

# Quality Shipping

2013

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## Business Plan

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# Executive Summary

Quality Shipping Company combines expertise and excellence to deliver customized, hassle-free moving, shipping and junk removal services. We coordinate and execute logistics for both residential and commercial clients, offering an easy hassle free moving or delivery experience.

Quality Shipping Company is a Brooklyn based logistics company that specializes in giving each client a five-star customer service experience -- no matter what! We proudly offer moving, shipping and junk removal services. Founders John Doe and James Doe bring over 30 years of combined experience in assessing and exceeding customers' needs. Their corporate experience includes management, logistics and high-level customer service.

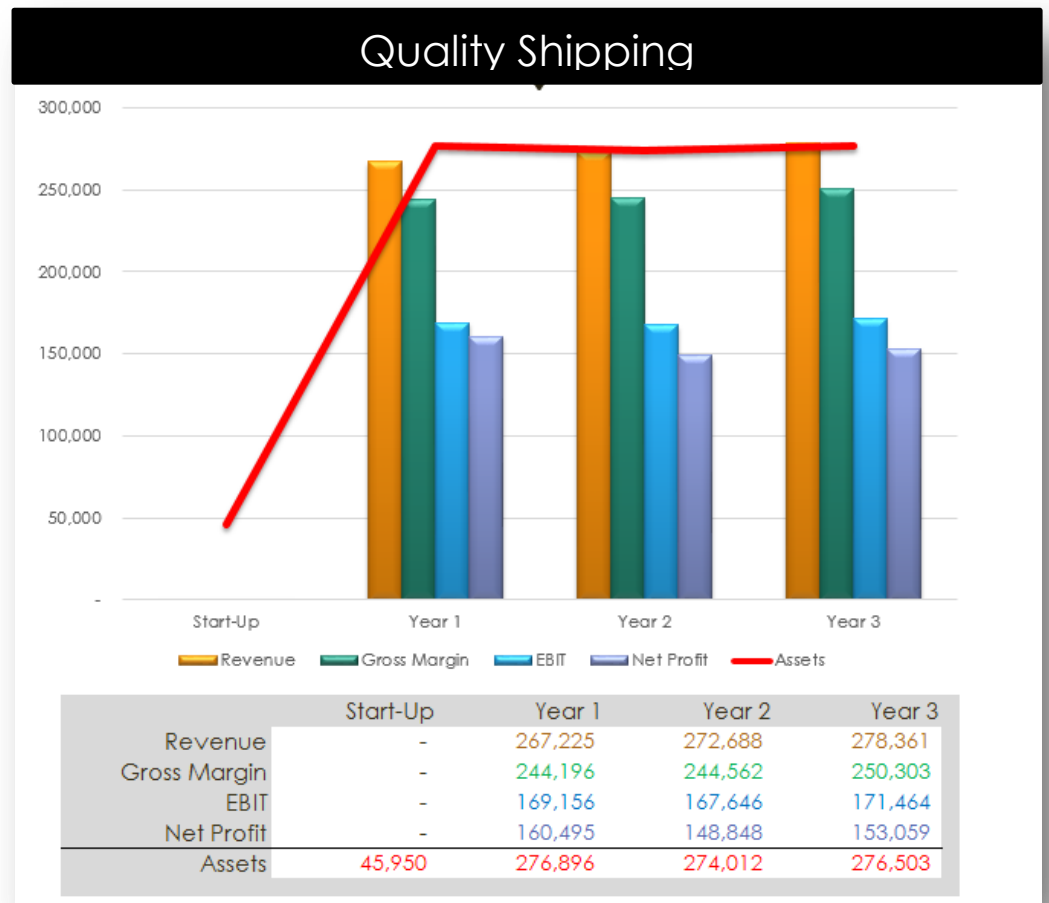
## Expertise Meets Excellence

Corporate and commercial clients trust Quality Shipping Company to help them move from one office space to the next, remove unwanted furniture, supplies, equipment and waste, ship high-value goods and more. Residential clients trust us to move their precious valuables from one home to the next, assist with deliveries and manage pesky junk removal.

