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# Executive Summary

## Introduction

Golden Valley Real Estate, LLC (GVRE) is a start-up company in the Tucson area. It is the mission of GVRE to provide real estate services in the newly established Golden Valley Retirement Community, located to the Northwest of scenic Tucson, Arizona. GVRE is a full service real estate, mortgage, and title company.

## The Company

GVRE will be a limited liability partnership registered in the state of Delaware for tax purposes. Its founder is Mrs. Susan Egan, a former agent for RE/MAX real estate company, where she worked for 23 years.

The company plans to be leveraged through private investment and a limited number of loans. The company expects to begin offering its services in June.

The company's main clients will be retirement age couples looking for a community that can offer significant services for their age group and income levels. Since Mrs. Egan is within this demographic group and knows and understands this market's needs, she believes that she can appeal to such clients far more than most other competitors.

## The Services

GVRE offers comprehensive real estate, mortgage and title services to our diverse clients. With Quadrant Homes, Inc. as our sponsor in the newly finished Golden Valley Retirement Community, we will have a premier position as the dominant seller of these new homes, condos, and retirement apartments. In addition we will offer a full range of services to facilitate the purchasing and selling of real estate including the following:

- Home search database.
- Moving consulting, quotes, planning, etc.
- Mortgage consulting and loan preapproval.
- Community information.
- Title transfer.
- Obtaining a comparative market analysis for potential sellers.
- Appraising.
- Property preparation.

### **The Market**

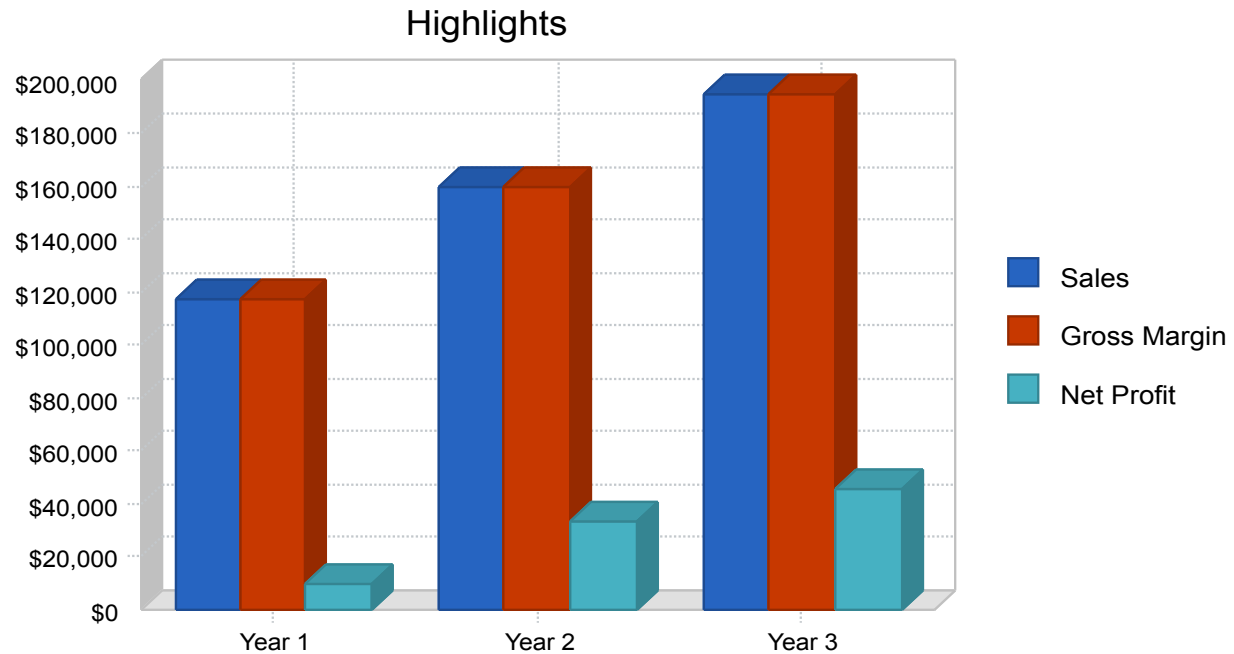
The retirement industry has been steadily growing over the past twenty years. The percentage of the U.S. population over the age of 55 is at an all time high of 21% and is growing at an average rate of 3% each year. In certain parts of the country like the American Southwest, which has a high concentration of retirement communities, the growth rate is about 8%. This percentage is also expected to grow as the first of the "baby boomer" generation begins to reach retirement age in the next decade. It is estimated by the U.S. Census Bureau that the retirement industry, that includes homes, medical facilities, specialty equipment, retirement entertainment services, etc., accounts for 4.8 billion dollars each year.

