

Star

Concierge Inc.

Business Plan



Legal Page

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It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader, may cause serious harm or damage to _____.

Upon request, this document is to be immediately returned to Leslie Tramuel.

Signature

Leslie Tramuel
Name (typed or printed)

7/14/2015
Date

This is a business plan. It does not imply an offering of securities.

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1.0 Executive Summary

Introduction

Star Concierge Inc is a full-service concierge primarily serving the corporate and family market in Roanoke, Salem, Vinton, Lynchburg and New River Valley of Virginia. The company is able to do almost any errand the clients need, freeing up their time to spend with their families or employers. Employers will welcome our service as it provides another form of compensation used to attract qualified workers.

The most important objectives for the first three years include: the utilization of SCI in at least four of the top 10 local companies, and to increase our number of clients served by 20% per year through superior performance and word-of-mouth referrals.

The Company

This concierge company will be located inside within the co-lab with Leslie Tramuel as the sole proprietor. The staff will consist of Ms. Leslie Tramuel full-time for SCI. Tammy Reese who is contract 1099 sales and marketing. The company intends to hire 2 thirty-two hour employees by the end of year 1. As this is an industry that demands high quality individuals, SCI intends to offer higher wages to insure quality performance. SCI will provide an extensive employee training program on an ongoing basis.

Services

Star Concierge Inc will provide a wide range of concierge services for our customers. The tasks for the employees will range considerably; however, the underlying need will be for services/errands made during normal business hours, hours the employees are at work and the company would rather have the employee at work being productive instead of running an errand.

The Market

Corporations recognize that their employees have less free time than they used to, so they have begun to contract with concierge companies to provide their employees with a wide range of services as an additional form of compensation. Some of the large corporations that we will target in Roanoke are companies includes Carilion, Lewis Gale Hospital, Centra, and Volvo which are larger hospitals, plants and medical offices, etc.

While some of corporations already offer a concierge service for their employees, they typically do this through an in-house employee who does the errands. In the eyes of the employee, having the concierge in house is as much of a perk, but it is less efficient for the company. SCI can provide concierge services to companies at a lower rate.

We will also service individuals who recognize the value in having someone else do tasks that they do not have the time for or, after cost/benefit analysis, decide it is not worth their time to complete the task. We will attract this segment of the market through word-of-mouth marketing.

Currently in Roanoke there are two concierge style companies, both primarily servicing individuals. SCI will be targeting medium to large companies because the market has been overlooked, and it provides larger volume, and more consistent work.

Financial Considerations

Star Concierge Inc start-up costs will include all the equipment needed for the office space within the co-lab, legal fees, website creation, and start-up advertising. The projected growth rate for SCI is over 100% per year, with strong operating margins. SCI expects to have sales of \$156,000 by year 3. The company plans to bill its clients on an hourly rate.

1.1 Objectives

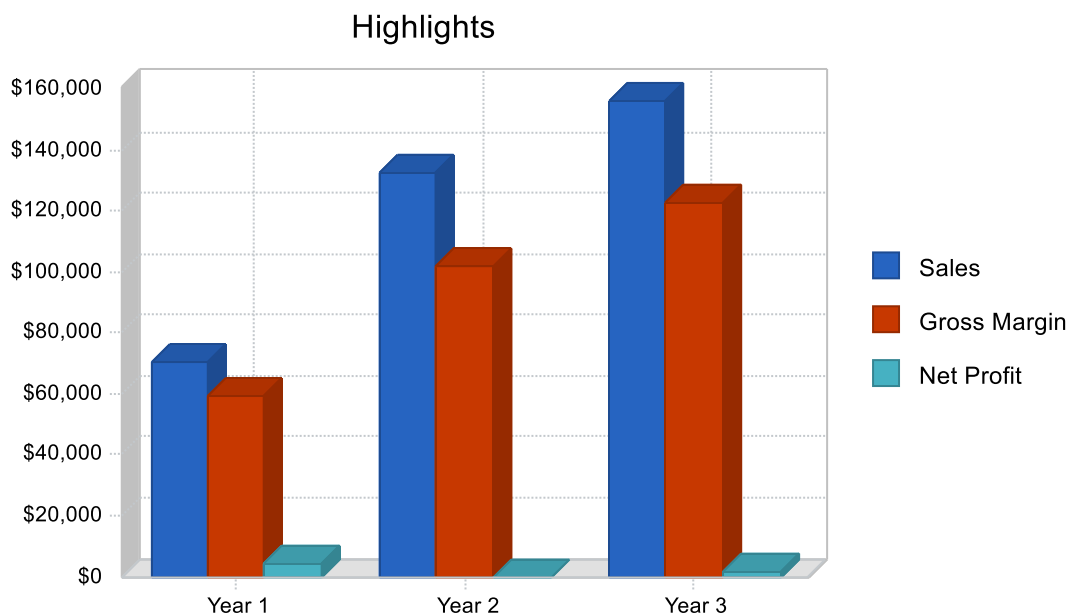
The objectives for the first three years of operation include:

- To create a service-based company whose primary goal is to exceed customers' expectations.
- The utilization of SCI in at least four of the top 10 local companies as listed in the local newspaper in its annual local business listing.
- To increase our number of clients served by 20% per year through superior performance and word-of-mouth referrals.
- To develop a sustainable small office business, surviving off of its own cash flow.

1.2 Mission

The mission of the star concierge, inc. is to provide our customers with quality professional service as he/she desires. 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. We will foster a workplace where employees take pride and ownership in their contributions, which empowers them to do their best.

Chart: Highlights



2.0 Company Summary

Star Concierge Inc., is to be located in Roanoke, Virginia and surrounding areas will offer an unlimited concierge service for companies and individuals. SCI will provide a wide range of services for clients, from purchasing theatre tickets, picking up dry cleaning, pet care, and car repairs, to event planning and grocery shopping.

The business will be based out of the Co-lab in Roanoke, Va. and within 12 months will employ three additional people.

If the business goes per the forecasted plans, after month one it will be making a profit, and will grow steadily each consecutive month.

2.1 Start-up Summary

Star Concierge start-up costs will include all the equipment needed for the co-lab office, legal fees, website creation, and start-up advertising.

The office equipment will be the largest chunk of the start-up expenses. This equipment includes a computer system, fax machine, office supplies, and cellular phones. The computers and tablets have been purchased to immediately start entering client information. The tablets are needed for the concierge to enter, update notes and swipe credit card payments on the spot. This will elevate non payments or invoice billing. Additionally, we had to pay to have desk and items moved in securely. Our internet, utilities, and coffee is included in the rental agreement. The office also required furniture to transform a standard room into an office. The legal fees are used for the formation of the business as well as for reviewing/generating standard client contracts.

