



# Pizza Hut Franchise

BusinessPlanMyWay

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## 1.0 Executive Summary

The following plan is based on years of experience, is highly focused and promises to follow a path of prosperity. It is based on conservative sales figures, and actual sales (2006) may be higher. The projections contained herein are authentic and will be used as the budget for the business. Restaurant A will continue the road of profitability, and will increase sales and profits each year thereafter. Restaurant A has plans of franchising three different packages. Packages that will yield a high rate on return while assuming new management styles.

- The first package includes 15 stores in the Riverside, Corona and Moreno Valley area. The stores in these general areas range, in sales, from \$130,000 to \$1.35 million annually.
- The second package includes 12 stores located in the San Bernardino area. The stores annual sales range from \$733,000 to \$1.55 million.
- The third package includes 13 stores located in the South Los Angeles areas. The stores annual sales range from \$760,000 to \$1.58 million.
- The fourth package option.

### Products

Restaurant A offers a variety of products that provide customer with a delicious alternative to other fast food restaurants. Some of the products that Restaurant A offers include Pan Pizza, Restaurant A also sells "Stuffed Crust" (with the outermost edge wrapped around a coil of mozzarella cheese); "Hand-Tossed" (which is more like traditional pizzeria crusts); "Thin 'N Crispy" (a thin and crispy dough which was the original crust); "XXXXX", which is a two-foot by one-foot square cut pizza; and the XXXXXXXX pizza, which is similar to a Sicilian pizza but is cut into small strips that can be dipped into a number of sauces. Another is the "XXXXX" pizza, where the pizza is baked with no puffy crust, and the toppings reach nearly to the edge of the pie.

### Service

Restaurant A are bright and inviting. We are a fast-casual operation with take-out and delivery. The decor and theme are centered around the cutting edge open kitchen with brick arches, information signage and distinctive lighting. Our energy and atmosphere will appeal to families, groups and schools.

The real power and energy of the pizzeria will come from the attentive and courteous service provided by our managers and staff. Our fresh menu will be prepared by motivated kitchen team, and carefully orchestrated to provide the best service to our customers who are our priority. We will have at least one manager on duty at all times.

Our hours are Sunday thru Thursday 11am to 10pm. Friday and Saturday 11am to 11pm. Carry-out available during store hours. Delivery hours are 4pm to closing everyday we are open. We will offer delivery all day on Saturday and Sunday and some holidays.

### Management Team

Restaurant A is a franchise and has an established management team already in place in each unit. In addition, Restaurant A will provide an on-site management team member that will support our new ownership allowing for transition ease. The owner and the new management team of the franchise have years of experience and education in the restaurant industry.

To ensure established management team is effective and will meet our expectations, we will evaluate each manager associate with a 15, 30, 45 and 90-day evaluation. Evaluations allow management associates to observe any potential weakness in the management style of the associate and redirect them into a successful career. In addition, when weaknesses have been documented, we will work with the management associate to help further develop their management style with additional training and development. Of course, if for example, a management associates does not meet our expectations and we have provided all of the training possible then we will terminate the management associate.

### Plan A

Our management plan includes First Owner responsible for both Restaurant A and Restaurant B. Second Owner will be

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responsible for the operations of the restaurant B while XXXX will be responsible for the operations of Restaurant A. Each manager will oversee the operations of each company reviewing the effectiveness of all managers and their crew.

## **Plan B**

If the management coach or general manager do not meet Restaurant A or our expectations then XXXX will be responsible for the daily operations of the Restaurant B business. First Owner and Second Owner will remain responsible for the Restaurant A operations.

## **First Owner**

First Owners education and experience have been omitted.

## **Second Owner**

Second Owners education and experience have been omitted.

## **First Manager**

First managers education, experience and training have been omitted.

## **Second Manager**

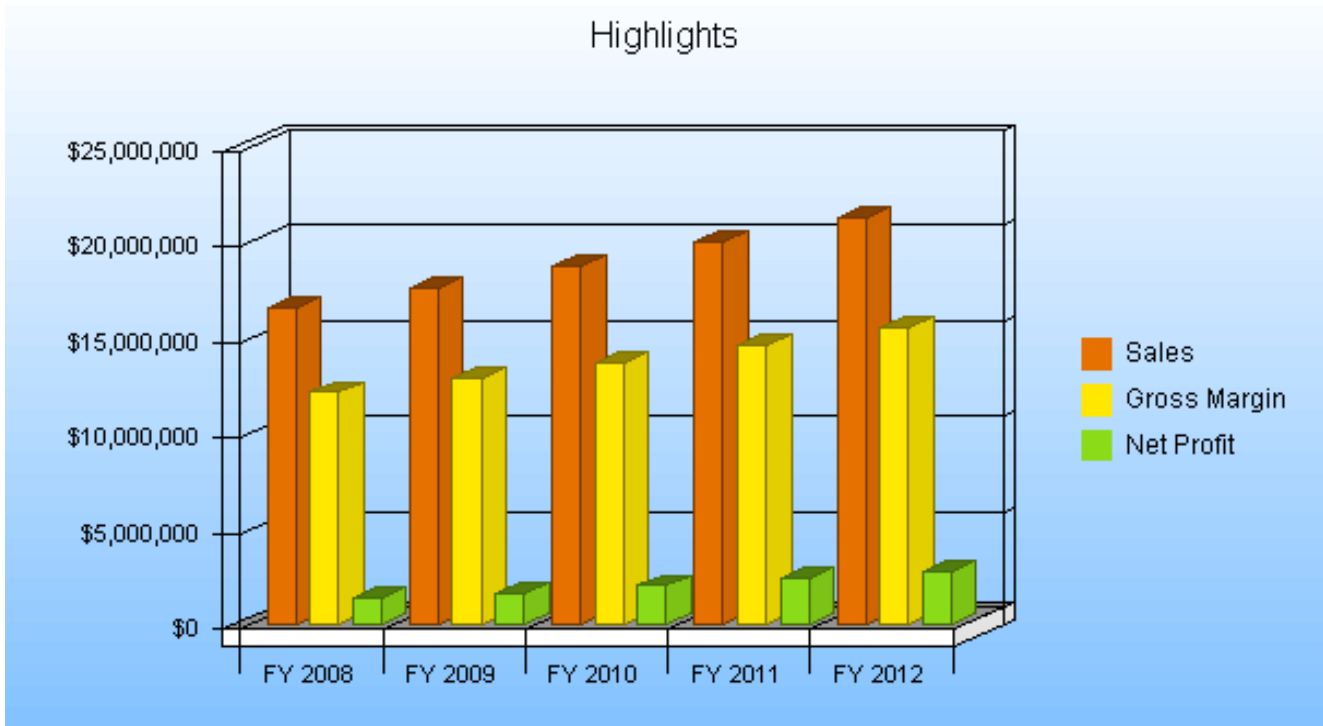
Second managers education, experience and training have been omitted.

## **Crew Associates**

We plan to duplicate and massage the successful formula used by the Restaurant A Franchisor. We will use Restaurant A's personnel strategies and skills to create our own success in Restaurant A with established and new hire associates. Furthermore, we will train and develop these associates to exceed Restaurant A's already awarding winning customer service.

We plan to assess our management team to locate weakness within each individual associate and help develop their skills. Our management team will assist our crew staff by developing their knowledge of menu items while developing their energized, enthusiastic personalities to better assist customers with their meal decisions. Each new hire will be sent to one of the four units that will be designated as training facilities where they will develop their customer service skills. In addition to our extensive customer service training program, we will hire the secret shopper service to ensure that all associates are giving customers exceptional customer service. Below you will find an outline of our management team and crew.

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## 1.1 Objectives

Our objective is to win the opportunity to buy one of the store packages that Restaurant A is franchising. We believe that with our years of experience, determination and a history of high profit restaurant operation will be a leading contender in winning one of the three Restaurant A will package. This business plan is written for the option 1 package located in the Riverside area.

Once we have won the opportunity of owning a franchise option package we will move aggressively to ensure each restaurant will look newer, feel inviting and have a friendly and knowledgeable staff. We will achieve this first by re-model each store. We will need to remodel the interior as well as the exterior of each store according to the Franchisor's design. Costs for remodel and development will range from \$10,000US to \$3.03 million depending on the level of involvement. The below chart outlines cost associated with remodel and development. In addition, we will hire a maintenance company to review and maintain our equipment monthly. Each unit will be visited each month by a maintenance company to ensure all equipment is operating properly. In addition, we will include a management team member from Restaurant A to help ease the transition period from the previous owners of the Restaurant B package.

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## **RBD/RR**

	Range of Costs (\$K)
Partial Reimage	10-60
Full Reimage	70-125
Remodel	250-600
Rebuild	500-1200
Relocation	586-1974
Development	548-3039
Average Sq Ft. Req	3000

## **Delco**

	Range of Costs (\$K)
Reimage	30-65
WingStreet Conversion	175-300
Development	375-1684
Average Sq Ft. Req	1400

## **1.2 Mission**

Restaurant A exists for the purpose of generating sales and profits. Because we are a service business, we will also exist to serve our customers. These two reasons for our existence are inextricable. If one aspect does not exist, the other will cease to exist.

- We will always offer a fresh product and a welcoming environment.
- We will remain cheerful, courteous, well trained, focused on pleasing our guests.
- We will strive to become the first destination of choice for those in our neighborhood and community.
- Our staff will be offered a workplace where they can prosper and grow in a dignified, fun and rewarding manner.
- We will give support to and contribute to our community schools, churches, groups, and businesses.

## **1.3 Keys to Success**

- We will use every means available to satisfy our customers by providing customer cards at all locations to help us identify opportunities within our business.
- We will be committed to the success, safety and happiness of our staff.
- We will be committed to providing quality food and beverage at all times.
- We will consistently follow the franchisor's proven methods.
- We will exceed Restaurant A's already outstanding service in customer service.

## 2.0 Company Summary

Restaurant A's company summary has been omitted.

## 2.1 Company Ownership

We are an LLC, limited liability company, with two managing owners holding an equal share (50%) and interest in the franchise. Our franchise will be located in the Riverside county area with fifteen restaurants.

- First Owner
- Second Owner
- First Manager

### 2.1.1 Community Involvement

First Owner's community involvement award has been omitted.

### 2.1.2 Social Responsibility

Periodically we receive feedback from customers rewarding associates for their outstanding customer service ability. This example is no exception; one of Restaurant A's associates received a \$10,000US tip after providing a customer with excellence service. The name of the associate is (has been omitted) and we have decided to reward her by implementing a new program in honor of her name, the XXXXX Program. The XXXXX Program will be incorporated into our current training program for new hires and established associates. The program is geared to raise the level of customer service awareness while improving the service to customers.

## 2.2 Start-up Summary

We hope to take advantage of an existing structure located in various locations in the Riverside area. We will remodel all locations according to the Franchisor's designs to make our concept both visually and functionally suitable.

Construction is estimated at \$65,000 and other related expense are included in the below table.

Start-up cash on hand is estimated for three months working capital, inventory, labor and rent.

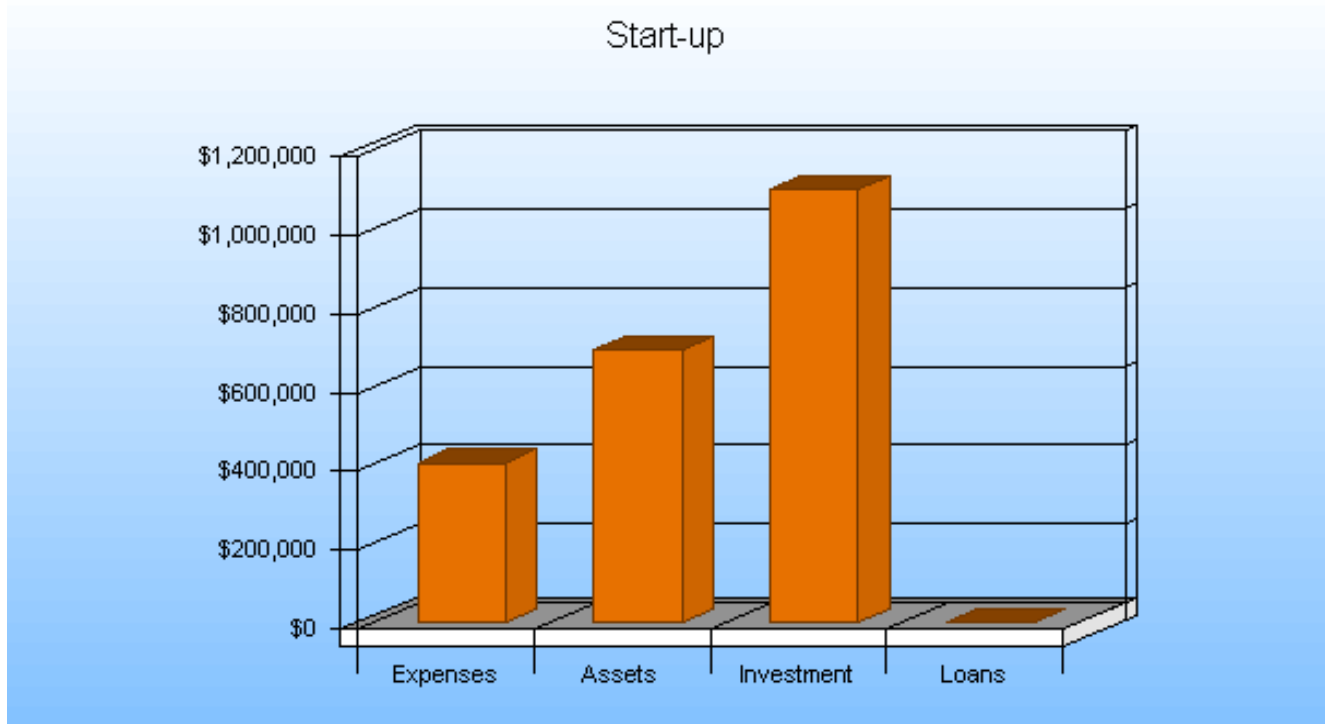
Short-term assets include phone equipment, operating supplies and maintenance.

Long-term assets include all kitchen equipment, POS system, and signage.

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Table: Start-up

Start-up	
<b>Requirements</b>	
<b>Start-up Expenses</b>	
Remodel Costs	\$65,000
Royalty Fees	\$80,880
Insurance	\$18,000
City Fees/Misc Costs	\$29,892
Drafting/Engineering	\$37,752
Training/Travel	\$25,020
Utility Start-up Costs	\$61,404
Rent	\$36,476
Design	\$50,628
<b>Total Start-up Expenses</b>	<b>\$405,052</b>
<b>Start-up Assets</b>	
Cash Required	\$647,432
Start-up Inventory	\$45,000
Other Current Assets	\$0
Long-term Assets	\$0
<b>Total Assets</b>	<b>\$692,432</b>
<b>Total Requirements</b>	<b>\$1,097,484</b>



## 2.3 Historical Ownership

Shahin and his partner, Ghaleb, are two established franchisee's. Currently, both own and operate two Carrows restaurants. Eight years ago when they purchased their first Carrows they were able to grow the restaurant into one of the most successful and profitable franchisor's in Southern California. Their combine leadership and management skills have enabled their restaurants to maintain limited employee turnover while keeping operating expenses down.

### **Everclean Services**

In addition to our Carrows restaurant success, there are services that we use in order to maintain our success. One service, in particular, that has been a huge success for us is the *Everclean* janitorial and maintenance service. *Everclean* maintains our heating and cooling temperatures in the cooking and preparation areas. They regulate cleaning solutions and supplies and provide additional education to our management and crew on safe practices. Our plan is to incorporate *Everclean* into Pizza Huts already strong cleaning practices.

### **Special Programs**

During the first two years of ownership of Carrows, Shahin and his partner introduced a variety of programs that were introduced to help create customer excitement and generate sales. One particular program that has been a huge success is the *E-Club* program. The *E-Club* allows customers to sign up for exclusive special offers and coupon savings each time they visit a Carrows restaurant. Customers love to save money and what a great way to help them save than rewarding them with money savings coupons received via the mail or internet. The *E-Club* was an instant success and is still an active program at our Carrows restaurant. Below is an examples of the form created and used to obtain customer information for *E-Club*.

**Join Carrows E-Club**

Sign up today and look for exclusive special offers and coupons via the internet!

**CARROWS RESTAURANTS**

Please fill out this form and give it to your server, or log on to [www.carrows.com](http://www.carrows.com) and sign up.

Name \_\_\_\_\_

Address (optional) \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Telephone (optional) \_\_\_\_\_

E-Mail Address \_\_\_\_\_

Birthday \_\_\_\_\_

Gender \_\_\_\_\_

*Please print clearly*

Name Yaneth Mireles

Address (optional) 14520 Village Dr

City, State, Zip Fontana CA 92337 #1507

Telephone (optional) (909) 350-1021

E-Mail Address Janetvegamireles1@gmail.com

Birthday 6/25/83

Gender Female

*Please print clearly*

### 3.0 Products and Services

#### Products

The most commonly sold food at the restaurants is the "XXXXXXXX", which usually comes in four different sizes including Personal Size (which is an individual serving), Small, Medium, and Large, although some stores have done away with the small size. They come in a variety of toppings, including "specialty" styles. XXX Pizza has a thicker crust than most other commercially available pizzas. Unlike most of Restaurant A's competitors (such as Domino's deep dish or Papa John's Perfect Pan), Restaurant A does not charge extra for its XXX pizza.

