Video Production Business Plan

Michael's Video Service

Executive Summary

Michael's Video Service uses the latest technology to provide video production services. This means that the services provided achieve a level of quality previously reserved for only the most expensive video production companies.

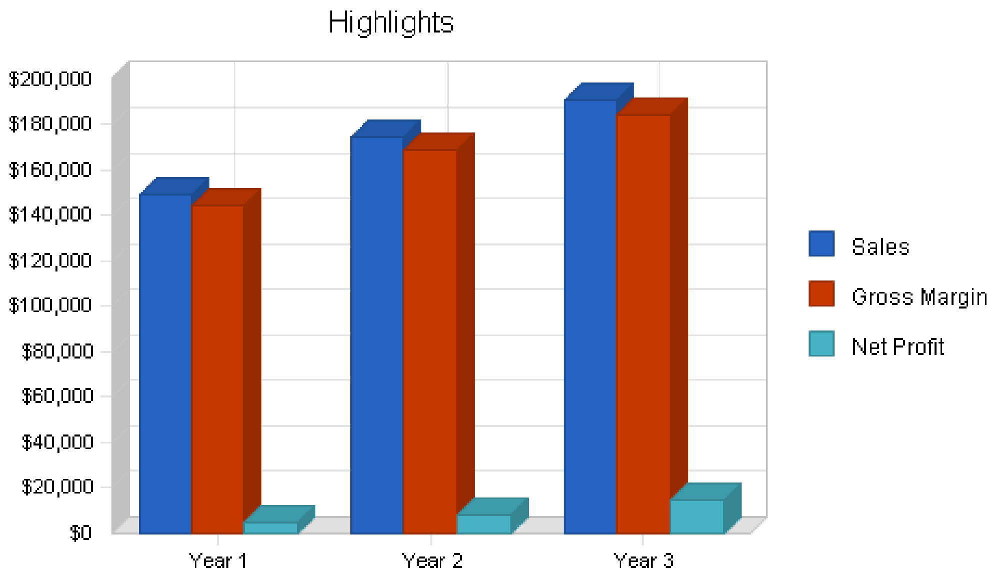
Michael's Video Service is a new company and as such, we will need to meet market acceptance. To that end, the company is working to determine trends in the industry, the needs of the customer, and how best to address the needs of the customer.

Our services are geared for several markets, including television stations, companies, high schools, and families. We will initially target high schools with whom we can establish strategic alliances that will enable us to establish long term relationships with them. In our first year of operation, we believe we can capture 15 to 25% of the market, which translates into $100,000 - $130,000 in sales.

We believe that we can earn $149,000 in our first year, rising to $175,000 and $191,000 in our second and third years, respectively. Our market strategy will be to advertise and capitalize on the services that our competitors do not offer.

There are several companies with whom we will be competing. We have a competitive advantage, however, because our equipment is more aligned with the video production industry trends requiring digital technology, as opposed to analog devices.

The company is seeking a loan in the amount of $300,000 which will be used to purchase the equipment and start-up expenses. The company's revenue projections for the first three years are $149,000, $175,000, and $191,000, respectively. Michael's Video Service expects to achieve profitability early on.



Company Summary

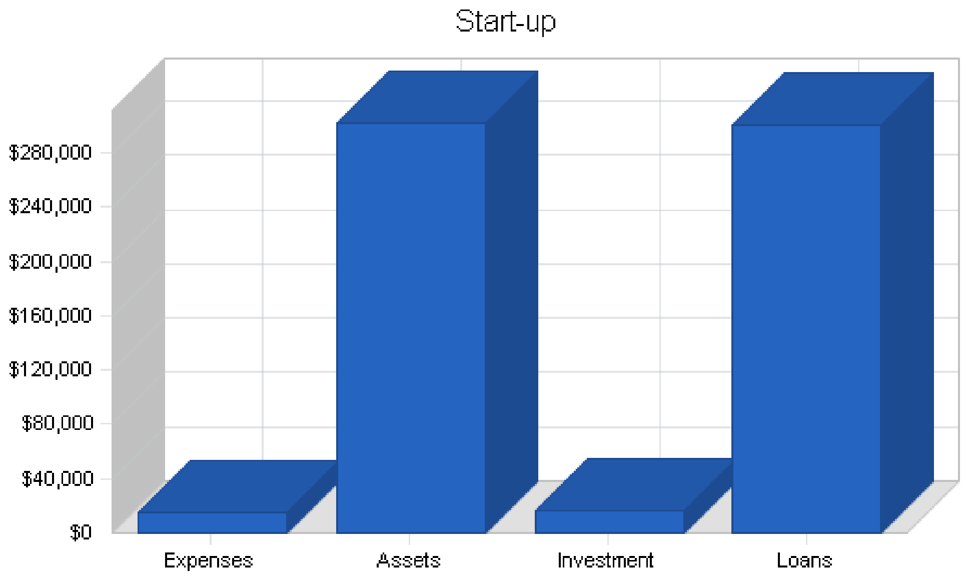
Legal Business Description

Michael's Video Service was founded in May 1996 by Mr. Michael Morrison. Michael's Video Service is a Limited Liability Company (LLC) with principal offices located in Denton, Ohio.

