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The Toddler Warehouse

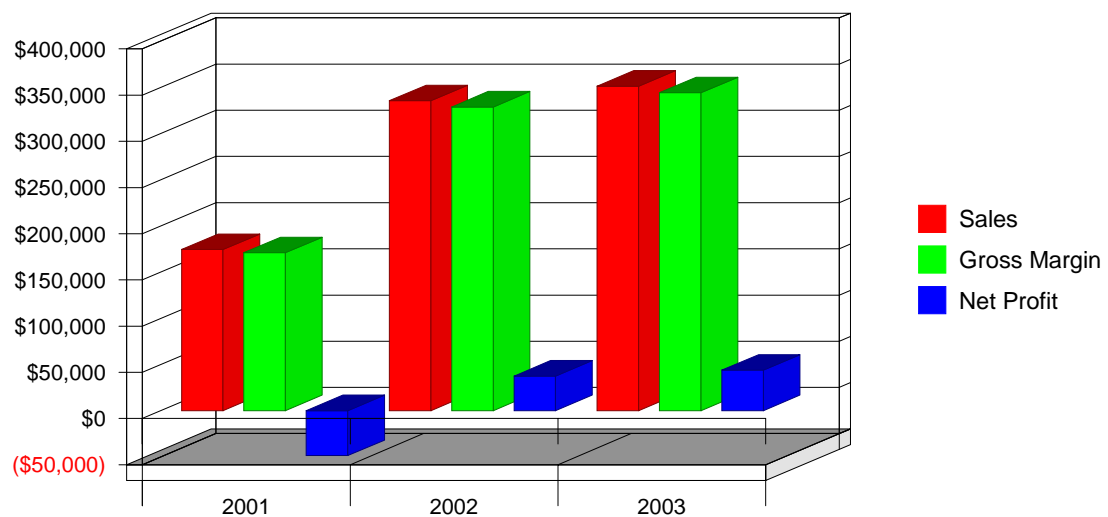
1.0 Executive Summary

The Toddler Warehouse is a full-service child care/development facility that cares for toddlers from age three to five. The Toddler Warehouse will be concentrating on the upper end of the market: double-income professional parents. These personally ambitious parents are typically eager in terms of their children's development and will be willing to pay to have their children attend the best facilities.

Through specialized training of the staff and innovative learning systems, The Toddler Warehouse is cutting edge in terms of child development. This curriculum, coupled with a custom designed facility and a low teacher:student ratio ensures a top shelf service for the children and the parents.

The Toddler Warehouse expects to become profitable by month 11, and has projected over \$44,000 as the net profit for year three.

Highlights (Planned)



1.1 Objectives

The objectives for the first three years of operation include:

- To create a service based operation whose primary goal is to exceed customer's expectations.
- The utilization of The Toddler Warehouse by at least 40 different families in the first eight months.
- To increase the number of client's served by 20% each year.
- To develop a sustainable, profitable, start-up business.

The Toddler Warehouse

1.2 Mission

The Toddler Warehouse's mission is to provide top level child care. 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.

2.0 Company Summary

The Toddler Warehouse, soon to be located in Salem, OR, will offer child care services for kids between the ages of three and five. The Toddler Warehouse will offer services from 6 a.m. to 7 p.m. The children will be exposed to a wide range of activities including arts and crafts, socialization, large muscle group activities, and general learning. The Toddler Warehouse will be priced out of some people's budget, but will offer a low student to teacher ratio and well trained staff. The Toddler Warehouse will be located in a recently purchased and converted home that now is solely a child care center.

2.1 Company Ownership

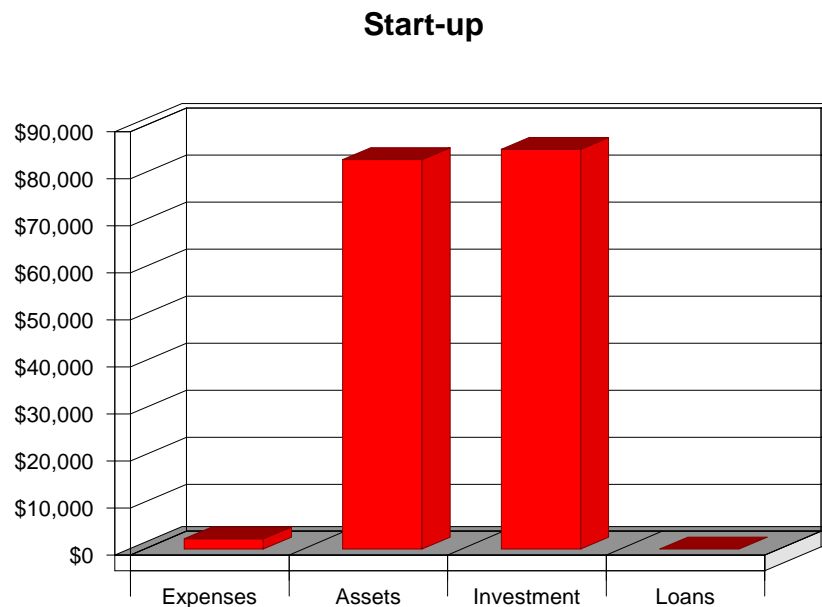
The Toddler Warehouse will be an Oregon Corporation, founded and owned by Matt Ernal.