In addition to the XXX Pizza, Restaurant A also sells "Stuffed Crust" (with the outermost edge wrapped around a coil of mozzarella cheese); "Hand-Tossed" (which is more like traditional pizzeria crusts); "Thin 'N Crispy" (a thin and crispy dough which was the original crust); "XXXXXXXX", which is a two-foot by one-foot square cut pizza; and the XXXXXXX, which is similar to a Sicilian pizza but is cut into small strips that can be dipped into a number of sauces. Another is the

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"XXXX" pizza, where the pizza is baked with no puffy crust, and the toppings reach nearly to the edge of the pie.

Restaurant A has experimented with new products frequently. Less successful ones have been discontinued. These include Chicago Dish Pizza and Sicilian Pizza; the Sicilian Pizza made a 2006 comeback as the Lasagna Pizza. Other products Restaurant A has offered are the "XXXX", Restaurant A's version of the calzone; the "Cheesy Bites", similar to the "Stuffed Crust" except the crust has been divided into bite-sized pieces that can be pulled apart; and the "Insider", where a layer of cheese is in between two layers of dough.

Restaurant A also has a number of side dishes including bread sticks, cheese sticks, cinnamon sticks, mozzarella sticks, onion rings, hot and mild chicken wings, boneless wings, chicken munchers, jalapeño poppers, and garlic bread.

Depending on the size, Restaurant A also may offer pasta dinners such as Spaghetti and *Cavatini* - a mixture of Cavatelli (shells), Rotini (spirals), and Rotelle (wheels). They often come with a side of garlic bread. Some Restaurant A's also serve lunch and dinner buffets with numerous types of pizza, breadsticks and pastas, as well as a salad bar.

A new, upscale concept was unveiled in 2005, called "Restaurant A Italian Bistro". The concept, unveiled at fifty locations nationwide, is similar to a traditional Restaurant A, except that new pasta dishes are offered, such as penne pasta, chicken pomodoro; toasted sandwiches and other foods are also offered. Instead of black, white, and red, Bistro locations feature a burgundy and tan motif. Restaurant A still serve the chain's traditional pizzas and sides, as well.

## Services

Restaurant A's are bright and inviting. We are a fast-casual operation with take-out and delivery. The decor and theme are centered around the cutting edge open kitchen with brick arches, information signage and distinctive lighting. Our energy and atmosphere will appeal to families, groups, churches and schools.

The real power and energy of the pizzeria will come from the attentive and courteous service provided by our managers and staff. Our fresh menu will be prepared by motivated kitchen team, and carefully orchestrated to provide the best service to our customers who are our priority. We will have at least one manager on duty at all times.

Our hours are Sunday thru Thursday 11am to 10pm. Friday and Saturday 11am to 11pm. Carry-out available during store hours. Delivery hours are 4pm to closing everyday we are open. We will offer delivery all day on Saturday and Sunday and some holidays.

## 4.0 Market Analysis Summary

**Riverside** is the county seat of Riverside County, California, United States and is also a focus city of the Greater Los Angeles Area. The city is named for the nearby Santa Ana River. As of 2006, Riverside had an estimated population of 305,255. In 2005, Riverside was the largest city in the Inland Empire region, the 62nd-largest city in the United States, and part of the 14th-largest metropolitan area in the nation.

The city was founded in the early 1870s beside the Santa Ana River by John W. North, a staunch temperance-minded abolitionist from Tennessee, who had previously founded Northfield, Minnesota. A few years after, the navel orange was planted and found to be such a success that full-scale planting started. Riverside was temperance minded (few saloons if any were allowed in Riverside proper), and Republican. Investors from England and Canada transplanted traditions and activities adopted by prosperous citizens. As a result, the first golf course and polo field in Southern California were built in Riverside.

**Riverside County** is a county located in the southeastern part of the U.S. state of California, stretching from Orange County to the Colorado River, which is the border with Arizona. This county is part of the Greater Los Angeles Area, in an area of Southern California known as the Inland Empire.

As of 2006 Census the population was 2,026,803. The county seat is the city of Riverside.

Geographically, the county is desert. Most of Joshua Tree National Park is located in the county. Riverside County lies

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inland of Los Angeles, and large numbers of Los Angeles workers have moved to the county in recent years to take advantage of relatively affordable housing costs. Alongside neighboring San Bernardino County, it is one of the fastest growing parts of Greater Los Angeles. This spawned a wave of toll road construction in the area in the 1990s, starting with the addition of toll commuter lanes to the 91 freeway, the main traffic artery to the western metropolis. Below is a market summary survey outlining growth from 2000 to 2009.

<b>General Characteristics - 2005</b>	<b>Estimate</b>	<b>Percent</b>
<b>Total population</b>	1,916,665	
Male	950,121	49.6
Female	966,544	50.4
<b>Median age (years)</b>	30.2	
Under 5 years	156,665	8.2
18 years and over	1,313,925	68.6
65 years and over	152,691	8
<b>One race</b>	1,861,968	97.1
White	1,227,072	64
Black or African American	174,987	9.1
American Indian and Alaska Native	18,305	1
Asian	112,024	5.8
Native Hawaiian and Other Pacific Islander	6,045	0.3
Some other race	323,535	16.9
<b>Two or more races</b>	54,697	2.9
<b>Hispanic or Latino (of any race)</b>	867,966	45.3
<b>Household population</b>	1,916,665	
<b>Group quarters population</b>		
Average household size	3.26	
Average family size	3.71	
<b>Total housing units</b>	652,802	
Occupied housing units	588,218	90.1
Owner-occupied housing units	383,061	65.1
Renter-occupied housing units	205,157	34.9
Vacant housing units	64,584	9.9
<b>Social Characteristics -</b>	<b>Estimate</b>	<b>Percent</b>
Population 25 years and over	1,114,822	
High school graduate or higher		75.9
Bachelor's degree or higher		17.5
Civilian veterans (civilian population 18 years and over)	123,378	9.4
Disability status (population 5 years and over)	232,077	13.2
Foreign born	409,978	21.4
Male, Now married, except separated (population 15 years and over)	375,936	54.1
Female, Now married, except separated (population 15 years and over)	361,195	49.8
Speak a language other than English at home (population 5 years and over)	689,994	39.2
<b>Economic Characteristics -</b>	<b>Estimate</b>	<b>Percent</b>
In labor force (population 16 years and over)	869,277	62.7

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Mean travel time to work in minutes (workers 16 years and over)	30.7	
Median household income (in 2005 inflation-adjusted dollars)	49,026	
Median family income (in 2005 inflation-adjusted dollars)	53,506	
Per capita income (in 2005 inflation-adjusted dollars)	19,991	
Families below poverty level		12.3
Individuals below poverty level		15

<b>Housing Characteristics -</b>	Estimate	Percent
Owner-occupied homes	383,061	
Median value (dollars)	322,400	
Median of selected monthly owner costs		
With a mortgage (dollars)	1,520	
Not mortgaged (dollars)	353	

## 4.1 Market Segmentation

Restaurant A's target market is the Riverside County area. Within the area there is a population of 2,026,803. The total number of households in this area is 652,802 with an average income of \$43,179.

This area is widely open and the population is spread out over 7,207 sq miles. Of course, there are densely populated areas within Riverside County but, by and large, residents are spaced out accordingly. There are approximately 85.2 people per square mile with 3.15 people per household. Riverside county makes 5.7% of the states population with the Hispanic population making the largest percentage growth rate by 2009.

Our target market includes adults 20 to 54 years old who socialize and have families. Children are a big part of our market, at a third of the population is this area. Ages 4 to 19 prefer pizza over any fast food and often influence family dining decisions. According to one study, 93% of the US population eats pizza. If we sold one pizza per month with an average of \$19.00 per household, we would generate \$721,141 in one month. This illustrates that with effective marketing, superior product, and proper management we will reach and exceed our projection sales goals.

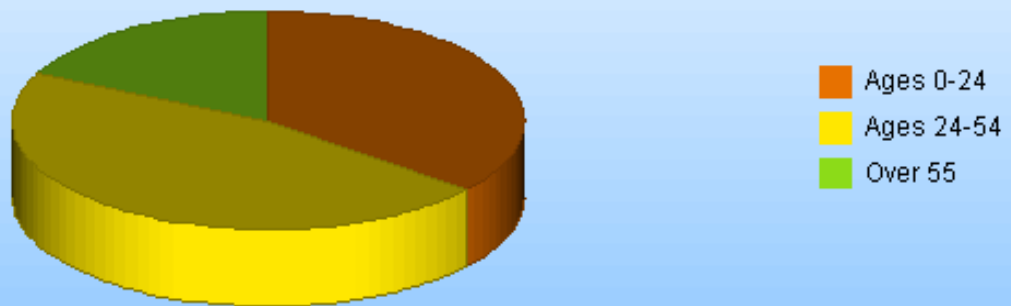
In this area we have some of the best schools, churches and groups. Restaurant A provides support for local area school groups and sports teams, as well as local church groups. We will be involved through providing sponsorships, discounts, and donations.

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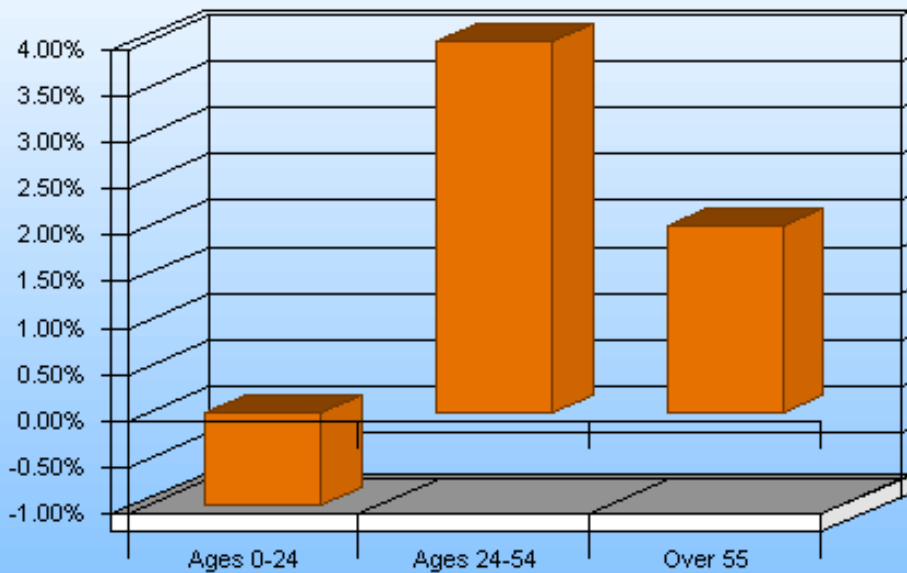
Table: Market Analysis

Market Analysis		2007	2008	2009	2010	2011	
Potential Customers	Growth						CAGR
Ages 0-24	-1%	58,235	57,653	57,076	56,505	55,940	-1.00%
Ages 24-54	4%	74,411	77,387	80,482	83,701	87,049	4.00%
Over 55	2%	29,117	29,699	30,293	30,899	31,517	2.00%
Total	1.91%	161,763	164,739	167,851	171,105	174,506	1.91%

Market Analysis (Pie)



Market Analysis (C.A.G.R)



## 4.1.1 Market Demographics

**The city of Riverside's census of 2005**, there were:

- 294,059 people (305,255 per 2006 estimates)
- 98,016 households, of which 93,405 were occupied
- 66,317 families residing in the city.

**The racial makeup of the city was:**

- 54.7% White
- 44.8% Hispanic or Latino of any race
- 26.0% from other races
- 7.3% African American
- 5.7% Asian
- 4.4% from two or more races.
- 1.0% Native American
- 0.9% Pacific Islander

There were 93,405 occupied households out of which 44.5% had children under the age of 18 living with them, 49.6% were married couples living together, 14.8% had a female householder with no husband present, 29.0% were non-families, 21.2% of all households were made up of individuals and 6.6% had someone living alone 65 or older. The average household size was 3.15 and average family size 3.70.

The population density was 1,261.5/km<sup>2</sup> (3,267.2/mi<sup>2</sup>). There were 85,974 housing units at an average density of 425.0/km<sup>2</sup> (1,100.8/mi<sup>2</sup>).

In the city the population was spread out with:

- 30.1% under the age of 18,
- 12.9% from 18 to 24,
- 30.0% from 25 to 44,
- 18.0% from 45 to 64, and
- 9.0% who were 65 years of age or older.
- The median age was 30 years.
- For every 100 females there were 97.1 males.
- For every 100 females age 18 and over, there were 93.6 males.

The median income for a household in the city was \$41,646, and the median income for a family was \$47,254. Males had a median income of \$36,920 versus \$28,328 for females. The per capita income for the city was \$17,882. About 11.7% of families and 15.8% of the population were below the poverty line, including 18.9% of those under age 18 and 8.0% of those age 65 and over.

**The county of Riverside's census of 2005**, there were:

- 1,545,387 people (2000) - (2006 Census - population - 2,026,803)
- 506,218 households
- 372,576 families residing in the county.
- The population density was 83/km<sup>2</sup> (214/mi<sup>2</sup>).
- There were 584,674 housing units at an average density of 31/km<sup>2</sup> (81/mi<sup>2</sup>).

**The racial makeup of the county was:**

- 65.58% White,
- 6.24% Black or African American,
- 1.18% Native American,
- 3.69% Asian,
- 0.25% Pacific Islander,

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- 18.69% from other races,
- 4.37% from two or more races.
- 36.21% of the population was Hispanic or Latino of any race.
- 67.2% spoke English and 27.7% Spanish as their first language.

There were 506,218 households out of which 38.90% had children under the age of 18 living with them, 56.50% were married couples living together, 12.00% had a female householder with no husband present, and 26.40% were non-families. 20.70% of all households were made up of individuals and 9.30% had someone living alone who was 65 years of age or older. The average household size was 2.98 and the average family size was 3.47.

## **In the county the population was spread out with:**

- 30.30% under the age of 18,
- 9.20% from 18 to 24,
- 28.90% from 25 to 44,
- 18.90% from 45 to 64, and
- 12.70% who were 65 years of age or older.
- The median age was 33 years.
- For every 100 females there were 99.10 males.
- For every 100 females age 18 and over, there were 96.80 males.

The median income for a household in the county was \$42,887, and the median income for a family was \$48,409. Males had a median income of \$38,639 versus \$28,032 for females. The per capita income for the county was \$18,689. About 10.70% of families and 14.20% of the population were below the poverty line, including 18.50% of those under age 18 and 7.60% of those age 65 or over.

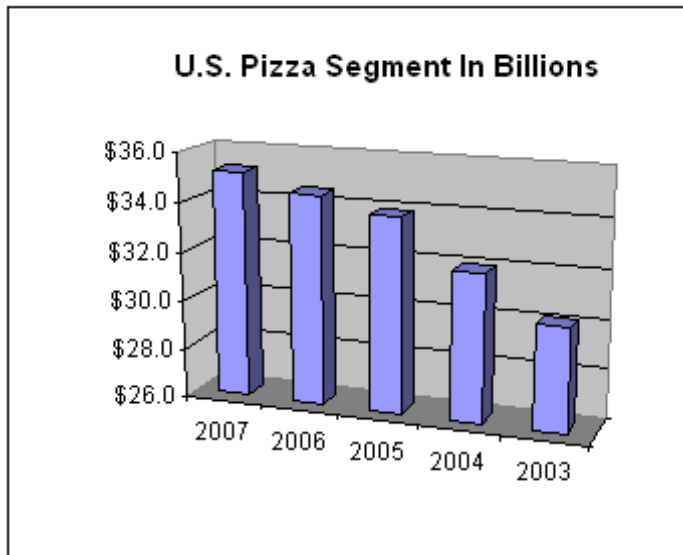
## **4.1.2 Market Needs**

Our target market, on average, is dependent on products and services. We believe that even though most of our competitors focus on price we will succeed by focusing on customer service and fresh products. In addition to our target market's fast-food needs, fast and friendly service is highly important to our customers who lead rapid busy lives. As the area grows and more people are moving into the area, customers will be surveying the area for fast-food restaurants that meet their dining needs.

## **4.1.3 Marketing Trends**

According to InfoUSA, Inc. there are now 71,343 Pizza Restaurants SIC (5812-22), in the U.S. as of December 31, 2006. Up from 70,174 facilities listed as of December 31, 2005, a gain of 1,169 facilities or 1.7% for the year. Growth will continue to be issue in 2007 as the Economy slows and Families become even more concerned with the weekly budget. Profitability will be the issue as competition continues to hold pricing down for the consumer while the operator focuses on margins.

