Pockets, Inc.

Strategic Business and Marketing Plan

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Executive Summary

The purpose of this business plan is to outline the operations of a specialty business development company that will actively develop and sell franchises for a franchised restaurant operation that will specialize in selling falafel and Mediterranean dishes. Pockets, Inc. ("the Company") is a Maryland based business is seeking to acquire $3.2~~10~~ million of equity financing in order to develop two corporate owned locations while concurrently developing a large scale franchise network. The business was founded by Simon Haddad.

The Founder – Simon Haddad

Mr. Simon Haddad is a highly experienced businessman that has years of experience regarding the development of restaurant businesses and franchising systems. He was instrumental in developing the highly successful Cluck-U franchise of restaurants (he served as Chief Operating Officer). His biography can be found in the fourth section of the business plan.

Pockets Products and Franchise Development Services

Pockets, Inc. intends to develop Pockets franchises which will be sold to third party franchisees. Mr. Haddad expects that these developments will cost $180,000 to $225,000. The Company will source each location, assist in developing the franchise, and assist with providing capital for the development of franchises. The business will generate revenues from the sale of franchise licenses, ongoing royalty payments, and interest income derived from assisting franchisees with securing financing.

The Company will also generate revenues from the operations of corporate owned locations.

The third section of the business plan will further discuss the operations of Pockets, Inc.

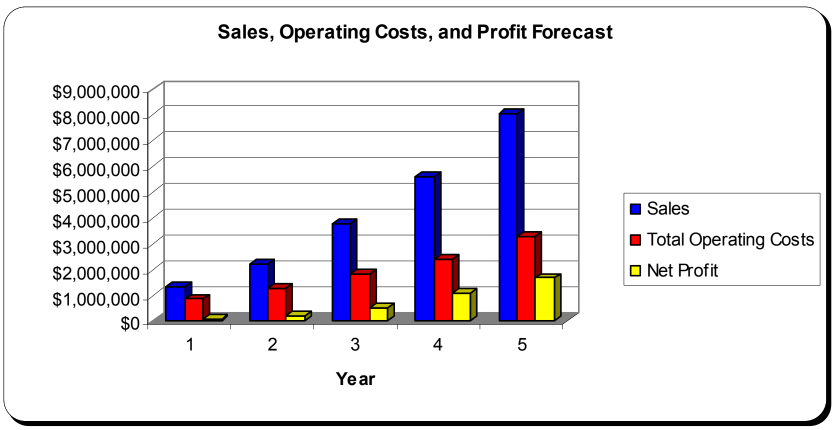
The Financing

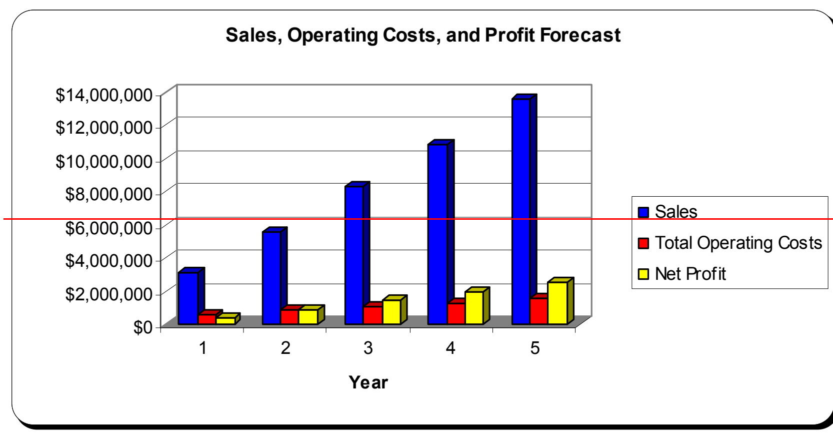
This business plan makes the assumption that the Company will be capitalized with $3,200,000~~10,000,000~~ of equity funds, which will be used to initially develop two corporate owned franchises, which will serve as the model for selling franchises to third parties. The terms, payout rates, and covenants of this equity investment will be determined at the time of negotiation.

In the future, the Company may be an excellent candidate for loan financing to fuel future growth. The Pockets concept and business model coupled with the regularity of the franchises earnings could allow Pockets, Inc. the opportunity to grow via debt capital rather than having to sell an equity stake in order to raise additional funds. This business plan assumes that the Company will finance future growth with the retained earnings of the business.

Sales Forecasts

The Company expects a strong rate of growth after the business commences operations. Below is a chart that forecasts the expecting operating expenses and profits for the next five years of operation.





The Future

As time progresses, Management may solicit additional equity investments or credit facilities that will aid in the national expansion of Pockets' operations. Over the next five years, the Company anticipates that it will aggressively expand into major East Coast metropolitan area markets, with emphasis on colleges and universities (student unions, cafeterias, food courts, etc.)

Additionally~~In addition~~, the company will approach Sodexho and other management type companies about becoming a vendor for them to include in their student union/cafeteria, hospital, and airport properties.

The Financing

2.1 Funds Required and Use of Funds

This business plan calls for the use of $3.2~~10~~ million of equity financing to develop the initial operations of Pockets, Inc. The financing will be used as follows:

~~Projected Costs~~	
~~Franchise Development Costs ($150K)~~	~~$1,000,000~~
~~Working Capital (labor costs~~	~~$4,500,000~~
~~Company Location Development (construction? – 3 stores or reduce to $500K~~	~~$750,000~~
~~FF&E and Kitchen Equipment~~	~~$1,75800,000~~
~~Marketing Capital~~	~~$2,000,000~~
~~**Total Costs**~~	~~$10,000,000~~

Projected Expansion Costs	
Franchise Development Costs	$150,000
Working Capital	$2,000,000
Company Location Development	$500,000
FF&E and Kitchen Equipment	$350,000
Marketing Capital	$200,000
Total Costs	$3,200,000

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~~Where is the money coming from?~~
~~Who?~~
~~Working capital – self funding?~~
~~Marketing capital - $1M (what is this needed for)~~
~~- internet, food show, discovery day, brokerage commissions~~

~~Simon – please make any changes to reflect the reduction of total capital needed.~~

2.2 Investor Equity

This is to be determined at the time of negotiation.

2.3 Management Equity

This is to be determined at the time of negotiation.

2.4 Board of Directors Composition

This is to be determined at the time of negotiation.

2.5 Exit Strategies

The Management has planned for three possible exit strategies. The first strategy would be to sell the Company to a larger entity at a significant premium. Since, the franchised food establishment industry maintains a moderate profile once the business is established; the Management feels that the Company could be sold for seven to ten times earnings via a private sale.

The second exit scenario would entail selling a portion of the Company via an initial public offering (or "IPO"). After a detailed analysis, it was found that comparable companies sell for ten to twenty times earnings on the open market. However, taking a company public involves significant legal red tape. Pockets, Inc. would be bound by the significant legal framework of the Sarbanes-Oxley Act in addition to the legal requirements set forth in form S1 of the Securities and Exchange Commission. The Company would also have to comply with the Securities Act of 1933 and the Exchange Act of 1934.

The last exit scenario would involve the use of a private placement memorandum to raise capital from private sources. This is also a significantly expensive process that requires the assistance of both an experienced securities law firm and an investment bank. Funds would be raised from private equity and merchant banking sources in exchange for a percentage of the Company's stock.

2.6 Investor Divestiture

This will be discussed during negotiation.

Pockets Products and Franchises

Pockets will be an eat-in, carry-out restaurant, unlike other restaurant outlets; Pockets will comprise of menu items focusing on Mediterranean sandwiches and meals made fresh on the premises as well as baking fresh bread. It is a variety of unique, great tasting, premium, and every day food products that offer a healthy alternative to the usual fast food fare and the traditional table cloth restaurant. Pockets will be positioned to be a quick lunch option and eloquent dinner option with the restaurant being set up in a "cafeteria line" style. The food will be moderately priced for high sales. The primary target market is young adults to adults' aged 17-55, and health and diet conscious eaters age 55 and above.

The key business concepts: Fresh made food, Value, Diverse yet limited menu and Convenience in a fun and comfortable and joyful atmosphere to attract a broader audience of office bound workers to a large group of consumers with disposable income. Pockets, Inc. is poised to take advantage of a rapidly moving trend toward "take out meals eaten at home" among younger consumers and two-income families. The company will also market to catering corporate lunches and events. Unlike the usual fast food, Pockets with its diverse tasty and healthy menu selection will provide a true meal experience.

Pockets Inc. and its franchisees prepares creative and tasty restaurant recipes, producing a menu that is unique and diverse, with offerings to satisfy a wide range of tastes. For healthy, delicious alternative to traditional fast food, patrons can choose from a variety of signature Humus, grilled beef or chicken sandwiches or vegetarian falafel sandwich and Salads choices prepared fresh daily.

3.1 Development of Pockets, Inc. Franchises

The primary revenue stream for Pockets, Inc. will be the active development and sale of franchises to franchisees. Sales of franchise licenses will yield $20,000. Franchisees will pay 6% of their gross sales to the business. In order to promote sales, Pockets, Inc. will provide business buyers with:

- General business advice and counseling
- Accounting and tax support
- Regulator and legal support
- A representative assigned to the franchisee to assist in the management of the business

Each franchisee will be granted an exclusive territory and location from which he or she can run their Pockets location. Additionally, each location will be built to operate as a turn key business. The Company intends to offer several different types of layouts including mall food court style franchises, stand alone kiosks, and retails stores.

3.2 ~~Interest Income~~Interest and Related Income

The Company's second line of income will come from the interest generated from financing franchise sales to buyers. Management anticipates that franchisees will finance approximately 70% of the final sales price. The Company will act as an "in house financial institution" to provide this financing to customers. The business will develop an ongoing relationship with a major financial institution to act as an underwriter to potential buyers of Pockets' franchises.

3.3 Corporate Owned Stores

The Company's third line of revenue will come from the ownership and management of corporate owned locations. The revenues of this segment of Pocket's operations will account for approximately 25% of the aggregate profits ~~revenues~~ for~~of~~ the Company. Management intends to have the following schedule for developing corporate owned locations:

- Year 1 – 2 Stores
- Year 2 – 1 Additional Store
- Year 3 – 2 Additional Stores
- Year 4 – 2 Additional Stores
- Year 5 – 3 Additional Stores

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Overview of the Organization

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4.1 Registered Name

Pockets, Inc. The business is registered as a for profit corporation in the State of Maryland.

4.2 Commencement of Operations

Mr. Haddad anticipates that operations will commence by late 2010.

4.3 Mission Statement

"Pride ourselves at exceeding the expectations of our customers and develop a chain of restaurants that want to share in our goals and our business principles."

4.4 Vision Statement

Through his diverse areas of expertise and knowledge, Mr. Haddad expects to build Pockets to generate $8~~11.2~~ million of revenue and $2.9~~4.1~~ million of EBITDA by the fifth year of operation.

4.5 Organizational Objectives

- Develop locations quickly so that the Company can showcase corporate owned locations to potential franchisees.
- Provide franchise buyers with strong back office support, financing, and marketing so that their businesses can reach profitability very quickly.
- Remain within the letter of the law regarding the sale of food to the public and the sale of franchises to individuals.
- Provide proper compensation, bonuses, and equity to employees that further the financial growth and mission of Pockets, Inc.
- Quickly develop the Company's Uniform Franchise Offering Circular to provide to potential franchisees throughout the Mid-Atlantic.
- Maintain fiscally sound operating protocols.

4.6 Organizational Values

- Complete disclosure and transparency for the Company's financial partners.
- To create a wealth and income creating vehicle for Management and investors.

4.7 Founders and Management Team

Mr. Simon Haddad

As Founder of Pockets, Mr. Haddad is responsible for all marketing, sales, and business development activities, as well as customer service and product concept/development.

Professional Experience

As Vice President and C.O.O. of Cluck-U Chicken Franchise, Mr. Haddad was behind the growth and concept development that turned Cluck-U Chicken from a two unit corporation into a 34 unit dynasty from Washington DC to the suburbs of New York. Founder and developer of “Tahina’s”, a new Lebanese restaurant in Owings Mills MD, Mr. Haddad again is hitting it big. This conceptual restaurant allows the customers to pick and choose their favorite Lebanese cuisine in which they create their own “What’s in Your Pocket”, pocket sandwich.

Founder and developer of “Wing Hub Sports Bar and Grill” in Bethesda, MD. This sports bar concept was developed with a select, yet tasty menu in mind. One that caters to the sports enthusiast, the wing and burger enthusiast, to the healthy eater, where age has no barrier to entrance and all feel comfortable to come in and enjoy the great food and cheer.

High Way engineer with New Jersey Department of Transportation, in charge of highway safety and access design. Responsibilities included access management for retail establishments, traffic impact, safety, and site circulation.

Education

Mr. Haddad is a graduate of Rutgers University, in New Brunswick, NJ with a B.S. degree in Civil and Environmental Engineering.

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Strategic Analysis

5.1 External Environment Analysis

There are a significant number of competitors in the franchised food service industry. The industry in the United States has experienced rapid growth at the beginning of the decade and is now moving into the mature stage of its life cycle.

