



This sample business plan has been made available to users of *Business Plan Pro®*, business planning software published by Palo Alto Software, Inc. Names, locations and numbers may have been changed, and substantial portions of the original plan text may have been omitted to preserve confidentiality and proprietary information.

You are welcome to use this plan as a starting point to create your own, but you do not have permission to resell, reproduce, publish, distribute or even copy this plan as it exists here.

Requests for reprints, academic use, and other dissemination of this sample plan should be emailed to the marketing department of Palo Alto Software at marketing@paloalto.com. For product information visit our website: www.paloalto.com or call: 1-800-229-7526.

Copyright © Palo Alto Software, Inc., 1995-2009 All rights reserved.

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by _____ in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of _____.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader, may cause serious harm or damage to _____.

Upon request, this document is to be immediately returned to _____.

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offering of securities.

Table of Contents

1.0 Executive Summary.....	1
Chart: Highlights.....	1
1.1 Mission.....	1
1.2 Objectives.....	2
2.0 Company Summary.....	2
2.1 Company Ownership.....	2
2.2 Start-up Summary.....	2
Table: Start-up.....	3
Table: Start-up Funding.....	4
Chart: Start-up.....	5
2.3 Company Locations and Facilities.....	5
3.0 Products.....	5
4.0 Market Analysis Summary.....	5
4.1 Market Segmentation.....	6
Table: Market Analysis.....	6
Chart: Market Analysis (Pie).....	7
4.2 Target Market Segment Strategy.....	7
4.3 Service Business Analysis.....	7
4.3.1 Competition and Buying Patterns.....	8
5.0 Strategy and Implementation Summary.....	8
5.1 Competitive Edge.....	8
5.2 Sales Strategy.....	8
5.2.1 Sales Forecast.....	9
Table: Sales Forecast.....	9
Chart: Sales Monthly.....	9
Chart: Sales by Year.....	10
5.3 Marketing Strategy.....	10
5.4 Milestones.....	10
Table: Milestones.....	11
Chart: Milestones.....	11
6.0 Personnel Plan.....	12
Table: Personnel.....	12
7.0 Financial Plan.....	12
7.1 Break-even Analysis.....	12
Table: Break-even Analysis.....	12
Chart: Break-even Analysis.....	13
7.2 Projected Profit and Loss.....	13
Table: Profit and Loss.....	14
Chart: Profit Monthly.....	14
Chart: Profit Yearly.....	15
7.3 Projected Cash Flow.....	15
Table: Cash Flow.....	16
Chart: Cash.....	17
7.4 Projected Balance Sheet.....	18
Table: Balance Sheet.....	18
7.5 Business Ratios.....	18
Table: Ratios.....	19

Table of Contents

Table: Sales Forecast 1

Table: Personnel 2

Table: General Assumptions 3

Table: Profit and Loss 4

Table: Cash Flow 5

Table: Balance Sheet 6

Gentle Touch Creations

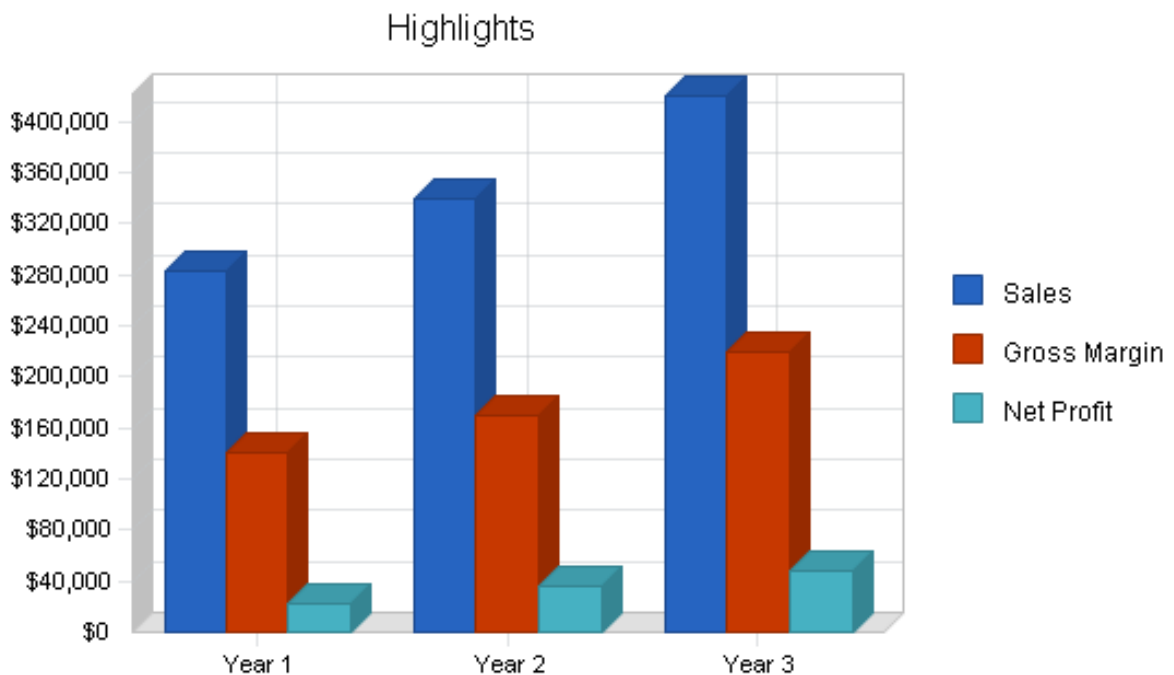
1.0 Executive Summary

Gentle Touch Creations is a start-up business specializing in hand-made herbal products created by Joanne Lovejoy, the company founder. These products include herbal therapy packs, soaps, Saint-John's-wort oil, balsam eye packs, salves, moisturizers, herbal bath bags, and bath powder. All Gentle Touch Creations are made from herbs that are either garden grown or gathered in local fields or wooded areas when they are at their peak of maturity and the concentration of active ingredients is highest.

Herbal products have grown in popularity with consumers over the past ten years. Herbal products industry exceeded \$4.3 billion dollar in sales last year. Where once a customer would have to go to a speciality shop to purchase herbal products, now those same product are available at the local supermarket. The demand has created a cottage industry of supplying herbal products to companies who then market the product under their own brand name.

Gentle Touch Creations will sell its product line to herbal product companies that sell baskets with specific themes (such as balsam salve and eye packs).

Joanne Lovejoy has seven years of experience in the herbal product industry. She has worked as a Product Manager for both Jerry's Herbal Products and Safe Soap. She has maintained her contacts in the industry and has already signed contracts with Forest Meadows Products and WindWalker Products to supply herbal therapy packs, salves, balsam eye pack, and Saint-John's-wort oil.