Start-up Funding	
Start-up Expenses to Fund	$15,000
Start-up Assets to Fund	$302,000
Total Funding Required	$317,000
Assets	
Non-cash Assets from Start-up	$242,000
Cash Requirements from Start-up	$60,000
Additional Cash Raised	$0
Cash Balance on Starting Date	$60,000
Total Assets	$302,000
Liabilities and Capital	
Liabilities	
Current Borrowing	$0
Long-term Liabilities	$300,000
Accounts Payable (Outstanding Bills)	$0
Other Current Liabilities (interest-free)	$0
Total Liabilities	$300,000
Capital	
Planned Investment	
Michael Morisson	$17,000
Other	$0
Additional Investment Requirement	$0
Total Planned Investment	$17,000
Loss at Start-up (Start-up Expenses)	($15,000)
Total Capital	$2,000
Total Capital and Liabilities	$302,000
Total Funding	$317,000

2.1 Mission

Our mission is to become the leading freelance and video production company in state, utilizing the latest technology to shift market share from competitors to Michael's Video Service.



Start-up	
Requirements	
Start-up Expenses	
Legal	$500
Stationery etc.	$200
Brochures	$300
Consultants	$1,000
Insurance	$1,200
Rent	$600
Expensed equipment	$10,000
Other	$1,200
Total Start-up Expenses	$15,000
Start-up Assets	
Cash Required	$60,000
Start-up Inventory	$2,000
Other Current Assets	$0
Long-term Assets	$240,000
Total Assets	$302,000
Total Requirements	$317,000

Services

Michael's Video Service is in business to cover events and special occasions on a freelance basis. What we will be providing is an alternative solution for video companies or out of town television stations. Instead of them sending a crew or taking time out of their busy schedules, they can hire us to do the filming for them. This gives them the opportunity to focus on their core competencies.

We will attend any and every event that we will have to cover for our customer. Using our experience, we will find a strategic location from which we will film. Once the filming is complete, we will then deliver the tape to the customer.

Michael's Video Service will contract video services to its target markets. Services are not only limited to the Denton, we are able to travel around the country. Our main goal is to contract our services to anyone who may need an event video taped.

3.1 Service Description

The operation begins with the customer contacting Michael's Video Service with the intent of using our services. All the details of the event are gathered and all the relevant information pertaining the specific requirements, as well as the delivery of the tape. Thereafter, we attend the event and proceed to do the filming. Once the filming is completed, the next step is to deliver the tape to the customer.

3.2 Technology

Background

Analog is the old technology and digital is the new. Analog communication systems involve the amplitude modulation of a radio signal. In other words, they transmit and receive information through a continuous flow of electromagnetic signals. An inherent weakness of the technology is that analog signals weaken over distances and require additional equipment to boost them as they travel.

Digital cameras are the future of television broadcasting as well as the future of consumer camcorders. The FCC has mandated that all television stations must transmit a digital signal to the homes of its viewers by 2002.

In keeping up with the trends in the industry, we plan to purchase the latest digital equipment on the market. We plan to use the following equipment:

- DLC Qualcomm 500
- Sanyo 2000 video equipment
- Sanyo 2000 wireless equipment

Strategy and Implementation

We plan to initially market our products and services as an alternative solution for television networks and video companies. These markets were selected because of their size, trends in technology, our experience with video production, our industry contacts, and an overall belief that they are most appropriate to initially target.

We aim to rapidly develop alliances with the major high schools to enable us to gain credibility as the best video production company. Our market strategy will be to advertise and capitalize on the products and services that our competitors do not have.

4.1 Market Analysis Summary

We expect to compete as a freelance video production company in the broadcasting industry. Companies in the industry are involved in the creation and delivery of various types of programming to consumers. Much of that programming is recorded on film, tape, or disk, so that it can be seen or heard repeatedly by both new audiences and those that are familiar with it. Many of the events that are broadcast live are likely to be recorded, with some or all of such events to be rebroadcast at future times.

Within this national market, Michael's Video Service will initially focus on supplying its services to the high school market market. We intend to be the only freelance video company in the city and state to offer our services to companies of any size. Our goal is to be on the freelance list for all the major television networks for news and sports coverage in the southeast region of the United States.

4.1.1 Market Segmentation

Our customer is defined as any individual or organization that has need for one of the services we provide. Our target customers are as follows.

1. Television stations
2. Video production companies
3. Movie directors and producers
4. High schools
5. Future brides and grooms
6. Families