The Web creation fees at start-up are for design and creation of the website.

The advertising costs are based on the need to communicate our service to perspective customers. The bulk of the "advertising" will be communications with corporations and setting up full-service contracts.

Lastly, as we achieve an increase in clients and need to bring on more people, there will be training costs for each employee. We will not bring on new employees initially, and therefore the start-up costs will not reflect this expense.

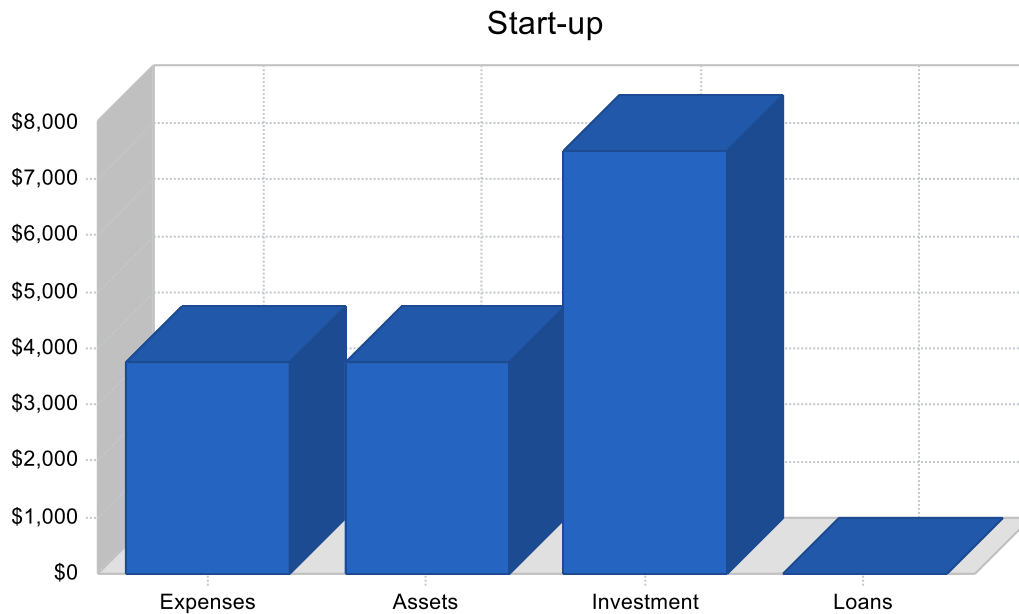
Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Co-Lab Rent	\$250
Legal	\$500
Stationery etc.	\$50
Brochures	\$200
Insurance	\$300
Computer	\$1,000
Broadband Internet Access	\$0
Fax machine	\$100
Cellular phone	175
Furniture	\$200
Office supplies	\$25
Web site creation	\$500
Advertising	\$250
Licenses	\$150
Other	\$0
Total Start-up Expenses	\$3,745
Start-up Assets	
Cash Required	\$1,255
Other Current Assets	\$2,500
Long-term Assets	\$0
Total Assets	\$3,755
Total Requirements	\$7,500

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$3,745
Start-up Assets to Fund	\$3,755
Total Funding Required	\$7,500
 Assets	
Non-cash Assets from Start-up	\$2,500
Cash Requirements from Start-up	\$1,255
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$1,255
Total Assets	\$3,755
 Liabilities and Capital	
 Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
 Capital	
 Planned Investment	
Owner-operator	\$7,500
Other	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$7,500
 Loss at Start-up (Start-up Expenses)	(\$3,745)
Total Capital	\$3,755
 Total Capital and Liabilities	\$3,755
Total Funding	\$7,500

Chart: Start-up



2.2 Company Ownership

Star Concierge Inc will be a sole proprietorship, owned by Leslie Tramuel

3.0 Services

Star Concierge Inc will provide a wide range of services for our customers. We will have two target customers. The first will be corporations, the second will be seniors. As Americans work harder and longer hours, they have less and less time to take care of "personal maintenance;" therefore, having someone do your errands for you when you are working is quite attractive. And as seniors grow older, they are driving less, and their loved ones can't handle the extra shopping, house cleaning and prescription updates.

Corporations recognize that their employees have less free time than they used to, so they have begun to contract with concierge companies to provide their employees with a wide range of concierge services as an additional form of compensation.

We will also service individuals who recognize the value in having someone else do tasks that they do not have the time for or, after cost/benefit analysis, decide it is not worth their time to complete the task. And as seniors grow older, they are driving less, and their loved ones can't handle the extra shopping, house cleaning and prescription updates.

4.0 Market Analysis Summary

SCI will be focusing on two distinct groups that utilize the concierge market: companies or corporations, and seniors. Both groups, for different reasons, use concierge services. A company will hire concierges and offer them as a perk for its employees. It is attractive to employees because it allows them to have some personal maintenance taken care of during normal business hours. The company also benefits by keeping the employee happy, and by having the employee at work during the day, which develops value for the company.

Currently in Roanoke, VA there are two concierge style companies, both primarily servicing individuals. SCI will be targeting companies because the market has been overlooked, and it provides larger volume, and more consistent work.

4.1 Market Segmentation

Our customers can be divided into two general groups, corporate/company customers, and seniors.

The corporate customer is a company that contracts with SCI to perform services for its employees. Presumably the corporation has a policy with its organizational members that provides guidelines for usage. When employees are in need of SCI, they contact us directly and we bill the company.

We will be soliciting contracts from large corporations as well as medium-size businesses. Some of the large corporations that we will target in Roanoke are Carilion, Lewis gale hospital, etc. Medium-size companies will be from 15-40 employees. Examples of these are Valley Bank, ITT Division. Dividing the companies into smaller subgroups is not required, as the needs of the employees are fairly similar between dissimilar companies.

The tasks for the employees will range considerably; however, the underlying need will be for services/errands made during normal business hours, hours the employees are at work and the company would rather have the employee at work being productive instead of running an errand.

The second group of customers are seniors. This group has similar needs to the employees of companies, however, we will be contracting with them directly. This group can be further broken down into three subgroups: those who are at work and do not have the ability to accomplish the needed tasks, those that have done a cost benefit analysis and decided it is a worthy, timesaving service, choose not to for a multitude of reasons, and people who are not from Roanoke but need something done in Smith Mtn. lake.

