



Orange Moon Jazz and Supperclub

2009 - 2014 Business Plan

Prepared By Robert Heard

Orange Moon Jazz and Supperclub

*8523 Delahye Circle
Sacramento, CA 95828*

Phone: 916-752-7917

Email: thesacjazzmaster@aol.com

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
1.1 Objectives	2
1.1.1 Keys to Success	2
2.0 Company Summary	3
2.1 Company Ownership	4
2.2 Start-up Summary	4
3.0 Products and Services	7
4.0 Market Analysis Summary	7
4.1 Market Segmentation	8
4.2 Target Market Segment Strategy	9
4.3 Service Business Analysis	10
4.3.1 Business Participants	10
4.3.2 Main Competitors	11
5.0 Strategy and Implementation Summary	12
5.1 Marketing Strategy	12
5.2 Sales Strategy	14
5.2.1 Sales Forecast	14
5.2.2 Daily Revenue Forecast	15
7.0 Management Summary	16
7.1 Personnel Plan	17
8.0 Financial Plan	18
8.1 Important Assumptions	18
8.2 Break-even Analysis	19
8.3 Projected Profit and Loss	20
8.4 Projected Cash Flow	21
8.5 Projected Balance Sheet	23
8.6 Business Ratios	23
Appendix	25

Orange Moon SupperClub & Lounge Business Plan

1.0 Executive Summary

Orange Moon SupperClub & Lounge is a full-service Jazz and Neo-Soul nightclub and restaurant dedicated to consistently providing world class Urban Jazz, Danceable Jazz along with Neo-Soul (R&B Sophisticated Dance) entertainment. Orange Moon will offer live Jazz two nights a week, plus offer supper club format showcasing the latest technology and highlighting the latest jazz video and neo-soul artist.

The inviting music and appealing atmosphere will provide our guests with an upscale and relaxing environment. Orange Moon will also provide a unique entertainment facility to accommodate high profile business and executive travelers to the Sacramento area. Through the use of state-of-the-art music, video and electronic technology, we will provide our customers precise, crystal clear sights and sounds which makes this the obvious choice for jazz enthusiasts as well as those out just for an evening of music pleasure. Orange Moon will also showcase a simple, yet unique, themed appetizer menu that will satisfy even the most inherent palates.

The timing and market is right for this venture. Sacramento County now boasts a population exceeding 1.2 million residents. Within a radius of 25 miles from downtown Sacramento, there is not a single establishment that is committed to offering [exclusively] live jazz entertainment weekly. Furthermore, Jazz, specifically urban jazz and neo-soul is an extremely well received musical genre that transcends all classes, ages and nationalities. Urban jazz and neo-soul is described as:

- " Upscale
- " Hot
- " Entertaining
- " Relaxing

Target Market

As our marketing analysis shows, our target market includes married couples between the ages 25 and 54, the tourist and business traveler and the local jazz and neo-soul musician and their fans. This represents a total target market population exceeding 700,000.

Marketing Strategy

Our marketing strategy is essential to this business plan and our overall success. Our marketing strategy will focus on our target markets, create awareness of Orange Moon Jazz & SupperClub features and emphasize exceptional customer service. The specific marketing & advertising tools we will use are as follows;

1. Radio
2. Internet
3. Local Hotel Establishments in the Immediate Area

Based on our overall marketing strategy, (see section 5.0) we have a annual marketing budget of \$62,408.02

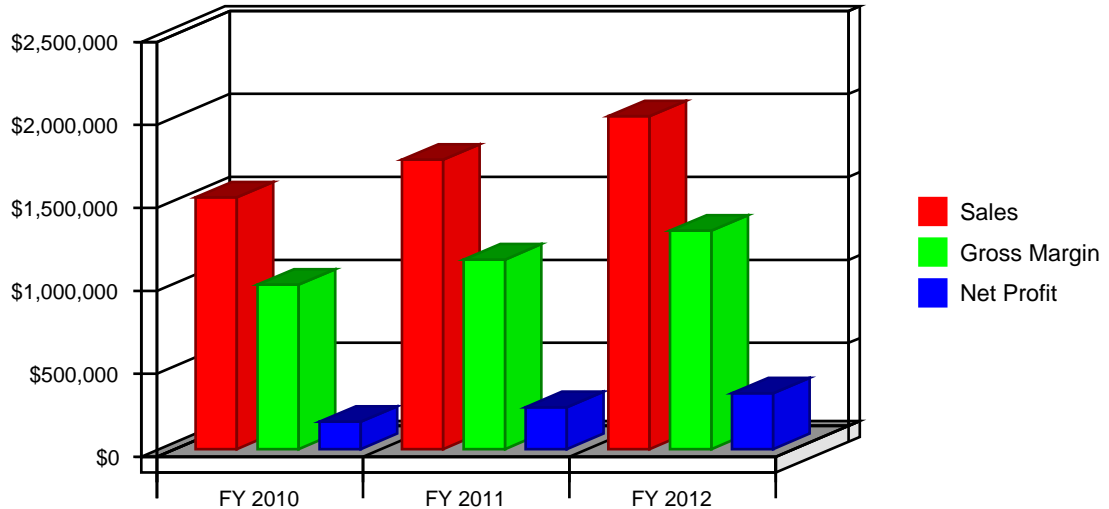
Financial Consideration

In order to aggressively market our company and services to the above target markets within Sacramento County, we require an investment of \$150,000. This will allow us to implement an extremely focused marketing campaign for the next three years. Also, we will need to lease a 5,000 commercial facility that we can remodel, upgrade and design into an upscale jazz and supper club. Therefore, to secure a long-term lease and to implement our marketing strategy, we are seeking a funding package totaling \$450,000

Orange Moon SupperClub & Lounge Business Plan

We have calculated our ability to repay this loan by making monthly payments of \$5,459.00 for 10 years. This will provide our funders with a net profit of \$205,169 dollars.

Highlights



1.1 Objectives

The main objectives for Orange Moon Jazz & SupperClub are as follows:

- To launch with a highly publicized grand opening event in the summer of 2009.
- To maintain tight control of costs, operations, and cash flow through diligent management and automated computer control.
- To deliver the highest quality of jazz entertainment to Sacramento County.
- To consistently surpass all other nightclub establishments with our level of service and customer satisfaction.
- To exceed \$3 million in annual sales by the third year of plan implementation.

1.1.1 Keys to Success

The keys to success in achieving our goals are:

- Provide exceptional service that leaves an impression.
- Consistent entertainment atmosphere and product quality.
- Managing our internal finances and cash flow to enable upward capital growth.
- Strict control of all costs, at all times, without exception.

Orange Moon SupperClub & Lounge Business Plan

2.0 Company Summary

Orange Moon SupperClub & Lounge is a full-service Jazz and Neo-Soul nightclub and restaurant dedicated to consistently providing world class Urban Jazz, Danceable Jazz along with Neo-Soul (R&B Sophisticated Dance) entertainment. Orange Moon will offer live Jazz four nights a week, plus offer supper club format showcasing the latest technology highlighting the latest jazz video and neo-soul artist.

The timing and market is right for this venture. Sacramento county now boast a population exceeding 1.2 million residents. Within a radius of 25 miles from downtown Sacramento there is not a single establishment that is committed to offering live jazz entertainment weekly. Furthermore, Jazz, specifically urban jazz and neo-soul is an extremely well received musical genre that transcends all classes, ages and nationalities. Urban jazz and neo-soul is described as

- Hot
- Upscale
- Relaxing
- Professional
- Entertaining

While the exact location of our establishment has not been selected, nevertheless we know just what is required in choosing the right location. We require a location that is at least 5,000 square feet, and is located in one of the following areas;

- Within 1 mile of Arden Way and Howe Avenue
- Within 1 mile of the downtown Convention Center
- Within 1 mile of Douglas Blvd and Sunrise
- Within 1 mile of Galleria Mall in Roseville
- Within 1 mile of Truxel road and Interstate 80

The market for a jazz supper club and lounge is tremendous due in part to the lack of entertainment for individuals 35 and older in Sacramento County. Urban Jazz and Neo-Soul are musical forms that provide two pleasures; listening and dancing. Orange Moon will attract those individuals and couples who want to dance & party and those who want to eat, listen and be entertained. Sacramento supports nightlife in a major way. The information presented in the marketing analysis section will provide supporting documentation.