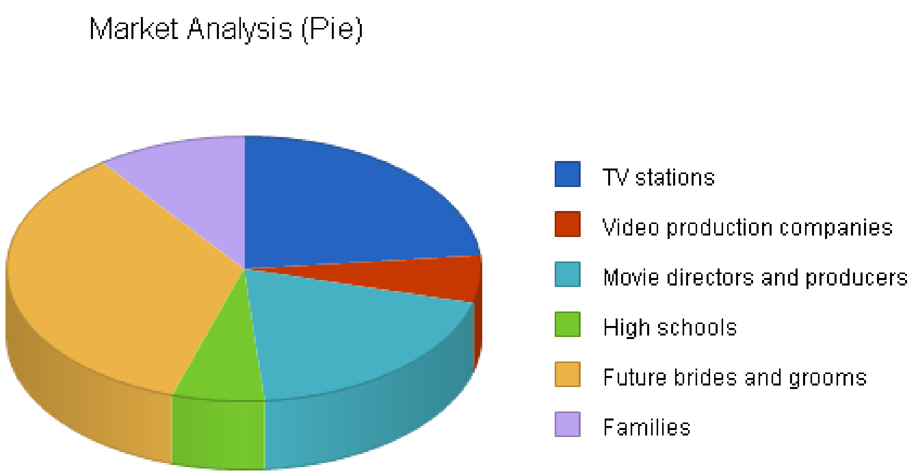
Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
TV stations	5%	600	630	662	695	730	5.03%
Video production companies	10%	150	165	182	200	220	10.05%
Movie directors and producers	10%	500	550	605	666	733	10.04%
High schools	5%	160	168	176	185	194	4.94%
Future brides and grooms	20%	900	1,080	1,296	1,555	1,866	20.00%
Families	15%	260	299	344	396	455	15.02%
Total	13.05%	2,570	2,892	3,265	3,697	4,198	13.05%

4.1.2 Competition and Buying Patterns

Customers are expected to use our services based on traditional factors:

- Price
- Performance
- Flexibility
- Expertise



4.1.3 Distribution Strategy

We plan to market our services through diverse channels including the radio, print advertising, and television. These channels are most appropriate initially because we are seeking to gain recognition in the industry. Another element of distribution is our plan to work with established video production companies. This will provide access to their distribution channels and reduce our marketing costs.

4.1.4 Service Business Analysis

The major companies that compete in the market are:

1. Synergy Productions
2. Local Television Stations
3. Video Production, Inc.
4. Gene's Video Productions
5. Denton Video Service
6. VIP Productions

All of our competitors specialize in one aspect of video production. We are a diversified company and we believe that there will be no down period for us. We are not seasonal based, our services are offered throughout the year. With our diversity, we will be able to attract the larger organizations that like to entrust one company to handle all of their affairs.

4.1.4.1 Possible Barriers to Entry

Michael's Video Service will benefit from several significant barriers to entry which include:

1. Equipment
2. Strategic Alliances
3. Experience in the field

4.1.5 Strategic Alliances

The company plans to form strategic alliances with clients who require a freelancer to cover various events for them. Michael's Video Service will also develop strategic alliances with video production companies and work with them as a sub-contractor.

4.1.6 Value Proposition

By using Michael's Video Service to cover various events for them, companies will be able to save time. They can then use this time saved to focus on their core competencies and the things that they do best. We are in business to provide a service that is second to none. As such, we guarantee that our customers will receive first class service and a final product that is well worth the money invested. To that end, we guarantee a full refund in the event that a customer is not satisfied. At Michael's Video Service, we take pride in our work and it is our aim to be the best at what we do. We will conduct our business in a professional manner from our methods and character to our standards and ethics.

4.2 Sales Forecast

The following table and chart show our planned sales.

Sales Forecast

	Year 1	Year 2	Year 3
Sales			
Video services	$149,000	$175,000	$191,000
Other	$0	$0	$0
Total Sales	$149,000	$175,000	$191,000
Direct Cost of Sales	Year 1	Year 2	Year 3
Video services	$4,800	$5,700	$6,600
Other	$0	$0	$0
Subtotal Direct Cost of Sales	$4,800	$5,700	$6,600

4.2.1 Channels

Sales, Distribution, and Marketing Channels

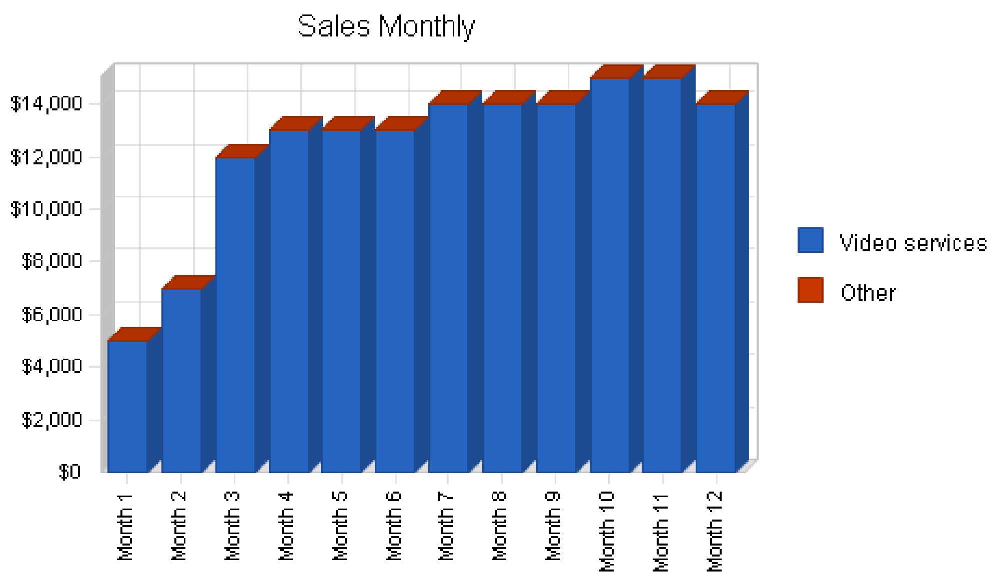
In marketing our products and services, we will rely on a combination of the following channels:

- Direct approach
- Yellow pages
- Website
- Radio and television
- Mail order
- Word of mouth
- Trade shows

Alliances with video companies that have industry credibility, presence, and distribution are key to our strategy. In monitoring our services and market position, we will rely on feedback from customers with whom we have relationships. This will be done through direct sales. The message associated with our products and services is high quality for less money. Our promotional plan is diverse and will include a range of marketing communications.

