



Franchise Postal Service

EXPRESS POSTAL CENTER

8820 Bellevue St.
Anniston, MI 63439

This plan is a good example of a well-chosen franchise. The owners have considered many important factors, such as population growth, demographics, competition, franchise track record, and location. This business is well-positioned in every respect.

- EXECUTIVE SUMMARY
- BUSINESS DESCRIPTION
- LOCATION
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- MANAGEMENT
- FINANCIAL FORECAST
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EXECUTIVE SUMMARY

Express Postal Center (EPC) is an exciting franchise opportunity with a strong potential for growth. EPC is Postal/Shipping center that will bring a wealth of services to the Anniston area. The overwhelming support and guidance offered through a franchise assures us of a strong foothold in the business community.

American businesses are quickly growing in a direction of small offices I home of offices. individuals are utilizing the home office structure, however they have nether the space nor financial resources to fully equip and operate productively. Every day more and more business people are traveling. working out of hotel rooms, etc. This industry provides support services that business people need and have some to rely on in an office atmosphere. To the private consumer, the Center also offers the same quality services as are offered to the business person, as well as enjoying the specialized attention and assistance provided in this one-stop shipping store.

In recent years, many Fortune companies have undergone aggressive down-sizing programs. In doing so, the disbursement of the virtual office has considerable increased the need for services of offered though businesses such as the EPC Centers.

Franchising combines the initiative and dedication of individuals, along with the economies and scale of a national chain. With the current failure rate of new business in the marketplace, the percentage of success stories lies within franchising. As an EPC Franchise Owner, we can enjoy the best of both worlds: We will be part of a cutting-edge industry and be teamed with the most experienced and powerful company in the industry.

Express Postal Center is a service franchise with locations throughout the United States and internationally. There are currently 3,000 centers worldwide. It is an industry leader in providing private postal/shipping, and business communication services.



EPC was founded in 1980, began franchising in 1980, and became a public company in 1986. EPC is traded on NASDAQ. On average EPC opens one new franchise center each business day. They were ranked in the top quartile in the Business Gold 100 as of 1994. The future growth patterns have been aggressively set while continuing to maintain a top-rated standard of excellence and providing overwhelmingly good service.

Express Postal Center is five times larger than their nearest competitor and is one of the fastest growing franchise companies in the world. Because of the network size, they can provide overwhelming support and participation in national programs that are not available to independent businesses or other smaller franchise companies.

One of the most important aspects of this Center is the convenience of the one-stop shipping source. While it may be slightly less expensive to go to the local UPS office or Post office, it has been proven that the average individual will spend a little more money for the conveniences provided in one location. Business hours for the Center will be Monday through Friday from 8:00am to 6:00pm, and Saturday from 9:00am to 5:00pm with extended hours during the holiday season. These hours will be adjusted as the community dictates a need. People with very busy lives will utilize a full-service postal center rather than make several trips to various locations, standing in lines, finding parking etc., in order to accomplish the same tasks.

A business person can run their business from the Center. Every business need can be accomplished through the Center. Time is money and the more time a business person can spend doing his/her job efficiently, the more money he/she stands to make.

After looking at many different franchise opportunities, we decided to pursue an EPC franchise for many different reasons. It is a strong, service-oriented business with an extensive support organization backing it. This support is based not only on Corporate but also on the support of all the other stores through state of the art networking. We were also impressed with past growth, future projections, and the overall success rate of the EPCs around the country. All this information was gathered through many phone conversations with different EPC store within Colorado and Michigan. This is overwhelming support from the EPC franchise headquarters and other EPC owners throughout the Country.

The services offered will be promoted through a comprehensive national television advertising program provided through the franchise organization, additional local cable t.v., community newspapers, six local radio stations, two local phone directories, inexpensive circulars with coupons, and visibility of a prime location and signage.

The business venture itself will be organized under a Limited Liability Corporation to incorporate the tax advantages. Possible expansion to multiple Center locations will be scheduled to take place during year four in The Northern Michigan region. Jack Hall will serve as President of the EPC and Gayle Hall will serve as Vice President. Jack has over 20 years experience as a Service Engineer for Xerox Corporation, and Gayle has 18 years experience as a Word Processing Manager/Operator.

Initial projections for this EPC indicate that the break even point will be reached between twelve and fifteen months after operations commence, and an adequate cash flow will be maintained thereafter.

BUSINESS DESCRIPTION

The Business venture will be organized as a Limited Liability Corporation. Jack will serve as President of the EPC and Gayle will serve as Vice President. Projected opening date for this store is April 1, 1997. This date was specifically chosen in order to take advantage of advertising programs prior to the highly increased volume of business during the summer tourist season. It also allows for essential and valuable hands-on experience prior to this busy season. This business is not seasonal, but operates on a consistent year-round basis with hectic holiday peaks, such as a retail outlet. There is a slight slow down during the months of February and March, but overall it is consistently busy. Business hours for the Center will be Monday through Friday from 8:00am to 6:00pm, and Saturday from 9:00am to 5:00pm, with extended hours during the holiday season.



These hours will adjusted as the community dictates a Deed.

To business customers, this EPC is their copy center, private mail room, shipping department, support staff, office supply store, print shop and communications headquarters. The EPC National Accounts Network offers customer referrals to the EPC from companies such as Xerox, Panasonic, Ricoh and many others. To the consumer, the Center offers the convenience of expert packing and shipping (US Mail, UPS, Federal Express, Western Union, etc.), private mailboxes, quality photocopying, facsimile machines, binding services, passport photos' lamination, money orders, word processing and dictation transcription services, and on-site computer services. Available industry data indicates a strong need for these services.

The principal products and services available to the consumer include expert packing and shipping, reliable overnight delivery, a full-service copy center, private mailboxes, facsimile transmission/reception, word processing and personal computers, dictation transcription, office/ mailing supplies, passport photos, laminating and binding, and fast efficient postal services.

These services will cater to all individuals; no one is excluded. The local merchant needing to package and ship expensive merchandise across the country, to a family member sending grandparents homemade cookies. The ability to have professionally trained people package and ship literally any item across the country offers great comfort, especially in an area like Anniston. This area in Northern Michigan has a strong populous of permanent summer residents. These individuals often require venous services ranging from keeping in close contact with out of state/country business ventures to shipping personal household items from one location to another on an annual basis.

