

# Educational Software K-12 Business Plan

## Curriculum Companion Suites

### Executive Summary

#### Introduction

Curriculum Companion Suites (CSS) is a medium-sized software development and consulting firm focused on making the educational process more efficient and effective for K-12 schools. CCS software serves as a virtual teaching assistant for the educational process. Students can follow along with curriculum electronically through a central computer terminal at the front of the classroom.

#### The Company

CCS keys to success are the company's commitment to market awareness and future potential direction of the educational process, and CCS' relationships with a large number of educational institutions and districts.

Curriculum Companion Suites is a start-up company comprised of six executives and seventy-six employees. The executives represent all functional areas, with 70 years of combined experience in the software development industry. Two majority shareholders, Andrew Christiansen and David Fields, own 80% of the company. Other investors own a minority stake. At the moment, the company does not have plans for going public, as most of the financing is raised internally. CSS is incorporated in the state of Oregon by the two majority shareholders.

#### Products

CCS offers a suite of educational software for each grade level, from kindergarten through 12th grade. These suites are developed in collaboration with major curriculum publishers with whom CCS has established strategic partnerships.

CCS provides full installation, initial and ongoing consulting support. These services are provided as part of each software package purchase.

#### The Market

The competitive marketplace includes only a handful of direct competitors within the learning information systems vendors segment, providing software products and installation and systems integration services to kindergarten through senior high (K-12) schools in the United States. CCS competes primarily against more traditional methods of education, training and testing, including pencil and paper testing. In addition, CCS competes with other companies offering educational software products to schools, such as International Business Machines Corporation, Apple Computer, Inc., and Mattel, Inc.

Educational institutions and school districts have not been active in searching out technical enhancements to the educational process. Rather, companies such as CCS have often utilized a more "push" type of marketing strategy. The educational community has had to be "educated" themselves on the opportunities of utilizing technical infrastructures to enhance learning processes.

Since only a handful of other companies are competing directly with CCS in this market, the company plans to develop a healthy level of market share, with a goal of 10% at the end of three years.

The target market for CCS is the urban/metropolitan educational market, as this market presents the highest level of opportunity in terms of revenues. Additionally, software installations and customizations in this market are much more feasible in terms of technical logistics and efficiencies. Thus, profitability is by far more likely in this market.

Relationships have been established with a large number of educational institutions and school districts across the U.S. Significant investments have been made by CCS to research and understand the specific needs and potential enhancements to the current educational process.

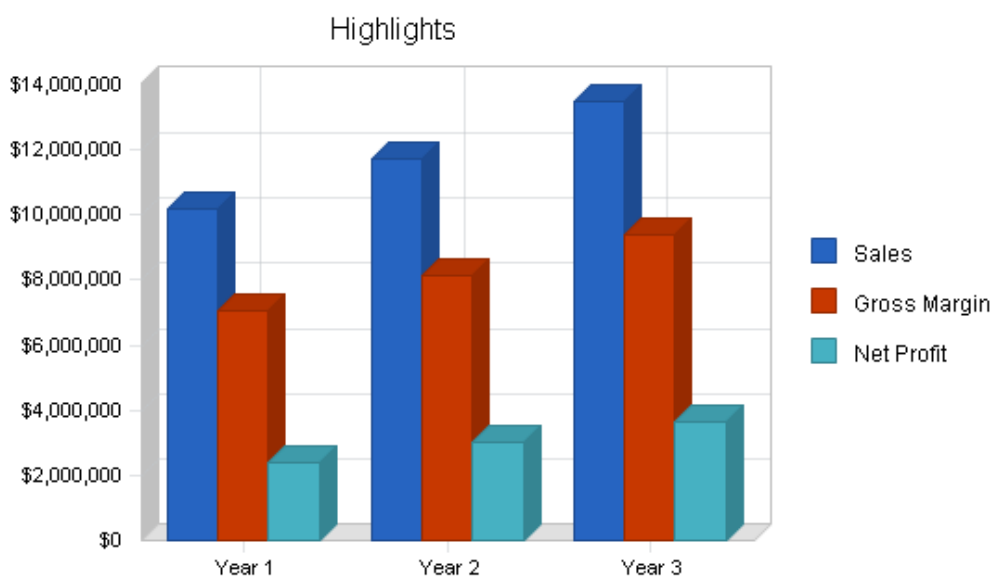
### Financial Considerations

CCS expects to raise a substantial amount of owner capital, and borrow a comparable amount in a guaranteed SBA 10-year loan. This provides the bulk of the current financing required.

CCS intends to deliver generous sales in the first year, with steady growth in the second and third years of the plan.

#### 1.1 Mission

Curriculum Companion Suites aims to offer software curriculum suites to K-12 schools within the U.S. market. CCS will focus on providing solutions to enhance the educational capabilities of schools.



#### 1.2 Keys to Success

CCS keys to success include:

1. The company's commitment to being keenly alert to the current educational environment and future potential direction of the educational process.
2. CCS' relationships with a large number of educational institutions and districts.

### Company Summary

Curriculum Companion Suites is a start-up comprised of six executives. These executives represent all functional areas, with 70 years of combined experience in the software development industry. Two

majority shareholders, Andrew Christiansen and David Fields, own 80% of the company. The bulk of outside financing will come from a 10-year Small Business Administration (SBA) loan.