The Toddler Warehouse

2.2 Start-up Summary

The Toddler Warehouse's start-up costs include:

- The purchase of a four bedroom house and the appropriate renovations to bring it up to code in reference to bathrooms and kitchen (depreciated using the straight line method)
- Stackable chairs (depreciated)
- Tables (depreciated)
- Office furniture (depreciated)
- TV and VCR (depreciated)
- Sleeping mats and pillows (depreciated)
- Outdoor playground set (depreciated)
- Storage bins (depreciated)
- Laundry facilities (depreciated)
- Computer system with printer, CDRW, and Internet connection (depreciated)
- Copier and fax machine (depreciated)
- Art supplies
- Toys
- Medicine kits
- Kitchen supplies
- Brochures
- Cleaning supplies
- Legal fees
- Advertising costs



The Toddler Warehouse

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	\$1,000
Stationery etc.	\$100
Brochures	\$350
Art supplies	\$150
Kitchen supplies	\$200
Cleaning supplies	\$100
Medicine kits	\$100
Matts and pillows	\$150
Other	\$0
Total Start-up Expense	\$2,150
Start-up Assets Needed	
Cash Balance on Starting Date	\$49,250
Other Short-term Assets	\$0
Total Short-term Assets	\$49,250
Long-term Assets	\$33,600
Total Assets	\$82,850
Total Requirements	\$85,000
Funding	
Investment	
Investor 1	\$85,000
Investor 2	\$0
Other	\$0
Total Investment	\$85,000
Short-term Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Short-term Liabilities	\$0
Subtotal Short-term Liabilities	\$0
Long-term Liabilities	\$0
Total Liabilities	\$0
Loss at Start-up	(\$2,150)
Total Capital	\$82,850
Total Capital and Liabilities	\$82,850

3.0 Services

The Toddler Warehouse offers Salem an upper-end child care facility for toddlers age three to five. The Toddler Warehouse offers a low teacher to student ratio, custom facilities, and innovative learning programs. The Toddler Warehouse hours will be a bit wider range than normal business hours to accommodate the working parents, the target customer.

The two income families have children, yet both parents work. The Toddler Warehouse is an innovative solution that acts as virtual parents, broadening the children's skills during the day. This is not a baby sitter facility. The children are engaged throughout the day, learning new skills and reinforcing already acquired ones.

The Toddler Warehouse

4.0 Market Analysis Summary

The Toddler Warehouse will be offering child care/development for toddlers age three to five. The Toddler Warehouse will be targeting double income professional families who, because of work obligations, do not have the time during the day to care for their child. The Toddler Warehouse will be targeting families that are interested in something more than simple baby-sitting facilities, they would like the children to be enrolled in a program that offers development of many different skills including: socialization skills, arts and crafts, large muscle group workouts, reading, numbers, etc. Parents who are professionals, who are ambitious by nature themselves, are typically eager for their children to move ahead and are willing to pay for the best development care services for their children.

4.1 Market Segmentation

The Toddler Warehouse is targeting one specific customer group, the middle to upper class, two income professional family. This group of families have both parents working, not allowing them time to raise their child during the day. This group has the money for child care, and are willing to spend a little extra to get a higher level of care.

This customer segment has already begun teaching it's child advanced concepts like reading, singing, socialization, etc. The Toddler Warehouse will continue to develop the children's skills.

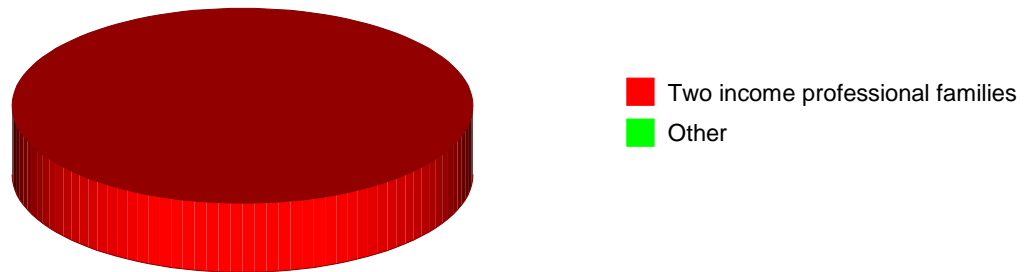
This customer group is typically made up of two professional parents. This would explain why the parents 1) have the money for more sophisticated child care, and 2) are ambitious in terms of their children's learning and development.

Table: Market Analysis

Market Analysis Potential Customers	Growth	2001	2002	2003	2004	2005	CAGR
Two income professional families	9%	12,000	12,000	13,080	14,257	15,540	6.68%
Other	0%	0	0	0	0	0	0.00%
Total	6.68%	12,000	12,000	13,080	14,257	15,540	6.68%

The Toddler Warehouse

Market Analysis (Pie)



4.2 Target Market Segment Strategy

The Toddler Warehouse intends to concentrate on the double income working professional families because they are the segment that can most readily afford day care, are the ones who need day care because of their work obligations, appreciate the advanced learning and development The Toddler Warehouse has to offer, and lastly are a growing segment of our society.