Labor costs are to be kept at a minimum. One of the owners will be in the Center at all times. Initial labor will be obtained through Greenbriar Temporary Services, keeping taxes and benefits at a minimum.

LOCATION

The site selected for this EPC is 8820 Bellevue Street in Anniston, Michigan (previously the DeeDee's Donuts building) serving Greenbriar, Charleston, and Braynor Counties. Location being of utmost importance, this is an easily accessible location with very strong visibility from both directions on Bellevue Street. The parking area consists of one entrance/exit off Bellevue Street and one alternate entrance/exit off an adjacent street. There are 25 parking spaces (13 in the front of the building and an additional 12 in the rear of the building), with additional parking available on the street. This site is centrally located in the heart of the Anniston, bordered on both the south and the north side by shopping centers. In addition, a college is located within 2 miles of the Center. The most recently available traffic count going directly past the Center as recorded, by the State of Michigan shows 28,000 vehicles in 1994, 24,000 vehicles in 1996, with an average of 3 passengers per vehicle. This location is within four blocks from downtown Anniston on the major thoroughfare. The location affords convenient access to residential neighborhoods and provides alternate routes for the consumer. We are very excited about this location and the incredible potential it presents.

MARKETING

On-site evaluate on and the most recent census data provided by the Anniston Regional of Commerce portrays Greenbriar County is a predominantly white, middle to upper middle class community with tourism being a major economic force. The county is a four-season vacation area offering numerous attractions as well as long-standing permanent summer residents. The Anniston/Point Freeman area boasts a wealthy permanent summer community that will be an ongoing financial benefit to the Center. Greenbriar County is a diversified economic development that includes industry, specialty shopping, health care, education, and other services.

The area being includes Greenbriar, Charleston and Braynor counties. According to the most recent census Greenbriar and Charleston counties have a combined population of 52,871. where 38,737 is over the age of 18. The educational level in this two county area is comprised of 80.5% of the population having a high school



education or above. The median Household Income for these two counties is \$29,016.

The targeted customers are likely to utilize the Center because of the numerous professional services offered and the outstanding quality of service received. One of our main goals is to supply absolutely the highest quality, most accommodating service money can buy. The return customer is of utmost importance and in a service business. Service is what a customer should expect and will receive.

Competition in the area consist of the local UPS office located on M12. This UPS office is approximately 6 miles from Anniston and has very limited business hours (Mon-Fri 3:00pm to 5:00pm). The U.S. Post Office is located at 455 University Street in Anniston.

The Post Office has very limited on street parking and is difficult to get to through downtown traffic. The only other competition in town is the Postal Connection located at 4403 East Bellevue Street. This is considered competitive only for rural traffic. In addition, the Postal Connection does not have the extensive services offered through the EPC. The location of this store is on the outskirts of town and offers very limited services (UPS and US mail). The lack of competition for the EPC has been a major contributing factor to locating this Center in Anniston.

The greatest advantage the Center will have over any Competition is the network of the franchise organization. There is overwhelming support received from not only the franchise organization itself, but the professional, committed owners of other Centers, all networked via state of the art computer programs, hardware and software. The training received through the franchise organization includes operating procedures, profit center development, advertising, marketing and management. As a franchise owner, we will benefit from a national network television advertising program designed to increase awareness of the EPC name and services that helps drive business into the Center. For local marketing, we will be using the Yellow Pages as well as being supplied with professional print, radio and television advertising to be used at the local level. All of this, combined with extended hours of operation, location, and the professional staff that will be employed will maximize the earning potential of this business venture

MANAGEMENT

The combined experience and personalities of Jack and Gayle Hall are a perfect fit for this business. Jack is a very dedicated, self-motivated, professional with over 20 years experience dealing with Xerox customers. He combines an outgoing personality with the professional persona needed to gain confidence with both the business customer and the local consumer. In addition, Jack brings a wealth of knowledge about business machine service and maintenance. Gayle's experience as a Word Processing Manager within a very large insurance brokerage firm allows her the professional experience needed to coordinate tasks and successfully manage employees. She also has a very outgoing personality with the warmth of a small town atmosphere. Gayle's skills of typing 120 words per minute coupled with imagination and creativity will be an asset to the customer requiring word processing and on-site computer services.



Balance Sheet (Forecast)

| | 1-Aug-96 | 31-Jul-97 | 31-Jul-98 | 31-Jul-99 |
|---|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$30,000.00 | \$37,665.00 | \$123,428.00 | \$239,423.00 |
| Supplies | 3,000 | 3,000 | 3,000 | 3,000 |
| Total Current Assets | 33,000 | 40,665 | 126,428 | 242,423 |
| Equipment: | | | | |
| Office Equipment | 13,020 | 13,020 | 13,020 | 13,020 |
| Leasehold improvements | 21,250 | 21,250 | 21,250 | 21,250 |
| Vehicles | 5,000 | 5,000 | 5,000 | 5,000 |
| | 39,270 | 32,630 | 25,990 | 19,350 |
| Less accumulated depreciation | 0 | 6,640 | 13,280 | 19,920 |
| Total Equip. Net of Accum. Depreciation | 39,270 | 32,630 | 25,990 | 19,350 |
| Intangibles: | | | | |
| Organization costs | 3,750 | 3,437 | 3,124 | 2,811 |
| Franchise fees | 24,950 | 23,287 | 21,624 | 19,961 |
| Total Intangibles | 28,700 | 26,724 | 24,748 | 22,772 |
| Total Assets | 100,970 | 100,019 | 177,166 | 284,545 |
| Liabilities and Proprietors Capital | | | | |
| Current maturities of long term debt | | | | |
| | 2,274 | 2,512 | 2,775 | 3,065 |
| Long term debt net of current maturities | | | | |
| | 72,726 | 70,214 | 67,439 | 64,374 |
| Proprietors capital | 25,970 | 27,293 | 106,952 | 217,106 |
| Total Liabilities and Proprietor's Capital | \$100,970.00 | \$100,019.00 | \$177,166.00 | \$284,545.00 |

| | 1-Aug-96 | 31-Jul-97 | 31-Jul-98 | 31-Jul-99 |
|---|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$30,000.00 | \$37,665.00 | \$123,428.00 | \$239,423.00 |
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| Total Liabilities and Proprietor's Capital | \$100,970.00 | \$100,019.00 | \$177,166.00 | \$284,545.00 |