Currently, the economic market condition in the United States is in recession. This slowdown in the economy has also greatly impacted real estate sales, which has halted to historical lows. Many economists expect that this recession will continue for a significant period of time, at which point the economy will begin a prolonged recovery period

A secondary concern for the Company is its ability to price its services affordably during times of economic recession or spikes of oil prices. As of September of 2010, the price of oil and its associated refined energy products have reached a multiyear high with a subsequent retraction in price. This may contribute to significantly higher utility costs for Pockets corporate owned locations and franchisees. Additionally, significant increases in energy prices may have a deleterious effect on customer's income, which may cause the business to have trouble generating revenue. However, this is a risk faced by all businesses as time progresses.

It should also be noted that in regards to the Company's corporate owned location program and franchise expansion program that Management intends to heavily focus on developing locations among major metropolitan areas that have college and university campuses. These students have already planned for their food budgets, and Pockets intends to provide cuisine at a relatively low cost. By sourcing locations in highly metropolitan areas, the business will be able to generate a substantial amount of business among Jewish and Arab students that are familiar with and enjoy Mediterranean foods.

~~College campus – high jewish concentration, high foot traffic, recession proof on campus, will campuses accept? Female vs. male? Healthy?~~

~~Marketing and securing locations~~
~~Sodexho?~~
~~Is there is a need for this type of concept?~~
~~Application/bid process?~~

5.2 Industry Analysis

Franchises are an excellent way for a restaurant company to expand while concurrently shifting capital risk to a third party. The franchise industry has changed significantly over the last ten years. The industry has shifted towards franchisors becoming the total providers of services and financing for their franchisees. Many franchisors now offer complete financing options for their prospective franchisees as well as consulting services. Most parent companies of franchised organizations receive approximately eight percent of all gross receipts. Additionally, franchisors usually have a large scope of authority when dealing with their respective franchisees. For instance, in addition to receiving eight percent of total gross receipts, the Company may also charge consulting fees to the franchisees. Parent companies may also have franchisees purchase units of goods for sale directly from the business. In other instances, the Company may act as a creditor to the franchisee by providing loans and lines of credit to its members.

The growth of entrepreneurship in the United States has increased significantly over the last five years. Many economists have done studies that have shown that the dawning of the Internet era has caused a resurgence of entrepreneurship in the United States. It is now easier for a startup company to raise capital, filing necessary forms, and advertise than it was five years ago. This can mostly be attributed to the fact that the Internet provides a portal for entrepreneurs and financiers to find each other.

Restaurant/Café Industry

There over 600,000 restaurants and eateries in the United States. Gross annual receipts total more than $172 billion dollars per year. It is one of the country’s largest grossing industries. The industry also employs over ten million people, and generates an average annual payroll of more than $34 billion dollars per year.

As the country has become significantly wealthier of the last ten years, more and more Americans are eating out. Time has also become a concern for the average American family. Studies have shown that more than 40% of American families eat out at least one night per week. Americans, on the whole, have also become much busier.

5.3 Customer Profile

Management has identified the following characteristics of people that it expects will acquire franchises from Pockets, Inc.:

- Between the ages of 30 and 55
- Annual household income exceeding $75,000 per year
- Liquid net worth of $150,000 to $500,000
- Is currently an entrepreneur
- Will operate the Pockets franchise as their primary source of income
- Will live within 20 miles of their respective franchised location

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5.4 Competitive Analysis

There are only a handful of companies and franchises that specialize in selling Mediterranean food to the general public. Within major metropolitan areas there are a number of individual restaurants that serve falafel and Mediterranean food; however there are currently no competitors that operate in a similar franchised capacity. Additionally, Mediterranean food is a specialized form of cuisine, and Management expects that future competition will be minimal throughout the United States.

Key Strategic Issues

6.1 Sustainable Competitive Advantage

The Company will be able to maintain successful business operations because of the following:

- Development of franchises for sale using an already proven business model.
- High gross margins generated from the ongoing sale of completed franchises.
- Interest income generated from in house financing programs available to Pockets franchisees.
- Risks of holding completed Pockets locations are offset by the fact that the individual franchises reach profitability very quickly.
- Experienced senior management team that will be led by Simon Haddad.
- Highly predictable streams of revenue generated from the sale of Pocket's food through Company owned locations.
- Strong demand within major metropolitan centers (that primarily feature universities and colleges) that do not have Mediterranean restaurants available.

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6.2 Basis for Growth

Pockets, Inc. will grow through two main avenues:

- Acquisition of additional capital that will allow Pockets, Inc. to develop more corporate owned locations and franchises concurrently.

- Expansion of development on a national basis.

Marketing Plan

7.1 Marketing Objectives

- Maintain strong connections with financial institutions to assist individuals with acquiring franchises.
- Develop relationships with local business brokers that will assist the Company in selling completed franchises.
- Develop an online presence that showcases business plans for Pockets franchised.

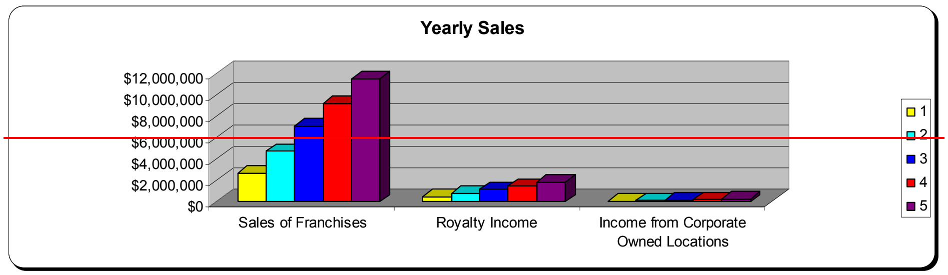
7.2 Sales Forecasts

~~Yearly Sales Forecast~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Growth (%)~~	~~0.0%~~	~~75.0%~~	~~50.0%~~	~~30.0%~~	~~25.0%~~
~~Sales of Franchises (what is this? Are these franchise units)~~	~~$2,700,000~~	~~$4,725,000~~	~~$7,087,500~~	~~$9,213,750~~	~~$11,517,188~~
~~Royalty Income~~	~~$427,686~~	~~$748,450~~	~~$1,122,675~~	~~$1,459,477~~	~~$1,824,347~~
~~Income from Corporate Owned Locations (assumption of # of units?)~~	~~$54,000~~	~~$94,500~~	~~$141,750~~	~~$184,275~~	~~$230,344~~
~~**Totals**~~	~~**$3,181,686**~~	~~**$5,567,950**~~	~~**$8,351,925**~~	~~**$10,857,502**~~	~~**$13,571,878**~~

~~Cost of Sales Forecast (what is included in this – labor, food, etc?)~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Growth (%)~~	~~0.0%~~	~~75.0%~~	~~50.0%~~	~~30.0%~~	~~25.0%~~
~~Sales of Franchises~~	~~$1,800,000~~	~~$3,150,000~~	~~$4,725,000~~	~~$6,142,500~~	~~$7,678,125~~

~~Royalty Income~~	~~$42,769~~	~~$74,845~~	~~$112,267~~	~~$145,948~~	~~$182,435~~
~~Income from Corporate Owned Locations~~	~~$5,400~~	~~$9,450~~	~~$14,175~~	~~$18,428~~	~~$23,034~~
~~**Totals**~~	~~**$1,848,169**~~	~~**$3,234,295**~~	~~**$4,851,442**~~	~~**$6,306,875**~~	~~**$7,883,594**~~

~~Gross Profit~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~**Total**~~	~~**$1,333,517**~~	~~**$2,333,655**~~	~~**$3,500,482**~~	~~**$4,550,627**~~	~~**$5,688,284**~~



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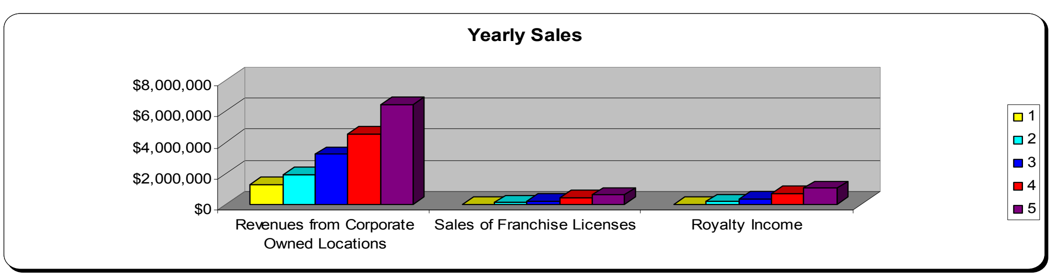
Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Revenues from Corporate Owned Locations	$1,290,000	$1,935,000	$3,225,000	$4,515,000	$6,450,000
Sales of Franchise Licenses	$20,000	$100,000	$200,000	$400,000	$600,000
Royalty Income	$2,000	$170,000	$340,000	$680,000	$1,020,000
Totals	**$1,312,000**	**$2,205,000**	**$3,765,000**	**$5,595,000**	**$8,070,000**

Cost of Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Revenues from Corporate Owned Locations	$296,700	$580,500	$967,500	$1,354,500	$1,935,000
Sales of Franchise Licenses	$2,000	$10,000	$20,000	$40,000	$60,000
Royalty Income	$200	$17,000	$34,000	$68,000	$102,000
Totals	**$298,900**	**$607,500**	**$1,021,500**	**$1,462,500**	**$2,097,000**

Gross Profit					
Year	1	2	3	4	5
Total	**$1,013,100**	**$1,597,500**	**$2,743,500**	**$4,132,500**	**$5,973,000**



7.3 Sales Assumptions

Year 1

- In Year 1, Pockets will launch operations by initially developing two locations within the first two months of operation. The Company anticipates that it will sell ~~10 to 11 1 franchises during this time. (open 2 locations in 4-6 months)~~its first franchised location at the end of the first year of operations.
- Revenues are expected to reach $1.3~~3.18~~ million in the first year of operations.
- Gross profits from interest income, franchise income, and franchise sales are expected to reach $1.013~~33~~ million.

Year 2

- In Year 2, the Company will increase its production of franchises by 75% as Pockets hires an additional franchise development manager and reinvests profits from last year. One additional location will be developed.
- Aggregate revenues will reach $~~5.5~~2.2 million.
- Gross profits from sales will reach $1.6 ~~2.33~~ million.

Years 3-5

- By the fifth year of operations, Management expects that the Company will have 30 franchised locations and 12 corporate owned locations. ~~develop 20 franchised locations on a yearly basis.~~
- In year five, the Company will generate $~~13.~~8~~5~~ million of revenue.
- Gross profits from ales will reach $5.9~~6~~ million dollars.

7.4 Marketing Strategies

Primarily, the Company intends to partner with business brokers (both general and those that have a restaurant/food business specialty) to present Pockets franchises to their potential business purchasing clients. These brokers will receive an 8% to 10% commission on the total sales price of each transaction. At the onset of operations, Management may develop an ongoing sales relationship with selected business brokers that would reduce the upfront fee, but share in the revenues/interest. These brokers will use their sales channels to market Pockets franchises on behalf of the Company.

Management will also heavily advertise franchise sales on major businesses for sale interest listings including bizbuysell.com, businessesforsale.com, and other major internet portals. Potential purchasers of existing businesses regularly use these sites to find opportunities. As such, it is imperative that the Company maintain an extensive listing database to showcase completed franchises. Pockets, Inc. expects to spend up to $20,000 on these marketing campaigns.

Pockets, Inc. will also maintain a website to showcase the operations of the Pockets franchise whole concurrently showcasing established franchises for sale. This website will feature the UFOC and other pertinent contact information for the business.

7.5 Product Marketing

Using the aforementioned marketing strategies, Pockets, Inc. will promote the sale of franchises by showcasing the affordability and economic stability of these businesses. The Company will distribute literature, sales packets, UFOCs, and other documentation regarding each completed franchise to potential buyers and business brokers. Potential buyers will be welcome to see the franchise, its delicious Mediterranean/beverages, and its welcoming atmosphere.

7.5.1 Price

Management expects that each franchise will generate $20,000 to $30,000 of revenue for the business. Interest income (from the Company's financing programs) will generate approximately 15% of the Company's revenues. This business plan assumes that the average franchisee will financing 70% of the transaction with a 9.5% interest rate due on the outstanding principal balance. The business will also receive an ongoing royalty equal to 6% of a franchised locations' revenues.

