

# MSBDC

## A GUIDE TO PLANNING AND FINANCING YOUR BUSINESS IN MASSACHUSETTS



*A structured guide with worksheets to assist you in the development of your business plan, financial projections, and operating budget.*



# Massachusetts Small Business Development Center Network (Central Region)

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CLARK  
UNIVERSITY



CHALLENGE CONVENTION. CHANGE OUR WORLD.

950 Main Street

Worcester, MA 01610

Phone: 508-7615 Fax: 508-793-8890

[clark.edu/offices/sbdc](http://clark.edu/offices/sbdc)



U.S. Small Business Administration



# A GUIDE TO PLANNING AND FINANCING YOUR BUSINESS

*A structured guide to assist you in the development of an  
operational and financial plan for your business*



## Getting Started

A Business Plan for your company does not have to be an arduous task. If you are ready to start a business, you should certainly be ready to write a small booklet explaining the basics, and most important, how you plan to make money. This guide was developed in an effort to take the mystique out of writing a plan. It gives a step by step explanation of each of the Sections required and also includes questions and examples of the process.

The Plan will be broken down into several Parts prefaced by a Table of Contents and Plan Objective. The guide will go through the plan in what I have determined to be a logical order. An example plan is provided and should be used when working through this guide.

*So let's get started...*

## Part One – The Business

Part One includes a written description of the main aspects of your business. This Section is broken down into the following seven topics:

- Business Profile
- Market Profile
- Competition Profile
- Location and Facilities
- Management Profile
- Personnel Profile
- Additional Information

## Business Profile

This section of the business plan will outline the business profile. Indicate the type of business, its organizational structure, the principals, and the type of industry.

Who are you? What are you? Where are you going? These questions must be clearly defined in your business plan. For instance:

Who are you?

- Name of the business

- Location of the business

- Organizational Structure of the business

- Proprietorship, Partnership, Limited Liability Company, S Corporation, C Corporation

What are you?

- Start-up, ongoing, expanding

- Retailer, Manufacturer, Wholesaler, Service

- Type of product you offer

- Market you serve

Where are you going?

- Purchasing an existing company

- Expanding

- Declining

- Moving

- Remaining the same

- Why?

Business goals and objectives

- Size of the business

- Short term objectives (1 – 2 years)

- Longer term objectives (3 – 5 years)

- Diversification

Clearly define the business, its product or service, its market and its goals. If it is a new business, explain why you feel it will be successful. If you are purchasing an existing business, indicate how the business will benefit by your management. Also indicate why the present owner is selling, why you feel you can maintain the business or make it grow.

If you are in an expanding business, explain the reasons for expansion, why the expansion is necessary and what the effects of the expansion will be.

## Market Profile

Before deciding on a business venture you should have already determined that there is a need for your product or service. Now you must develop a plan to reach the potential customers.

Development of a marketing strategy begins with your expertise. You must know the wants and needs of your potential customers, and develop a strategy to entice those customers to buy from your company.

Your sales potential depends on varying factors, location, product line, effectiveness of social media, traffic, competition, the economy, etc. It is imperative that you examine all of the factors to develop your sales potential.

Examine your market and the competition and its pricing structure. Ask yourself the following questions:

- Is there a real need for the product or service to be provided?
- Who is the target market? Market segment?
- What is unique about your product or service? Quality?
- What is the potential size of the market? What is your share of the market?
- What will be your channels of distribution?
- Is the market growing or declining? Why?
- Will prices be competitive?
- How will you attract customers to buy from your company?
- How will you retain customers? Will you have repeat sales?
- Why will customers buy from you instead of your competition?

## Competition Profile

In order to determine the feasibility of any venture, the competition must be analyzed in depth. By studying your competition you should be able to determine the viability of your product. You should have a thorough knowledge of the strengths and weaknesses of your competitors and the advantages and disadvantages you have in comparison to them. Your venture will be successful only if you can be competitive and still make a profit.

Your competition can put you out of business. On the other hand, your competition can allow you to penetrate the marketplace if they are not serving the needs of their customers.

Do not attempt to enter a marketplace that is already saturated with your type of product or service. Your share of that market may not be enough for economic survival. Avoid making the mistakes of your competitors but also incorporate their positive practices.

You must be aware of the competition's position in the market and their strategic moves which will affect your business. Counter the competition's moves with your own strategies. If possible, attempt to get yourself into a position in which the competition has to counter your strategic marketing moves.

The easiest way to keep abreast of the competition's strategies is to develop a personal relationship with the salespeople who call on both you and the competition. They generally know when your competition is planning an advertising campaign, sale or promotion. They can be a wealth of information for you.

The following questions may be helpful in formulating your profile:

- Who are the competition?
- How close are the competitors?
- How will the competition react to your entry into the marketplace?
- What are the weaknesses of the competition?
  - How can you capitalize on the weaknesses?
- What are the strengths of the competition?
  - How can you use them to strengthen your company?
- What are the sales trends of the competition? Why?
- What percent of the competition's market can you expect to take?
- Price-wise, how competitive can you be?
- How do you compare in quality?
- How do you compare in service?



## Location and Facilities

A high priority in starting or buying a business is its location. You must appraise the overall business picture. Where is the location? How is the location to be equipped? Does the facility require any special considerations, i.e. ceiling height, floor weights, loading dock, lighting, plumbing, electrical, fire safety? What is the general appearance of the neighborhood? Is your market nearby? What is the zoning, parking, transportation, labor market particulars?

Depending on the type of business, each consideration must be analyzed. The criteria for location will generally be dictated by the type of industry; retail, manufacturing, wholesale or service. Each factor must be considered according to its importance and cost.

Consider the equipment needs of the business. The facilities must be able to accommodate the equipment needs. The cost, style and appearance will vary with the type of business. Noise and pollution considerations must also be analyzed.

The following questions may be helpful in formulating this section:

- How much space is needed?
- Will you buy or lease the building or space?
- Is the site properly zoned for your type of business?
- Will you have a lease? How long?
- What is the cost per square foot?
- Is the facility cost efficient?
- How much renovation will be necessary?
- What kind of electrical service, sewer, utilities? Are they in place?
- Is the facility adequate to house your equipment?
- Is there an adequate labor pool at the wage rates you can afford?
- Is there adequate public and/or commercial transportation?
- Is the proximity to the airport, highway, railroad or seaport a factor?
- Is there adequate parking for your customers and employees?
- Can you expand if necessary?
- What is the area's quality of life? Does it reflect your target market?
- Will the public embrace your business?
- What is the tax rate for the community?
- What services are provided such as rubbish and snowplowing?
- What is the area's economic, demographic and political climate?

Select your location carefully. Thorough investigation of the location and facility requirements may save you much anguish in the future.

Get adequate legal advice before signing any lease or purchase and sales agreement.

## Management Profile

Explain in detail your business qualifications and also those of your managers. Direct experience in the industry is important for your understanding of the business. Explain who will be the manager, who answers to whom, what types of skill the management possess.

Will your company employ the services of an attorney, accountant or other professionals?

How will the managers of the enterprise be compensated?

What is the chain of command?

What experience does your management possess?

All of the above information is essential to the plan. You may wish to develop job descriptions for all of your employees, both management and line so that each employee knows what is required of them. Develop an organizational chart clearly indicating the chain of command. The more sophisticated your company structure the more important the management team becomes.

If the business is to be departmentalized, indicate the lines of authority and duties.

Management progression is extremely important. If you are ill or injured, who will manage in your absence?

The following questions may be helpful in formulating your profile:

Who will manage the business?

What experience is necessary?

What special abilities do you have or are needed?

What management experience do you have?

Who is the company's accountant?

Who is the company's attorney?

