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FireStarters

1.0 Executive Summary

Popular culture is no longer regional. The advent of cable television, syndicated radio programs, and the Internet has created a world where a fashion statement in New York will be on the streets in a small midwestern town in a matter days. The speed of our telecommunication system has increased young customers' expectations and demands for products that represent their own cultural statement.

FireStarters will offer young customers, in small towns and communities around United States, the youth-oriented products and clothing that are popular nationwide but not available locally.

The difference between FireStarters and other youth-oriented e-commerce websites is that FireStarters is focused only on its small-town America customers. The target customer is a young person, age 11-18, who listens to alternative music and participates in youth sports like skateboarding and snowboarding. Our target customer will look toward alternative clothing trends in large urban areas as their inspiration. FireStarters will exclusively advertise in small communities with populations between 100,000 and 150,000 residents. Communities of this size already have small youth-oriented businesses, like skateboard shops and alternative CD stores, that FireStarters can utilize to promote its product line.

1.1 Mission

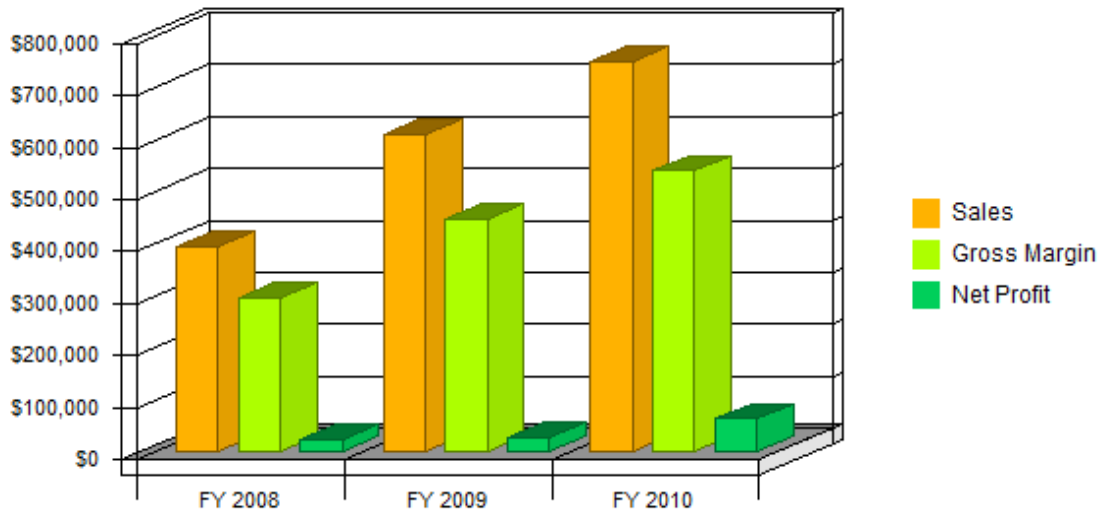
The mission of FireStarters is to offer distinctive youth-oriented fashion and products to small-town America.

1.2 Keys to Success

- Accessible website that is entertaining to surf. Like a trip to your favorite store where you always find something new that you want.
- Excellent vendor relationship that will facilitate quick shipment of orders.
- Establish an effective strategy for advertising in the communities' youth-oriented businesses.
- Create a store image that our target customers sees as both attractive and trendy.

FireStarters

Highlights



2.0 Company Summary

FireStarters will offer youth-oriented products and clothing, online, that are popular nationwide but not available locally. Jill Stranton and Bobbi Hanson, co-owners of FireStarters, will create a cost-effective operation that will quickly ship clothing and product purchases to the customer.

FireStarters will focus on marketing products to its target customers in small cities with populations between 100,000 and 150,000 residents. The key to marketing strategy will be staging events that will increase the visibility of the online store with the target customer base. We will use existing local businesses that serve the same target customer base to co-sponsor these events.

2.1 Company Ownership

Jill Stranton and Bobbi Hanson are the co-owners of FireStarters.

FireStarters

2.2 Start-up Summary

The start-up costs of FireStarters consists of product inventory, creating a promotion campaign and establishing its website. FireStarters has \$100,000 in investments and a \$115,000 short-term loan.