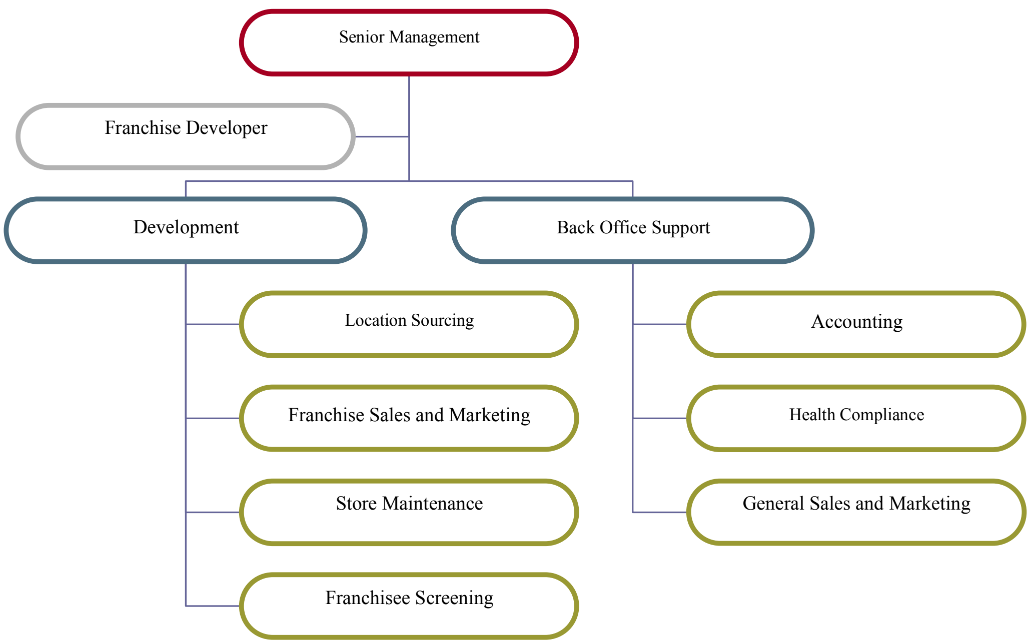
7.5.2 Distribution

All franchise development services will be completed from the Company's office in Maryland, and the respective location of the franchise.

Organizational Plan

8.1 Corporate Organization

The Company will be organized as follows:



8.2 Organizational Budget

~~Personnel Plan - Yearly~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Senior Management~~	~~$170,000~~	~~$175,100~~	~~$180,353~~	~~$185,764~~	~~$191,336~~
~~Franchise Developer~~	~~$75,000~~	~~$154,500~~	~~$238,703~~	~~$245,864~~	~~$337,653~~
~~Accountant~~	~~$50,000~~	~~$51,500~~	~~$53,045~~	~~$54,636~~	~~$56,275~~
~~Restaurant Employees~~	~~$76,000~~	~~$156,560~~	~~$181,414~~	~~$228,380~~	~~$278,001~~
~~**Total**~~	~~**$371,000**~~	~~**$537,660**~~	~~**$653,514**~~	~~**$714,643**~~	~~**$863,265**~~

~~Numbers of Personnel~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Senior Management~~	~~2~~	~~2~~	~~2~~	~~2~~	~~2~~
~~Franchise Developer~~	~~1~~	~~2~~	~~3~~	~~3~~	~~4~~
~~Accountant~~	~~1~~	~~1~~	~~1~~	~~1~~	~~1~~
~~Restaurant Employees~~	~~4~~	~~8~~	~~9~~	~~11~~	~~13~~
~~Totals~~	**~~8~~**	**~~13~~**	**~~15~~**	**~~17~~**	**~~20~~**

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Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$170,000	$175,100	$180,353	$185,764	$191,336
Franchise Developer	$75,000	$154,500	$238,703	$245,864	$337,653
Accountant	$50,000	$103,000	$106,090	$109,273	$112,551
Restaurant Employees	$152,000	$234,840	$403,142	$581,331	$855,387
Total	**$447,000**	**$667,440**	**$928,288**	**$1,122,231**	**$1,496,927**

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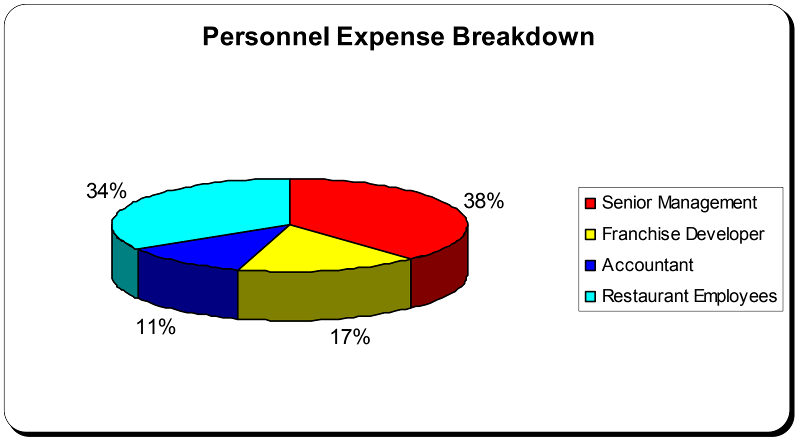
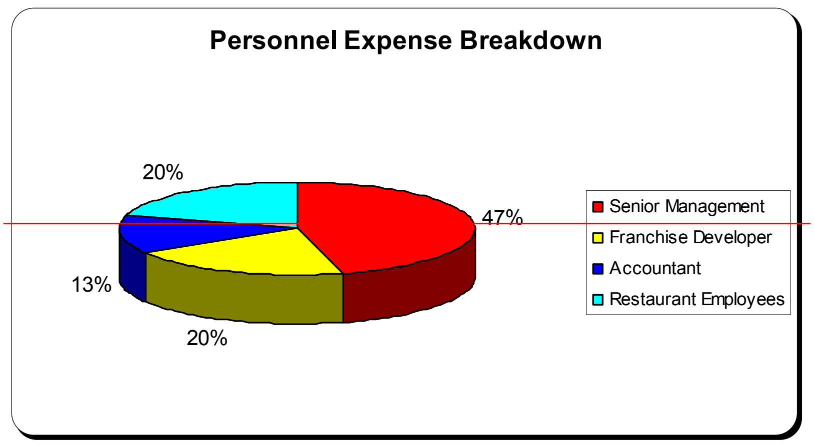
Numbers of Personnel					
Year	1	2	3	4	5
Senior Management	2	2	2	2	2
Franchise Developer	1	2	3	3	4
Accountant	1	2	2	2	2
Restaurant Employees	8	12	20	28	40
Totals	**12**	**18**	**27**	**35**	**48**

~~(restaurant employees salaries, is budget for corporate level linked with actual restaurant staff (8)~~

8.2 Organizational Budget (Cont.)


Personnel Expense Breakdown
34%
38%
11%
17%
Senior Management
Franchise Developer
Accountant
Restaurant Employees


Personnel Expense Breakdown
20%
47%
13%
20%
Senior Management
Franchise Developer
Accountant
Restaurant Employees

Financial Plan

9.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- Pockets, Inc. will be capitalized with $3.2 ~~10~~ million of equity contributed funds.
- The Company will have an annual growth rate of 45% per year during the first five years of operation.
- The business will settle most short term payables on a monthly basis.

9.2 Financial Highlights

- Positive cash flow and profitability in each year of operation.
- High margin income generated from ongoing royalties and interest income from franchisee purchases.

9.3 Sensitivity Analysis

Pockets, Inc.'s revenues are moderately sensitive to changes in the general economy. While Pockets' franchisees enjoy highly predictable streams of revenue from their franchises, the Company may have trouble divesting its completed stores in times of economic recession. This is especially true in today's market where consumers and businesses are currently having trouble securing credit.

9.4 Source of Funds

~~Financing~~	-
~~Equity Financiers~~	-
~~Investor(s)~~	~~$10,000,000.00~~
-	-
-	-

~~-~~	~~-~~
~~**Total Equity Financing**~~	~~$10,000,000.00~~
~~**Banks and Lenders**~~	~~-~~
~~-~~	~~-~~
~~-~~	~~-~~
~~-~~	~~-~~
~~**Total Debt Financing**~~	~~$0.00~~
~~**Total Financing**~~	~~**$10,000,000.00**~~

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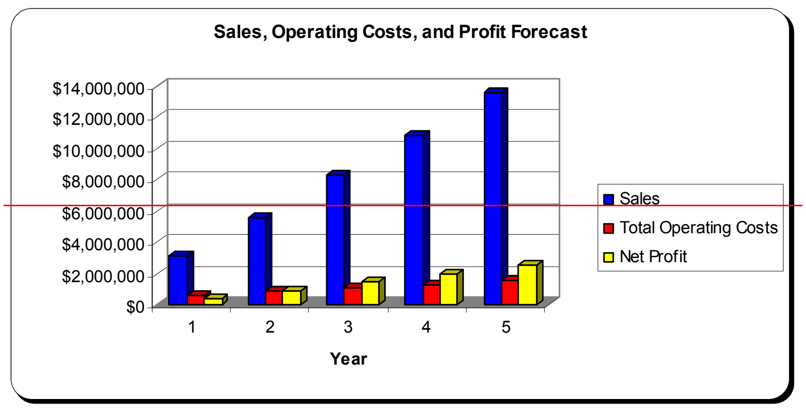
Financing	-
Equity Financiers	-
Investor(s)	$3,200,000.00
-	-
-	-
-	-
Total Equity Financing	$3,200,000.00
Banks and Lenders	-
-	-
-	-
-	-
Total Debt Financing	$0.00
Total Financing	**$3,200,000.00**

9.5 Financial Proformas

A) Profit and Loss Statements

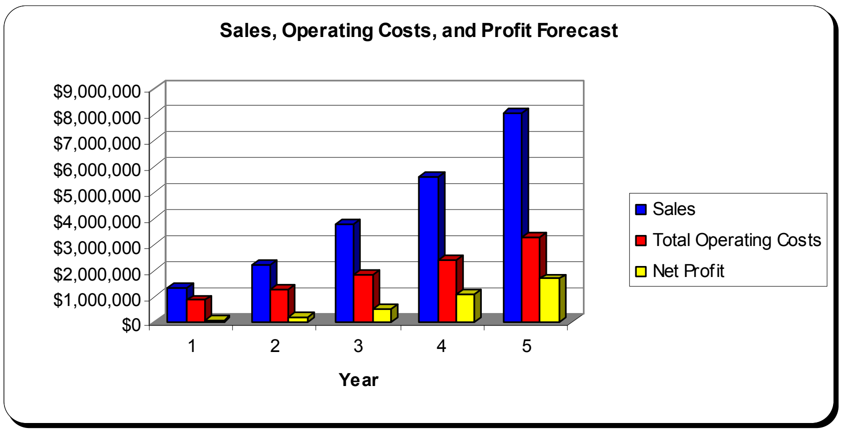
~~**Proforma Profit and Loss (Yearly)**~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~**Sales (how many units – corporate versus franchise)**~~	~~$3,181,686~~	~~$5,567,950~~	~~$8,351,925~~	~~$10,857,502~~	~~$13,571,878~~
~~Cost of Goods Sold~~	~~$1,848,169~~	~~$3,234,295~~	~~$4,851,442~~	~~$6,306,875~~	~~$7,883,594~~
~~Gross Margin~~	~~41.91%~~	~~41.91%~~	~~41.91%~~	~~41.91%~~	~~41.91%~~
~~-~~			~~-~~		
~~**Operating Income**~~	~~$1,333,517~~	~~$2,333,655~~	~~$3,500,482~~	~~$4,550,627~~	~~$5,688,284~~
~~**Expenses**~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Payroll (how many stores, is this corporate lumped in with actual restauarant staff)~~	~~$371,000~~	~~$537,660~~	~~$653,514~~	~~$714,643~~	~~$863,265~~
~~General and Administrative~~	~~$69,997~~	~~$83,997~~	~~$100,796~~	~~$120,955~~	~~$145,146~~
~~Marketing Expenses~~	~~$11,500~~	~~$11,845~~	~~$12,200~~	~~$12,566~~	~~$12,943~~

~~Professional Fees and Licensure~~	~~$29,800~~	~~$30,694~~	~~$31,615~~	~~$32,563~~	~~$33,540~~
~~Insurance Costs~~	~~$23,900~~	~~$25,095~~	~~$26,350~~	~~$27,667~~	~~$29,051~~
~~Franchise Development Fees~~	~~$63,634~~	~~$111,359~~	~~$167,038~~	~~$217,150~~	~~$271,438~~
~~Equipment Leasing Costs~~	~~$19,875~~	~~$25,838~~	~~$33,589~~	~~$43,665~~	~~$56,765~~
~~Miscellaneous Expenses~~	~~$9,000~~	~~$10,800~~	~~$12,960~~	~~$15,552~~	~~$18,662~~
~~Payroll Taxes~~	~~$55,650~~	~~$80,649~~	~~$98,027~~	~~$107,197~~	~~$129,490~~
~~Total Operating Costs~~	**~~$654,356~~**	**~~$917,936~~**	**~~$1,136,090~~**	**~~$1,291,959~~**	**~~$1,560,300~~**
~~EBITA~~	**~~$679,161~~**	**~~$1,415,719~~**	**~~$2,364,393~~**	**~~$3,258,668~~**	**~~$4,127,984~~**
~~Federal Income Tax~~	~~$224,123~~	~~$467,187~~	~~$780,250~~	~~$1,075,360~~	~~$1,362,235~~
~~State Income Tax~~	~~$33,958~~	~~$70,786~~	~~$118,220~~	~~$162,933~~	~~$206,399~~
~~Interest Expense~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Net Profit~~	**~~$421,080~~**	**~~$877,746~~**	**~~$1,465,924~~**	**~~$2,020,374~~**	**~~$2,559,350~~**
~~Profit Margin~~	**~~13.23%~~**	**~~15.76%~~**	**~~17.55%~~**	**~~18.61%~~**	**~~18.86%~~**



Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Sales	$1,312,000	$2,205,000	$3,765,000	$5,595,000	$8,070,000
Cost of Goods Sold	$298,900	$607,500	$1,021,500	$1,462,500	$2,097,000
Gross Margin	77.22%	72.45%	72.87%	73.86%	74.01%
Operating Income	$1,013,100	$1,597,500	$2,743,500	$4,132,500	$5,973,000
Expenses					
Payroll	$447,000	$667,440	$928,288	$1,122,231	$1,496,927
General and Administrative	$57,728	$69,274	$83,128	$99,754	$119,705
Marketing Expenses	$11,500	$11,845	$12,200	$12,566	$12,943
Professional Fees and Licensure	$29,800	$30,694	$31,615	$32,563	$33,540
Insurance Costs	$23,900	$25,095	$26,350	$27,667	$29,051
Franchise Development Fees	$52,480	$88,200	$150,600	$223,800	$322,800
Equipment Leasing Costs	$19,875	$25,838	$33,589	$43,665	$56,765
Facility Expenses	$157,440	$264,600	$451,800	$671,400	$968,400
Payroll Taxes	$67,050	$100,116	$139,243	$168,335	$224,539

Total Operating Costs	**$866,773**	**$1,283,101**	**$1,856,813**	**$2,401,981**	**$3,264,670**
EBITA	**$146,327**	**$314,399**	**$886,687**	**$1,730,519**	**$2,708,330**
Federal Income Tax	$48,288	$103,752	$292,607	$571,071	$893,749
State Income Tax	$7,316	$15,720	$44,334	$86,526	$135,417
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$90,723**	**$194,927**	**$549,746**	**$1,072,922**	**$1,679,165**
Profit Margin	**6.91%**	**8.84%**	**14.60%**	**19.18%**	**20.81%**



B) Common Size Income Statement

~~Proforma Profit and Loss (Common Size)~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Sales~~	~~100.00%~~	~~100.00%~~	~~100.00%~~	~~100.00%~~	~~100.00%~~
~~Cost of Goods Sold~~	~~58.09%~~	~~58.09%~~	~~58.09%~~	~~58.09%~~	~~58.09%~~
~~Operating Income~~	~~41.91%~~	~~41.91%~~	~~41.91%~~	~~41.91%~~	~~41.91%~~
~~Expenses~~					
~~Payroll~~	~~11.66%~~	~~9.66%~~	~~7.82%~~	~~6.58%~~	~~6.36%~~
~~General and Administrative~~	~~2.20%~~	~~1.51%~~	~~1.21%~~	~~1.11%~~	~~1.07%~~
~~Marketing Expenses~~	~~0.36%~~	~~0.21%~~	~~0.15%~~	~~0.12%~~	~~0.10%~~
~~Professional Fees and Licensure~~	~~0.94%~~	~~0.55%~~	~~0.38%~~	~~0.30%~~	~~0.25%~~
~~Insurance Costs~~	~~0.75%~~	~~0.45%~~	~~0.32%~~	~~0.25%~~	~~0.21%~~
~~Franchise Development Fees~~	~~2.00%~~	~~2.00%~~	~~2.00%~~	~~2.00%~~	~~2.00%~~
~~Equipment Leasing Costs~~	~~0.62%~~	~~0.46%~~	~~0.40%~~	~~0.40%~~	~~0.42%~~
~~Miscellaneous Expenses~~	~~0.28%~~	~~0.19%~~	~~0.16%~~	~~0.14%~~	~~0.14%~~
~~Payroll Taxes~~	~~1.75%~~	~~1.45%~~	~~1.17%~~	~~0.99%~~	~~0.95%~~
~~Total Operating Costs~~	~~20.57%~~	~~16.49%~~	~~13.60%~~	~~11.90%~~	~~11.50%~~

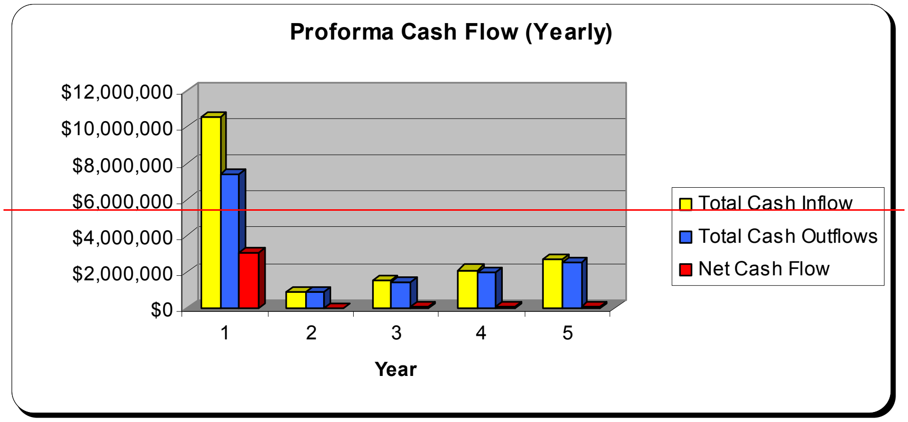
~~**EBITA**~~	~~21.35%~~	~~25.43%~~	~~28.31%~~	~~30.01%~~	~~30.42%~~
~~Federal Income Tax~~	~~7.04%~~	~~8.39%~~	~~9.34%~~	~~9.90%~~	~~10.04%~~
~~State Income Tax~~	~~1.07%~~	~~1.27%~~	~~1.42%~~	~~1.50%~~	~~1.52%~~
~~Interest Expense~~	~~0.00%~~	~~0.00%~~	~~0.00%~~	~~0.00%~~	~~0.00%~~
~~**Net Profit**~~	~~13.23%~~	~~15.76%~~	~~17.55%~~	~~18.61%~~	~~18.86%~~

Proforma Profit and Loss (Common Size)

Year	1	2	3	4	5
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Goods Sold	22.78%	27.55%	27.13%	26.14%	25.99%
Operating Income	77.22%	72.45%	72.87%	73.86%	74.01%
Expenses					
Payroll	34.07%	30.27%	24.66%	20.06%	18.55%
General and Administrative	4.40%	3.14%	2.21%	1.78%	1.48%
Marketing Expenses	0.88%	0.54%	0.32%	0.22%	0.16%
Professional Fees and Licensure	2.27%	1.39%	0.84%	0.58%	0.42%
Insurance Costs	1.82%	1.14%	0.70%	0.49%	0.36%
Franchise Development Fees	4.00%	4.00%	4.00%	4.00%	4.00%
Equipment Leasing Costs	1.51%	1.17%	0.89%	0.78%	0.70%
Facility Expenses	12.00%	12.00%	12.00%	12.00%	12.00%
Payroll Taxes	5.11%	4.54%	3.70%	3.01%	2.78%
Total Operating Costs	66.07%	58.19%	49.32%	42.93%	40.45%
EBITA	11.15%	14.26%	23.55%	30.93%	33.56%
Federal Income Tax	3.68%	4.71%	7.77%	10.21%	11.07%
State Income Tax	0.56%	0.71%	1.18%	1.55%	1.68%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Net Profit	6.91%	8.84%	14.60%	19.18%	20.81%

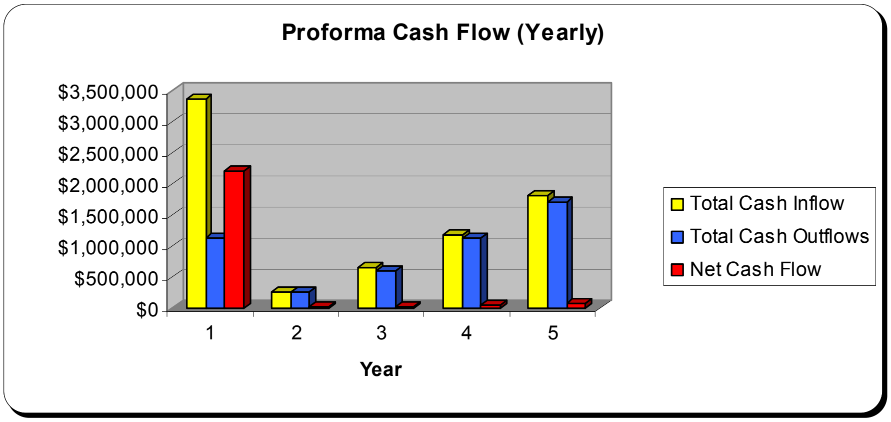
C) Cash Flow Analysis

~~Proforma Cash Flow Analysis - Yearly~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Cash From Operations~~	~~$421,080~~	~~$877,746~~	~~$1,465,924~~	~~$2,020,374~~	~~$2,559,350~~
~~Cash From Receivables~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Operating Cash Inflow~~	**~~$421,080~~**	**~~$877,746~~**	**~~$1,465,924~~**	**~~$2,020,374~~**	**~~$2,559,350~~**
~~Other Cash Inflows~~					
~~Equity Investment~~	~~$10,000,000~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Increased Borrowings~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Sales of Business Assets~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~A/P Increases~~	~~$75,000~~	~~$86,250~~	~~$99,188~~	~~$114,066~~	~~$131,175~~
~~Total Other Cash Inflows~~	**~~$10,075,000~~**	**~~$86,250~~**	**~~$99,188~~**	**~~$114,066~~**	**~~$131,175~~**
~~Total Cash Inflow~~	**~~$10,496,080~~**	**~~$963,996~~**	**~~$1,565,111~~**	**~~$2,134,440~~**	**~~$2,690,525~~**
~~Cash Outflows~~					
~~Repayment of Principal~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~A/P Decreases~~	~~$60,000~~	~~$72,000~~	~~$86,400~~	~~$103,680~~	~~$124,416~~
~~A/R Increases~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Asset Purchases~~	~~$7,100,000~~	~~$263,324~~	~~$439,777~~	~~$606,112~~	~~$767,805~~
~~Dividends~~	~~$273,702~~	~~$570,535~~	~~$952,850~~	~~$1,313,243~~	~~$1,663,577~~
~~Total Cash Outflows~~	**~~$7,433,702~~**	**~~$905,858~~**	**~~$1,479,027~~**	**~~$2,023,035~~**	**~~$2,555,798~~**
~~Net Cash Flow~~	**~~$3,062,378~~**	**~~$58,137~~**	**~~$86,084~~**	**~~$111,404~~**	**~~$134,727~~**
~~Cash Balance~~	**~~$3,062,378~~**	**~~$3,120,515~~**	**~~$3,206,599~~**	**~~$3,318,003~~**	**~~$3,452,730~~**



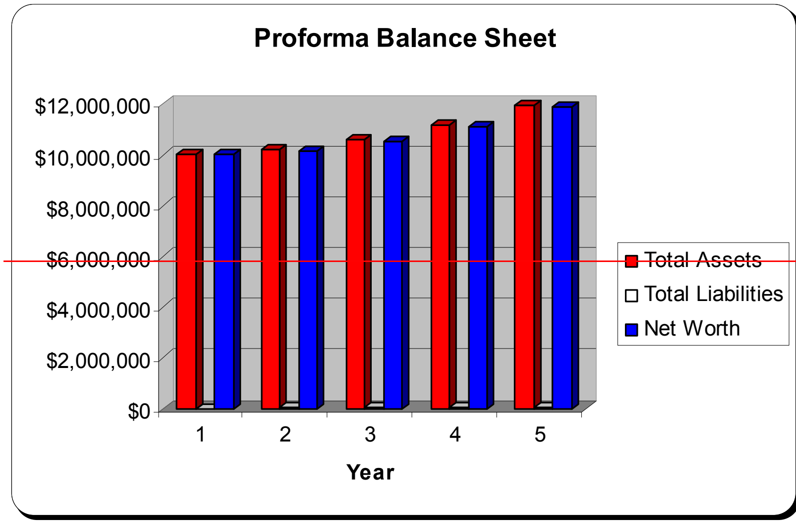
Proforma Cash Flow Analysis - Yearly

Year	1	2	3	4	5
Cash From Operations	$90,723	$194,927	$549,746	$1,072,922	$1,679,165
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$90,723**	**$194,927**	**$549,746**	**$1,072,922**	**$1,679,165**
Other Cash Inflows					
Equity Investment	$3,200,000	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$75,000	$86,250	$99,188	$114,066	$131,175
Total Other Cash Inflows	**$3,275,000**	**$86,250**	**$99,188**	**$114,066**	**$131,175**
Total Cash Inflow	**$3,365,723**	**$281,177**	**$648,934**	**$1,186,987**	**$1,810,340**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$60,000	$72,000	$86,400	$103,680	$124,416
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,025,000	$58,478	$164,924	$321,876	$503,749
Dividends	$58,970	$126,703	$357,335	$697,399	$1,091,457
Total Cash Outflows	**$1,143,970**	**$257,181**	**$608,659**	**$1,122,955**	**$1,719,623**
Net Cash Flow	**$2,221,753**	**$23,996**	**$40,275**	**$64,032**	**$90,718**
Cash Balance	**$2,221,753**	**$2,245,749**	**$2,286,024**	**$2,350,056**	**$2,440,774**