With both parents working, this segment needs some sort of provisions for the care of their child. While the Department of Labor indicates that over 50% of children are cared by relatives compared to 29% for a commercial day care center, our targeted group prefers a more structured learning environment. Relatives are great for nights out or weekends, but they do not compare to a structured program when it comes to the learning and development that occurs at The Toddler Warehouse. Having both parents as professionals, they are ambitious with the development of their child and are willing to pay to get the best program for their prodigy.

As America continues to be a society of people working long hours, there will always be the need for child care. The trend of longer work weeks is increasing and this drives The Toddler Warehouse's business.

The Toddler Warehouse

4.3 Service Business Analysis

The Toddler Warehouse will be competing in the child care industry. This industry is fairly broad and populated, there are companies at all levels, from the basic baby sitter services, to competitors of The Toddler Warehouse. There are service providers that offer standard business hours as well as services that offer night and evening hours. There are scheduled services and no reservation drop off services. Price, quality, and gut feeling drives a lot of parental choices. The Toddler Warehouse believes the secret to success is to 1) concentrate on only a portion of the market, and 2) choose a portion of the market that is growing.

4.3.1 Competition and Buying Patterns

There are many different competitors in the child care space. The Toddler Warehouse will only detail the direct, or reasonably direct competitors, and will not detail the myriad of other service providers that offer some sort of child care option. The direct competitors are:

1. Established, often franchised, child care centers. These are typically larger facilities that offer care to a wide range of ages. The number of children serviced is usually quite large. The child care is adequate, although somewhat impersonal by virtue of its large size.
2. Small, home based child care. These competitors are people that have a child care facility based out of their house. The quality of these ranges considerably, some are great, some are sub par.
3. Medium sized companies. These are typically independently owned facilities. Some of these will handle a wide range of ages, others will specialize with a specific age group.

5.0 Strategy and Implementation Summary

The Toddler Warehouse is targeting a very specialize niche in child care space. With this in mind, The Toddler Warehouse must then carefully communicate it's services if the company is to be patronized by this target segment. What will be communicated are The Toddler Warehouse's competitive advantages: specialized training of the staff and innovative learning programs. If the targeted parent hears and understands these advantages, they will more likely be willing to switch to The Toddler Warehouse's service.

In addition, The Toddler Warehouse will be using tours of the facilities to sell it's services. Tours in the industry are pretty standard. Most parents want to see a facility before they will send their kids there. The Toddler Warehouse's facilities are so good that they speak for themselves. Therefore, it will be a priority to get the parents to view the facilities and that will convince them.

The Toddler Warehouse

5.1 Competitive Edge

The Toddler Warehouse's competitive edge is two-fold:

1. Specialized training- The facility can only be as good as the teachers and assistants. With this in mind, The Toddler Warehouse has a specialized training program that all teachers and assistants are put through so they are proficient at teaching the specific programs that The Toddler Warehouse has developed for toddlers age three to five. The employees are put through an intensive week long course and only after they pass the intensive training will they be allowed to work with the children.
2. Innovative learning programs- Typical learning programs for toddlers this age focus on specific traits and only work on one trait/ skill at once. While this is successful in reinforcing the skill, it is often very difficult for the child to appreciate the interrelationships of the different skills. Consequently, the child can learn the skill, but has difficulty applying the skill when faced with multiple stimuli. When the child is unsure of what to do because of the multiple stimuli and these several skills that they have learned independently, the child tends to shut down out of confusion. Matt's Master's thesis was based on Intertwined Learning Systems that teaches skills not in isolation from each other, but taught together. Matt's research strongly supports the assertion that when the skills are taught together, just as you would expect to encounter them in real life, the children are able to assimilate the new task into their skill set much quicker.

5.2 Sales Strategy

The Toddler Warehouse's sales strategy will be targeting double income working professional families. These families have the money to spend on child care and these parents are much more likely to appreciate the advanced learning systems taught at The Toddler Warehouse based on Matt's thesis.

The sales strategy will be based on a communication effort to explain the virtues of the program and how time at The Toddler Warehouse can speed up the children's development considerably. In addition to one on one explanations of the program and its merits, the prospective parents will be given tours of the facilities. The tour of the facility will serve two purposes:

1. The tour will be used as a way to impress the prospect of the facilities that The Toddler Warehouse has. These facilities were custom designed to achieve very specific educational goals and The Toddler Warehouse is immensely proud of the facilities.
2. The tours typically occur during the day and this becomes a perfect opportunity for the potential customer to view the care as it is occurring. This will serve to build a trust bond between The Toddler Warehouse and the parent who naturally is cautious about leaving the child with strangers to have the child cared for and taught the entire day.

In essence, The Toddler Warehouse is letting the facilities and teacher/student interactions speak for themselves. Because of the high level of service, this is entirely possible.