Chart: Market Analysis (Pie)

Market Analysis (Pie)

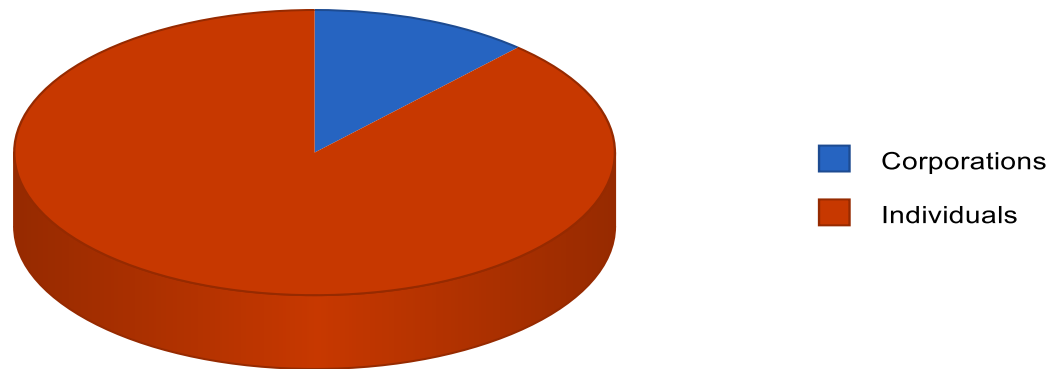


Table: Market Analysis

Market Analysis		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Corporations/Companies	7%	400	428	458	490	524	6.98%
Seniors	10%	3,000	3,300	3,630	3,993	4,392	10.00%
Total	9.66%	3,400	3,728	4,088	4,483	4,916	9.66%

4.2 Target Market Segment Strategy

SCI intends to target people who need service during the day but do not have the time to perform necessary tasks. We are focusing on corporations/companies because they have a large number of employees who would find a concierge service attractive as a part of their compensation package, and the employer would prefer to pay our service to perform the employee's task, allowing the employee to stay at work and remain productive. Even though we will offer the companies a discount over our standard hourly rate, our revenue will continue to increase because we will see an increase in usage without the normal costs of attracting the individual customers. We would bill the corporation monthly, decreasing the labor costs for processing the invoices.

We will also be targeting senior clients. This targeted group will be a much smaller percentage of our business but will be charged a moderate hourly rate. This group will be targeted to provide us with work when we have vacancies in our schedule from the corporations.

4.3 Service Business Analysis

The concierge industry in Roanoke is relatively small. It is currently serviced by two different companies that cater primarily to individual clients. Medium to large-size companies that offer a concierge service to their employees typically create an in-house solution. Companies are struggling with ways in which they can offer perks to employees at reasonable costs. Additionally, there is the ever-present pressure from stakeholders to become more efficient. This pressure will fuel company's use of concierges as efficiencies can be accomplished by having the employees present at work, developing value instead of out of the office pursuing personal maintenance.

4.3.1 Competition and Buying Patterns

Currently, there are two competitors in the concierge service space. These services are listed under simple errands, and helping hands... headings of the yellow pages and they target individuals as opposed to corporations.

At this time no corporations are offering this tailored service for their employees, they typically do this through an in-house employee who does the errands. In the eyes of the employee, having the concierge in house is as much of a perk, but it is less efficient for the company. SCI can provide concierge services to companies at a lower rate because this is our core competency and we have worked hard to become as efficient as possible.

5.0 Strategy and Implementation Summary

SCI will be aggressively courting corporate contracts. Administrative details, such as billing, are streamlined when we are performing on contracts with an entire company. With this in mind, we will structure our service for the corporate customer. This will be done through our investment of human capital. We will win contracts from corporations through our compelling quantitative analysis that will prove increased efficiencies through the use of a concierge service.

We will be attracting individual clients through our networking with BNI, website, facebook, YP.com, and Google just to name a few.

5.1 Competitive Edge

Our competitive advantage will be based on two factors: our concentration on corporate/company clients, and our investment in human capital. Since we are concentrating on the corporate market, we will be able to best meet the needs of this market. We will become aware of what these special needs are and offer them. These special needs are flexibility, monthly billing, and the ability to handle a decent number of transactions. In addition, we have a great track record of working with corporations, such as Carilion (Roanoke Memorial Hospital) from 1999-2004. We later trained their front desk initially to become concierge before the contract ended.

Our other competitive advantage is based on our investment in human capital. SCI will be developing a fairly extensive training program to provide employees with the tools necessary to perform at a level that the founder alone would otherwise be offering. It can be difficult to maintain a high level of customer service if you are relying on employees. This problem can be overcome and turned into a competitive advantage by providing employees with the tools to offer the same high level of service that SCI provides. While this costs money, and takes

time up front, it will pay off in the long run. This is based on our mission statement that it is our goal to attract and maintain customers. It is difficult to expect a mission statement which demands high levels of service to become organizational behavior unless you provide the organization with the tools to achieve this high standard.

5.2 Sales Strategy

Our sales strategy will be targeted at obtaining the corporate/company clients. It is our belief that the individual customers will be obtained through word of mouth. It is likely that they will have spoken to a previous client about SCI and the referral of our services will speak for itself.

Our sales strategy will be to use a cost benefit analysis when trying to close the sale of a prospect. We will use quantitative information to illustrate the value the company will receive by offering a concierge service to employees. The value is recognized in different forms:

1. The attraction and retention of employees who are offered this service.
2. The value in keeping the employee productive at work instead of taking care of personal maintenance outside of work during normal business hours.

Additionally, we will provide the company with several different options in which they could offer this service to employees ranging as a no-cost-to-the-employee perk to a partially-subsidized service. The different options will be attractive to the company based on a number of different variables, from the cost they are willing to invest into the program to the amount they are willing to spend on the different employees within the company.

Our sales strategy for individuals will be based on our Web presence, Salem Roanoke Chamber, and BNI networking. Through our marketing efforts we will be driving individuals, such as seniors and corporations to our website. Once on our website, individuals and corporations will see the wide range of services that we offer and can then contact us for a service request. The website will be especially useful for out-of-town clients who are in need of a Roanoke, Salem, and Vinton and surrounding areas based concierge service.

Please note that SCI will be accepting credit from the corporations. This is based on the assumption that the corporations would find this option a major benefit so that they only had to reconcile their account once a month, as opposed to every time a transaction occurs.

5.2.1 Sales Forecast

The first month will be spent setting up the business. It is unlikely that there will be much sales activity. In addition to dealing with legal and accounting issues for the business, equipment will need to be purchased and set up. Once the physical office is set up, we will then develop a manual for future employees. The manual will cover topics such as company policies and procedures, the training program (which covers ways to handle clients, tips on efficiencies, principles of empowerment, etc.), and other necessary kernels of information. This will take time so it is important to take care of this initially before the real business gets underway, otherwise the document would be likely produced under time constraints affecting the quality of the document.