1.1 Mission

The mission of Gentle Touch Creations is to create herbal products that heal, sooth and

Gentle Touch Creations

cleanse our customers.

1.2 Objectives

The objectives for Gentle Touch Creations are as follows:

- Achieve sales goal of \$120,000 during first year of operation.
- Achieve a regular customer base of 10 companies.
- Increase sales by 15% during the second year of operation.

2.0 Company Summary

Gentle Touch Creations is a provider of herbal products including herbal therapy packs, soaps, Saint-John's-wort oil, balsam eye packs, salves, moisturizers, herbal bath bags, and bath powder. Gentle Touch Creations sells its product line to herbal product companies that sell baskets with specific herbal themes.

The company will be organized as a Sole Proprietorship.

2.1 Company Ownership

Gentle Touch Creations is owned by Joanne Lovejoy.

2.2 Start-up Summary

The start-up expense for the Gentle Touch Creations is focused primarily on production and extraction equipment. Joanne Lovejoy will invest \$50,000. In addition, she will secure a \$50,000 SBA loan.

Gentle Touch Creations

Table: Start-up

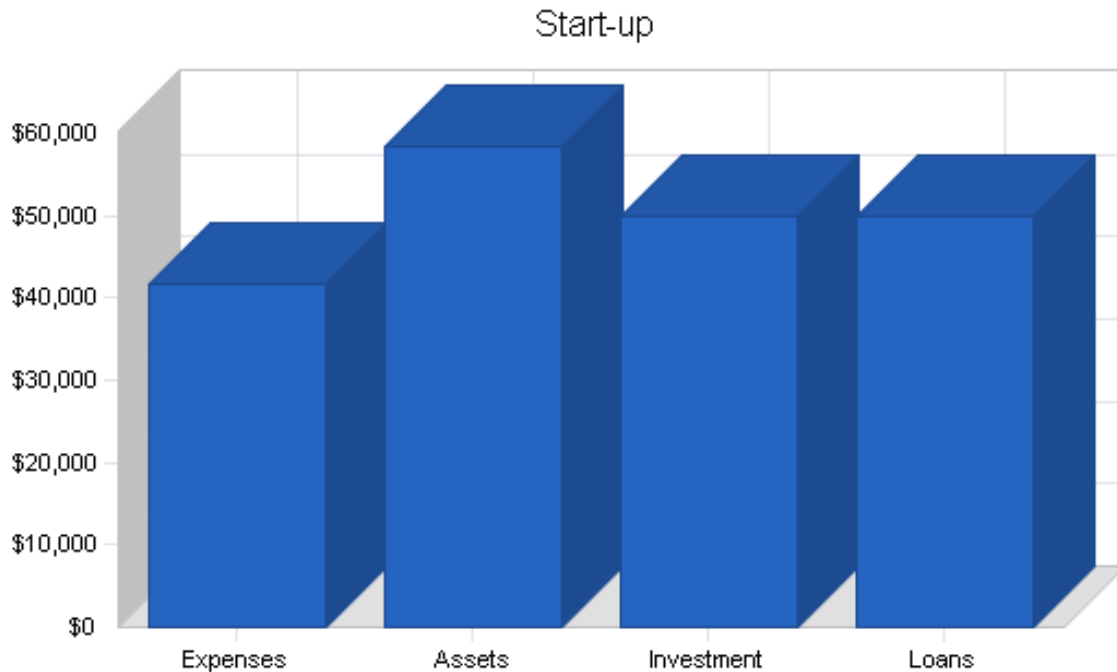
Start-up	
Requirements	
Start-up Expenses	
Legal	\$600
Stationery etc.	\$100
Insurance	\$300
Rent	\$600
Expensed Equipment	\$40,000
Total Start-up Expenses	\$41,600
Start-up Assets	
Cash Required	\$33,400
Start-up Inventory	\$5,000
Other Current Assets	\$5,000
Long-term Assets	\$15,000
Total Assets	\$58,400
Total Requirements	\$100,000

Gentle Touch Creations

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	\$41,600
Start-up Assets to Fund	\$58,400
Total Funding Required	\$100,000
Assets	
Non-cash Assets from Start-up	\$25,000
Cash Requirements from Start-up	\$33,400
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$33,400
Total Assets	\$58,400
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$50,000
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$50,000
Capital	
Planned Investment	
Joanne Lovejoy	\$50,000
Other	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$50,000
Loss at Start-up (Start-up Expenses)	(\$41,600)
Total Capital	\$8,400
Total Capital and Liabilities	\$58,400
Total Funding	\$100,000

Gentle Touch Creations



2.3 Company Locations and Facilities

Gentle Touch Creations is located in a 2,000 square foot manufacturing space in the Sneed Industrial Park in northwest Tracy.

3.0 Products

The product line of Gentle Touch Creations is as follows:

- Herbal Therapy Packs for back and neck pain and relief of muscle aches, filled with wheat berries and flax seed and 10 herbs. These are made of natural cotton or patterned flannel and can be heated in the microwave oven or cooled in the freezer for optimum benefit.
- Saint-John's-wort oil for use as an anti-inflammatory or for burns, in a roll-on applicator.
- Balsam eye packs in eye-pleasing patterns that help relieve sinus discomfort and eyestrain.
- Salves with Comfrey for healing cuts, Goldenseal, Balsam and other herbs for use on split skin caused by the drying effects of heat, cold or water.
- Moisturizer for face and hands with various scented oils.
- Soaps created with such herbs as powdered balsam and rose petals marbled throughout each cake, gently scented.
- Herbal bath bags of lavender, peppermint, oatmeal and herbs.
- Bath powder made from arrowroot, cornstarch, rose petals and other herbs.

4.0 Market Analysis Summary

Gentle Touch Creations

Herbal products have grown in popularity with consumers over the past ten years. The herbal products industry exceeded \$4.3 billion in sales last year. Where once a customer would have to go to a speciality shop to purchase herbal products, now those same products are available at the local supermarket. The demand has created a cottage industry of supplying herbal products to companies who then market these products under their own brand name.

Currently, the industry can be divided into two segments:

- Herbal Health Products
- Herbal Beauty Products.