The Toddler Warehouse

5.2.1 Sales Forecast

The first two months will be spent renovating the house and bringing it up to specifications, both for the state health and license codes, and Matt's specifications. During this time, Matt will be finishing up the training program and manuals. Although Matt had designed an entire training program as part of his Master's in Education, he is re-working it so it is custom designed for his new facility.

The first week of the third month will be used for training of the staff. By the middle of the third month The Toddler Warehouse will begin accepting children for care. It is anticipated that the facility will be under-utilized until the eighth month. By then, word will have spread and the classes will be filling up quite nicely.

From month seven on, there will be a steady, incremental increase in sales.

Sales Monthly (Planned)

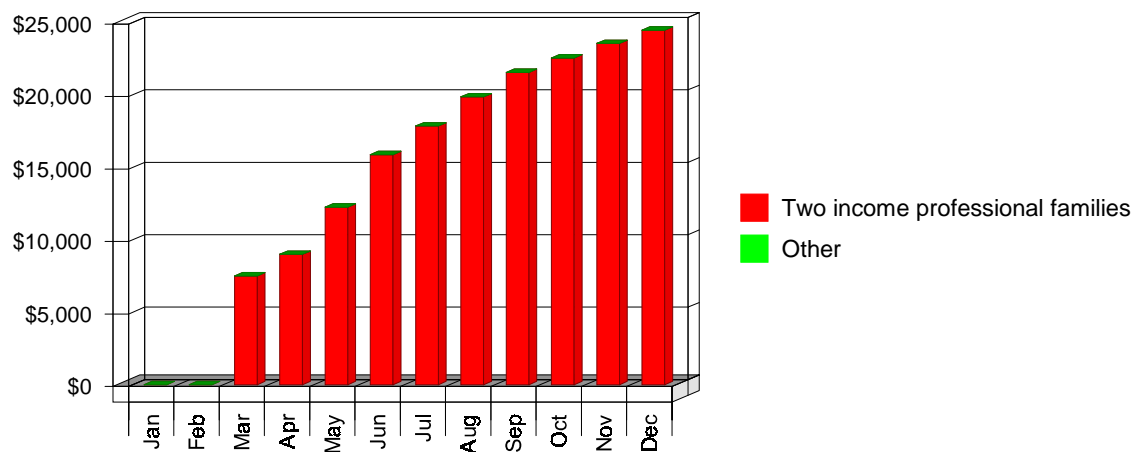


Table: Sales Forecast (Planned)

Sales Forecast			
Sales	2001	2002	2003
Two income professional families	\$174,425	\$335,458	\$351,254
Other	\$0	\$0	\$0
Total Sales	\$174,425	\$335,458	\$351,254
Direct Cost of Sales			
Two income professional families	\$3,489	\$6,709	\$7,025
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$3,489	\$6,709	\$7,025

The Toddler Warehouse

5.3 Milestones

The Toddler Warehouse 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. Finish renovating the facilities.
3. First group of teachers and assistants trained.

Table: Milestones (Planned)

Milestones Milestone	Start Date	End Date	Budget	Manager	Department
Business plan completion	1/1/01	2/1/01		Matt	
Finish renovating the facilities	1/1/01	3/1/01		Matt	
First group of teachers and assistants trained	3/1/01	3/15/01		Matt	
Totals			\$0		

6.0 Management Summary

Matt Ernal, the founder and owner of The Toddler Warehouse will be running the daily operations. Matt got his undergraduate degree in English from the University of Oregon. Upon graduation, Matt was unsure of what he wanted to do so he travelled to Indonesia and taught English for three years. For the first year, Matt lived with a local family. In exchange for room and board, Matt cared for the family's two children. Although he had never done any child care before, Matt found this very satisfying.

Upon returning to the US, Matt was contemplating pursuing something with teaching. His experience in Indonesia was quite positive, both the English classes and caring for the young children. Ultimately, it was the experience with the young children that led Matt to consider a career teaching young children. Matt entered Western Oregon University's nationally recognized Master of Education Program to pursue toddler development. After graduation, Matt was confident of his abilities and decided that he would appreciate the autonomy of running his own business. He purchased a house for the facility has been working hard on this project ever since.

6.1 Personnel Plan

The staff will consist of Matt working full-time, in a training and leadership role for the organization. During month three, the following staff will be brought on board: two teachers, two assistants, and a general help person who will help out with custodial, cooking, and laundry tasks. By month seven, two more assistants will be hired.

The Toddler Warehouse

Table: Personnel (Planned)

Personnel Plan	2001	2002	2003
Matt	\$24,000	\$30,000	\$36,000
Teacher	\$30,000	\$36,000	\$36,000
Teacher	\$30,000	\$36,000	\$36,000
Teaching assistant	\$20,000	\$24,000	\$24,000
Teaching assistant	\$20,000	\$24,000	\$24,000
General help person	\$15,000	\$18,000	\$18,000
Teaching assistant	\$12,000	\$24,000	\$24,000
Teaching assistant	\$12,000	\$24,000	\$24,000
Total Payroll	\$163,000	\$216,000	\$222,000
Total Headcount	8	8	8
Payroll Burden	\$24,450	\$32,400	\$33,300
Total Payroll Expenditures	\$187,450	\$248,400	\$255,300

7.0 Financial Plan

The following sections will outline the important financial details.