Table: Start-up

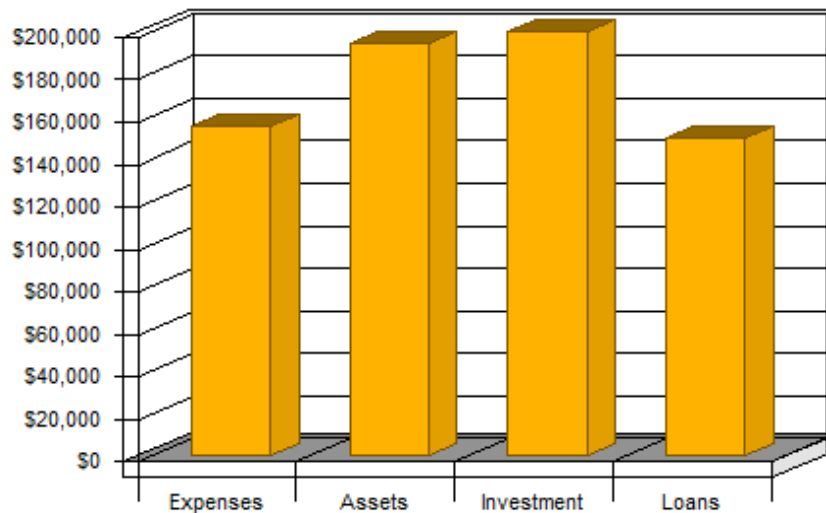
Start-up	
Requirements	
Start-up Expenses	
Legal	\$2,000
Stationery etc.	\$400
Website Development	\$30,000
Insurance	\$1,000
Rent	\$2,000
Marketing	\$120,000
Expensed Equipment	\$0
Other	\$0
Total Start-up Expenses	\$155,400
Start-up Assets	
Cash Required	\$64,600
Start-up Inventory	\$80,000
Other Current Assets	\$0
Long-term Assets	\$50,000
Total Assets	\$194,600
Total Requirements	\$350,000

FireStarters

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	\$155,400
Start-up Assets to Fund	\$194,600
Total Funding Required	\$350,000
Assets	
Non-cash Assets from Start-up	\$130,000
Cash Requirements from Start-up	\$64,600
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$64,600
Total Assets	\$194,600
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$150,000
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$150,000
Capital	
Planned Investment	
Jill Stranton	\$100,000
Bobbi Hanson	\$100,000
Additional Investment Requirement	\$0
Total Planned Investment	\$200,000
Loss at Start-up (Start-up Expenses)	(\$155,400)
Total Capital	\$44,600
Total Capital and Liabilities	\$194,600
Total Funding	\$350,000

Start-up



3.0 Products

FireStarters will offer young customers the following youth-oriented products and clothing:

- Shoes.
- Jackets.
- Sweaters.
- Shirts.
- Pants.
- Bags.
- Hats.
- T-Shirts.
- Dresses and skirts.
- Shorts.
- Eyewear.
- Time pieces.

4.0 Market Analysis Summary

According to the U.S. Census Bureau the population of teens (age 12-17), in 1999 was 23.4 million, which represents 8.6% of the total U.S. population. Teenagers influence \$324 billion in spending annually, have \$151 billion in disposable income, spend \$24 billion annually, and will spend \$1.2 billion online by 2002. Teens spend an average of \$82 per week on entertainment, fashion, food, and technology. These young people dubbed "Generation Y" dominate almost all facets of popular culture and are the fastest-growing demographic under age 65.

Specialty youth clothing and products has grown into a billion dollar niche in the clothing industry. The popularity of the Internet with young people has been well documented and has generated the launching of a number of online stores by companies selling to that market segment. Most of these stores have retail outlets in large urban areas that serve as the promotional vehicles for online shopping.

The Internet is an accessible shopping tool for our target population. 64% of teens nationwide use the Net at home. The majority of teens, 55%, consider using the Internet better than watching TV. Families with teens are more likely to have Internet access than other households.

Online shopping by teenagers between 13 to 18 years in age is expected to total about \$300 million this year (2000) and is accelerating at about twice the rate of online shopping by adults. By 2003, teenagers are expected to spend \$2 billion annually online. By 2004, a clear majority of young consumers will shop online. The top five purchases made by teens [online], based on sales volume, are CDs/cassette tapes, clothing, books, computer software, toys and clothing.

4.1 Market Segmentation

Over the past ten years, there has been a profound change in population dynamics in the U.S. The non-metropolitan population has been growing at almost the same rate as the urban population. The West Coast, Midwest, and the Northeast have the largest growth rate. Today, there are millions of young people who don't live near a large urban center that offers the diversity in clothing products that the youth culture demands. This has created a small market niche for businesses to sell clothing and products to young people who live outside the urban areas. This is particularly true in communities with a major college located in the community.

Currently, only regional malls offer access to the fashion and styles that young people want. Unfortunately, the focus of these mall stores is only on the mainstream of the youth market. Alternative clothing and products are rarely available outside the urban area. This is true because the companies that create the clothing and products are small and sell primarily through urban specialty shops.

FireStarters will capitalize on the following characteristics of Generation Y:

- **Subculture Affiliation:** Though rebellious, teens also want to blend in and be accepted by peers. They seek a community of peers to welcome them in, as well as help them stand out.
- **Attitude:** Teenagers wear attitude like a uniform to give definition to their identity. This extends to clothing, hair style and the type of music listened to in public. They also react to humor, silliness, and irreverence more easily than to other styles.