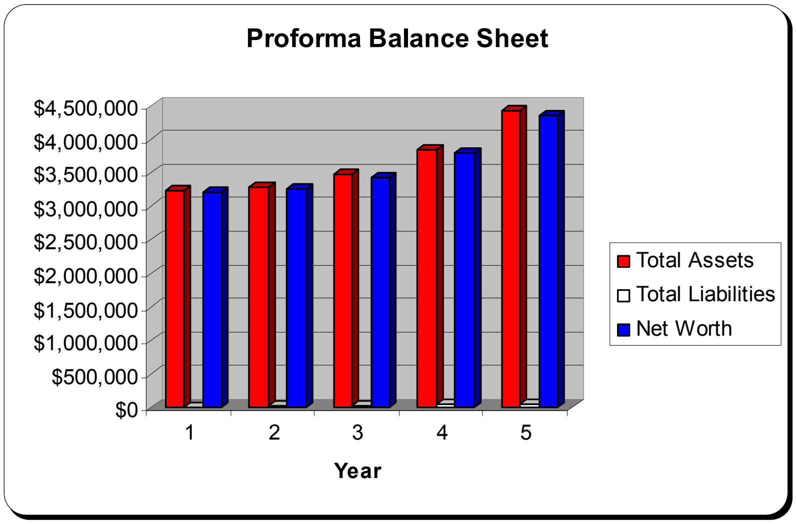


D) Balance Sheet

~~Proforma Balance Sheet - Yearly~~	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~**Assets**~~					
~~Cash~~	~~$3,062,378~~	~~$3,120,515~~	~~$3,206,599~~	~~$3,318,003~~	~~$3,452,730~~
~~Amortized Development Costs (what does this mean – self financing? – how do you come up with $5M?)~~	~~$5,000,000~~	~~$5,089,530~~	~~$5,239,054~~	~~$5,445,132~~	~~$5,706,186~~
~~FF&E~~	~~$1,750,000~~	~~$1,842,163~~	~~$1,996,085~~	~~$2,208,225~~	~~$2,476,956~~
~~Prepaid Expenses and Deposits (??)~~	~~$250,000~~	~~$289,499~~	~~$355,465~~	~~$446,382~~	~~$561,553~~
~~Inventory (does it need to be this high?)~~	~~$100,000~~	~~$142,132~~	~~$212,496~~	~~$309,474~~	~~$432,323~~
~~Accumulated Depreciation~~	~~($140,000)~~	~~($280,000)~~	~~($420,000)~~	~~($560,000)~~	~~($700,000)~~
~~**Total Assets (??)**~~	~~**$10,022,378**~~	~~**$10,203,839**~~	~~**$10,589,700**~~	~~**$11,167,216**~~	~~**$11,929,748**~~
~~**Liabilities and Equity**~~					
~~Accounts Payable~~	~~$15,000~~	~~$29,250~~	~~$42,038~~	~~$52,423~~	~~$59,183~~
~~Long Term Liabilities~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Other Liabilities~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~**Total Liabilities**~~	~~**$15,000**~~	~~**$29,250**~~	~~**$42,038**~~	~~**$52,423**~~	~~**$59,183**~~
~~**Net Worth**~~	~~**$10,007,378**~~	~~**$10,174,589**~~	~~**$10,547,662**~~	~~**$11,114,793**~~	~~**$11,870,566**~~
~~**Total Liabilities and Equity**~~	~~**$10,022,378**~~	~~**$10,203,839**~~	~~**$10,589,700**~~	~~**$11,167,216**~~	~~**$11,929,748**~~



Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$2,221,753	$2,245,749	$2,286,024	$2,350,056	$2,440,774
Amortized Development Costs	$575,000	$594,883	$650,957	$760,395	$931,670
FF&E	$325,000	$345,467	$403,191	$515,847	$692,160
Prepaid Expenses and Deposits	$100,000	$108,772	$133,510	$181,792	$257,354
Inventory	$25,000	$34,357	$60,744	$112,245	$192,844
Accumulated Depreciation	($20,000)	($40,000)	($60,000)	($80,000)	($100,000)
Total Assets	**$3,226,753**	**$3,289,228**	**$3,474,426**	**$3,840,334**	**$4,414,801**
Liabilities and Equity					
Accounts Payable	$15,000	$29,250	$42,038	$52,423	$59,183
Long Term Liabilities	$0	$0	$0	$0	$0
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$15,000**	**$29,250**	**$42,038**	**$52,423**	**$59,183**
Net Worth	**$3,211,753**	**$3,259,978**	**$3,432,389**	**$3,787,911**	**$4,355,619**
Total Liabilities and Equity	**$3,226,753**	**$3,289,228**	**$3,474,426**	**$3,840,334**	**$4,414,801**



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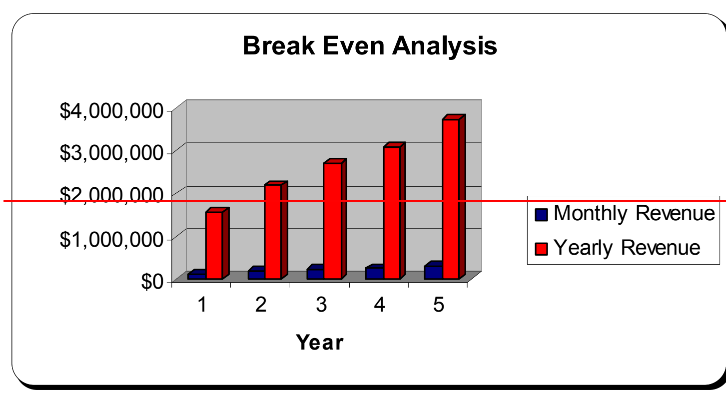
9.6 Breakeven Analysis

~~Monthly Break Even Analysis~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Monthly Revenue~~	~~$130,104~~	~~$182,511~~	~~$225,886~~	~~$256,878~~	~~$310,231~~
~~Yearly Revenue~~	~~$1,561,251~~	~~$2,190,136~~	~~$2,710,636~~	~~$3,082,531~~	~~$3,722,775~~



Monthly Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$93,542	$147,587	$212,347	$271,004	$367,569
Yearly Revenue	$1,122,501	$1,771,041	$2,548,168	$3,252,047	$4,410,829

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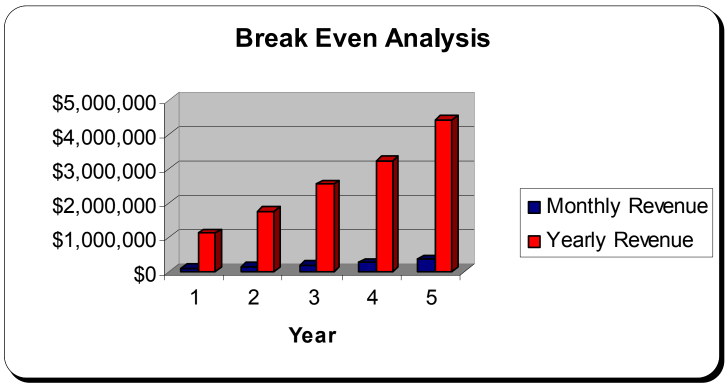

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9.7 Business Ratios

~~Business Ratios - Yearly~~					
~~Year~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~
~~Sales~~					
~~Sales Growth~~	~~0.0%~~	~~75.0%~~	~~50.0%~~	~~30.0%~~	~~25.0%~~
~~Gross Margin~~	~~41.9%~~	~~41.9%~~	~~41.9%~~	~~41.9%~~	~~41.9%~~
~~Financials~~					
~~Profit Margin~~	~~13.23%~~	~~15.76%~~	~~17.55%~~	~~18.61%~~	~~18.86%~~
~~Assets to Liabilities~~	~~668.16~~	~~348.85~~	~~251.91~~	~~213.02~~	~~201.58~~
~~Equity to Liabilities~~	~~667.16~~	~~347.85~~	~~250.91~~	~~212.02~~	~~200.58~~
~~Assets to Equity~~	~~1.00~~	~~1.00~~	~~1.00~~	~~1.00~~	~~1.00~~
~~Liquidity~~					
~~Acid Test~~	~~204.16~~	~~106.68~~	~~76.28~~	~~63.29~~	~~58.34~~
~~Cash to Assets~~	~~0.31~~	~~0.31~~	~~0.30~~	~~0.30~~	~~0.29~~

Business Ratios - Yearly					
Year	1	2	3	4	5
Sales					
Sales Growth	0.0%	75.0%	50.0%	30.0%	25.0%
Gross Margin	77.2%	72.4%	72.9%	73.9%	74.0%
Financials					
Profit Margin	6.91%	8.84%	14.60%	19.18%	20.81%
Assets to Liabilities	215.12	112.45	82.65	73.26	74.60
Equity to Liabilities	214.12	111.45	81.65	72.26	73.60
Assets to Equity	1.00	1.01	1.01	1.01	1.01

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Liquidity					
Acid Test	148.12	76.78	54.38	44.83	41.24
Cash to Assets	0.69	0.68	0.66	0.61	0.55

9.8 General Assumptions

General Assumptions					
Year	1	2	3	4	5
Federal Tax Rate	33.0%	33.0%	33.0%	33.0%	33.0%
State Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%
Personnel Taxes	15.0%	15.0%	15.0%	15.0%	15.0%

SWOT Analysis

Strengths

- Substantial revenues from the sale of completed franchises to business owners.
- The ability to earn high margin income from the ongoing management of the individual corporate owned locations coupled with interest income from franchisees that finance their purchase via Pockets, Inc.
- A highly experienced and motivated entrepreneur, Simon Haddad, that has extensive experience in regards to the development of franchise systems.
- Very high gross margins from the sale of Pockets products and beverages through corporate owned locations.
- The setup costs associated with each new franchise or corporate owned location is relatively low.
- No competition among other franchises that specialize in the exclusive sale of Mediterranean food.
- Target college campuses where concept is in demand and not currently there.

Weaknesses

- Several regulatory and legal issues regarding food establishments.
- Adverse market conditions can impact top line revenues among corporate owned locations and franchises.
- Tightening credit markets can make the sale of franchises more difficult.

Opportunities

- Increased menu items that will be developed by the Pockets franchiser.
- Development of franchises on a national level.
- Continued acquisition of new capital via bank loans, lines of credit, and potential equity sales.

Threats

- Health and safety standards are always a potential liability for Pockets, Inc.
- Sales of franchises could decrease in troubling economic markets.
- Competitors can enter the market with similar products.
- Rising prices of cost drivers can impact profitability of the business.

Critical Risks and Problems

Development Risk – **Moderate**
The primary development risk faced by Pockets, Inc. will be Management's ability to quickly source locations for the development of franchises and corporate owned locations. The secondary risk associated with this business is Management's ability to quickly acquire franchisees to develop Pockets' locations. However, this risk is offset by the fact that the Company will use a broad based marketing campaign to ensure the quick sale of the individual franchises.

Financing Risk – **Low**
A substantial portion of the $3.2~~10~~ million of equity capital sought in this business plan will be used for the development of two corporate owned locations and the Company's franchising program. The risks related to this investment are offset by the high margin incomes generated through the sale of franchises, franchise royalty income, and from revenues/profits from corporate owned locations.

Marketing Risk –**Moderate**
The franchiser (Pockets, Inc.) intends to maintain an extensive marketing campaign within the Mid-Atlantic in order to maintain the locations' visibility. As such, the marketing risks associated with this business plan are relatively low.

Management Risk – **Low**
Mr. Simon Haddad is a highly experienced businessman, and he has a complete understanding of the food preparation and business operations of franchises. He will be able to effectively manage the day to day development, divestiture, and franchise operations.

Valuation Risk – **Moderate**
The risk that the Owner pays too much for the venture is offset by:

- Equity funds will be in moderately liquid business venture.

- Substantial income generated from the sale of franchises.
- Interim high margin revenues from corporate location operations profits and interest income from franchisees that financing acquisitions via Pockets, Inc.

Exit Risk - **Moderate**
There is a great demand for established franchised food businesses, and Management feels that the full sale of Pockets, Inc. (and its associated franchise assets) could occur within one year of marketing the Company for sale.