The second month will begin to see some activity. The clients will be served by the founder, as there will not yet be a need to bring on new employees. During these few months, at least half of the administrative details (scheduling, answering phones, etc.) will be done from remote locations while serving clients. The remainder of the administrative details will be completed at the office. After month five, SCI will bring on another employee to serve the clients, and the founder will then be able to perform the bulk of the administrative details from the office. Month seven will see the addition of a second employee, and by month 12 we will plateau at three employees, allowing Leslie to remain in the office 95% of the time (of course there will be exigent circumstances requiring Leslie's services in the field). Having the ability to operate the office remotely (with a pager and cellular phone) will provide the necessary flexibility to accommodate a wide range of needs.

The first employee will be needed by the fifth month, as SCI will be receiving at least six hours of jobs a day. This, coupled with required administrative time, will necessitate an employee. By month seven we will see an increase in our corporate program and will utilize a second employee. By month 12 we will likely be at a level that will plateau for the foreseeable future. Years two and three will be similar to the activity in month 12.

Chart: Sales Monthly

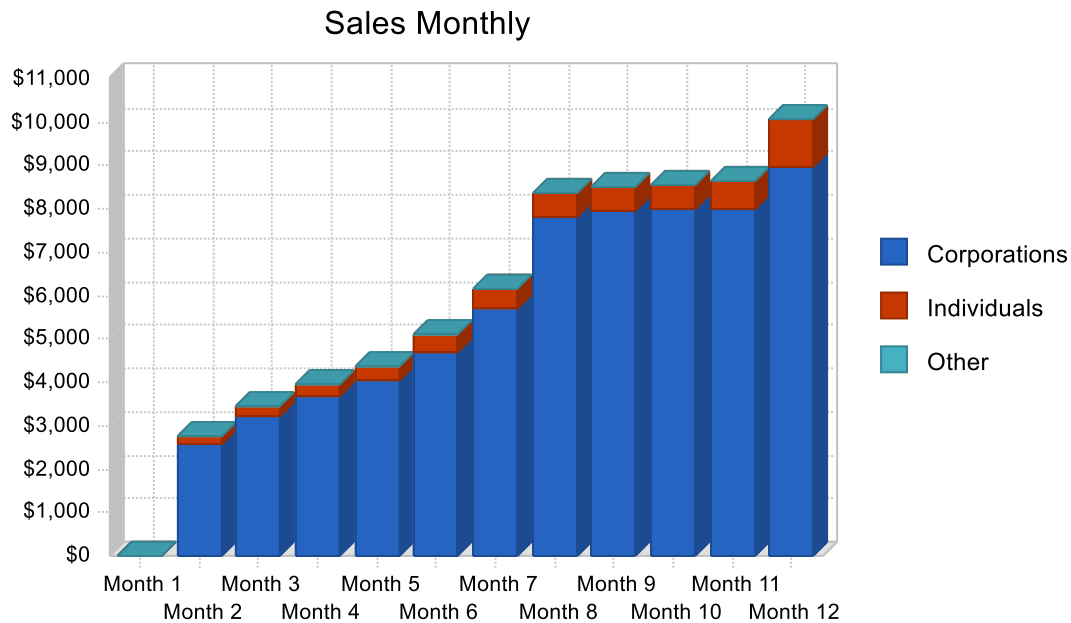


Table: Sales Forecast

Sales Forecast				
	Year 1	Year 2	Year 3	
Sales				
Corporations	\$64,716	\$118,741	\$135,000	
Individuals	\$5,334	\$14,054	\$21,000	
Other	\$0	\$0	\$0	
Total Sales	\$70,050	\$132,795	\$156,000	
Direct Cost of Sales	Year 1	Year 2	Year 3	
Corporations	\$9,605	\$26,496	\$26,496	
Individuals	\$1,066	\$4,500	\$6,500	
Other	\$0	\$0	\$0	
Subtotal Direct Cost of Sales	\$10,671	\$30,996	\$32,996	

5.3 Milestones

SCI will have several milestones early on:

1. **Business plan completion.** This will be done as a road map for the organization. While we do not need a business plan to raise capital, it will be an indispensable tool for the ongoing performance and improvement of the company.
2. **Office set up.** This will be done within the first month.
3. **Training program.** This will be the development of a training program for the employees done by Leslie. The employees will receive initial sessions of training all at once, and then training will become an ongoing process. Continual learning is key.
4. **Quarterly training.** This is basically a check up to make sure that the employees are still learning skills and developing.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Business Plan	8/1/2015	9/1/2018	\$0	Tramuel	Admin
Office Set-up	8/1/2015	9/1/2018	\$0	Tramuel	Admin
Training Program	9/1/2015	10/1/2018	\$0	Tramuel	Admin
Quarterly Training	11/1/2015	12/1/2018	\$50	Tramuel	Admin
Totals			\$50		

6.0 Management Summary

Star Concierge Inc., is owned and operated by Leslie Tramuel. It will be formed as a sole proprietorship. There is no a compelling need to incorporate. The advantage of incorporation would be limited liability, the disadvantage would be the set costs and maintenance (double taxation). An extensive insurance policy should cover any liability SCI is exposed to.

Julie Shaver, founder of star concierge in 1999, sold it to Leslie Tramuel in 2001. Leslie Tramuel attended Va. State University, majoring in Political Science. Leslie Tramuel has worked most of her career in sales and marketing field, becoming one of the best in Verizon Co. sales and marketing force. Currently as sales and marketing manager within the independent retirement community. One of Leslie's principle responsibilities was attending to clients' needs. While 30% of her time was devoted to the administrative details to running the company, 70% of the time was dealing with customers, assessing their needs and delivering a service that exceeded their expectations.

Leslie also spent two years building and growing an successful independent retirement community which was in need of a concierge service such as star concierge. In this experience, Leslie spent 30% of his time accomplishing administrative tasks with the remainder 70% spent addressing the needs of the customers.

Prior to these experiences, Leslie opened and operated her own full service florist business. Leslie was able to develop close relationships with customers and was awarded jobs based on his superior services.

These experiences, taken as a whole, provide Leslie with a wealth of practical knowledge to develop a high quality service organization. Leslie's recognizes that it requires time and money to properly train employees is essential to the prosperity of SCI as the employee will be the interface that the client deals with.

6.1 Personnel Plan

The staff will consist of Leslie working full-time for SCI. We will hire one full-time employee at \$9 per hour in month five, a second full-time employee in month seven, and a third in month 12. SCI has decided to compensate its employees at \$9, which is a fair amount above minimum wage. This wage rate was chosen to attract a higher-quality employee than what minimum wage typically attracts, it will also increase employee morale, and decrease turnover. This is important as, after month five, it will be the employees who are representing SCI and there is a need to exceed the clients' expectations every time. SCI will provide an extensive

employee training program on an ongoing basis. SCI is cognizant that it costs far more to train a new employee relative to maintain a current employee.