The nightclub will be one of the most modern in the Sacramento area. The key elements of Orange Moon's concept are:

1. Orange Moon will host three separate areas for jazz, sophisticated dance as well as a comfortable lounge area elaborately designed to appeal to the most discriminating taste. The Jazz and Dance areas will be fully equipped with a stage, video and audio equipment, bar and private party settings. The lounge area will also host a common bar area for patrons to relax and unwind without actually entering into the main venue. The facility will also boast private VIP areas, Internet WI-Fi access and a semi-private area for small meeting conferences.
2. Orange Moon supper club will feature a wide variety of appetizers, salads and sandwiches. Our menu will focus on low cost menu items that offer unique flavors and taste.
3. Orange Moon will be characterized by the elaborate dance club situated in a spectator setting which comfortably accommodates 350 guests. The area will also offer three private sky boxes which can be combined for use in a conference or private party setting. This room is intended for special events and daily use. The adjoining dining room and bar would present an inviting and relaxing atmosphere, which displays a collection of musical and dance memorabilia. A live DJ will coordinate the events and

Orange Moon SupperClub & Lounge Business Plan

- entertain the patrons with music and games during music breaks and off-times.
4. Orange Moon will have two full service bars capable of accommodating approximately 150 patrons at any one time.
 5. Exceptional service -- In order to reach and maintain a unique image of quality, the Nightclub will provide attentive and friendly service through a high ratio of service personnel to customers, and will also invest in the training and supervision of its employees. We estimate nearly one service staff member for every 15 guests. The staff at Orange Moon will remain consistent with the kind and courteous, yet professional service members incorporated into the finest venues throughout the Sacramento region. A strict dress code for the employees will be enforced to ensure a consistent professional appearance is associated with our establishment.

Several opportunities have been identified to compliment the supper club's regular operations. Such as, collaboration with local Winery's for Friday Happy Hour wine tasting venues, a local Chef Night in association with Thursday Happy Hour utilizing a DJ format, and a regular format to attract live jazz venues to the Sacramento area.

2.1 Company Ownership

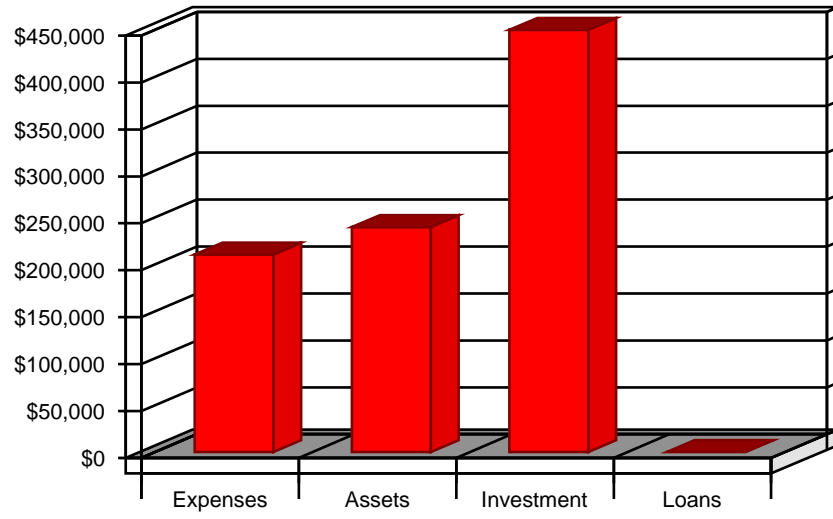
Principal partner, Robert N. Heard, Jr., is the founder and General Manager of Orange Moon Jazz & SupperClub. The company will exist as an S Corp and will be incorporated in the State of California.

2.2 Start-up Summary

Orange Moon SupperClub is seeking a loan for start-up purposes. Funds needed to accomplish goal referenced above will be \$450,000. We will utilize the anticipated loans in the amount of \$200,000 to build out the approximate 5,000 square foot space and purchase equipment necessary for the start-up of our new nightclub venue. The following tables and charts illustrate the capital requirements. The remaining \$250,000 will be used for marketing, advertising and cash reserves.

Orange Moon SupperClub & Lounge Business Plan

Start-up



Orange Moon SupperClub & Lounge Business Plan

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Air Cond. Upgrade	\$15,000
Audio/Lighting Lease Payment	\$2,350
Bar Equipment	\$6,500
Bar Supply	\$4,500
Cash Reserves	\$50,000
Exterior Signage	\$12,000
Fees and Permits	\$25,500
Impact Fees	\$7,500
Initial Marketing	\$18,500
Interior Refit	\$15,000
Kitchen Upgrade	\$10,500
Legal	\$7,500
Opening Salaries Deposits	\$12,500
Paper Products	\$2,500
Point of Sales Systems	\$12,500
Restroom Upgrade	\$8,000
Total Start-up Expenses	\$210,350
Start-up Assets Needed	
Cash Balance on Starting Date	\$232,150
Start-up Inventory	\$7,500
Other Current Assets	\$0
Total Current Assets	\$239,650
Long-term Assets	\$0
Total Assets	\$239,650
Total Requirements	\$450,000
Funding	
Investment	
Investor 1	\$175,000
Investor 2	\$175,000
Robert Heard	\$100,000
Total Investment	\$450,000
Current Liabilities	
Accounts Payable	\$0
Current Borrowing	\$0
Other Current Liabilities	\$0
Current Liabilities	\$0
Long-term Liabilities	\$0
Total Liabilities	\$0
Loss at Start-up	(\$210,350)
Total Capital	\$239,650
Total Capital and Liabilities	\$239,650

Orange Moon SupperClub & Lounge Business Plan

3.0 Products and Services

With the growth and expansion of Sacramento Downtown and many other areas of Sacramento County, we have an opportunity for a jazz/neo soul establishment for the working professionals in our community, young and old. The sheer size of the population along with the number of tourists visiting the Sacramento Region and lack of direct competition, are all huge advantages to the success of this project. Orange Moon will provide a solution to the lack of a consistent jazz presence geared primarily toward the 35 and up age group in the Sacramento area, and will help lure the Bay-Area enthusiasts away from that region and keep late night expenditures within the local region. In addition, Orange Moon hopes to boost market share of the local hotel community due to more night life venues and opportunities for overnight stays here in Sacramento.

Orange Moon will specialize in live and recorded jazz and neo-soul to capitalize even further on a non-existent market in northern California. Specifically, patrons will have the opportunity to experience a melting pot, open minded mix of all forms of new and ever-changing jazz sounds being created. They will experience all of these different and exciting jazz sounds in the following formats.

1. Concert video showcasing the latest jazz and neo-soul artists operated on a state-of-the-art entertainment audio/video system.
2. Live jazz concerts performed two nights a week on our main stage in front of 300 customers.
3. Through Digital Radio 2000, featuring DJ Jazz Master. Patrons will hear the same music that will be performed live and on video within Orange Moon.

Orange Moon calls this our Triple Threat entertainment experience. This entertainment package will guarantee our patrons will be eager to experience Orange Moon over and over again, due to its unique ambiance, new, exciting, smooth captivating jazz and neo-soul experiences.

Also, we provide a light, elegant and satisfying appetizer menu for our patrons. Our offering will include delectable items ranging from six to nine dollars each. Hours of operation will be 4:00 pm to 2:00 am five nights a week. This establishment will draw from the Sacramento market while attracting guest from the other surrounding cities and towns.

Finally, Orange Moon will specialize in beer and wines from some of our finest local wineries along with an array of liquor and mixed drinks. In addition, the general appearance will be constantly maintained, clean, open and pleasing to our customers.

4.0 Market Analysis Summary

The concept of a jazz and neo-soul SupperClub has been well received. In speaking with many people, they have expressed a desire to experience jazz in an environment that is consistently available versus the random opportunities that exist today.