### **Financial Considerations**

Start-up expenses and funding required are modest. They include expenses and the rest in cash needed to support operations until revenues reach an acceptable level. Most of the company's liabilities will come from outside private investors and management investment, however, we have current borrowing from Bank of America Commercial Investments, the principal to be paid off in two years. A long-term loan through Valley National Bank will be paid off in ten years.

The company expects to reach profitability in the first year and does not anticipate any serious cash flow problems. We conservatively believe that during the first three years, average profitability per month per segment will be adequate. We expect that about one sale per month will guarantee a break-even point.

### **Chart: Highlights**



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## **Objectives**

The three year goals for Golden Valley Real Estate (GVRE) are the following:

- Achieve break-even by year two.
- Finalize and then expand our contract with Quadrant Homes, Inc. to broker real estate property in the Golden Valley area.
- Establish minimum 95% customer satisfaction rate to establish long-term relationships with our clients and create word-of-mouth marketing.

## **Keys to Success**

GVRE's keys to long-term survivability and profitability are as follows:

- Establish and maintain close contacts with residential real estate listing services, and all other service organizations that GVRE uses, such as Artco mortgage service company.
- Keeping close contact with clients and establishing a well functioning long-term relationship with them to generate repeat business and obtain a top notch reputation.
- Establish a comprehensive service experience for our clients that includes consultation, appraisal, sale preparation, community information, moving consultation, etc.

## **Mission**

It is the mission of GVRE to provide real estate services in the newly established Golden Valley retirement community, located to the Northwest of scenic Tucson, Arizona. GVRE is a full service real estate, mortgage, and title company.

## **Company Summary**

GVRE will be a limited liability partnership registered in the state of Delaware for tax purposes. Its founder is Mrs. Susan Egan, a former agent for RE/MAX real estate company, where she worked for 23 years.

The company plans to be leveraged through private investment and a limited number of loans. Mrs. Egan is establishing this firm as a "lifestyle" oriented endeavor in order to supplement her retirement. The company has its main offices in Tucson, AZ. The facilities include a conference room and office spaces. The company expects to begin offering its services in June of 2003.

The company's main clients will be retirement age couples looking for a community that can offer significant services for their age group and income levels. Since Mrs. Egan is within this demographic group and knows and understands this market's needs, she believes that she can appeal to such clients far more than most other competitors.

## **Company Ownership**

The company will be jointly owned by Mrs. Susan Egan and her husband Daniel, who will be putting up equal amounts of equity. All other financing will come from loans.

## **Start-up Summary**

Start-up expenses and funding required are shown in the table below. This includes expenses and the rest in cash needed to support operations until revenues reach an acceptable level. Most of the company's liabilities will come from outside private investors and management investment, however, we have obtained current borrowing from Bank of America Commercial Investments, the principal to be paid off in two years. A long-term loan through Valley National Bank will be paid off in ten years.