Who is the company's insurance advisor?

What other resources are available to management?

If your company is an LLC, do you have an adequate Operating Agreement?

If your company is a corporation, who is on the Board of Directors?

If necessary, who will manage in the absence of the manager?

## Personnel Profile

The personnel requirements for any business are usually unique to that particular business. Wage rates are generally dictated by the skills required to complete the task assigned. Wage rates also may also be affected by the area or the going rate for the industry. Minimum wage rates are dictated by law. Therefore, each individual job must be analyzed and tasks designated.

Develop job descriptions for each job category. Analyze the educational level, skill level required and working conditions. If possible, develop wage scales for each job depending upon experience, seniority and importance of the position.

The following questions may be helpful in formulating your profile:

- What are your current personnel requirements? In the future?
- Who will train your employees?
- What skills do your employees need?
- What education is necessary? Technical? Business?
- Are the people you need available in the area?
- Will your employees be full time and/or part time?
- Will your employees be exempt (hourly) and/or non-exempt (Salary)?
- Will you be providing benefits? If so, to what extent?
- Will your employees be required to work Sundays and/or holidays?
- What are the working conditions?
- Will you involve a union?
- What provisions do you have for promotion?
- Do you have an employee handbook?
- Have you considered a payroll service?

Before you hire your first employee, full time or part time, you are required by law to have Workman's Compensation Insurance in place. The rates are determined by the amount of risk involved in the job tasks and are set and regulated by the state. You must also have a federal and state identification number in order to deposit employment taxes withheld and the company's tax obligations. The owners of the company are not required to have Worker's Compensation Insurance.

## Additional Information

If the business is a manufacturing company, it may be wise to add a section on the product and manufacturing method. If the product has a patent or has a patent pending, the information should be mentioned in the plan. Proprietary products are important to potential investors.

If the company is a service organization, and the service is to be rendered is unique, it may be wise to offer an explanation and description of the service.

Enter into the business plan all information you feel important to the operation of the business. The plan can be as extensive as you wish. Remember, the plan is an operational guide and may be referred to later on. Additional sections you may wish to add to the plan:

- The Product or Service
- Manufacturing Procedures
- Patent or Trademark Information
- Job Descriptions
- Marketing/Sales Strategy
- Organizational Charts
- Social Media Strategy

## Part Two – Financial Data

Part Two includes a financial analysis and projection for your business. This Section is broken down into the following six topics:

- Start-up Expenses
- Capital Equipment
- Projection of Revenues
- Projection of Expenses
- Statement of Sources and Uses of Funds
- Balance Sheet

## Startup Expenses

Several tasks must be done simultaneously in the early stages of development of the business plan. Remember, regardless of whether you will be seeking outside financing, you need to do the financial analysis in order to prove to yourself the validity of your plan. A good deal of research must be done in order to identify all of the expense items you will be faced with such as:

- Getting an architect or contractor for renovation of the space to be occupied and estimating costs. Will need firm quotes.
- Developing a capital equipment list of the necessary equipment. Price the equipment, new or used. Don't forget sales tax.
- Contacting the telephone company and deciding on the best service for your needs and the cost of installation and deposit.
- Contacting the utility companies to find out if there will be utility deposits and if the service is satisfactory for your needs.
- Contacting your attorney. You will need the attorney to review leases, incorporate your business or develop a partnership agreement, or review any agreements or contracts you may need.
- Contacting an accountant to set up or review your bookkeeping and recordkeeping needs.
- Contacting city or town hall and obtaining necessary license or permits.
- Deciding on your opening promotional strategies and costs.
- Making arrangements to purchase initial inventory and supplies needed.
- Contacting your insurance agent for your general and liability insurance and workmen's compensation insurance.
- Estimating all other costs for the project.

Many of these expenses are *one-time startup expenses*. Much of the money will be spent before the business officially starts. It is important to know in advance what all of the expenditures add up to so they can be built into the cash flow analysis.

You may have already spent money on getting the business started. Be sure to include the cost of all those items in the startup expenses. (Tools are a typical example.)

Working capital is the cash you need on hand to carry you through the opening months. It cannot be determined until the cash flows are completed because it is the cash flow that indicates how much cash the business will need in its startup phase.

## Capital Equipment

Your company may need to purchase equipment that is strictly for use in the business rather than for sale. For example, a delivery truck used to deliver goods to customers is a capital piece of equipment. A delivery truck purchased for resale is not capital equipment it is inventory. The type of equipment purchased for use in the business is generally termed a fixed asset.

Fixed assets appear on the balance sheet and although you may have expended cash to purchase the asset it may not be immediately *expensed* but may be *depreciated* over a period of time. You should consult with your accountant for information on both tangible and intangible fixed assets and the best method on depreciation or amortization.

### **Tangible fixed assets include:**

- Buildings
- Machinery
- Equipment
- Furniture and fixtures
- Vehicles
- Land (Land is a tangible fixed asset but is not depreciable)

### **Intangible fixed assets may include such things as:**

- Patents
- Copyrights
- Goodwill
- Customer lists
- Startup expenses

Most new firms do not have any intangible assets, but acquired companies typically do.

The type and size of the business often dictates the amount of fixed asset investment. The investment may also involve long-term commitments. In many cases tangible assets can be used as collateral against the loan to purchase them.

## Projection of Revenues and Cost of Sales

In order for you to develop a meaningful Income and Cash Flow Statement, you must first create a two-year monthly revenue projection. Revenues are the fuel for your business. Without them, you will not have a business. All too often, clients just assume that revenues will happen. It is important that you take the time to think through who your potential customers are, and how those customers are going to spend their money on your goods and/or services. Revenue projections are best prepared on the conservative side with a clear explanation and rationale for how the projections were arrived at.

Along with the revenue projections, it is also important to know what the projected cost of those revenues are going to be to your company. Simply stated, for each sale, what is the related costs to that sale. If you are selling a meal for \$15.00, what does the meal cost you to make? If you are selling a Handbag for \$55.00, what was the cost of material and labor to make the handbag?

Further, in order for you to prepare representative financials, it is important to know whether your company will be selling from inventory, and if so, how the ordering cycle works so as to maintain a sufficient inventory for the sales you are projecting. You will also need to know what terms vendors will extend you when purchasing inventory so as to assure sufficient cash reserve.

And finally, in order for you to better understand what your cash needs are going to be, you will want to know how your customer is going to pay you and when. If your company will always be taking cash or credit cards, this would be considered a cash business. But if you are providing products or services and extending terms for payment, it is important to know what those terms are and the likelihood that customers will pay on time.



## Projection of Expenses

In order for you to complete your Projected Income and Cash Flow Statement, it is necessary to estimate all of the expenses you are likely to incur on a monthly basis for two years. In order to assure that there is some contingency for unexpected expenses, it is advised that you estimate on the heavy side.

Typical expenses are listed below:

- Owner's Wages
- Employee Wages
- Employee Taxes
- Office Supplies
- Repairs & Maintenance
- Advertising
- Auto Expenses
- Accounting/Legal
- Rent
- Common Area Fee
- Utilities
- Insurance
- Property Taxes
- Licenses
- Trash Removal

While these are typical expenses, your company will have its own distinct list, and it is important for you to estimate accurately and thoroughly.

## Statement of Sources and Uses of Funds

The potential lender or investor in your venture wants to know how much you wish to borrow, for how long, and how you intend to use the funds. The Statement of Sources and Uses of Funds should clearly outline all of this information. The summary will be a single page description showing how both your equity investment and the borrowed or invested funds will be used.

Before determining the total dollar amount needed, you must first do some basic income and cash flow projecting.

After you develop your projections you should know how much money is needed to start and operate your company.