Table: Personnel

<i>Personnel Plan</i>			
	Year 1	Year 2	Year 3
Payroll	\$39,461	\$82,992	\$98,000
Other	\$0	\$0	\$0
Total People	1	1	1
Total Payroll	\$39,461	\$82,992	\$98,000

7.0 Financial Plan

The following sections will outline the important financial assumptions, key financial indicators, break-even analysis, profit and loss, cash flow, and balance sheet.

7.1 Important Assumptions

The following table highlights some of the important financial assumptions for SCI.

Table: General Assumptions

<i>General Assumptions</i>			
	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Other	0	0	0

7.2 Break-even Analysis

The break-even analysis is based on the hourly rate charged to corporations, as they derive 90% of our business. The charge for individuals is slightly higher, but accounts for less than 10% of our projected revenue. This is in keeping with our conservative estimate philosophy.

Chart: Break-even Analysis

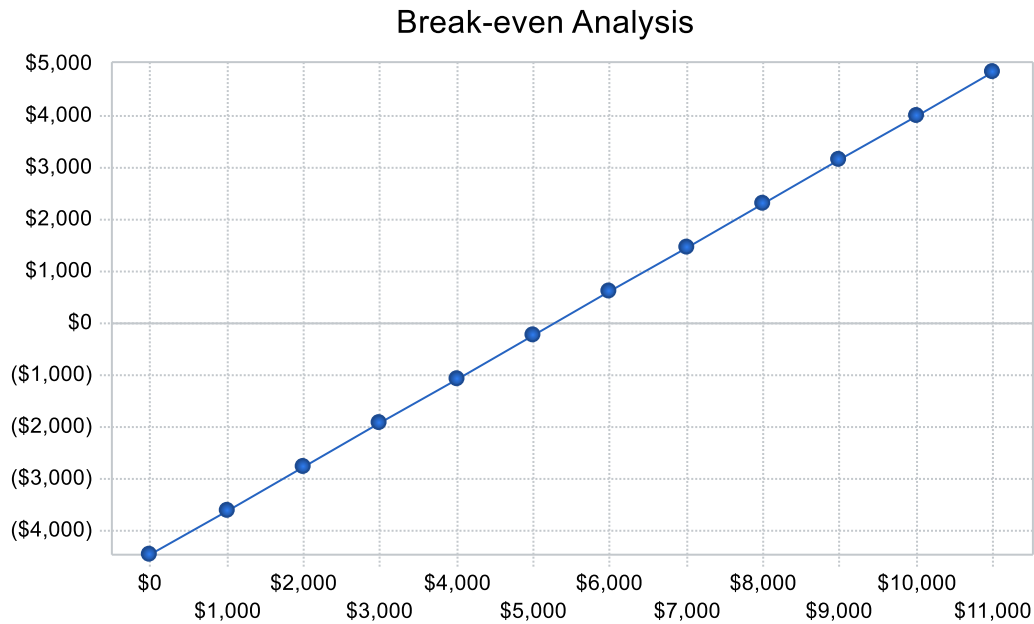


Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Revenue Break-even	\$5,263
Assumptions:	
Average Percent Variable Cost	15%
Estimated Monthly Fixed Cost	\$4,461

7.3 Projected Profit and Loss

The following table will indicate projected profit and loss.

Chart: Profit Monthly

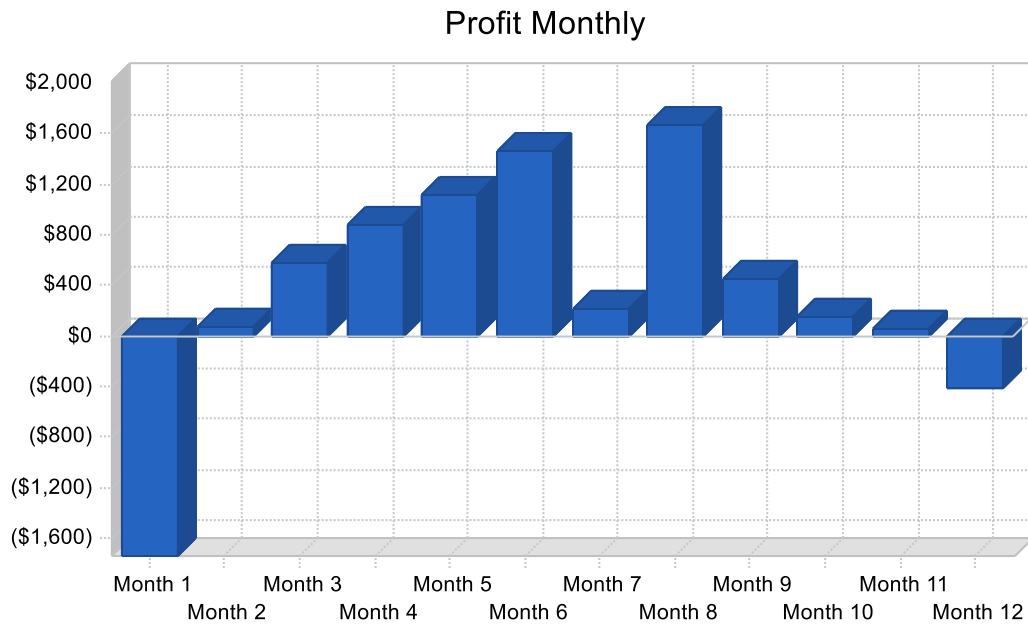


Chart: Profit Yearly



Star Concierge Inc

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>		Year 1	Year 2	Year 3
Sales		\$70,050	\$132,795	\$156,000
Direct Cost of Sales		\$10,671	\$30,996	\$32,996
Other		\$0	\$0	\$0
Total Cost of Sales		\$10,671	\$30,996	\$32,996
Gross Margin		\$59,379	\$101,799	\$123,004
Gross Margin %		84.77%	76.66%	78.85%
Expenses				
Payroll		\$39,461	\$82,992	\$98,000
Sales and Marketing and Other Expenses		\$2,000	\$1,750	\$1,750
Depreciation		\$0	\$0	\$0
Depreciation		\$492	\$492	\$0
Additional payroll burdens- 7.5%		\$2,295	\$4,424	\$5,924
Communication Equipment		\$2,465	\$0	\$0
Utilities		\$0	\$0	\$0
Insurance		\$900	\$0	\$0
Payroll Taxes		\$5,919	\$12,449	\$14,700
Other		\$0	\$0	\$0
Total Operating Expenses		\$53,532	\$102,107	\$120,374
Profit Before Interest and Taxes		\$5,847	(\$308)	\$2,630
EBITDA		\$5,847	(\$308)	\$2,630
Interest Expense		\$0	\$0	\$0
Taxes Incurred		\$1,337	\$0	\$668
Net Profit		\$4,510	(\$308)	\$1,962
Net Profit/Sales		6.44%	-0.23%	1.26%