**Table: Start-up**

| <i>Start-up</i>                 |                 |
|---------------------------------|-----------------|
| Requirements                    |                 |
| Start-up Expenses               |                 |
| Legal                           | \$800           |
| Insurance                       | \$1,500         |
| utilities                       | \$200           |
| Rent                            | \$3,000         |
| Accounting and bookkeeping fees | \$2,000         |
| Expensed equipment              | \$8,000         |
| Advertising                     | \$6,500         |
| Other                           | \$8,000         |
| Total Start-up Expenses         | \$30,000        |
| Start-up Assets                 |                 |
| Cash Required                   | \$44,500        |
| Other Current Assets            | \$3,500         |
| Long-term Assets                | \$5,000         |
| Total Assets                    | \$53,000        |
| <b>Total Requirements</b>       | <b>\$83,000</b> |

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**Table: Start-up Funding**

|                                           |            |
|-------------------------------------------|------------|
| <i>Start-up Funding</i>                   |            |
| Start-up Expenses to Fund                 | \$30,000   |
| Start-up Assets to Fund                   | \$53,000   |
| Total Funding Required                    | \$83,000   |
| <br>Assets                                |            |
| Non-cash Assets from Start-up             | \$8,500    |
| Cash Requirements from Start-up           | \$44,500   |
| Additional Cash Raised                    | \$0        |
| Cash Balance on Starting Date             | \$44,500   |
| Total Assets                              | \$53,000   |
| <br>Liabilities and Capital               |            |
| Liabilities                               |            |
| Current Borrowing                         | \$15,000   |
| Long-term Liabilities                     | \$45,000   |
| Accounts Payable (Outstanding Bills)      | \$3,000    |
| Other Current Liabilities (interest-free) | \$0        |
| Total Liabilities                         | \$63,000   |
| <br>Capital                               |            |
| Planned Investment                        |            |
| Mrs Susan Egan                            | \$10,000   |
| Mr. Daniel Egan                           | \$10,000   |
| Additional Investment Requirement         | \$0        |
| Total Planned Investment                  | \$20,000   |
| <br>Loss at Start-up (Start-up Expenses)  | (\$30,000) |
| Total Capital                             | (\$10,000) |

|                               |          |
|-------------------------------|----------|
| Total Capital and Liabilities | \$53,000 |
| Total Funding                 | \$83,000 |

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### 2. Explore 25+ Lenders and Get Impartial Advice

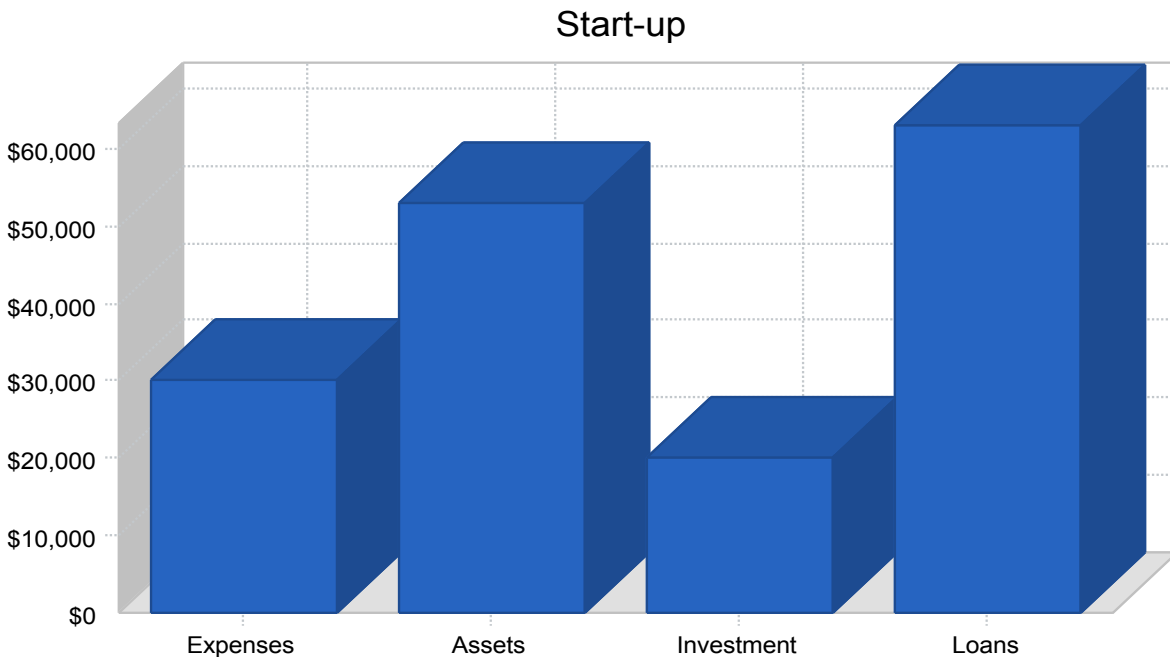
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**Chart: Start-up**