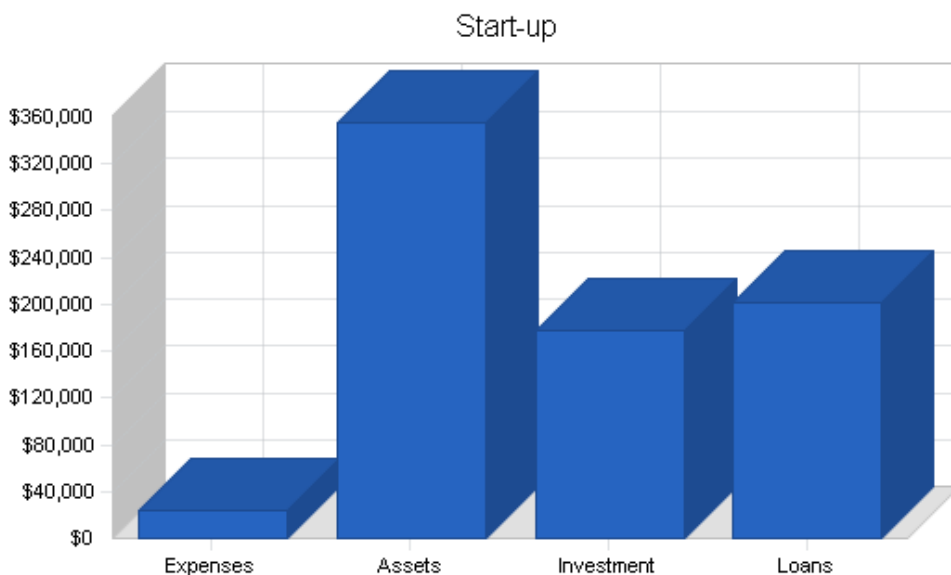
### 2.1 Company Ownership

CSS is incorporated in the state of Oregon by Andrew Christiansen and David Fields. Other investors own a minority stake. At the moment, the company does not have plans for going public, as most of the financing is raised internally.

CSS is a start-up company that was registered in the year 2000.

### 2.2 Start-up Summary

Of the total start-up expenses, the lion's share has been spent on software licenses. Estimated start-up cash requirements should be sufficient to cover ongoing expenses in the first months of operation. Christiansen and Fields have each invested heavily, with the rest of investment coming from minority shareholders. The company has also secured a 10-year SBA loan and a one-year loan from its bank. Following is a chart and table summarizing projected initial start-up costs.



#### Start-up Requirements

##### Start-up Expenses

Legal	\$3,000
Software Licenses	\$20,000
Other	\$1,000
<b>Total Start-up Expenses</b>	<b>\$24,000</b>

##### Start-up Assets

Cash Required	\$180,000
Other Current Assets	\$75,000
Long-term Assets	\$100,000
Total Assets	\$355,000
Total Requirements	\$379,000

#### Start-up Funding

Start-up Expenses to Fund	\$24,000
Start-up Assets to Fund	\$355,000
Total Funding Required	\$379,000

#### Assets

Non-cash Assets from Start-up	\$175,000
Cash Requirements from Start-up	\$180,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$180,000
Total Assets	\$355,000

#### Liabilities and Capital

##### Liabilities

Current Borrowing	\$50,000
Long-term Liabilities	\$150,000
Accounts Payable (Outstanding Bills)	\$1,000
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$201,000

##### Capital

##### Planned Investment

Andrew Christiansen	\$60,000
David Fields	\$60,000
Other	\$58,000

Additional Investment Requirement	\$0
Total Planned Investment	\$178,000
Loss at Start-up (Start-up Expenses)	(\$24,000)
Total Capital	\$154,000
Total Capital and Liabilities	\$355,000
Total Funding	\$379,000

## Service Description

CCS offers a suite of educational software for each grade level, from Kindergarten through 12th grade. These suites are developed in collaboration with major curriculum publishers with whom CCS has established strategic partnerships.

CCS provides full installation, initial, and ongoing consulting support. These services are provided as part of each software package purchase.

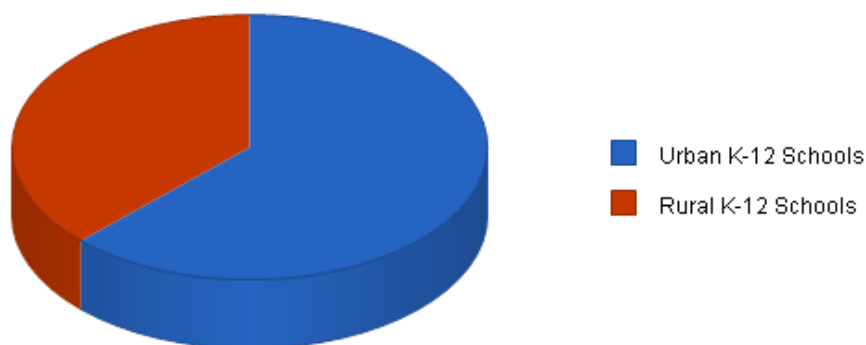
## Market Analysis Summary

CCS has a focus on K-12 schools within the U.S. market, especially schools who:

- already own educational packages from large curriculum publishers who are CCS strategic partners
- owns software that has been recently developed by CSS.

The following chart and table summarize the total market potential for CSS products.

Market Analysis (Pie)



		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Urban K-12 Schools	5%	2,500	2,625	2,756	2,894	3,039	5.00%
Rural K-12 Schools	5%	1,500	1,575	1,654	1,737	1,824	5.01%
Total	5.01%	4,000	4,200	4,410	4,631	4,863	5.01%

## 4.1 Market Segmentation

### Metropolitan Schools

Metropolitan schools often have larger student populations, with more classes, requiring more extensive and comprehensive software packages. The installations are consequently more extensive in nature.

### Rural Schools

Rural schools often have relatively smaller student populations, and fewer classes. Additional customization during installations is usually necessary, as the infrastructure for computer networks is either substandard or nonexistent.