4.2.2 Pricing Strategy

We plan to set our pricing based on market value. Our actual price will be based on whether our services are required on a daily or an hourly basis. It is anticipated that we will charge $300 per hour and $1,000 per day. For out of town travel, additional charges will be added for expenses.



Management Summary

The company's management philosophy will be based on responsibility and mutual respect. Michael Video Services will maintain an environment and structure that will encourage productivity and respect for customers and fellow employees. Additionally, the environment will encourage employees to have fun by allowing creative independence and providing challenges that are realistic and rewarding.

Michael's Video Service's management team is highly experienced and qualified. The management team is lead by Mr. Michael Morisson.

Personnel Plan

	Year 1	Year 2	Year 3
Michael Morisson	$30,000	$32,000	$34,000
Other	$18,000	$30,000	$32,000
Total People	2	3	3
Total Payroll	$48,000	$62,000	$66,000

Financial Plan

We are requesting a loan of $300,000. The funds will be used to purchase video equipment and to cover initial operating expenses.

Payback Strategy

Our repayment for this loan will come from cash in excess of profits, paid monthly. The increase in profits generated by business from television stations will provide funds to repay the loan in 10 years.

6.1 Important Assumptions

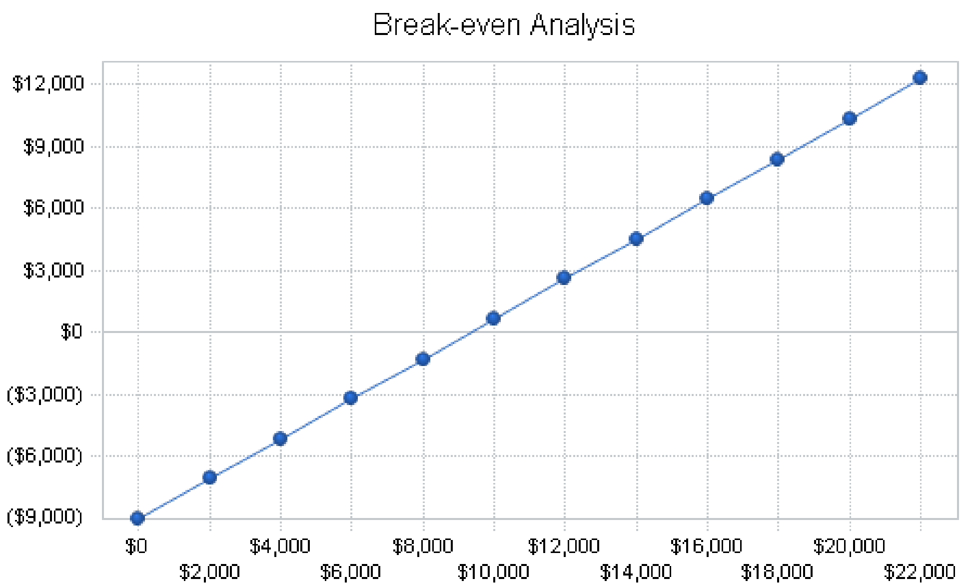
The table below highlights some assumptions that are key to the success of the company.

General Assumptions

	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

6.2 Break-even Analysis

For our Break-even Analysis, we assume running costs of approximately $9,000 per month, which includes gas, phone, and an estimation of other running costs. Variable costs mostly include video tapes. The chart and table below show our break-even point.

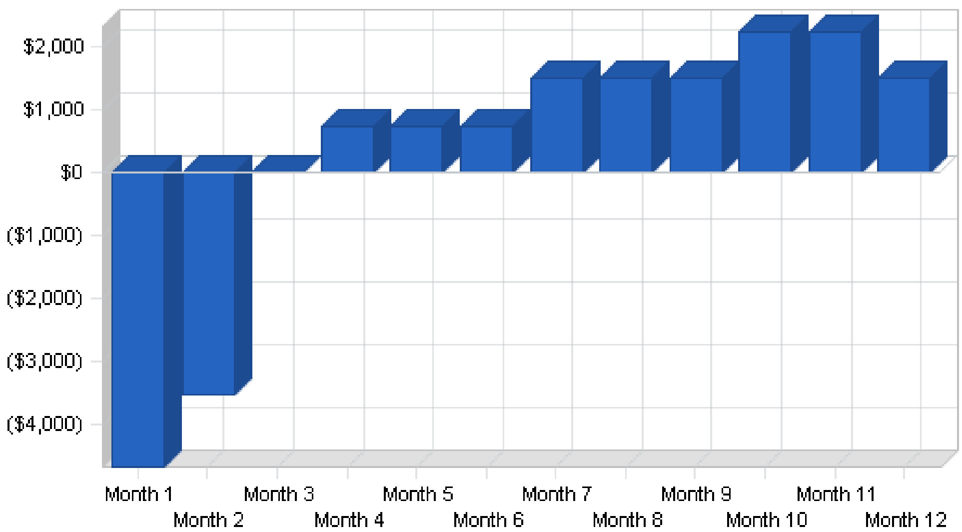


Break-even Analysis	
Monthly Revenue Break-even	$9,351
Assumptions:	
Average Percent Variable Cost	3%
Estimated Monthly Fixed Cost	$9,050