Chart: Gross Margin Monthly

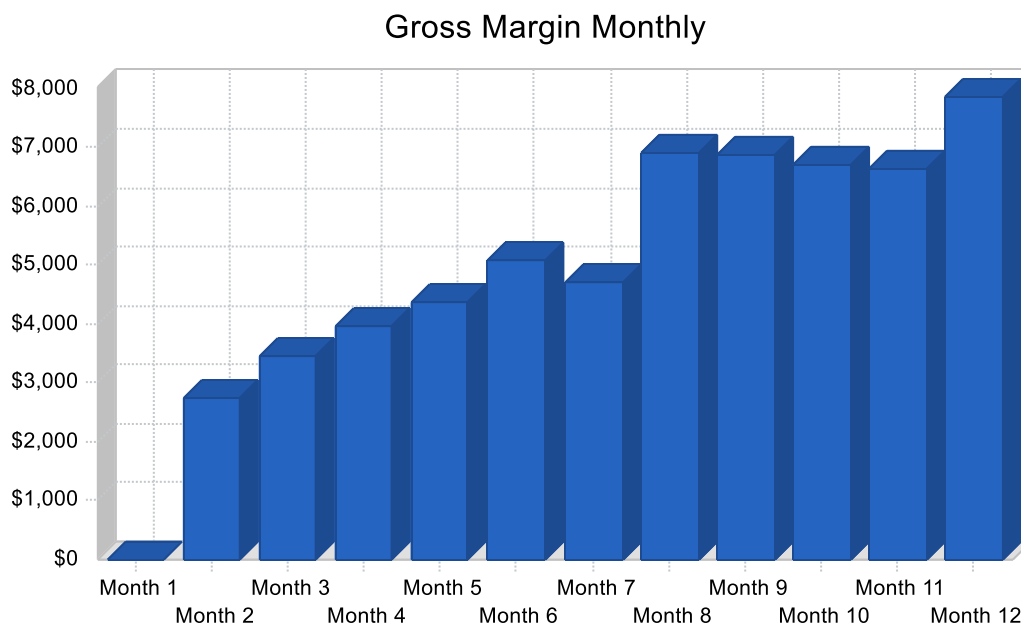
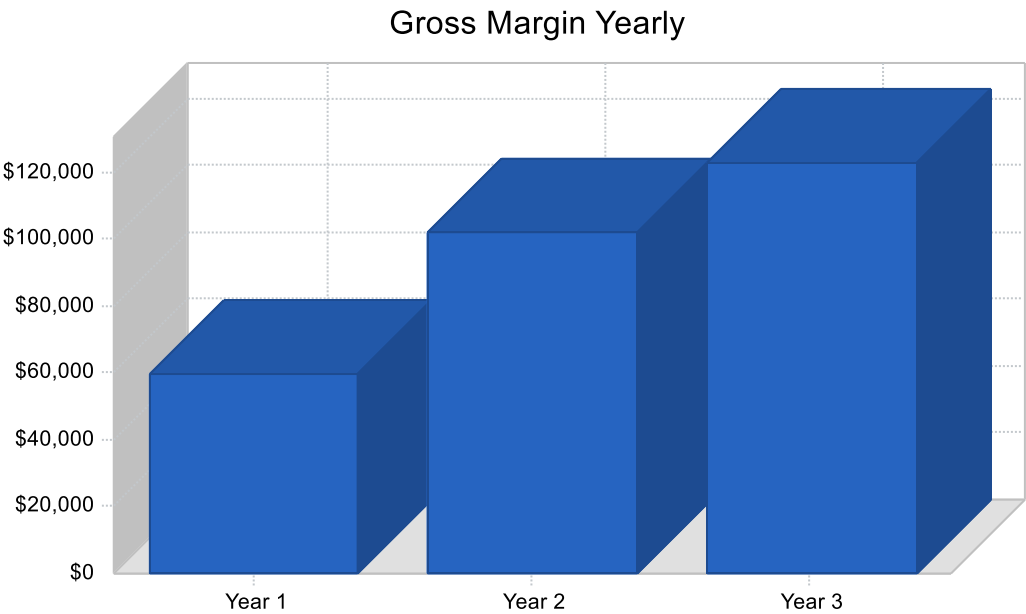


Chart: Gross Margin Yearly



7.4 Projected Cash Flow

The following chart and table will indicate projected cash flow.