The Toddler Warehouse

7.1 Important Assumptions

The following tables shows some financial assumptions for The Toddler Warehouse.

Table: General Assumptions

General Assumptions	2001	2002	2003
Short-term Interest Rate %	10.00%	10.00%	10.00%
Long-term Interest Rate %	10.00%	10.00%	10.00%
Tax Rate %	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%
Personnel Burden %	15.00%	15.00%	15.00%

The Toddler Warehouse

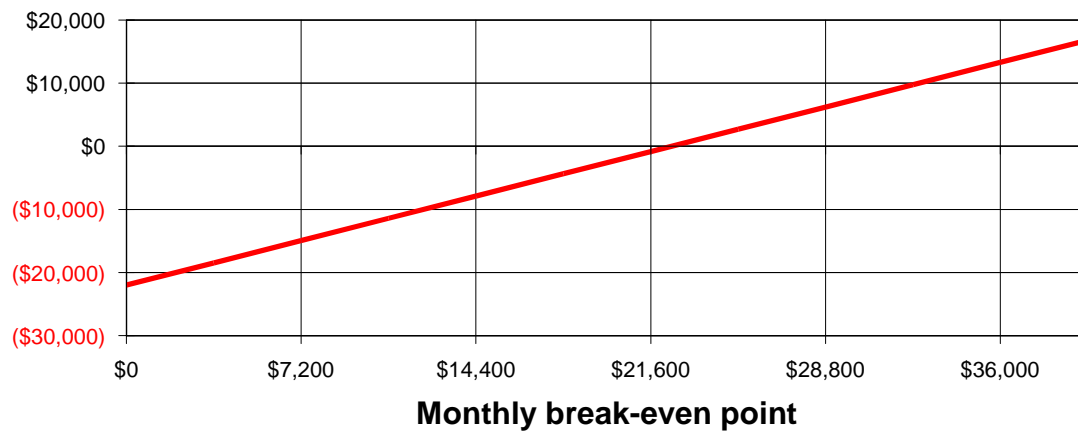
7.2 Break-even Analysis

The Break-even Analysis indicates \$22,449 is needed in monthly revenue to break even.

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	25
Monthly Sales Break-even	\$22,449
Assumptions:	
Average Per-Unit Revenue	\$900.00
Average Per-Unit Variable Cost	\$18.00
Estimated Monthly Fixed Cost	\$22,000

Break-even Analysis



Break-even point = where line intersects with 0

The Toddler Warehouse

7.3 Projected Profit and Loss

The following table will indicate projected profit and loss.

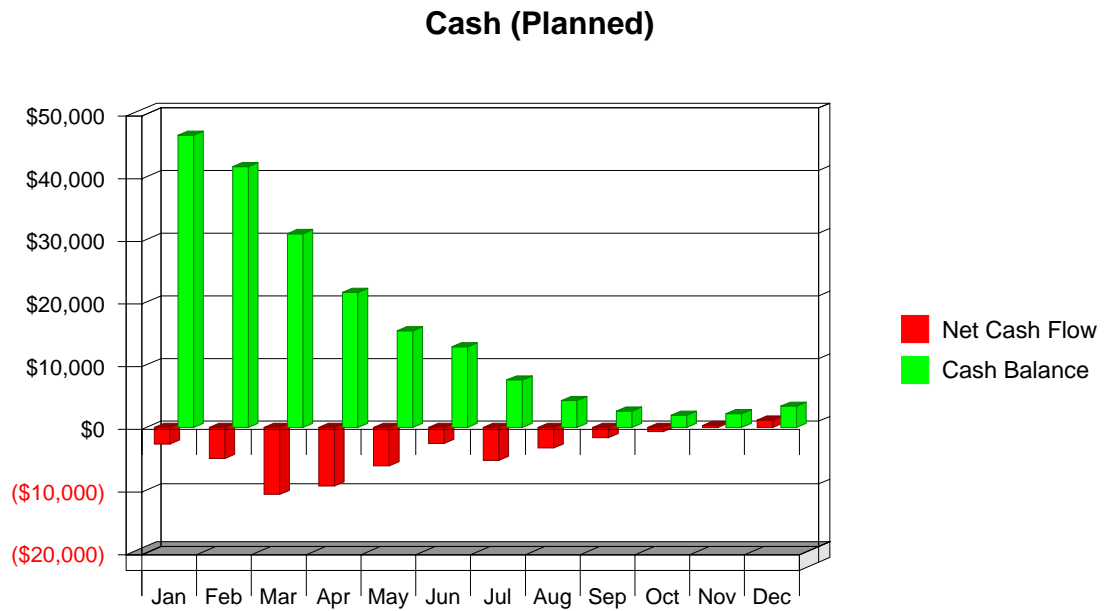
Table: Profit and Loss (Planned)