# Pizza Hut Franchise



Jobs are definitely being created. The quarterly Manpower Employment Outlook Survey has found that in the third quarter, Riverside area employers expect to hire at a rapid pace. Of the companies interviewed, 40% plan to hire more employees, while none plan to reduce their payrolls, according to Manpower spokesperson Evelyn Wilcox. That's a marked improvement over the second quarter, when 13% reported they planned to reduce headcount, according to Wilcox. While 40% of the areas employers plan on hiring more employees, the fast-food industry will see growth to increase by 17% into 2010.

## City of Riverside

Statistic	Year 2000	Year 2004	Projected 2009
Population	255,166	283,247	331,165
Households	82,005	90,349	104,886
Ave. Household Size	3.02	3.05	3.08
Families	58,155	63,882	73,921
Average Family Size	3.54	3.59	3.64
Median Household Income	41,783	46,934	54,231
Medium Home Value	\$135,952	\$219,193	\$290,915
Per Capita Income	\$17,882	\$20,899	\$25,119

# Pizza Hut Franchise

## County of Riverside

Statistic	2000	2004	2009
Population	1,545,387	1,811,281	2,277,175
Households	489,214	652,802	812,452
Ave. Household Size	3.15	3.19	3.23
Families	346,933	462,944	469,070
Average Family Size	3.67	3.72	3.79
Median Household Income	\$37,545	\$43,179	\$48,321
Median Home Value	\$384,910	\$412,000	\$486,100
Per Capita Income	\$18,689	\$23,478	\$27,336

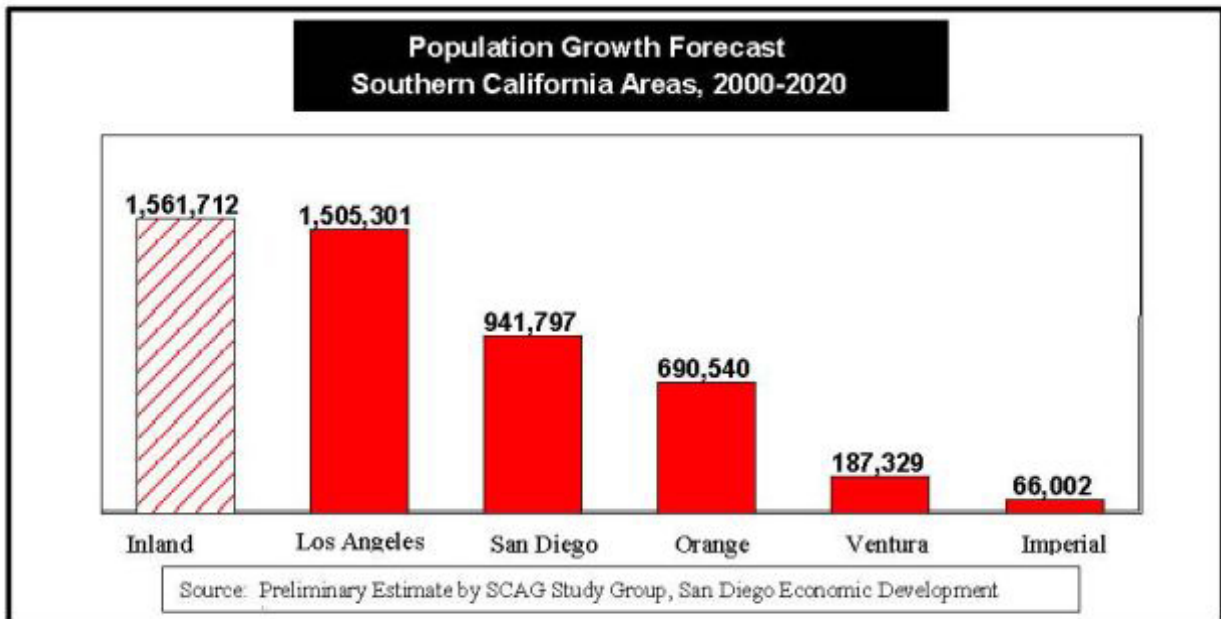
## 4.2 Market Growth

Consumer households today spend approximately 46% of their food budget on fast-food. The National Restaurant Association predicts that the QSR (Quick Service Restaurant) market will grow slightly slower than the overall market for food services.

This is due to reduced discretionary income, and recessionary economic pressures from the housing slump and high fuel costs. The overall growth rate in the fast food business is expected to be 5.3% for 2007.

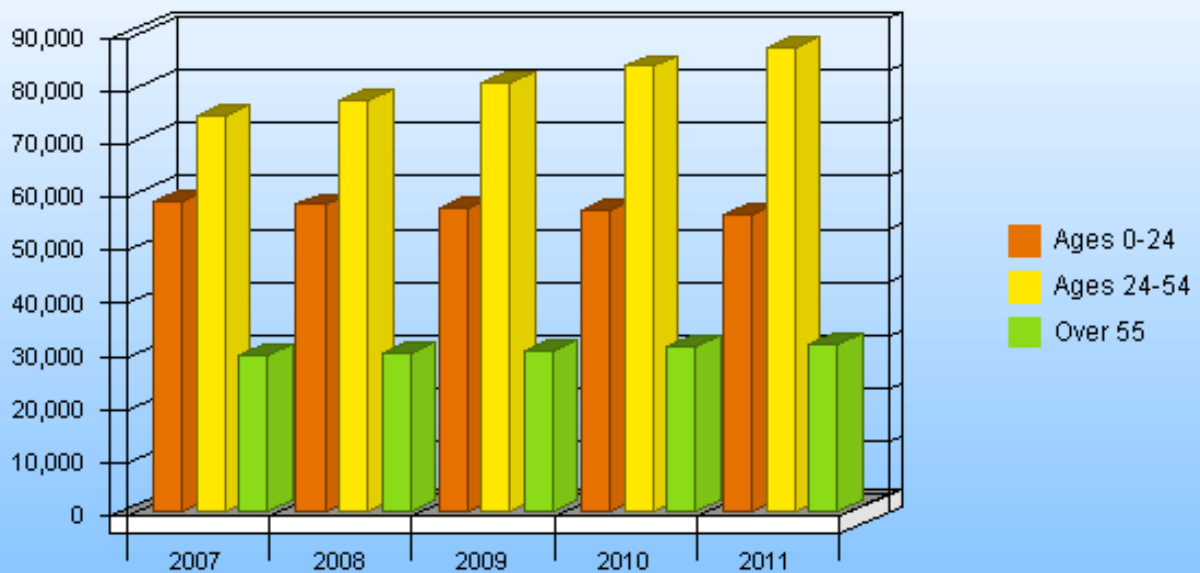
The National Restaurant Association (NRA) predicted that sales at fast-food restaurants would rise to \$134.2 billion in 2005. Sales exceeded expectations, ending the year at \$136.5 billion. According to the NRA, traffic at quick-serve restaurants was up 2 percent in 2005, and the segment added jobs at a rate of 3.3 percent. The NRA forecasts quick-serve sales of \$142.4 billion in 2006, a gain of more than 5 percent.

# Pizza Hut Franchise



Source: John Husing Ph.D. Economic & Politics, Inc.

## Market Growth Chart



## 4.3 Target Market Segment Strategy

We haven't ruled any one group or class out in our target market area. Just about everyone eats pizza. Most residents in this area have busy schedules, and find value in exceptional and timely service, as well as mouth watering, delightful food. We believe most everyone will appreciate Restaurant A's value based menu and family atmosphere. We have a strong commitment to community involvement including sponsorship for school/group teams.

We strongly believe we will overcome any competition in our area. The local competition includes Dominos Pizza, Alfredo's Pizza & Pasta, Maxwell Pizza, Little Caesars Pizza, Papa John's Pizza, Dalia's Pizza Market and Two Guys Pasta & Pizza. Most of these are at least two miles or less from the location of our stores in the Riverside area. In addition, the competition does not offer our concept of fresh products, welcoming services and great ideas.

## 4.4 Service Business Analysis

### Pizza Statistics:

- Represent 17% of all restaurants.
- Americans eat approximately 100 acres of pizza a day.
- Pizza is a \$32.5 billion per year industry with continuing overall restaurant growth.
- Accounts for 10% of all food service sales.
- 93% of Americans eat pizza at least once a month.
- 67% of Americans order pizza for a casual evening with friends.
- Children between 3-11 prefer pizza over all other food groups.

### 4.4.1 Competition and Buying Patterns

Pizza Hut Pizzerias are competitive in the mid price point, fast casual dining market. With an average ticket of \$17.00, we are priced above our private competitors like Maxwell Pizza, Dalia's Pizza and Alfredo's Pizza and Pasta.

Quality, Quick, and Simple is the goal of Restaurant A. The customers are provided with the highest quality product. Store design provides a warm and friendly environment for all.

## 5.0 Strategy and Implementation Summary

### Emphasize service

We will differentiate ourselves with Service! We will establish our business offering as a clear viable alternative for our target market.

### Build a relationship-oriented business

Build long-term relationships with customers, not single-visit deals. Become their restaurant and destination of choice. Reaffirm customers that at Restaurant A a relationship between our customers and staff is a value added service that always exceeds guest's expectations.

### Focus on target markets

We need to focus our offerings on specific population groups as the key market segment we should own. We want to compete for the buyers who go to "fast food" or "take and bake" types of restaurants. In addition, we want to be able to sell to smart, quality conscious customers.

# Pizza Hut Franchise

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**Utilize the various skills of our Managing Owners and learn through the extensive training programs provided by Franchisor.**

## 5.1 SWOT Analysis

The SWOT analysis provides us with an opportunity to examine the internal strengths and weaknesses Restaurant A must address. It also allows us to examine the opportunities presented to Restaurant A as well as potential threats.

Restaurant A has a valuable inventory of **strengths** that will help it succeed. These strengths include: an established, experience and friendly staff, fresh ingredients, and a clear vision of the market need. Strengths are valuable, but it is also important to realize the **weaknesses** Restaurant A must address. These weaknesses include: loss of control due to franchise agreement, restrictions, and the cost of employment turnover due to minimum wage.

Restaurant A's strengths will help it capitalize on emerging opportunities. These **opportunities** include, but are not limited to, a growing population, and the growing social bonds fostered by community involvement. **Threats** that Restaurant A should be aware of include; a highly charged competitive environment, not only within the pizza industry but also within the fast-food industry; and a slowing economy due to high fuel prices and a slumping housing market.

### 5.1.1 Strengths

1. **Knowledgeable and friendly staff.** We will continue with the franchisor's commitment to find and promote people with a passion for helping other people. We will utilize our established staff members to assist in training and developing our new staff members. Our staff is both knowledgeable and eager to please.
2. **Up-scale ambiance.** When you walk into Restaurant A, you'll experience an inviting environment. Bright colors, fresh signage and a friendly staff will all be apart of the total package when a guests visits anyone of our shops. Aluminum track lighting and Restaurant A's award winning art will set the mood. Last, but not least, self-service machines that will allow guests to refill at ones own request.
3. **Clear vision of the market need.** Restaurant A knows what it takes to build a strong customer base and retain each guest. We know the customers, we know how to provide a fresh, delicious product, and we know how to build the service that will bring the two together.

### 5.1.2 Weaknesses

1. **Loss of control.**
  1. Signage - Restaurant A's franchise agreement includes redesign signage, on the outside as well as the inside of the building. Signage must be consistent in all Restaurant A's stores whether in Germany or the United States.
  2. Uniforms - All employees must wear the same uniform. Uniforms must be consistent in all Restaurant A stores in color and design.
  3. Supply Companies - All Restaurant A stores must utilize the same supply companies that Restaurant A has an established contract.
2. **High level employee turnover.** Because most starting employees make minimum wage employee turnover is very high. High employee turnover can generate high expense and in time can reduce company profits.

## 5.1.3 Opportunities

1. **Growing population in the Riverside county area.** As the population of Riverside increases so will the demand for fast-food. New customers will want to try Restaurant A to satisfy their dining needs. If the store exceeds customer expectations then repeat business is definite.
2. **Community Involvement.** Restaurant A is committed to getting involved with local churches, schools and groups. We believe that involvement with these institutions will enable our company to be the first thought when customers are thinking about their evening meal.

## 5.1.4 Threats

1. **A slowing economy.** As fuel prices increase more consumers will tend to cut back on discretionary spending which will affect the restaurant industry as a whole including fast-food restaurants. A cut in discretionary spending will affect our sales, growth and potential profits.
2. **Emerging local competitors.** Currently, Restaurant A is enjoying a first-mover advantage in the local pizza market over other competitors. However, additional privately owned competitors are on the horizon, and we need to be prepared for their entry into the market. Many of our programs will be designed to build customer loyalty, and it is our hope that our product quality and exceptional service won't be easily duplicated.

## 5.2 Competitive Edge

Clearly our competitive edge will be our customer service experience and management approach. Our smiling, unassuming, and good natured approach to all of our customers will be evident, and highly appreciated.

We will constantly monitor our products to ensure quality food and beverage at all times. Also, we will continue to follow Restaurant A's own recipes to ensure that each pizza is delicious, made fresh daily, and that our toppings are fresh and evenly spread over the pizza.

## 5.3 Marketing Strategy

We will start our marketing during each store's re-modeling phase. Our main factor in success is simply that a person can enjoy a good pizza, fast service and friendly familiar faces.

We will be involved in Sales and Marketing. We will gather information about the neighborhoods, use our POS system to track top sellers and gather a customer base for marketing offers.

- Kids school tours
- Gift Certificate Program
- Drawings/Give-a-ways
- Coupons
- Sporting events for schools and group events
- Excellent service and high quality food
- Word of Mouth
- Restaurant A's own eye catching signage
- Flyers

## 5.4 Sales Strategy

The marketing strategy discussed previously in this business plan will generate the desired sales.

We required our staff to have a thorough and comprehensive understanding of the menus, ingredients and methods of preparation of all of our foods. We train our staff to always describe and recommend items, even to regular customers. The key to our employee's success in recommending items is the realization that it almost always brings in higher sales and bigger profits.

We will emphasize service to differentiate ourselves. We will establish our business offerings as a clear and viable alternative for our target market, from the scores of "slow delivery", "frozen dough", and "your average" pizza pizzerias.

We will build long-term relationships with our customers, becoming their destination of choice for delivery and take out. We will sell ourselves as the best neighborhood and community pizzeria

### 5.4.1 Sales Forecast

We are forecasting sales of approximately \$16,532,317 in our first fiscal year (July 2007 to June 2008) with an opening date of mid-June 2007. We foresee sales increasing by 6.5% annually, however, our forecast is conservative and is based on an average sale of \$19.00 per order.

We are convinced that our business will increase with time. We have a strong management team and a Restaurant A supervisor who will be on property daily to monitor operations. We will constantly watch food quality, customer service and expense.