The SupperClub and lounge proposal calls for a 5,000 square foot complex which will be comprised of a venue to offer table setting for live concerts, a lounge for listening pleasure, and the corporate business offices. Under the current plan, the SupperClub at Orange Moon will accommodate seating for up to 300 patrons comfortably to listen to live jazz and a lounge which will accommodate 150 patrons. Alcoholic and non-alcoholic beverages and food will be available. The premises will be equipped with state-of-the-art audio and video systems like none other found in Sacramento. The general appearance will be clean, open, and pleasing to the customer. The music will provide a variety of blends to stimulate customers and create

Orange Moon SupperClub & Lounge Business Plan

mass appeal for the region, thereby serving the need for a true jazz and neo-soul venue in the Sacramento area. The demographics are highly favorable, as there are no direct competitors with other live jazz dance themes and bars within Sacramento County.

Our marketing analysis will include these target groups:

1. Married couples, between the ages of 25 - 64 years of age
2. Tourists and Business Travelers
3. Jazz and Neo-Soul Musicians
4. Enthusiasts

4.1 Market Segmentation

Based on market research, we see the Orange Moon SupperClub appealing to the following major market segments.

Married couples between the ages of 25 to 54. *(The following information was taken from the U. S. Census Bureau)* There are 1,374,724 people living in Sacramento County as of 2006. Of this number, 603,511 are between the ages of 25 - 54. There are 523,049 married couples living in the county who have an annual income of \$77,000. These individuals are usually the owners of their own homes. The ambience at Orange Moon will provide a setting very conducive for that "end of day wind down" with friends, or for a couple meeting to have dinner.

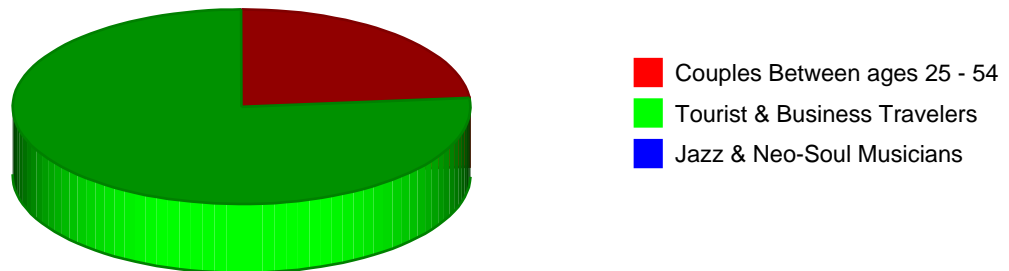
Tourists and Business Travelers. With the expansion of the Sacramento International Airport and redevelopment of the downtown area, more tourists and business travelers will be provided an opportunity to experience the finest jazz venue that Sacramento has to offer. Based on data obtained from the Sacramento convention & visitors bureau, Sacramento entertained approximately 17 million visitors and business travelers in 2006, thus generating approximately \$2.4 million dollars. The anticipated growth rate for this over the next 4 years is 5%.

Jazz and Neo-Soul Musicians. The Sacramento News & Review reports that Sacramento has over 500 aspiring musicians. These individuals will have an opportunity to network with other new artists/professionals creating valuable collaborations and associations. In addition, the patrons will have an opportunity to be entertained by a professional jazz/neo-soul DJ in a venue that will assist these artist to showcase their creative talent and works.

Table: Market Analysis

Market Analysis							
Potential Customers	Growth	2009	2010	2011	2012	2013	CAGR
Couples Between ages 25 - 54	10%	523,426	528,659	533,945	539,284	544,676	1.00%
Tourist & Business Travelers	5%	1,700,000	1,785,000	1,802,850	1,820,878	1,839,086	1.99%
Jazz & Neo-Soul Musicians	5%	500	550	625	675	725	9.73%
Total	1.76%	2,223,926	2,314,209	2,337,420	2,360,837	2,384,487	1.76%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

Our strategy is based on serving our niche markets exceptionally well. Married couples between the ages 25 and 54, the tourist and business traveler and the local jazz and neo-soul musician and their fans, as well as groups going out together, can all enjoy the Nightclub experience.

The marketing strategy is essential to the main strategy:

- Emphasize exceptional service.
- Create awareness of Orange Moon Jazz & SupperClub unique features.
- Focus on our target markets.

Charges will be appropriately based on the industry standard for the type of high-end, high-quality service and food that we will offer our patrons. To provide a superior quality of service, our revenue structure has to match our cost structure so that the wages we pay and the training provided will ensure a professionally trained staff.

The appetizer menu items have been selected in good taste, and are relatively inexpensive and easy to prepare. A premium is appropriate so as to obtain a balance in pricing in accordance with what were serving.

Due to the moderately priced menu items we will create an atmosphere that will encourage extended stays and more spending. Each patron is expected to spend an average cost of \$16.00 for beverages with at least \$7.00-\$9.00 being spent by those who choose to take advantage of the food menu. Our target customer spends considerably more than the industry average amount for moderately priced establishments. The atmosphere created promotes longer stays and more spending, allowing for adequate table turns due to our extended hours of operation.

Orange Moon SupperClub & Lounge Business Plan

4.3 Service Business Analysis

A jazz meets dance themed venue has not yet hit the market in this region. However, they operate successfully as independent entities throughout major cities, such as, San Francisco, Los Angeles, Detroit, Chicago, New Orleans, New York, and Seattle, just to name a few. By entrancing our audiences with high powered sophisticated jazz and neo-soul sounds, crowd interactive entertainment, this business will be one of the highest cash-flow businesses in Sacramento. Studies have shown that the average person will spend three to four hours per weekend in these environments spending an average of \$20-\$50 in that time frame.

Comparable venues in our style open from 4:00 PM to 2:00 AM and can achieve gross revenues anywhere from \$5,000 to \$25,000 nightly. Orange Moon expects to achieve gross revenues comparable to other successful venues in other cities. Admission fees for live entertainment can range from \$5.00 for local talent to \$45-55.00 for major acts. In addition to the alcohol revenues, we expect to generate substantial revenues from food sales and other popular entertainment options, ranging in price from \$7 to \$9.

Jazz music concepts for entertainment venues in the late 1980's and 1990's focused on the high-energy light and sound interaction with participative events. Today, these concepts have become more sophisticated and with the availability of new technology, larger metropolitan cities have taken this technology to new heights for entertaining patrons using interactive designs to create an exciting new and memorable experience. Fortunately for us, no one in Sacramento has pioneered this effort in this specific segment of the industry as of the date of this report.

In addition to the most commonly used forms of advertising, Orange Moon will be utilizing a "grass roots" method where customers will be given coupons as an economic incentive for the repeat customer. Additionally, Orange Moon offers its customers a dynamic place to gather and mingle, but also a place to participate in entertainment through interactive themed nights and other social events. We intend to capitalize on the entertainment-oriented marketing techniques to withstand any perpetual shift in trends to allow us to cater to as large a client base as possible.

Nightclubs and other drinking establishments typically rely heavily on their primary suppliers, those being the various beverage distributors that provide the establishment with both alcoholic and non-alcoholic beverages. In this area, all major brands of alcoholic beverages are available in addition to several regional brand of beer with the distributors having a high rating in both product availability and delivery.

4.3.1 Business Participants

The Nightclub will be part of the restaurant and bar industry, which includes several kinds of businesses:

- Locally Operated Bars and Nightclubs - This genre usually appeals to the local neighborhood clientele. This same client base dictates that the average price structure be drastically scaled down in order to create "regulars."
- Nightclub Entertainment Complexes - This type of complex represents the concept we will most closely compete with. They are typically placed in high traffic locations and are normally treated as destination entertainment. An admission charge is usually in place and the associated price structure is also most like our proposed structure. Thankfully there is not an abundance of this type of entertainment within our region.
- Conventional Dining - Primarily owned by large national chains, usually less than 10,000 square feet, focused on serving good quality food in a reasonable amount of

Orange Moon SupperClub & Lounge Business Plan

time in a dining room setting. The service and food quality are superior to that of a fast food establishment. People go there to eat and leave when they're done eating since there's rarely a reason to stay.

- Formal Dining - Similar to conventional dining yet offering a higher quality of food and service for the added expense. As with the conventional dining facilities, there is little interaction and when people are done eating, they leave.
- Casual Dining - Commonly building upon conventional dining with the addition of a bar, playing of music and sporting events on numerous televisions. Some establishments offer their own brand of beer made on the premises. The food quality and service are at best, similar to that found in a conventional dining experience.
- Chain Entertainment - Typically manifested in each market through the Hard Rock Cafes, The Planet Hollywood's, etc. We expect to create an atmosphere that thrives on its trendy feel. These chain entertainment venues can not hope to draw the same "hip" clientele.