Pro Forma Profit and Loss	2001	2002	2003
Sales	\$174,425	\$335,458	\$351,254
Direct Cost of Sales	\$3,489	\$6,709	\$7,025
Other	\$0	\$0	\$0
	-----	-----	-----
Total Cost of Sales	\$3,489	\$6,709	\$7,025
Gross Margin	\$170,937	\$328,749	\$344,229
Gross Margin %	98.00%	98.00%	98.00%
Operating Expenses:			
Advertising/Promotion	\$1,800	\$0	\$0
Travel	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0
Payroll Expense	\$163,000	\$216,000	\$222,000
Payroll Burden	\$24,450	\$32,400	\$33,300
Depreciation	\$0	\$0	\$0
Licenses	\$1,200	\$1,200	\$1,200
Utilities	\$2,100	\$2,100	\$2,100
Mortgage	\$24,000	\$24,000	\$24,000
Insurance	\$3,000	\$3,000	\$3,000
Contract/Consultants	\$0	\$0	\$0
	-----	-----	-----
Total Operating Expenses	\$219,550	\$278,700	\$285,600
Profit Before Interest and Taxes	(\$48,614)	\$50,049	\$58,629
Interest Expense Short-term	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0
Taxes Incurred	\$0	\$12,512	\$14,657
Extraordinary Items	\$0	\$0	\$0
Net Profit	(\$48,614)	\$37,537	\$43,972
Net Profit/Sales	-27.87%	11.19%	12.52%

The Toddler Warehouse

7.4 Projected Cash Flow

The following chart and table will indicate projected cash flow.



The Toddler Warehouse

Table: Cash Flow (Planned)

Pro Forma Cash Flow	2001	2002	2003
Cash Received			
Cash from Operations:			
Cash Sales	\$174,425	\$335,458	\$351,254
From Receivables	\$0	\$0	\$0
Subtotal Cash from Operations	\$174,425	\$335,458	\$351,254
Additional Cash Received			
Extraordinary Items	\$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 Short-term Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
Capital Input	\$0	\$0	\$0
Subtotal Cash Received	\$174,425	\$335,458	\$351,254
Expenditures	2001	2002	2003
Expenditures from Operations:			
Cash Spent on Costs and Expenses	\$3,559	\$4,952	\$5,198
Wages, Salaries, Payroll Taxes, etc.	\$187,450	\$248,400	\$255,300
Payment of Accounts Payable	\$29,277	\$43,492	\$46,594
Subtotal Spent on Operations	\$220,286	\$296,844	\$307,092
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 Short-term Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Adjustment for Assets Purchased on Credit	\$0	\$0	\$0
Subtotal Cash Spent	\$220,286	\$296,844	\$307,092
Net Cash Flow	(\$45,861)	\$38,614	\$44,162
Cash Balance	\$3,389	\$42,004	\$86,166

The Toddler Warehouse

7.5 Projected Balance Sheet

The following table will indicate the projected balance sheet.

Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets			
Short-term Assets	2001	2002	2003
Cash	\$3,389	\$42,004	\$86,166
Other Short-term Assets	\$0	\$0	\$0
Total Short-term Assets	\$3,389	\$42,004	\$86,166
Long-term Assets			
Long-term Assets	\$33,600	\$33,600	\$33,600
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$33,600	\$33,600	\$33,600
Total Assets	\$36,989	\$75,604	\$119,766
Liabilities and Capital			
	2001	2002	2003
Accounts Payable	\$2,753	\$3,831	\$4,021
Current Borrowing	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$2,753	\$3,831	\$4,021
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$2,753	\$3,831	\$4,021
Paid-in Capital	\$85,000	\$85,000	\$85,000
Retained Earnings	(\$2,150)	(\$50,764)	(\$13,227)
Earnings	(\$48,614)	\$37,537	\$43,972
Total Capital	\$34,237	\$71,773	\$115,745
Total Liabilities and Capital	\$36,989	\$75,604	\$119,766
Net Worth	\$34,237	\$71,773	\$115,745

7.6 Business Ratios

Business ratios for the years of this plan are shown in the table below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 8351, Child Day Care Services, are shown for comparison.

The Toddler Warehouse

Table: Ratios (Planned)