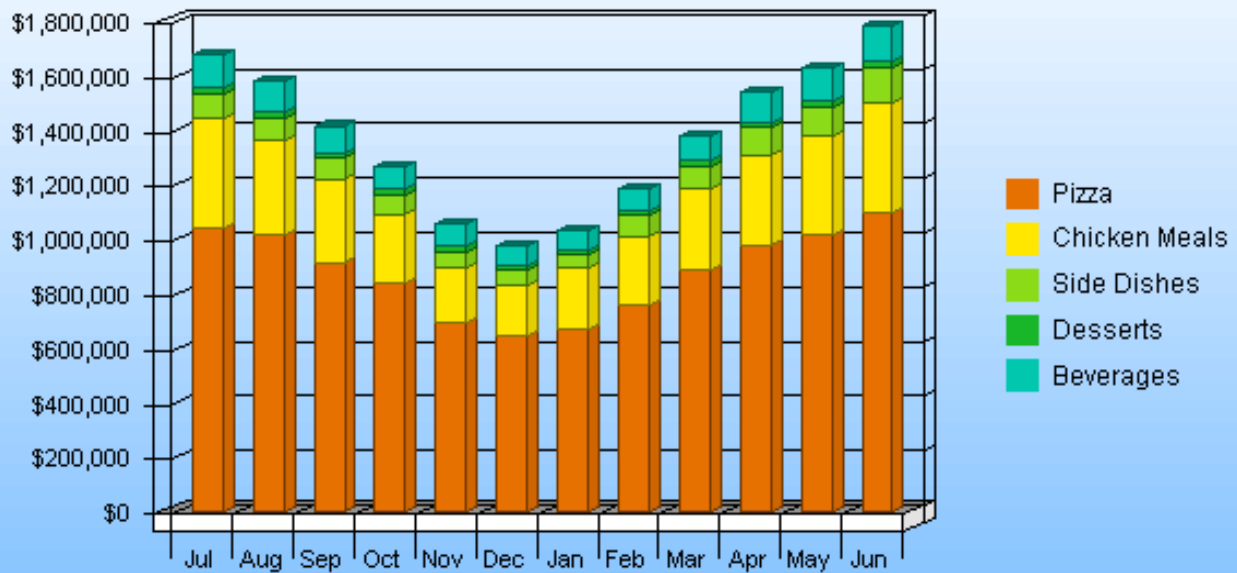
# Pizza Hut Franchise

Table: Sales Forecast

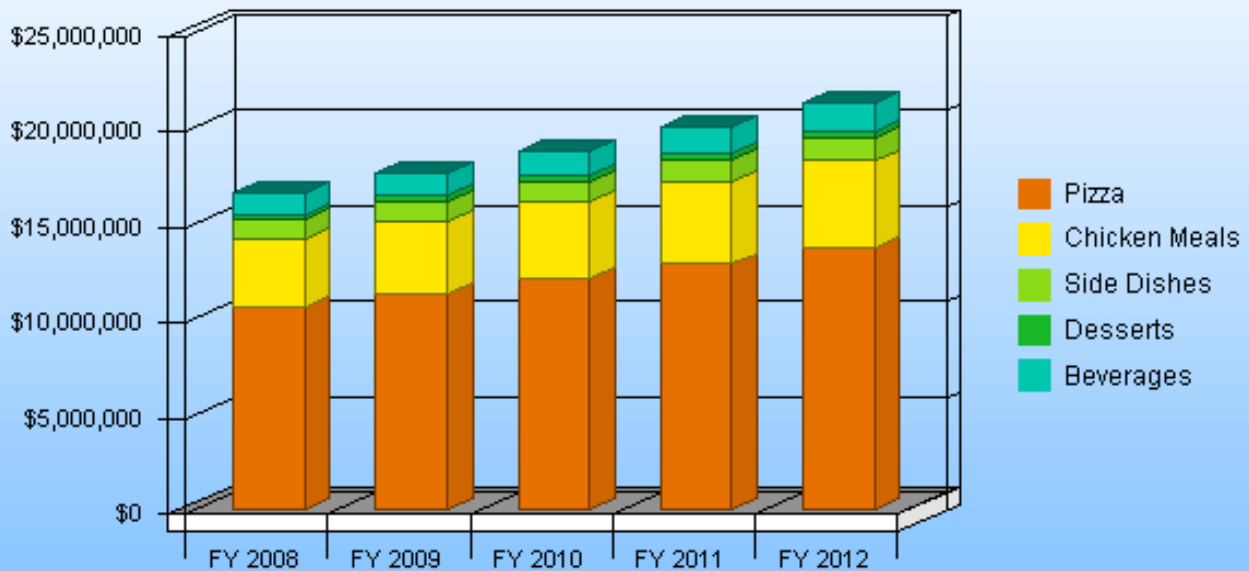
Sales Forecast					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<b>Unit Sales</b>					
Pizza	641,468	683,163	727,569	774,861	825,227
Chicken Meals	395,600	421,314	448,699	477,865	508,926
Side Dishes	320,030	340,832	365,286	386,580	411,708
Desserts	108,740	115,808	123,336	131,352	139,890
Beverages	579,650	597,646	636,493	677,865	721,926
<b>Total Unit Sales</b>	<b>2,045,488</b>	<b>2,158,763</b>	<b>2,301,383</b>	<b>2,448,523</b>	<b>2,607,677</b>
<b>Unit Prices</b>					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Pizza	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50
Chicken Meals	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Side Dishes	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Desserts	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Beverages	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
<b>Sales</b>					
Pizza	\$10,584,222	\$11,272,190	\$12,004,889	\$12,785,207	\$13,616,246
Chicken Meals	\$3,560,400	\$3,791,826	\$4,038,291	\$4,300,785	\$4,580,334
Side Dishes	\$960,090	\$1,022,496	\$1,095,858	\$1,159,740	\$1,235,124
Desserts	\$271,850	\$289,520	\$308,340	\$328,380	\$349,725
Beverages	\$1,159,300	\$1,195,292	\$1,272,986	\$1,355,730	\$1,443,852
<b>Total Sales</b>	<b>\$16,535,862</b>	<b>\$17,571,324</b>	<b>\$18,720,364</b>	<b>\$19,929,842</b>	<b>\$21,225,281</b>
<b>Direct Unit Costs</b>					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Pizza	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95
Chicken Meals	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Side Dishes	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60
Desserts	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Beverages	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
<b>Direct Cost of Sales</b>					
Pizza	\$3,175,267	\$3,381,657	\$3,601,467	\$3,835,562	\$4,084,874
Chicken Meals	\$890,100	\$947,957	\$1,009,573	\$1,075,196	\$1,145,084
Side Dishes	\$192,018	\$204,499	\$219,172	\$231,948	\$247,025
Desserts	\$43,496	\$46,323	\$49,334	\$52,541	\$55,956
Beverages	\$127,523	\$131,482	\$140,028	\$149,130	\$158,824
<b>Subtotal Direct Cost of Sales</b>	<b>\$4,428,404</b>	<b>\$4,711,918</b>	<b>\$5,019,574</b>	<b>\$5,344,377</b>	<b>\$5,691,762</b>

# Pizza Hut Franchise

## Sales Monthly



## Sales by Year



# Pizza Hut Franchise

## 5.5 Marketing Expense Forecast

Our marketing expense of the business includes advertising, promotion and give-a-ways. Advertising accounts for 92% of our marketing expense. Our advertising budget is an expense that is charged to us by Restaurant A as a percent of sales. Each quarter Restaurant A adds up all of the advertising dollars used to produce television, radio and billboard advertisements and allocates those charges to each store based on the market and the amount of sales. In addition to advertising, we allocate funds for promotion and give-a-ways. We utilize promotion as a way to energize our customers and staff members, promoting repeat business. Promotions include:

- The purchase of a large pizza with two side dishes for \$17.99
- The combination of a large pizza with one side order and drink for \$17.99
- The combination of two large pizzas with two deserts for \$19.99

Other promotions include:

- X-Club
- Unit Visitation

Our give-a-ways include:

- Raffle: raffling-off a big screen television for those customers that eat at Restaurant A the most, one per store.
- Raffle: raffling-off a surround sound stereo system.
- A punch card for a FREE pizza and soft drink.

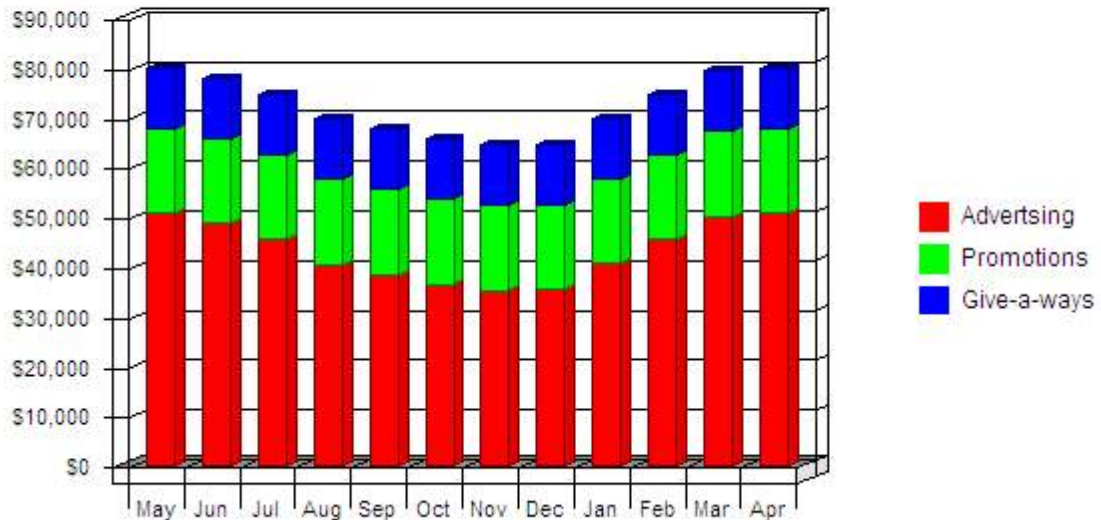
### 5.5.1 Expense Budget Table

Marketing Expense Budget	%/Sales	2008	2009	2010	2011	2012
Advertsing	4.25%	\$518,584	\$546,525	\$582,284	\$619,882	\$660,175
Promotions	1.70%	\$205,824	\$218,610	\$232,913	\$247,953	\$264,070
Give-a-ways	1.20%	\$145,284	\$154,313	\$164,409	\$175,026	\$186,402
		-----	-----	-----	-----	-----
<b>Total Sales and Marketing Expenses</b>		\$869,692	\$919,448	\$979,606	\$1,042,861	\$1,110,647
<b>Percent of Sales</b>		5.26%	5.22%	5.22%	5.22%	5.22%
<b>Contribution Margin</b>		\$11,237,533	\$11,974,054	\$12,751,235	\$13,579,696	\$14,461,534
<b>Contribution Margin / Sales</b>		67.96%	67.99%	67.99%	67.99%	67.98%

### 5.5.2 Expense Budget Chart

# Pizza Hut Franchise

## Monthly Expense Budget



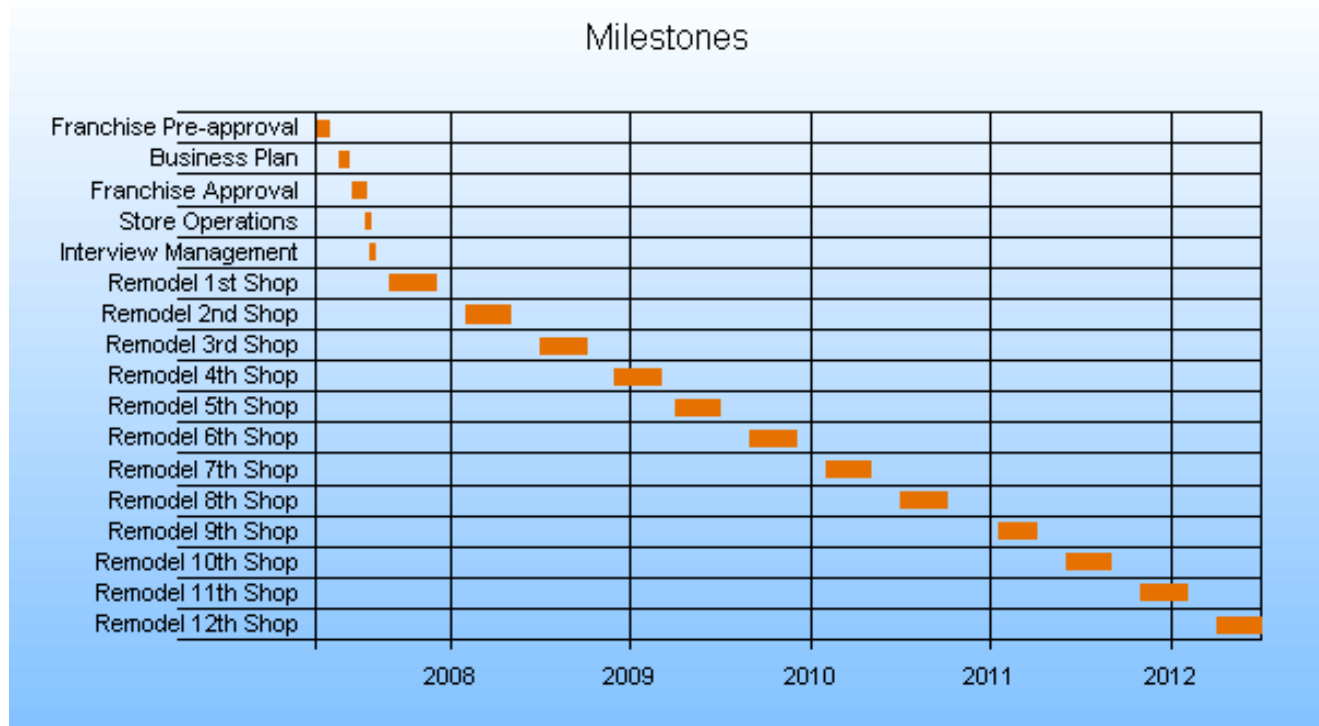
## 5.6 Milestones

The following table lists important store milestones, with dates, implementation duty, and budgets for each. The milestone schedule emphasizes the timeliness for implementation per the sales and marketing targets listed in the detail in the previous topics. Milestones may be adjusted pending franchisor's agreement and at franchisees discretion.

Table: Milestones

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Franchise Pre-approval	4/1/2007	5/1/2007	\$0	Shahin	Owner
Business Plan	5/22/2007	6/10/2007	\$0	Shahin	Owner
Franchise Approval	6/15/2007	7/15/2007	\$0	Shahin	Owner
Store Operations	7/15/2007	7/22/2007	\$0	Shahin	Owner
Interview Management	7/22/2007	8/1/2007	\$0	Shahin	Owner
Remodel 1st Shop	9/1/2007	12/1/2007	\$65,000	Shahin	Owner
Remodel 2nd Shop	2/1/2008	5/1/2008	\$65,000	Shahin	Owner
Remodel 3rd Shop	7/1/2008	10/1/2008	\$65,000	Shahin	Owner
Remodel 4th Shop	12/1/2008	3/1/2009	\$65,000	Shahin	Owner
Remodel 5th Shop	4/1/2009	7/1/2009	\$65,000	Shahin	Owner
Remodel 6th Shop	9/1/2009	12/1/2009	\$65,000	Shahin	Owner
Remodel 7th Shop	2/1/2010	5/1/2010	\$65,000	Shahin	Owner
Remodel 8th Shop	7/1/2010	10/1/2010	\$65,000	Shahin	Owner
Remodel 9th Shop	1/15/2011	4/1/2011	\$65,000	Shahin	Owner
Remodel 10th Shop	6/1/2011	9/1/2011	\$65,000	Shahin	Owner
Remodel 11th Shop	11/1/2011	2/1/2012	\$65,000	Shahin	Owner
Remodel 12th Shop	4/1/2012	7/1/2012	\$65,000	Shahin	Owner
<b>Totals</b>			<b>\$780,000</b>		

# Pizza Hut Franchise



## 6.0 Management Summary

### Management Team

Restaurant A is a franchise and has an established management team already in place in each unit. In addition, Restaurant A will provide an on-site management team member that will support our new ownership allowing for transition ease. The owner and the new management team of the franchise have years of experience and education in the restaurant industry.

To ensure established management team is effective and will meet our expectations, we will evaluate each manager associate with a 15, 30, 45 and 90-day evaluation. Evaluations allow management associates to observe any potential weakness in the management style of the associate and redirect them into a successful career. In addition, when weaknesses have been documented, we will work with the management associate to help further develop their management style with additional training and development. Of course, if for example, a management associates does not meet our expectations and we have provided all of the training possible then we will terminate the management associate.

### Plan A

Our management plan includes First Owner responsible for both Restaurant A and Restaurant B. Second Owner will be responsible for the operations of the restaurant B while XXXX will be responsible for the operations of Restaurant A. Each manager will oversee the operations of each company reviewing the effectiveness of all managers and their crew.

### Plan B

If the management coach or general manager do not meet Restaurant A or our expectations then XXXX will be responsible for the daily operations of the Restaurant B business. First Owner and Second Owner will remain responsible for the Restaurant A operations.

### First Owner

# Pizza Hut Franchise

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First Owners education and experience have been omitted.

## **Second Owner**

Second Owners education and experience have been omitted.

## **First Manager**

First managers education, experience and training have been omitted.

## **Second Manager**

Second managers education, experience and training have been omitted.

## **Crew Associates**

We plan to duplicate and massage the successful formula used by the Restaurant A Franchisor. We will use Restaurant A's personnel strategies and skills to create our own success in Restaurant A with established and new hire associates. Furthermore, we will train and develop these associates to exceed Restaurant A's already awarding winning customer service.

We plan to assess our management team to locate weakness within each individual associate and help develop their skills. Our management team will assist our crew staff by developing their knowledge of menu items while developing their energized, enthusiastic personalities to better assist customers with their meal decisions. Each new hire will be sent to one of the four units that will be designated as training facilities where they will develop their customer service skills. In addition to our extensive customer service training program, we will hire the secret shopper service to ensure that all associates are giving customers exceptional

## **6.1 Personnel Plan**

Periodically we receive feedback from customers rewarding associates for their outstanding customer service ability. This example is no exception; one of Restaurant A's associates received a \$10,000US tip after providing a customer with excellence service. The name of the associate is (has been omitted) and we have decided to reward her by implementing a new program in honor of her name, the XXXXX Program. The XXXXX Program will be incorporated into our current training program for new hires and established associates. The program is geared to raise the level of customer service awareness while improving the service to customers.

We plan to duplicate and massage the successful formula used by the Restaurant A Franchisor. We will use Restaurant A's personnel strategies and skills to create our own success in Restaurant A with established and new hire associates. Furthermore, we will train and develop these associates to exceed Restaurant A's already awarding winning customer service.

We plan to assess our management team to locate weakness within each individual associate and help develop their skills. Our management team will assist our crew staff by developing their knowledge of menu items while developing their energized, enthusiastic personalities to better assist customers with their meal decisions. Each new hire will be sent to one of the four units that will be designated as training facilities where they will develop their customer service skills. In addition to our extensive customer service training program, we will hire the secret shopper service to ensure that all associates are giving customers exceptional customer service. Below you will find an outline of our management team and crew.