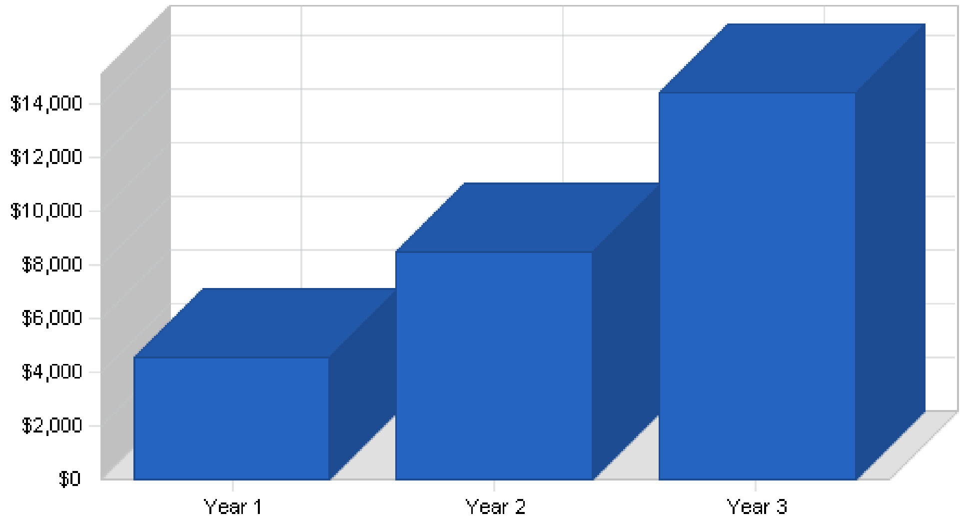
6.3 Projected Profit and Loss

The table below provides the projected income statements for Michael's Video Service. The company is basing its revenue projections on anticipated sales of services, initially to the television networks and video companies, then to other markets such as high school events and weddings.