## 4.2 Target Market Segment Strategy

The target market for CCS is the urban/metropolitan educational market, as this market presents the highest level of opportunity in terms of revenues. Additionally, software installations and customizations in this market are much more feasible in terms of technical logistics and efficiencies. Thus, profitability is by far more likely in this market.

Relationships have been established with a large number of educational institutions and school districts across the U.S. Significant investments have been made by CCS to research and understand the specific needs and potential enhancements to the current educational process. By working closely with educational administrators in efforts to optimize the educational process, strong relationships have been established and a high sales closing rate has resulted.

## 4.3 Market Needs

CCS's research has found that educators, as well as parents of K-12 children believe that the educational process is in need of significant improvements. Children, for the most part, have been found to strongly prefer an educational environment where they can learn "hands on" using the computer in conjunction with teacher facilitation, as opposed to teacher facilitation only.

## 4.4 Service Business Analysis

Major competition to CSS comes not from other software developers but from traditional book publishers. In fact, one of the goals of the company is to educate its clientele about the possibilities and features of the specially-designed software that assists in the educational process. The tool CSS provides teachers with will help them become more effective and efficient in classrooms. The company believes that the novelty and added value its products provide to educators will be key buying decision criteria for the customers.

## **4.5 Competition and Buying Patterns**

Only a handful of other companies are competing directly with CCS in this market. CCS plans to develop a healthy level of market share, with a goal of 10% at the end of three years. With the exponential increase in computer and Internet usage among the public in the last five years, this is a relatively new market. CCS has taken a lead primarily due to its intense efforts both in research and development, as well as in establishing relationships in the educational community.

Educational institutions and school districts have not been active in searching out technical enhancements to the educational process. Rather, companies such as CCS have often utilized a more "push" type of marketing strategy. The educational community has had to be "educated" themselves on the opportunities of utilizing technical infrastructures to enhance learning processes.

The competitive marketplace includes only a handful of direct competitors within the learning information systems vendors segment, providing software products and installation and systems integration services to kindergarten through senior high (K-12) schools in the United States. Typical learning information systems consist of computer software and related training designed to improve student academic performance by increasing the quality, quantity, and timeliness of performance data available to educators and by facilitating increased student practice of essential skills.

There are a number of competing products covering a wide range of educational requirements. These include:

- Accelerated reading products--software for motivating and monitoring increased literature-based reading practice.
- Accelerated math--software aimed to increase a student's competency across this discipline utilizing the latest techniques.
- Professional development training for educators.
- Test-generation software.

Software products offered by competitors also aim to improve student academic performance by intensifying skills practice and increasing the quality, quantity and timeliness of information available to educators.

CCS competes primarily against more traditional methods of education, training and testing, including pencil and paper testing. In addition, CCS competes with other companies offering educational software products to schools, such as International Business Machines Corporation, Apple Computer, Inc., and Mattel, Inc. Many other companies, including Microsoft Corporation and Walt Disney Company, provide educational software products.

## **Strategy and Implementation Summary**

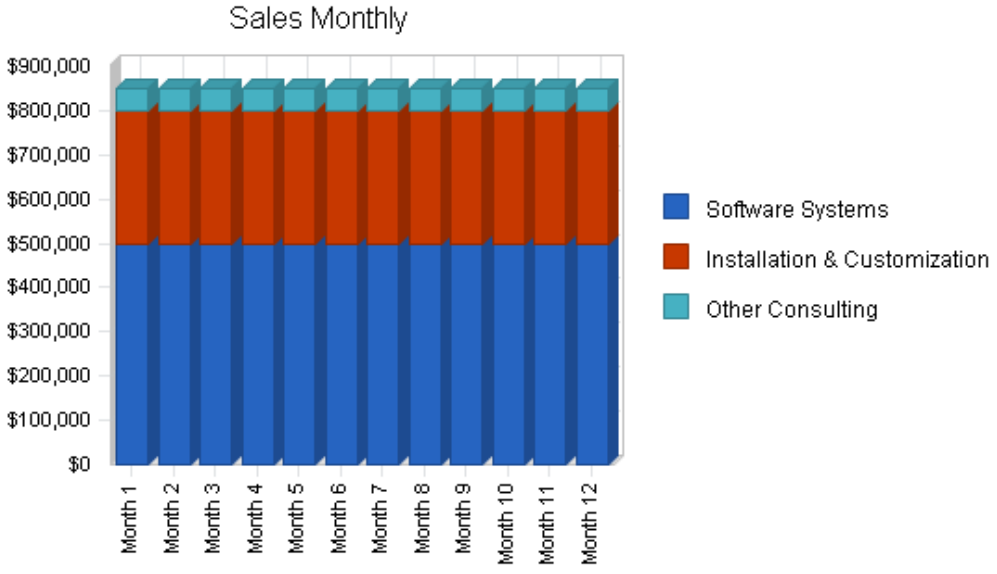
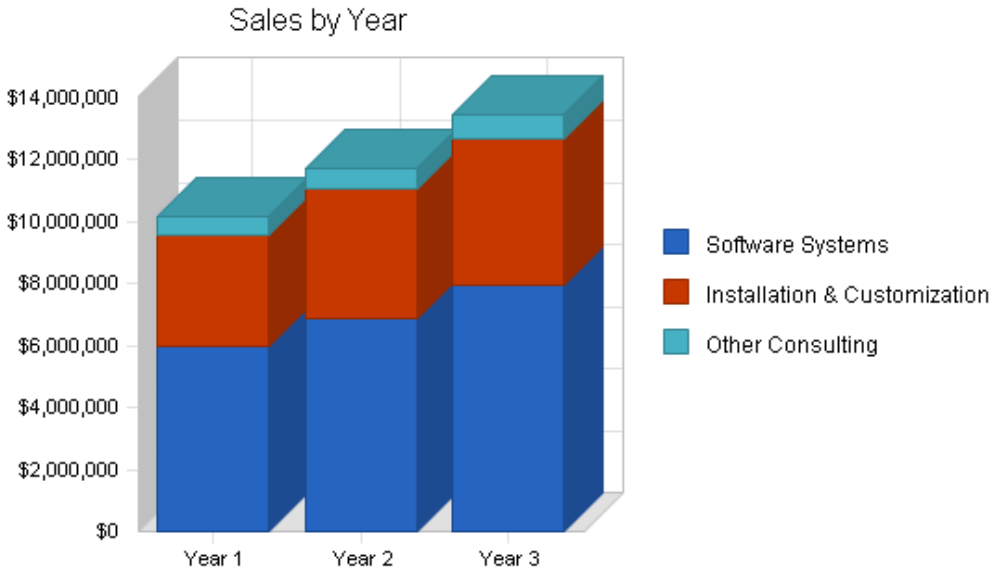
CCS intends to succeed by offering K-12 schools a technological tool to assist teachers in making the educational process more efficient and effective.