One unsatisfied customer is too many. That's why Quality Shipping Company prides itself with providing exemplary customer service to our commercial and residential clients. We create value by consistently delivering logistics solutions that remove the stress of getting high-value items, personal possessions and even junk from one destination to the next.

## Financial Highlights

Quality Shipping currently operates with a single 26 foot box truck. With a solid existing contract in place and demand in excess of the current truck's capabilities, the purchase of an additional vehicle would result in positive cash flow to the company on an immediate basis. Quality Shipping seeks to raise an additional \$36K to accommodate expanded operations. Financial performance associated with the expanded two truck operation appears in the chart to the right:



# Market Analysis

The North American Industry Classification System (NAICS) is used by business and government to classify business establishments according to type of economic activity in North America. Our primary market falls into two NAICS categories: 484110, General Freight Trucking, Local; and 484218, Used Household and Office Goods Moving. NAICS 484110 comprises establishments primarily engaged in providing local general freight trucking. General freight establishments handle a wide variety of commodities, generally palletized and transported in a container or van trailer. Local general freight trucking establishments usually provide trucking within a metropolitan area which may cross state lines. Generally the trips are same-day return. NAICS 484210 consists of establishments primarily engaged in providing local or long-distance trucking of used household, used institutional, or used commercial furniture and equipment. Incidental packing and storage activities are often provided by these establishments.

## 48411 Local Freight Trucking in the US

### Industry Definition

Operators in this industry provide general freight trucking over short distances. General freight companies handle a variety of commodities, which are generally palletized and transported in a container or van trailer. Local general freight trucking companies usually provide trucking within a metropolitan area that may cross state lines, and the trips are generally same-day return.

### Main Activities

Local truckload delivery  
Local less-than-truckload (LTL) delivery  
General freight trucking on a local basis  
Bulk mail truck transportation on a contract and local basis

### Industry at a Glance

Local freight trucking has not fared well in the five years to 2013; slow manufacturing production and retail spending reduced demand and hurt revenue for the industry during the economic downturn. Declining demand caused greater price competition among operators, which limited profit. Additionally, soaring diesel costs dramatically reduced profitability in 2008, even though many industry operators implemented fuel surcharges. These surcharges increase revenue, but are not sustainable in the long term because customers will seek alternative modes of transportation. In 2013, profit margins are expected to increase to 6.5% of revenue due to rising demand; however, profit will remain below prerecession levels due to continued price competition and increasing fuel costs.

Revenue	Annual Growth 08-13	Annual Growth 13-18
<b>\$33.4bn</b>	<b>-2.7%</b>	<b>4.6%</b>
Profit	Wages	Businesses
<b>\$2.2bn</b>	<b>\$14.8bn</b>	<b>195,111</b>

The industry performed miserably in 2009 when revenue plummeted 20.5%. Weak operating conditions pushed operators into record losses in 2008 and 2009, forcing some companies out of the industry completely. Furthermore, a drastic reduction in diesel prices in 2009 caused revenue from fuel surcharges, which are tacked on when diesel prices are high, to decrease during the year. Consequently, revenue is expected to fall at an average

annual rate of 2.7% to \$33.4 billion during the five years to 2013. In 2013, Recovering demand and increased shipping volumes are expected to lift industry revenue by 1.4%.