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## Services

GVRE offers comprehensive real estate, mortgage, and title services to our diverse clients. With Quadrant Homes, Inc. as our sponsor in the newly finished Golden Valley Retirement Community, we will have a premier position as the dominant seller of these new homes, condos, and retirement apartments. In addition we will offer a full range of services to facilitate the purchasing and selling of real estate including the following:

- Home search database.
- Moving consulting, quotes, planning, etc.
- Mortgage consulting and loan preapproval.
- Community information.
- Title transfer.
- Obtaining a comparative market analysis for potential sellers.
- Appraising.
- Property preparation.

Much of the company's services will be outsourced. This includes title transfer, loan approval, appraising and market analysis services. Title transfer will be handled by TNT Legal Services, loan approval by GMC Credit Co. and appraising and market analysis by Templar Real Estate Services. Each of these companies encourage independent agents to use their services and all have a proven track record in terms of affordability and service. These companies have also been selected because they charge a flat monthly rate. Management includes this rate in the profit and loss statement under other expenses.

Our first priority is to help the seller set a realistic price on their property. But like most of us who have invested untold hours of time and energy into our property it may be difficult to remain objective when it's time to price it and put it up for resale. There's a good reason for this. Usually property owners have much more than dollars and cents tied up in a home - an individual commitment that makes it a highly valued personal statement. But value becomes a reflection of the buyer's perspective as well when that property is put up for sale...and pride of ownership may not translate to market value.

When house hunting, the buyer will shop the market, compare available homes, and try to find the very best value. Consequently, when the seller is ready to list their home, they need to step back and sharpen their focus. Look at the home objectively and price it competitively. This is where a real estate broker such as Golden Valley Real Estate can help.

Listing property at 5% above current market value gives it a sales advantage that is ten times greater than if priced at 15-20% above. That's a statistic that can't be overlooked. An overpriced home will suffer from lack of exposure, and the longer it remains on the market the more difficult it will be to sell. And it will remain so, even after price reductions are taken to attract buyers.

That is why it is very important to determine an accurate and objective market value for your property. We'll work with the buyers and sellers closely to achieve that, and to maximize their opportunities to sell their home at the best possible price within acceptable time frames.

## Market Analysis Summary

GVRE will be concentrating on only one market segment. This will be the retirement market consisting of those individuals and couples seeking to retire to the Tucson area. As a retiree, herself, Mrs. Egan deals with the very issues that her clients do, thus providing insight and opportunities to better assist her clients.

The retirement industry has been steadily growing over the past twenty years. The percentage of the U.S. population over the age of 55 is at an all time high of 21% and is growing at an average rate of 3% each year. It is estimated by the U.S. Census Bureau that the retirement industry, that

includes homes, medical facilities, specialty equipment, retirement entertainment services, etc., accounts for 4.8 billion dollars each year.

The retirement home industry consists of thousands of small housing communities. These communities range from those owned by major name-brand firms to tens of thousands of small, one-location firms.

GVRE believes that the greatest threat at the moment is in new entrants to the market who will want to capitalize on this high growth industry. The most likely entrants will be new, small real estate companies with fewer than ten employees. However, the one major advantage GVRE has is its exclusive rights to act as the agent for Golden Valley Retirement Community. However, due to the high number of competitors and the overall low profitability of each firm, competition is quite intense.

Our most serious competitors are Bowditch Realty and RE/MAX. These companies effect us most because of their higher capitalization or geographical proximity.