4.3.2 Main Competitors

The Nightclub competition lies mainly with other casual facilities and less with conventional and chain entertainment establishments. We need to effectively compete with the widely held idea that you can't get good service anymore, while maintaining the idea that being out can be a lot of fun. Our polling has indicated that consumers think of atmosphere, price, and quality respectively. Additionally, price was frequently mentioned by pointing out that if the former concerns are present then they are willing to pay more for the experience.

Our review of the market concludes that there are three entertainment venues that can be considered direct competition to the proposed new venue. We do realize that the proposed venue will also compete indirectly for every entertainment dollar spent in the Sacramento area. The main competitors to Orange Moon will be:

Marriott Hotel, 11211 Point East Dr, Rancho Cordova
Hours of Operation: 6:30 P.M. - 9:00 P.M.
Thursday and Friday
Capacity: 200
Provides jazz in the evening
Customers are the business travelers and neighborhood locals

Table 260, 826 J Street, Sacramento
Hours of Operation: Mon - Wed 11 AM - 9 PM; Friday 11 AM - Midnight; Saturday 9 AM - Midnight; Sunday 9 AM - 9 PM
Capacity: 250
Restaurant with jazz music to enjoy while dining.

Harlows, 2708 J Street, Sacramento
Hours of Operation: 7:00 P.M. - 2:00 A.M.
Tuesday through Sunday
Capacity: 200
-This club's target customer is 25 and older.
-This club is known for live jazz and restaurant. They also have dancing. The restaurant prices range from \$10 - \$24. Music is swing, salsa, reggae, and R & B.

Orange Moon SupperClub & Lounge Business Plan

5.0 Strategy and Implementation Summary

In order to place emphasis on exceptional service, our main tactics are bi-monthly service training, employee recognition, and higher service employee to customer ratios. Our specific programs for training include employee for life training for management, customer for life training for employees, and the sharing of success stories among employees and management. Our specific employee recognition programs include employee of the month with a personal parking space, service excellence recognition awards of specific employees attached to advertising.

Our second strategy is emphasizing the quality and quantity of entertainment. While our direct competitors provide Jazz only once a week or once a month, we are committed to providing jazz every single week. We will stand out to our target market as the premiere place to hear quality jazz in an upscale, customer-focused environment any day of the week. When done correctly, the word of mouth advertising takes over.

Our fulfillment strategy may be our most important. The necessary tactics are ongoing value-based training, maintenance, and attention to detail, especially after popularity has been established. Through empowerment of service employees to solve problems without making a customer wait for management consultation, we create a win-win situation for the customer and the supperclub. Continuous and never-ending improvement is the order of the day through our regular training sessions and meetings. Since value is equal to service rendered minus the price charged, it is crucial to go beyond the mere nightclub offering food and drinks, you have to create a long-lasting impression.

- Emphasize exceptional service -- We MUST prove to guests that exceptional service is still available and should be expected as part of a nightclub/dining experience. We need to differentiate ourselves from the mediocre service venues.
- Emphasize an entertaining experience -- By assuring that all guests will enjoy themselves, we would be securing market share through repeat business.
- Focus on target markets -- Our marketing towards couples 35 and older will be aggressive and consistent.
- Differentiate and fulfill the above promises.

We can't just market and sell another dance club, we must actually deliver on our promise of quality, service and a unique guest experience. We need to make sure we have the fun and service intensive staff that we claim to have.

5.1 Marketing Strategy

Orange Moon will use the follow avenues to market our establishment to the general public:

- Radio
- Internet
- Local hotel establishment in the immediate area

Radio - Orange Moon will use the local radio station, KSSJ, 94.7 to promote special events, broadcast live from our establishment, and consistently advertise. We will purchase sponsorship in two programs for advertising:

- The Ride Home, which is on air from 3 to 7 PM at a cost of \$24,700 annually or \$950/week. This show has a listenership reaching approximately 33,000 people daily.
- We will also enter a partnership agreement providing 18 announcements per week. Dependant on the time of year this will cost \$1,117. We will utilize this advertising

Orange Moon SupperClub & Lounge Business Plan

method for our grand opening and when we have a well known jazz artist appearing. We estimate using this advertising method a minimum of 6 times in a year. This listenership is estimated to be about 96,400 people daily.

Internet - Orange Moon will develop and promote an interactive website that will become our most affordable and consistent advertising tool over the next 5+ years.

- Search Engines - We will invest heavily in making sure that Orange Moon will be the top ranking return when an individual uses search words such as, "dining out", "jazz", "restaurants", in the Sacramento area, on such search engines as Yahoo, Google, Ask.com, etc. The link from the search engine will then direct the users to the Orange Moon website.
- Website - The patron will be directed to our website which will feature photos, videos, directions-maps, online reservations, and calendars. We will consider providing coupons, printed from the website, that will provide patrons discounts on appetizers, drinks, and entree at the Supperclub. These coupons will range in price from \$5 - \$10.
- Digital Radio - We will also create a digital radio station to broadcast the same genre of music that is heard daily in the SupperClub. We will contract with The Technology Dojo Web Design Company at a cost of \$000 per month to maintain the website and digital radio station.

Local area hotels - Orange Moon will invest time and energy into establishing strong relationships with select hotels in Sacramento County. By connecting with and working with the concierge and management at each hotel, we expect to generate referrals on a weekly basis. These local area hotels will be given coupons for drinks, appetizers, or live shows to share with their patrons. These coupons will range in price from \$5.00 to \$10.00. When a hotel patron inquires of the Concierge about "things to do" in the area, they will share these coupons from Orange Moon. This will be an ongoing investment for Orange Moon. The hotels we will select are as follows;

- Hotels in Downtown Sacramento Area - Sheraton Grand; Hyatt Hotel; Embassy Suites Hotel; Holiday Inn
- Hotels in Rancho Cordova Area - Marriott Hyatt Place
- Hotels in South Sacramento - Le Rivage
- Hotels in Roseville Area - Larkspur Landing; Courtyard Galleria Mall; Homewood Suites By Hilton
- Hotels in Folsom Area - Larkspur Landing

Our Budget for Marketing Campaign

Based on the three key strategies as outlined above, here is a cost breakdown for each strategy

- Radio Advertising on KSSJ, 94.7 FM. Total advertising cost for 12 months. This is an estimated cost. \$31,402
- Establishing top ranking on Search Engine Sites. This is an estimated cost for 12 months. \$3,000
- Website creation and maintenance. This is an estimated cost for 12 months. \$10,000
- Online Radio Station. This is an estimated cost for 12 months. \$3,000
- Coupons on beverages, food and ticket prices. This is an estimated cost for 12 months. \$15,000

Based on the above figures, we have a yearly marketing budget of \$62,408.02

Orange Moon SupperClub & Lounge Business Plan

5.2 Sales Strategy

Sales projections for this plan are presented in the following topics.

5.2.1 Sales Forecast

This chart represents our forecast for income on a monthly basis. The table presents yearly expected sales. Complete monthly forecast figures for the first year are presented in the appendix.

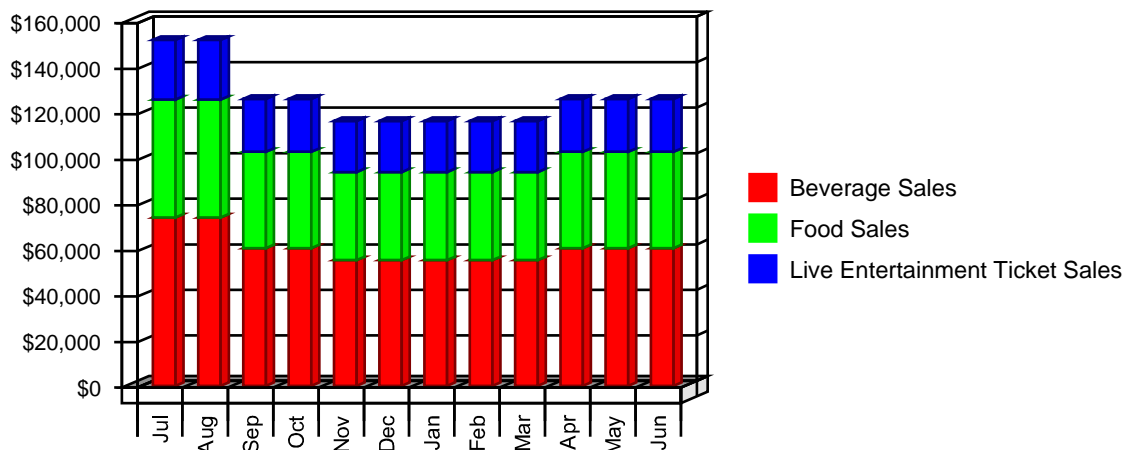
Our Sales Strategy will focus exclusively on beverage sales, live entertainment ticket sales, and food sales. There may be other miscellaneous forms of revenue, however our core revenue will be in these three areas identified.