### **Administrative**

- First Owner (Owner)
- Second Owner (Partner - Owner)
- First Manager (Restaurant B - Support)
- Second Manager (Office Manager)

# Pizza Hut Franchise

## Restaurant

Management Team  
Shift Manager  
Crew

The Personnel Plan chart, below, reflects how we will utilize our people's assets.

Table: Personnel

Personnel Plan	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Shahin (Owner)	\$0	\$0	\$0	\$0	\$0
Partner	\$0	\$0	\$0	\$0	\$0
Management Team	\$665,678	\$685,648	\$706,218	\$727,404	\$749,226
Shift Manager	\$673,892	\$694,109	\$714,932	\$736,380	\$758,471
Crew Pay	\$3,014,449	\$3,104,882	\$3,198,029	\$3,293,970	\$3,392,789
Bonus/Benefits/Taxes/Other	\$979,614	\$1,009,002	\$1,039,272	\$1,070,451	\$1,102,564
Total People	276	276	276	276	276
Total Payroll	\$5,333,633	\$5,493,641	\$5,658,451	\$5,828,205	\$6,003,050

## 7.0 Financial Plan

Our main concerns will be aggressive time management to keep labor costs under control. Proper purchasing, food preparation and handling, and control supplies will help keep costs down. Growth will be sustained through increased sales.

## 7.1 Start-up Funding

Restaurant A Franchise start-up costs are detailed below, in the Start-up Table. The following table shows how these start-up costs will be funded by owner, investor capital and merchant loans.

# Pizza Hut Franchise

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Table: Start-up Funding

<u>Start-up Funding</u>	
Start-up Expenses to Fund	\$405,052
Start-up Assets to Fund	\$692,432
Total Funding Required	\$1,097,484
<u>Assets</u>	
Non-cash Assets from Start-up	\$45,000
Cash Requirements from Start-up	\$647,432
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$647,432
Total Assets	\$692,432
<u>Liabilities and Capital</u>	
<u>Liabilities</u>	
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$0
<u>Capital</u>	
<u>Planned Investment</u>	
Owner	\$0
Investor	\$0
Additional Investment Requirement	\$1,097,484
Total Planned Investment	\$1,097,484
Loss at Start-up (Start-up Expenses)	(\$405,052)
Total Capital	\$692,432
<u>Total Capital and Liabilities</u>	
Total Capital and Liabilities	\$692,432
<u>Total Funding</u>	
Total Funding	\$1,097,484

## 7.2 Important Assumptions

We are projecting profit based on the performance of other franchises and our own judgment based on the following:

1. We assume that the current staff at each location is highly energized, experienced and well trained to satisfy the needs of customers.
2. We assume of course that there are no unforeseen equipment problems or damages.
3. We assume by using marketing strategies, sales strategies, good customer relationships, fresh food, and good management practices, we will succeed.
4. In order to meet the net sales of \$16,535,862 in the first year, open for at least 360 days, we would have to sell roughly 11,973 pizzas per week with a \$17 per pizza average.
5. Our sales each day should reach a minimum average of \$3,030 per store (15 units).
6. Our forecast is based on an average of fifteen stores. Some months will increase and others decrease. We do not predict any major decreases in sales, as Riverside county area restaurant are busy all year round.

# Pizza Hut Franchise

## 7.3 Break-even Analysis

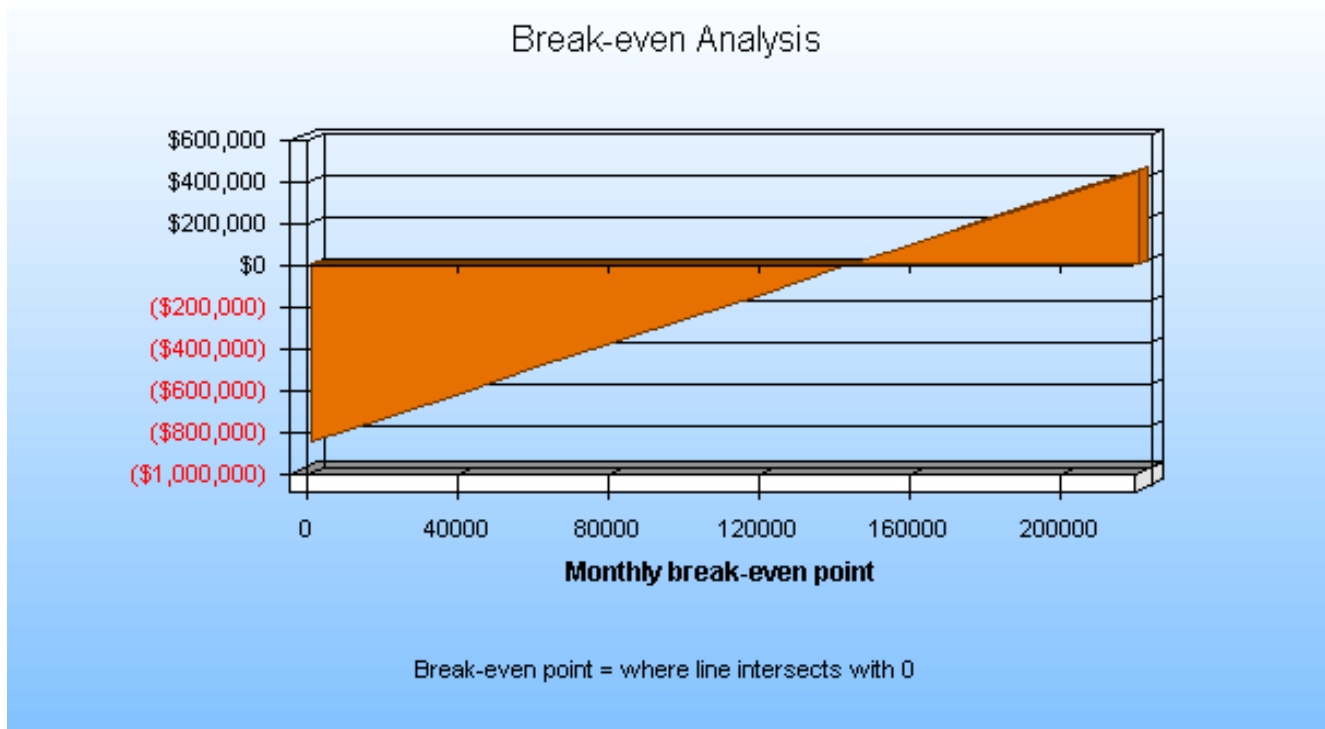
For our break-even analysis, we assume running costs of approximately \$853,395 per month, which includes our full payroll, rent, royalties and utilities, and an estimation of other running costs. Payroll alone, at our present run rate, is only about \$444,469 per month.

Margins are harder to assume. Our overall average of \$1,010,367 is based on projections for the coming year and is based on all fifteen stores in option 1. We hope to attain a margin that high in the future.

The chart shows that we need to sell about \$1,165,531 per month to break even, according to these assumptions. This is about half of our planned 2008 sales level, however, we will anticipate growth as our franchise ages.

Table: Break-even Analysis

Break-even Analysis	
Monthly Units Break-even	144,176
Monthly Revenue Break-even	\$1,165,531
Assumptions:	
Average Per-Unit Revenue	\$8.08
Average Per-Unit Variable Cost	\$2.16
Estimated Monthly Fixed Cost	\$853,395



# Pizza Hut Franchise

## 7.4 Projected Profit and Loss

As the profit and loss table shows, option 1 stores expect to continue its steady growth in profitability over the next three years. We predicted a conservative 6.5% increase in sales through 2017.

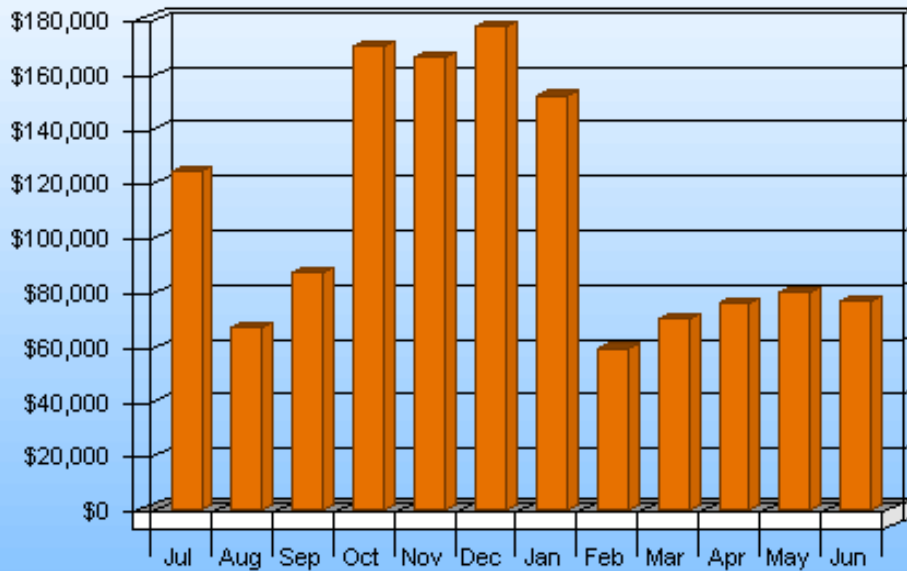
- The first month may have higher payroll due to additional employee training and ownership conversion.
- Our operating expenses include rent at \$54,514 estimated per month, royalty fees of 6% of gross sales, equipment rental and repair, utilities projected at 5.1% of gross sales, administrative charges including cash loss, payroll charges, delivery expenses and other operating controllables are projected to be 36.1%.
- Remodeling of established restaurants will impact the P&L statement 1 - 2 %, annually.
- Marketing fees are 5.2% of gross annual sales.

Table: Profit and Loss

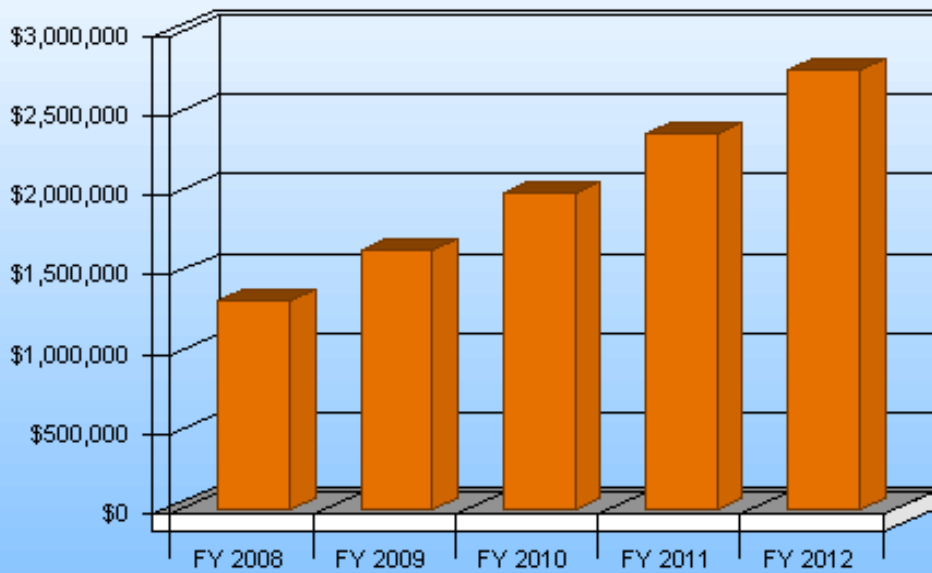
Pro Forma Profit and Loss					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Sales	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281
Direct Costs of Goods	\$4,428,404	\$4,711,918	\$5,019,574	\$5,344,377	\$5,691,762
Other Costs of Goods	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$4,428,404	\$4,711,918	\$5,019,574	\$5,344,377	\$5,691,762
Gross Margin	\$12,107,458	\$12,859,406	\$13,700,790	\$14,585,464	\$15,533,519
Gross Margin %	73.22%	73.18%	73.19%	73.18%	73.18%
Expenses					
Payroll	\$5,333,633	\$5,493,641	\$5,658,451	\$5,828,205	\$6,003,050
Marketing/Promotion	\$869,690	\$919,448	\$979,606	\$1,042,861	\$1,110,647
Depreciation	\$919,393	\$951,573	\$984,878	\$1,019,348	\$1,055,026
Rent	\$654,168	\$655,803	\$675,478	\$695,742	\$716,614
Royalties	\$986,184	\$986,184	\$986,184	\$986,184	\$986,184
Utilities & Phone	\$586,780	\$592,516	\$604,366	\$616,453	\$628,782
Operating Supplies	\$127,102	\$137,166	\$153,300	\$171,696	\$192,300
RGM Repairs & Maint.	\$129,290	\$135,755	\$142,542	\$149,669	\$157,153
Delivery Expense	\$541,251	\$557,489	\$574,213	\$591,439	\$609,183
Cash Loss	\$29,583	\$30,614	\$28,007	\$29,313	\$31,219
Vending Income	\$0	\$0	\$0	\$0	\$0
Tax Cred/Insur Claims	\$0	\$0	\$0	\$0	\$0
Other Controllables	\$63,665	\$71,457	\$79,862	\$89,445	\$100,179
Total Operating Expenses	\$10,240,739	\$10,531,646	\$10,866,887	\$11,220,355	\$11,590,337
Profit Before Interest and Taxes	\$1,866,719	\$2,327,760	\$2,833,903	\$3,365,109	\$3,943,182
EBITDA	\$2,786,112	\$3,279,333	\$3,818,781	\$4,384,457	\$4,998,208
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$560,016	\$698,328	\$850,171	\$1,009,533	\$1,182,955
Net Profit	\$1,306,704	\$1,629,432	\$1,983,732	\$2,355,576	\$2,760,227
Net Profit/Sales	7.90%	9.27%	10.60%	11.82%	13.00%