Source of Funds Schedule

| Asset | Cost | Source of Funds |
|--|---------------------|-----------------|
| Initial Franchise Fee | \$24,950.00 | Savings |
| Training Fee | \$2,100.00 | Savings |
| Traveling & Living Expenses while Training | \$3,600.00 | Savings |
| Design Fee | \$750.00 | Savings |
| Real Property: | | |
| Mo. Rental Payment | \$1,348.00 | Savings |
| Triple-Net | \$245.00 | Savings |
| Leasehold Improvements: Costs;Sinage; Furniture & Décor Items | \$21,250.00 | Loan |
| Computer Hardware: IBM PC | \$4,900.00 | Loan |
| MBE Software | \$3,000.00 | Savings |
| Equipment | \$7,700.00 | Loan |
| Mailboxes (Minimum 10 Modules) | | |
| Fax Machine (Thermal) | | |
| Cash Register | | |
| Copiers | | |
| Passport Camera | | |
| Finishing Package (includes Laminator, Comb Binder, Velobind, Starter Supplies) | | |
| Yellow Pages | \$500.00 | Savings |
| Start-Up Supplies | \$5,000.00 | Loan |
| Security Deposits/Utility Deposits | \$3,200.00 | Savings |
| Insurance | \$1,200.00 | Savings |
| Grand Opening Marketing Fund | \$3,500.00 | Savings |
| Additional Funds | \$30,000.00 | Loan |
| TOTAL | \$113,243.00 | |

| Asset | Cost | Source of Funds |
|--|-------------|-----------------|
| Initial Franchise Fee | \$24,950.00 | Savings |
| Training Fee | \$2,100.00 | Savings |
| Traveling & Living Expenses while Training | \$3,600.00 | Savings |
| Design Fee | \$750.00 | Savings |
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| Leasehold Improvements: Costs;Sinage; Furniture & Décor Items | \$21,250.00 | Loan |
| Computer Hardware: IBM PC | \$4,900.00 | Loan |
| MBE Software | \$3,000.00 | Savings |
| Equipment | \$7,700.00 | Loan |
| Mailboxes (Minimum 10 Modules) | | |
| Fax Machine (Thermal) | | |
| Cash Register | | |
| Copiers | | |
| Passport Camera | | |
| Finishing Package (includes Laminator, Comb Binder, Velobind, Starter Supplies) | | |
| Yellow Pages | \$500.00 | Savings |
| Start-Up Supplies | \$5,000.00 | Loan |
| Security Deposits/Utility Deposits | \$3,200.00 | Savings |



| | | |
|------------------------------|---------------------|-----------------|
| Asset | Cost | Source of Funds |
| Insurance | \$1,200.00 | Savings |
| Grand Opening Marketing Fund | \$3,500.00 | Savings |
| Additional Funds | \$30,000.00 | Loan |
| TOTAL | \$113,243.00 | |

Cash Flow: Scenario One Year One

| Year One | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|----------------------------|---------|---------|---------|---------|---------|---------|
| Revenues | \$5,000 | \$5,500 | \$6,050 | \$6,655 | \$7,321 | \$8,053 |
| Expenses (Variable) | | | | | | |
| Advertising | 400 | 440 | 484 | 532 | 586 | 600 |
| Cost of Goods | (.35) | 1,750 | 1,925 | 2,118 | 2,329 | 2,819 |
| Misc. | (.01) | 50 | 55 | 61 | 67 | 73 |
| Salaries | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |
| Supplies | (.01) | 50 | 55 | 61 | 67 | 73 |
| Taxes/Ben | (.20) | 420 | 420 | 420 | 420 | 420 |
| Telephone | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | |
| Equipment | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Loan | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Prof. Services | 150 | 150 | 150 | 150 | 150 | 150 |
| Triple-Net | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditure | 8,520 | 8,745 | 8,994 | 9,265 | 9,564 | 9,851 |
| Co-Op Adv. | (.01) | 50 | 55 | 61 | 67 | 73 |
| Franchise Royalty | 250 | 275 | 303 | 333 | 366 | 403 |
| Nat. Media Fund | (.025) | 125 | 138 | 151 | 166 | 183 |
| Net Profit | 3,945 | 3,713 | 3,459 | 3,176 | 2,865 | 2,483 |
| Cash Flow | 3,945 | 7,658 | 11,117 | 14,293 | 17,158 | 19,641 |

(10% Increase per/mo 1-9...5% Increase per/mo 10-18...1% Increase per/mo 19-36)

| Year One | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|---|---------|---------|---------|---------|---------|---------|
| (10% Increase per/mo 1-9...5% Increase per/mo 10-18...1% Increase per/mo 19-36) | | | | | | |
| Revenues | \$5,000 | \$5,500 | \$6,050 | \$6,655 | \$7,321 | \$8,053 |
| Expenses (Variable) | | | | | | |
| Advertising | 400 | 440 | 484 | 532 | 586 | 600 |
| Cost of Goods | (.35) | 1,750 | 1,925 | 2,118 | 2,329 | 2,819 |
| Misc. | (.01) | 50 | 55 | 61 | 67 | 73 |
| Salaries | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 |
| Supplies | (.01) | 50 | 55 | 61 | 67 | 73 |
| Taxes/Ben | (.20) | 420 | 420 | 420 | 420 | 420 |
| Telephone | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | |
| Equipment | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Loan | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Prof. Services | 150 | 150 | 150 | 150 | 150 | 150 |



| Year One | | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|--------------------------|--------|---------|---------|---------|---------|---------|---------|
| Triple-Net | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditure | | 8,520 | 8,745 | 8,994 | 9,265 | 9,564 | 9,851 |
| Co-Op Adv. | (.01) | 50 | 55 | 61 | 67 | 73 | 81 |
| Franchise Royalty | | 250 | 275 | 303 | 333 | 366 | 403 |
| Nat. Media Fund | (.025) | 125 | 138 | 151 | 166 | 183 | 201 |
| Net Profits | | 3,945 | 3,713 | 3,459 | 3,176 | 2,865 | 2,483 |
| Cash Flow | | 3,945 | 7,658 | 11,117 | 14,293 | 17,158 | 19,641 |

| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL |
|---------|---------|----------|----------|----------|----------|-----------|
| \$8,858 | \$9,743 | \$10,717 | \$11,253 | \$11,815 | \$12,406 | \$103,371 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 6,642 |
| 3,100 | 3,410 | 3,751 | 3,939 | 4,135 | 4,342 | 36,180 |
| 89 | 97 | 107 | 113 | 118 | 124 | 1,035 |
| 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 25,200 |
| 89 | 97 | 107 | 113 | 118 | 124 | 1,035 |
| 420 | 420 | 420 | 420 | 420 | 420 | 5,040 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |

| | | | | | | |
|--------|--------|--------|--------|--------|--------|---------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 18,000 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10,148 | 10,474 | 10,835 | 11,035 | 11,241 | 11,460 | 120,132 |

| | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|
| 89 | 97 | 107 | 113 | 118 | 124 | 1,035 |
| 443 | 487 | 536 | 563 | 591 | 620 | 5,170 |
| 221 | 244 | 268 | 281 | 295 | 310 | 2,583 |
| 2,043 | 1,559 | 1,029 | 739 | 430 | 108 | 108 |
| 21,684 | 23,243 | 24,272 | 25,011 | 25,441 | 25,549 | 25,549 |

| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL |
|---------|---------|----------|----------|----------|----------|-----------|
| \$8,858 | \$9,743 | \$10,717 | \$11,253 | \$11,815 | \$12,406 | \$103,371 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 6,642 |
| 3,100 | 3,410 | 3,751 | 3,939 | 4,135 | 4,342 | 36,180 |
| 89 | 97 | 107 | 113 | 118 | 124 | 1,035 |
| 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 25,200 |
| 89 | 97 | 107 | 113 | 118 | 124 | 1,035 |
| 420 | 420 | 420 | 420 | 420 | 420 | 5,040 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 18,000 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |



| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL |
|---------|---------|---------|----------|----------|----------|---------|
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10,148 | 10,474 | 10,835 | 11,035 | 11,241 | 11,460 | 120,132 |
| 89 | 97 | 107 | 113 | 118 | 124 | 1,035 |
| 443 | 487 | 536 | 563 | 591 | 620 | 5,170 |
| 221 | 244 | 268 | 281 | 295 | 310 | 2,583 |
| 2,043 | 1,559 | 1,029 | 739 | 430 | 108 | 108 |
| 21,684 | 23,243 | 24,272 | 25,011 | 25,441 | 25,549 | 25,549 |

Cash Flow: Scenario One Year Two

| Year Two | Month 13 | Month 14 | Month 15 | Month 16 | Month 17 | Month 18 |
|----------------------------|----------|----------|----------|----------|----------|----------|
| Revenues | \$13,026 | \$13,678 | \$14,361 | \$15,080 | \$15,834 | \$16,625 |
| Expenses (Variable) | | | | | | |
| Advertising | 600 | 600 | 600 | 600 | 600 | 600 |
| Cost of Goods | (.35) | 4,459 | 4,788 | 5,026 | 5,278 | 5,819 |
| Misc. | (.01) | 130 | 137 | 144 | 151 | 166 |
| Salaries | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Supplies | (.02) | 130 | 137 | 144 | 151 | 166 |
| Taxes/Ben | (.20) | 600 | 600 | 600 | 600 | 600 |
| Telephone | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | |
| Equipment | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Loan | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Prof. Services | 150 | 150 | 150 | 150 | 150 | 150 |
| Triple-Net | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 12,729 | 13,072 | 13,324 | 13,590 | 13,868 | 14,161 |
| Co-Op Adv. | (.01) | 130 | 137 | 144 | 151 | 166 |
| Franchise Royalty | (.05) | 651 | 684 | 718 | 754 | 831 |
| Nat. Media Fund | (.025) | 330 | 342 | 359 | 377 | 416 |
| Net Profits | 814 | 557 | 184 | 208 | 620 | 1,051 |
| Cash Flow | 26,363 | 26,920 | 27,104 | 26,896 | 26,276 | 25,225 |

(10% Increase per/mo 1-9...5% Increase per/mo 10-18...1% Increase per/mo 19-36)

| Year Two | Month 13 | Month 14 | Month 15 | Month 16 | Month 17 | Month 18 |
|---|----------|----------|----------|----------|----------|----------|
| (10% Increase per/mo 1-9...5% Increase per/mo 10-18...1% Increase per/mo 19-36) | | | | | | |
| Revenues | \$13,026 | \$13,678 | \$14,361 | \$15,080 | \$15,834 | \$16,625 |
| Expenses (Variable) | | | | | | |
| Advertising | 600 | 600 | 600 | 600 | 600 | 600 |
| Cost of Goods | (.35) | 4,459 | 4,788 | 5,026 | 5,278 | 5,819 |
| Misc. | (.01) | 130 | 137 | 144 | 151 | 166 |
| Salaries | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Supplies | (.02) | 130 | 137 | 144 | 151 | 166 |
| Taxes/Ben | (.20) | 600 | 600 | 600 | 600 | 600 |
| Telephone | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | |
| Equipment | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | 100 | 100 | 100 | 100 | 100 | 100 |



| Year Two | | Month 13 | Month 14 | Month 15 | Month 16 | Month 17 | Month 18 |
|-----------------------|--------|----------|----------|----------|----------|----------|----------|
| Lease | | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 |
| Loan | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Prof. Services | | 150 | 150 | 150 | 150 | 150 | 150 |
| Triple-Net | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | | 12,729 | 13,072 | 13,324 | 13,590 | 13,868 | 14,161 |
| Co-Op Adv. | (.01) | 130 | 137 | 144 | 151 | 158 | 166 |
| Franchise Royalty | (.05) | 651 | 684 | 718 | 754 | 792 | 831 |
| Nat. Media Fund | (.025) | 330 | 342 | 359 | 377 | 396 | 416 |
| Net Profits | | 814 | 557 | 184 | 208 | 620 | 1,051 |
| Cash Flow | | 26,363 | 26,920 | 27,104 | 26,896 | 26,276 | 25,225 |

| Month 19 | Month 20 | Month 21 | Month 22 | Month 23 | Month 24 | TOTAL |
|----------|----------|----------|----------|----------|----------|-----------|
| \$16,791 | \$16,959 | \$17,129 | \$17,300 | \$17,473 | \$17,648 | \$191,904 |

| | | | | | | |
|-------|-------|-------|-------|-------|--------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 5,877 | 5,936 | 6,055 | 6,116 | 6,177 | 67,068 | 83,449 |
| 168 | 170 | 171 | 173 | 175 | 176 | 1,919 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 168 | 170 | 171 | 173 | 175 | 176 | 1,919 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 18,720 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|--------|--------|--------|--------|--------|--------|---------|
| 14,023 | 14,286 | 14,347 | 14,411 | 14,476 | 14,539 | 167,026 |
|--------|--------|--------|--------|--------|--------|---------|