### **5.1 Competitive Edge**

CCS' competitive edge is its new ideas and first to market technologies.

### **5.2 Sales Strategy**

The table and charts shows the level of sales CCS intends to deliver in the first year through the third year of the plan. Detailed monthly sales for the first year are in the appendix.



Sales Forecast

	Year 1	Year 2	Year 3
Unit Sales			
Software Systems	240	276	317
Installation & Customization	240	276	317



Other Consulting	120	138	159
Total Unit Sales	600	690	794
Unit Prices	Year 1	Year 2	Year 3
Software Systems	\$25,000.00	\$25,000.00	\$25,000.00
Installation & Customization	\$15,000.00	\$15,000.00	\$15,000.00
Other Consulting	\$5,000.00	\$5,000.00	\$5,000.00
Sales			
Software Systems	\$6,000,000	\$6,900,000	\$7,935,000
Installation & Customization	\$3,600,000	\$4,140,000	\$4,761,000
Other Consulting	\$600,000	\$690,000	\$793,500
Total Sales	\$10,200,000	\$11,730,000	\$13,489,500
Direct Unit Costs	Year 1	Year 2	Year 3
Software Systems	\$2,000.00	\$2,000.00	\$2,000.00
Installation & Customization	\$10,000.00	\$10,000.00	\$10,000.00
Other Consulting	\$2,000.00	\$2,000.00	\$2,000.00
Direct Cost of Sales			
Software Systems	\$480,000	\$552,000	\$634,800
Installation & Customization	\$2,400,000	\$2,760,000	\$3,174,000
Other Consulting	\$240,000	\$276,000	\$317,400
Subtotal Direct Cost of Sales	\$3,120,000	\$3,588,000	\$4,126,200

## Management Summary

Andrew B. Christiansen has extensive experience in business planning and finance, including tenures as chief financial officer with ABC Conglomerate and DEF International. David E. Fields brings in experience in the area of marketing, advertising, and communications.

### 6.1 Personnel Plan

CSS will focus on strong product development and marketing. These are the areas where most of the investments and training will go. The table below, and in the appendix, outlines the company's personnel plan for the next years.

## Personnel Plan

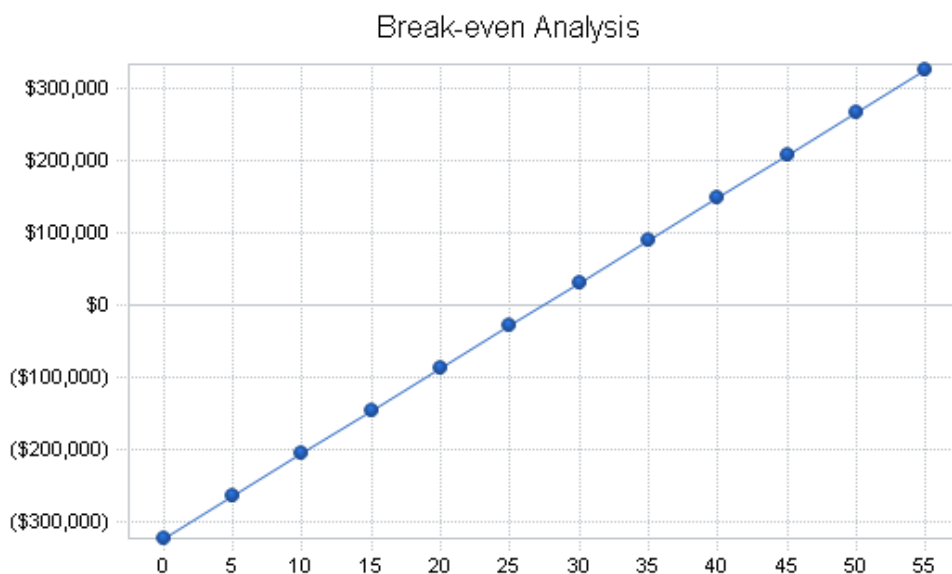
	Year 1	Year 2	Year 3
Product Development	\$900,000	\$945,000	\$992,250
Installation Technicians	\$875,000	\$918,750	\$964,688
Administrative	\$595,000	\$624,750	\$655,988
Sales & Marketing	\$900,000	\$945,000	\$992,250
Other	\$0	\$0	\$0
Total People	82	86	90
Total Payroll	\$3,270,000	\$3,433,500	\$3,605,175

## Financial Plan

CCS expects to raise its own capital, and to acquire a guaranteed the SBA 10-year loan. This provides the bulk of the current financing required.

### 7.1 Break-even Analysis

CCS's Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk.