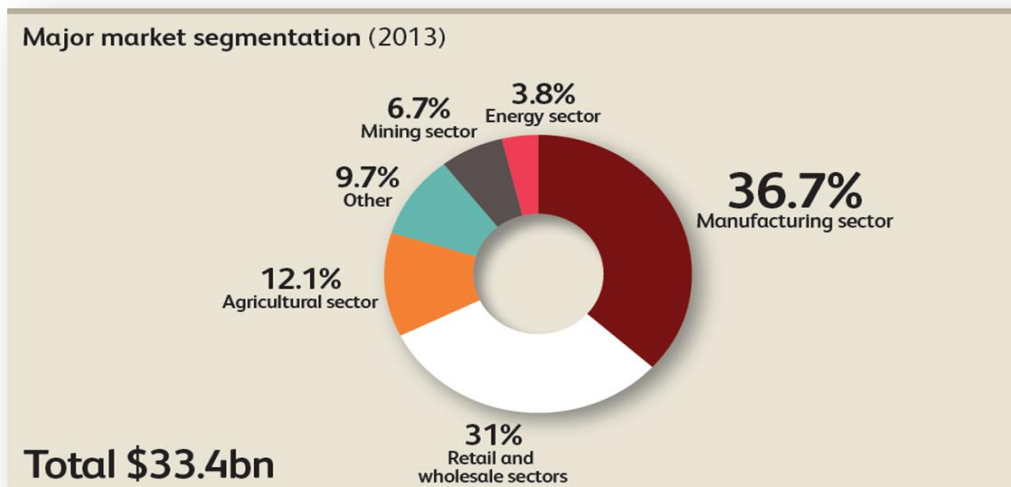
Nonemployers comprise about 87.5% of companies in the Local Freight Trucking industry. Barriers to entry are low, allowing for many small operators to enter the industry and increase competition. These small operators, which generate 38.2% of industry revenue, were especially vulnerable to the decline in demand. In the five years to 2013, the number of companies is expected to decline an average of 0.9% annually to 195,111 enterprises. Similarly, reduced demand has also caused industry employment to fall an average of 0.9% annually during the same period.

Conditions are projected to improve slightly over the next five years. As the economy continues to recover, including improvements in manufacturing and retail spending, the industry is expected to grow because a greater number of goods will need to be shipped. Additionally, diesel prices will cause growth as companies heighten fuel surcharges to offset costs, although profit will eventually diminish. **Over the next five years, it is projected that that industry revenue will increase at an average annual rate of 4.6% to \$41.7 billion.**

**Rising demand and higher fuel surcharges will support revenue growth, but profit may weaken**

### Major Markets

The following graphic represents the major markets supporting the Local Freight Trucking industry.



### Key External Drivers

#### Demand from Manufacturing

The manufacturing sector is a significant user of local trucking services. Increases in manufacturing activity generally result in greater use of local trucking services. Demand from manufacturing is expected to increase slowly in 2013 and is a potential opportunity for the industry.

## Demand from Retail Trade

The retail sector is also a significant user of local trucking services. Growth in retail activity, which typically stems from a rise in disposable income, results in increased use of local trucking services to transport products. Demand from retail trade is expected to increase in 2013.

## Current Performance

Although freight volumes remain below the levels that lasted through most of the 2000s, the industry is showing signs of recovery with steady employment and marginally rising freight volumes. The US Bureau of Transportation Statistics' Transportation Services Index, which measures the movement of freight and passengers, has improved since 2009, when freight declined significantly, and is expected to grow further in 2013. Consequently, **Revenue increases are anticipated at a rate of more than 4% per year until 2018 primarily due to increased shipping volumes stimulating revenue growth.**

# 48421 Moving Services in the US

## Industry Definition

Companies in this industry provide moving and relocation services, including local, long-distance and international trucking and shipping of used household, institutional and commercial goods, furniture and equipment. Industry firms often provide incidental packing and storage activities as well.

## Main Activities

- Used furniture moving
- Used household-goods moving
- Used office-goods moving
- Providing storage services for moved goods

## Industry at a Glance

Revenue	Annual Growth 08-13	Annual Growth 13-18
<b>\$14.6bn</b>	<b>-2.9%</b>	<b>3.3%</b>
Profit	Wages	Businesses
<b>\$820.2m</b>	<b>\$3.5bn</b>	<b>14,225</b>

## Key External Drivers

### Existing Home Sales

Existing home sales measure the sales of residential property. When existing home sales increase, homeowners require this industry's services to move into their new homes. As a result, industry revenue benefits when existing home sales grow. In 2013, existing home sales are expected to increase.

### **House Price Index**

Housing prices generally increase when demand for housing is strong. Because a high demand for homes translates to more people moving, the house price index can be used to measure demand for the Moving Services industry. The house price index is expected to increase slowly in 2013, representing a threat to this industry.

### **30 Year Conventional Mortgage Rate**

The 30-year conventional mortgage is the most common type of loan for home purchases. When mortgage rates are low, consumers can more cheaply obtain loans to purchase homes. As consumers purchase homes, demand for moving services will grow, bolstering industry revenue. In 2013, the 30-year conventional mortgage rate is expected to increase.