Ratio Analysis	2001	2002	2003	Industry Profile
Sales Growth	0.00%	92.32%	4.71%	9.50%
Percent of Total Assets				
Accounts Receivable	0.00%	0.00%	0.00%	16.20%
Inventory	0.00%	0.00%	0.00%	1.70%
Other Short-term Assets	0.00%	0.00%	0.00%	26.80%
Total Short-term Assets	9.16%	55.56%	71.95%	44.70%
Long-term Assets	90.84%	44.44%	28.05%	55.30%
Total Assets	100.00%	100.00%	100.00%	100.00%
Other Short-term Liabilities	0.00%	0.00%	0.00%	31.80%
Subtotal Short-term Liabilities	7.44%	5.07%	3.36%	25.00%
Long-term Liabilities	0.00%	0.00%	0.00%	31.00%
Total Liabilities	7.44%	5.07%	3.36%	56.00%
Net Worth	92.56%	94.93%	96.64%	44.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	98.00%	98.00%	98.00%	0.00%
Selling, General & Administrative Expenses	125.87%	86.81%	85.48%	75.60%
Advertising Expenses	1.03%	0.00%	0.00%	0.70%
Profit Before Interest and Taxes	-27.87%	14.92%	16.69%	2.60%
Main Ratios				
Current	1.23	10.97	21.43	1.27
Quick	1.23	10.97	21.43	1.14
Total Debt to Total Assets	7.44%	5.07%	3.36%	62.80%
Pre-tax Return on Net Worth	-141.99%	69.73%	50.65%	5.40%
Pre-tax Return on Assets	-131.43%	66.20%	48.95%	14.60%
Business Vitality Profile				
Sales per Employee	\$21,803	\$41,932	\$43,907	\$0
Survival Rate				0.00%
Additional Ratios				
Net Profit Margin	-27.87%	11.19%	12.52%	n.a
Return on Equity	-141.99%	52.30%	37.99%	n.a
Activity Ratios				
Accounts Receivable Turnover	0.00	0.00	0.00	n.a
Collection Days	0	0	0	n.a
Inventory Turnover	0.00	0.00	0.00	n.a
Accounts Payable Turnover	11.64	11.64	11.64	n.a
Total Asset Turnover	4.72	4.44	2.93	n.a
Debt Ratios				
Debt to Net Worth	0.08	0.05	0.03	n.a
Short-term Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$637	\$38,173	\$82,145	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.21	0.23	0.34	n.a
Current Debt/Total Assets	7%	5%	3%	n.a
Acid Test	1.23	10.97	21.43	n.a
Sales/Net Worth	5.09	4.67	3.03	n.a
Dividend Payout	\$0	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast (Planned)

Sales Forecast												
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Two income professional families	\$0	\$0	\$7,500	\$9,000	\$12,254	\$15,874	\$17,854	\$19,854	\$21,545	\$22,545	\$23,541	\$24,458
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales	\$0	\$0	\$7,500	\$9,000	\$12,254	\$15,874	\$17,854	\$19,854	\$21,545	\$22,545	\$23,541	\$24,458
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Two income professional families	\$0	\$0	\$150	\$180	\$245	\$317	\$357	\$397	\$431	\$451	\$471	\$489
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$0	\$0	\$150	\$180	\$245	\$317	\$357	\$397	\$431	\$451	\$471	\$489

Appendix

Appendix Table: Personnel (Planned)

Personnel Plan	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Matt	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Teacher	\$0	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Teacher	\$0	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Teaching assistant	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Teaching assistant	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
General help person	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Teaching assistant	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Teaching assistant	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Total Payroll	\$2,000	\$2,000	\$13,500	\$13,500	\$13,500	\$13,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500
Total Headcount	1	1	6	6	6	6	8	8	8	8	8	8
Payroll Burden	\$300	\$300	\$2,025	\$2,025	\$2,025	\$2,025	\$2,625	\$2,625	\$2,625	\$2,625	\$2,625	\$2,625
Total Payroll Expenditures	\$2,300	\$2,300	\$15,525	\$15,525	\$15,525	\$15,525	\$20,125	\$20,125	\$20,125	\$20,125	\$20,125	\$20,125

Appendix

Appendix Table: General Assumptions

General Assumptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-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%
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 %	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Expenses in Cash %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Personnel Burden %	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%

Appendix

Appendix Table: Profit and Loss (Planned)

Pro Forma Profit and Loss	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	\$0	\$0	\$7,500	\$9,000	\$12,254	\$15,874	\$17,854	\$19,854	\$21,545	\$22,545	\$23,541	\$24,458
Direct Cost of Sales	\$0	\$0	\$150	\$180	\$245	\$317	\$357	\$397	\$431	\$451	\$471	\$489
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$0	\$0	\$150	\$180	\$245	\$317	\$357	\$397	\$431	\$451	\$471	\$489
Gross Margin	\$0	\$0	\$7,350	\$8,820	\$12,009	\$15,557	\$17,497	\$19,457	\$21,114	\$22,094	\$23,070	\$23,969
Gross Margin %	0.00%	0.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%
Operating Expenses:												
Advertising/Promotion	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Expense	\$2,000	\$2,000	\$13,500	\$13,500	\$13,500	\$13,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500
Payroll Burden	\$300	\$300	\$2,025	\$2,025	\$2,025	\$2,025	\$2,625	\$2,625	\$2,625	\$2,625	\$2,625	\$2,625
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Utilities	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175
Mortgage	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Insurance	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Contract/Consultants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$4,975	\$4,975	\$18,200	\$18,200	\$18,200	\$18,200	\$22,800	\$22,800	\$22,800	\$22,800	\$22,800	\$22,800
Profit Before Interest and Taxes	(\$4,975)	(\$4,975)	(\$10,850)	(\$9,380)	(\$6,191)	(\$2,643)	(\$5,303)	(\$3,343)	(\$1,686)	(\$706)	\$270	\$1,169
Interest Expense Short-term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense Long-term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$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
Net Profit	(\$4,975)	(\$4,975)	(\$10,850)	(\$9,380)	(\$6,191)	(\$2,643)	(\$5,303)	(\$3,343)	(\$1,686)	(\$706)	\$270	\$1,169
Net Profit/Sales	0.00%	0.00%	-144.67%	-104.22%	-50.52%	-16.65%	-29.70%	-16.84%	-7.83%	-3.13%	1.15%	4.78%