| | | | | | | |
|-----|-----|-----|-----|-----|-----|-------|
| 168 | 170 | 171 | 173 | 175 | 176 | 1,919 |
| 840 | 848 | 856 | 865 | 874 | 882 | 9,595 |
| 420 | 424 | 428 | 433 | 437 | 441 | 4,803 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 1,140 | 1,231 | 1,327 | 1,418 | 1,511 | 1,610 | 37,829 |
|-------|-------|-------|-------|-------|-------|--------|

| | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|
| 24,085 | 22,854 | 21,527 | 20,109 | 18,598 | 16,988 | 16,988 |
|--------|--------|--------|--------|--------|--------|--------|

| Month 19 | Month 20 | Month 21 | Month 22 | Month 23 | Month 24 | TOTAL |
|----------|----------|----------|----------|----------|----------|-----------|
| \$16,791 | \$16,959 | \$17,129 | \$17,300 | \$17,473 | \$17,648 | \$191,904 |

| | | | | | | |
|-------|-------|-------|-------|-------|--------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 5,877 | 5,936 | 6,055 | 6,116 | 6,177 | 67,068 | 83,449 |
| 168 | 170 | 171 | 173 | 175 | 176 | 1,919 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 168 | 170 | 171 | 173 | 175 | 176 | 1,919 |

| | | | | | | |
|-----|-----|-----|-----|-----|-----|-------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |



| Month 19 | Month 20 | Month 21 | Month 22 | Month 23 | Month 24 | TOTAL |
|----------|----------|----------|----------|----------|----------|---------|
| 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 1,560 | 18,720 |
| 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14,023 | 14,286 | 14,347 | 14,411 | 14,476 | 14,539 | 167,026 |
| 168 | 170 | 171 | 173 | 175 | 176 | 1,919 |
| 840 | 848 | 856 | 865 | 874 | 882 | 9,595 |
| 420 | 424 | 428 | 433 | 437 | 441 | 4,803 |
| 1,140 | 1,231 | 1,327 | 1,418 | 1,511 | 1,610 | 37,829 |
| 24,085 | 22,854 | 21,527 | 20,109 | 18,598 | 16,988 | 16,988 |

Cash Flow: Scenario One Year Three

| Year Three | Month 25, 26, 27 | Month 28, 29, 30 | Month 31, 32, 33 | Month 34, 35, 36 | TOTAL |
|----------------------------|------------------|------------------|------------------|------------------|-------------|
| Revenues | \$17,824.00 | \$18,364.00 | \$18,921.00 | \$19,495.00 | \$74,604.00 |
| | 18,003 | 18,548 | 19,111 | 19,690 | 75,352 |
| | 18,183 | 18,734 | 19,302 | 19,887 | 76,106 |
| | 54,010 | 55,646 | 57,334 | 59,072 | 226,062 |
| Expenses (Variable) | | | | | |
| Advertising | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Cost of Goods (.35) | 18,904 | 19,476 | 20,067 | 20,676 | 79,123 |
| Misc. (.01) | 540 | 556 | 573 | 591 | 2,260 |
| Salaries | 9,000 | 9,000 | 9,000 | 9,000 | 36,000 |
| Supplies (.02) | 540 | 556 | 573 | 591 | 2,260 |
| Taxes/Ben | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Telephone | 300 | 300 | 300 | 300 | 1,200 |
| Utilities | 600 | 600 | 600 | 600 | 2,400 |
| Expenses (Fixed) | | | | | |
| Equipment | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Insurance | 300 | 300 | 300 | 300 | 1,200 |
| Janitorial | 300 | 300 | 300 | 300 | 1,200 |
| Lease | 4,866 | 4,866 | 4,050 | 4,050 | 19,444 |
| Loan | 3,000 | 3,000 | 3,000 | 3,000 | 12,000 |
| Prof. Services | 450 | 450 | 450 | 450 | 1,800 |
| Triple-Net | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 44,200 | 44,804 | 45,429 | 46,074 | 180,507 |
| Co-Op Adv. (.01) | 784 | 808 | 832 | 857 | 2,260 |
| Franchise Royalty (.05) | 3,920 | 4,039 | 4,161 | 4,287 | 11,303 |
| Nat Media Fund (.025) | 1,351 | 1,391 | 1,434 | 1,476 | 5,652 |
| Net Profits | 5,219 | 6,113 | 7,031 | 7,977 | 26,340 |
| Cash Flow | 11,769 | 5,656 | 1,375 | 9,352 | 9,352 |

(10% Increase per/mo 1-9...5% Increase per/mo 10-18... 1% Increase per/mo 19-36)

| Year Three | Month 25, 26, 27 | Month 28, 29, 30 | Month 31, 32, 33 | Month 34, 35, 36 | TOTAL |
|--|------------------|------------------|------------------|------------------|-------------|
| (10% Increase per/mo 1-9...5% Increase per/mo 10-18... 1% Increase per/mo 19-36) | | | | | |
| Revenues | \$17,824.00 | \$18,364.00 | \$18,921.00 | \$19,495.00 | \$74,604.00 |
| | 18,003 | 18,548 | 19,111 | 19,690 | 75,352 |
| | 18,183 | 18,734 | 19,302 | 19,887 | 76,106 |
| | 54,010 | 55,646 | 57,334 | 59,072 | 226,062 |
| Expenses (Variable) | | | | | |
| Advertising | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Cost of Goods (.35) | 18,904 | 19,476 | 20,067 | 20,676 | 79,123 |
| Misc. (.01) | 540 | 556 | 573 | 591 | 2,260 |
| Salaries | 9,000 | 9,000 | 9,000 | 9,000 | 36,000 |
| Supplies (.02) | 540 | 556 | 573 | 591 | 2,260 |
| Taxes/Ben | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |



| Year Three | Month 25, 26, 27 | Month 28, 29, 30 | Month 31, 32, 33 | Month 34, 35, 36 | TOTAL |
|-------------------------|------------------|------------------|------------------|------------------|---------|
| Telephone | 300 | 300 | 300 | 300 | 1,200 |
| Utilities | 600 | 600 | 600 | 600 | 2,400 |
| Expenses (Fixed) | | | | | |
| Equipment | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Insurance | 300 | 300 | 300 | 300 | 1,200 |
| Janitorial | 300 | 300 | 300 | 300 | 1,200 |
| Lease | 4,866 | 4,866 | 4,050 | 4,050 | 19,464 |
| Loan | 3,000 | 3,000 | 3,000 | 3,000 | 12,000 |
| Prof. Services | 450 | 450 | 450 | 450 | 1,800 |
| Triple-Net | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 44,200 | 44,804 | 45,429 | 46,074 | 180,507 |
| Co-Op Adv. (.01) | 784 | 808 | 832 | 857 | 2,260 |
| Franchise Royalty (.05) | 3,920 | 4,039 | 4,161 | 4,287 | 11,303 |
| Nat Media Fund (.025) | 1,351 | 1,391 | 1,434 | 1,476 | 5,652 |
| Net Profits | 5,219 | 6,113 | 7,031 | 7,977 | 26,340 |
| Cash Flow | 11,769 | 5,656 | 1,375 | 9,352 | 9,352 |

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Cash Flow: Scenario Two Year One

| YearOne | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|----------------------------|---------|---------|---------|---------|---------|---------|
| Revenues | \$5,000 | \$5,500 | \$6,050 | \$6,655 | \$7,321 | \$8,053 |
| Expenses (Variable) | | | | | | |
| Advertising | 400 | 440 | 484 | 532 | 586 | 600 |
| Cost of Goods | (.35) | 1,750 | 1,925 | 2,118 | 2,329 | 2,819 |
| Misc. | (.01) | 50 | 55 | 61 | 67 | 81 |
| Salaries | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Supplies | (.02) | 100 | 110 | 122 | 134 | 162 |
| Taxes/Fees | (.20) | 600 | 600 | 600 | 600 | 600 |
| Telephone | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | |
| Equipment | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Prof. Services | 150 | 150 | 150 | 150 | 150 | 150 |
| Loan Payment | 700 | 700 | 700 | 700 | 700 | 700 |
| Total Expenses | 9,200 | 9,430 | 9,685 | 9,962 | 10,267 | 10,562 |
| Co-Op Adv. | (.01) | 50 | 55 | 61 | 67 | 81 |
| Franchise Royalty | (.05) | 250 | 275 | 303 | 333 | 403 |
| Nat. Media Fund | (.025) | 125 | 138 | 151 | 166 | 201 |
| Net Profits | 4,625 | 4,398 | 4,150 | 3,873 | 3,568 | 3,194 |
| Cash Flow | 4,625 | 9,023 | 13,173 | 17,046 | 20,614 | 23,808 |

(10% Increase per/mo 1-12)

| Year One | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|----------------------------|---------|---------|---------|---------|---------|---------|
| (10% Increase per/mo 1-12) | | | | | | |
| Revenues | \$5,000 | \$5,500 | \$6,050 | \$6,655 | \$7,321 | \$8,053 |
| Expenses (Variable) | | | | | | |
| Advertising | 400 | 440 | 484 | 532 | 586 | 600 |



| Year One | | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 |
|-------------------------|--------|--------------|--------------|---------------|---------------|---------------|---------------|
| Cost of Goods | (.35) | 1,750 | 1,925 | 2,118 | 2,329 | 2,562 | 2,819 |
| Misc. | (.01) | 50 | 55 | 61 | 67 | 73 | 81 |
| Salaries | | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Supplies | (.02) | 100 | 110 | 122 | 134 | 146 | 162 |
| Taxes/Ben | (.20) | 600 | 600 | 600 | 600 | 600 | 600 |
| Telephone | | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | | |
| Equipment | | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Prof. Services | | 150 | 150 | 150 | 150 | 150 | 150 |
| Loan Payment | | 700 | 700 | 700 | 700 | 700 | 700 |
| Total Expenses | | 9,200 | 9,430 | 9,685 | 9,962 | 10,267 | 10,562 |
| Co-Op Adv. | (.01) | 50 | 55 | 61 | 67 | 73 | 81 |
| Franchise Royalty | (.05) | 250 | 275 | 303 | 333 | 366 | 403 |
| Nat. Media Fund | (.025) | 125 | 138 | 151 | 166 | 183 | 201 |
| Net Profits | | 4,625 | 4,398 | 4,150 | 3,873 | 3,568 | 3,194 |
| Cash Flow | | 4,625 | 9,023 | 13,173 | 17,046 | 20,614 | 23,808 |

| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL |
|---------|---------|----------|----------|----------|----------|------------|
| \$8,858 | \$9,743 | \$10,717 | \$11,790 | \$12,969 | \$14,266 | \$ 106,922 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 6,642 |
| 3,100 | 3,410 | 3,751 | 4,127 | 4,539 | 4,993 | 37,423 |
| 89 | 97 | 107 | 118 | 130 | 143 | 1,071 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 178 | 194 | 214 | 236 | 260 | 286 | 2,142 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |

| | | | | | | |
|--------|--------|--------|--------|--------|--------|---------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 16,200 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 700 | 700 | 700 | 700 | 700 | 700 | 8,400 |
| 10,867 | 11,201 | 11,572 | 11,981 | 12,429 | 12,922 | 130,078 |

| | | | | | | |
|-----|-----|-----|-----|-----|-----|-------|
| 89 | 97 | 107 | 118 | 130 | 143 | 1,071 |
| 443 | 487 | 536 | 590 | 648 | 713 | 5,347 |
| 221 | 244 | 268 | 295 | 324 | 357 | 2,673 |

| | | | | | | |
|-------|-------|-------|-------|-----|-----|-----|
| 2,762 | 2,286 | 1,766 | 1,194 | 562 | 131 | 131 |
|-------|-------|-------|-------|-----|-----|-----|

| | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|
| 26,570 | 28,856 | 30,622 | 32,748 | 33,748 | 34,158 | 32,247 |
|--------|--------|--------|--------|--------|--------|--------|

| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL |
|---------|---------|----------|----------|----------|----------|------------|
| \$8,858 | \$9,743 | \$10,717 | \$11,790 | \$12,969 | \$14,266 | \$ 106,922 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 6,642 |
| 3,100 | 3,410 | 3,751 | 4,127 | 4,539 | 4,993 | 37,423 |



| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL |
|---------|---------|---------|----------|----------|----------|---------|
| 89 | 97 | 107 | 118 | 130 | 143 | 1,071 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 178 | 194 | 214 | 236 | 260 | 286 | 2,142 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 16,200 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 700 | 700 | 700 | 700 | 700 | 700 | 8,400 |
| 10,867 | 11,201 | 11,572 | 11,981 | 12,429 | 12,922 | 130,078 |
| 89 | 97 | 107 | 118 | 130 | 143 | 1,071 |
| 443 | 487 | 536 | 590 | 648 | 713 | 5,347 |
| 221 | 244 | 268 | 295 | 324 | 357 | 2,673 |
| 2,762 | 2,286 | 1,766 | 1,194 | 562 | 131 | 131 |
| 26,570 | 28,856 | 30,622 | 32,748 | 33,748 | 34,158 | 32,247 |