Reference Sources

All statistics and market information was obtained through:

1. U.S. Government Bureau of Labor Statistics

2. U.S. Economic Census
   Specialty Food Stores (Immediate Consumption) – NAICS 4452
   Full Service Restaurants – NAICS 722110

Expanded Profit and Loss Statements

~~Profit and Loss Statement (First Year)~~	-	-	-	-	-	-	-
~~Months~~	~~1~~	~~2~~	~~3~~	~~4~~	~~5~~	~~6~~	~~7~~
~~Sales (per unit?)~~	**~~$173,000~~**	**~~$175,000~~**	**~~$177,200~~**	**~~$179,620~~**	**~~$182,282~~**	**~~$185,210~~**	**~~$341,431~~**
~~Cost of Goods Sold~~	~~$102,300~~	~~$102,500~~	~~$102,720~~	~~$102,962~~	~~$103,228~~	~~$103,521~~	~~$204,143~~
~~Gross Margin~~	~~40.9%~~	~~41.4%~~	~~42.0%~~	~~42.7%~~	~~43.4%~~	~~44.1%~~	~~40.2%~~
~~Operating Income~~	~~$70,700~~	~~$72,500~~	~~$74,480~~	~~$76,658~~	~~$79,054~~	~~$81,689~~	~~$137,288~~
~~Expenses~~							
~~Payroll~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$30,917~~
~~General and Administrative~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$5,833~~
~~Marketing Expenses~~	~~$958~~	~~$958~~	~~$958~~	~~$958~~	~~$958~~	~~$958~~	~~$958~~
~~Professional Fees and Licensure~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$2,483~~
~~Insurance Costs~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$1,992~~
~~Franchise Development Fees~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$5,303~~
~~Equipment Leasing Costs~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$1,656~~
~~Miscellaneous Expenses~~	~~$750~~	~~$750~~	~~$750~~	~~$750~~	~~$750~~	~~$750~~	~~$750~~
~~Payroll Taxes~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$4,638~~
~~Total Operating Costs~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$54,530~~
~~EBITA~~	~~$16,170~~	~~$17,970~~	~~$19,950~~	~~$22,128~~	~~$24,524~~	~~$27,160~~	~~$82,758~~
~~Federal Income Tax~~	~~$12,186~~	~~$12,327~~	~~$12,482~~	~~$12,653~~	~~$12,840~~	~~$13,047~~	~~$24,051~~
~~State Income Tax~~	~~$1,846~~	~~$1,868~~	~~$1,891~~	~~$1,917~~	~~$1,945~~	~~$1,977~~	~~$3,644~~
~~Interest Expense~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
-	-	-	-	-	-	-	-
~~Net Profit~~	~~$2,138~~	~~$3,775~~	~~$5,577~~	~~$7,559~~	~~$9,738~~	~~$12,136~~	~~$55,063~~

~~Profit and Loss Statement (First Year Cont.)~~			-	-	-	-
~~Month~~	~~8~~	~~9~~	~~10~~	~~11~~	~~12~~	~~1~~
~~Sales~~	**~~$344,974~~**	**~~$348,872~~**	**~~$353,159~~**	**~~$357,875~~**	**~~$363,062~~**	**~~$3,181,686~~**
~~Cost of Goods Sold~~	~~$204,497~~	~~$204,887~~	~~$205,316~~	~~$205,787~~	~~$206,306~~	~~$1,848,169~~
~~Gross Margin~~	~~40.7%~~	~~41.3%~~	~~41.9%~~	~~42.5%~~	~~43.2%~~	~~41.9%~~
						-
~~Operating Income~~	~~$140,477~~	~~$143,985~~	~~$147,843~~	~~$152,087~~	~~$156,756~~	~~$1,333,517~~
~~Expenses~~						
~~Payroll~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$30,917~~	~~$371,000~~
~~General and Administrative~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$5,833~~	~~$69,997~~
~~Marketing Expenses~~	~~$958~~	~~$958~~	~~$958~~	~~$958~~	~~$958~~	~~$11,500~~
~~Professional Fees and Licensure~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$2,483~~	~~$29,800~~
~~Insurance Costs~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$1,992~~	~~$23,900~~
~~Franchise Development Fees~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$5,303~~	~~$63,634~~
~~Equipment Leasing Costs~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$1,656~~	~~$19,875~~
~~Miscellaneous Expenses~~	~~$750~~	~~$750~~	~~$750~~	~~$750~~	~~$750~~	~~$9,000~~
~~Payroll Taxes~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$4,638~~	~~$55,650~~
~~Total Operating Costs~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$54,530~~	~~$654,356~~
						-
~~EBITA~~	~~$85,947~~	~~$89,455~~	~~$93,313~~	~~$97,558~~	~~$102,226~~	~~$679,161~~
~~Federal Income Tax~~	~~$24,301~~	~~$24,575~~	~~$24,877~~	~~$25,209~~	~~$25,575~~	~~$224,123~~
~~State Income Tax~~	~~$3,682~~	~~$3,724~~	~~$3,769~~	~~$3,820~~	~~$3,875~~	~~$33,958~~
~~Interest Expense~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
-	-	-	-	-	-	-
~~Net Profit~~	~~$57,965~~	~~$61,156~~	~~$64,667~~	~~$68,529~~	~~$72,777~~	~~$421,080~~

Profit and Loss Statement (Second Year)		-	-	-	-
-	-	2	-	-	-
Quarter	Q1	Q2	Q3	Q4	2
Sales	$1,113,590	$1,391,987	$1,503,346	$1,559,026	$5,567,950
Cost of Goods Sold	$646,859	$808,574	$873,260	$905,603	$3,234,295
Gross Margin	41.9%	41.9%	41.9%	41.9%	41.9%
Operating Income	**$466,731**	**$583,414**	**$630,087**	**$653,423**	**$2,333,655**
Expenses					
Payroll	$107,532	$134,415	$145,168	$150,545	$537,660
General and Administrative	$16,799	$20,999	$22,679	$23,519	$83,997
Marketing Expenses	$2,369	$2,961	$3,198	$3,317	$11,845
Professional Fees and Licensure	$6,139	$7,674	$8,287	$8,594	$30,694
Insurance Costs	$5,019	$6,274	$6,776	$7,027	$25,095
Franchise Development Fees	$22,272	$27,840	$30,067	$31,181	$111,359
Equipment Leasing Costs	$5,168	$6,459	$6,976	$7,235	$25,838
Miscellaneous Expenses	$2,160	$2,700	$2,916	$3,024	$10,800
Payroll Taxes	$16,130	$20,162	$21,775	$22,582	$80,649
Total Operating Costs	**$183,587**	**$229,484**	**$247,843**	**$257,022**	**$917,936**
EBITA	**$283,144**	**$353,930**	**$382,244**	**$396,401**	**$1,415,719**
Federal Income Tax	$93,437	$116,797	$126,141	$130,812	$467,187
State Income Tax	$14,157	$17,696	$19,112	$19,820	$70,786
Interest Expense	$0	$0	$0	$0	$0
	-	-	-	-	
Net Profit	**$175,549**	**$219,436**	**$236,991**	**$245,769**	**$877,746**

~~Profit and Loss Statement (Third Year)~~	-		-	-	-
-	-	~~3~~	-	-	-
~~Quarter~~	~~Q1~~	~~Q2~~	~~Q3~~	~~Q4~~	~~3~~
~~Sales~~	~~$1,670,385~~	~~$2,087,981~~	~~$2,255,020~~	~~$2,338,539~~	~~$8,351,925~~
~~Cost of Goods Sold~~	~~$970,288~~	~~$1,212,861~~	~~$1,309,889~~	~~$1,358,404~~	~~$4,851,442~~
~~Gross Margin~~	~~41.9%~~	~~41.9%~~	~~41.9%~~	~~41.9%~~	~~41.9%~~
~~Operating Income~~	**~~$700,096~~**	**~~$875,121~~**	**~~$945,130~~**	**~~$980,135~~**	**~~$3,500,482~~**
~~Expenses~~					
~~Payroll~~	~~$130,703~~	~~$163,379~~	~~$176,449~~	~~$182,984~~	~~$653,514~~
~~General and Administrative~~	~~$20,159~~	~~$25,199~~	~~$27,215~~	~~$28,223~~	~~$100,796~~
~~Marketing Expenses~~	~~$2,440~~	~~$3,050~~	~~$3,294~~	~~$3,416~~	~~$12,200~~
~~Professional Fees and Licensure~~	~~$6,323~~	~~$7,904~~	~~$8,536~~	~~$8,852~~	~~$31,615~~
~~Insurance Costs~~	~~$5,270~~	~~$6,587~~	~~$7,114~~	~~$7,378~~	~~$26,350~~
~~Franchise Development Fees~~	~~$33,408~~	~~$41,760~~	~~$45,100~~	~~$46,771~~	~~$167,038~~
~~Equipment Leasing Costs~~	~~$6,718~~	~~$8,397~~	~~$9,069~~	~~$9,405~~	~~$33,589~~
~~Miscellaneous Expenses~~	~~$2,592~~	~~$3,240~~	~~$3,499~~	~~$3,629~~	~~$12,960~~
~~Payroll Taxes~~	~~$19,605~~	~~$24,507~~	~~$26,467~~	~~$27,448~~	~~$98,027~~
~~Total Operating Costs~~	**~~$227,218~~**	**~~$284,022~~**	**~~$306,744~~**	**~~$318,105~~**	**~~$1,136,090~~**
	-	-	-	-	-
~~EBITA~~	**~~$472,879~~**	**~~$591,098~~**	**~~$638,386~~**	**~~$662,030~~**	**~~$2,364,393~~**
~~Federal Income Tax~~	~~$156,050~~	~~$195,062~~	~~$210,667~~	~~$218,470~~	~~$780,250~~
~~State Income Tax~~	~~$23,644~~	~~$29,555~~	~~$31,919~~	~~$33,102~~	~~$118,220~~
~~Interest Expense~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
	-	-	-	-	-
~~Net Profit~~	**~~$293,185~~**	**~~$366,481~~**	**~~$395,799~~**	**~~$410,459~~**	**~~$1,465,924~~**

~~Profit and Loss Statement (Fourth Year)~~		~~-~~	~~-~~	~~-~~	~~-~~
~~-~~	~~-~~	~~4~~	~~-~~	~~-~~	~~-~~
~~Quarter~~	~~Q1~~	~~Q2~~	~~Q3~~	~~Q4~~	~~4~~
~~Sales~~	~~$2,171,500~~	~~$2,714,376~~	~~$2,931,526~~	~~$3,040,101~~	~~$10,857,502~~
~~Cost of Goods Sold~~	~~$1,261,375~~	~~$1,576,719~~	~~$1,702,856~~	~~$1,765,925~~	~~$6,306,875~~
~~Gross Margin~~	~~41.9%~~	~~41.9%~~	~~41.9%~~	~~41.9%~~	~~41.9%~~
~~Operating Income~~	**~~$910,125~~**	**~~$1,137,657~~**	**~~$1,228,669~~**	**~~$1,274,176~~**	**~~$4,550,627~~**
~~Expenses~~					
~~Payroll~~	~~$142,929~~	~~$178,661~~	~~$192,954~~	~~$200,100~~	~~$714,643~~
~~General and Administrative~~	~~$24,191~~	~~$30,239~~	~~$32,658~~	~~$33,867~~	~~$120,955~~
~~Marketing Expenses~~	~~$2,513~~	~~$3,142~~	~~$3,393~~	~~$3,519~~	~~$12,566~~
~~Professional Fees and Licensure~~	~~$6,513~~	~~$8,141~~	~~$8,792~~	~~$9,118~~	~~$32,563~~
~~Insurance Costs~~	~~$5,533~~	~~$6,917~~	~~$7,470~~	~~$7,747~~	~~$27,667~~
~~Franchise Development Fees~~	~~$43,430~~	~~$54,288~~	~~$58,631~~	~~$60,802~~	~~$217,150~~
~~Equipment Leasing Costs~~	~~$8,733~~	~~$10,916~~	~~$11,790~~	~~$12,226~~	~~$43,665~~
~~Miscellaneous Expenses~~	~~$3,110~~	~~$3,888~~	~~$4,199~~	~~$4,355~~	~~$15,552~~
~~Payroll Taxes~~	~~$21,439~~	~~$26,799~~	~~$28,943~~	~~$30,015~~	~~$107,197~~
~~Total Operating Costs~~	**~~$258,392~~**	**~~$322,990~~**	**~~$348,829~~**	**~~$361,749~~**	**~~$1,291,959~~**
	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~EBITA~~	**~~$651,734~~**	**~~$814,667~~**	**~~$879,840~~**	**~~$912,427~~**	**~~$3,258,668~~**
~~Federal Income Tax~~	~~$215,072~~	~~$268,840~~	~~$290,347~~	~~$301,101~~	~~$1,075,360~~
~~State Income Tax~~	~~$32,587~~	~~$40,733~~	~~$43,992~~	~~$45,621~~	~~$162,933~~
~~Interest Expense~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
	~~-~~	~~-~~	~~-~~	~~-~~	~~-~~
~~Net Profit~~	**~~$404,075~~**	**~~$505,094~~**	**~~$545,501~~**	**~~$565,705~~**	**~~$2,020,374~~**