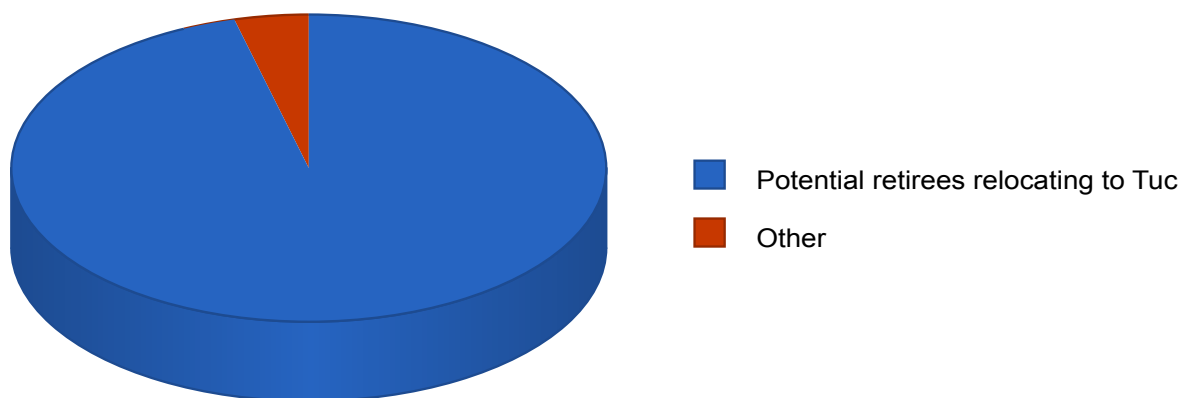
## **Market Segmentation**

GVRE will be concentrating exclusively on the retirement market segment. This means the company will be focused on buying and selling real estate to those seeking to retire in the Tucson area. This market segment has special needs and is almost always looking to find homes in specially constructed communities that serve those special needs such as medical, dining, entertainment, shopping, and other such facilities. Being the dominant broker for the new Quadrant Homes retirement community of Golden Valley will allow GVRE to fulfill those needs.

The market analysis table and graph which follows shows the number of potential retirees that move into the Tucson area each year. We have also included a small number of other clients that may wish to use our services despite our strong market segment focus.

**Chart: Market Analysis (Pie)**

**Market Analysis (Pie)**



**Table: Market Analysis**

| Market Analysis                              |        | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |       |
|----------------------------------------------|--------|--------|--------|--------|--------|--------|-------|
| Potential Customers                          | Growth |        |        |        |        |        | CAGR  |
| Potential retirees relocating to Tucson area | 8%     | 24,000 | 25,920 | 27,994 | 30,234 | 32,653 | 8.00% |
| Other                                        | 0%     | 1,000  | 1,000  | 1,000  | 1,000  | 1,000  | 0.00% |
| Total                                        | 7.71%  | 25,000 | 26,920 | 28,994 | 31,234 | 33,653 | 7.71% |

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## **Service Business Analysis**

The retirement industry has been steadily growing over the past twenty years. The percentage of the U.S. population over the age of 55 is at an all time high of 21% and is growing at an average rate of 3% each year. In certain parts of the country like the American Southwest, which has a high concentration of retirement communities, the growth rate is about 8%. This percentage is also expected to grow as the first of the "baby boomer" generation begins to reach retirement age in the next decade. It is estimated by the U.S. Census Bureau that the retirement industry, which includes homes, medical facilities, specialty equipment, retirement entertainment services, etc., accounts for 4.8 billion dollars each year.

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GVRE believes that the greatest threat at the moment is in new entrants to the market who will want to capitalize on this high growth industry. The most likely entrants will be new, small real estate companies with fewer than ten employees. However, the one major advantage GVRE has is its exclusive rights to act as the agent for Golden Valley Retirement Community. However, due to the high number of competitors and the overall low profitability of each firm, competition is quite intense.

The power of potential clients is very great in this industry because most clients are very concentrated in our geographical area. Furthermore, clients tend to "shop around" for the best package of services and cost.

## **Competition and Buying Patterns**

### **Competition**

The real estate industry is highly fragmented, with a large number of potential rivals. Our most serious competitors are Bowditch Realty and RE/MAX. Bowditch is an established company that has been in operation for the past ten years, with a fine track record of quality service. It currently employs twelve agents and has long-term contracts with various home building companies. This company is slightly larger than GVRE in size and market capitalization.