# Pizza Hut Franchise

## Profit Monthly

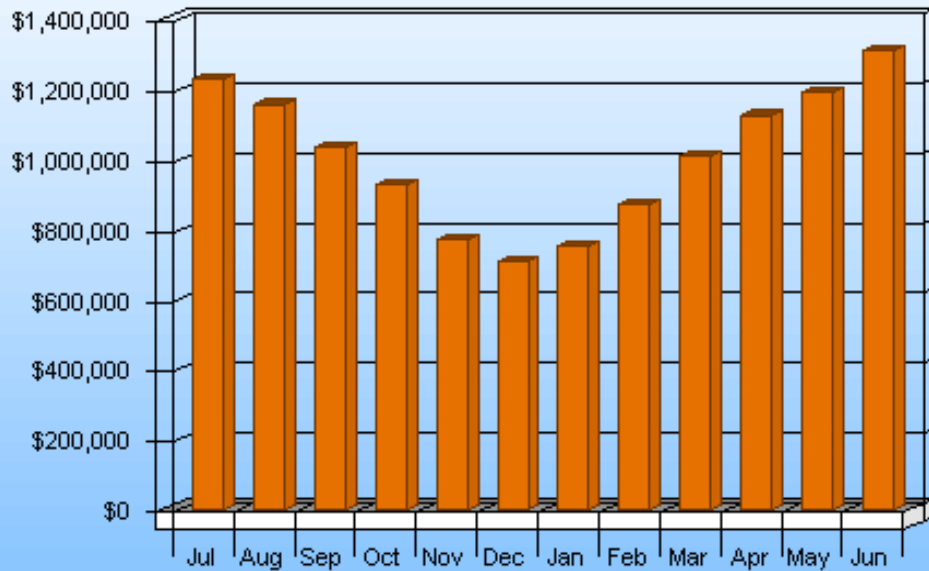


## Profit Yearly

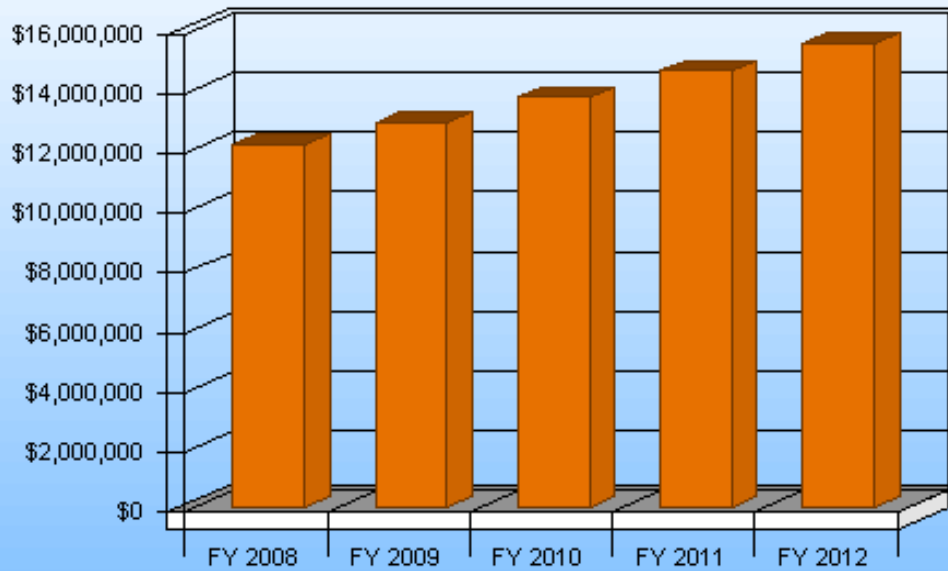


# Pizza Hut Franchise

## Gross Margin Monthly



## Gross Margin Yearly



# Pizza Hut Franchise

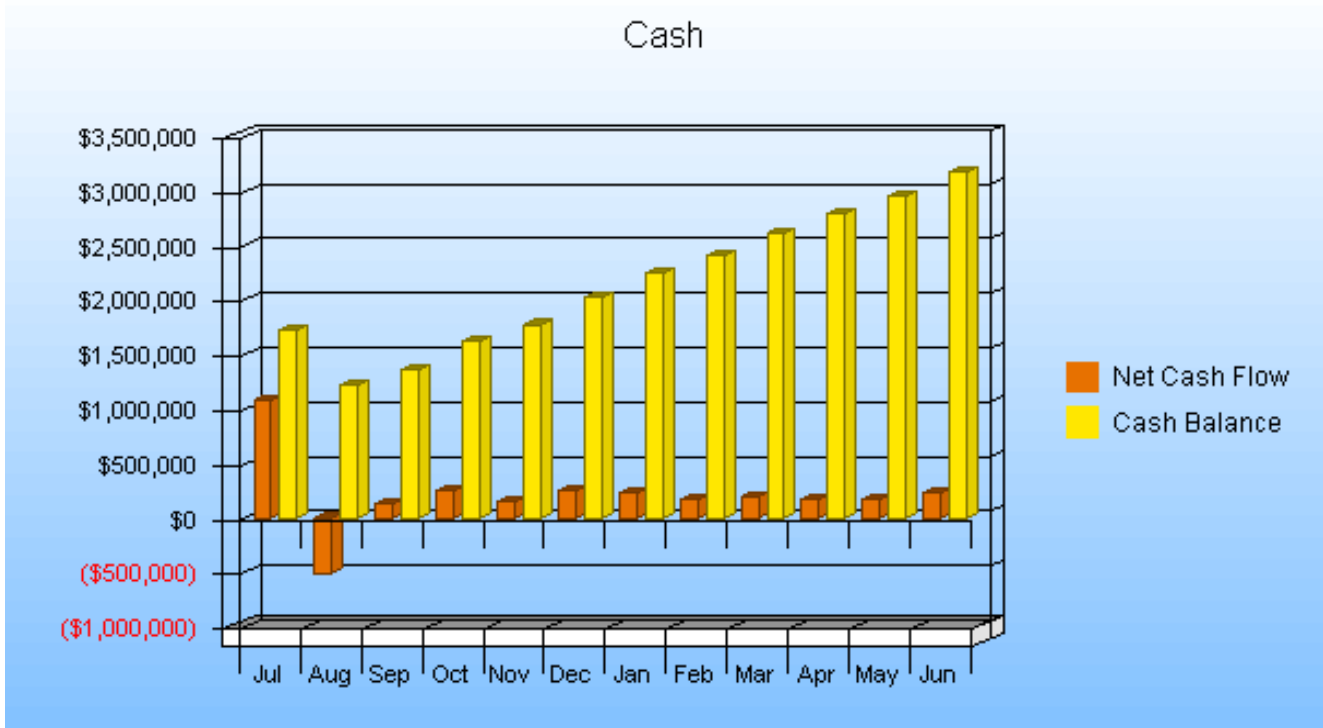
## 7.5 Projected Cash Flow

The cash flow depends on assumptions for good daily operational management, good traffic counts in the restaurants, inventory turnover, payment days, and accounts receivable management. Our projected net cash flow will increase by 79.3% or \$11,298,466 by 2012. We do not predict any new financing until we open more franchise units, however, remodeling of established restaurants will affect the cash flow by 3 - 5%, annually.

Table: Cash Flow

Pro Forma Cash Flow	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<b>Cash Received</b>					
<b>Cash from Operations</b>					
Cash Sales	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281
Subtotal Cash from Operations	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281
<b>Additional Cash Received</b>					
Sales Tax, VAT, HST/GST Received	\$1,322,869	\$1,405,706	\$1,497,629	\$1,594,387	\$1,698,022
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$17,858,731	\$18,977,029	\$20,217,993	\$21,524,229	\$22,923,303
<b>Expenditures</b>					
<b>Expenditures from Operations</b>					
Cash Spending	\$5,333,633	\$5,493,641	\$5,658,451	\$5,828,205	\$6,003,050
Bill Payments	\$8,674,054	\$9,726,592	\$10,093,381	\$10,726,541	\$11,406,574
Subtotal Spent on Operations	\$14,007,687	\$15,220,233	\$15,751,832	\$16,554,746	\$17,409,624
<b>Additional Cash Spent</b>					
Sales Tax, VAT, HST/GST Paid Out	\$1,314,521	\$1,400,387	\$1,491,412	\$1,588,353	\$1,691,597
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$15,322,208	\$16,620,620	\$17,243,244	\$18,143,099	\$19,101,221
<b>Net Cash Flow</b>	<b>\$2,536,523</b>	<b>\$2,356,410</b>	<b>\$2,974,748</b>	<b>\$3,381,129</b>	<b>\$3,822,082</b>
<b>Cash Balance</b>	<b>\$3,183,955</b>	<b>\$5,540,365</b>	<b>\$8,515,113</b>	<b>\$11,896,242</b>	<b>\$15,718,324</b>

# Pizza Hut Franchise



## 7.6 Projected Balance Sheet

The balance sheet is quite solid. While our projected assets are expected to increase by 73% or \$7,490,556 by 2012, a decrease is also expected to affect our liabilities by 6% or \$61,085. Our projected net worth will increase by 81.1% or \$7,487,324 and we do not project any real trouble meeting our debt obligations--as long as we can achieve our specific sales objectives.

# Pizza Hut Franchise

Table: Balance Sheet

Pro Forma Balance Sheet	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$3,183,955	\$5,540,365	\$8,515,113	\$11,896,242	\$15,718,324
Inventory	\$711,573	\$757,129	\$806,564	\$858,674	\$914,488
Other Current Assets	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$3,895,528</b>	<b>\$6,297,493</b>	<b>\$9,321,677</b>	<b>\$12,754,917</b>	<b>\$16,632,812</b>
<b>Long-term Assets</b>					
Long-term Assets	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$919,393	\$1,870,966	\$2,855,844	\$3,875,192	\$4,930,218
<b>Total Long-term Assets</b>	<b>(\$919,393)</b>	<b>(\$1,870,966)</b>	<b>(\$2,855,844)</b>	<b>(\$3,875,192)</b>	<b>(\$4,930,218)</b>
<b>Total Assets</b>	<b>\$2,976,135</b>	<b>\$4,426,527</b>	<b>\$6,465,833</b>	<b>\$8,879,725</b>	<b>\$11,702,594</b>
<b>Liabilities and Capital</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$968,651	\$784,293	\$833,650	\$885,931	\$942,147
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$8,348	\$13,667	\$19,884	\$25,918	\$32,344
<b>Subtotal Current Liabilities</b>	<b>\$976,999</b>	<b>\$797,960</b>	<b>\$853,534</b>	<b>\$911,849</b>	<b>\$974,491</b>
<b>Long-term Liabilities</b>					
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$976,999</b>	<b>\$797,960</b>	<b>\$853,534</b>	<b>\$911,849</b>	<b>\$974,491</b>
Paid-in Capital	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484
Retained Earnings	(\$405,052)	\$901,652	\$2,531,083	\$4,514,815	\$6,870,392
Earnings	\$1,306,704	\$1,629,432	\$1,983,732	\$2,355,576	\$2,760,227
<b>Total Capital</b>	<b>\$1,999,136</b>	<b>\$3,628,567</b>	<b>\$5,612,299</b>	<b>\$7,967,876</b>	<b>\$10,728,103</b>
<b>Total Liabilities and Capital</b>	<b>\$2,976,135</b>	<b>\$4,426,527</b>	<b>\$6,465,833</b>	<b>\$8,879,725</b>	<b>\$11,702,594</b>
<b>Net Worth</b>	<b>\$1,999,136</b>	<b>\$3,628,567</b>	<b>\$5,612,299</b>	<b>\$7,967,876</b>	<b>\$10,728,103</b>

## 7.7 Business Ratios

The company's projected business ratios are provided in the following table. The final column, Industry Profile, shows ratios for the "Pizza Restaurant Industry", as determined by the Standard Industry Classification 311991 SIC 2099 with annual sales of \$10,000,000 to 24,999,999.

# Pizza Hut Franchise

Table: Ratios

Ratio Analysis						
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Industry Profile
Sales Growth	0.00%	6.26%	6.54%	6.46%	6.50%	6.68%
<b>Percent of Total Assets</b>						
Inventory	23.91%	17.10%	12.47%	9.67%	7.81%	12.29%
Other Current Assets	0.00%	0.00%	0.00%	0.00%	0.00%	25.88%
Total Current Assets	130.89%	142.27%	144.17%	143.64%	142.13%	52.69%
Long-term Assets	-30.89%	-42.27%	-44.17%	-43.64%	-42.13%	47.31%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities	32.83%	18.03%	13.20%	10.27%	8.33%	31.01%
Long-term Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	25.85%
Total Liabilities	32.83%	18.03%	13.20%	10.27%	8.33%	56.86%
Net Worth	67.17%	81.97%	86.80%	89.73%	91.67%	43.14%
<b>Percent of Sales</b>						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	73.22%	73.18%	73.19%	73.18%	73.18%	20.51%
Selling, General & Administrative Expenses	65.32%	63.91%	62.59%	61.36%	60.18%	10.78%
Advertising Expenses	5.26%	5.23%	5.23%	5.23%	5.23%	0.80%
Profit Before Interest and Taxes	11.29%	13.25%	15.14%	16.88%	18.58%	1.53%
<b>Main Ratios</b>						
Current	3.99	7.89	10.92	13.99	17.07	1.21
Quick	3.26	6.94	9.98	13.05	16.13	0.68
Total Debt to Total Assets	32.83%	18.03%	13.20%	10.27%	8.33%	66.40%
Pre-tax Return on Net Worth	93.38%	64.15%	50.49%	42.23%	36.76%	2.09%
Pre-tax Return on Assets	62.72%	52.59%	43.83%	37.90%	33.69%	6.22%
<b>Additional Ratios</b>						
Net Profit Margin	FY 2008 7.90%	FY 2009 9.27%	FY 2010 10.60%	FY 2011 11.82%	FY 2012 13.00%	n.a
Return on Equity	65.36%	44.91%	35.35%	29.56%	25.73%	n.a
<b>Activity Ratios</b>						
Inventory Turnover	8.00	6.42	6.42	6.42	6.42	n.a
Accounts Payable Turnover	9.95	12.17	12.17	12.17	12.17	n.a
Payment Days	27	34	29	29	29	n.a
Total Asset Turnover	5.56	3.97	2.90	2.24	1.81	n.a
<b>Debt Ratios</b>						
Debt to Net Worth	0.49	0.22	0.15	0.11	0.09	n.a
Current Liab. to Liab.	1.00	1.00	1.00	1.00	1.00	n.a
<b>Liquidity Ratios</b>						
Net Working Capital	\$2,918,529	\$5,499,533	\$8,468,143	\$11,843,068	\$15,658,321	n.a
Interest Coverage	0.00	0.00	0.00	0.00	0.00	n.a
<b>Additional Ratios</b>						
Assets to Sales	0.18	0.25	0.35	0.45	0.55	n.a
Current Debt/Total Assets	33%	18%	13%	10%	8%	n.a
Acid Test	3.26	6.94	9.98	13.05	16.13	n.a
Sales/Net Worth	8.27	4.84	3.34	2.50	1.98	n.a
Dividend Payout	0.00	0.00	0.00	0.00	0.00	n.a

# Pizza Hut Franchise

## 7.8 Long-term Plan

Our long term goal is to increase sales and profits with continued growth through year 2017. We believe that combine with a constant growth rate and growing economy, more customers will find our pizza and other products of high quality. We provide high quality food at a value. Our repeat business, which accounts for 65% of our sales, will continue to flourish combine with our new customers. We believe that our 35% new customer rate for current growth is a conservative figure and should expand at a much faster rate by 2017.

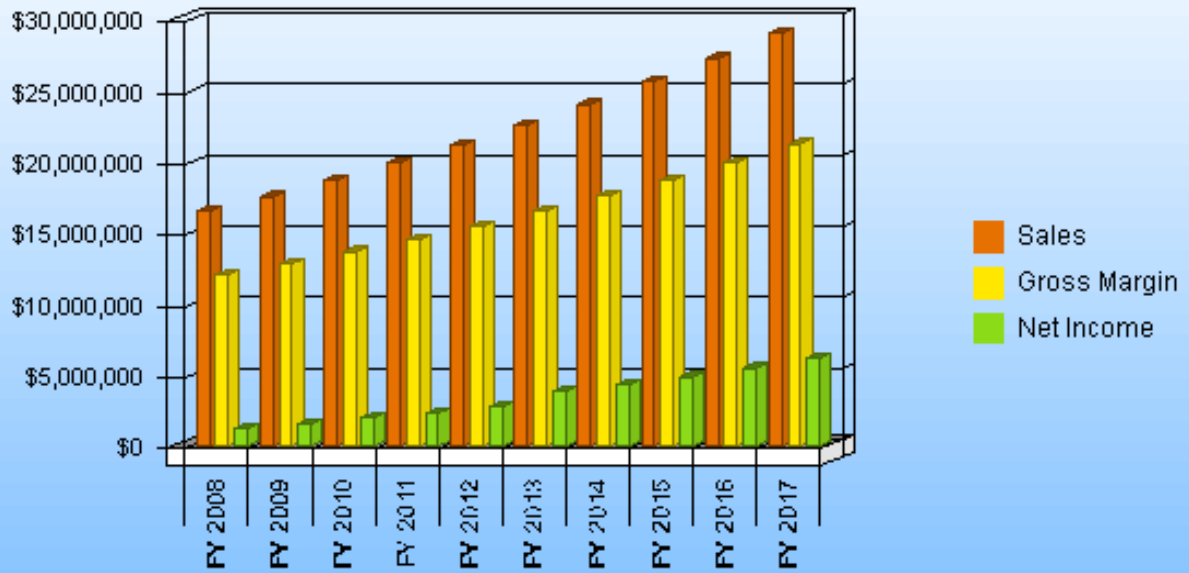
In addition, our plan includes an aggressive new store development as we grow as a franchise. We plan on opening new units as early as 2009 after all established stores have been remodel. Our focus will be in markets that we are not currently represented and see growth potential.