### **Housing Starts**

A higher level of housing starts translates to greater demand for moving services. Consumers demand industry services to move their possessions from their old residences to new ones. Housing starts have a closer correlation to demand than home sales because many consumers are reluctant to spend on moving services when downgrading homes. Housing starts are expected to increase strongly during 2013, representing a potential opportunity for the industry.

### **Per Capita Disposable Income**

When disposable income is high, households are likely and able to purchase or rent new property, which leads to more demand for the moving services that this industry provides. As a result, increasing disposable income benefits industry revenue growth. In 2013, per capita disposable income is expected to increase.

### **Current Performance**

Like the Freight industry, the Moving Services industry experienced pre-2010 tightening associated with financial decline and the housing crisis. Starting in 2010, industry revenue made some gains, including an 8.8% increase in 2012 as housing starts and home sales shot up. Revenue is expected to increase 1.6% over 2013 as home sales slow slightly. Despite the sharp decline in mortgage rates since the recession, demand has remained anemic due to dismal disposable income growth, limiting the capacity of individuals to purchase homes. Revenue is expected to increase in 2013, but overall performance remains below prerecession levels. Housing starts and existing home sales are expected to recover strongly over the year, but at a slower rate than 2012, resulting in limited housing price growth and demand for moving services. Overall, the industry is expected to grow at a rate of approximately 3% until 2018.



# Financials

## Assumptions

- Truck 1 works for 3PD generating \$450 in daily revenue.
- Truck 1: November-January sales are indexed at 20% more due to the holiday season
- Truck 1: 120 miles per day
- Truck 1: Gas reimbursement 1 month in arrears
- Truck 1: Daily Driver Rate \$100, Helper \$80
- Truck 2: No Salary, owners will take salary out of profit
- Truck 2: Residential sales average \$600/move
- Truck 2: Residential moves average 80 miles
- Truck 2: Commercial jobs average \$90/job
- Truck 2: 20 miles average per job
- Truck 2: 25 weekly commercial jobs, 4 weekly residential moves
- Year 1 company operations represent an increase from 20% capacity (month 1) to 98% (month 12)
- Gas Price: \$3.85/gallon
- Trucks average 10 miles per gallon

# Start-Up Requirements

## Start-up Table

### STARTUP EXPENSES

Marketing	\$	2,000
Miscellaneous Expenses	\$	1,000
<b>Total</b>	<b>\$</b>	<b>3,000</b>

### STARTUP ASSETS

Box Truck	\$	32,500
Pallet Jack	\$	300
Tiedowns & Miscellaneous Equipment	\$	150
Working Capital	\$	10,000
<b>Total</b>	<b>\$</b>	<b>42,950</b>

<b>TOTAL ASSETS &amp; EXPENSES TO FUND</b>	<b>\$</b>	<b>45,950</b>
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### SUMMARY STATEMENT

Owner Investment	\$	10,000
Bank loans	\$	35,950
<b>Total Funding</b>	<b>\$</b>	<b>45,950</b>