4.1 Market Segmentation

Gentle Touch Creations will focus on two target companies:

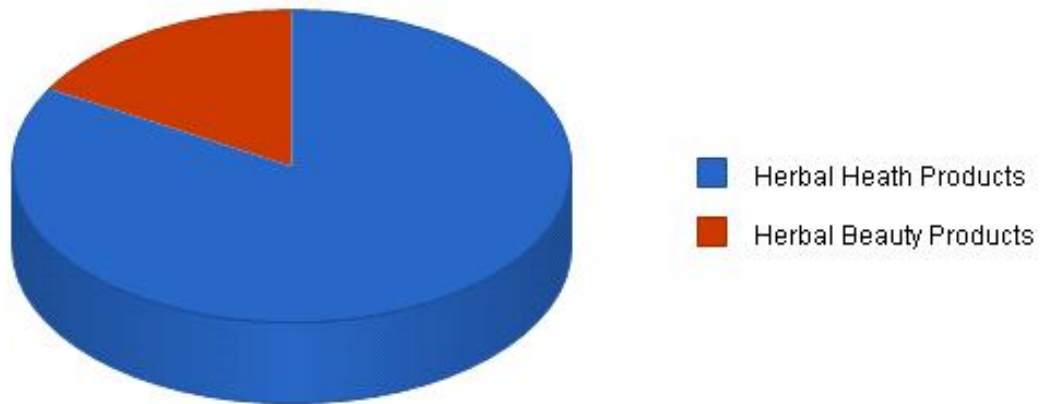
- Herbal Health Products: The Northeast is home to a number of small-to-medium size herbal health product companies such as Comfort Zone and HealthSmart in Burlington, GHK Natural Products and Wise Herb in Madison, and Sliver Dream and Simple Life in Montgomery. All of these companies buy raw or finished product from third-party vendors. These companies generated sales in excess of \$40 million last year. Their products are sold in health and natural food stores on the East Coast and Midwest.
- Herbal Beauty Products: The Northeast is also home to a number of small-to-medium size herbal beauty product companies such as Glow and Nature's Way in Tracy, Garden Dream and Rising Sun Products in Madison, and Carpe Diem Natural Products and Simple Life in Montgomery. All of these companies buy raw or finished product from third-party vendors. These companies generated sales in excess of \$60 million last year. Most of their product are sold in health and natural food stores only on the East Coast.

Table: Market Analysis

Market Analysis							
Potential Customers	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Herbal Health Products	1%	20,000	20,200	20,402	20,606	20,812	1.00%
Herbal Beauty Products	2%	4,000	4,080	4,162	4,245	4,330	2.00%
Total	1.17%	24,000	24,280	24,564	24,851	25,142	1.17%

Gentle Touch Creations

Market Analysis (Pie)



4.2 Target Market Segment Strategy

Herbal health products dominate sales but herbal beauty products have been growing in popularity each year.

There are 10,000 herbal health product companies that are competing for market share among consumers. Most of these companies are regionally focused but 15% of these companies distribute their products nationally. This is compared to only 2,000 herbal beauty product companies. Most of these companies also only compete regionally though there are a handful (4%) that dominate the national market. As sales grow in herbal beauty product, more new companies will enter the marketplace.

Gentle Touch Products will focus on the small companies serving the East Coast regional market. Many of these smaller companies aggressively seek out new products that they can add to their product line. The cost of manufacturing all these items themselves is prohibitive so they contract with third party vendors to supply product.

4.3 Service Business Analysis

As the herbal market has grown into a multi-billion dollar industry, so has the opportunity for small firms and farms to supply product to larger herbal companies that then repackage and market the product under their own brand. The size of these suppliers can range to a one-person operation to a small farm that can have 20 or more employees.

As the larger and second tier companies face off to win greater market share, they are constantly looking for additional product items that will improve their advantage in the marketplace. Routinely, a product like an herbal therapy pack, is an attractive cost efficient

Gentle Touch Creations

addition to a product line.

4.3.1 Competition and Buying Patterns

Quality and timeliness are the essential factors in being successful as a supplier to an herbal product company. This is especially true when the product is re-packaged as part of a gift basket. A delay in delivery will impact the company's ability to meet delivery deadlines.

Quality is also an important factor because word of mouth is one of the strongest marketing tools with herbal products. The local success of an herbal product many times leads to a larger company procuring the product for their line.

Joanne Lovejoy has sold her herbal products at craft fairs in the region for the past five years. The popularity and customer satisfaction of these products was an important selling point when WindWalker Products first approached Joanne about her herbal therapy packs.

5.0 Strategy and Implementation Summary

Gentle Touch Creations will focus first on building a client base with herbal health product companies. Joanne Lovejoy will be responsible for marketing the company's services to potential customers.

Currently, the company has been successful in acquiring 2 contracts with the following companies:

- Forest Meadows Products
- WindWalker Products.

5.1 Competitive Edge

The competitive advantage of Gentle Touch Creations is the consistent quality of the herbs that are at the core of each product. The products have been tested locally for years developing and establishing the customer satisfaction level demanded by Gentle Touch Creations.

5.2 Sales Strategy

Joanne Lovejoy has seven years of experience in the herbal product industry. She has worked as a Product Manager for both Jerry's Herbal Products and Safe Soap. She has maintained her contacts in the industry and has already signed contracts with Forest Meadows Products and WindWalker Products to supply herbal therapy packs, salves, balsam eye packs, and Saint-John's-wort oil.

Joanne Lovejoy will build on these successes and market her product line to herbal product companies through face-to-face selling.