Break-even Analysis

Monthly Units Break-even 27

Monthly Revenue Break-even \$466,023

Assumptions:

Average Per-Unit Revenue \$17,000.00

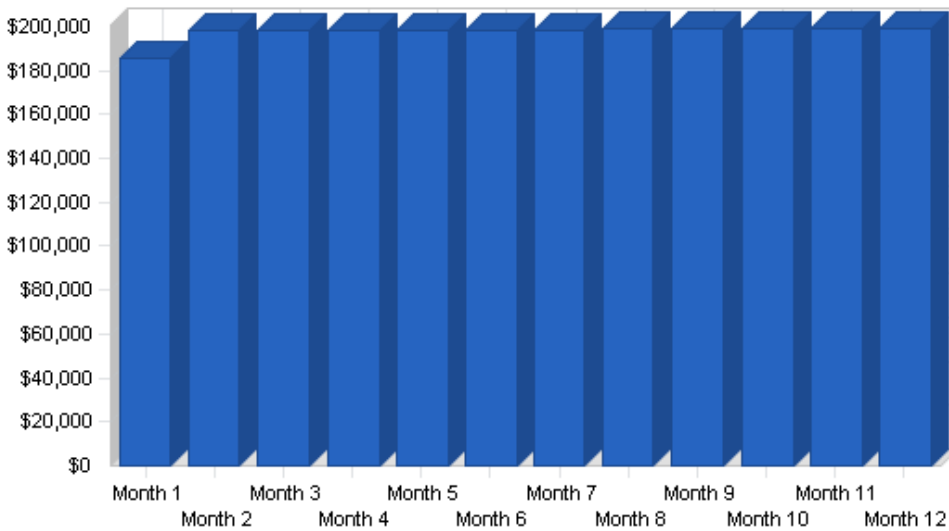
Average Per-Unit Variable Cost \$5,200.00

Estimated Monthly Fixed Cost \$323,475

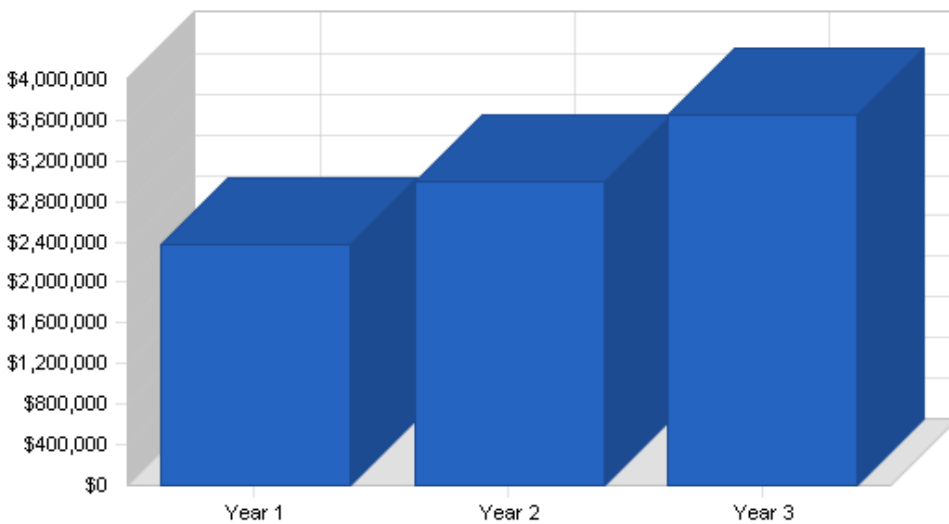
### 7.2 Projected Profit and Loss

The projected Profit and Loss for CCS is presented in the accompanying table. The three yearly totals are shown here, with year one monthlies in the appendix.