The Loan Application Summary should indicate:

- Who is asking for the funds
- The amount being requested
- Length and terms of the loan
- The purpose of the loan

The Statement of Sources and Uses of Funds will also show how the funds are to be used, including your equity investment into the venture. The lender will probably ask the borrower to pledge not only tangible assets of the business but also personal assets. (If the borrowers own real estate, they may be asked to pledge the real estate even if there is enough collateral in the business).

# Balance Sheet

The **Balance Sheet** is an orderly listing of your company's assets and liabilities at any point in time. The balance sheet changes constantly. For example: Every time you ring the cash register, you have more cash and less inventory, thus, those items on your balance sheet change accordingly. The balance sheet shows the condition of your business whether you own it or your creditors do. It can be as simple or as complex as you want it to be. All balance sheets contain the same information although certain details may vary according to the size of the firm.

General categories on a balance sheet include:

- **Current Assets:** Anything that can be converted into cash readily through your normal business activity. Current assets include, cash, accounts receivable, inventory, prepaid deposits, etc.
- **Fixed Assets:** Anything which has a long term expected use in the business. Fixed assets include: buildings, land, equipment, machinery, vehicles, etc.
- **Current Liabilities:** The company's short term financial obligations. Those obligations which must be paid in a year or less. Current liabilities include: accounts payable, taxes, wages, short term notes, bank payments due within one year, etc.
- **Long Term Liabilities:** Longer-term obligations. These obligations include: mortgage, long term notes, equipment loans, etc.
- **Net Worth:** Your equity in the company. Plus any retained earnings from profits accumulated over time.

Note: Leases typically do not show on your balance sheet – but payments will be in your cash flow.

You need to create your company's balance sheet as of opening day. All the information you need to create this schedule is found on your loan application and startup expense list.

## Part Three – Supporting Documents

The last part of the Business Plan contains supporting documents:

- Personal Resumes
- Personal Financial Statement
- Selected Supporting Documents

## Personal Resume

Among the major reasons for business failure is the lack of both line experience and managerial experience in the business field you wish to enter. The lender will therefore be interested in your experience in the industry. If you lack the necessary experience it is imperative that you have a management support team in place at the start of the business to insure its success.

The lender will want to know your qualifications for operating a successful venture. Your management ability in the industry is extremely important. Provide as much information as possible to make the financing agent have confidence in your competence.

Your first impression on the lender may be crucial in their decision giving you support.

## Personal Financial Statement

The lender will require a Personal Financial Statement from all of the principals in the venture. The personal financial data will help determine your ability to handle money. If the lender sees you have a poor financial background, or very high debts, he or she may not feel comfortable lending you the money.

Additionally, any lender will do a personal credit check on all of the principals. Having a personal credit problem in the past such as a foreclosure or bankruptcy will not prohibit you from getting a loan. However, if you have not started to reestablish good credit, getting financing will be very, very difficult.

Characteristically, borrowers have a personal, unlimited liability for the business debts. The lender may look to the personal assets of the principals to satisfy their claims. The stronger the personal balance sheet, the better the chances of obtaining funds.

The Credit analysts are interested in answers to the following:

- Do the borrowers have personal assets not included in the business statement?
- Are the assets jointly owned with spouses?
- Are there personal liabilities not included in the liabilities of the business?

## Selected Supporting Documents

This section of the business plan can contain as much or as little information as needed. It should contain items important to the development of the financial data used in the plan. Below is a partial list of supporting documents.

- Copies of leases
- Copies of orders on hand
- Copies of contracts
- Letters of intent
- Letters of endorsement
- Patent information
- Marketing data not shown in marketing section
- Maps
- Floor plans
- Demographics
- License information
- Purchase and sales agreements
- Partnership agreements
- Organization charts
- Historical financial data if purchasing a business
- Any pertinent data used in the development of the plan or to be used in the operation of the business.

Do not include proprietary knowledge such as trade secrets. Keep in mind that lenders or investors may not want to read your entire business plan. The financing package should be consolidated to a maximum of 20 pages including narrative and projected financial statements and should be concise. If the lender or investor wants further information, you can then present additional materials to support your case.

## Finishing Touches

To complete your package, you will need to provide the following:

- The Cover
- Plan Objective
- Table of Contents



## The Cover

It is recommended that you prepare the complete plan before presenting to a potential lender. The plan is best assembled into a white three ring binder. Presentation is important; you are selling your business idea to the potential lender.

Your cover is your first impression. The final product should be a well-structured document that distinctly identifies its content.

The cover should be short and concise clearly indicating:

- Title
- Company Name
- Company Address
- Principal's Name
- Principal's Phone
- Principal's Email
- Date Written

## Plan Objective

This should be a brief, executive summary of the key elements of the business plan. Its purpose is to capture the interest of prospective investors.

The Plan Objective should include detailed information which will let the reader (lender or investor) know immediately what the amount and intent of the funds will be used for.

The lender or investor will want to know immediately:

- Who is asking for the money?
- How much is being requested?
- How the monies will be used?
- How the funds will be repaid?

## Table of Contents

Every business-planning document should contain a Table of Contents. This page will allow the lender or investor to quickly review your document and determine if all the criteria for making a decision are contained in the package.

All of the components suggested in the sample plan are necessary for a complete comprehensive plan. Additional data or information may be added as necessary.

The Table of Contents cannot be completed until you have decided on the format and components. It will be the last task in completing the plan. The Table of Contents shown in our example may not match your Table of Contents exactly.

### **QUESTIONS:**

- Have you titled each part of the plan?
- Have you included all of the parts in the Table of Contents?

## Congratulations...

*If you have followed the preceding format you have completed the first draft of your business plan.*

Now go back, review it, and make adjustments as necessary. If this is your first business plan, do not be surprised if it has to be done several times. **You will know when the plan is ready for implementation.** Do not begin the business before you are certain that the business will be a success.

The plan should reflect your best, educated guess at the way the business will be operated. Use the plan to guide the business and keep it on track. If you see drastic variances in the operation as the business develops, redo the plan again using the new historical data as a guide.

If the plan does not work on paper, then it probably will not work in reality. Be certain that you have been as objective and realistic as possible in its development.

**2016 OPERATING POLICY  
AND  
BUDGET GUIDELINES  
FOR  
THE NEPTUNE SEAFOOD COMPANY  
TOWN MARKETPLACE  
MILLTOWN, MA 02000**

Thomas Welsh, Partner  
Michael Moran, Partner  
[TW@NeptuneSea.xxx](mailto:TW@NeptuneSea.xxx)  
[MM@NeptuneSea.xxx](mailto:MM@NeptuneSea.xxx)  
(999)-123-SEAFOOD  
June 15, 2016



# Table of Contents

## **Plan Objective**

### **Part One – The Business**

- Business Profile
- Market Profile
- Competition Profile
- Location and Facilities
- Management Profile
- Personnel Profile
- Additional Information

### **Part Two – Financial Data**

- Statement of Sources and Uses of Funds
- Sales Forecast
- Projected Income and Cash Flow Statement for Year 1
- Projected Balance Sheet for Year 1
- Projected Income and Cash Flow Statement for Year 2
- Projected Balance Sheet for Year 2
- Loan Amortization
- Start-up Costs

### **Part Three – Supporting Documents**

- Personal Financial Statement

## Plan Objective

This plan will serve as a financing proposal and a general operating guide for the Neptune Seafood Company. The business is a start-up company and will be operated as a Massachusetts Limited Liability Company.

The Neptune Seafood Company is requesting a term loan in the amount of \$60,000.00 to be amortized over five years at the current small business lending rate with no prepayment penalty.