Table: Long-term

Long-term	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Sales	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281	\$22,604,924	\$24,074,244	\$25,639,070	\$27,305,610	\$29,080,474
Cost of Sales	\$4,428,404	\$4,711,918	\$5,019,574	\$5,344,377	\$5,691,762	\$6,061,727	\$6,455,739	\$6,875,362	\$7,322,260	\$7,792,807
Gross Margin	\$12,107,458	\$12,859,406	\$13,700,790	\$14,585,464	\$15,533,519	\$16,543,197	\$17,618,505	\$18,763,708	\$19,983,350	\$21,287,667
Gross Margin %	73.22%	73.18%	73.19%	73.18%	73.18%	73.18%	73.18%	73.18%	73.18%	73.20%
Operating Expenses	\$10,240,739	\$10,531,646	\$10,866,887	\$11,220,355	\$11,590,337	\$10,938,596	\$11,287,663	\$11,647,869	\$12,019,569	\$12,403,132
Operating Income	\$1,866,719	\$2,327,760	\$2,833,903	\$3,365,109	\$3,943,182	\$5,604,601	\$6,330,842	\$7,115,839	\$7,963,781	\$8,884,535
Net Income	\$1,306,704	\$1,629,432	\$1,983,732	\$2,355,576	\$2,760,227	\$3,880,083	\$4,359,692	\$4,898,584	\$5,504,087	\$6,184,435
Current Assets	\$3,895,528	\$6,297,493	\$9,321,677	\$12,754,917	\$16,632,812	\$24,780,179	\$30,560,101	\$37,688,176	\$46,478,859	\$57,319,949
Long-term Assets	(\$919,393)	(\$1,870,966)	(\$2,855,844)	(\$3,875,192)	(\$4,930,218)					
Current Liabilities	\$976,999	\$797,960	\$853,534	\$911,849	\$974,491					
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0					
Equity	\$1,999,136	\$3,628,567	\$5,612,299	\$7,967,876	\$10,728,103					

# Pizza Hut Franchise

## Long-term



## Appendix

**Table: Sales Forecast**

Sales Forecast																		
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<b>Unit Sales</b>																		
Pizza	56%	63,340	61,780	55,540	50,808	42,280	39,160	40,720	46,180	53,980	59,440	61,780	66,460	641,468	683,163	727,569	774,861	825,227
Chicken Meals	10%	44,620	38,000	34,050	28,380	22,160	20,820	24,600	27,920	32,920	36,820	39,920	45,390	395,600	421,314	448,699	477,865	508,926
Side Dishes	7%	28,800	28,080	24,480	22,160	18,700	18,070	17,020	24,560	27,440	33,480	36,360	40,880	320,030	340,832	365,286	386,580	411,708
Desserts	4%	11,400	10,560	9,240	9,360	8,880	7,320	6,840	7,560	7,920	7,960	9,840	11,860	108,740	115,808	123,336	131,352	139,890
Beverages	24%	59,750	55,470	48,540	43,500	39,720	34,050	35,310	42,280	46,180	53,200	57,990	63,660	579,650	597,646	636,493	677,865	721,926
<b>Total Unit Sales</b>		<b>207,910</b>	<b>193,890</b>	<b>171,850</b>	<b>154,208</b>	<b>131,740</b>	<b>119,420</b>	<b>124,490</b>	<b>148,500</b>	<b>168,440</b>	<b>190,900</b>	<b>205,890</b>	<b>228,250</b>	<b>2,045,488</b>	<b>2,158,763</b>	<b>2,301,383</b>	<b>2,448,523</b>	<b>2,607,677</b>
<b>Unit Prices</b>																		
Pizza		\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50	\$16.50
Chicken Meals		\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
Side Dishes		\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Desserts		\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Beverages		\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
<b>Sales</b>																		
Pizza		\$1,045,110	\$1,019,370	\$916,410	\$838,332	\$697,620	\$646,140	\$671,880	\$761,970	\$890,670	\$980,760	\$1,019,370	\$1,096,590	\$10,584,222	\$11,272,190	\$12,004,889	\$12,785,207	\$13,616,246
Chicken Meals		\$401,580	\$342,000	\$306,450	\$255,420	\$199,440	\$187,380	\$221,400	\$251,280	\$296,280	\$331,380	\$359,280	\$408,510	\$3,560,400	\$3,791,826	\$4,038,291	\$4,300,785	\$4,580,334
Side Dishes		\$86,400	\$84,240	\$73,440	\$66,480	\$56,100	\$54,210	\$51,060	\$73,680	\$82,320	\$100,440	\$109,080	\$122,640	\$960,090	\$1,022,496	\$1,095,858	\$1,159,740	\$1,235,124
Desserts		\$28,500	\$26,400	\$23,100	\$23,400	\$22,200	\$18,300	\$17,100	\$18,900	\$19,800	\$19,900	\$24,600	\$29,650	\$271,850	\$289,520	\$308,340	\$328,380	\$349,725
Beverages		\$119,500	\$110,940	\$97,080	\$87,000	\$79,440	\$68,100	\$70,620	\$84,560	\$92,360	\$106,400	\$115,980	\$127,320	\$1,159,300	\$1,195,292	\$1,272,986	\$1,355,730	\$1,443,852
<b>Total Sales</b>		<b>\$1,681,090</b>	<b>\$1,582,950</b>	<b>\$1,416,480</b>	<b>\$1,270,632</b>	<b>\$1,054,800</b>	<b>\$974,130</b>	<b>\$1,032,060</b>	<b>\$1,190,390</b>	<b>\$1,381,430</b>	<b>\$1,538,880</b>	<b>\$1,628,310</b>	<b>\$1,784,710</b>	<b>\$16,535,862</b>	<b>\$17,571,324</b>	<b>\$18,720,364</b>	<b>\$19,929,842</b>	<b>\$21,225,281</b>
<b>Direct Unit Costs</b>																		
Pizza	30.00%	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95
Chicken Meals	25.00%	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
Side Dishes	20.00%	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60	\$0.60
Desserts	16.00%	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
Beverages	11.00%	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22	\$0.22
<b>Direct Cost of Sales</b>																		
Pizza		\$313,533	\$305,811	\$274,923	\$251,500	\$209,286	\$193,842	\$201,564	\$228,591	\$267,201	\$294,228	\$305,811	\$328,977	\$3,175,267	\$3,381,657	\$3,601,467	\$3,835,562	\$4,084,874
Chicken Meals		\$100,395	\$85,500	\$76,613	\$63,855	\$49,860	\$46,845	\$55,350	\$62,820	\$74,070	\$82,845	\$89,820	\$102,128	\$890,100	\$947,957	\$1,009,573	\$1,075,196	\$1,145,084
Side Dishes		\$17,280	\$16,848	\$14,688	\$13,296	\$11,220	\$10,842	\$10,212	\$14,736	\$16,464	\$20,088	\$21,816	\$24,528	\$192,018	\$204,499	\$219,172	\$231,948	\$247,025
Desserts		\$4,560	\$4,224	\$3,696	\$3,744	\$3,552	\$2,928	\$2,736	\$3,024	\$3,168	\$3,184	\$3,936	\$4,744	\$43,496	\$46,323	\$49,334	\$52,541	\$55,956
Beverages		\$13,145	\$12,203	\$10,679	\$9,570	\$8,738	\$7,491	\$7,768	\$9,302	\$10,160	\$11,704	\$12,758	\$14,005	\$127,523	\$131,482	\$140,028	\$149,130	\$158,824
<b>Subtotal Direct Cost of Sales</b>		<b>\$448,913</b>	<b>\$424,586</b>	<b>\$380,598</b>	<b>\$341,965</b>	<b>\$282,656</b>	<b>\$261,948</b>	<b>\$277,630</b>	<b>\$318,473</b>	<b>\$371,063</b>	<b>\$412,049</b>	<b>\$434,141</b>	<b>\$474,382</b>	<b>\$4,428,404</b>	<b>\$4,711,918</b>	<b>\$5,019,574</b>	<b>\$5,344,377</b>	<b>\$5,691,762</b>

## Appendix

**Table: Personnel**

Personnel Plan		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Shahin (Owner)	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Partner	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management Team	0%	\$69,081	\$72,295	\$60,217	\$41,231	\$29,785	\$23,957	\$30,785	\$51,927	\$61,458	\$69,810	\$73,518	\$81,614	\$665,678	\$685,648	\$706,218	\$727,404	\$749,226
Shift Manager	0%	\$69,933	\$73,188	\$60,961	\$41,740	\$30,152	\$24,252	\$31,165	\$52,568	\$62,217	\$70,672	\$74,423	\$82,621	\$673,892	\$694,109	\$714,932	\$736,380	\$758,471
Crew Pay	0%	\$312,825	\$327,382	\$272,688	\$186,710	\$134,876	\$108,485	\$139,406	\$235,146	\$278,308	\$316,127	\$332,917	\$369,579	\$3,014,449	\$3,104,882	\$3,198,029	\$3,293,970	\$3,392,789
Bonus/Benefits/Taxes/Other	0%	\$101,660	\$106,390	\$88,616	\$60,676	\$43,831	\$35,255	\$45,303	\$76,416	\$90,442	\$102,733	\$108,189	\$120,103	\$979,614	\$1,009,002	\$1,039,272	\$1,070,451	\$1,102,564
Total People		276	276	276	276	276	276	276	276	276	276	276	276	276	276	276	276	276
Total Payroll		\$553,499	\$579,255	\$482,482	\$330,357	\$238,644	\$191,949	\$246,659	\$416,057	\$492,425	\$559,342	\$589,047	\$653,917	\$5,333,633	\$5,493,641	\$5,658,451	\$5,828,205	\$6,003,050

## Appendix

**Table: Profit and Loss**

Pro Forma Profit and Loss																		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
Sales	\$1,681,090	\$1,582,950	\$1,416,480	\$1,270,632	\$1,054,800	\$974,130	\$1,032,060	\$1,190,390	\$1,381,430	\$1,538,880	\$1,628,310	\$1,784,710	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281	
Direct Costs of Goods	\$448,913	\$424,586	\$380,598	\$341,965	\$282,656	\$261,948	\$277,630	\$318,473	\$371,063	\$412,049	\$434,141	\$474,382	\$4,428,404	\$4,711,918	\$5,019,574	\$5,344,377	\$5,691,762	
Other Costs of Goods	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cost of Goods Sold	\$448,913	\$424,586	\$380,598	\$341,965	\$282,656	\$261,948	\$277,630	\$318,473	\$371,063	\$412,049	\$434,141	\$474,382	\$4,428,404	\$4,711,918	\$5,019,574	\$5,344,377	\$5,691,762	
Gross Margin	\$1,232,177	\$1,158,364	\$1,035,882	\$928,667	\$772,144	\$712,182	\$754,430	\$871,917	\$1,010,367	\$1,126,831	\$1,194,169	\$1,310,328	\$12,107,458	\$12,859,406	\$13,700,790	\$14,585,464	\$15,533,519	
Gross Margin %	73.30%	73.18%	73.13%	73.09%	73.20%	73.11%	73.10%	73.25%	73.14%	73.22%	73.34%	73.42%	73.22%	73.18%	73.19%	73.18%	73.18%	
<b>Expenses</b>																		
Payroll	5.22%	\$553,499	\$579,255	\$482,482	\$330,357	\$238,644	\$191,949	\$246,659	\$416,057	\$492,425	\$559,342	\$589,047	\$653,917	\$5,333,633	\$5,493,641	\$5,658,451	\$5,828,205	\$6,003,050
Marketing/Promotion	3.10%	\$105,950	\$89,450	\$76,800	\$69,650	\$53,150	\$43,800	\$43,250	\$50,080	\$59,750	\$71,960	\$90,000	\$115,850	\$869,690	\$919,448	\$979,606	\$1,042,861	\$1,110,647
Depreciation	3.00%	\$104,300	\$96,050	\$82,669	\$56,648	\$40,889	\$32,888	\$42,263	\$70,288	\$84,390	\$95,838	\$100,928	\$112,242	\$919,393	\$951,573	\$984,878	\$1,019,348	\$1,055,026
Rent	6.00%	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$54,514	\$654,168	\$655,803	\$675,478	\$695,742	\$716,614
Royalties	1.00%	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$82,182	\$986,184	\$986,184	\$986,184	\$986,184	\$986,184
Utilities & Phone	1.00%	\$60,893	\$63,727	\$53,081	\$36,344	\$26,254	\$21,117	\$27,136	\$45,773	\$54,174	\$61,536	\$64,804	\$71,941	\$586,780	\$592,516	\$604,366	\$616,453	\$628,782
Operating Supplies	1.00%	\$13,190	\$13,804	\$11,498	\$7,872	\$5,687	\$4,574	\$5,878	\$9,915	\$11,735	\$13,329	\$14,037	\$15,583	\$127,102	\$137,166	\$153,300	\$171,696	\$192,300
RGM Repairs & Maint.	3.00%	\$13,417	\$14,041	\$11,696	\$8,008	\$5,785	\$4,653	\$5,979	\$10,085	\$11,937	\$13,559	\$14,279	\$15,851	\$129,290	\$135,755	\$142,542	\$149,669	\$157,153
Delivery Expense	0%	\$56,168	\$58,782	\$48,962	\$33,524	\$24,217	\$19,479	\$25,031	\$42,221	\$49,971	\$56,761	\$59,776	\$66,359	\$541,251	\$557,489	\$574,213	\$591,439	\$609,183
Cash Loss	0%	\$3,070	\$3,213	\$2,676	\$1,832	\$1,323	\$1,065	\$1,368	\$2,308	\$2,731	\$3,103	\$3,267	\$3,627	\$29,583	\$30,614	\$28,007	\$29,313	\$31,219
Vending Income	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Cred/Insur Claims	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Controllables	0%	\$7,435	\$7,582	\$5,129	\$3,922	\$2,283	\$2,598	\$2,823	\$3,704	\$5,684	\$6,429	\$7,613	\$8,463	\$63,665	\$71,457	\$79,862	\$89,445	\$100,179
Total Operating Expenses		\$1,054,618	\$1,062,600	\$911,689	\$684,853	\$534,928	\$458,819	\$537,083	\$787,127	\$909,493	\$1,018,553	\$1,080,447	\$1,200,529	\$10,240,739	\$10,531,646	\$10,866,887	\$11,220,355	\$11,590,337
Profit Before Interest and Taxes		\$177,559	\$95,764	\$124,193	\$243,814	\$237,216	\$253,363	\$217,347	\$84,790	\$100,874	\$108,278	\$113,722	\$109,799	\$1,866,719	\$2,327,760	\$2,833,903	\$3,365,109	\$3,943,182
EBITDA		\$281,859	\$191,814	\$206,862	\$300,462	\$278,105	\$286,251	\$259,610	\$155,078	\$185,264	\$204,116	\$214,650	\$222,041	\$2,786,112	\$3,279,333	\$3,818,781	\$4,384,457	\$4,998,208
Interest Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred		\$53,268	\$28,729	\$37,258	\$73,144	\$71,165	\$76,009	\$65,204	\$25,437	\$30,262	\$32,483	\$34,117	\$32,940	\$560,016	\$698,328	\$850,171	\$1,009,533	\$1,182,955
Net Profit		\$124,291	\$67,035	\$86,935	\$170,670	\$166,051	\$177,354	\$152,143	\$59,353	\$70,612	\$75,795	\$79,606	\$76,860	\$1,306,704	\$1,629,432	\$1,983,732	\$2,355,576	\$2,760,227
Net Profit/Sales		7.39%	4.23%	6.14%	13.43%	15.74%	18.21%	14.74%	4.99%	5.11%	4.93%	4.89%	4.31%	7.90%	9.27%	10.60%	11.82%	13.00%