Live entertainment ticket sales - We will have a live concert once a week that will either be a "well-known" entertainer or a local jazz/neo-soul group. The tickets for this will range from \$5 for the local to \$45 for the "well-known" artist. Of course, these events will boost the food and beverage sales. We anticipate an average of 350 patrons for a live concert. The months of May to October will provide peak sales revenue.

Beverage/food sales - There will always be the non-concert group that [patronize] Orange Moon. The Happy Hour crowd, or those wanting to experience the exciting environment we offer with our showcase of the latest technology videos of the latest jazz and neo-soul artist. It is anticipated that we will have an average of 150 patrons per day on a "regular" basis, with 200 - 250 on a Friday and Saturday night.

While our Daily Revenue Forecast is projecting an average gross revenue of \$42,111, to be conservative in our estimates, we have chosen to only use \$30,000 as our average weekly gross revenue.

Sales Monthly



Orange Moon SupperClub & Lounge Business Plan

Table: Sales Forecast

Sales Forecast			
Sales	FY 2010	FY 2011	FY 2012
Beverage Sales	\$726,750	\$835,763	\$961,127
Food Sales	\$508,725	\$585,034	\$672,789
Live Entertainment Ticket Sales	\$281,250	\$323,438	\$371,954
Total Sales	\$1,516,725	\$1,744,235	\$2,005,870
Direct Cost of Sales			
	FY 2010	FY 2011	FY 2012
Beverage Sales	\$178,250	\$204,988	\$235,736
Food Sales	\$167,873	\$193,054	\$222,012
Live Entertainment Ticket Sales	\$162,000	\$186,300	\$214,245
Subtotal Direct Cost of Sales	\$508,123	\$584,342	\$671,993

5.2.2 Daily Revenue Forcast

This table illustrates our daily revenue forecast for 5,000 total square feet. We are assuming a seating capacity for said space of 300 guests. In addition, we expect just less than one complete rotation of this space for food and beverage guests alike.

Daily Revenue Breakdown **	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Weekly
Total Live Jazz Ticket Sales	0	0	0	150	200	250	150	750
Average	0	0	0	\$10	\$10	\$10	\$7	\$9.57
Total Admission Sales	\$0	\$0	0	\$0	\$2,000	\$2,500	\$1,500	\$7,500
Total Bar Guests	0	0	100	350	600	600	500	2,350
Average Drinks per Person	0	0	2	2	3	3	3	2.50
Average Beverage Sales per Guest	0	0	\$10.00	\$10.00	\$18.00	\$18.00	\$12.50	\$12.50
Average Price per Drink	\$0	\$0	\$5.75	\$5.75	\$6.75	\$6.75	\$6.75	\$6.35
Total Beverage Sales	\$0	\$0	\$1,000	\$3,500	\$10,800	\$10,800	\$6,250	\$32,350
Total Admission and Beverage Sales	\$0	\$0	\$1,000	\$3,500	\$12,800	\$13,300	\$7,750	\$38,350
Total Food Guests	0	0	75	275	300	300	200	1150
Average Food Sales per Guest	0	0	\$8.50	\$8.50	\$8.50	\$8.50	\$8.50	\$42.50
Total Food Sales	\$0	\$0	\$638	\$2,337	\$2,550	\$2,550	\$1,700	\$9,775
Misc. Sales (10% of Gross Sales)	\$0	\$0	\$163	\$584	\$1,535	\$1,585	\$945	\$4,812
Total Revenue	\$0	\$0	\$1,630	\$5,837	\$15,350	\$15,850	\$9,450	\$48,117

**based on 300-person capacity

Orange Moon SupperClub & Lounge Business Plan

7.0 Management Summary

Principal partner, Robert N. Heard, Jr., is a retired member and civilian aircraft mechanic for the United States Air Force. In addition to his twenty-eight years of distinguished military service to this country, he has made an effort to establish himself as a premiere entertainer and entertainment director for the NCO Clubs and Officer's Clubs for many service installations throughout the country. Sacramento's former local smooth jazz radio station, 104.3 The Breeze, sought the expertise of this consummate jazz enthusiast for their "Live on Location" promotions all throughout the region. In 1989, following his success as a member of the 104.3 The Breeze music staff, Mr. Heard established his own DJ business, Jazz Masters Mobile Compact Disc Jockey.

Jazz Masters Mobile Compact Disc Jockey's brings to the table over twenty years experience showcasing and introducing fine jazz music entertainment to local venue opportunities. Jazz Masters has been providing smooth jazz as the opening act for live performances, served as Master of Ceremonies for local jazz venues, as well as having been instrumental in the planning stages for special event venues involving jazz collaborations throughout the region.

Jazz Masters offers a complete package of unique entertainment, audience interaction, and jazz artist expertise to its listeners. Utilizing top-of-the-line professional audio equipment, Jazz Masters delivers high quality sound with precise clarification, a must in the jazz listener's community.

At this time we do not have sufficient managers. While Robert Heard will act as the General Manager, we still need;

1. One Assistant Manager
2. One Bar Manager
3. One Administrative Assistant
4. One Disc Jockey.

We realize the importance of locating and hiring dedicated, talented and experienced managers and employees. Due to our weak and fragile economy, we are confident we will find an abundance of highly qualified applicants to choose from. Once funding is secured we begin the process of locating, interviewing and hiring the appropriate managers and employees.

However, we do realize that we may not have the hands on specific knowledge that may be required to execute pre-opening and opening phases of the venture. We also realize that we may benefit greatly from the retention of a hospitality industry consultant to guide us through the aforementioned time frames, as well as to consult with us through the first two years of our operation.

To this end we will contract with a hospitality industry specialist consultant. This firms involvement will exist in several facets, most notably, through providing assistance in launching this venue. This consultant has over 12 years of experience in the hospitality industry and has assisted many first-time operators in getting their proposed venues launched successfully. They will assist in the development of the design, concept, and strategies of the new business. In addition, they will assist in the hiring process of the management staff, dj's, bartender's, waitresses, and security staff. They will also provide educational services for management-level personnel who will be responsible for the day-to-day operations of the club.

Interviews for an assistant manager, bar manager, and all other personnel will be conducted with the assistance of the consultant. Robert Heard, General Manager, will make final decisions for each position.

Orange Moon SupperClub & Lounge Business Plan

7.1 Personnel Plan

The Personnel Plan reflects the objective of providing an ample amount of service personnel. Our headcount will remain at twenty unless any unforeseen demands dictate otherwise. Assume a burden rate of 17%.