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It is FireStarters' plan to bring alternative fashion and products to small-town America via the Internet. We will create a business identity that will capitalize on the subculture affiliation and attitude of our target customers.

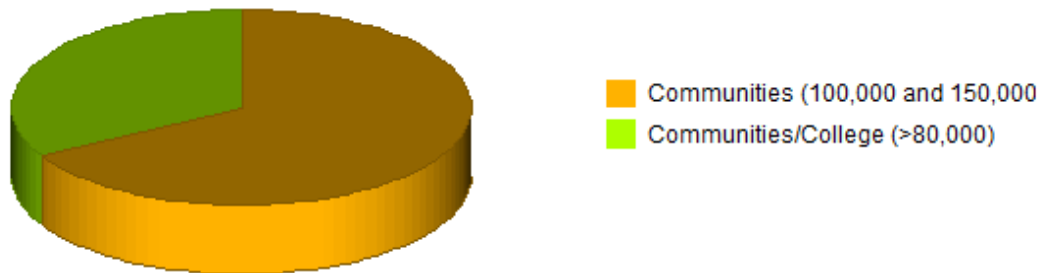
FireStarters will focus marketing on two type of non-metropolitan communities:

- Non-metropolitan communities with populations between 100,000 and 150,000 residents.
- Non-metropolitan communities with a major college and population of at least 80,000.

Table: Market Analysis

Market Analysis		2007	2008	2009	2010	2011	CAGR
Potential Customers	Growth						
Communities (100,000 and 150,000)	10%	6,000	6,600	7,260	7,986	8,785	10.00%
Communities/College (>80,000)	10%	3,000	3,300	3,630	3,993	4,392	10.00%
Total	10.00%	9,000	9,900	10,890	11,979	13,177	10.00%

Market Analysis (Pie)



5.0 Strategy and Implementation Summary

FireStarters' will have a two track strategy.

1. FireStarters will advertise in alternative magazines that are targeted at our customers and the ad rate is affordable. (For girls: Bust, Candy, Chick, and Girl magazines. For Boys: Thrashers and TransWorld.)
2. FireStarters will also plan 15 events in select communities to raise its visibility with the target customers. The focus will be initially on the West Coast during the first year of operation. During the second year of operation, FireStarters will plan events in the Midwest and the East Coast. FireStarters will sponsor skateboard competitions and demonstrations. We will assemble groups of boy and girl skateboarders and sponsor them with the FireStarters logo. The groups will be scheduled to tour selected communities. FireStarters will sponsor the events but will also seek local businesses that target the same customer base to share the event's sponsorship. FireStarters will book local popular alternative bands to play the event. At these events, FireStarters will distribute stickers, caps, t-shirts, and promotional material offering a 20% discount on purchases.

5.1 Competitive Edge

FireStarters' competitive advantage is offering product lines that make a statement but won't leave you broke. The major brands are expensive and not distinctive enough to satisfy the changing taste of our target customers. FireStarters offers products that are just ahead of the curve and so affordable that our customers will return to the website often to check out what's new.

Another competitive factor is that products for this age group are part of a lifestyle statement. FireStarters is focused on serving youth outside the metropolitan areas. We want to represent their style and life choices. We believe that we will create a loyal customer base that will see Firestarters as part of their lives. To facilitate that connection, our website will have a chat section where our customers can share what is happening in their communities as well as comment on our products and what we should add to our product line in the future.

5.2 Sales Strategy

Sales will be flat for the first 45 days of operation. We anticipate that sales will begin at this point and increase as our marketing campaign progresses.

FireStarters

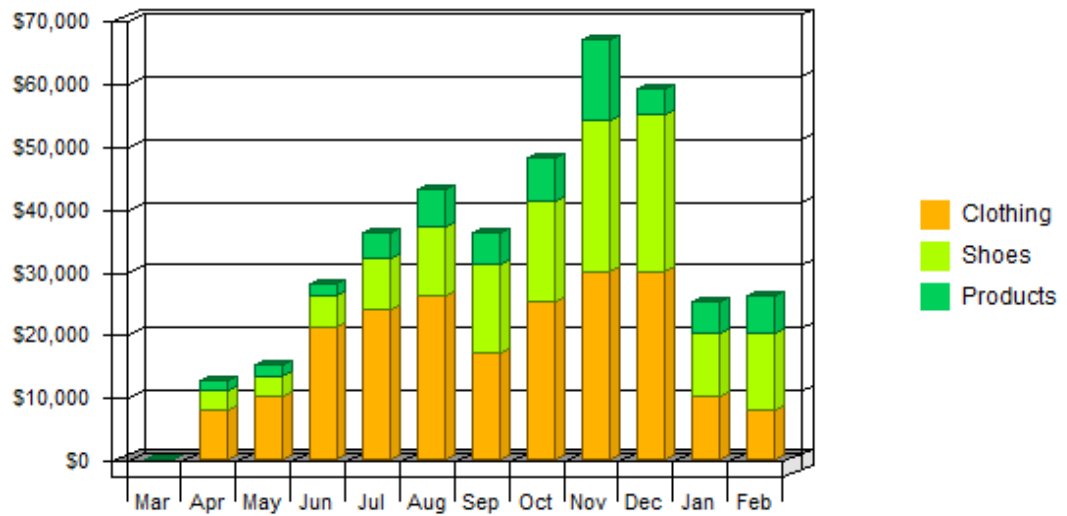
5.2.1 Sales Forecast

The following is the sales forecast for three years.