Gentle Touch Creations

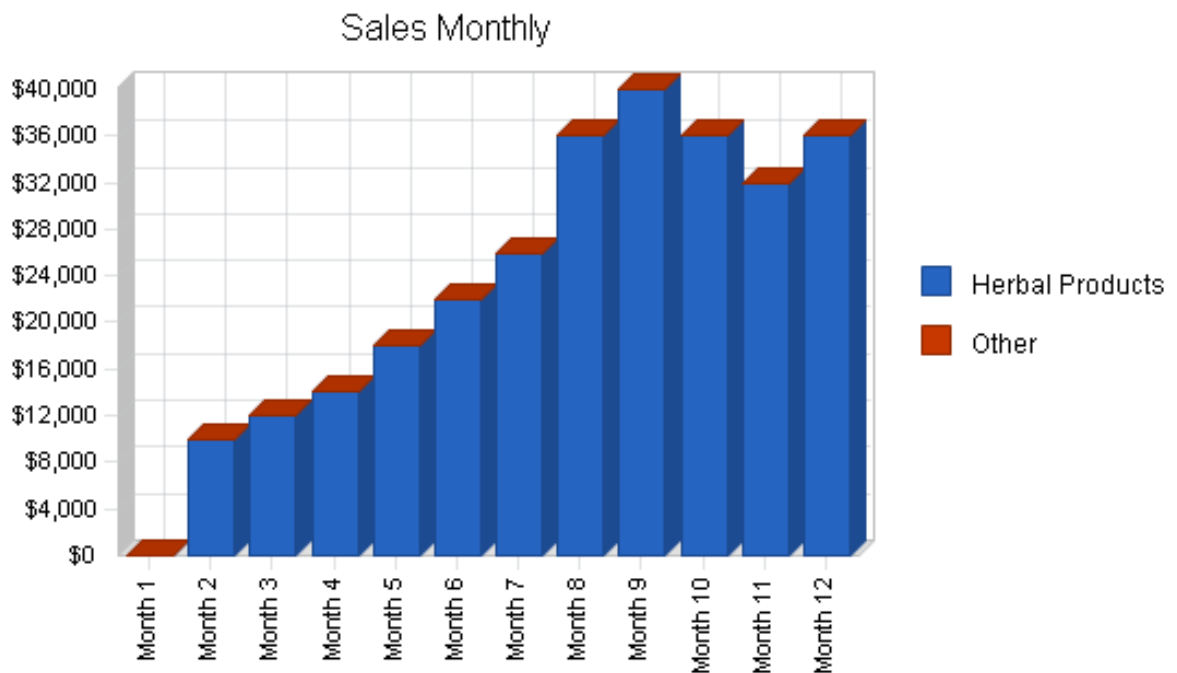
5.2.1 Sales Forecast

Gentle Touch Creations anticipates that sales will start quickly. The first billing will be sent out in mid-May.

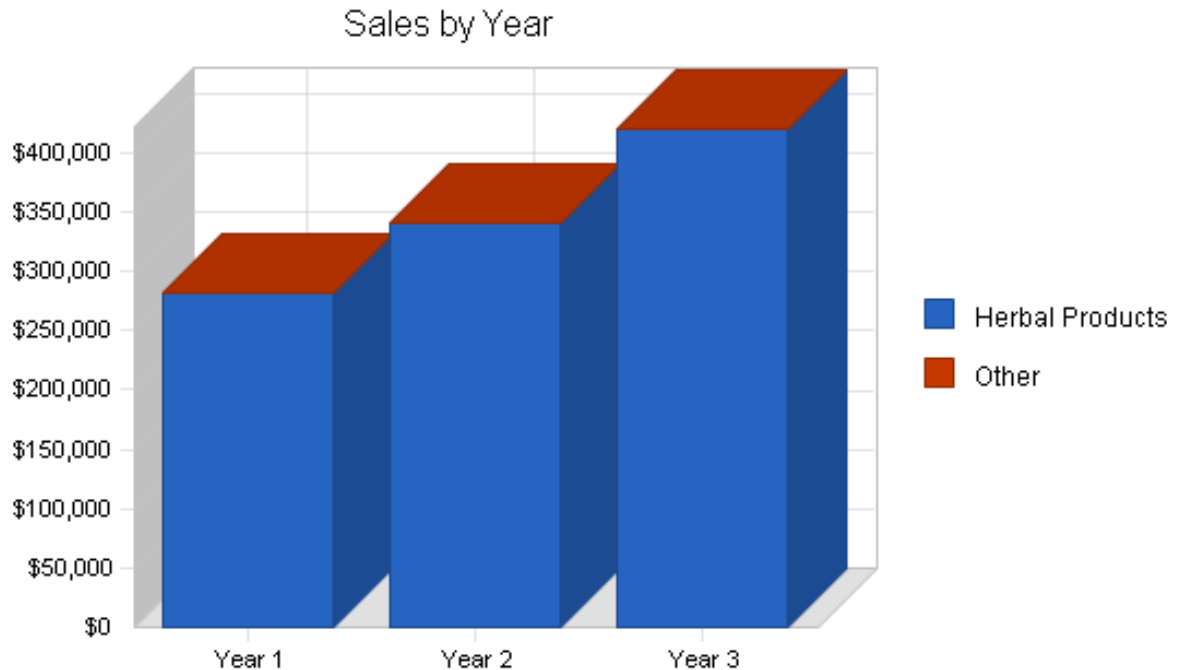
The following sales forecast table and chart are for three years. Monthly figures for the first year are in the appendix.

Table: Sales Forecast

Sales Forecast			
	Year 1	Year 2	Year 3
Sales			
Herbal Products	\$282,000	\$340,000	\$420,000
Other	\$0	\$0	\$0
Total Sales	\$282,000	\$340,000	\$420,000
Direct Cost of Sales			
Herbal Products	\$141,000	\$170,000	\$200,000
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$141,000	\$170,000	\$200,000



Gentle Touch Creations



5.3 Marketing Strategy

Joanne Lovejoy will market the company's product line at regional craft fairs. She will coordinate her fair participation with presentation meetings with herbal company representatives. In addition she will regularly send free samples to her potential clients so that they can experience the quality of her products first hand. The key to her marketing though will be face-to-face sales.

Joanne will also launch the Gentle Touch Creations website. The site will be designed to promote her products, list a calendar of her craft fair appearances, and, initially, offer a selection of her most popular products for direct web-sales. She will rely on the experts at 1st-at-the-Top.com Internet and E-commerce consultants for the design, hosting, and search engine placement of the website.