DAILY STAFFING (300-person capacity) Hourly Employees

Day	Position	Quantity	Rate	Avg Hrs	Sub-total	Burden	Total
Monday	Staff Cost/Mon.	0	\$0	0	\$0	\$0	\$0
Tuesday	Staff Cost/Tues.				\$0	\$0	\$0
Wednesday	Waitress	2	\$9.00	8.0	\$144		
	Cook	1	\$12.00	8.0	\$96		
	Bartender	2	\$9.00	8.0	\$144		
	Barback	2	\$8.50	7	\$120		
	Bus/Boy Dishwasher	1	\$8.50	7	\$60		
	Security	1	\$10.00	4	\$40		
	Staff Cost/Wed.				\$604	\$108	\$712
Thursday	Waitress	2	\$9.00	8.0	\$144		
	Cook	1	\$12.00	8.0	\$96		
	Bartender	2	\$9.00	8.0	\$144		
	Barback	2	\$8.50	7	\$120		
	Bus/Boy Dishwasher	1	\$8.50	7	\$60		
	Security	1	\$10.00	4	\$40		
	Staff Cost/Thur.				\$604	\$108	\$712
Friday	Waitress	4	\$9.00	8.0	\$288		
	Cook	2	\$12.00	8.0	\$192		
	Bartender	3	\$9.00	8.0	\$216		
	Barback	2	\$8.50	8.0	\$136		
	Bus/Boy Dishwasher	2	\$8.50	8.0	\$136		
	Security	2	\$10.00	6.0	\$120		
	Staff Cost/Fri.				\$1088	\$196	\$1284
Saturday	Waitress	4	\$9.00	8.0	\$288		
	Cook	2	\$12.00	8.0	\$192		
	Bartender	3	\$9.00	8.0	\$216		
	Barback	2	\$8.50	8.0	\$136		
	Bus/Boy Dishwasher	2	\$8.50	8.0	\$136		
	Security	2	\$10.00	6.0	\$120		
	Staff Cost/Sat.				\$1088	\$196	\$1284
Sunday	Staff Cost/Sun.	0	\$0	0	\$0	\$0	\$0
Ttl Wkly/Hrly					\$3,384	\$608	\$3,992

Salaried Staff

Position	Salary	Yearly	Weekly	Burden	Total
Manager #1	General Mgr	\$36,000	\$692	\$124	
Manager #2	Assistant Mgr	\$25,200	\$484	\$87	
Manager #3	Bar Mgr	\$30,000	\$577	\$108	
Manager #4	Office Admin	\$24,000	\$462	\$83	
Manager #5	DJ	\$24,000	\$462	\$83	
Ttl Salaried			\$2,677	\$485	\$3,162
Ttl Weekly Staff					\$7,154

Orange Moon SupperClub & Lounge Business Plan

Table: Personnel

Personnel Plan	FY 2010	FY 2011	FY 2012
Salaried Staff	\$128,496	\$128,496	\$128,496
Hourly Staff	\$162,432	\$162,432	\$162,432
Total People	20	20	20
Total Payroll	\$290,928	\$290,928	\$290,928

8.0 Financial Plan

The financial projections for this plan are presented in the tables and charts of the following sub topics.

8.1 Important Assumptions

The financial plan depends on important assumptions, most of which are illustrated in the following table.

The key underlying assumptions are:

- We assume a slow-growth economy of five percent the first year, and three percent thereafter, without major recession.
- We assume that we will grow as managers during the process, this growth will manifest itself as flat line expense growth over the five-year period, leading to increased annual cash flow.
- We assume access to equity capital and financing sufficient to maintain our financial plan as shown in the tables.
- We assume continued popularity of nightclubs in America and the growing demand for high-energy themed and casual dining venues.

Orange Moon SupperClub & Lounge Business Plan

8.2 Break-even Analysis

For our break-even analysis, we assume running costs of approximately \$50,000 per month, which includes our full payroll, rent, and utilities, and an estimation of other running costs.

Fixed Costs **\$50,000.00**
Variable Costs **\$12,000.00**
Revenue (Estimated) **\$80,000.00**

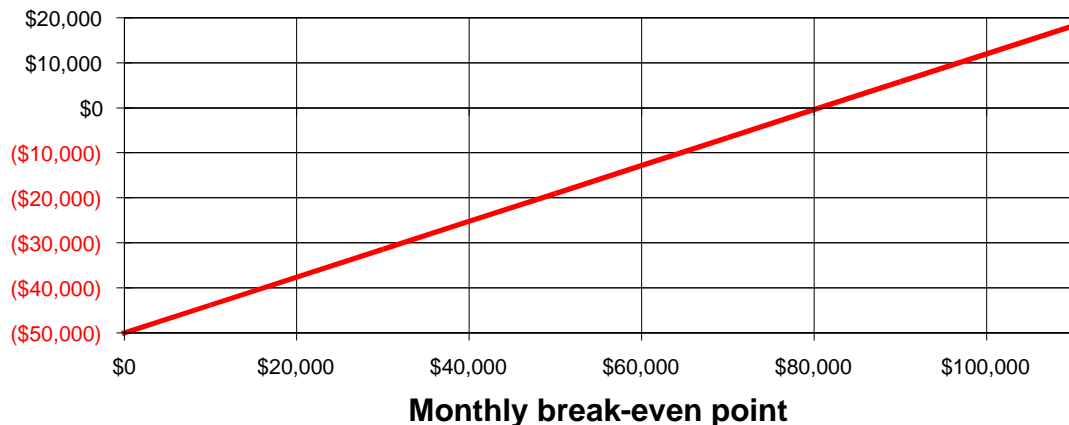
Average Nightly Break Even Revenues – approximately **\$4,025**
Minimum Nightly Required Spending Per Person - **\$8.75 + \$9.75 = \$18.50**
Minimum Nightly Required Incoming Traffic – **225**

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	80,645
Monthly Revenue Break-even	\$80,645

Assumptions:	
Average Per-Unit Revenue	\$1.00
Average Per-Unit Variable Cost	\$0.38
Estimated Monthly Fixed Cost	\$50,000

Break-even Analysis



Break-even point = where line intersects with 0

Orange Moon SupperClub & Lounge Business Plan

8.3 Projected Profit and Loss

Projected profit and loss statement for the nightclub follows. Three years' annual totals are shown below. Monthly breakdown for year one appears in the appendix.

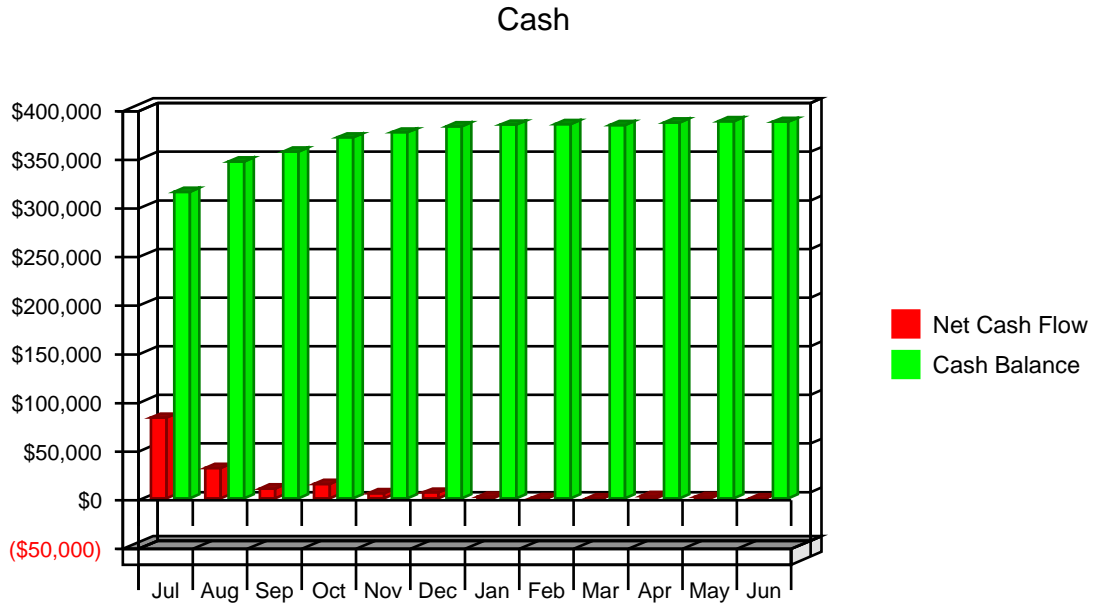
Table: Profit and Loss

Pro Forma Profit and Loss	FY 2010	FY 2011	FY 2012
Sales	\$1,516,725	\$1,744,235	\$2,005,870
Direct Costs of Goods	\$508,123	\$584,342	\$671,993
Inventory / Supplies / Equipment	\$18,000	\$18,000	\$18,000
	-----	-----	-----
Cost of Goods Sold	\$526,123	\$602,342	\$689,993
Gross Margin	\$990,602	\$1,141,893	\$1,315,877
Gross Margin %	65.31%	65.47%	65.60%
Expenses:			
Payroll	\$290,928	\$290,928	\$290,928
Sales and Marketing and Other Expenses	\$62,400	\$75,000	\$85,000
Depreciation	\$0	\$0	\$0
Leased Furniture & Equipment	\$6,600	\$6,600	\$7,500
Fees--Credit Card	\$12,800	\$15,200	\$11,202
Fees--Professional	\$7,500	\$7,650	\$7,803
Taxes--Food/Beverage 8%	\$98,829	\$113,663	\$163,391
Utilities	\$36,000	\$42,000	\$45,000
Insurance	\$22,500	\$24,500	\$26,500
Rent	\$168,000	\$170,000	\$173,000
Payroll Taxes	\$66,629	\$69,960	\$73,458
Other	\$0	\$0	\$0
	-----	-----	-----
Total Operating Expenses	\$772,186	\$815,501	\$883,782
Profit Before Interest and Taxes	\$218,416	\$326,392	\$432,095
Interest Expense	(\$3,575)	(\$10,200)	(\$18,800)
Taxes Incurred	\$57,280	\$84,148	\$114,603
Net Profit	\$164,711	\$252,444	\$336,293
Net Profit/Sales	10.86%	14.47%	16.77%