Chart: Cash

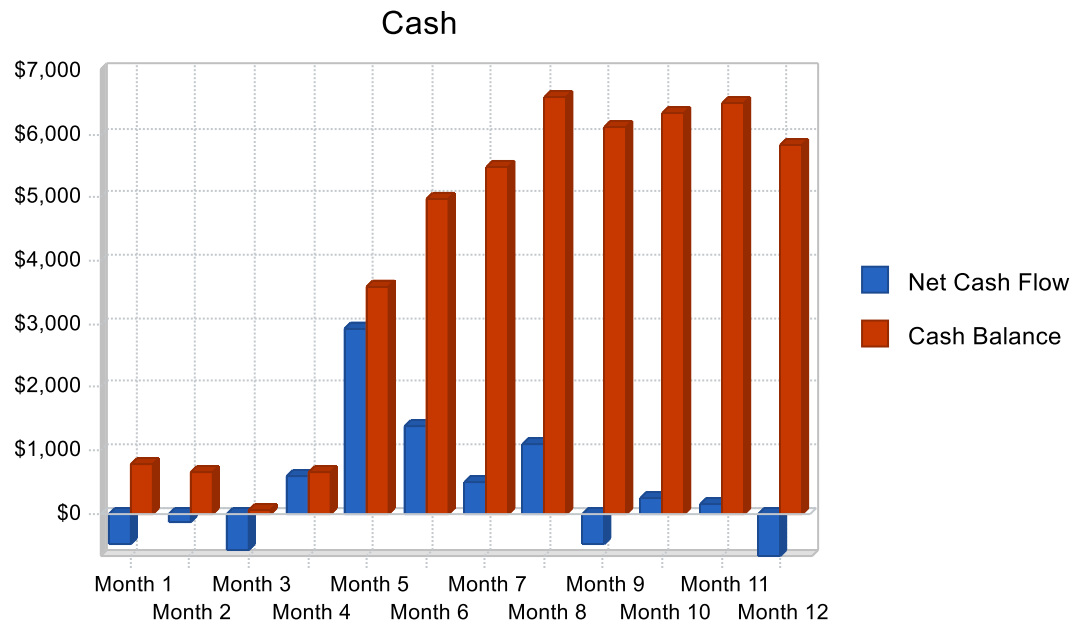


Table: Cash Flow

<i>Pro Forma Cash Flow</i>			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$42,030	\$79,677	\$93,600
Cash from Receivables	\$20,636	\$46,504	\$59,954
Subtotal Cash from Operations	\$62,666	\$126,181	\$153,554
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$2,000	\$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	\$1,255	\$7,000	\$0
Subtotal Cash Received	\$65,921	\$133,181	\$153,554
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$39,461	\$82,992	\$98,000
Bill Payments	\$21,893	\$50,179	\$55,551
Subtotal Spent on Operations	\$61,354	\$133,171	\$153,551
Additional Cash Spent			
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
Subtotal Cash Spent	\$61,354	\$133,171	\$153,551
Net Cash Flow	\$4,567	\$10	\$3
Cash Balance	\$5,822	\$5,832	\$5,834

7.5 Projected Balance Sheet

The following table will indicate the projected balance sheet.

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>				
		Year 1	Year 2	Year 3
Assets				
Current Assets				
Cash		\$5,822	\$5,832	\$5,834
Accounts Receivable		\$7,384	\$13,999	\$16,445
Other Current Assets		\$2,500	\$2,500	\$2,500
Total Current Assets		\$15,706	\$22,331	\$24,779
Long-term Assets				
Long-term Assets		\$0	\$0	\$0
Accumulated Depreciation		\$0	\$0	\$0
Total Long-term Assets		\$0	\$0	\$0
Total Assets		\$15,706	\$22,331	\$24,779
Liabilities and Capital		Year 1	Year 2	Year 3
Current Liabilities				
Accounts Payable		\$4,187	\$4,119	\$4,606
Current Borrowing		\$0	\$0	\$0
Other Current Liabilities		\$2,000	\$2,000	\$2,000
Subtotal Current Liabilities		\$6,187	\$6,119	\$6,606
Long-term Liabilities		\$0	\$0	\$0
Total Liabilities		\$6,187	\$6,119	\$6,606
Paid-in Capital		\$8,755	\$15,755	\$15,755
Retained Earnings		(\$3,745)	\$765	\$457
Earnings		\$4,510	(\$308)	\$1,962
Total Capital		\$9,520	\$16,212	\$18,173
Total Liabilities and Capital		\$15,706	\$22,331	\$24,779
Net Worth		\$9,520	\$16,212	\$18,173

7.6 Business Ratios

The following table contains important business ratios for the personal services industry, as determined by the Standard Industry Classification (SIC) Index code 7299.

Table: Ratios

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	89.57%	17.47%	17.90%
Percent of Total Assets				
Accounts Receivable	47.02%	62.69%	66.37%	11.10%
Other Current Assets	15.92%	11.20%	10.09%	37.10%
Total Current Assets	100.00%	100.00%	100.00%	52.80%
Long-term Assets	0.00%	0.00%	0.00%	47.20%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	39.39%	27.40%	26.66%	33.90%
Long-term Liabilities	0.00%	0.00%	0.00%	28.00%
Total Liabilities	39.39%	27.40%	26.66%	61.90%
Net Worth	60.61%	72.60%	73.34%	38.10%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	84.77%	76.66%	78.85%	0.00%
Selling, General & Administrative Expenses	76.37%	69.80%	72.92%	72.70%
Advertising Expenses	0.21%	0.00%	0.00%	2.20%
Profit Before Interest and Taxes	8.35%	-0.23%	1.69%	4.00%
Main Ratios				
Current	2.54	3.65	3.75	1.81
Quick	2.54	3.65	3.75	1.33
Total Debt to Total Assets	39.39%	27.40%	26.66%	61.90%
Pre-tax Return on Net Worth	61.42%	-1.90%	14.47%	6.30%
Pre-tax Return on Assets	37.23%	-1.38%	10.61%	16.60%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	6.44%	-0.23%	1.26%	n.a
Return on Equity	47.37%	-1.90%	10.79%	n.a
Activity Ratios				
Accounts Receivable Turnover	3.79	3.79	3.79	n.a
Collection Days	56	73	89	n.a
Accounts Payable Turnover	6.23	12.17	12.17	n.a
Payment Days	30	30	28	n.a
Total Asset Turnover	4.46	5.95	6.30	n.a
Debt Ratios				
Debt to Net Worth	0.65	0.38	0.36	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$9,520	\$16,212	\$18,173	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.22	0.17	0.16	n.a
Current Debt/Total Assets	39%	27%	27%	n.a
Acid Test	1.35	1.36	1.26	n.a
Sales/Net Worth	7.36	8.19	8.58	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Table: Sales Forecast

Sales 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
Sales													
Corporations	0%	\$0	\$2,577	\$3,216	\$3,677	\$4,032	\$4,706	\$5,700	\$7,847	\$7,984	\$7,998	\$8,001	\$8,978
Individuals	0%	\$0	\$180	\$246	\$295	\$341	\$393	\$482	\$534	\$543	\$549	\$671	\$1,100
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales		\$0	\$2,757	\$3,462	\$3,972	\$4,373	\$5,099	\$6,182	\$8,381	\$8,527	\$8,547	\$8,672	\$10,078
Direct Cost of Sales		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Corporations		\$0	\$0	\$0	\$0	\$0	\$0	\$1,325	\$1,325	\$1,490	\$1,656	\$1,822	\$1,987
Individuals		\$0	\$0	\$0	\$0	\$0	\$0	\$147	\$147	\$165	\$184	\$202	\$221
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$1,472	\$1,472	\$1,655	\$1,840	\$2,024	\$2,208

Appendix

Table: Personnel

Personnel Plan		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Payroll	0%	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,298	\$3,298	\$4,689	\$4,848	\$4,912	\$6,416
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People		1	1	1	1	1	1	1	1	1	1	1	1
Total Payroll		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,298	\$3,298	\$4,689	\$4,848	\$4,912	\$6,416

Appendix

Table: General Assumptions

General Assumptions												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Appendix