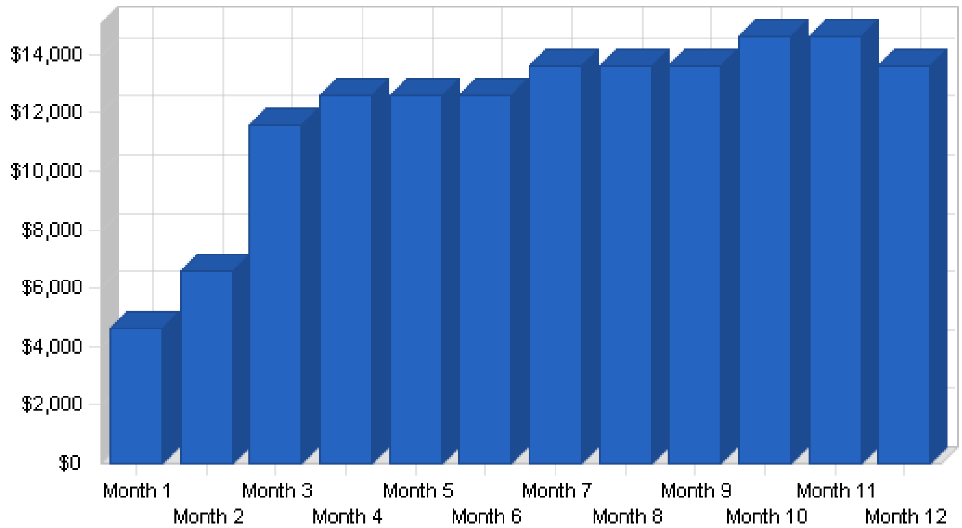
Profit Monthly

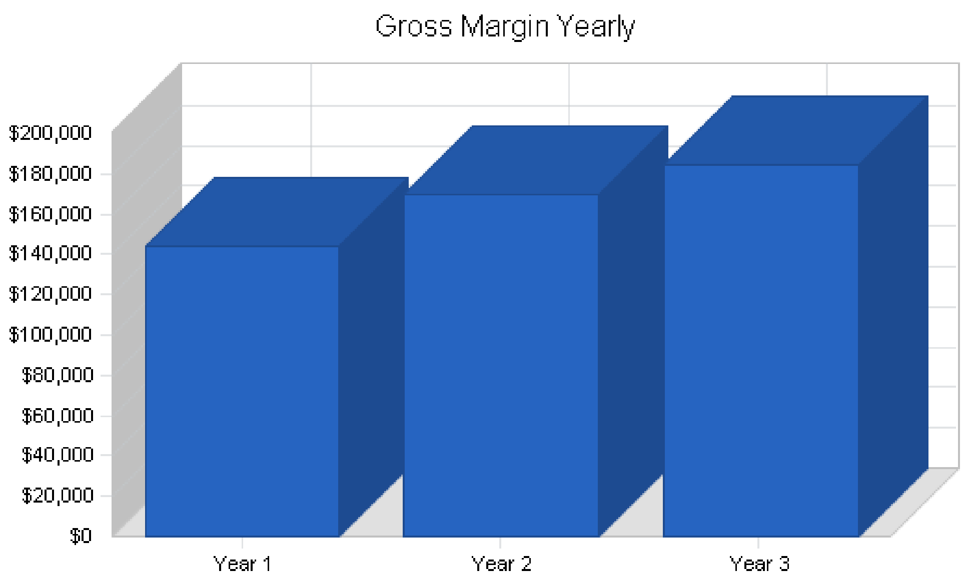


Profit Yearly



Gross Margin Monthly





Pro Forma Profit and Loss

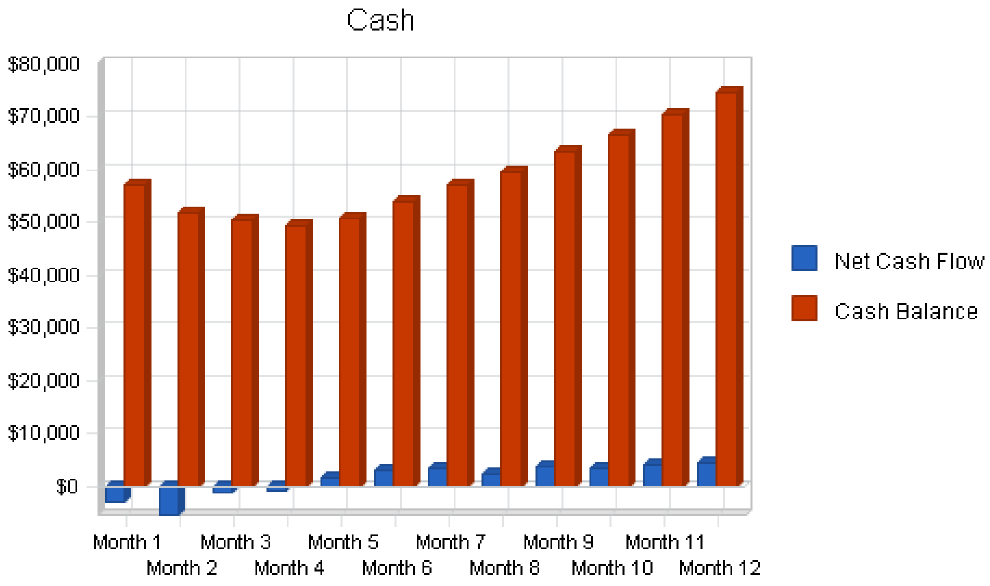
	Year 1	Year 2	Year 3
Sales	$149,000	$175,000	$191,000
Direct Cost of Sales	$4,800	$5,700	$6,600
Other	$0	$0	$0
Total Cost of Sales	$4,800	$5,700	$6,600
Gross Margin	$144,200	$169,300	$184,400
Gross Margin %	96.78%	96.74%	96.54%
Expenses			
Payroll	$48,000	$62,000	$66,000
Sales and Marketing and Other Expenses	$18,600	$21,400	$24,600
Depreciation	$24,000	$24,000	$24,000
Gas	$4,800	$5,700	$6,600
Utilities & phone	$2,400	$3,000	$3,600
Rent	$3,600	$3,600	$3,600
Payroll Taxes	$7,200	$9,300	$9,900
Other	$0	$0	$0
Total Operating Expenses	$108,600	$129,000	$138,300
Profit Before Interest and Taxes	$35,600	$40,300	$46,100
EBITDA	$59,600	$64,300	$70,100
Interest Expense	$30,000	$28,984	$26,844
Taxes Incurred	$1,065	$2,829	$4,894
Net Profit	$4,535	$8,487	$14,362
Net Profit/Sales	3.04%	4.85%	7.52%

6.4 Financial Risks and Contingencies

The company recognizes that it is subject to both market and industry risks. We believe our risks are as follows, and we are addressing each as indicated. We face all the risks associated with being a start-up company. We feel that we can overcome these with our experience in the industry and by quickly establishing desired relationships. The economy in south Ohio is based on the oil and gas industry, which is very unstable. Having seen the oil bust in the 1980's and its effects on the economy, we have diversified our efforts and will be going after markets that will not be affected by fluctuations in the oil and gas industry.

6.5 Projected Cash Flow

The following chart and table present the cash flow assumptions for the company.



Pro Forma Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	$37,250	$43,750	$47,750
Cash from Receivables	$90,375	$127,520	$140,955
Subtotal Cash from Operations	$127,625	$171,270	$188,705
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	$0	$0	$0
Subtotal Cash Received	$127,625	$171,270	$188,705
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	$48,000	$62,000	$66,000
Bill Payments	$64,802	$80,965	$86,360
Subtotal Spent on Operations	$112,802	$142,965	$152,360
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	$20,330	$22,458
Purchase Other Current Assets	$0	$0	$0
Purchase Long-term Assets	$0	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$112,802	$163,295	$174,818
Net Cash Flow	$14,823	$7,975	$13,887
Cash Balance	$74,823	$82,798	$96,685

6.6 Projected Balance Sheet

Projected balance sheets are provided below.