The funds, along with an equity investment of \$45,000.00 by the principals, Mr. Thomas Welsh and Mr. Charles Moran, will be used to purchase capital equipment, make leasehold improvements, pay for start-up expenses, purchase initial inventory and have enough working capital to insure the success of the venture.

The loan will enable Neptune Seafood Company to open for business on October 9, 2016.

## Business Profile

The Neptune Seafood Company will be operated as a Massachusetts Limited Liability Company. It will be a fast food seafood restaurant located in the International Food Pavilion located at the Town Marketplace Mall in Milltown, MA. It will be a start-up venture and will be launched at the Grand Opening of the Town Marketplace on October 9, 2016. The restaurant will operate from 11:00 AM to 9:00 PM, Monday through Saturday, and from noon until 6:00 PM on Sundays.

This business venture has several advantages that will contribute to its success. The owners, Thomas Welsh and Charles Moran, both have extensive experience with restaurants and local fast food seafood outlets. The Neptune Seafood Company has a highly visible location within the Town Marketplace. Marketing studies indicate that this mall will be well trafficked. Fast food seafood has been a growing market within the past few years, and fresh seafood is particularly popular in the Milltown area. This combination of a popular product, high traffic location, and experienced owners will facilitate successful restaurant operations.



## Market Profile

The Neptune Seafood Company's target market includes the shoppers in the Town Marketplace, office workers from the two onsite office buildings, and the employees of the other Marketplace stores. In addition, we expect to draw business from the senior citizen's development and the 45 condominiums that share the Marketplace site. The café's marketing mix (product, price, promotion and distribution) is tailored to appeal to the target market.

Our product, fast food seafood, has grown in popularity in recent years. The National Restaurant Association reports that fast food outlet traffic was up 2.8% in 2014. In addition, the 2014 Menu Census conducted by the restaurants and Institutions Magazine showed that consumers ordered 25% more seafood than in 2013. Our business will capture the business created by these trends toward more fast food and more seafood sales.

We intend to "fine tune" our menu to customer preferences by recording and analyzing daily sales figures. We will also use this information to forecast weekly supply needs and costs.

Prices at the Neptune Café range from \$3.50 to \$10.50, averaging \$6.25 per entrée. This is consistent with the area competition.

The Marketplace developers have a constant advertising campaign and promotion campaign in effect. We pay \$300.00 per month for this service. Our location, well designed storefront and neon script sign will advertise our mall presence.

We expect to gross \$609,000.00 in our first year of business. We calculated this on an average of 207 customers per day. We anticipate a breakeven point of 119 customers per day.

The figures quoted are consistent with similar stores in the other malls operated by the developer.

The area near the mall is a densely populated area with middle to upper middle class residents. The area is developing rapidly. There is public transportation serving the mall as well as ample parking facilities.

## Competition Profile

The food court concept has been proven in malls throughout the country. The success is exemplified by the Quincy Market in Boston.

The Neptune's competition will be the other fast food outlets in the food court, Burger King, Au Bon Pain, Mr. Potato, Paco's Tacos, Italian Delight and Chop Stix.

Several distinguishing features will set the Neptune apart from its competition. We will specialize in char-broiled, broiled and fried seafood dishes. None of the other outlets feature fresh seafood. We will have one of two beer and wine licenses in the court. There will only be one other beer and wine license issued at the court.

The combination of our seafood specialty, raw bar and serving of beer and wine will give our cuisine and edge over the other fast food outlets.

In addition, our location affords us excellent visibility. We are located on the side that the customers see upon entering the food court. Our seventeen foot distinctive storefront will attract customers. We intend to provide excellent service and competitive prices and maintain a clean comfortable atmosphere. Our in-house seating and "Raw Bar" is a distinct advantage over our competition.

## Location and Facility

The Neptune Café's location in the Marketplace is perhaps its greatest advantage. The mall includes over 100 stores, one large formal restaurant, and two anchor stores, Jordan Marsh and Nordstrom. The International Food Pavilions will be located in the upper Galleria.

Marketing studies done by the Schwartz Company indicate that 580,000 people will reside within a five-mile radius of the Town Marketplace with 275,000 residing within three miles. There are no shopping centers of this magnitude in the area. Two office buildings, a senior citizen's complex and 35 condominiums share the Marketplace site. Thus, high traffic is virtually assured.

The Neptune location within the pavilion affords great visibility. When customers enter, they face the Neptune's vending area. Our 20 – foot storefront will be professionally designed, with a 17 – foot Raw Bar and a vibrant neon sign.

There is an adequate labor supply for both part and full time employees. There is plenty of parking in the mall parking lot.

The Neptune has a five-year lease with an option to extend. The lease allows Neptune to sub-let if necessary, with the approval of the mall management. The lease is at a cost of \$44.00 per square foot. Leasehold Improvements have been quoted at \$47,000.00.

The business address will be Neptune Seafood Company, LLC, Town Marketplace, Milltown, MA 02010.

## Management Profile

Charles Moran, age 36, of South Boston, and Thomas Welsh, age 35, of Newtown are the Neptune Café's management team. Mr. Moran will manage the restaurant. Mr. Welsh will be its general manager. All major decisions will be made mutually. Each of the above are 50% owners in the business. They will be paid salaries of \$35,000.00 annually.

Charles Morin has owned and managed the Trident Café, a fast food seafood restaurant on Washington Street in Boston for the past 5 years. He has a B.S. in Food Service and Nutrition from Michigan State University. He also has a background in the catering business and has worked as a chef. He brings 20 years of experience to the business.

Thomas Welsh is a real estate broker in both MA and Florida. He specializes in both income and residential sales. In addition, he has experience as a food and beverage manager for a seasonal resort in MA and NY. He has a B.S. in Business Management from Northeastern University.

All legal and accounting work will be done by professionals. John Tailor, CPA, 170 Sea Street, Milltown will handle the accounting. Robert Benjamin of 156 Ocean Street, Milltown is the attorney. Insurance counseling and advice is handled by the company's insurance broker at the D.J. Rielly Insurance Agency, Pembroke, MA. They specialize in small business insurance.

Thus, the management team has both general restaurant management experience and expertise in fast food seafood operations. In addition, Mr. Welsh's knowledge of the Milltown area real estate and development is an asset in judging location and negotiating leases.

## Personnel Profile

The Neptune Café will employ two cooks, paid \$15.00 per hour, two assistant cooks paid at \$11.00 per hour and two Raw Bar employees also paid \$11.00 per hour. These workers will be split between two shifts. In addition, a manager will be paid a salary of \$35,000.00 per year. All employees will receive meals as a fringe benefit. There will be a total of eight employees including a substitute.

The cooks and managers will need experience in their fields. Since wages will be competitive with those in the area, there should be no problem in hiring workers with experience. We expect to hire from the local colleges and vocational schools.

As business increase we will hire additional employees. Training of the employees will be done by Mr. Moran and Mr. Welsh.

Full time employees will receive 1 weeks' vacation after 1 full year of employment and 2 weeks after two or more years. Full time employees will be allowed 10 sick days per year after 3 months of employment.

Part time employees will not receive benefits.