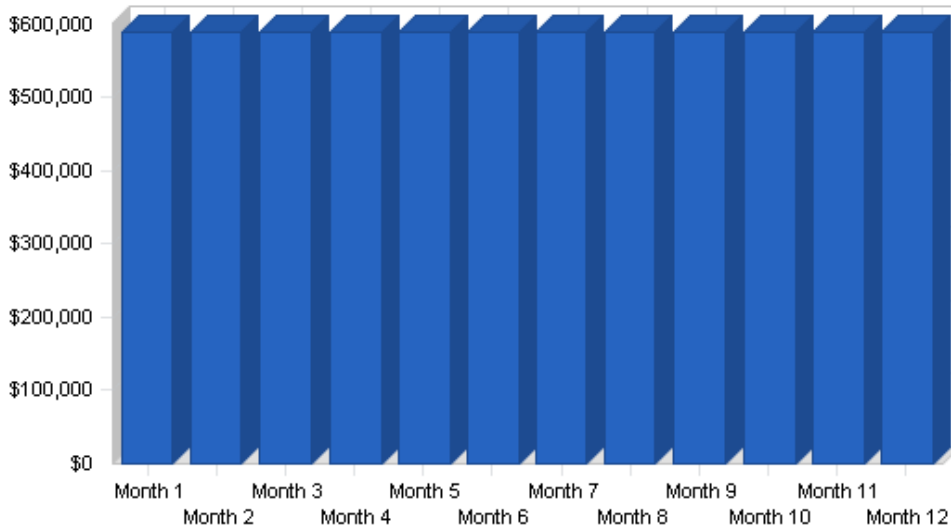
Profit Monthly



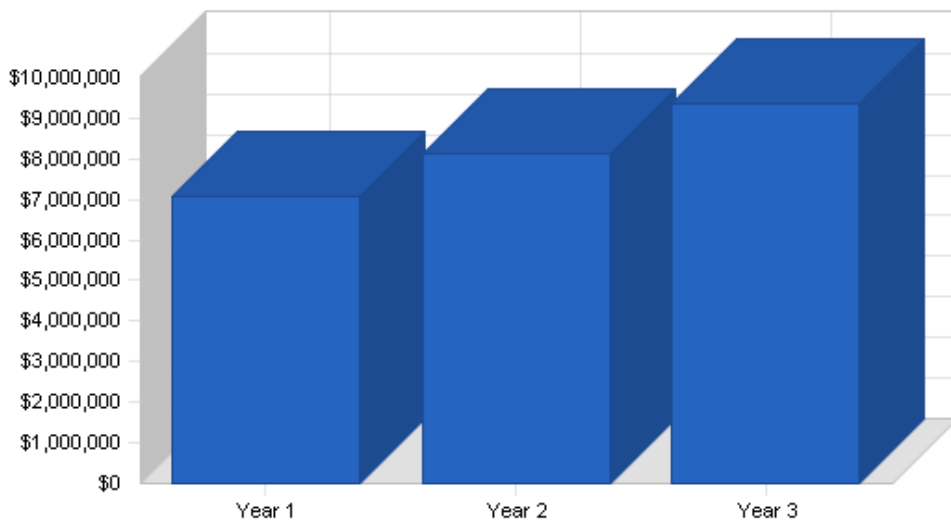
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



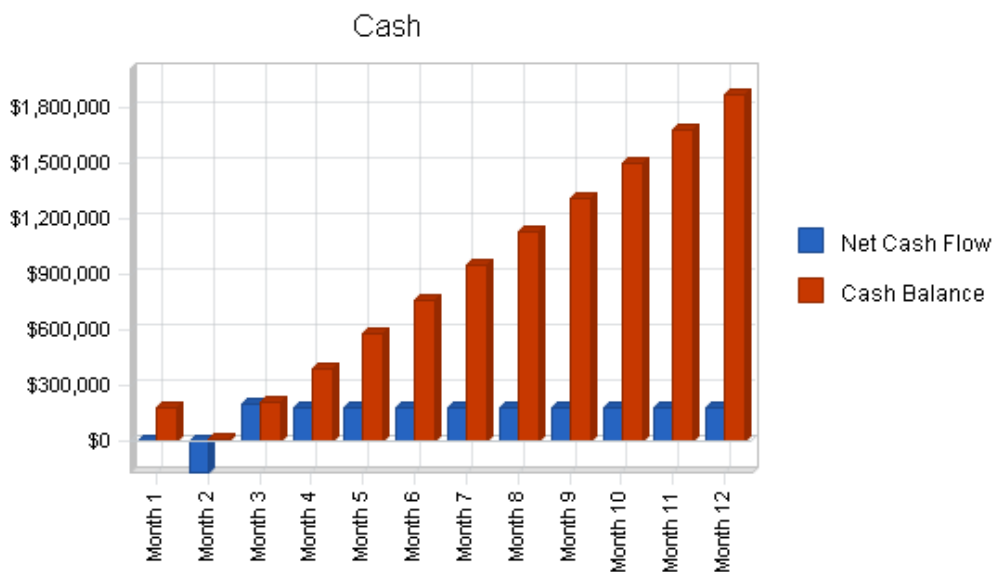
Pro Forma Profit and Loss

	Year 1	Year 2	Year 3
Sales	\$10,200,000	\$11,730,000	\$13,489,500
Direct Cost of Sales	\$3,120,000	\$3,588,000	\$4,126,200
Other	\$0	\$0	\$0
Total Cost of Sales	\$3,120,000	\$3,588,000	\$4,126,200
Gross Margin	\$7,080,000	\$8,142,000	\$9,363,300

Gross Margin %	69.41%	69.41%	69.41%
Expenses			
Payroll	\$3,270,000	\$3,433,500	\$3,605,175
Sales and Marketing and Other Expenses	\$96,000	\$150,000	\$265,000
Depreciation	\$24,000	\$27,600	\$31,740
Utilities	\$1,200	\$1,500	\$1,700
Payroll Taxes	\$490,500	\$515,025	\$540,776
Other	\$0	\$0	\$0
Total Operating Expenses	\$3,881,700	\$4,127,625	\$4,444,391
Profit Before Interest and Taxes	\$3,198,300	\$4,014,375	\$4,918,909
EBITDA	\$3,222,300	\$4,041,975	\$4,950,649
Interest Expense	\$18,700	\$16,400	\$14,000
Taxes Incurred	\$808,144	\$999,494	\$1,246,664
Net Profit	\$2,371,456	\$2,998,481	\$3,658,244
Net Profit/Sales	23.25%	25.56%	27.12%

### 7.3 Projected Cash Flow

The cash flow projection shows that provisions for ongoing expenses are adequate to meet CCS's needs as the business generates cash flow sufficient to support operations.



Pro Forma Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$3,468,000	\$3,988,200	\$4,586,430
Cash from Receivables	\$5,628,700	\$7,576,305	\$8,712,751
Subtotal Cash from Operations	\$9,096,700	\$11,564,505	\$13,299,181
Additional Cash Received			
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	\$190,000	\$0	\$0
Subtotal Cash Received	\$9,286,700	\$11,564,505	\$13,299,181
Expenditures			
Expenditures from Operations			
Cash Spending	\$3,270,000	\$3,433,500	\$3,605,175
Bill Payments	\$4,171,394	\$5,201,383	\$6,118,402
Subtotal Spent on Operations	\$7,441,394	\$8,634,883	\$9,723,577
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$12,000	\$12,000	\$12,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$12,000	\$12,000	\$12,000
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$135,000	\$225,000	\$295,000
Dividends	\$0	\$0	\$0

Subtotal Cash Spent	\$7,600,394	\$8,883,883	\$10,042,577
Net Cash Flow	\$1,686,306	\$2,680,622	\$3,256,604
Cash Balance	\$1,866,306	\$4,546,928	\$7,803,532

#### 7.4 Projected Balance Sheet

Following is the projected Balance Sheet for CCS. Again, three years of annuals are shown below, with first year monthlies in the appendix.

##### Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$1,866,306	\$4,546,928	\$7,803,532
Accounts Receivable	\$1,103,300	\$1,268,795	\$1,459,114
Other Current Assets	\$75,000	\$75,000	\$75,000
<b>Total Current Assets</b>	<b>\$3,044,606</b>	<b>\$5,890,723</b>	<b>\$9,337,646</b>
<b>Long-term Assets</b>			
Long-term Assets	\$235,000	\$460,000	\$755,000
Accumulated Depreciation	\$24,000	\$51,600	\$83,340
<b>Total Long-term Assets</b>	<b>\$211,000</b>	<b>\$408,400</b>	<b>\$671,660</b>
<b>Total Assets</b>	<b>\$3,255,606</b>	<b>\$6,299,123</b>	<b>\$10,009,306</b>
<b>Liabilities and Capital</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$364,149	\$433,185	\$509,124
Current Borrowing	\$38,000	\$26,000	\$14,000
Other Current Liabilities	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$402,149</b>	<b>\$459,185</b>	<b>\$523,124</b>
Long-term Liabilities	\$138,000	\$126,000	\$114,000
<b>Total Liabilities</b>	<b>\$540,149</b>	<b>\$585,185</b>	<b>\$637,124</b>

Paid-in Capital	\$368,000	\$368,000	\$368,000
Retained Earnings	(\$24,000)	\$2,347,456	\$5,345,938
Earnings	\$2,371,456	\$2,998,481	\$3,658,244
Total Capital	\$2,715,456	\$5,713,938	\$9,372,182
Total Liabilities and Capital	\$3,255,606	\$6,299,123	\$10,009,306
Net Worth	\$2,715,456	\$5,713,938	\$9,372,182

## 7.5 Business Ratios

The following table represents business ratios for the educational support software industry. These numbers are determined by the Standard Industry Classification (SIC) Index code 7372, Software Publishing Prepackaged.

### Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	15.00%	15.00%	9.70%
Percent of Total Assets				
Accounts Receivable	33.89%	20.14%	14.58%	21.50%
Other Current Assets	2.30%	1.19%	0.75%	45.70%
Total Current Assets	93.52%	93.52%	93.29%	70.20%
Long-term Assets	6.48%	6.48%	6.71%	29.80%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	12.35%	7.29%	5.23%	42.40%
Long-term Liabilities	4.24%	2.00%	1.14%	19.20%
Total Liabilities	16.59%	9.29%	6.37%	61.60%
Net Worth	83.41%	90.71%	93.63%	38.40%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	69.41%	69.41%	69.41%	100.00%
Selling, General & Administrative Expenses	46.04%	43.87%	42.17%	79.40%



Advertising Expenses	0.59%	0.85%	1.48%	1.30%
Profit Before Interest and Taxes	31.36%	34.22%	36.46%	2.20%
Main Ratios				
Current	7.57	12.83	17.85	1.51
Quick	7.57	12.83	17.85	1.16
Total Debt to Total Assets	16.59%	9.29%	6.37%	61.60%
Pre-tax Return on Net Worth	117.09%	69.97%	52.33%	3.50%
Pre-tax Return on Assets	97.67%	63.47%	49.00%	9.20%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	23.25%	25.56%	27.12%	n.a
Return on Equity	87.33%	52.48%	39.03%	n.a
Activity Ratios				
Accounts Receivable Turnover	6.10	6.10	6.10	n.a
Collection Days	57	56	56	n.a
Accounts Payable Turnover	12.45	12.17	12.17	n.a
Payment Days	27	28	28	n.a
Total Asset Turnover	3.13	1.86	1.35	n.a
Debt Ratios				
Debt to Net Worth	0.20	0.10	0.07	n.a
Current Liab. to Liab.	0.74	0.78	0.82	n.a
Liquidity Ratios				
Net Working Capital	\$2,642,456	\$5,431,538	\$8,814,522	n.a
Interest Coverage	171.03	244.78	351.35	n.a
Additional Ratios				
Assets to Sales	0.32	0.54	0.74	n.a
Current Debt/Total Assets	12%	7%	5%	n.a
Acid Test	4.83	10.07	15.06	n.a
Sales/Net Worth	3.76	2.05	1.44	n.a
Dividend Payout	0.00	0.00	0.00	n.a



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

Pro Forma Profit and Loss

		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		\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
Direct Cost of Sales		\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales		\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000	\$260,000
Gross Margin		\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000
Gross Margin %		69.41%	69.41%	69.41%	69.41%	69.41%	69.41%	69.41%	69.41%	69.41%	69.41%	69.41%	69.41%
Expenses													
Payroll		\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500
Sales and Marketing and Other Expenses		\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Depreciation		\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Utilities		\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Payroll Taxes	15%	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875	\$40,875
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses		\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475	\$323,475
Profit Before Interest and Taxes		\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525	\$266,525
EBITDA		\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525	\$268,525
Interest Expense		\$1,650	\$1,633	\$1,617	\$1,600	\$1,583	\$1,567	\$1,550	\$1,533	\$1,517	\$1,500	\$1,483	\$1,467
Taxes Incurred		\$79,463	\$66,223	\$66,227	\$66,231	\$66,235	\$66,240	\$66,244	\$66,248	\$66,252	\$66,256	\$66,260	\$66,265
Net Profit		\$185,413	\$198,669	\$198,681	\$198,694	\$198,706	\$198,719	\$198,731	\$198,744	\$198,756	\$198,769	\$198,781	\$198,794
Net Profit/Sales		21.81%	23.37%	23.37%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%	23.38%	23.39%	23.39%