Orange Moon SupperClub & Lounge Business Plan

8.4 Projected Cash Flow

The following chart illustrates our monthly cash flow for year one. The table shows three years of annual totals. First year monthly figures as presented in the appendix. The months are weighted according to the amount of weeks in that month in a typical calendar year.



Orange Moon SupperClub & Lounge Business Plan

Table: Cash Flow

Pro Forma Cash Flow	FY 2010	FY 2011	FY 2012
Cash Received			
Cash from Operations:			
Cash Sales	\$1,365,053	\$1,569,812	\$1,805,283
Cash from Receivables	\$136,422	\$172,898	\$198,909
Subtotal Cash from Operations	\$1,501,474	\$1,742,710	\$2,004,192
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$1,501,474	\$1,742,710	\$2,004,192
Expenditures			
Expenditures from Operations:			
Cash Spending	\$144,573	\$155,044	\$166,133
Payment of Accounts Payable	\$1,135,861	\$1,332,195	\$1,498,638
Subtotal Spent on Operations	\$1,280,433	\$1,487,239	\$1,664,771
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$66,000	\$72,000	\$100,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$1,346,433	\$1,559,239	\$1,764,771
Net Cash Flow	\$155,041	\$183,471	\$239,422
Cash Balance	\$387,191	\$570,662	\$810,083

Orange Moon SupperClub & Lounge Business Plan

8.5 Projected Balance Sheet

The following Balance Sheet indicates healthy growth of net worth and a strong financial position. The monthly estimates are included in the appendix.

Table: Balance Sheet

Pro Forma Balance Sheet			
Assets			
Current Assets	FY 2010	FY 2011	FY 2012
Cash	\$387,191	\$570,662	\$810,083
Accounts Receivable	\$15,251	\$16,776	\$18,453
Inventory	\$3,259	\$3,585	\$3,943
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$405,700	\$591,022	\$832,480
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0
Total Assets	\$405,700	\$591,022	\$832,480
Liabilities and Capital			
Current Liabilities	FY 2010	FY 2011	FY 2012
Accounts Payable	\$67,339	\$72,217	\$77,382
Current Borrowing	(\$66,000)	(\$138,000)	(\$238,000)
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$1,339	(\$65,783)	(\$160,618)
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$1,339	(\$65,783)	(\$160,618)
Paid-in Capital	\$450,000	\$450,000	\$450,000
Retained Earnings	(\$210,350)	(\$45,639)	\$206,805
Earnings	\$164,711	\$252,444	\$336,293
Total Capital	\$404,361	\$656,805	\$993,098
Total Liabilities and Capital	\$405,700	\$591,022	\$832,480
Net Worth	\$404,361	\$656,805	\$993,098

8.6 Business Ratios

The Ratios table below outlines important ratios for this Nightclub. The last column, Industry Profile, is derived from the Standard Industrial Classification (SIC) Index code 5813, for Drinking Places.

Orange Moon SupperClub & Lounge Business Plan

Table: Ratios

Ratio Analysis	FY 2010	FY 2011	FY 2012	Industry Profile
Sales Growth	0.00%	15.00%	15.00%	1.90%
Percent of Total Assets				
Accounts Receivable	3.76%	2.84%	2.22%	4.60%
Inventory	0.80%	0.61%	0.47%	3.10%
Other Current Assets	0.00%	0.00%	0.00%	44.60%
Total Current Assets	100.00%	100.00%	100.00%	52.30%
Long-term Assets	0.00%	0.00%	0.00%	47.70%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.33%	-11.13%	-19.29%	28.20%
Long-term Liabilities	0.00%	0.00%	0.00%	23.10%
Total Liabilities	0.33%	-11.13%	-19.29%	51.30%
Net Worth	99.67%	111.13%	119.29%	48.70%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	65.31%	65.47%	65.60%	42.30%
Selling, General & Administrative Expenses	67.36%	64.67%	62.20%	23.40%
Advertising Expenses	8.79%	8.39%	8.01%	2.40%
Profit Before Interest and Taxes	14.40%	18.71%	21.54%	2.80%
Main Ratios				
Current	302.88	-8.98	-5.18	1.14
Quick	300.45	-8.93	-5.16	0.74
Total Debt to Total Assets	0.33%	-11.13%	-19.29%	51.30%
Pre-tax Return on Net Worth	54.90%	51.25%	45.40%	5.20%
Pre-tax Return on Assets	54.72%	56.95%	54.16%	10.60%
Additional Ratios				
	FY 2010	FY 2011	FY 2012	
Net Profit Margin	10.86%	14.47%	16.77%	n.a
Return on Equity	40.73%	38.44%	33.86%	n.a
Activity Ratios				
Accounts Receivable Turnover	9.95	10.40	10.87	n.a
Collection Days	66	34	32	n.a
Inventory Turnover	55.32	170.77	178.53	n.a
Accounts Payable Turnover	17.87	18.51	19.43	n.a
Payment Days	29	19	18	n.a
Total Asset Turnover	3.74	2.95	2.41	n.a
Debt Ratios				
Debt to Net Worth	0.00	-0.10	-0.16	n.a
Current Liab. to Liab.	1.00	0.00	0.00	n.a
Liquidity Ratios				
Net Working Capital	\$404,361	\$656,805	\$993,098	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	0.27	0.34	0.42	n.a
Current Debt/Total Assets	0%	-11%	-19%	n.a
Acid Test	289.06	0.00	0.00	n.a
Sales/Net Worth	3.75	2.66	2.02	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Appendix Table: Sales Forecast

Sales Forecast												
Sales	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beverage Sales	\$74,000	\$74,000	\$60,500	\$60,500	\$55,250	\$55,250	\$55,250	\$55,250	\$55,250	\$60,500	\$60,500	\$60,500
Food Sales	\$51,800	\$51,800	\$42,350	\$42,350	\$38,675	\$38,675	\$38,675	\$38,675	\$38,675	\$42,350	\$42,350	\$42,350
Live Entertainment Ticket Sales	\$26,250	\$26,250	\$23,250	\$23,250	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$23,250	\$23,250	\$23,250
Total Sales	\$152,050	\$152,050	\$126,100	\$126,100	\$116,425	\$116,425	\$116,425	\$116,425	\$116,425	\$126,100	\$126,100	\$126,100
Direct Cost of Sales	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Beverage Sales	25% \$18,500	\$18,500	\$15,125	\$15,125	\$13,125	\$13,125	\$13,125	\$13,125	\$13,125	\$15,125	\$15,125	\$15,125
Food Sales	33% \$17,094	\$17,094	\$13,975	\$13,975	\$12,762	\$12,762	\$12,762	\$12,762	\$12,762	\$13,975	\$13,975	\$13,975
Live Entertainment Ticket Sales	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500
Subtotal Direct Cost of Sales	\$49,094	\$49,094	\$42,600	\$42,600	\$39,387	\$39,387	\$39,387	\$39,387	\$39,387	\$42,600	\$42,600	\$42,600

Appendix

Appendix Table: Personnel

Personnel Plan	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Salaried Staff	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708	\$10,708
Hourly Staff	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536	\$13,536
Total People	20	20	20	20	20	20	20	20	20	20	20	20
Total Payroll	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244