## Additional Information

(This area reserved for supporting information)

## Neptune Seafood Company

### STATEMENT OF SOURCES AND USES OF FUNDS

#### SOURCES OF FUNDS

Equity	45,000
Bank Loan	60,000
Line of Credit (\$000 available)	
	<u>105,000</u>

#### USES OF FUNDS

Leasehold Improvement	47,000
Equipment	34,025
Deposits	3,500
Inventory	5,000
Other Start-up Costs	5,200
Working capital	10,275
	<u>105,000</u>

#### QUICK FACTS

	<b>Year 1</b>	<b>Year 2</b>
EBIT	57,180	67,994
(+) Depreciation	11,508	11,508
	<u>68,688</u>	<u>79,502</u>
Interest	3,312	2,657
Principal	10,608	11,263
	<u>13,920</u>	<u>13,920</u>
<b>Coverage</b>	<b>4.9</b>	<b>5.7</b>

#### ASSUMPTIONS

- 1 . Bank loan of \$60,000 for a period of 5 years at a rate of 6.0% per year
- 2 . Depreciation:
  - Leasehold Improvement is depreciated over a period of 10 years on a straight line basis
  - Equipment is depreciated over a period of 5 years on a straight line basis
- 3 . Month one represents October 2016
- 4 . Assume owner withdraws cash for estimated income taxes every quarter on Owner's Net Wages and Earnings Before Taxation at the rate of 40%

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## Neptune Seafood Company

### SALES FORECAST

Year 1		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals	
<b>Number of Customers</b>															
Customers		6,600	6,100	6,800	5,900	5,900	6,100	6,100	6,100	6,100	6,100	6,100	6,600	74,500	
<b>Total Number of Customers</b>		<b>6,600</b>	<b>6,100</b>	<b>6,800</b>	<b>5,900</b>	<b>5,900</b>	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	<b>6,100</b>	<b>6,600</b>	<b>74,500</b>	
<b>REVENUE</b>															
Food	6.25	41,250	38,125	42,500	36,875	36,875	38,125	38,125	38,125	38,125	38,125	38,125	41,250	465,625	75.8%
Drinks	2.00	13,200	12,200	13,600	11,800	11,800	12,200	12,200	12,200	12,200	12,200	12,200	13,200	149,000	24.2%
<b>Total Revenue</b>		<b>54,450</b>	<b>50,325</b>	<b>56,100</b>	<b>48,675</b>	<b>48,675</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>54,450</b>	<b>614,625</b>	<b>100.0%</b>
<b>COGS</b>															
Food	30%	12,375	11,438	12,750	11,063	11,063	11,438	11,438	11,438	11,438	11,438	11,438	12,375	139,688	22.7%
Drinks	25%	3,300	3,050	3,400	2,950	2,950	3,050	3,050	3,050	3,050	3,050	3,050	3,300	37,250	6.1%
<b>Total COGS</b>		<b>15,675</b>	<b>14,488</b>	<b>16,150</b>	<b>14,013</b>	<b>14,013</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>15,675</b>	<b>176,938</b>	<b>28.8%</b>
<b>Gross Profit</b>		<b>38,775</b>	<b>35,838</b>	<b>39,950</b>	<b>34,663</b>	<b>34,663</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>38,775</b>	<b>437,688</b>	<b>71.2%</b>
Year 2		Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Totals	
<b>Number of Customers</b>															
Customers	1.05	6,930	6,405	7,140	6,195	6,195	6,405	6,405	6,405	6,405	6,405	6,405	6,930	78,225	
<b>Total Number of Customers</b>		<b>6,930</b>	<b>6,405</b>	<b>7,140</b>	<b>6,195</b>	<b>6,195</b>	<b>6,405</b>	<b>6,405</b>	<b>6,405</b>	<b>6,405</b>	<b>6,405</b>	<b>6,405</b>	<b>6,930</b>	<b>78,225</b>	
<b>REVENUE</b>															
Food	6.25	43,313	40,031	44,625	38,719	38,719	40,031	40,031	40,031	40,031	40,031	40,031	43,313	488,906	75.8%
Drinks	2.00	13,860	12,810	14,280	12,390	12,390	12,810	12,810	12,810	12,810	12,810	12,810	13,860	156,450	24.2%
<b>Total Revenue</b>		<b>57,173</b>	<b>52,841</b>	<b>58,905</b>	<b>51,109</b>	<b>51,109</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>57,173</b>	<b>645,356</b>	<b>100.0%</b>
<b>COGS</b>															
Food	30%	12,994	12,009	13,388	11,616	11,616	12,009	12,009	12,009	12,009	12,009	12,009	12,994	146,672	22.7%
Drinks	25%	3,465	3,203	3,570	3,098	3,098	3,203	3,203	3,203	3,203	3,203	3,203	3,465	39,113	6.1%
<b>Total COGS</b>		<b>16,459</b>	<b>15,212</b>	<b>16,958</b>	<b>14,713</b>	<b>14,713</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>16,459</b>	<b>185,784</b>	<b>28.8%</b>
<b>Gross Profit</b>		<b>40,714</b>	<b>37,629</b>	<b>41,948</b>	<b>36,396</b>	<b>36,396</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>40,714</b>	<b>459,572</b>	<b>71.2%</b>

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## Neptune Seafood Company

PROJECTED INCOME AND CASH FLOW STATEMENT FOR YEAR 1

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals	
Revenue		54,450	50,325	56,100	48,675	48,675	50,325	50,325	50,325	50,325	50,325	50,325	54,450	614,625	100.0%
<b>Total Revenue</b>		<b>54,450</b>	<b>50,325</b>	<b>56,100</b>	<b>48,675</b>	<b>48,675</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>50,325</b>	<b>54,450</b>	<b>614,625</b>	<b>100.0%</b>
COGS		15,675	14,488	16,150	14,013	14,013	14,488	14,488	14,488	14,488	14,488	14,488	15,675	176,938	28.8%
<b>Total COGS</b>		<b>15,675</b>	<b>14,488</b>	<b>16,150</b>	<b>14,013</b>	<b>14,013</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>14,488</b>	<b>15,675</b>	<b>176,938</b>	<b>28.8%</b>
<b>Gross Profit</b>		<b>38,775</b>	<b>35,838</b>	<b>39,950</b>	<b>34,663</b>	<b>34,663</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>35,838</b>	<b>38,775</b>	<b>437,688</b>	<b>71.2%</b>
<b>Operating Expenses:</b>															
Owner's Net Wages	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000	11.4%
Employee Wages	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	160,000	26.0%
Payroll Taxes	10%	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	16,000	2.6%
Employee Meals	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2.0%
Laundry	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800	0.3%
Operating Supplies	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	3.9%
Repairs & Maintenance	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600	0.6%
Advertising	800	800	800	800	800	800	800	800	800	800	800	800	800	9,600	1.6%
Auto Expense	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600	0.6%
Accounting & Legal	200	200	200	200	200	200	200	200	200	200	200	200	200	2,400	0.4%
Rent	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000	6.8%
Common Area	600	600	600	600	600	600	600	600	600	600	600	600	600	7,200	1.2%
Utilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000	2.0%
Insurance	250	250	250	250	250	250	250	250	250	250	250	250	250	3,000	0.5%
Licenses & Fees	150	150	150	150	150	150	150	150	150	150	150	150	150	1,800	0.3%
Depreciation		959	959	959	959	959	959	959	959	959	959	959	959	11,508	1.9%
<b>Total operating expense</b>		<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>31,709</b>	<b>380,508</b>	<b>61.9%</b>
<b>EBIT</b>		<b>7,066</b>	<b>4,129</b>	<b>8,241</b>	<b>2,954</b>	<b>2,954</b>	<b>4,129</b>	<b>4,129</b>	<b>4,129</b>	<b>4,129</b>	<b>4,129</b>	<b>4,129</b>	<b>7,066</b>	<b>57,180</b>	<b>9.3%</b>
Interest - Bank Loan		(300)	(296)	(291)	(287)	(283)	(278)	(274)	(269)	(265)	(261)	(256)	(252)	(3,312)	-0.5%
Interest - LOC		-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
<b>Earnings Before Taxation</b>		<b>6,766</b>	<b>3,833</b>	<b>7,950</b>	<b>2,667</b>	<b>2,671</b>	<b>3,851</b>	<b>3,855</b>	<b>3,860</b>	<b>3,864</b>	<b>3,868</b>	<b>3,873</b>	<b>6,814</b>	<b>53,868</b>	<b>8.8%</b>
Add: Depreciation		959	959	959	959	959	959	959	959	959	959	959	959	11,508	1.9%
Less: Principal on Bank Loan		(860)	(864)	(869)	(873)	(877)	(882)	(886)	(891)	(895)	(899)	(904)	(908)	(10,608)	-1.7%
Change in LOC		-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Owner Tax Withdrawal				(14,419)			(10,675)			(11,631)			(12,822)	(49,547)	-8.1%
<b>Net Cash Flow</b>		<b>6,865</b>	<b>3,928</b>	<b>(6,379)</b>	<b>2,753</b>	<b>2,753</b>	<b>(6,748)</b>	<b>3,928</b>	<b>3,928</b>	<b>(7,704)</b>	<b>3,928</b>	<b>3,928</b>	<b>(5,957)</b>	<b>5,221</b>	<b>0.8%</b>
Beginning Balance		10,275	17,140	21,068	14,689	17,441	20,194	13,446	17,374	21,301	13,598	17,525	21,453	10,275	
Ending Balance		17,140	21,068	14,689	17,441	20,194	13,446	17,374	21,301	13,598	17,525	21,453	15,496	15,496	