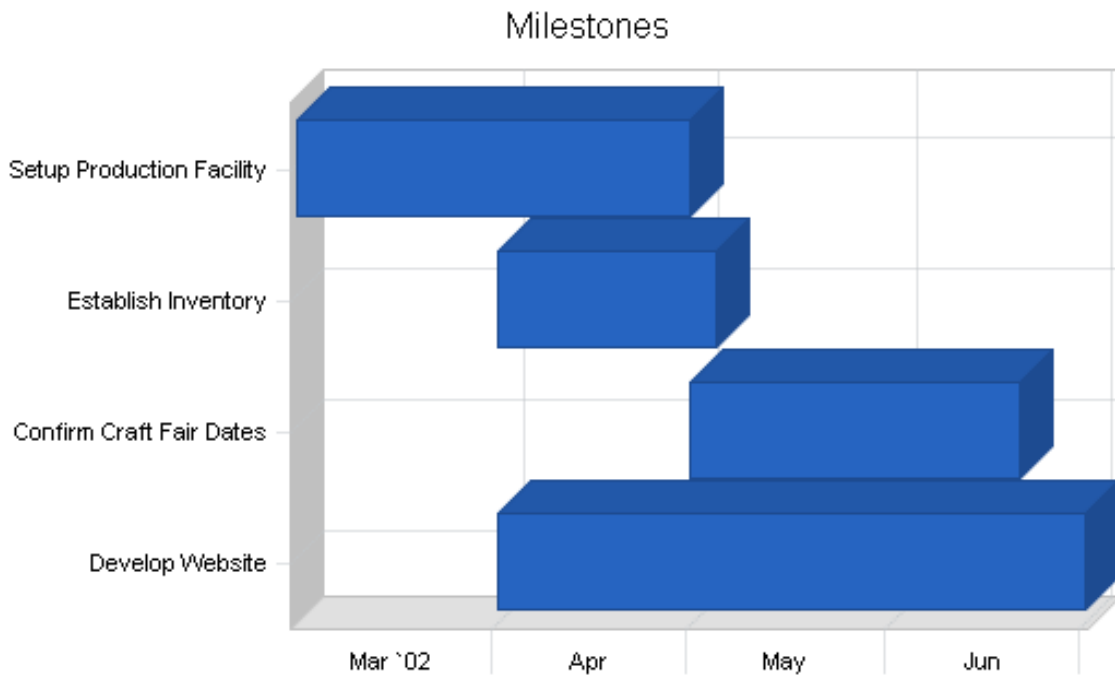
5.4 Milestones

The accompanying table shows specific milestones, with responsibilities assigned, dates, and (in most cases) budgets. Joanne is focusing, in this plan, on a few key milestones that should be accomplished.

Gentle Touch Creations

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Setup Production Facility	3/1/2002	5/1/2002	\$40,000	Joanne Lovejoy	Owner
Establish Inventory	4/1/2002	5/5/2002	\$5,000	Joanne Lovejoy	Owner
Confirm Craft Fair Dates	5/1/2002	6/21/2002	\$1,000	Joanne Lovejoy	Owner
Develop Website	4/1/2002	7/1/2002	\$2,000	1st-at-the-Top. com	Web
Totals			\$48,000		



Gentle Touch Creations

6.0 Personnel Plan

Joanne Lovejoy has seven years of experience in the herbal product industry. She has worked as a Product Manager for both Jerry's Herbal Products and Safe Soap. She has experience managing a staff and getting their best performance.

Over the past three years, Joanne has built her business from a part-time craft activity to its current production level. Her current staff should be sufficient for the first two years of operation. It is possible that there will be additional hiring during the third year of operation.

Table: Personnel

Personnel Plan			
	Year 1	Year 2	Year 3
Joanne Lovejoy	\$30,000	\$32,000	\$34,000
2 Production Staff	\$40,800	\$44,000	\$48,000
P/T Production Staff	\$0	\$0	\$23,000
Total People	3	3	3
Total Payroll	\$70,800	\$76,000	\$105,000

7.0 Financial Plan

The following topics cover the financial plan for Gentle Touch Products. The tables show annual figures. Monthly numbers for the first year are in the appendix.

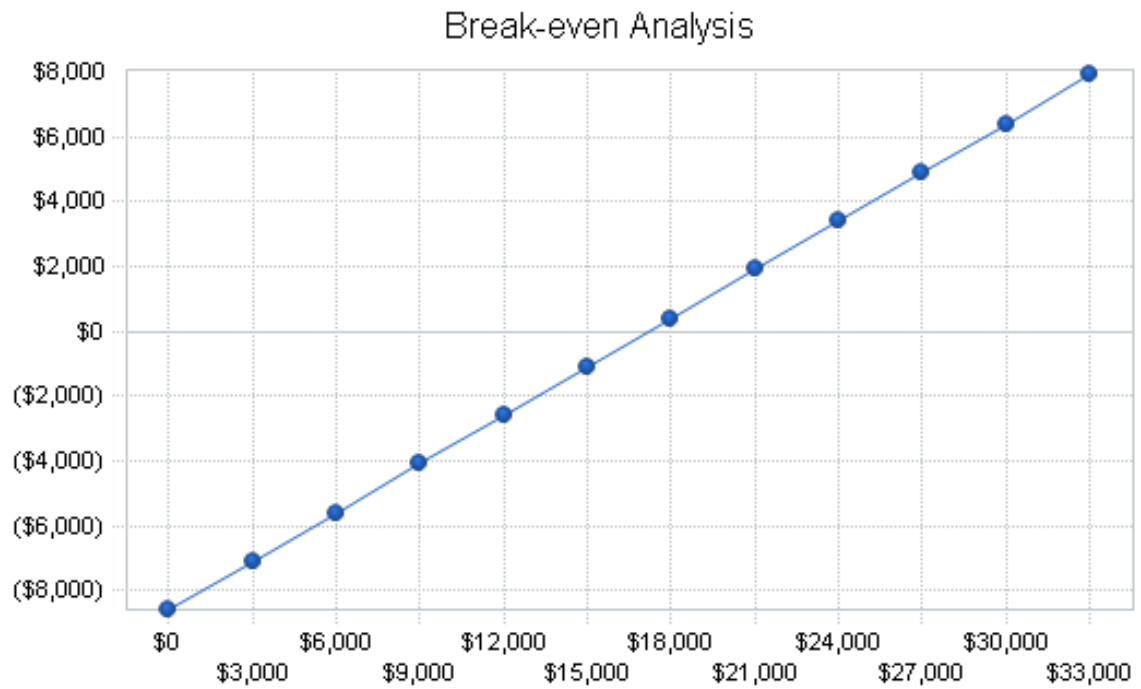
7.1 Break-even Analysis

The monthly break-even point is approximately \$17,000.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$17,188
Assumptions:	
Average Percent Variable Cost	50%
Estimated Monthly Fixed Cost	\$8,594