Profit and Loss Statement (Fifth Year)		-	-	-	-
-	-	5	-	-	-
Quarter	Q1	Q2	Q3	Q4	5
Sales	$2,714,376	$3,392,969	$3,664,407	$3,800,126	$13,571,878
Cost of Goods Sold	$1,576,719	$1,970,899	$2,128,570	$2,207,406	$7,883,594
Gross Margin	41.9%	41.9%	41.9%	41.9%	41.9%
Operating Income	**$1,137,657**	**$1,422,071**	**$1,535,837**	**$1,592,719**	**$5,688,284**
Expenses					
Payroll	$172,653	$215,816	$233,082	$241,714	$863,265
General and Administrative	$29,029	$36,286	$39,189	$40,641	$145,146
Marketing Expenses	$2,589	$3,236	$3,495	$3,624	$12,943
Professional Fees and Licensure	$6,708	$8,385	$9,056	$9,391	$33,540
Insurance Costs	$5,810	$7,263	$7,844	$8,134	$29,051
Franchise Development Fees	$54,288	$67,859	$73,288	$76,003	$271,438
Equipment Leasing Costs	$11,353	$14,191	$15,327	$15,894	$56,765
Miscellaneous Expenses	$3,732	$4,666	$5,039	$5,225	$18,662
Payroll Taxes	$25,898	$32,372	$34,962	$36,257	$129,490
Total Operating Costs	**$312,060**	**$390,075**	**$421,281**	**$436,884**	**$1,560,300**
	-	-	-	-	-
EBITA	**$825,597**	**$1,031,996**	**$1,114,556**	**$1,155,835**	**$4,127,984**
Federal Income Tax	$272,447	$340,559	$367,803	$381,426	$1,362,235
State Income Tax	$41,280	$51,600	$55,728	$57,792	$206,399
Interest Expense	$0	$0	$0	$0	$0
	-	-	-	-	-
Net Profit	**$511,870**	**$639,837**	**$691,024**	**$716,618**	**$2,559,350**

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Sales	**$90,000**	**$95,000**	**$97,000**	**$100,000**	**$103,000**	**$106,000**	**$109,000**
Cost of Goods Sold	$20,700	$21,850	$22,310	$23,000	$23,690	$24,380	$25,070
Gross Margin	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%	77.0%
Operating Income	$69,300	$73,150	$74,690	$77,000	$79,310	$81,620	$83,930
Expenses							
Payroll	$37,250	$37,250	$37,250	$37,250	$37,250	$37,250	$37,250
General and Administrative	$4,811	$4,811	$4,811	$4,811	$4,811	$4,811	$4,811
Marketing Expenses	$958	$958	$958	$958	$958	$958	$958
Professional Fees and Licensure	$2,483	$2,483	$2,483	$2,483	$2,483	$2,483	$2,483
Insurance Costs	$1,992	$1,992	$1,992	$1,992	$1,992	$1,992	$1,992
Franchise Development Fees	$4,373	$4,373	$4,373	$4,373	$4,373	$4,373	$4,373
Equipment Leasing Costs	$1,656	$1,656	$1,656	$1,656	$1,656	$1,656	$1,656
Facility Expenses	$13,120	$13,120	$13,120	$13,120	$13,120	$13,120	$13,120
Payroll Taxes	$5,588	$5,588	$5,588	$5,588	$5,588	$5,588	$5,588
Total Operating Costs	$72,231	$72,231	$72,231	$72,231	$72,231	$72,231	$72,231
EBITA	-$2,931	$919	$2,459	$4,769	$7,079	$9,389	$11,699
Federal Income Tax	$3,312	$3,496	$3,570	$3,680	$3,791	$3,901	$4,012
State Income Tax	$502	$530	$541	$558	$574	$591	$608
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Net Profit	-$6,745	-$3,107	-$1,652	$531	$2,714	$4,896	$7,079

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Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	1
Sales	**$112,000**	**$115,000**	**$118,000**	**$121,000**	**$146,000**	**$1,312,000**
Cost of Goods Sold	$25,760	$26,450	$27,140	$27,830	$30,720	$298,900
Gross Margin	77.0%	77.0%	77.0%	77.0%	79.0%	77.2%
Operating Income	$86,240	$88,550	$90,860	$93,170	$115,280	$1,013,100
Expenses						
Payroll	$37,250	$37,250	$37,250	$37,250	$37,250	$447,000
General and Administrative	$4,811	$4,811	$4,811	$4,811	$4,811	$57,728
Marketing Expenses	$958	$958	$958	$958	$958	$11,500
Professional Fees and Licensure	$2,483	$2,483	$2,483	$2,483	$2,483	$29,800
Insurance Costs	$1,992	$1,992	$1,992	$1,992	$1,992	$23,900
Franchise Development Fees	$4,373	$4,373	$4,373	$4,373	$4,373	$52,480
Equipment Leasing Costs	$1,656	$1,656	$1,656	$1,656	$1,656	$19,875
Facility Expenses	$13,120	$13,120	$13,120	$13,120	$13,120	$157,440
Payroll Taxes	$5,588	$5,588	$5,588	$5,588	$5,588	$67,050
Total Operating Costs	$72,231	$72,231	$72,231	$72,231	$72,231	$866,773
EBITA	$14,009	$16,319	$18,629	$20,939	$43,049	$146,327
Federal Income Tax	$4,122	$4,233	$4,343	$4,453	$5,374	$48,288
State Income Tax	$625	$641	$658	$675	$814	$7,316
Interest Expense	$0	$0	$0	$0	$0	$0
Net Profit	$9,262	$11,445	$13,628	$15,811	$36,861	$90,723

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Profit and Loss Statement (Second Year)					
		2			
Quarter	Q1	Q2	Q3	Q4	2
Sales	$441,000	$551,250	$595,350	$617,400	$2,205,000
Cost of Goods Sold	$121,500	$151,875	$164,025	$170,100	$607,500
Gross Margin	72.4%	72.4%	72.4%	72.4%	72.4%
Operating Income	**$319,500**	**$399,375**	**$431,325**	**$447,300**	**$1,597,500**
Expenses					
Payroll	$133,488	$166,860	$180,209	$186,883	$667,440
General and Administrative	$13,855	$17,318	$18,704	$19,397	$69,274
Marketing Expenses	$2,369	$2,961	$3,198	$3,317	$11,845
Professional Fees and Licensure	$6,139	$7,674	$8,287	$8,594	$30,694
Insurance Costs	$5,019	$6,274	$6,776	$7,027	$25,095
Franchise Development Fees	$17,640	$22,050	$23,814	$24,696	$88,200
Equipment Leasing Costs	$5,168	$6,459	$6,976	$7,235	$25,838
Facility Expenses	$52,920	$66,150	$71,442	$74,088	$264,600
Payroll Taxes	$20,023	$25,029	$27,031	$28,032	$100,116
Total Operating Costs	**$256,620**	**$320,775**	**$346,437**	**$359,268**	**$1,283,101**
EBITA	**$62,880**	**$78,600**	**$84,888**	**$88,032**	**$314,399**
Federal Income Tax	$20,750	$25,938	$28,013	$29,050	$103,752
State Income Tax	$3,144	$3,930	$4,244	$4,402	$15,720
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$38,985**	**$48,732**	**$52,630**	**$54,580**	**$194,927**

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Profit and Loss Statement (Third Year)					
		3			
Quarter	Q1	Q2	Q3	Q4	3
Sales	$753,000	$941,250	$1,016,550	$1,054,200	$3,765,000
Cost of Goods Sold	$204,300	$255,375	$275,805	$286,020	$1,021,500
Gross Margin	73.9%	73.9%	73.9%	73.9%	73.9%
Operating Income	**$548,700**	**$685,875**	**$740,745**	**$768,180**	**$2,743,500**
Expenses					
Payroll	$185,658	$232,072	$250,638	$259,921	$928,288
General and Administrative	$16,626	$20,782	$22,445	$23,276	$83,128
Marketing Expenses	$2,440	$3,050	$3,294	$3,416	$12,200
Professional Fees and Licensure	$6,323	$7,904	$8,536	$8,852	$31,615
Insurance Costs	$5,270	$6,587	$7,114	$7,378	$26,350
Franchise Development Fees	$30,120	$37,650	$40,662	$42,168	$150,600
Equipment Leasing Costs	$6,718	$8,397	$9,069	$9,405	$33,589
Facility Expenses	$90,360	$112,950	$121,986	$126,504	$451,800
Payroll Taxes	$27,849	$34,811	$37,596	$38,988	$139,243
Total Operating Costs	**$371,363**	**$464,203**	**$501,339**	**$519,908**	**$1,856,813**
EBITA	**$177,337**	**$221,672**	**$239,406**	**$248,272**	**$886,687**
Federal Income Tax	$58,521	$73,152	$79,004	$81,930	$292,607
State Income Tax	$8,867	$11,084	$11,970	$12,414	$44,334
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$109,949**	**$137,437**	**$148,431**	**$153,929**	**$549,746**

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Profit and Loss Statement (Fourth Year)					
		4			
Quarter	Q1	Q2	Q3	Q4	4
Sales	$1,119,000	$1,398,750	$1,510,650	$1,566,600	$5,595,000
Cost of Goods Sold	$292,500	$365,625	$394,875	$409,500	$1,462,500
Gross Margin	72.9%	72.9%	72.9%	72.9%	72.9%
Operating Income	**$826,500**	**$1,033,125**	**$1,115,775**	**$1,157,100**	**$4,132,500**
Expenses					
Payroll	$224,446	$280,558	$303,002	$314,225	$1,122,231
General and Administrative	$19,951	$24,938	$26,934	$27,931	$99,754
Marketing Expenses	$2,513	$3,142	$3,393	$3,519	$12,566
Professional Fees and Licensure	$6,513	$8,141	$8,792	$9,118	$32,563
Insurance Costs	$5,533	$6,917	$7,470	$7,747	$27,667
Franchise Development Fees	$44,760	$55,950	$60,426	$62,664	$223,800
Equipment Leasing Costs	$8,733	$10,916	$11,790	$12,226	$43,665
Facility Expenses	$134,280	$167,850	$181,278	$187,992	$671,400
Payroll Taxes	$33,667	$42,084	$45,450	$47,134	$168,335
Total Operating Costs	**$480,396**	**$600,495**	**$648,535**	**$672,555**	**$2,401,981**
EBITA	**$346,104**	**$432,630**	**$467,240**	**$484,545**	**$1,730,519**
Federal Income Tax	$114,214	$142,768	$154,189	$159,900	$571,071
State Income Tax	$17,305	$21,631	$23,362	$24,227	$86,526
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$214,584**	**$268,230**	**$289,689**	**$300,418**	**$1,072,922**

Profit and Loss Statement (Fifth Year)					
		5			
Quarter	Q1	Q2	Q3	Q4	5
Sales	$1,614,000	$2,017,500	$2,178,900	$2,259,600	$8,070,000
Cost of Goods Sold	$419,400	$524,250	$566,190	$587,160	$2,097,000
Gross Margin	74.0%	74.0%	74.0%	74.0%	74.0%
Operating Income	**$1,194,600**	**$1,493,250**	**$1,612,710**	**$1,672,440**	**$5,973,000**
Expenses					
Payroll	$299,385	$374,232	$404,170	$419,139	$1,496,927
General and Administrative	$23,941	$29,926	$32,320	$33,517	$119,705
Marketing Expenses	$2,589	$3,236	$3,495	$3,624	$12,943
Professional Fees and Licensure	$6,708	$8,385	$9,056	$9,391	$33,540
Insurance Costs	$5,810	$7,263	$7,844	$8,134	$29,051
Franchise Development Fees	$64,560	$80,700	$87,156	$90,384	$322,800
Equipment Leasing Costs	$11,353	$14,191	$15,327	$15,894	$56,765
Facility Expenses	$193,680	$242,100	$261,468	$271,152	$968,400
Payroll Taxes	$44,908	$56,135	$60,626	$62,871	$224,539
Total Operating Costs	**$652,934**	**$816,167**	**$881,461**	**$914,107**	**$3,264,670**
EBITA	**$541,666**	**$677,083**	**$731,249**	**$758,333**	**$2,708,330**
Federal Income Tax	$178,750	$223,437	$241,312	$250,250	$893,749
State Income Tax	$27,083	$33,854	$36,562	$37,917	$135,417
Interest Expense	$0	$0	$0	$0	$0
Net Profit	**$335,833**	**$419,791**	**$453,375**	**$470,166**	**$1,679,165**