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**Neptune Seafood Company**  
PROJECTED BALANCE SHEET FOR YEAR 1

	<i>Month -1</i>	<i>Adj</i>	<i>Month 0</i>	<i>Month 1</i>	<i>Month 2</i>	<i>Month 3</i>	<i>Month 4</i>	<i>Month 5</i>	<i>Month 6</i>	<i>Month 7</i>	<i>Month 8</i>	<i>Month 9</i>	<i>Month 10</i>	<i>Month 11</i>	<i>Month 12</i>
<b>CURRENT ASSETS</b>															
Cash		10,275	10,275	17,140	21,068	14,689	17,441	20,194	13,446	17,374	21,301	13,598	17,525	21,453	15,496
Account Receivable			-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Deposits		3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other Current Assets			-	-	-	-	-	-	-	-	-	-	-	-	-
	-	18,775	18,775	25,640	29,568	23,189	25,941	28,694	21,946	25,874	29,801	22,098	26,025	29,953	23,996
<b>FIXED ASSETS</b>															
Leasehold Improvements		47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Equipment		34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025
Acc. Depreciation			-	(959)	(1,918)	(2,877)	(3,836)	(4,795)	(5,754)	(6,713)	(7,672)	(8,631)	(9,590)	(10,549)	(11,508)
	-	81,025	81,025	80,066	79,107	78,148	77,189	76,230	75,271	74,312	73,353	72,394	71,435	70,476	69,517
<b>Total Assets</b>	-	<b>99,800</b>	<b>99,800</b>	<b>105,706</b>	<b>108,675</b>	<b>101,337</b>	<b>103,130</b>	<b>104,924</b>	<b>97,217</b>	<b>100,186</b>	<b>103,154</b>	<b>94,492</b>	<b>97,460</b>	<b>100,429</b>	<b>93,513</b>
<b>CURRENT LIABILITIES</b>															
Account Payable			-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit			-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities			-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>LONG TERM LIABILITIES</b>															
Bank Loan	-	60,000	60,000	59,140	58,276	57,407	56,534	55,657	54,775	53,889	52,998	52,103	51,204	50,300	49,392
	-	60,000	60,000	59,140	58,276	57,407	56,534	55,657	54,775	53,889	52,998	52,103	51,204	50,300	49,392
<b>Total Liabilities</b>	-	<b>60,000</b>	<b>60,000</b>	<b>59,140</b>	<b>58,276</b>	<b>57,407</b>	<b>56,534</b>	<b>55,657</b>	<b>54,775</b>	<b>53,889</b>	<b>52,998</b>	<b>52,103</b>	<b>51,204</b>	<b>50,300</b>	<b>49,392</b>
<b>STOCKHOLDERS EQUITY</b>															
Equity		45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Retained Earnings:															
Beg. Balance		(5,200)	(5,200)	(5,200)	1,566	5,399	13,349	16,015	18,686	22,536	26,391	30,250	34,114	37,981	41,854
Net Income - YTD			-	6,766	3,833	7,950	2,667	2,671	3,851	3,855	3,860	3,864	3,868	3,873	6,814
Ending Balance	-	(5,200)	(5,200)	1,566	5,399	13,349	16,015	18,686	22,536	26,391	30,250	34,114	37,981	41,854	48,668
Owner Withdrawals			-	-	-	(14,419)	(14,419)	(14,419)	(25,094)	(25,094)	(25,094)	(36,725)	(36,725)	(36,725)	(49,547)
<b>Total Equity</b>	-	<b>39,800</b>	<b>39,800</b>	<b>46,566</b>	<b>50,399</b>	<b>43,930</b>	<b>46,596</b>	<b>49,267</b>	<b>42,442</b>	<b>46,297</b>	<b>50,156</b>	<b>42,389</b>	<b>46,256</b>	<b>50,129</b>	<b>44,121</b>
<b>Total Liabilities &amp; Equity</b>	-	<b>99,800</b>	<b>99,800</b>	<b>105,706</b>	<b>108,675</b>	<b>101,337</b>	<b>103,130</b>	<b>104,924</b>	<b>97,217</b>	<b>100,186</b>	<b>103,154</b>	<b>94,492</b>	<b>97,460</b>	<b>100,429</b>	<b>93,513</b>
	-	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)	-