Appendix

Appendix Table: Cash Flow (Planned)

Pro Forma Cash Flow	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received												
Cash from Operations:												
Cash Sales	\$0	\$0	\$7,500	\$9,000	\$12,254	\$15,874	\$17,854	\$19,854	\$21,545	\$22,545	\$23,541	\$24,458
From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash from Operations	\$0	\$0	\$7,500	\$9,000	\$12,254	\$15,874	\$17,854	\$19,854	\$21,545	\$22,545	\$23,541	\$24,458
Additional Cash Received												
Extraordinary Items	\$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 Short-term 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
Capital Input	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$0	\$0	\$7,500	\$9,000	\$12,254	\$15,874	\$17,854	\$19,854	\$21,545	\$22,545	\$23,541	\$24,458
Expenditures												
Expenditures from Operations:												
Cash Spent on Costs and Expenses	\$268	\$268	\$283	\$286	\$292	\$299	\$303	\$307	\$311	\$313	\$315	\$316
Wages, Salaries, Payroll Taxes, etc.	\$2,300	\$2,300	\$15,525	\$15,525	\$15,525	\$15,525	\$20,125	\$20,125	\$20,125	\$20,125	\$20,125	\$20,125
Payment of Accounts Payable	\$80	\$2,408	\$2,412	\$2,543	\$2,571	\$2,630	\$2,694	\$2,730	\$2,766	\$2,796	\$2,814	\$2,832
Subtotal Spent on Operations	\$2,648	\$4,975	\$18,220	\$18,354	\$18,388	\$18,454	\$23,123	\$23,162	\$23,201	\$23,234	\$23,253	\$23,273
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 Short-term 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
Adjustment for Assets Purchased on Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$2,648	\$4,975	\$18,220	\$18,354	\$18,388	\$18,454	\$23,123	\$23,162	\$23,201	\$23,234	\$23,253	\$23,273
Net Cash Flow	(\$2,648)	(\$4,975)	(\$10,720)	(\$9,354)	(\$6,134)	(\$2,580)	(\$5,269)	(\$3,308)	(\$1,656)	(\$689)	\$288	\$1,185
Cash Balance	\$46,602	\$41,627	\$30,908	\$21,554	\$15,419	\$12,839	\$7,570	\$4,262	\$2,606	\$1,917	\$2,205	\$3,389

Appendix

Appendix Table: Balance Sheet (Planned)

Pro Forma Balance Sheet

Assets	Starting Balances	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Short-term Assets													
Cash	\$49,250	\$46,602	\$41,627	\$30,908	\$21,554	\$15,419	\$12,839	\$7,570	\$4,262	\$2,606	\$1,917	\$2,205	\$3,389
Other Short-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Short-term Assets	\$49,250	\$46,602	\$41,627	\$30,908	\$21,554	\$15,419	\$12,839	\$7,570	\$4,262	\$2,606	\$1,917	\$2,205	\$3,389
Long-term Assets													
Long-term Assets	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600	\$33,600
Total Assets	\$82,850	\$80,202	\$75,227	\$64,508	\$55,154	\$49,019	\$46,439	\$41,170	\$37,862	\$36,206	\$35,517	\$35,805	\$36,989
Liabilities and Capital													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Accounts Payable	\$0	\$2,327	\$2,327	\$2,458	\$2,484	\$2,540	\$2,603	\$2,638	\$2,673	\$2,702	\$2,720	\$2,737	\$2,753
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Short-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Short-term Liabilities	\$0	\$2,327	\$2,327	\$2,458	\$2,484	\$2,540	\$2,603	\$2,638	\$2,673	\$2,702	\$2,720	\$2,737	\$2,753
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$2,327	\$2,327	\$2,458	\$2,484	\$2,540	\$2,603	\$2,638	\$2,673	\$2,702	\$2,720	\$2,737	\$2,753
Paid-in Capital	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
Retained Earnings	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)	(\$2,150)
Earnings	\$0	(\$4,975)	(\$9,950)	(\$20,800)	(\$30,180)	(\$36,371)	(\$39,015)	(\$44,318)	(\$47,661)	(\$49,347)	(\$50,053)	(\$49,782)	(\$48,614)
Total Capital	\$82,850	\$77,875	\$72,900	\$62,050	\$52,670	\$46,479	\$43,835	\$38,532	\$35,189	\$33,503	\$32,797	\$33,068	\$34,237
Total Liabilities and Capital	\$82,850	\$80,202	\$75,227	\$64,508	\$55,154	\$49,019	\$46,439	\$41,170	\$37,862	\$36,206	\$35,517	\$35,805	\$36,989
Net Worth	\$82,850	\$77,875	\$72,900	\$62,050	\$52,670	\$46,479	\$43,835	\$38,532	\$35,189	\$33,503	\$32,797	\$33,068	\$34,237