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Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)		-	-	-	-	-	-	-
Month	1	2	3	4	5	6	7	8
Cash From Operations	$2,138	$3,775	$5,577	$7,559	$9,738	$12,135	$55,063	$57,965
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$2,138	$3,775	$5,577	$7,559	$9,738	$12,135	$55,063	$57,965
Other Cash Inflows								
Equity Investment	$10,000,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Total Other Cash Inflows	**$10,006,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**
Total Cash Inflow	**$10,008,388**	**$10,025**	**$11,827**	**$13,809**	**$15,988**	**$18,385**	**$61,313**	**$64,215**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$7,100,000	$0	$0	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Outflows	**$7,105,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**
Net Cash Flow	**$2,903,388**	**$5,025**	**$6,827**	**$8,809**	**$10,988**	**$13,385**	**$56,313**	**$59,215**
Cash Balance	**$2,903,388**	**$2,908,413**	**$2,915,240**	**$2,924,048**	**$2,935,037**	**$2,948,422**	**$3,004,735**	**$3,063,950**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	$61,157	$64,667	$68,529	$72,777	$421,080
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$61,157**	**$64,667**	**$68,529**	**$72,777**	**$421,080**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$10,000,000
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$6,250	$6,250	$6,250	$6,250	$75,000
Total Other Cash Inflows	$6,250	$6,250	$6,250	$6,250	$10,075,000
Total Cash Inflow	**$67,407**	**$70,917**	**$74,779**	**$79,027**	**$10,496,080**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$5,000	$5,000	$5,000	$5,000	$60,000
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$7,100,000
Dividends	$0	$0	$0	$273,702	$273,702
Total Cash Outflows	**$5,000**	**$5,000**	**$5,000**	**$278,702**	**$7,433,702**
Net Cash Flow	**$62,407**	**$65,917**	**$69,779**	**-$199,675**	**$3,062,378**
Cash Balance	**$3,126,357**	**$3,192,274**	**$3,262,053**	**$3,062,378**	**$3,062,378**

Cash Flow Analysis (Second Year)					
-	-	2	-	-	-
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	$175,549	$219,436	$236,991	$245,769	$877,746
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$175,549**	**$219,436**	**$236,991**	**$245,769**	**$877,746**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$17,250	$21,563	$23,288	$24,150	$86,250
Total Other Cash Inflows	**$17,250**	**$21,563**	**$23,288**	**$24,150**	**$86,250**
Total Cash Inflow	**$192,799**	**$240,999**	**$260,279**	**$269,919**	**$963,996**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$14,400	$18,000	$19,440	$20,160	$72,000
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$52,665	$65,831	$71,097	$73,731	$263,324
Dividends	$114,107	$142,634	$154,044	$159,750	$570,535
Total Cash Outflows	**$181,172**	**$226,465**	**$244,582**	**$253,640**	**$905,858**
Net Cash Flow	**$11,627**	**$14,534**	**$15,697**	**$16,278**	**$58,137**
Cash Balance	**$3,074,005**	**$3,088,540**	**$3,104,237**	**$3,120,515**	**$3,120,515**

~~Cash Flow Analysis (Third Year)~~	~~-~~	~~-~~	~~-~~	~~-~~	
~~-~~	~~-~~	~~3~~	~~-~~	~~-~~	~~-~~
~~Quarter~~	~~Q1~~	~~Q2~~	~~Q3~~	~~Q4~~	~~3~~
~~Cash From Operations~~	~~$293,185~~	~~$366,481~~	~~$395,799~~	~~$410,459~~	~~$1,465,924~~
~~Cash From Receivables~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Operating Cash Inflow~~	**~~$293,185~~**	**~~$366,481~~**	**~~$395,799~~**	**~~$410,459~~**	**~~$1,465,924~~**
~~Other Cash Inflows~~					
~~Equity Investment~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Increased Borrowings~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Sales of Business Assets~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~A/P Increases~~	~~$19,838~~	~~$24,797~~	~~$26,781~~	~~$27,773~~	~~$99,188~~
~~Total Other Cash Inflows~~	**~~$19,838~~**	**~~$24,797~~**	**~~$26,781~~**	**~~$27,773~~**	**~~$99,188~~**
~~Total Cash Inflow~~	**~~$313,022~~**	**~~$391,278~~**	**~~$422,580~~**	**~~$438,231~~**	**~~$1,565,111~~**
~~Cash Outflows~~					
~~Repayment of Principal~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~A/P Decreases~~	~~$17,280~~	~~$21,600~~	~~$23,328~~	~~$24,192~~	~~$86,400~~
~~A/R Increases~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~	~~$0~~
~~Asset Purchases~~	~~$87,955~~	~~$109,944~~	~~$118,740~~	~~$123,138~~	~~$439,777~~
~~Dividends~~	~~$190,570~~	~~$238,213~~	~~$257,270~~	~~$266,798~~	~~$952,850~~
~~Total Cash Outflows~~	**~~$295,805~~**	**~~$369,757~~**	**~~$399,337~~**	**~~$414,128~~**	**~~$1,479,027~~**
~~Net Cash Flow~~	**~~$17,217~~**	**~~$21,521~~**	**~~$23,243~~**	**~~$24,103~~**	**~~$86,084~~**
~~Cash Balance~~	**~~$3,137,732~~**	**~~$3,159,253~~**	**~~$3,182,496~~**	**~~$3,206,599~~**	**~~$3,206,599~~**

Cash Flow Analysis (Fourth Year)					
-	-	4	-	-	-
Quarter	Q1	Q2	Q3	Q4	4
Cash From Operations	$404,075	$505,094	$545,501	$565,705	$2,020,374
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$404,075**	**$505,094**	**$545,501**	**$565,705**	**$2,020,374**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$22,813	$28,516	$30,798	$31,938	$114,066
Total Other Cash Inflows	**$22,813**	**$28,516**	**$30,798**	**$31,938**	**$114,066**
Total Cash Inflow	**$426,888**	**$533,610**	**$576,299**	**$597,643**	**$2,134,440**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$20,736	$25,920	$27,994	$29,030	$103,680
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$121,222	$151,528	$163,650	$169,711	$606,112
Dividends	$262,649	$328,311	$354,576	$367,708	$1,313,243
Total Cash Outflows	**$404,607**	**$505,759**	**$546,220**	**$566,450**	**$2,023,035**
Net Cash Flow	**$22,281**	**$27,851**	**$30,079**	**$31,193**	**$111,404**
Cash Balance	**$3,228,880**	**$3,256,731**	**$3,286,810**	**$3,318,003**	**$3,318,003**

Cash Flow Analysis (Fifth Year)					
-	-	5	-	-	-
Quarter	Q1	Q2	Q3	Q4	5
Cash From Operations	$511,870	$639,837	$691,024	$716,618	$2,559,350
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$511,870**	**$639,837**	**$691,024**	**$716,618**	**$2,559,350**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$26,235	$32,794	$35,417	$36,729	$131,175
Total Other Cash Inflows	**$26,235**	**$32,794**	**$35,417**	**$36,729**	**$131,175**
Total Cash Inflow	**$538,105**	**$672,631**	**$726,442**	**$753,347**	**$2,690,525**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$24,883	$31,104	$33,592	$34,836	$124,416
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$153,561	$191,951	$207,307	$214,985	$767,805
Dividends	$332,715	$415,894	$449,166	$465,802	$1,663,577
Total Cash Outflows	**$511,160**	**$638,950**	**$690,066**	**$715,624**	**$2,555,798**
Net Cash Flow	**$26,945**	**$33,682**	**$36,376**	**$37,724**	**$134,727**
Cash Balance	**$3,344,949**	**$3,378,630**	**$3,415,007**	**$3,452,730**	**$3,452,730**

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	-$6,745	-$3,107	-$1,652	$531	$2,714	$4,895	$7,079	$9,262
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	-$6,745	-$3,107	-$1,652	$531	$2,714	$4,895	$7,079	$9,262
Other Cash Inflows								
Equity Investment	$3,200,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250

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Total Other Cash Inflows	**$3,206,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**	**$6,250**
Total Cash Inflow	**$3,199,505**	**$3,143**	**$4,598**	**$6,781**	**$8,964**	**$11,145**	**$13,329**	**$15,512**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$1,025,000	$0	$0	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,030,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**
Net Cash Flow	**$2,169,505**	**-$1,857**	**-$402**	**$1,781**	**$3,964**	**$6,145**	**$8,329**	**$10,512**
Cash Balance	**$2,169,505**	**$2,167,647**	**$2,167,245**	**$2,169,026**	**$2,172,990**	**$2,179,135**	**$2,187,465**	**$2,197,977**

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Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	$11,446	$13,628	$15,811	$36,861	$90,723
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$11,446**	**$13,628**	**$15,811**	**$36,861**	**$90,723**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$3,200,000
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$6,250	$6,250	$6,250	$6,250	$75,000
Total Other Cash Inflows	$6,250	$6,250	$6,250	$6,250	$3,275,000

Total Cash Inflow	**$17,696**	**$19,878**	**$22,061**	**$43,111**	**$3,365,723**

Cash Outflows

Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$5,000	$5,000	$5,000	$5,000	$60,000
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$1,025,000
Dividends	$0	$0	$0	$58,970	$58,970
Total Cash Outflows	**$5,000**	**$5,000**	**$5,000**	**$63,970**	**$1,143,970**

Net Cash Flow	**$12,696**	**$14,878**	**$17,061**	**-$20,859**	**$2,221,753**
Cash Balance	**$2,210,673**	**$2,225,551**	**$2,242,611**	**$2,221,753**	**$2,221,753**

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Cash Flow Analysis (Second Year)					
		2			
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	$38,985	$48,732	$52,630	$54,580	$194,927
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$38,985**	**$48,732**	**$52,630**	**$54,580**	**$194,927**

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Other Cash Inflows

Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$17,250	$21,563	$23,288	$24,150	$86,250
Total Other Cash Inflows	**$17,250**	**$21,563**	**$23,288**	**$24,150**	**$86,250**

Total Cash Inflow	**$56,235**	**$70,294**	**$75,918**	**$78,730**	**$281,177**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$14,400	$18,000	$19,440	$20,160	$72,000
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$11,696	$14,620	$15,789	$16,374	$58,478
Dividends	$25,341	$31,676	$34,210	$35,477	$126,703
Total Cash Outflows	**$51,436**	**$64,295**	**$69,439**	**$72,011**	**$257,181**
Net Cash Flow	**$4,799**	**$5,999**	**$6,479**	**$6,719**	**$23,996**
Cash Balance	**$2,226,552**	**$2,232,551**	**$2,239,030**	**$2,245,749**	**$2,245,749**

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Cash Flow Analysis (Third Year)					
		3			
Quarter	Q1	Q2	Q3	Q4	3
Cash From Operations	$109,949	$137,437	$148,431	$153,929	$549,746
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$109,949**	**$137,437**	**$148,431**	**$153,929**	**$549,746**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$19,838	$24,797	$26,781	$27,773	$99,188
Total Other Cash Inflows	**$19,838**	**$24,797**	**$26,781**	**$27,773**	**$99,188**

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Total Cash Inflow	**$129,787**	**$162,233**	**$175,212**	**$181,701**	**$648,934**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$17,280	$21,600	$23,328	$24,192	$86,400
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$32,985	$41,231	$44,529	$46,179	$164,924
Dividends	$71,467	$89,334	$96,480	$100,054	$357,335
Total Cash Outflows	**$121,732**	**$152,165**	**$164,338**	**$170,424**	**$608,659**
Net Cash Flow	**$8,055**	**$10,069**	**$10,874**	**$11,277**	**$40,275**
Cash Balance	**$2,253,804**	**$2,263,873**	**$2,274,747**	**$2,286,024**	**$2,286,024**

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Cash Flow Analysis (Fourth Year)					
		4			
Quarter	Q1	Q2	Q3	Q4	4
Cash From Operations	$214,584	$268,230	$289,689	$300,418	$1,072,922
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$214,584**	**$268,230**	**$289,689**	**$300,418**	**$1,072,922**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$22,813	$28,516	$30,798	$31,938	$114,066
Total Other Cash Inflows	**$22,813**	**$28,516**	**$30,798**	**$31,938**	**$114,066**

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Total Cash Inflow	**$237,397**	**$296,747**	**$320,487**	**$332,356**	**$1,186,987**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$20,736	$25,920	$27,994	$29,030	$103,680
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$64,375	$80,469	$86,907	$90,125	$321,876
Dividends	$139,480	$174,350	$188,298	$195,272	$697,399
Total Cash Outflows	**$224,591**	**$280,739**	**$303,198**	**$314,428**	**$1,122,955**
Net Cash Flow	**$12,806**	**$16,008**	**$17,289**	**$17,929**	**$64,032**
Cash Balance	**$2,298,830**	**$2,314,838**	**$2,332,127**	**$2,350,056**	**$2,350,056**

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Cash Flow Analysis (Fifth Year)					
		5			
Quarter	Q1	Q2	Q3	Q4	5
Cash From Operations	$335,833	$419,791	$453,375	$470,166	$1,679,165
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$335,833**	**$419,791**	**$453,375**	**$470,166**	**$1,679,165**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$26,235	$32,794	$35,417	$36,729	$131,175
Total Other Cash Inflows	**$26,235**	**$32,794**	**$35,417**	**$36,729**	**$131,175**

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Total Cash Inflow	**$362,068**	**$452,585**	**$488,792**	**$506,895**	**$1,810,340**

Cash Outflows

Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$24,883	$31,104	$33,592	$34,836	$124,416
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$100,750	$125,937	$136,012	$141,050	$503,749
Dividends	$218,291	$272,864	$294,693	$305,608	$1,091,457
Total Cash Outflows	**$343,925**	**$429,906**	**$464,298**	**$481,494**	**$1,719,623**

Net Cash Flow	**$18,144**	**$22,679**	**$24,494**	**$25,401**	**$90,718**
Cash Balance	**$2,368,199**	**$2,390,879**	**$2,415,373**	**$2,440,774**	**$2,440,774**

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