Appendix

Appendix Table: Profit and Loss

Pro Forma Profit and Loss												
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Sales	\$152,050	\$152,050	\$126,100	\$126,100	\$116,425	\$116,425	\$116,425	\$116,425	\$116,425	\$126,100	\$126,100	\$126,100
Direct Costs of Goods	\$49,094	\$49,094	\$42,600	\$42,600	\$39,387	\$39,387	\$39,387	\$39,387	\$39,387	\$42,600	\$42,600	\$42,600
Inventory / Supplies / Equipment	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Cost of Goods Sold	\$50,594	\$50,594	\$44,100	\$44,100	\$40,887	\$40,887	\$40,887	\$40,887	\$40,887	\$44,100	\$44,100	\$44,100
Gross Margin	\$101,456	\$101,456	\$82,000	\$82,000	\$75,538	\$75,538	\$75,538	\$75,538	\$75,538	\$82,000	\$82,000	\$82,000
Gross Margin %	66.73%	66.73%	65.03%	65.03%	64.88%	64.88%	64.88%	64.88%	64.88%	65.03%	65.03%	65.03%
Expenses:												
Payroll	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244	\$24,244
Sales and Marketing and Other Expenses	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leased Furniture & Equipment	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550
Fees--Credit Card	\$1,400	\$1,400	\$1,200	\$1,200	\$800	\$800	\$800	\$800	\$800	\$1,200	\$1,200	\$1,200
Fees--Professional	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Taxes--Food/Beverage 8%	\$10,064	\$10,064	\$8,228	\$8,228	\$7,514	\$7,514	\$7,514	\$7,514	\$7,514	\$8,225	\$8,225	\$8,225
Utilities	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Insurance	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875	\$1,875
Rent	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Payroll Taxes	\$4,901	\$5,513	\$5,632	\$5,649	\$5,717	\$5,836	\$5,887	\$5,853	\$5,649	\$5,479	\$5,326	\$5,190
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$65,859	\$66,471	\$64,554	\$64,571	\$63,525	\$63,644	\$63,695	\$63,661	\$63,457	\$64,398	\$64,245	\$64,109
Profit Before Interest and Taxes	\$35,597	\$34,985	\$17,446	\$17,429	\$12,013	\$11,894	\$11,843	\$11,877	\$12,081	\$17,602	\$17,755	\$17,891
Interest Expense	(\$46)	(\$92)	(\$138)	(\$183)	(\$229)	(\$275)	(\$321)	(\$367)	(\$413)	(\$458)	(\$504)	(\$550)
Taxes Incurred	\$10,693	\$8,769	\$4,396	\$4,403	\$3,061	\$3,042	\$3,041	\$3,061	\$3,123	\$4,515	\$4,565	\$4,610
Net Profit	\$24,950	\$26,308	\$13,188	\$13,209	\$9,182	\$9,127	\$9,123	\$9,183	\$9,370	\$13,545	\$13,695	\$13,831
Net Profit/Sales	16.41%	17.30%	10.46%	10.48%	7.89%	7.84%	7.84%	7.89%	8.05%	10.74%	10.86%	10.97%

Appendix

Appendix Table: Cash Flow

Pro Forma Cash Flow	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cash Received												
Cash from Operations:												
Cash Sales	\$136,845	\$136,845	\$113,490	\$113,490	\$104,783	\$104,783	\$104,783	\$104,783	\$104,783	\$113,490	\$113,490	\$113,490
Cash from Receivables	\$6,845	\$5,644	\$6,189	\$6,996	\$7,796	\$8,396	\$10,150	\$12,699	\$14,788	\$17,385	\$18,921	\$20,615
Subtotal Cash from Operations	\$143,690	\$142,489	\$119,679	\$120,486	\$112,578	\$113,178	\$114,932	\$117,481	\$119,570	\$130,875	\$132,411	\$134,105
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$143,690	\$142,489	\$119,679	\$120,486	\$112,578	\$113,178	\$114,932	\$117,481	\$119,570	\$130,875	\$132,411	\$134,105
Expenditures												
Expenditures from Operations:												
Cash Spending	\$7,835	\$10,415	\$11,614	\$13,379	\$14,202	\$14,987	\$14,936	\$14,342	\$13,264	\$11,822	\$10,035	\$7,740
Payment of Accounts Payable	\$47,427	\$95,456	\$92,386	\$86,893	\$87,582	\$86,630	\$92,715	\$97,227	\$101,577	\$111,176	\$115,456	\$121,336
Subtotal Spent on Operations	\$55,263	\$105,871	\$104,000	\$100,272	\$101,784	\$101,617	\$107,651	\$111,569	\$114,841	\$122,998	\$125,491	\$129,076
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	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$60,763	\$111,371	\$109,500	\$105,772	\$107,284	\$107,117	\$113,151	\$117,069	\$120,341	\$128,498	\$130,991	\$134,576
Net Cash Flow	\$82,927	\$31,117	\$10,178	\$14,714	\$5,294	\$6,061	\$1,781	\$412	(\$771)	\$2,377	\$1,420	(\$471)
Cash Balance	\$315,077	\$346,195	\$356,373	\$371,087	\$376,381	\$382,442	\$384,223	\$384,636	\$383,865	\$386,241	\$387,662	\$387,191

Appendix

Appendix Table: Balance Sheet

Pro Forma Balance Sheet													
Assets													
Current Assets	Starting Balances	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cash	\$232,150	\$315,077	\$346,195	\$356,373	\$371,087	\$376,381	\$382,442	\$384,223	\$384,636	\$383,865	\$386,241	\$387,662	\$387,191
Accounts Receivable	\$0	\$8,360	\$17,921	\$24,343	\$29,957	\$33,803	\$37,050	\$38,543	\$37,487	\$34,341	\$29,567	\$23,256	\$15,251
Inventory	\$7,500	\$3,830	\$6,406	\$7,925	\$10,660	\$12,361	\$13,513	\$13,418	\$12,571	\$10,979	\$8,880	\$6,413	\$3,259
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$239,650	\$327,267	\$370,522	\$388,641	\$411,703	\$422,545	\$433,005	\$436,183	\$434,693	\$429,185	\$424,688	\$417,331	\$405,700
Long-term Assets													
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$239,650	\$327,267	\$370,522	\$388,641	\$411,703	\$422,545	\$433,005	\$436,183	\$434,693	\$429,185	\$424,688	\$417,331	\$405,700
Liabilities and Capital													
Current Liabilities													
Accounts Payable	\$0	\$68,167	\$90,614	\$101,045	\$116,398	\$123,558	\$130,391	\$129,947	\$124,773	\$115,395	\$102,853	\$87,301	\$67,339
Current Borrowing	\$0	(\$5,500)	(\$11,000)	(\$16,500)	(\$22,000)	(\$27,500)	(\$33,000)	(\$38,500)	(\$44,000)	(\$49,500)	(\$55,000)	(\$60,500)	(\$66,000)
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$62,667	\$79,614	\$84,545	\$94,398	\$96,058	\$97,391	\$91,447	\$80,773	\$65,895	\$47,853	\$26,801	\$1,339
Long-term Liabilities													
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$62,667	\$79,614	\$84,545	\$94,398	\$96,058	\$97,391	\$91,447	\$80,773	\$65,895	\$47,853	\$26,801	\$1,339
Paid-in Capital													
Paid-in Capital	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Retained Earnings													
Retained Earnings	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)	(\$210,350)
Earnings	\$0	\$24,950	\$51,258	\$64,446	\$77,655	\$86,837	\$95,964	\$105,087	\$114,270	\$123,640	\$137,186	\$150,880	\$164,711
Total Capital	\$239,650	\$264,600	\$290,908	\$304,096	\$317,305	\$326,487	\$335,614	\$344,737	\$353,920	\$363,290	\$376,836	\$390,530	\$404,361
Total Liabilities and Capital	\$239,650	\$327,267	\$370,522	\$388,641	\$411,703	\$422,545	\$433,005	\$436,183	\$434,693	\$429,185	\$424,688	\$417,331	\$405,700
Net Worth	\$239,650	\$264,600	\$290,908	\$304,096	\$317,305	\$326,487	\$335,614	\$344,737	\$353,920	\$363,290	\$376,836	\$390,530	\$404,361

Appendix

Appendix Table: General Assumptions

General Assumptions	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	30.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Sales on Credit %	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0