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	$74,823	$82,798	$96,685
Accounts Receivable	$21,375	$25,105	$27,400
Inventory	$1,200	$1,425	$1,650
Other Current Assets	$0	$0	$0
Total Current Assets	$97,398	$109,328	$125,736
Long-term Assets			
Long-term Assets	$240,000	$240,000	$240,000
Accumulated Depreciation	$24,000	$48,000	$72,000
Total Long-term Assets	$216,000	$192,000	$168,000
Total Assets	$313,398	$301,328	$293,736
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	$6,863	$6,636	$7,139
Current Borrowing	$0	$0	$0
Other Current Liabilities	$0	$0	$0
Subtotal Current Liabilities	$6,863	$6,636	$7,139
Long-term Liabilities	$300,000	$279,670	$257,212
Total Liabilities	$306,863	$286,306	$264,351
Paid-in Capital	$17,000	$17,000	$17,000
Retained Earnings	($15,000)	($10,465)	($1,978)
Earnings	$4,535	$8,487	$14,362
Total Capital	$6,535	$15,022	$29,384
Total Liabilities and Capital	$313,398	$301,328	$293,736
Net Worth	$6,535	$15,022	$29,384

6.7 Business Ratios

The following table presents important business ratios from the motion picture production industry, as determined by the Standard Industry Classification (SIC) Index code 7812, Motion Picture and Video Production.

Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	17.45%	9.14%	0.00%
Percent of Total Assets				
Accounts Receivable	6.82%	8.33%	9.33%	0.00%
Inventory	0.38%	0.47%	0.56%	0.00%
Other Current Assets	0.00%	0.00%	0.00%	100.00%
Total Current Assets	31.08%	36.28%	42.81%	100.00%
Long-term Assets	68.92%	63.72%	57.19%	0.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	2.19%	2.20%	2.43%	0.00%
Long-term Liabilities	95.72%	92.81%	87.57%	0.00%
Total Liabilities	97.91%	95.01%	90.00%	0.00%
Net Worth	2.09%	4.99%	10.00%	100.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%

Gross Margin	96.78%	96.74%	96.54%	0.00%
Selling, General & Administrative Expenses	93.96%	91.89%	88.98%	0.00%
Advertising Expenses	4.03%	4.00%	4.19%	0.00%
Profit Before Interest and Taxes	23.89%	23.03%	24.14%	0.00%
Main Ratios				
Current	14.19	16.48	17.61	0.00
Quick	14.02	16.26	17.38	0.00
Total Debt to Total Assets	97.91%	95.01%	90.00%	0.00%
Pre-tax Return on Net Worth	85.69%	75.33%	65.53%	0.00%
Pre-tax Return on Assets	1.79%	3.76%	6.56%	0.00%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	3.04%	4.85%	7.52%	n.a
Return on Equity	69.40%	56.50%	48.88%	n.a
Activity Ratios				
Accounts Receivable Turnover	5.23	5.23	5.23	n.a
Collection Days	57	65	67	n.a
Inventory Turnover	4.50	4.34	4.29	n.a
Accounts Payable Turnover	10.44	12.17	12.17	n.a
Payment Days	27	31	29	n.a
Total Asset Turnover	0.48	0.58	0.65	n.a
Debt Ratios				
Debt to Net Worth	46.96	19.06	9.00	n.a
Current Liab. to Liab.	0.02	0.02	0.03	n.a
Liquidity Ratios				
Net Working Capital	$90,535	$102,692	$118,596	n.a
Interest Coverage	1.19	1.39	1.72	n.a
Additional Ratios				
Assets to Sales	2.10	1.72	1.54	n.a
Current Debt/Total Assets	2%	2%	2%	n.a
Acid Test	10.90	12.48	13.54	n.a
Sales/Net Worth	22.80	11.65	6.50	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

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													
Video services	0%	$5,000	$7,000	$12,000	$13,000	$13,000	$13,000	$14,000	$14,000	$14,000	$15,000	$15,000	$14,000
Other	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sales		$5,000	$7,000	$12,000	$13,000	$13,000	$13,000	$14,000	$14,000	$14,000	$15,000	$15,000	$14,000
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
Video services		$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Direct Cost of Sales		$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400

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
Michael Morisson	0%	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Other	0%	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
Total People		2	2	2	2	2	2	2	2	2	2	2	2
Total Payroll		$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000