Gentle Touch Creations



7.2 Projected Profit and Loss

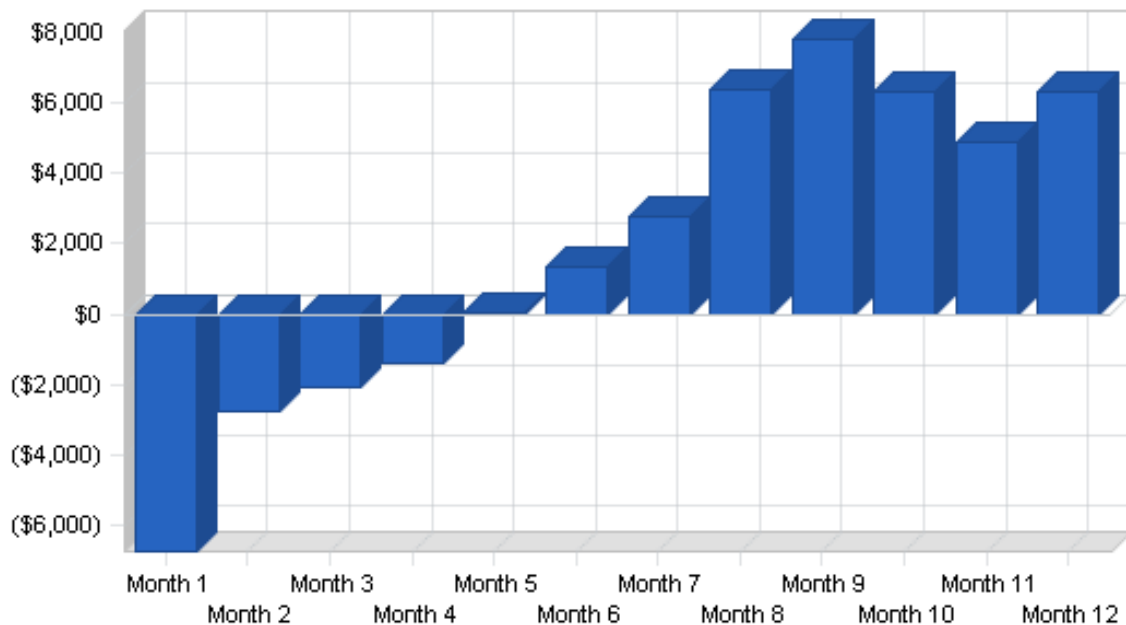
The following table and charts highlight the projected profit and loss for three years.

Gentle Touch Creations

Table: Profit and Loss

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	\$282,000	\$340,000	\$420,000
Direct Cost of Sales	\$141,000	\$170,000	\$200,000
Other Production Expenses	\$0	\$0	\$0
Total Cost of Sales	\$141,000	\$170,000	\$200,000
Gross Margin	\$141,000	\$170,000	\$220,000
Gross Margin %	50.00%	50.00%	52.38%
Expenses			
Payroll	\$70,800	\$76,000	\$105,000
Sales and Marketing and Other Expenses	\$4,260	\$7,200	\$8,500
Depreciation	\$4,800	\$4,800	\$4,800
Leased Equipment	\$0	\$0	\$0
Utilities	\$4,800	\$5,300	\$6,000
Insurance	\$650	\$780	\$900
Rent	\$7,200	\$7,800	\$8,500
Payroll Taxes	\$10,620	\$11,400	\$15,750
Other	\$0	\$0	\$0
Total Operating Expenses	\$103,130	\$113,280	\$149,450
Profit Before Interest and Taxes	\$37,870	\$56,720	\$70,550
EBITDA	\$42,670	\$61,520	\$75,350
Interest Expense	\$5,158	\$4,340	\$3,050
Taxes Incurred	\$9,814	\$15,714	\$20,250
Net Profit	\$22,899	\$36,666	\$47,250
Net Profit/Sales	8.12%	10.78%	11.25%

Profit Monthly



Gentle Touch Creations



7.3 Projected Cash Flow

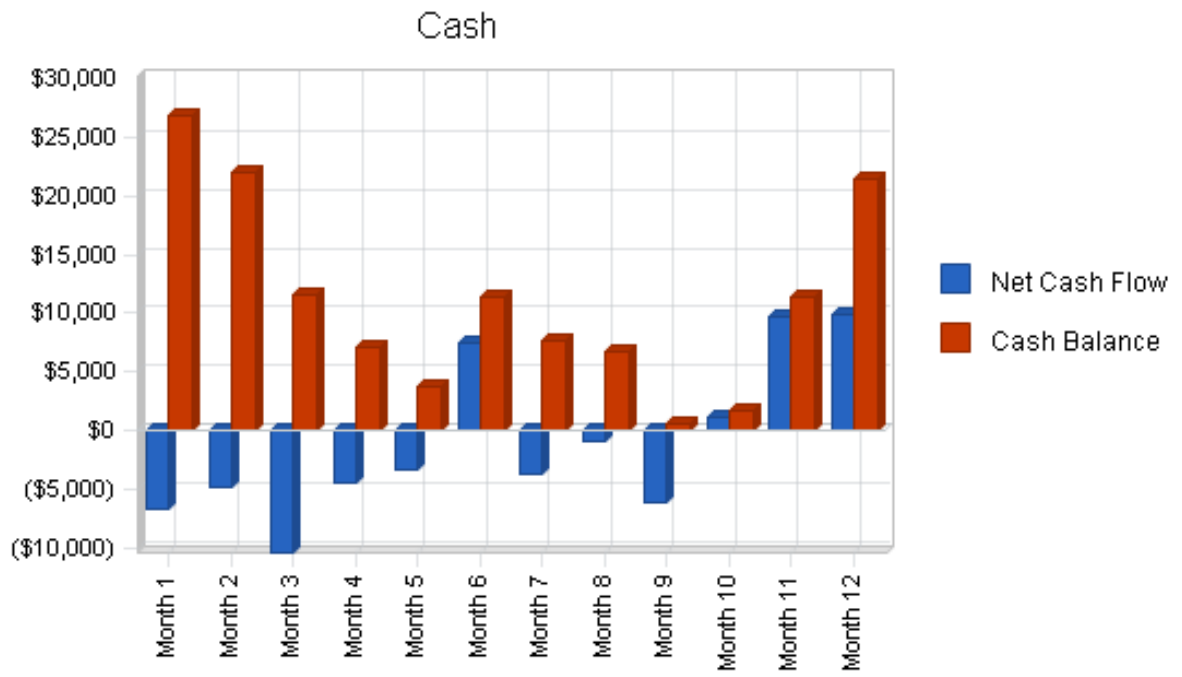
The following table and chart highlights the projected cash flow for three years.