Table: Sales Forecast

Sales Forecast			
	FY 2008	FY 2009	FY 2010
Sales			
Clothing	\$209,000	\$280,000	\$340,000
Shoes	\$131,350	\$210,000	\$250,000
Products	\$55,300	\$120,000	\$160,000
Total Sales	\$395,650	\$610,000	\$750,000
Direct Cost of Sales			
Clothing	\$63,000	\$90,000	\$110,000
Shoes	\$25,100	\$44,000	\$60,000
Products	\$12,640	\$30,000	\$40,000
Subtotal Direct Cost of Sales	\$100,740	\$164,000	\$210,000

Sales Monthly



FireStarters

6.0 Management Summary

Jill Stranton will manage the daily operations of FireStarters. Bobbi Hanson will be FireStarters' buyer and will also be responsible for marketing. Jill and Bobbi have over fifteen years of experience in the retail clothing industry.

Jill has been the manager of Wild Women Clothing for five years. Wild Woman Clothing is a mail-order business that focuses on young urban women ages 18 to 35. She supervised a staff of 10 and was extremely effective in keeping the business cost effective as sales grew 50% over a two year period. Prior to her employment with Wild Woman Clothing, Jill was manager of Atomic Age Fashions, a women's clothing shop, for three years.

Bobbi has been a buyer for Glamour Imports for the past four years. Glamour Imports sells to over 200 women's shops nationwide and generated over 10 million in sales last year. In addition to her experience as a buyer, Bobbi was a marketing associate for Gap from 1994-1997.

6.1 Personnel Plan

FireStarters will have a staff of five:

- Operations manager.
- Buyer/marketing.
- Order processor/website manager.
- Processing staff (2).

Table: Personnel

Personnel Plan	FY 2008	FY 2009	FY 2010
Manager	\$42,000	\$45,000	\$50,000
Buyer/Marketing	\$42,000	\$45,000	\$50,000
Order Processor/Website Manager	\$33,600	\$36,600	\$40,000
Processing Staff (2)	\$60,000	\$66,000	\$72,000
Total People	5	5	5
Total Payroll	\$177,600	\$192,600	\$212,000

FireStarters

7.0 Financial Plan

The following is the financial plan for FireStarters.

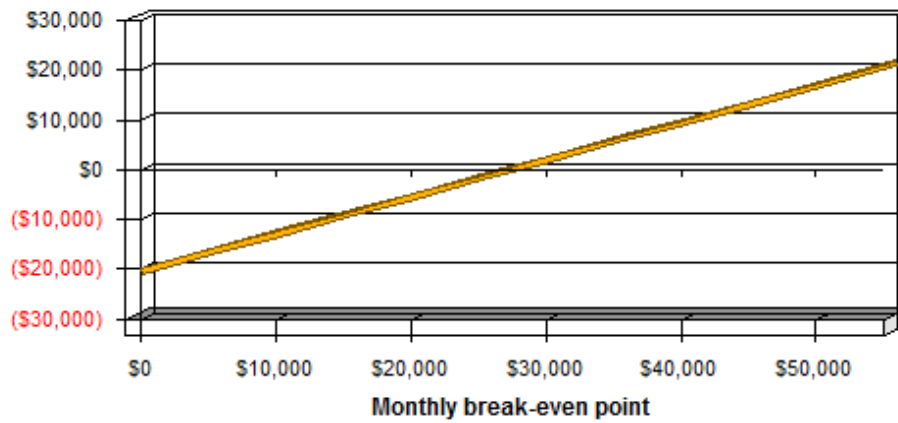
7.1 Break-even Analysis

The monthly break-even point is \$27,487.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$27,657
Assumptions:	
Average Percent Variable Cost	25%
Estimated Monthly Fixed Cost	\$20,615

