$197,650</b>	<b>\$209,622</b>	<b>\$221,594</b>