### OWNERS

	50%
	50%

## Sales Forecast

### SALES FORECAST

Unit Sales	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1	Total Year 2	Total Year 3
Truck 1: Contract, 3PD	26	26	22	22	22	22	22	22	22	22	22	22	26	273	273
Truck 2: Residential	4	5	5	7	8	9	10	12	14	16	17	17	124	128	133
Truck 2: Commercial	27	30	34	41	49	56	64	76	88	100	105	107	776	810	844
<b>Total Unit Sales</b>	<b>57</b>	<b>61</b>	<b>61</b>	<b>69</b>	<b>78</b>	<b>87</b>	<b>96</b>	<b>110</b>	<b>123</b>	<b>137</b>	<b>144</b>	<b>150</b>	<b>1,173</b>	<b>\$ 1,211</b>	<b>\$ 1,250</b>
Sales in Dollars	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1	Total Year 2	Total Year 3
Truck 1: Contract, 3PD	\$ 11,700	\$ 11,700	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 11,700	\$ 122,850	\$ 122,850
Truck 2: Residential	\$ 2,600	\$ 2,912	\$ 3,224	\$ 3,952	\$ 4,680	\$ 5,408	\$ 6,136	\$ 7,280	\$ 8,424	\$ 9,568	\$ 10,088	\$ 10,244	\$ 74,516	\$ 76,975	\$ 79,515
Truck 2: Commercial	\$ 2,438	\$ 2,730	\$ 3,023	\$ 3,705	\$ 4,388	\$ 5,070	\$ 5,753	\$ 6,825	\$ 7,898	\$ 8,970	\$ 9,458	\$ 9,604	\$ 69,859	\$ 72,863	\$ 75,996
<b>Total Sales</b>	<b>\$ 16,738</b>	<b>\$ 17,342</b>	<b>\$ 15,997</b>	<b>\$ 17,407</b>	<b>\$ 18,818</b>	<b>\$ 20,228</b>	<b>\$ 21,639</b>	<b>\$ 23,855</b>	<b>\$ 26,072</b>	<b>\$ 28,288</b>	<b>\$ 29,296</b>	<b>\$ 31,548</b>	<b>\$ 267,225</b>	<b>\$ 149,838</b>	<b>\$ 155,511</b>
Direct Cost of Sales	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1	Total Year 2	Total Year 3
Fuel - Truck 1	\$ 1,201	\$ 1,201	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,001	\$ 1,201	\$ 12,612.60	\$ 12,612.60
Fuel - Truck 2 (R)	\$ 133	\$ 149	\$ 165	\$ 203	\$ 240	\$ 278	\$ 315	\$ 374	\$ 432	\$ 491	\$ 518	\$ 526	\$ 3,825	\$ 6,310.30	\$ 6,310.30
Fuel - Truck 2 (C)	\$ 209	\$ 234	\$ 259	\$ 317	\$ 375	\$ 434	\$ 492	\$ 584	\$ 676	\$ 767	\$ 809	\$ 822	\$ 5,977	\$ 9,859.85	\$ 9,859.85
Reimbursement	\$ -	\$ (1,201)	\$ (1,201)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (1,001)	\$ (11,411)	\$ (12,928)	\$ (13,251)
<b>Total Direct Cost of Sales</b>	<b>\$ 1,543</b>	<b>\$ 383</b>	<b>\$ 224</b>	<b>\$ 520</b>	<b>\$ 616</b>	<b>\$ 711</b>	<b>\$ 807</b>	<b>\$ 958</b>	<b>\$ 1,108</b>	<b>\$ 1,259</b>	<b>\$ 1,327</b>	<b>\$ 1,548</b>	<b>\$ 11,003</b>	<b>\$ 15,855</b>	<b>\$ 15,532</b>

## Income Statement

### PROFIT & LOSS PROJECTION

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Truck 1: Contract, 3PD</b>	\$ 11,700	\$ 11,700	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 11,700
<b>Truck 2: Residential</b>	\$ 2,600	\$ 2,912	\$ 3,224	\$ 3,952	\$ 4,680	\$ 5,408	\$ 6,136	\$ 7,280	\$ 8,424	\$ 9,568	\$ 10,088	\$ 10,244
<b>Truck 2: Commercial</b>	\$ 2,438	\$ 2,730	\$ 3,023	\$ 3,705	\$ 4,388	\$ 5,070	\$ 5,753	\$ 6,825	\$ 7,898	\$ 8,970	\$ 9,458	\$ 9,604
<b>COST OF SALES</b>	\$ (1,543)	\$ (383)	\$ (224)	\$ (520)	\$ (616)	\$ (711)	\$ (807)	\$ (958)	\$ (1,108)	\$ (1,259)	\$ (1,327)	\$ (1,548)
<b>Gross Profit</b>	\$ 15,194	\$ 16,959	\$ 15,773	\$ 16,887	\$ 18,202	\$ 19,517	\$ 20,831	\$ 22,897	\$ 24,963	\$ 27,029	\$ 27,969	\$ 30,000
Payroll	\$ 4,680	\$ 4,680	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 4,680
Truck Tax	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Accounting	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208
Marketing / Promotion	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208
Insurance	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700
Vehicle Storage	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400
Repairs & Maintenance	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENSES</b>	\$ 7,047	\$ 7,047	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 7,047
<b>EBITDA</b>	\$ 8,148	\$ 9,912	\$ 9,506	\$ 10,620	\$ 11,935	\$ 13,250	\$ 14,565	\$ 16,631	\$ 18,697	\$ 20,763	\$ 21,702	\$ 22,953
Tax	\$ 47	\$ 57	\$ 55	\$ 61	\$ 69	\$ 77	\$ 85	\$ 97	\$ 109	\$ 122	\$ 127	\$ 135
Interest	\$ 389	\$ 386	\$ 382	\$ 379	\$ 375	\$ 371	\$ 367	\$ 363	\$ 360	\$ 356	\$ 352	\$ 348
Depreciation	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271	\$ 271
<b>NET INCOME</b>	\$ 7,441	\$ 9,198	\$ 8,798	\$ 9,910	\$ 11,220	\$ 12,531	\$ 13,842	\$ 15,899	\$ 17,957	\$ 20,015	\$ 20,952	\$ 22,200