Break-even Analysis



Break-even point = where line intersects with 0

FireStarters

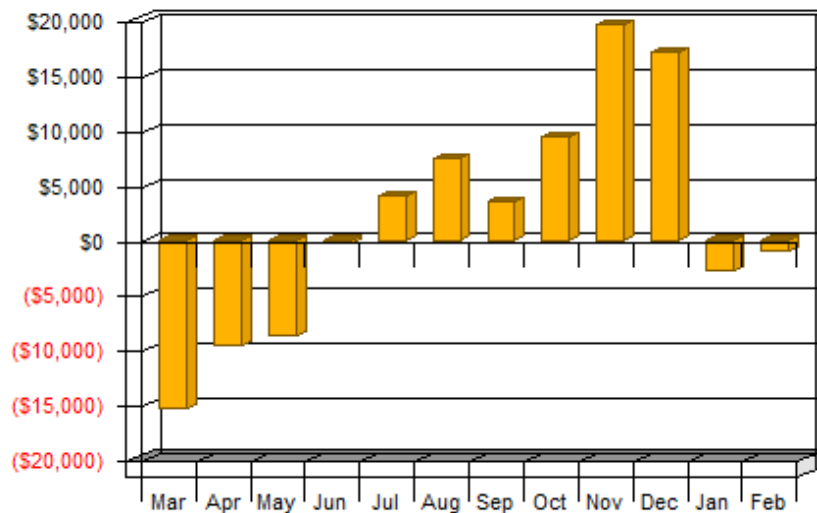
7.2 Projected Profit and Loss

The following table and chart is the projected profit and loss for three years.

Table: Profit and Loss

Pro Forma Profit and Loss			
	FY 2008	FY 2009	FY 2010
Sales	\$395,650	\$610,000	\$750,000
Direct Costs of Goods	\$100,740	\$164,000	\$210,000
Other Production Expenses	\$0	\$0	\$0
Cost of Goods Sold	\$100,740	\$164,000	\$210,000
Gross Margin	\$294,910	\$446,000	\$540,000
Gross Margin %	74.54%	73.11%	72.00%
Expenses			
Payroll	\$177,600	\$192,600	\$212,000
Sales and Marketing and Other Expenses	\$0	\$130,000	\$150,000
Depreciation	\$7,140	\$7,140	\$7,140
Leased Equipment	\$0	\$0	\$0
Utilities	\$6,000	\$6,000	\$6,000
Insurance	\$6,000	\$6,000	\$6,000
Rent	\$24,000	\$24,000	\$24,000
Payroll Taxes	\$26,640	\$28,890	\$31,800
Other	\$0	\$0	\$0
Total Operating Expenses	\$247,380	\$394,630	\$436,940
Profit Before Interest and Taxes	\$47,530	\$51,370	\$103,060
EBITDA	\$54,670	\$58,510	\$110,200
Interest Expense	\$13,830	\$12,750	\$12,570
Taxes Incurred	\$10,110	\$11,586	\$27,147
Net Profit	\$23,590	\$27,034	\$63,343
Net Profit/Sales	5.96%	4.43%	8.45%

Profit Monthly



FireStarters

7.3 Projected Cash Flow

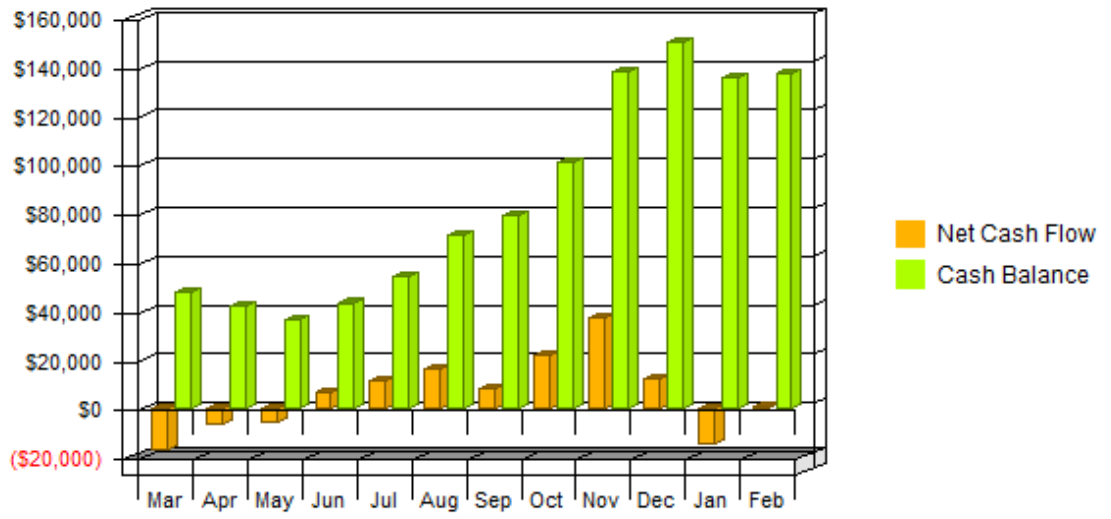
The following table and chart is the projected cash flow for three years.