RE/MAX is one of the largest and best known real estate firms in the country. It has hundreds of agents and very deep pockets that can be used to counter any sort of competitive move.

## **Buying Patterns**

Clients usually deal with real estate companies based on their reputation of professionalism and quality of services rendered in the past. This reputation is difficult to obtain by new firms unless its personnel bring it with them from previous companies, such as ours. Price and scope are also important reasons for acceptance, especially if the company is small.

## **Strategy and Implementation Summary**

Our firm's business strategy is to enter into a limited geographical area where it can leverage its staffs' existing reputation into long-term contracts centered on excellent service and cost effectiveness. We believe that we can service this limited market better than larger firms and we have better service packages at a more reasonable cost than existing competitors of equal size.

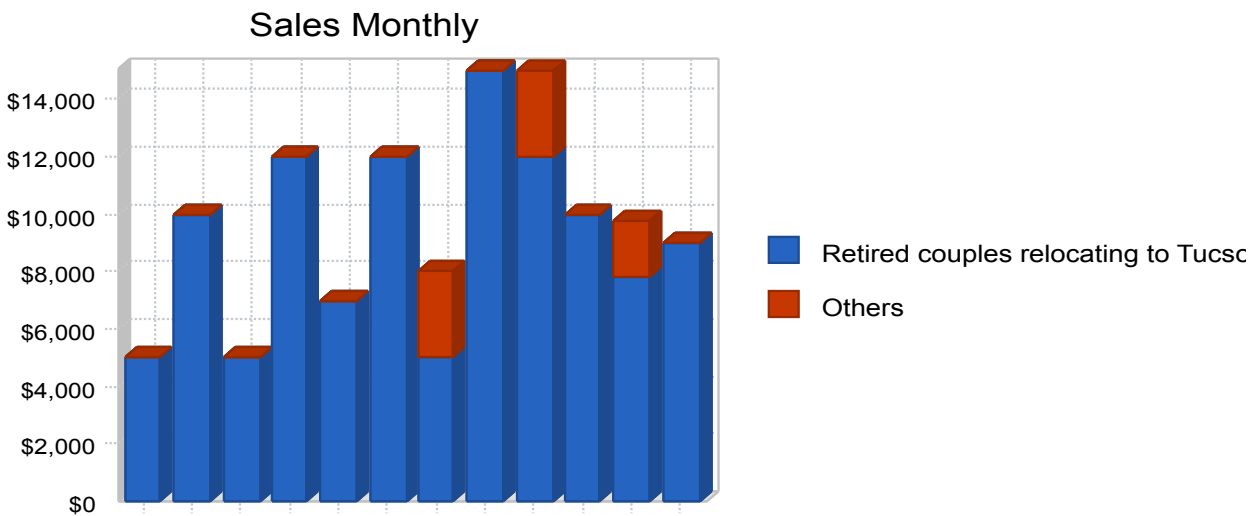
## **Sales Strategy**

GVRE's management will be focusing on leveraging its extensive contacts with the various construction companies such as Quadrant Homes, Inc. to generate sales. Furthermore, we will be offering promotions of various free services such as initial appraisals and information packets to generate sales once our ad campaign starts.

## **Sales Forecast**

Sales are based on the various clients we anticipate acquiring. Revenues are based on an average commission rate of 10% per sale based on closing costs. The company does not have any significant direct costs of sales.

## **Chart: Sales Monthly**



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**Table: Sales Forecast**

| <i>Sales Forecast</i>                |            |            |            |
|--------------------------------------|------------|------------|------------|
|                                      | Year 1     | Year 2     | Year 3     |
| Sales                                |            |            |            |
| Retired couples relocating to Tucson | \$109,800  | \$150,000  | \$185,000  |
| Others                               | \$8,000    | \$10,000   | \$10,000   |
| Total Sales                          | \$117,800  | \$160,000  | \$195,000  |
| Direct Cost of Sales                 | Year 1     | Year 2     | Year 3     |
| Row 1                                | \$0        | \$0        | \$0        |
| Other                                | \$0        | \$0        | \$0        |
| <b>Subtotal Direct Cost of Sales</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## **Marketing Strategy**

GVRE will be utilizing radio, newspaper, and phone directory advertising, and a small business referral group to generate sales and establish a presence in the Tucson area. In addition, Quadrant Homes, Inc. will be doing their own advertising, and all interested clients in the Golden Valley Retirement Community will be referred to GVRE.