### PROFIT & LOSS PROJECTION

	Year 1	Year 2	Year 3
<b>Truck 1: Contract, 3PD</b>	\$ 122,850	\$ 122,850	\$ 122,850
<b>Truck 2: Residential</b>	\$ 74,516	\$ 76,975	\$ 79,515
<b>Truck 2: Commercial</b>	\$ 69,859	\$ 72,863	\$ 75,996
<b>COST OF SALES</b>	\$ (11,003)	\$ (15,855)	\$ (15,532)
<b>Gross Profit</b>	\$ 256,222	\$ 256,833	\$ 262,829
Payroll	\$ 49,140	\$ 50,369	\$ 51,628
Truck Tax	\$ 600	\$ 615	\$ 630
Accounting	\$ 2,500	\$ 2,563	\$ 2,627
Marketing / Promotion	\$ 2,500	\$ 2,563	\$ 2,627
Insurance	\$ 8,400	\$ 8,610	\$ 8,825
Vehicle Storage	\$ 4,800	\$ 4,920	\$ 5,043
Repairs & Maintenance	\$ 9,600	\$ 9,840	\$ 10,086
Miscellaneous	\$ -	\$ -	\$ -
<b>EXPENSES</b>	\$ 77,540	\$ 79,479	\$ 81,465
<b>EBITDA</b>	\$ 178,682	\$ 177,354	\$ 181,364
Tax	\$ 1,041	\$ 12,396	\$ 12,682
Interest	\$ 4,427	\$ 3,843	\$ 3,178
Depreciation	\$ 3,250	\$ 3,250	\$ 3,250
<b>NET INCOME</b>	\$ 169,964	\$ 157,865	\$ 162,254