Table: Cash Flow

Pro Forma Cash Flow	FY 2008	FY 2009	FY 2010
Cash Received			
Cash from Operations			
Cash Sales	\$395,650	\$610,000	\$750,000
Subtotal Cash from Operations	\$395,650	\$610,000	\$750,000
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	\$395,650	\$610,000	\$750,000
Expenditures			
Expenditures from Operations			
Cash Spending	\$177,600	\$192,600	\$212,000
Bill Payments	\$103,957	\$364,975	\$463,540
Subtotal Spent on Operations	\$281,557	\$557,575	\$675,540
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	\$21,600	\$1,800	\$1,800
Purchase Other Current Assets	\$19,800	\$19,800	\$19,800
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$322,957	\$579,175	\$697,140
Net Cash Flow	\$72,693	\$30,825	\$52,860
Cash Balance	\$137,293	\$168,118	\$220,978

FireStarters

Cash



FireStarters

7.4 Projected Balance Sheet

The following table is the projected balance sheet for three years.

Table: Balance Sheet

Pro Forma Balance Sheet			
	FY 2008	FY 2009	FY 2010
Assets			
Current Assets			
Cash	\$137,293	\$168,118	\$220,978
Inventory	\$6,270	\$10,207	\$13,070
Other Current Assets	\$19,800	\$39,600	\$59,400
Total Current Assets	\$163,363	\$217,926	\$293,448
Long-term Assets			
Long-term Assets	\$50,000	\$50,000	\$50,000
Accumulated Depreciation	\$7,140	\$14,280	\$21,420
Total Long-term Assets	\$42,860	\$35,720	\$28,580
Total Assets	\$206,223	\$253,646	\$322,028
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$9,633	\$31,822	\$38,661
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$9,633	\$31,822	\$38,661
Long-term Liabilities	\$128,400	\$126,600	\$124,800
Total Liabilities	\$138,033	\$158,422	\$163,461
Paid-in Capital	\$200,000	\$200,000	\$200,000
Retained Earnings	(\$155,400)	(\$131,810)	(\$104,776)
Earnings	\$23,590	\$27,034	\$63,343
Total Capital	\$68,190	\$95,224	\$158,567
Total Liabilities and Capital	\$206,223	\$253,646	\$322,028
Net Worth	\$68,190	\$95,224	\$158,567

7.5 Business Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 5999, Miscellaneous Retail Stores, are shown for comparison.

FireStarters

Table: Ratios

Ratio Analysis	FY 2008	FY 2009	FY 2010	Industry Profile
Sales Growth	0.00%	54.18%	22.95%	6.30%
Percent of Total Assets				
Inventory	3.04%	4.02%	4.06%	39.30%
Other Current Assets	9.60%	15.61%	18.45%	23.90%
Total Current Assets	79.22%	85.92%	91.13%	80.10%
Long-term Assets	20.78%	14.08%	8.87%	19.90%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	4.67%	12.55%	12.01%	46.00%
Long-term Liabilities	62.26%	49.91%	38.75%	14.00%
Total Liabilities	66.93%	62.46%	50.76%	60.00%
Net Worth	33.07%	37.54%	49.24%	40.00%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	74.54%	73.11%	72.00%	34.10%
Selling, General & Administrative Expenses	68.58%	68.68%	63.55%	19.80%
Advertising Expenses	0.00%	21.31%	20.00%	2.60%
Profit Before Interest and Taxes	12.01%	8.42%	13.74%	1.10%
Main Ratios				
Current	16.96	6.85	7.59	1.77
Quick	16.31	6.53	7.25	0.67
Total Debt to Total Assets	66.93%	62.46%	50.76%	60.00%
Pre-tax Return on Net Worth	49.42%	40.56%	57.07%	2.60%
Pre-tax Return on Assets	16.34%	15.23%	28.10%	6.50%
Additional Ratios				
	FY 2008	FY 2009	FY 2010	
Net Profit Margin	5.96%	4.43%	8.45%	n.a
Return on Equity	34.59%	28.39%	39.95%	n.a
Activity Ratios				
Inventory Turnover	2.45	19.91	18.04	n.a
Accounts Payable Turnover	11.79	12.17	12.17	n.a
Payment Days	27	20	27	n.a
Total Asset Turnover	1.92	2.40	2.33	n.a
Debt Ratios				
Debt to Net Worth	2.02	1.66	1.03	n.a
Current Liab. to Liab.	0.07	0.20	0.24	n.a
Liquidity Ratios				
Net Working Capital	\$153,730	\$186,104	\$254,787	n.a
Interest Coverage	3.44	4.03	8.20	n.a
Additional Ratios				
Assets to Sales	0.52	0.42	0.43	n.a
Current Debt/Total Assets	5%	13%	12%	n.a
Acid Test	16.31	6.53	7.25	n.a
Sales/Net Worth	5.80	6.41	4.73	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Table: Sales Forecast