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales		\$0	\$2,757	\$3,462	\$3,972	\$4,373	\$5,099	\$6,182	\$8,381	\$8,527	\$8,547	\$8,672	\$10,078
Direct Cost of Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$1,472	\$1,472	\$1,655	\$1,840	\$2,024	\$2,208
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$1,472	\$1,472	\$1,655	\$1,840	\$2,024	\$2,208
Gross Margin		\$0	\$2,757	\$3,462	\$3,972	\$4,373	\$5,099	\$4,710	\$6,909	\$6,872	\$6,707	\$6,648	\$7,870
Gross Margin %		0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	76.19%	82.44%	80.59%	78.47%	76.66%	78.09%
Expenses													
Payroll		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,298	\$3,298	\$4,689	\$4,848	\$4,912	\$6,416
Sales and Marketing and Other Expenses		\$0	\$150	\$150	\$150	\$125	\$375	\$150	\$150	\$150	\$200	\$200	\$200
Depreciation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation		\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41
Additional payroll burdens- 7.5%		\$0	\$0	\$0	\$0	\$110	\$110	\$110	\$371	\$371	\$371	\$371	\$481
Communication Equipment		\$150	\$175	\$200	\$200	\$200	\$220	\$220	\$220	\$220	\$220	\$220	\$220
Utilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance		\$0	\$0	\$0	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Payroll Taxes	15%	\$300	\$300	\$300	\$300	\$300	\$300	\$495	\$495	\$703	\$727	\$737	\$962
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses		\$2,491	\$2,666	\$2,691	\$2,791	\$2,876	\$3,146	\$4,414	\$4,675	\$6,274	\$6,507	\$6,581	\$8,420
Profit Before Interest and Taxes		(\$2,491)	\$91	\$771	\$1,181	\$1,497	\$1,953	\$296	\$2,234	\$598	\$200	\$67	(\$550)
EBITDA		(\$2,491)	\$91	\$771	\$1,181	\$1,497	\$1,953	\$296	\$2,234	\$598	\$200	\$67	(\$550)
Interest Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred		(\$747)	\$23	\$193	\$295	\$374	\$488	\$74	\$559	\$149	\$50	\$17	(\$138)
Net Profit		(\$1,744)	\$68	\$578	\$886	\$1,123	\$1,465	\$222	\$1,676	\$448	\$150	\$50	(\$413)
Net Profit/Sales		0.00%	2.48%	16.70%	22.30%	25.67%	28.73%	3.59%	19.99%	5.26%	1.75%	0.58%	-4.10%

Appendix

Table: Cash Flow

<i>Pro Forma Cash Flow</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$0	\$1,654	\$2,077	\$2,383	\$2,624	\$3,059	\$3,709	\$5,029	\$5,116	\$5,128	\$5,203	\$6,047
Cash from Receivables	\$0	\$0	\$37	\$1,112	\$1,392	\$1,594	\$1,759	\$2,054	\$2,502	\$3,354	\$3,411	\$3,420
Subtotal Cash from Operations	\$0	\$1,654	\$2,114	\$3,495	\$4,015	\$4,654	\$5,468	\$7,083	\$7,618	\$8,483	\$8,614	\$9,467
Additional Cash Received												
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
New Other Liabilities (interest-free)		\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$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
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received		\$1,255	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received		\$1,255	\$1,654	\$2,114	\$3,495	\$6,015	\$4,654	\$5,468	\$7,083	\$7,618	\$8,483	\$9,467
Expenditures	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations												
Cash Spending	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$3,298	\$3,298	\$4,689	\$4,848	\$4,912	\$6,416
Bill Payments	(\$256)	(\$225)	\$695	\$891	\$1,092	\$1,263	\$1,669	\$2,687	\$3,407	\$3,395	\$3,554	\$3,722
Subtotal Spent on Operations	\$1,744	\$1,775	\$2,695	\$2,891	\$3,092	\$3,263	\$4,967	\$5,985	\$8,096	\$8,243	\$8,466	\$10,138
Additional Cash Spent												
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	\$1,744	\$1,775	\$2,695	\$2,891	\$3,092	\$3,263	\$4,967	\$5,985	\$8,096	\$8,243	\$8,466	\$10,138
Net Cash Flow	(\$489)	(\$121)	(\$581)	\$605	\$2,924	\$1,390	\$502	\$1,098	(\$477)	\$239	\$148	(\$671)
Cash Balance	\$766	\$645	\$64	\$669	\$3,593	\$4,983	\$5,485	\$6,583	\$6,105	\$6,345	\$6,493	\$5,822

Appendix

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	\$1,255	\$766	\$645	\$64	\$669	\$3,593	\$4,983	\$5,485	\$6,583	\$6,105	\$6,345	\$6,493	\$5,822
Accounts Receivable	\$0	\$0	\$1,103	\$2,451	\$2,927	\$3,285	\$3,730	\$4,444	\$5,743	\$6,651	\$6,716	\$6,774	\$7,384
Other Current Assets	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Total Current Assets	\$3,755	\$3,266	\$4,248	\$5,015	\$6,096	\$9,378	\$11,214	\$12,429	\$14,825	\$15,257	\$15,561	\$15,766	\$15,706
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$3,755	\$3,266	\$4,248	\$5,015	\$6,096	\$9,378	\$11,214	\$12,429	\$14,825	\$15,257	\$15,561	\$15,766	\$15,706
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$0	\$914	\$1,102	\$1,298	\$1,456	\$1,828	\$2,821	\$3,541	\$3,525	\$3,679	\$3,834	\$4,187
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Subtotal Current Liabilities	\$0	\$0	\$914	\$1,102	\$1,298	\$3,456	\$3,828	\$4,821	\$5,541	\$5,525	\$5,679	\$5,834	\$6,187
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$914	\$1,102	\$1,298	\$3,456	\$3,828	\$4,821	\$5,541	\$5,525	\$5,679	\$5,834	\$6,187
Paid-in Capital	\$7,500	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755	\$8,755
Retained Earnings	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)	(\$3,745)
Earnings	\$0	(\$1,744)	(\$1,675)	(\$1,097)	(\$211)	\$911	\$2,376	\$2,598	\$4,274	\$4,722	\$4,872	\$4,922	\$4,510
Total Capital	\$3,755	\$3,266	\$3,335	\$3,913	\$4,799	\$5,921	\$7,386	\$7,608	\$9,284	\$9,732	\$9,882	\$9,932	\$9,520
Total Liabilities and Capital	\$3,755	\$3,266	\$4,248	\$5,015	\$6,096	\$9,378	\$11,214	\$12,429	\$14,825	\$15,257	\$15,561	\$15,766	\$15,706
Net Worth	\$3,755	\$3,266	\$3,335	\$3,913	\$4,799	\$5,921	\$7,386	\$7,608	\$9,284	\$9,732	\$9,882	\$9,932	\$9,520