## Statement of Cash Flows

### CASH FLOWS

	Start-Up	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2	Year 3	
<b>Cash Beginning of Period</b>	\$ 35,950	\$ -	\$ 7,379	\$ 16,513	\$ 25,242	\$ 35,080	\$ 46,224	\$ 58,675	\$ 72,433	\$ 88,245	\$ 106,111	\$ 126,031	\$ 146,884	\$ -	\$ 168,981	\$ 325,279	
<b>Cash End of Period</b>	\$ -	\$ 7,379	\$ 16,513	\$ 25,242	\$ 35,080	\$ 46,224	\$ 58,675	\$ 72,433	\$ 88,245	\$ 106,111	\$ 126,031	\$ 146,884	\$ 168,981	\$ 168,981	\$ 325,279	\$ 485,301	
<b>CASH RECEIPTS</b>																	
Truck 1: Contract, 3PD	\$ -	\$ 11,700	\$ 11,700	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 9,750	\$ 11,700	\$ 122,850	\$ 122,850	\$ 122,850
Truck 2: Residential	\$ -	\$ 2,600	\$ 2,912	\$ 3,224	\$ 3,952	\$ 4,680	\$ 5,408	\$ 6,136	\$ 7,280	\$ 8,424	\$ 9,568	\$ 10,088	\$ 10,244	\$ 74,516	\$ 76,975	\$ 79,515	
Truck 2: Commercial	\$ -	\$ 2,438	\$ 2,730	\$ 3,023	\$ 3,705	\$ 4,388	\$ 5,070	\$ 5,753	\$ 6,825	\$ 7,898	\$ 8,970	\$ 9,458	\$ 9,604	\$ 69,859	\$ 72,863	\$ 75,996	
<b>COST OF SALES</b>		\$ (1,543)	\$ (383)	\$ (224)	\$ (520)	\$ (616)	\$ (711)	\$ (807)	\$ (958)	\$ (1,108)	\$ (1,259)	\$ (1,327)	\$ (1,548)	\$ (11,003)	\$ (15,855)	\$ (15,532)	
Loan proceeds	\$ 35,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Owner contributions	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Cash Receipts</b>	\$ 45,950	\$ 15,194	\$ 16,959	\$ 15,773	\$ 16,887	\$ 18,202	\$ 19,517	\$ 20,831	\$ 22,897	\$ 24,963	\$ 27,029	\$ 27,969	\$ 30,000	\$ 256,222	\$ 256,833	\$ 262,829	
<b>CASH OUTFLOWS</b>																	
Payroll	\$ -	\$ 4,680	\$ 4,680	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 4,680	\$ 49,140	\$ 50,369	\$ 51,628
Truck Tax	\$ -	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600	\$ 615	\$ 630
Accounting	\$ -	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 2,500	\$ 2,563	\$ 2,627
Marketing / Promotion	\$ -	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 2,500	\$ 2,563	\$ 2,627
Insurance	\$ -	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 8,400	\$ 8,610	\$ 8,825
Vehicle Storage	\$ -	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 4,800	\$ 4,920	\$ 5,043
Repairs & Maintenance	\$ -	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 9,600	\$ 9,840	\$ 10,086
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL, OPERATING EXPENSES</b>	\$ -	\$ 7,047	\$ 7,047	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 6,267	\$ 7,047	\$ 77,540	\$ 79,479	\$ 81,465
Tax	\$ -	\$ 47	\$ 57	\$ 55	\$ 61	\$ 69	\$ 77	\$ 85	\$ 97	\$ 109	\$ 122	\$ 127	\$ 135	\$ 135	\$ 1,041	\$ 12,396	\$ 12,682
Interest	\$ -	\$ 389	\$ 386	\$ 382	\$ 379	\$ 375	\$ 371	\$ 367	\$ 363	\$ 360	\$ 356	\$ 352	\$ 348	\$ 348	\$ 4,427	\$ 3,843	\$ 3,178
Other expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>SUBTOTAL</b>	\$ -	\$ 436	\$ 443	\$ 437	\$ 440	\$ 444	\$ 448	\$ 452	\$ 461	\$ 469	\$ 477	\$ 479	\$ 482	\$ 482	\$ 5,468	\$ 16,239	\$ 15,860
Loan principal payment	\$ -	\$ 332	\$ 336	\$ 339	\$ 343	\$ 347	\$ 351	\$ 354	\$ 358	\$ 362	\$ 366	\$ 370	\$ 374	\$ 374	\$ 4,233	\$ 4,817	\$ 5,482
Capital purchases	\$ 32,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other startup costs	\$ 3,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
To reserve and/or escrow	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Owners' withdrawal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL CASH PAID OUT</b>	\$ 45,950	\$ 7,815	\$ 7,826	\$ 7,043	\$ 7,050	\$ 7,058	\$ 7,065	\$ 7,073	\$ 7,085	\$ 7,098	\$ 7,110	\$ 7,115	\$ 7,903	\$ 87,241	\$ 100,535	\$ 102,807	
<b>Cash on hand (End of Period)</b>	\$ -	\$ 7,379	\$ 16,513	\$ 25,242	\$ 35,080	\$ 46,224	\$ 58,675	\$ 72,433	\$ 88,245	\$ 106,111	\$ 126,031	\$ 146,884	\$ 168,981	\$ 168,981	\$ 325,279	\$ 485,301	