Sales Forecast		Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Sales													
Clothing	0%	\$0	\$8,000	\$10,000	\$21,000	\$24,000	\$26,000	\$17,000	\$25,000	\$30,000	\$30,000	\$10,000	\$8,000
Shoes	0%	\$0	\$3,000	\$3,350	\$5,000	\$8,000	\$11,000	\$14,000	\$16,000	\$24,000	\$25,000	\$10,000	\$12,000
Products	0%	\$0	\$1,500	\$1,800	\$2,000	\$4,000	\$6,000	\$5,000	\$7,000	\$13,000	\$4,000	\$5,000	\$6,000
Total Sales		\$0	\$12,500	\$15,150	\$28,000	\$36,000	\$43,000	\$36,000	\$48,000	\$67,000	\$59,000	\$25,000	\$26,000
Direct Cost of Sales													
Clothing		\$0	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000	\$5,000	\$7,000	\$10,000	\$10,000	\$4,000	\$2,000
Shoes		\$0	\$1,000	\$1,200	\$1,000	\$1,500	\$2,000	\$3,000	\$4,000	\$5,200	\$2,000	\$2,000	\$2,200
Products		\$0	\$400	\$500	\$600	\$1,000	\$1,500	\$1,250	\$1,800	\$2,000	\$890	\$1,200	\$1,500
Subtotal Direct Cost of Sales		\$0	\$4,400	\$5,700	\$6,600	\$8,500	\$10,500	\$9,250	\$12,800	\$17,200	\$12,890	\$7,200	\$5,700

Appendix

Table: Personnel

Personnel Plan		Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Manager	0%	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Buyer/Marketing	0%	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Order Processor/Website Manager	0%	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800
Processing Staff (2)	0%	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total People		5	5	5	5	5	5	5	5	5	5	5	5
Total Payroll		\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800

Appendix

Table: General Assumptions

General Assumptions	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
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%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Appendix

Table: Profit and Loss

Pro Forma Profit and Loss												
	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Sales	\$0	\$12,500	\$15,150	\$28,000	\$36,000	\$43,000	\$36,000	\$48,000	\$67,000	\$59,000	\$25,000	\$26,000
Direct Costs of Goods	\$0	\$4,400	\$5,700	\$6,600	\$8,500	\$10,500	\$9,250	\$12,800	\$17,200	\$12,890	\$7,200	\$5,700
Other Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$0	\$4,400	\$5,700	\$6,600	\$8,500	\$10,500	\$9,250	\$12,800	\$17,200	\$12,890	\$7,200	\$5,700
Gross Margin	\$0	\$8,100	\$9,450	\$21,400	\$27,500	\$32,500	\$26,750	\$35,200	\$49,800	\$46,110	\$17,800	\$20,300
Gross Margin %	0.00%	64.80%	62.38%	76.43%	76.39%	75.58%	74.31%	73.33%	74.33%	78.15%	71.20%	78.08%
Expenses												
Payroll	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800
Sales and Marketing and Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595	\$595
Leased Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Insurance	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Payroll Taxes	15% \$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220	\$2,220
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615	\$20,615
Profit Before Interest and Taxes	(\$20,615)	(\$12,515)	(\$11,165)	\$785	\$6,885	\$11,885	\$6,135	\$14,585	\$29,185	\$25,495	(\$2,815)	(\$315)
EBITDA	(\$20,020)	(\$11,920)	(\$10,570)	\$1,380	\$7,480	\$12,480	\$6,730	\$15,180	\$29,780	\$26,090	(\$2,220)	\$280
Interest Expense	\$1,235	\$1,220	\$1,205	\$1,190	\$1,175	\$1,160	\$1,145	\$1,130	\$1,115	\$1,100	\$1,085	\$1,070
Taxes Incurred	(\$6,555)	(\$4,121)	(\$3,711)	(\$122)	\$1,713	\$3,218	\$1,497	\$4,037	\$8,421	\$7,319	(\$1,170)	(\$416)
Net Profit	(\$15,295)	(\$9,615)	(\$8,659)	(\$284)	\$3,997	\$7,508	\$3,493	\$9,419	\$19,649	\$17,077	(\$2,730)	(\$970)
Net Profit/Sales	0.00%	-76.92%	-57.16%	-1.01%	11.10%	17.46%	9.70%	19.62%	29.33%	28.94%	-10.92%	-3.73%