Gentle Touch Creations

Table: Cash Flow

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	\$70,500	\$85,000	\$105,000
Cash from Receivables	\$161,300	\$244,675	\$300,759
Subtotal Cash from Operations	\$231,800	\$329,675	\$405,759
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$12,000	\$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	\$243,800	\$329,675	\$405,759
Expenditures			
Expenditures from Operations			
Cash Spending	\$70,800	\$76,000	\$105,000
Bill Payments	\$173,564	\$228,609	\$262,229
Subtotal Spent on Operations	\$244,364	\$304,609	\$367,229
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$3,000	\$6,000	\$3,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$8,400	\$8,400	\$8,400
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$255,764	\$319,009	\$378,629
Net Cash Flow	(\$11,964)	\$10,667	\$27,130
Cash Balance	\$21,436	\$32,103	\$59,233

Gentle Touch Creations



Gentle Touch Creations

7.4 Projected Balance Sheet

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

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$21,436	\$32,103	\$59,233
Accounts Receivable	\$50,200	\$60,525	\$74,766
Inventory	\$19,800	\$19,394	\$22,264
Other Current Assets	\$5,000	\$5,000	\$5,000
Total Current Assets	\$96,436	\$117,022	\$161,263
Long-term Assets			
Long-term Assets	\$15,000	\$15,000	\$15,000
Accumulated Depreciation	\$4,800	\$9,600	\$14,400
Total Long-term Assets	\$10,200	\$5,400	\$600
Total Assets	\$106,636	\$122,422	\$161,863
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$24,738	\$18,257	\$21,848
Current Borrowing	\$9,000	\$3,000	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$33,738	\$21,257	\$21,848
Long-term Liabilities	\$41,600	\$33,200	\$24,800
Total Liabilities	\$75,338	\$54,457	\$46,648
Paid-in Capital	\$50,000	\$50,000	\$50,000
Retained Earnings	(\$41,600)	(\$18,701)	\$17,965
Earnings	\$22,899	\$36,666	\$47,250
Total Capital	\$31,299	\$67,965	\$115,215
Total Liabilities and Capital	\$106,636	\$122,422	\$161,863
Net Worth	\$31,299	\$67,965	\$115,215

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 5122, Drug, Proprietaries, and Sundries, are shown for comparison.

Gentle Touch Creations

Table: Ratios

Ratio Analysis				
	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	20.57%	23.53%	16.90%
Percent of Total Assets				
Accounts Receivable	47.08%	49.44%	46.19%	28.90%
Inventory	18.57%	15.84%	13.75%	31.30%
Other Current Assets	4.69%	4.08%	3.09%	28.80%
Total Current Assets	90.43%	95.59%	99.63%	89.00%
Long-term Assets	9.57%	4.41%	0.37%	11.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	31.64%	17.36%	13.50%	49.00%
Long-term Liabilities	39.01%	27.12%	15.32%	12.60%
Total Liabilities	70.65%	44.48%	28.82%	61.60%
Net Worth	29.35%	55.52%	71.18%	38.40%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	50.00%	50.00%	52.38%	25.20%
Selling, General & Administrative Expenses	41.73%	39.09%	41.11%	15.50%
Advertising Expenses	0.85%	0.88%	0.95%	1.00%
Profit Before Interest and Taxes	13.43%	16.68%	16.80%	1.80%
Main Ratios				
Current	2.86	5.51	7.38	1.67
Quick	2.27	4.59	6.36	0.86
Total Debt to Total Assets	70.65%	44.48%	28.82%	61.60%
Pre-tax Return on Net Worth	104.52%	77.07%	58.59%	5.70%
Pre-tax Return on Assets	30.68%	42.79%	41.70%	14.90%
Additional Ratios				
	Year 1	Year 2	Year 3	
Net Profit Margin	8.12%	10.78%	11.25%	n.a
Return on Equity	73.16%	53.95%	41.01%	n.a
Activity Ratios				
Accounts Receivable Turnover	4.21	4.21	4.21	n.a
Collection Days	56	79	78	n.a
Inventory Turnover	10.57	8.67	9.60	n.a
Accounts Payable Turnover	8.02	12.17	12.17	n.a
Payment Days	27	35	28	n.a
Total Asset Turnover	2.64	2.78	2.59	n.a
Debt Ratios				
Debt to Net Worth	2.41	0.80	0.40	n.a
Current Liab. to Liab.	0.45	0.39	0.47	n.a
Liquidity Ratios				
Net Working Capital	\$62,699	\$95,765	\$139,415	n.a
Interest Coverage	7.34	13.07	23.13	n.a
Additional Ratios				
Assets to Sales	0.38	0.36	0.39	n.a
Current Debt/Total Assets	32%	17%	13%	n.a
Acid Test	0.78	1.75	2.94	n.a
Sales/Net Worth	9.01	5.00	3.65	n.a

Gentle Touch Creations

Dividend Payout	0.00	0.00	0.00	n.a
-----------------	------	------	------	-----

Appendix

Table: Sales Forecast

Sales Forecast													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales													
Herbal Products	0%	\$0	\$10,000	\$12,000	\$14,000	\$18,000	\$22,000	\$26,000	\$36,000	\$40,000	\$36,000	\$32,000	\$36,000
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales		\$0	\$10,000	\$12,000	\$14,000	\$18,000	\$22,000	\$26,000	\$36,000	\$40,000	\$36,000	\$32,000	\$36,000
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Direct Cost of Sales													
Herbal Products		\$0	\$5,000	\$6,000	\$7,000	\$9,000	\$11,000	\$13,000	\$18,000	\$20,000	\$18,000	\$16,000	\$18,000
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$0	\$5,000	\$6,000	\$7,000	\$9,000	\$11,000	\$13,000	\$18,000	\$20,000	\$18,000	\$16,000	\$18,000

Appendix

Table: Personnel

Personnel Plan													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Joanne Lovejoy	0%	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
2 Production Staff	0%	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400	\$3,400
P/T Production Staff	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People		3	3	3	3	3	3	3	3	3	3	3	3
Total Payroll		\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900

Appendix

Table: General Assumptions

General Assumptions												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	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												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$0	\$10,000	\$12,000	\$14,000	\$18,000	\$22,000	\$26,000	\$36,000	\$40,000	\$36,000	\$32,000	\$36,000
Direct Cost of Sales	\$0	\$5,000	\$6,000	\$7,000	\$9,000	\$11,000	\$13,000	\$18,000	\$20,000	\$18,000	\$16,000	\$18,000
Other Production Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$0	\$5,000	\$6,000	\$7,000	\$9,000	\$11,000	\$13,000	\$18,000	\$20,000	\$18,000	\$16,000	\$18,000
Gross Margin	\$0	\$5,000	\$6,000	\$7,000	\$9,000	\$11,000	\$13,000	\$18,000	\$20,000	\$18,000	\$16,000	\$18,000
Gross Margin %	0.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Expenses												
Payroll	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900
Sales and Marketing and Other Expenses	\$380	\$380	\$380	\$380	\$380	\$380	\$380	\$230	\$230	\$380	\$380	\$380
Depreciation	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Leased Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Insurance	\$650	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rent	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Payroll Taxes	15%	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885	\$885
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$9,215	\$8,565	\$8,565	\$8,565	\$8,565	\$8,565	\$8,565	\$8,415	\$8,415	\$8,565	\$8,565	\$8,565
Profit Before Interest and Taxes	(\$9,215)	(\$3,565)	(\$2,565)	(\$1,565)	\$435	\$2,435	\$4,435	\$9,585	\$11,585	\$9,435	\$7,435	\$9,435
EBITDA	(\$8,815)	(\$3,165)	(\$2,165)	(\$1,165)	\$835	\$2,835	\$4,835	\$9,985	\$11,985	\$9,835	\$7,835	\$9,835
Interest Expense	\$411	\$405	\$399	\$393	\$388	\$482	\$472	\$462	\$452	\$442	\$432	\$422
Taxes Incurred	(\$2,888)	(\$1,191)	(\$889)	(\$588)	\$14	\$586	\$1,189	\$2,737	\$3,340	\$2,698	\$2,101	\$2,704
Net Profit	(\$6,738)	(\$2,779)	(\$2,075)	(\$1,371)	\$33	\$1,367	\$2,774	\$6,386	\$7,793	\$6,295	\$4,902	\$6,309
Net Profit/Sales	0.00%	-27.79%	-17.29%	-9.79%	0.18%	6.22%	10.67%	17.74%	19.48%	17.49%	15.32%	17.53%