## Balance Sheet

<b>Balance Sheet</b>				
<b>ASSETS</b>	<b>Start-Up</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b><u>CURRENT ASSETS</u></b>				
Cash	\$ 10,000	\$ 256,222	\$ 256,833	\$ 262,829
Inventory	\$ 450	\$ 450	\$ 450	\$ 450
Other current assets	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 13,450</b>	<b>\$ 259,672</b>	<b>\$ 260,283</b>	<b>\$ 266,279</b>
<b><u>FIXED ASSETS</u></b>				
Machinery and equipment	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500
Furniture and fixtures	\$ -	\$ -	\$ -	\$ -
Leasehold improvements	\$ -	\$ -	\$ -	\$ -
Land and buildings	\$ -	\$ -	\$ -	\$ -
Other fixed assets	\$ -	\$ -	\$ -	\$ -
A/Dep	\$ -	\$ (3,250)	\$ (6,500)	\$ (9,750)
<b>TOTAL FIXED ASSETS</b>	<b>\$ 32,500</b>	<b>\$ 29,250</b>	<b>\$ 26,000</b>	<b>\$ 22,750</b>
<b>TOTAL ASSETS</b>	<b>\$ 45,950</b>	<b>\$ 288,922</b>	<b>\$ 286,283</b>	<b>\$ 289,029</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b><u>CURRENT LIABILITIES</u></b>				
Accounts payable	\$ -	\$ 77,540	\$ 79,479	\$ 81,465
Interest payable	\$ -	\$ 4,427	\$ 3,843	\$ 3,178
Taxes payable	\$ -	\$ 1,041	\$ 12,396	\$ 12,682
Notes, short-term (due within 12 months)	\$ -	\$ -	\$ -	\$ -
Current part, long-term debt	\$ -	\$ -	\$ -	\$ -
Other current liabilities	\$ -	\$ -	\$ -	\$ -
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ -</b>	<b>\$ 83,008</b>	<b>\$ 95,718</b>	<b>\$ 97,325</b>
<b><u>LONG-TERM DEBT</u></b>				
Bank loans payable	\$ 35,950	\$ 31,717	\$ 26,900	\$ 21,418
Notes payable to stockholders	\$ -	\$ -	\$ -	\$ -
LESS: Short-term portion	\$ -	\$ -	\$ -	\$ -
Other long-term debt	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 35,950</b>	<b>\$ 31,717</b>	<b>\$ 26,900</b>	<b>\$ 21,418</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 35,950</b>	<b>\$ 114,725</b>	<b>\$ 122,618</b>	<b>\$ 118,743</b>
<b><u>ASSETS AND LIABILITIES</u></b>				
<b><u>OWNERS' EQUITY</u></b>				
Invested capital	\$ 10,000	\$ 174,196	\$ 163,665	\$ 170,286
<b>TOTAL OWNERS' EQUITY</b>	<b>\$ 10,000</b>	<b>\$ 174,196</b>	<b>\$ 163,665</b>	<b>\$ 170,286</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 45,950</b>	<b>\$ 288,922</b>	<b>\$ 286,283</b>	<b>\$ 289,029</b>

## Break-Even Analysis

Break-Even Analysis		Year 1
REVENUES (SALES)	\$	77,382
COST OF SALES	\$	(11,003)
<b>Gross Profit</b>	<b>\$</b>	<b>66,378</b>
EXPENSES	\$	77,540
<b>EBITDA</b>	<b>\$</b>	<b>(11,162)</b>
Tax	\$	1,041
Interest	\$	4,427
Depreciation	\$	3,250
<b>NET INCOME</b>	<b>\$</b>	<b>(2,443.48)</b>

Calculations indicate a break-even point of \$77K in sales for year one. After the company has generated this level of revenue, it begins to turn a profit.

## Sensitivity Analysis

This table indicates profit made at various sales volumes.

Profit as a Function of Sales	
Sales	Profit
30,000	(49,825)
40,000	(39,825)
50,000	(29,825)
60,000	(19,825)
70,000	(9,825)
80,000	175
90,000	10,175
100,000	20,175
110,000	30,175
120,000	40,175
130,000	50,175
140,000	60,175
150,000	70,175
160,000	80,175
170,000	90,175
180,000	100,175
190,000	110,175