Appendix

Table: Cash Flow

Pro Forma Cash Flow	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Cash Received												
Cash from Operations												
Cash Sales	\$0	\$12,500	\$15,150	\$28,000	\$36,000	\$43,000	\$36,000	\$48,000	\$67,000	\$59,000	\$25,000	\$26,000
Subtotal Cash from Operations	\$0	\$12,500	\$15,150	\$28,000	\$36,000	\$43,000	\$36,000	\$48,000	\$67,000	\$59,000	\$25,000	\$26,000
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$0	\$12,500	\$15,150	\$28,000	\$36,000	\$43,000	\$36,000	\$48,000	\$67,000	\$59,000	\$25,000	\$26,000
Expenditures												
Expenditures from Operations												
Cash Spending	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800	\$14,800
Bill Payments	(\$100)	(\$19)	\$2,333	\$2,833	\$6,349	\$8,158	\$9,540	\$7,946	\$10,994	\$28,398	\$21,266	\$6,259
Subtotal Spent on Operations	\$14,700	\$14,781	\$17,133	\$17,633	\$21,149	\$22,958	\$24,340	\$22,746	\$25,794	\$43,198	\$36,066	\$21,059
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	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Purchase Other Current Assets	\$0	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
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	\$16,500	\$18,381	\$20,733	\$21,233	\$24,749	\$26,558	\$27,940	\$26,346	\$29,394	\$46,798	\$39,666	\$24,659
Net Cash Flow	(\$16,500)	(\$5,881)	(\$5,583)	\$6,767	\$11,251	\$16,442	\$8,060	\$21,654	\$37,606	\$12,202	(\$14,666)	\$1,341
Cash Balance	\$48,100	\$42,219	\$36,637	\$43,404	\$54,654	\$71,097	\$79,157	\$100,811	\$138,416	\$150,618	\$135,953	\$137,293

Appendix

Table: Balance Sheet

Pro Forma Balance Sheet													
		Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Assets	Starting Balances												
Current Assets													
Cash	\$64,600	\$48,100	\$42,219	\$36,637	\$43,404	\$54,654	\$71,097	\$79,157	\$100,811	\$138,416	\$150,618	\$135,953	\$137,293
Inventory	\$80,000	\$80,000	\$75,600	\$69,900	\$63,300	\$54,800	\$44,300	\$35,050	\$22,250	\$18,920	\$14,179	\$7,979	\$6,270
Other Current Assets	\$0	\$0	\$1,800	\$3,600	\$5,400	\$7,200	\$9,000	\$10,800	\$12,600	\$14,400	\$16,200	\$18,000	\$19,800
Total Current Assets	\$144,600	\$128,100	\$119,619	\$110,137	\$112,104	\$116,654	\$124,397	\$125,007	\$135,661	\$171,736	\$180,997	\$161,932	\$163,363
Long-term Assets													
Long-term Assets	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Accumulated Depreciation	\$0	\$595	\$1,190	\$1,785	\$2,380	\$2,975	\$3,570	\$4,165	\$4,760	\$5,355	\$5,950	\$6,545	\$7,140
Total Long-term Assets	\$50,000	\$49,405	\$48,810	\$48,215	\$47,620	\$47,025	\$46,430	\$45,835	\$45,240	\$44,645	\$44,050	\$43,455	\$42,860
Total Assets	\$194,600	\$177,505	\$168,429	\$158,352	\$159,724	\$163,679	\$170,827	\$170,842	\$180,901	\$216,381	\$225,047	\$205,387	\$206,223
Liabilities and Capital		Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08
Current Liabilities													
Accounts Payable	\$0	\$0	\$2,339	\$2,720	\$6,176	\$7,934	\$9,374	\$7,697	\$10,137	\$27,768	\$21,158	\$6,027	\$9,633
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	\$0	\$2,339	\$2,720	\$6,176	\$7,934	\$9,374	\$7,697	\$10,137	\$27,768	\$21,158	\$6,027	\$9,633
Long-term Liabilities	\$150,000	\$148,200	\$146,400	\$144,600	\$142,800	\$141,000	\$139,200	\$137,400	\$135,600	\$133,800	\$132,000	\$130,200	\$128,400
Total Liabilities	\$150,000	\$148,200	\$148,739	\$147,320	\$148,976	\$148,934	\$148,574	\$145,097	\$145,737	\$161,568	\$153,158	\$136,227	\$138,033
Paid-in Capital	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Retained Earnings	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)	(\$155,400)
Earnings	\$0	(\$15,295)	(\$24,910)	(\$33,569)	(\$33,852)	(\$29,855)	(\$22,348)	(\$18,855)	(\$9,436)	\$10,213	\$27,290	\$24,560	\$23,590
Total Capital	\$44,600	\$29,305	\$19,691	\$11,032	\$10,748	\$14,745	\$22,253	\$25,746	\$35,164	\$54,813	\$71,890	\$69,160	\$68,190
Total Liabilities and Capital	\$194,600	\$177,505	\$168,429	\$158,352	\$159,724	\$163,679	\$170,827	\$170,842	\$180,901	\$216,381	\$225,047	\$205,387	\$206,223
Net Worth	\$44,600	\$29,305	\$19,691	\$11,032	\$10,748	\$14,745	\$22,253	\$25,746	\$35,164	\$54,813	\$71,890	\$69,160	\$68,190