Appendix

Table: Cash Flow

Pro Forma Cash Flow												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$0	\$2,500	\$3,000	\$3,500	\$4,500	\$5,500	\$6,500	\$9,000	\$10,000	\$9,000	\$8,000	\$9,000
Cash from Receivables	\$0	\$0	\$250	\$7,550	\$9,050	\$10,600	\$13,600	\$16,600	\$19,750	\$27,100	\$29,900	\$26,900
Subtotal Cash from Operations	\$0	\$2,500	\$3,250	\$11,050	\$13,550	\$16,100	\$20,100	\$25,600	\$29,750	\$36,100	\$37,900	\$35,900
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	\$12,000	\$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	\$2,500	\$3,250	\$11,050	\$13,550	\$28,100	\$20,100	\$25,600	\$29,750	\$36,100	\$37,900	\$35,900
Expenditures												
Expenditures from Operations												
Cash Spending	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900
Bill Payments	\$15	\$656	\$7,042	\$8,918	\$10,294	\$13,956	\$16,619	\$19,449	\$28,790	\$27,877	\$21,118	\$18,831
Subtotal Spent on Operations	\$5,915	\$6,556	\$12,942	\$14,818	\$16,194	\$19,856	\$22,519	\$25,349	\$34,690	\$33,777	\$27,018	\$24,731
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	\$500	\$500	\$500	\$500	\$500	\$500
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700	\$700
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$6,615	\$7,256	\$13,642	\$15,518	\$16,894	\$20,556	\$23,719	\$26,549	\$35,890	\$34,977	\$28,218	\$25,931
Net Cash Flow	(\$6,615)	(\$4,756)	(\$10,392)	(\$4,468)	(\$3,344)	\$7,544	(\$3,619)	(\$949)	(\$6,140)	\$1,123	\$9,682	\$9,969
Cash Balance	\$26,785	\$22,029	\$11,637	\$7,169	\$3,825	\$11,369	\$7,750	\$6,802	\$662	\$1,785	\$11,467	\$21,436

Appendix

Table: Balance Sheet

Pro Forma Balance Sheet													
Assets	Starting Balances	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Assets													
Cash	\$33,400	\$26,785	\$22,029	\$11,637	\$7,169	\$3,825	\$11,369	\$7,750	\$6,802	\$662	\$1,785	\$11,467	\$21,436
Accounts Receivable	\$0	\$0	\$7,500	\$16,250	\$19,200	\$23,650	\$29,550	\$35,450	\$45,850	\$56,100	\$56,000	\$50,100	\$50,200
Inventory	\$5,000	\$5,000	\$5,500	\$6,600	\$7,700	\$9,900	\$12,100	\$14,300	\$19,800	\$22,000	\$19,800	\$17,600	\$19,800
Other Current Assets	\$5,000	\$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 Current Assets	\$43,400	\$36,785	\$40,029	\$39,487	\$39,069	\$42,375	\$58,019	\$62,500	\$77,452	\$83,762	\$82,585	\$84,167	\$96,436
Long-term Assets													
Long-term Assets	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Accumulated Depreciation	\$0	\$400	\$800	\$1,200	\$1,600	\$2,000	\$2,400	\$2,800	\$3,200	\$3,600	\$4,000	\$4,400	\$4,800
Total Long-term Assets	\$15,000	\$14,600	\$14,200	\$13,800	\$13,400	\$13,000	\$12,600	\$12,200	\$11,800	\$11,400	\$11,000	\$10,600	\$10,200
Total Assets	\$58,400	\$51,385	\$54,229	\$53,287	\$52,469	\$55,375	\$70,619	\$74,700	\$89,252	\$95,162	\$93,585	\$94,767	\$106,636
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$423	\$6,746	\$8,579	\$9,832	\$13,405	\$15,982	\$18,488	\$27,853	\$27,170	\$20,498	\$17,978	\$24,738
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000	\$11,500	\$11,000	\$10,500	\$10,000	\$9,500	\$9,000
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$423	\$6,746	\$8,579	\$9,832	\$13,405	\$27,982	\$29,988	\$38,853	\$37,670	\$30,498	\$27,478	\$33,738
Long-term Liabilities	\$50,000	\$49,300	\$48,600	\$47,900	\$47,200	\$46,500	\$45,800	\$45,100	\$44,400	\$43,700	\$43,000	\$42,300	\$41,600
Total Liabilities	\$50,000	\$49,723	\$55,346	\$56,479	\$57,032	\$59,905	\$73,782	\$75,088	\$83,253	\$81,370	\$73,498	\$69,778	\$75,338
Paid-in Capital													
Retained Earnings	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)	(\$41,600)
Earnings	\$0	(\$6,738)	(\$9,517)	(\$11,592)	(\$12,963)	(\$12,930)	(\$11,562)	(\$8,788)	(\$2,402)	\$5,392	\$11,687	\$16,589	\$22,899
Total Capital	\$8,400	\$1,662	(\$1,117)	(\$3,192)	(\$4,563)	(\$4,530)	(\$3,162)	(\$388)	\$5,998	\$13,792	\$20,087	\$24,989	\$31,299
Total Liabilities and Capital	\$58,400	\$51,385	\$54,229	\$53,287	\$52,469	\$55,375	\$70,619	\$74,700	\$89,252	\$95,162	\$93,585	\$94,767	\$106,636
Net Worth	\$8,400	\$1,662	(\$1,117)	(\$3,192)	(\$4,563)	(\$4,530)	(\$3,162)	(\$388)	\$5,998	\$13,792	\$20,087	\$24,989	\$31,299