## Management Summary

The company will have only one full-time employee, Mrs. Susan Egan. The company's office will be in an office suite with four other businesses that will share the costs of a receptionist.

### Personnel Plan

Mrs. Susan Egan is a graduate of the University of Stony Brook where she obtained her BA in English in 1967. Since then, Mrs. Egan has had extensive experience in the real estate business, first working for Weston Realty in San Francisco, CA and then later for RE/MAX, where she became head of west coast operations. Mrs. Egan has recently retired from RE/MAX and desires to continue in the real estate business at a more "relaxed pace."

**Table: Personnel**

| <i>Personnel Plan</i>  |                 |                 |                 |
|------------------------|-----------------|-----------------|-----------------|
|                        | Year 1          | Year 2          | Year 3          |
| Mrs. Susan Egan        | \$36,000        | \$36,000        | \$45,000        |
| Part-time receptionist | \$10,500        | \$13,000        | \$13,000        |
| Total People           | 2               | 2               | 2               |
| <b>Total Payroll</b>   | <b>\$46,500</b> | <b>\$49,000</b> | <b>\$58,000</b> |

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## Financial Plan

Since the firm has concluded our contract with Quadrant Homes, Inc., it is management's opinion that initial profitability will be fairly high for a start-up company. Our financial plan anticipates that we will achieve positive net income by the end of the first year. We have budgeted enough investment to cover any potential losses and have an additional personal financial resources available for equity investment if sales do not match predictions.

### Important Assumptions

We are assuming approximately 15% sales on credit and average interest rates of 10%. These are considered to be conservative in case our predictions are erroneous.