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## Neptune Seafood Company

PROJECTED INCOME AND CASH FLOW STATEMENT FOR YEAR 2

		Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Totals	
Revenue		57,173	52,841	58,905	51,109	51,109	52,841	52,841	52,841	52,841	52,841	52,841	57,173	645,356	100.0%
<b>Total Revenue</b>		<b>57,173</b>	<b>52,841</b>	<b>58,905</b>	<b>51,109</b>	<b>51,109</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>52,841</b>	<b>57,173</b>	<b>645,356</b>	<b>100.0%</b>
COGS		16,459	15,212	16,958	14,713	14,713	15,212	15,212	15,212	15,212	15,212	15,212	16,459	185,784	28.8%
<b>Total COGS</b>		<b>16,459</b>	<b>15,212</b>	<b>16,958</b>	<b>14,713</b>	<b>14,713</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>15,212</b>	<b>16,459</b>	<b>185,784</b>	<b>28.8%</b>
<b>Gross Profit</b>		<b>40,714</b>	<b>37,629</b>	<b>41,948</b>	<b>36,396</b>	<b>36,396</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>37,629</b>	<b>40,714</b>	<b>459,572</b>	<b>71.2%</b>
<b>Operating Expenses:</b>	1.03														
Owner's Net Wages	6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008	6,008	72,100	11.2%
Employee Wages	13,733	13,733	13,733	13,733	13,733	13,733	13,733	13,733	13,733	13,733	13,733	13,733	13,733	164,800	25.5%
Payroll Taxes	10%	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	1,373	16,480	2.6%
Employee Meals	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	12,360	1.9%
Laundry	155	155	155	155	155	155	155	155	155	155	155	155	155	1,854	0.3%
Operating Supplies	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	24,720	3.8%
Repairs & Maintenance	309	309	309	309	309	309	309	309	309	309	309	309	309	3,708	0.6%
Advertising	824	824	824	824	824	824	824	824	824	824	824	824	824	9,888	1.5%
Auto Expense	309	309	309	309	309	309	309	309	309	309	309	309	309	3,708	0.6%
Accounting & Legal	206	206	206	206	206	206	206	206	206	206	206	206	206	2,472	0.4%
Rent	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	3,605	43,260	6.7%
Common Area	618	618	618	618	618	618	618	618	618	618	618	618	618	7,416	1.1%
Utilities	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	12,360	1.9%
Insurance	258	258	258	258	258	258	258	258	258	258	258	258	258	3,090	0.5%
Licenses & Fees	155	155	155	155	155	155	155	155	155	155	155	155	155	1,854	0.3%
Depreciation		959	959	959	959	959	959	959	959	959	959	959	959	11,508	1.8%
<b>Total operating expense</b>		<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>32,632</b>	<b>391,578</b>	<b>60.7%</b>
<b>EBIT</b>		<b>8,082</b>	<b>4,998</b>	<b>9,316</b>	<b>3,764</b>	<b>3,764</b>	<b>4,998</b>	<b>4,998</b>	<b>4,998</b>	<b>4,998</b>	<b>4,998</b>	<b>4,998</b>	<b>8,082</b>	<b>67,994</b>	<b>10.5%</b>
Interest - Bank Loan		(247)	(242)	(238)	(233)	(229)	(224)	(219)	(215)	(210)	(205)	(200)	(195)	(2,657)	-0.4%
Interest - LOC		-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
<b>Earnings Before Taxation</b>		<b>7,835</b>	<b>4,756</b>	<b>9,078</b>	<b>3,531</b>	<b>3,535</b>	<b>4,774</b>	<b>4,779</b>	<b>4,783</b>	<b>4,788</b>	<b>4,793</b>	<b>4,798</b>	<b>7,887</b>	<b>65,337</b>	<b>10.1%</b>
Add: Depreciation		959	959	959	959	959	959	959	959	959	959	959	959	11,508	1.8%
Less: Principal on Bank Loan		(913)	(918)	(922)	(927)	(931)	(936)	(941)	(945)	(950)	(955)	(960)	(965)	(11,263)	-1.7%
Change in LOC		-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Owner Tax Withdrawal				(15,878)			(11,946)			(12,950)			(14,201)	(54,975)	-8.5%
<b>Net Cash Flow</b>		<b>7,881</b>	<b>4,797</b>	<b>(6,763)</b>	<b>3,563</b>	<b>3,563</b>	<b>(7,149)</b>	<b>4,797</b>	<b>4,797</b>	<b>(8,153)</b>	<b>4,797</b>	<b>4,797</b>	<b>(6,320)</b>	<b>10,607</b>	<b>1.6%</b>
Beginning Balance		15,496	23,377	28,174	21,411	24,974	28,537	21,388	26,185	30,982	22,829	27,626	32,423	15,496	
Ending Balance		23,377	28,174	21,411	24,974	28,537	21,388	26,185	30,982	22,829	27,626	32,423	26,103	26,103	

**DISCLAIMER NOTE:** All of the estimated revenues and expenses in this projection were provided by the client.  
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**Neptune Seafood Company**  
PROJECTED BALANCE SHEET FOR YEAR 2

	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
<b>CURRENT ASSETS</b>													
Cash	15,496	23,377	28,174	21,411	24,974	28,537	21,388	26,185	30,982	22,829	27,626	32,423	26,103
Account Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Deposits	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	23,996	31,877	36,674	29,911	33,474	37,037	29,888	34,685	39,482	31,329	36,126	40,923	34,603
<b>FIXED ASSETS</b>													
Leasehold Improvements	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Equipment	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025	34,025
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-
Renovation	-	-	-	-	-	-	-	-	-	-	-	-	-
Franchise	-	-	-	-	-	-	-	-	-	-	-	-	-
Acc. Depreciation	(11,508)	(12,467)	(13,426)	(14,385)	(15,344)	(16,303)	(17,262)	(18,221)	(19,180)	(20,139)	(21,098)	(22,057)	(23,016)
	69,517	68,558	67,599	66,640	65,681	64,722	63,763	62,804	61,845	60,886	59,927	58,968	58,009
<b>Total Assets</b>	<b>93,513</b>	<b>100,435</b>	<b>104,273</b>	<b>96,551</b>	<b>99,155</b>	<b>101,759</b>	<b>93,651</b>	<b>97,489</b>	<b>101,327</b>	<b>92,215</b>	<b>96,053</b>	<b>99,891</b>	<b>92,612</b>
<b>CURRENT LIABILITIES</b>													
Account Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>LONG TERM LIABILITIES</b>													
Bank Loan	49,392	48,479	47,561	46,639	45,712	44,781	43,845	42,904	41,959	41,009	40,054	39,094	38,129
	49,392	48,479	47,561	46,639	45,712	44,781	43,845	42,904	41,959	41,009	40,054	39,094	38,129
<b>Total Liabilities</b>	<b>49,392</b>	<b>48,479</b>	<b>47,561</b>	<b>46,639</b>	<b>45,712</b>	<b>44,781</b>	<b>43,845</b>	<b>42,904</b>	<b>41,959</b>	<b>41,009</b>	<b>40,054</b>	<b>39,094</b>	<b>38,129</b>
<b>STOCKHOLDERS EQUITY</b>													
Equity	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Retained Earnings:													
Beg. Balance	41,854	48,668	56,503	61,259	70,337	73,868	77,403	82,177	86,956	91,739	96,526	101,319	106,117
Net Income - YTD	6,814	7,835	4,756	9,078	3,531	3,535	4,774	4,779	4,783	4,788	4,793	4,798	7,887
Ending Balance	48,668	56,503	61,259	70,337	73,868	77,403	82,177	86,956	91,739	96,526	101,319	106,117	114,004
Owner Withdrawals	(49,547)	(49,547)	(49,547)	(65,425)	(65,425)	(65,425)	(77,371)	(77,371)	(77,371)	(90,321)	(90,321)	(90,321)	(104,522)
<b>Total Equity</b>	<b>44,121</b>	<b>51,956</b>	<b>56,712</b>	<b>49,912</b>	<b>53,443</b>	<b>56,978</b>	<b>49,806</b>	<b>54,585</b>	<b>59,368</b>	<b>51,206</b>	<b>55,999</b>	<b>60,797</b>	<b>54,483</b>
<b>Total Liabilities &amp; Equity</b>	<b>93,513</b>	<b>100,436</b>	<b>104,274</b>	<b>96,552</b>	<b>99,156</b>	<b>101,760</b>	<b>93,652</b>	<b>97,489</b>	<b>101,327</b>	<b>92,215</b>	<b>96,053</b>	<b>99,891</b>	<b>92,612</b>
	-	(1)	-	-	-	-	-	-	-	-	-	-	-

**DISCLAIMER NOTE:** All of the estimated revenues and expenses in this projection were provided by the client.  
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## Neptune Seafood Company