Cash Flow: Scenario Two Year Two

| Year Two | Month 13 | Month 14 | Month 15 | Month 16 | Month 17 | Month 18 |
|----------------------------|----------|----------|----------|----------|----------|----------|
| Revenues | \$14,979 | \$15,728 | \$16,515 | \$17,340 | \$18,207 | \$19,117 |
| Expenses (Variable) | | | | | | |
| Advertising | 600 | 600 | 600 | 600 | 600 | 600 |
| Cost of Goods | (.35) | 5,243 | 5,505 | 5,780 | 6,069 | 6,372 |
| Misc. | (.01) | 150 | 157 | 165 | 173 | 182 |
| Salaries | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Supplies | (.02) | 300 | 314 | 330 | 346 | 364 |
| Taxes/Bus | (.20) | 600 | 600 | 600 | 600 | 600 |
| Telephone | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | |
| Equipment | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Prof. Services | 150 | 150 | 150 | 150 | 150 | 150 |
| Loan Payment | 700 | 700 | 700 | 700 | 700 | 700 |
| Total Expenses | 13,193 | 13,476 | 13,775 | 14,088 | 14,418 | 14,764 |
| Co-Op Adv. | (.01) | 150 | 157 | 165 | 173 | 182 |
| Franchise Royalty | (.05) | 479 | 786 | 826 | 867 | 910 |
| Nat. Media Fund | (.025) | 374 | 393 | 413 | 434 | 455 |
| Net Profits | 783 | 916 | 1,336 | 1,778 | 2,242 | 2,728 |
| Cash Flow | 31,464 | 30,548 | 29,212 | 27,434 | 25,192 | 22,464 |

(5% Increase per/mo 13-24)

| Year Two | Month 13 | Month 14 | Month 15 | Month 16 | Month 17 | Month 18 |
|----------------------------|----------|----------|----------|----------|----------|----------|
| (5% Increase per/mo 13-24) | | | | | | |
| Revenues | \$14,979 | \$15,728 | \$16,515 | \$17,340 | \$18,207 | \$19,117 |
| Expenses (Variable) | | | | | | |



| Year Two | | Month 13 | Month 14 | Month 15 | Month 16 | Month 17 | Month 18 |
|-------------------------|--------|---------------|---------------|---------------|---------------|---------------|---------------|
| Advertising | | 600 | 600 | 600 | 600 | 600 | 600 |
| Cost of Goods | (.35) | 5,243 | 5,505 | 5,780 | 6,069 | 6,372 | 6,691 |
| Misc. | (.01) | 150 | 157 | 165 | 173 | 182 | 191 |
| Salaries | | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Supplies | (.02) | 300 | 314 | 330 | 346 | 364 | 382 |
| Taxes/Ben | (.20) | 600 | 600 | 600 | 600 | 600 | 600 |
| Telephone | | 100 | 100 | 100 | 100 | 100 | 100 |
| Utilities | | 200 | 200 | 200 | 200 | 200 | 200 |
| Expenses (Fixed) | | | | | | | |
| Equipment | | 600 | 600 | 600 | 600 | 600 | 600 |
| Insurance | | 100 | 100 | 100 | 100 | 100 | 100 |
| Janitorial | | 100 | 100 | 100 | 100 | 100 | 100 |
| Lease | | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 |
| Prof. Services | | 150 | 150 | 150 | 150 | 150 | 150 |
| Loan Payment | | 700 | 700 | 700 | 700 | 700 | 700 |
| Total Expenses | | 13,193 | 13,476 | 13,775 | 14,088 | 14,418 | 14,764 |
| Co-Op Adv. | (.01) | 150 | 157 | 165 | 173 | 182 | 191 |
| Franchise Royalty | (.05) | 479 | 786 | 826 | 867 | 910 | 956 |
| Nat. Media Fund | (.025) | 374 | 393 | 413 | 434 | 455 | 478 |
| Net Profits | | 783 | 916 | 1,336 | 1,778 | 2,242 | 2,728 |
| Cash Flow | | 31,464 | 30,548 | 29,212 | 27,434 | 25,192 | 22,464 |

| Month 19 | Month 20 | Month 21 | Month 22 | Month 23 | Month 24 | TOTAL |
|----------|----------|----------|----------|----------|----------|-----------|
| \$20,073 | \$21,077 | \$22,131 | \$23,237 | \$24,399 | \$25,619 | \$238,422 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 7,026 | 7,377 | 7,746 | 8,133 | 8,540 | 8,967 | 83,449 |
| 201 | 211 | 221 | 232 | 244 | 256 | 2,383 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 402 | 422 | 442 | 464 | 488 | 512 | 4,766 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |

| | | | | | | |
|--------|--------|--------|--------|--------|--------|---------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 16,200 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 700 | 700 | 700 | 700 | 700 | 700 | 8,400 |
| 15,129 | 15,510 | 15,909 | 16,329 | 16,772 | 17,235 | 180,598 |

| | | | | | | |
|--------|--------|--------|-------|-------|-------|--------|
| 201 | 211 | 221 | 232 | 244 | 256 | 2,383 |
| 1,004 | 1,054 | 1,107 | 1,162 | 1,220 | 1,281 | 11,652 |
| 502 | 527 | 553 | 581 | 610 | 640 | 5,960 |
| 3,237 | 3,775 | 4,341 | 4,933 | 5,553 | 6,207 | 37,829 |
| 19,227 | 15,452 | 11,111 | 6,178 | 625 | 5,582 | 5,582 |

| Month 19 | Month 20 | Month 21 | Month 22 | Month 23 | Month 24 | TOTAL |
|----------|----------|----------|----------|----------|----------|-----------|
| \$20,073 | \$21,077 | \$22,131 | \$23,237 | \$24,399 | \$25,619 | \$238,422 |

| | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 7,026 | 7,377 | 7,746 | 8,133 | 8,540 | 8,967 | 83,449 |



| Month 19 | Month 20 | Month 21 | Month 22 | Month 23 | Month 24 | TOTAL |
|----------|----------|----------|----------|----------|----------|---------|
| 201 | 211 | 221 | 232 | 244 | 256 | 2,383 |
| 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| 402 | 422 | 442 | 464 | 488 | 512 | 4,766 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 200 | 200 | 200 | 200 | 200 | 200 | 2,400 |
| 600 | 600 | 600 | 600 | 600 | 600 | 7,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 100 | 100 | 100 | 100 | 100 | 100 | 1,200 |
| 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 1,350 | 16,200 |
| 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| 700 | 700 | 700 | 700 | 700 | 700 | 8,400 |
| 15,129 | 15,510 | 15,909 | 16,329 | 16,772 | 17,235 | 180,598 |
| 201 | 211 | 221 | 232 | 244 | 256 | 2,383 |
| 1,004 | 1,054 | 1,107 | 1,162 | 1,220 | 1,281 | 11,652 |
| 502 | 527 | 553 | 581 | 610 | 640 | 5,960 |
| 3,237 | 3,775 | 4,341 | 4,933 | 5,553 | 6,207 | 37,829 |
| 19,227 | 15,452 | 11,111 | 6,178 | 625 | 5,582 | 5,582 |

Cash Flow: Scenario Two Year Three

| Year Three | Month 25, 26, 27 | Month 28, 29, 30 | Month 31, 32, 33 | Month 34, 35, 36 | TOTAL |
|--------------------------------|------------------|------------------|------------------|------------------|--------------|
| Revenues | \$25,875.00 | \$26,659.00 | \$27,467.00 | \$28,299.00 | \$108,300.00 |
| | 26,134 | 26,926 | 27,742 | 28,582 | 109,384 |
| | 26,395 | 27,195 | 28,019 | 28,868 | 110,477 |
| | 78,404 | 80,780 | 83,228 | 85,749 | 328,161 |
| Expenses (Variable) | | | | | |
| Advertising | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Cost of Goods (.35) | 27,441 | 28,273 | 29,130 | 30,012 | 14,856 |
| Misc. (.01) | 784 | 808 | 832 | 857 | 3,281 |
| Salaries | 9,000 | 9,000 | 9,000 | 9,000 | 36,000 |
| Supplies (.02) | 1,568 | 1,616 | 1,664 | 1,714 | 6,562 |
| Taxes/Fees | 2,400 | 2,400 | 2,400 | 2,400 | 9,600 |
| Telephone | 300 | 300 | 300 | 300 | 1,200 |
| Utilities | 600 | 600 | 600 | 600 | 2,400 |
| Expenses (Fixed) | | | | | |
| Equipment | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Insurance | 300 | 300 | 300 | 300 | 1,200 |
| Janitorial | 300 | 300 | 300 | 300 | 1,200 |
| Lease | 4,050 | 4,050 | 4,050 | 4,050 | 16,200 |
| Prof. Services | 450 | 450 | 450 | 450 | 1,800 |
| Total Expenses | 50,793 | 51,697 | 52,626 | 53,583 | 208,699 |
| Co-Op Adv. (.01) | 784 | 808 | 832 | 857 | 3,281 |
| Franchise Royalty (.05) | 3,920 | 4,039 | 4,161 | 4,287 | 16,407 |
| Loan Payment | 2,100 | 2,100 | 2,100 | 2,100 | 8,400 |
| Net Profits | 20,807 | 22,136 | 23,509 | 24,922 | 91,374 |
| Cash Flow | 26,389 | 48,525 | 72,034 | 96,956 | 96,956 |

(1% per/mo 25-36)

| Year Three (1% per/mo 25-36) | Month 25, 26, 27 | Month 28, 29, 30 | Month 31, 32, 33 | Month 34, 35, 36 | TOTAL |
|---------------------------------|------------------|------------------|------------------|------------------|--------------|
| Revenues | \$25,875.00 | \$26,659.00 | \$27,467.00 | \$28,299.00 | \$108,300.00 |
| | 26,134 | 26,926 | 27,742 | 28,582 | 109,384 |



| Year Three | Month 25, 26, 27 | Month 28, 29, 30 | Month 31, 32, 33 | Month 34, 35, 36 | TOTAL |
|----------------------------|------------------|------------------|------------------|------------------|---------|
| | 26,395 | 27,195 | 28,019 | 28,868 | 110,477 |
| | 78,404 | 80,780 | 83,228 | 85,749 | 328,161 |
| Expenses (Variable) | | | | | |
| Advertising | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Cost of Goods (.35) | 27,441 | 28,273 | 29,130 | 30,012 | 14,856 |
| Misc. (.01) | 784 | 808 | 832 | 857 | 3,281 |
| Salaries | 9,000 | 9,000 | 9,000 | 9,000 | 36,000 |
| Supplies (.02) | 1,568 | 1,616 | 1,664 | 1,714 | 6,562 |
| Taxes/Ben | 2,400 | 2,400 | 2,400 | 2,400 | 9,600 |
| Telephone | 300 | 300 | 300 | 300 | 1,200 |
| Utilities | 600 | 600 | 600 | 600 | 2,400 |
| Expenses (Fixed) | | | | | |
| Equipment | 1,800 | 1,800 | 1,800 | 1,800 | 7,200 |
| Insurance | 300 | 300 | 300 | 300 | 1,200 |
| Janitorial | 300 | 300 | 300 | 300 | 1,200 |
| Lease | 4,050 | 4,060 | 4,050 | 4,050 | 16,200 |
| Prof. Services | 450 | 450 | 450 | 450 | 1,800 |
| Total Expenses | 50,793 | 51,697 | 52,626 | 53,583 | 208,699 |
| Co-Op Adv. (.01) | 784 | 808 | 832 | 857 | 3,281 |
| Franchise Royalty (.05) | 3,920 | 4,039 | 4,161 | 4,287 | 16,407 |
| Loan Payment | 2,100 | 2,100 | 2,100 | 2,100 | 8,400 |
| Net Profits | 20,807 | 22,136 | 23,509 | 24,922 | 91,374 |
| Cash Flow | 26,389 | 48,525 | 72,034 | 96,956 | 96,956 |