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		$5,000	$7,000	$12,000	$13,000	$13,000	$13,000	$14,000	$14,000	$14,000	$15,000	$15,000	$14,000
Direct Cost of Sales		$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Cost of Sales		$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Gross Margin		$4,600	$6,600	$11,600	$12,600	$12,600	$12,600	$13,600	$13,600	$13,600	$14,600	$14,600	$13,600
Gross Margin %		92.00%	94.29%	96.67%	96.92%	96.92%	96.92%	97.14%	97.14%	97.14%	97.33%	97.33%	97.14%
Expenses													
Payroll		$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
Sales and Marketing and Other Expenses		$1,300	$1,300	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600	$1,600
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
Gas		$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400
Utilities & phone		$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
Rent		$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300	$300
Payroll Taxes	15%	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Operating Expenses		$8,800	$8,800	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100	$9,100
Profit Before Interest and Taxes		($4,200)	($2,200)	$2,500	$3,500	$3,500	$3,500	$4,500	$4,500	$4,500	$5,500	$5,500	$4,500
EBITDA		($2,200)	($200)	$4,500	$5,500	$5,500	$5,500	$6,500	$6,500	$6,500	$7,500	$7,500	$6,500
Interest Expense		$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Taxes Incurred		($2,010)	($1,175)	$0	$250	$250	$250	$500	$500	$500	$750	$750	$500
Net Profit		($4,690)	($3,525)	$0	$750	$750	$750	$1,500	$1,500	$1,500	$2,250	$2,250	$1,500
Net Profit/Sales		-93.80%	-50.36%	0.00%	5.77%	5.77%	5.77%	10.71%	10.71%	10.71%	15.00%	15.00%	10.71%

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
Cash Received													
Cash from Operations													
Cash Sales		$1,250	$1,750	$3,000	$3,250	$3,250	$3,250	$3,500	$3,500	$3,500	$3,750	$3,750	$3,500
Cash from Receivables		$0	$125	$3,800	$5,375	$9,025	$9,750	$9,750	$9,775	$10,500	$10,500	$10,525	$11,250
Subtotal Cash from Operations		$1,250	$1,875	$6,800	$8,625	$12,275	$13,000	$13,250	$13,275	$14,000	$14,250	$14,275	$14,750
Additional Cash Received													
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	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received		$1,250	$1,875	$6,800	$8,625	$12,275	$13,000	$13,250	$13,275	$14,000	$14,250	$14,275	$14,750
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		$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
Bill Payments		$110	$3,318	$4,174	$5,642	$6,817	$5,850	$5,892	$7,067	$6,133	$7,075	$6,350	$6,375
Subtotal Spent on Operations		$4,110	$7,318	$8,174	$9,642	$10,817	$9,850	$9,892	$11,067	$10,133	$11,075	$10,350	$10,375
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		$4,110	$7,318	$8,174	$9,642	$10,817	$9,850	$9,892	$11,067	$10,133	$11,075	$10,350	$10,375
Net Cash Flow		($2,860)	($5,443)	($1,374)	($1,017)	$1,458	$3,150	$3,358	$2,208	$3,867	$3,175	$3,925	$4,375
Cash Balance		$57,140	$51,698	$50,323	$49,307	$50,765	$53,915	$57,273	$59,482	$63,348	$66,523	$70,448	$74,823

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
Assets	Starting Balances												
Current Assets													
Cash	$60,000	$57,140	$51,698	$50,323	$49,307	$50,765	$53,915	$57,273	$59,482	$63,348	$66,523	$70,448	$74,823
Accounts Receivable	$0	$3,750	$8,875	$14,075	$18,450	$19,175	$19,175	$19,925	$20,650	$20,650	$21,400	$22,125	$21,375
Inventory	$2,000	$1,600	$1,200	$800	$1,400	$1,000	$600	$1,200	$800	$1,400	$1,000	$600	$1,200

Other Current Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Current Assets	$62,000	$62,490	$61,773	$65,198	$69,157	$70,940	$73,690	$78,398	$80,932	$85,398	$88,923	$93,173	$97,398
Long-term Assets													
Long-term Assets	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000	$240,000
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	$240,000	$238,000	$236,000	$234,000	$232,000	$230,000	$228,000	$226,000	$224,000	$222,000	$220,000	$218,000	$216,000
Total Assets	$302,000	$300,490	$297,773	$299,198	$301,157	$300,940	$301,690	$304,398	$304,932	$307,398	$308,923	$311,173	$313,398
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	$3,180	$3,988	$5,413	$6,622	$5,655	$5,655	$6,863	$5,897	$6,863	$6,138	$6,138	$6,863
Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$0	$3,180	$3,988	$5,413	$6,622	$5,655	$5,655	$6,863	$5,897	$6,863	$6,138	$6,138	$6,863
Long-term Liabilities	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
Total Liabilities	$300,000	$303,180	$303,988	$305,413	$306,622	$305,655	$305,655	$306,863	$305,897	$306,863	$306,138	$306,138	$306,863
Paid-in Capital	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000	$17,000
Retained Earnings	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)	($15,000)
Earnings	$0	($4,690)	($8,215)	($8,215)	($7,465)	($6,715)	($5,965)	($4,465)	($2,965)	($1,465)	$785	$3,035	$4,535
Total Capital	$2,000	($2,690)	($6,215)	($6,215)	($5,465)	($4,715)	($3,965)	($2,465)	($965)	$535	$2,785	$5,035	$6,535
Total Liabilities and Capital	$302,000	$300,490	$297,773	$299,198	$301,157	$300,940	$301,690	$304,398	$304,932	$307,398	$308,923	$311,173	$313,398
Net Worth	$2,000	($2,690)	($6,215)	($6,215)	($5,465)	($4,715)	($3,965)	($2,465)	($965)	$535	$2,785	$5,035	$6,535