### ASSUMPTIONS AND NOTES TO THE PROJECTIONS

#### Note 1: Bank loan

Loan value	60,000
Rate pa	6.0%
Tenure (Yrs)	5
Monthly Payment	1,160

	<i>Month 1</i>	<i>Month 2</i>	<i>Month 3</i>	<i>Month 4</i>	<i>Month 5</i>	<i>Month 6</i>	<i>Month 7</i>	<i>Month 8</i>	<i>Month 9</i>	<i>Month 10</i>	<i>Month 11</i>	<i>Month 12</i>	<i>Total</i>
Beginning Balance	60,000	59,140	58,276	57,407	56,534	55,657	54,775	53,889	52,998	52,103	51,204	50,300	60,000
Interest	300	296	291	287	283	278	274	269	265	261	256	252	3,312
	60,300	59,436	58,567	57,694	56,817	55,935	55,049	54,158	53,263	52,364	51,460	50,552	63,312
Payments:													
Interest	(300)	(296)	(291)	(287)	(283)	(278)	(274)	(269)	(265)	(261)	(256)	(252)	(3,312)
Principal	(860)	(864)	(869)	(873)	(877)	(882)	(886)	(891)	(895)	(899)	(904)	(908)	(10,608)
	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(13,920)
Ending Balance	59,140	58,276	57,407	56,534	55,657	54,775	53,889	52,998	52,103	51,204	50,300	49,392	49,392
	<i>Month 13</i>	<i>Month 14</i>	<i>Month 15</i>	<i>Month 16</i>	<i>Month 17</i>	<i>Month 18</i>	<i>Month 19</i>	<i>Month 20</i>	<i>Month 21</i>	<i>Month 22</i>	<i>Month 23</i>	<i>Month 24</i>	<i>Total</i>
Beginning Balance	49,392	48,479	47,561	46,639	45,712	44,781	43,845	42,904	41,959	41,009	40,054	39,094	49,392
Interest	247	242	238	233	229	224	219	215	210	205	200	195	2,657
	49,639	48,721	47,799	46,872	45,941	45,005	44,064	43,119	42,169	41,214	40,254	39,289	52,049
Payments:													
Interest	(247)	(242)	(238)	(233)	(229)	(224)	(219)	(215)	(210)	(205)	(200)	(195)	(2,657)
Principal	(913)	(918)	(922)	(927)	(931)	(936)	(941)	(945)	(950)	(955)	(960)	(965)	(11,263)
	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(1,160)	(13,920)
Ending Balance	48,479	47,561	46,639	45,712	44,781	43,845	42,904	41,959	41,009	40,054	39,094	38,129	38,129

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## Neptune Seafood Company

### START-UP COSTS

#### Leasehold Improvement

Leasehold Improvement	47,000
	<u>47,000</u>

#### Equipment

Walk-in Refrigerator	5,600
(4) Fryolators w/filters	6,000
Charcoal Grill	1,000
Broiler	500
Ice Maker	2,500
(3) Beer Taps	2,250
Deli Case	3,200
Work Table	500
Grill Stand	675
Utensils	750
Sink	350
POS System	2,700
Vents & Sprinklers	8,000
	<u>34,025</u>

#### Deposits

Rent Deposit	3,500
	<u>3,500</u>

#### Inventory

Inventory	5,000
	<u>5,000</u>

#### Other Start-up Costs

Legal & Accounting Expense	1,500
Opening Promotional Expense	1,000
License & Permit	1,500
Supplies	1,200
	<u>5,200</u>



**PERSONAL FINANCIAL STATEMENT**  
**7(a) / 504 LOANS AND SURETY BONDS**

U.S. SMALL BUSINESS ADMINISTRATION

As of \_\_\_\_\_, \_\_\_\_\_

SBA uses the information required by this Form 413 as one of a number of data sources in analyzing the repayment ability and creditworthiness of an application for an SBA guaranteed 7(a) or 504 loan or a guaranteed surety.

Complete this form for: (1) each proprietor; (2) general partner; (3) managing member of a limited liability company (LLC); (4) each owner of 20% or more of the equity of the Applicant (including the assets of the owner's spouse and any minor children); and (5) any person providing a guaranty on the loan

**Return completed form to:**

**For 7(a) loans:** the lender processing the application for SBA guaranty

**For 504 loans:** the Certified Development Company (CDC) processing the application for SBA guaranty

**For Surety Bonds:** the Surety Company or Agent processing the application for surety bond guaranty

Name \_\_\_\_\_ Business Phone \_\_\_\_\_

Home Address \_\_\_\_\_ Home Phone \_\_\_\_\_

City, State, & Zip Code \_\_\_\_\_

Business Name of Applicant \_\_\_\_\_

ASSETS	(Omit Cents)	LIABILITIES	(Omit Cents)
Cash on Hand & in banks.....	\$ _____	Accounts Payable.....	\$ _____
Savings Accounts.....	\$ _____	Notes Payable to Banks and Others.....	\$ _____
IRA or Other Retirement Account.....	\$ _____	(Describe in Section 2)	
(Describe in Section 5)		Installment Account (Auto).....	\$ _____
Accounts & Notes Receivable.....	\$ _____	Mo. Payments \$ _____	
(Describe in Section 5)		Installment Account (Other).....	\$ _____
Life Insurance – Cash Surrender Value Only.....	\$ _____	Mo. Payments \$ _____	
(Describe in Section 8)		Loan(s) Against Life Insurance.....	\$ _____
Stocks and Bonds.....	\$ _____	Mortgages on Real Estate.....	\$ _____
(Describe in Section 3)		(Describe in Section 4)	
Real Estate.....	\$ _____	Unpaid Taxes.....	\$ _____
(Describe in Section 4)		(Describe in Section 6)	
Automobiles.....	\$ _____	Other Liabilities.....	\$ _____
(Describe in Section 5, and include		(Describe in Section 7)	
Year/Make/Model)		Total Liabilities.....	\$ _____
Other Personal Property.....	\$ _____	Net Worth.....	\$ _____
(Describe in Section 5)			
Other Assets.....	\$ _____		
(Describe in Section 5)			
Total	\$ 0	Total	\$ 0

\*Must equal total in assets column.

Section 1. Source of Income. \_\_\_\_\_

Salary.....	\$ _____	As Endorser or Co-Maker.....	\$ _____
Net Investment Income.....	\$ _____	Legal Claims & Judgments.....	\$ _____
Real Estate Income.....	\$ _____	Provision for Federal Income Tax.....	\$ _____
Other Income (Describe below)*.....	\$ _____	Other Special Debt.....	\$ _____

Description of Other Income in Section 1. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\*Alimony or child support payments should not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

**Section 2. Notes Payable to Banks and Others.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Names and Addresses of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

**Section 3. Stocks and Bonds.** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

**Section 4. Real Estate Owned.** (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

**Section 5. Other Personal Property and Other Assets.** (Describe, and, if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and, if delinquent, describe delinquency.)**Section 6. Unpaid Taxes.** (Describe in detail as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)**Section 7. Other Liabilities.** (Describe in detail.)



**Section 8. Life Insurance Held.** (Give face amount and cash surrender value of policies – name of insurance company and Beneficiaries.)

I authorize the SBA/Lender/Surety Company to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness.

**CERTIFICATION:** (to be completed by each person submitting the information requested on this form)

By signing this form, I certify under penalty of criminal prosecution that all information on this form and any additional supporting information submitted with this form is true and complete to the best of my knowledge. I understand that SBA or its participating Lenders or Certified Development Companies or Surety Companies will rely on this information when making decisions regarding an application for a loan or a surety bond. I further certify that I have read the attached statements required by law and executive order.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_

Social Security No. \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Print Name \_\_\_\_\_

Social Security No. \_\_\_\_\_

**NOTICE TO LOAN AND SURETY BOND APPLICANTS: CRIMINAL PENALTIES AND ADMINISTRATIVE REMEDIES FOR FALSE STATEMENTS:**

Knowingly making a false statement on this form is a violation of Federal law and could result in criminal prosecution, significant civil penalties, and a denial of your loan or surety bond application. A false statement is punishable under 18 U.S.C. §§ 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. § 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally-insured institution, a false statement is punishable under 18 U.S.C. § 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000. Additionally, false statements can lead to treble damages and civil penalties under the False Claims Act, 31 U.S.C. § 3729, and other administrative remedies including suspension and debarment.

**PLEASE NOTE:** The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information, please contact Chief, Administrative Branch, U.S. Small Business Administration, Washington, D.C. 20416, and Clearance officer, paper Reduction Project (3245-0188), Office of Management and Budget, Washington, D.C. 20503. PLEASE DO NOT SEND FORMS TO OMB.