Pro Forma Cash Flow

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Cash Received</b>													
<b>Cash from Operations</b>													
Cash Sales		\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000
Cash from Receivables		\$0	\$18,700	\$561,000	\$561,000	\$561,000	\$561,000	\$561,000	\$561,000	\$561,000	\$561,000	\$561,000	\$561,000
Subtotal Cash from Operations		\$289,000	\$307,700	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
<b>Additional Cash Received</b>													
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$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	\$190,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received		\$289,000	\$497,700	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
<b>Expenditures</b>													
<b>Expenditures from Operations</b>													
Cash Spending		\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500	\$272,500
Bill Payments		\$14,003	\$389,646	\$376,831	\$376,818	\$376,806	\$376,793	\$376,781	\$376,768	\$376,756	\$376,743	\$376,731	\$376,718
Subtotal Spent on Operations		\$286,503	\$662,146	\$649,331	\$649,318	\$649,306	\$649,293	\$649,281	\$649,268	\$649,256	\$649,243	\$649,231	\$649,218
<b>Additional Cash Spent</b>													
Sales Tax, VAT, HST/GST Paid Out		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Purchase Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets		\$0	\$0	\$0	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Dividends		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent		\$288,503	\$664,146	\$651,331	\$666,318	\$666,306	\$666,293	\$666,281	\$666,268	\$666,256	\$666,243	\$666,231	\$666,218
Net Cash Flow		\$497	(\$166,446)	\$198,669	\$183,682	\$183,694	\$183,707	\$183,719	\$183,732	\$183,744	\$183,757	\$183,769	\$183,782
Cash Balance		\$180,497	\$14,051	\$212,721	\$396,402	\$580,096	\$763,803	\$947,522	\$1,131,254	\$1,314,998	\$1,498,755	\$1,682,524	\$1,866,306

Pro Forma Balance Sheet

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Assets</b>													
<b>Starting Balances</b>													
<b>Current Assets</b>													
Cash	\$180,000	\$180,497	\$14,051	\$212,721	\$396,402	\$580,096	\$763,803	\$947,522	\$1,131,254	\$1,314,998	\$1,498,755	\$1,682,524	\$1,866,306

Accounts Receivable	\$0	\$561,000	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300	\$1,103,300
Other Current Assets	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Total Current Assets	\$255,000	\$816,497	\$1,192,351	\$1,391,021	\$1,574,702	\$1,758,396	\$1,942,103	\$2,125,822	\$2,309,554	\$2,493,298	\$2,677,055	\$2,860,824	\$3,044,606
Long-term Assets													
Long-term Assets	\$100,000	\$100,000	\$100,000	\$100,000	\$115,000	\$130,000	\$145,000	\$160,000	\$175,000	\$190,000	\$205,000	\$220,000	\$235,000
Accumulated Depreciation	\$0	\$2,000	\$4,000	\$6,000	\$8,000	\$10,000	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$22,000	\$24,000
Total Long-term Assets	\$100,000	\$98,000	\$96,000	\$94,000	\$107,000	\$120,000	\$133,000	\$146,000	\$159,000	\$172,000	\$185,000	\$198,000	\$211,000
Total Assets	\$355,000	\$914,497	\$1,288,351	\$1,485,021	\$1,681,702	\$1,878,396	\$2,075,103	\$2,271,822	\$2,468,554	\$2,665,298	\$2,862,055	\$3,058,824	\$3,255,606
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	\$1,000	\$377,085	\$364,270	\$364,258	\$364,246	\$364,234	\$364,222	\$364,210	\$364,198	\$364,186	\$364,174	\$364,161	\$364,149
Current Borrowing	\$50,000	\$49,000	\$48,000	\$47,000	\$46,000	\$45,000	\$44,000	\$43,000	\$42,000	\$41,000	\$40,000	\$39,000	\$38,000
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$51,000	\$426,085	\$412,270	\$411,258	\$410,246	\$409,234	\$408,222	\$407,210	\$406,198	\$405,186	\$404,174	\$403,161	\$402,149
Long-term Liabilities	\$150,000	\$149,000	\$148,000	\$147,000	\$146,000	\$145,000	\$144,000	\$143,000	\$142,000	\$141,000	\$140,000	\$139,000	\$138,000
Total Liabilities	\$201,000	\$575,085	\$560,270	\$558,258	\$556,246	\$554,234	\$552,222	\$550,210	\$548,198	\$546,186	\$544,174	\$542,161	\$540,149
Paid-in Capital	\$178,000	\$178,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000	\$368,000
Retained Earnings	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)	(\$24,000)
Earnings	\$0	\$185,413	\$384,081	\$582,763	\$781,456	\$980,163	\$1,178,881	\$1,377,613	\$1,576,356	\$1,775,113	\$1,973,881	\$2,172,663	\$2,371,456
Total Capital	\$154,000	\$339,413	\$728,081	\$926,763	\$1,125,456	\$1,324,163	\$1,522,881	\$1,721,613	\$1,920,356	\$2,119,113	\$2,317,881	\$2,516,663	\$2,715,456
Total Liabilities and Capital	\$355,000	\$914,497	\$1,288,351	\$1,485,021	\$1,681,702	\$1,878,396	\$2,075,103	\$2,271,822	\$2,468,554	\$2,665,298	\$2,862,055	\$3,058,824	\$3,255,606
Net Worth	\$154,000	\$339,413	\$728,081	\$926,763	\$1,125,456	\$1,324,163	\$1,522,881	\$1,721,613	\$1,920,356	\$2,119,113	\$2,317,881	\$2,516,663	\$2,715,456