## Appendix

**Table: Cash Flow**

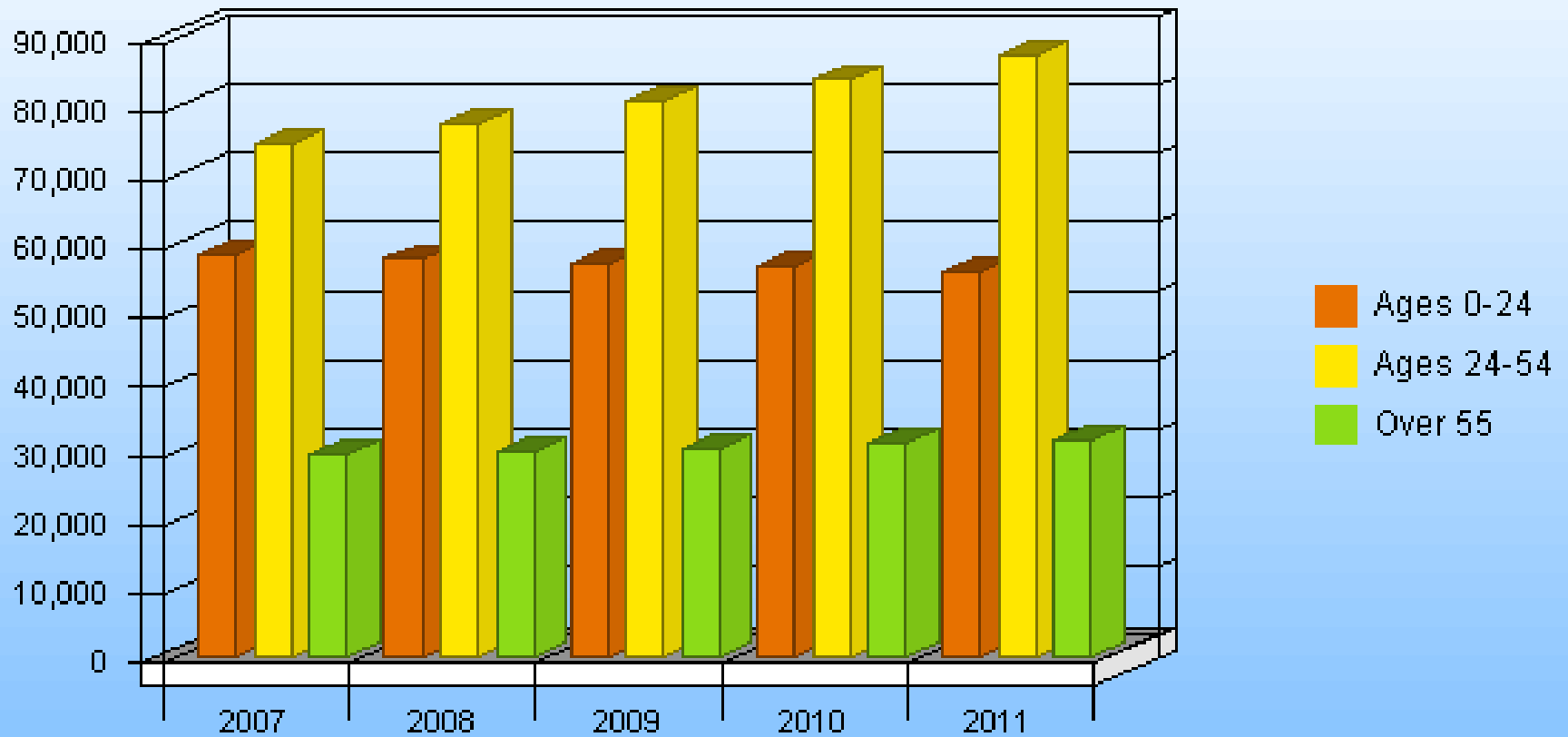
Pro Forma Cash Flow	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
<b>Cash Received</b>																		
<b>Cash from Operations</b>																		
Cash Sales	\$1,681,090	\$1,582,950	\$1,416,480	\$1,270,632	\$1,054,800	\$974,130	\$1,032,060	\$1,190,390	\$1,381,430	\$1,538,880	\$1,628,310	\$1,784,710	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281	
Subtotal Cash from Operations	\$1,681,090	\$1,582,950	\$1,416,480	\$1,270,632	\$1,054,800	\$974,130	\$1,032,060	\$1,190,390	\$1,381,430	\$1,538,880	\$1,628,310	\$1,784,710	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281	
<b>Additional Cash Received</b>																		
Sales Tax, VAT, HST/GST Received	8.00%	\$134,487	\$126,636	\$113,318	\$101,651	\$84,384	\$77,930	\$82,565	\$95,231	\$110,514	\$123,110	\$130,265	\$142,777	\$1,322,869	\$1,405,706	\$1,497,629	\$1,594,387	\$1,698,022
New Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities		\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets		\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received		\$1,815,577	\$1,709,586	\$1,529,798	\$1,372,283	\$1,139,184	\$1,052,060	\$1,114,625	\$1,285,621	\$1,491,944	\$1,661,990	\$1,758,575	\$1,927,487	\$17,858,731	\$18,977,029	\$20,217,993	\$21,524,229	\$22,923,303
<b>Expenditures</b>																		
<b>Expenditures from Operations</b>																		
Cash Spending		\$553,499	\$579,255	\$482,482	\$330,357	\$238,644	\$191,949	\$246,659	\$416,057	\$492,425	\$559,342	\$589,047	\$653,917	\$5,333,633	\$5,493,641	\$5,658,451	\$5,828,205	\$6,003,050
Bill Payments		\$50,912	\$1,503,261	\$800,597	\$696,965	\$650,515	\$520,941	\$543,331	\$617,566	\$709,520	\$814,771	\$870,134	\$895,540	\$8,674,054	\$9,726,592	\$10,093,381	\$10,726,541	\$11,406,574
Subtotal Spent on Operations		\$604,411	\$2,082,516	\$1,283,079	\$1,027,322	\$889,159	\$712,890	\$789,990	\$1,033,623	\$1,201,945	\$1,374,113	\$1,459,181	\$1,549,457	\$14,007,687	\$15,220,233	\$15,751,832	\$16,554,746	\$17,409,624
<b>Additional Cash Spent</b>																		
Sales Tax, VAT, HST/GST Paid Out		\$129,307	\$131,861	\$112,550	\$87,800	\$91,100	\$91,100	\$94,400	\$86,150	\$98,854	\$111,808	\$132,402	\$147,189	\$1,314,521	\$1,400,387	\$1,491,412	\$1,588,353	\$1,691,597
Principal Repayment of Current Borrowing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment		\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets		\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0	\$0	\$0
Dividends		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent		\$733,718	\$2,214,377	\$1,395,629	\$1,115,122	\$980,259	\$803,990	\$884,390	\$1,119,773	\$1,300,799	\$1,485,921	\$1,591,583	\$1,696,646	\$15,322,208	\$16,620,620	\$17,243,244	\$18,143,099	\$19,101,221
<b>Net Cash Flow</b>		\$1,081,859	(\$504,791)	\$134,169	\$257,160	\$158,925	\$248,070	\$230,235	\$165,848	\$191,146	\$176,069	\$166,991	\$230,841	\$2,536,523	\$2,356,410	\$2,974,748	\$3,381,129	\$3,822,082
<b>Cash Balance</b>		\$1,729,291	\$1,224,500	\$1,358,669	\$1,615,830	\$1,774,755	\$2,022,825	\$2,253,060	\$2,418,908	\$2,610,054	\$2,786,123	\$2,953,114	\$3,183,955	\$3,183,955	\$5,540,365	\$8,515,113	\$11,896,242	\$15,718,324

## Appendix

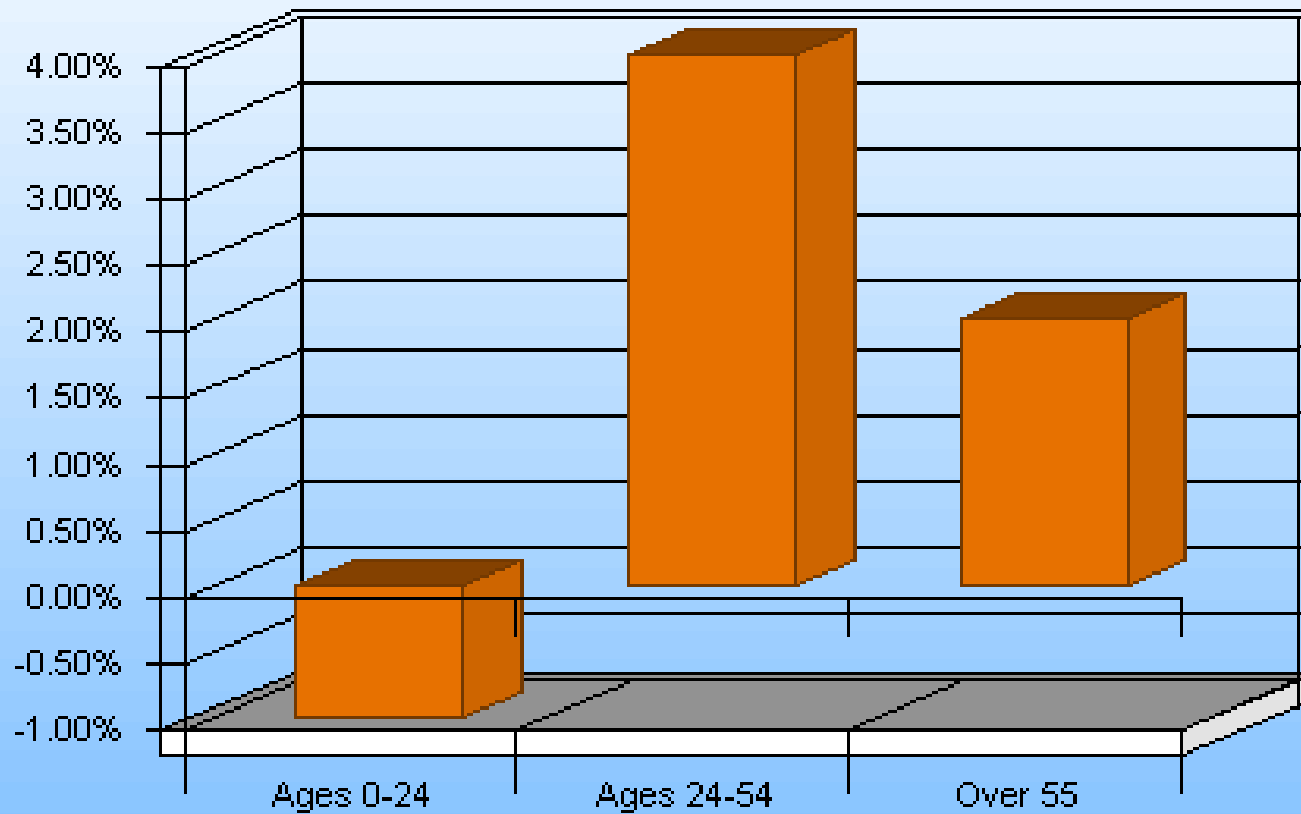
**Table: Balance Sheet**

Pro Forma Balance Sheet																		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
Assets	Starting Balances																	
<b>Current Assets</b>																		
Cash	\$647,432	\$1,729,291	\$1,224,500	\$1,358,669	\$1,615,830	\$1,774,755	\$2,022,825	\$2,253,060	\$2,418,908	\$2,610,054	\$2,786,123	\$2,953,114	\$3,183,955	\$3,183,955	\$5,540,365	\$8,515,113	\$11,896,242	\$15,718,324
Inventory	\$45,000	\$673,370	\$636,880	\$570,897	\$512,947	\$423,985	\$392,922	\$416,445	\$477,709	\$556,594	\$618,074	\$651,211	\$711,573	\$711,573	\$757,129	\$806,564	\$858,674	\$914,488
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$692,432</b>	<b>\$2,402,660</b>	<b>\$1,861,380</b>	<b>\$1,929,567</b>	<b>\$2,128,777</b>	<b>\$2,198,740</b>	<b>\$2,415,747</b>	<b>\$2,669,506</b>	<b>\$2,896,617</b>	<b>\$3,166,648</b>	<b>\$3,404,196</b>	<b>\$3,604,325</b>	<b>\$3,895,528</b>	<b>\$3,895,528</b>	<b>\$6,297,493</b>	<b>\$9,321,677</b>	<b>\$12,754,917</b>	<b>\$16,632,812</b>
<b>Long-term Assets</b>																		
Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$104,300	\$200,350	\$283,019	\$339,667	\$380,556	\$413,444	\$455,707	\$525,995	\$610,385	\$706,223	\$807,151	\$919,393	\$919,393	\$1,870,966	\$2,855,844	\$3,875,192	\$4,930,218
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>(\$104,300)</b>	<b>(\$200,350)</b>	<b>(\$283,019)</b>	<b>(\$339,667)</b>	<b>(\$380,556)</b>	<b>(\$413,444)</b>	<b>(\$455,707)</b>	<b>(\$525,995)</b>	<b>(\$610,385)</b>	<b>(\$706,223)</b>	<b>(\$807,151)</b>	<b>(\$919,393)</b>	<b>(\$919,393)</b>	<b>(\$1,870,966)</b>	<b>(\$2,855,844)</b>	<b>(\$3,875,192)</b>	<b>(\$4,930,218)</b>
<b>Total Assets</b>	<b>\$692,432</b>	<b>\$2,298,360</b>	<b>\$1,661,030</b>	<b>\$1,646,548</b>	<b>\$1,789,110</b>	<b>\$1,818,184</b>	<b>\$2,002,303</b>	<b>\$2,213,799</b>	<b>\$2,370,622</b>	<b>\$2,556,263</b>	<b>\$2,697,973</b>	<b>\$2,797,174</b>	<b>\$2,976,135</b>	<b>\$2,976,135</b>	<b>\$4,426,527</b>	<b>\$6,465,833</b>	<b>\$8,879,725</b>	<b>\$11,702,594</b>
Liabilities and Capital	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
<b>Current Liabilities</b>																		
Accounts Payable	\$0	\$1,476,457	\$777,317	\$675,132	\$633,173	\$502,912	\$522,847	\$594,035	\$682,423	\$785,792	\$840,406	\$862,138	\$968,651	\$968,651	\$784,293	\$833,650	\$885,931	\$942,147
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$5,180	(\$45)	\$724	\$14,574	\$7,858	(\$5,311)	(\$17,147)	(\$8,065)	\$3,595	\$14,897	\$12,760	\$8,348	\$8,348	\$13,667	\$19,884	\$25,918	\$32,344
<b>Subtotal Current Liabilities</b>	<b>\$0</b>	<b>\$1,481,637</b>	<b>\$777,272</b>	<b>\$675,855</b>	<b>\$647,747</b>	<b>\$510,770</b>	<b>\$517,536</b>	<b>\$576,888</b>	<b>\$674,358</b>	<b>\$789,387</b>	<b>\$855,303</b>	<b>\$874,898</b>	<b>\$976,999</b>	<b>\$976,999</b>	<b>\$797,960</b>	<b>\$853,534</b>	<b>\$911,849</b>	<b>\$974,491</b>
<b>Long-term Liabilities</b>																		
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$1,481,637</b>	<b>\$777,272</b>	<b>\$675,855</b>	<b>\$647,747</b>	<b>\$510,770</b>	<b>\$517,536</b>	<b>\$576,888</b>	<b>\$674,358</b>	<b>\$789,387</b>	<b>\$855,303</b>	<b>\$874,898</b>	<b>\$976,999</b>	<b>\$976,999</b>	<b>\$797,960</b>	<b>\$853,534</b>	<b>\$911,849</b>	<b>\$974,491</b>
<b>Equity</b>																		
Paid-in Capital	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484	\$1,097,484
Retained Earnings	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	(\$405,052)	\$901,652	\$2,531,083	\$4,514,815	\$6,870,392
Earnings	\$0	\$124,291	\$191,326	\$278,261	\$448,931	\$614,982	\$792,336	\$944,479	\$1,003,832	\$1,074,444	\$1,150,239	\$1,229,844	\$1,306,704	\$1,306,704	\$1,629,432	\$1,983,732	\$2,355,576	\$2,760,227
<b>Total Capital</b>	<b>\$692,432</b>	<b>\$816,723</b>	<b>\$883,758</b>	<b>\$970,693</b>	<b>\$1,141,363</b>	<b>\$1,307,414</b>	<b>\$1,484,768</b>	<b>\$1,636,911</b>	<b>\$1,696,264</b>	<b>\$1,766,876</b>	<b>\$1,842,671</b>	<b>\$1,922,276</b>	<b>\$1,999,136</b>	<b>\$1,999,136</b>	<b>\$3,628,567</b>	<b>\$5,612,299</b>	<b>\$7,967,876</b>	<b>\$10,728,103</b>
<b>Total Liabilities and Capital</b>	<b>\$692,432</b>	<b>\$2,298,360</b>	<b>\$1,661,030</b>	<b>\$1,646,548</b>	<b>\$1,789,110</b>	<b>\$1,818,184</b>	<b>\$2,002,303</b>	<b>\$2,213,799</b>	<b>\$2,370,622</b>	<b>\$2,556,263</b>	<b>\$2,697,973</b>	<b>\$2,797,174</b>	<b>\$2,976,135</b>	<b>\$2,976,135</b>	<b>\$4,426,527</b>	<b>\$6,465,833</b>	<b>\$8,879,725</b>	<b>\$11,702,594</b>
<b>Net Worth</b>	<b>\$692,432</b>	<b>\$816,723</b>	<b>\$883,758</b>	<b>\$970,693</b>	<b>\$1,141,363</b>	<b>\$1,307,414</b>	<b>\$1,484,768</b>	<b>\$1,636,911</b>	<b>\$1,696,264</b>	<b>\$1,766,876</b>	<b>\$1,842,671</b>	<b>\$1,922,276</b>	<b>\$1,999,136</b>	<b>\$1,999,136</b>	<b>\$3,628,567</b>	<b>\$5,612,299</b>	<b>\$7,967,876</b>	<b>\$10,728,103</b>

Market Growth Chart



### Market Analysis (C.A.G.R)



## Appendix

**Table: Long-term**

Long-term	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Sales	\$16,535,862	\$17,571,324	\$18,720,364	\$19,929,842	\$21,225,281	\$22,604,924	\$24,074,244	\$25,639,070	\$27,305,610	\$29,080,474
Cost of Sales	\$4,428,404	\$4,711,918	\$5,019,574	\$5,344,377	\$5,691,762	\$6,061,727	\$6,455,739	\$6,875,362	\$7,322,260	\$7,792,807
Gross Margin	\$12,107,458	\$12,859,406	\$13,700,790	\$14,585,464	\$15,533,519	\$16,543,197	\$17,618,505	\$18,763,708	\$19,983,350	\$21,287,667
Gross Margin %	73.22%	73.18%	73.19%	73.18%	73.18%	73.18%	73.18%	73.18%	73.18%	73.20%
Operating Expenses	\$10,240,739	\$10,531,646	\$10,866,887	\$11,220,355	\$11,590,337	\$10,938,596	\$11,287,663	\$11,647,869	\$12,019,569	\$12,403,132
Operating Income	\$1,866,719	\$2,327,760	\$2,833,903	\$3,365,109	\$3,943,182	\$5,604,601	\$6,330,842	\$7,115,839	\$7,963,781	\$8,884,535
Net Income	\$1,306,704	\$1,629,432	\$1,983,732	\$2,355,576	\$2,760,227	\$3,880,083	\$4,359,692	\$4,898,584	\$5,504,087	\$6,184,435
Current Assets	\$3,895,528	\$6,297,493	\$9,321,677	\$12,754,917	\$16,632,812	\$24,780,179	\$30,560,101	\$37,688,176	\$46,478,859	\$57,319,949
Long-term Assets	(\$919,393)	(\$1,870,966)	(\$2,855,844)	(\$3,875,192)	(\$4,930,218)					
Current Liabilities	\$976,999	\$797,960	\$853,534	\$911,849	\$974,491					
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0					
Equity	\$1,999,136	\$3,628,567	\$5,612,299	\$7,967,876	\$10,728,103					

## Appendix

### Long-term