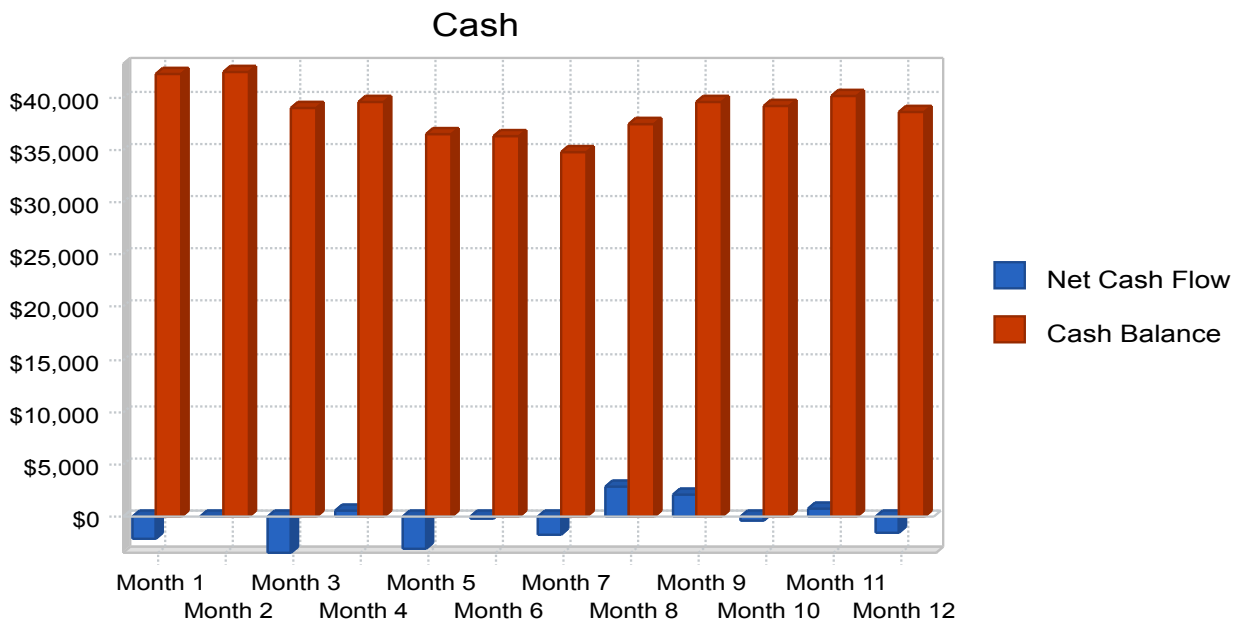
**Table: General Assumptions**

| <i>General Assumptions</i> |        |        |        |
|----------------------------|--------|--------|--------|
|                            | Year 1 | Year 2 | Year 3 |
| Plan Month                 | 1      | 2      | 3      |
| Current Interest Rate      | 10.00% | 10.00% | 10.00% |
| Long-term Interest Rate    | 10.00% | 10.00% | 10.00% |
| Tax Rate                   | 30.00% | 30.00% | 30.00% |
| Other                      | 0      | 0      | 0      |

### Projected Cash Flow

The following is our cash flow table and chart. We do not expect to have any short-term cash flow problems. Our short-term loan will be repaid in two equal payments in 2004-2005. Our long-term loan will be paid off in less than ten years.

Chart: Cash



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Table: Cash Flow

| Pro Forma Cash Flow | Year 1 | Year 2 | Year 3 |
|---------------------|--------|--------|--------|
|---------------------|--------|--------|--------|

|                                           |           |           |           |
|-------------------------------------------|-----------|-----------|-----------|
| Cash Received                             |           |           |           |
| Cash from Operations                      |           |           |           |
| Cash Sales                                | \$100,130 | \$136,000 | \$165,750 |
| Cash from Receivables                     | \$14,899  | \$23,007  | \$28,427  |
| Subtotal Cash from Operations             | \$115,029 | \$159,007 | \$194,177 |
| Additional Cash Received                  |           |           |           |
| Sales Tax, VAT, HST/GST Received          | \$0       | \$0       | \$0       |
| New Current Borrowing                     | \$0       | \$2,000   | \$2,000   |
| New Other Liabilities (interest-free)     | \$0       | \$2,000   | \$2,000   |
| New Long-term Liabilities                 | \$0       | \$0       | \$0       |
| Sales of Other Current Assets             | \$0       | \$0       | \$0       |
| Sales of Long-term Assets                 | \$0       | \$0       | \$0       |
| New Investment Received                   | \$3,000   | \$0       | \$0       |
| Subtotal Cash Received                    | \$118,029 | \$163,007 | \$198,177 |
| Expenditures                              | Year 1    | Year 2    | Year 3    |
| Expenditures from Operations              |           |           |           |
| Cash Spending                             | \$46,500  | \$49,000  | \$58,000  |
| Bill Payments                             | \$60,318  | \$73,539  | \$87,320  |
| Subtotal Spent on Operations              | \$106,818 | \$122,539 | \$145,320 |
| Additional Cash Spent                     |           |           |           |
| Sales Tax, VAT, HST/GST Paid Out          | \$0       | \$0       | \$0       |
| Principal Repayment of Current Borrowing  | \$0       | \$8,000   | \$7,000   |
| Other Liabilities Principal Repayment     | \$0       | \$0       | \$0       |
| Long-term Liabilities Principal Repayment | \$3,600   | \$5,000   | \$7,000   |
| Purchase Other Current Assets             | \$5,000   | \$0       | \$0       |
| Purchase Long-term Assets                 | \$7,500   | \$5,000   | \$5,000   |
| Dividends                                 | \$1,000   | \$2,000   | \$6,000   |
| Subtotal Cash Spent                       | \$123,918 | \$142,539 | \$170,320 |
| Net Cash Flow                             | (\$5,889) | \$20,468  | \$27,857  |
| Cash Balance                              | \$38,611  | \$59,080  | \$86,937  |

## **Break-even Analysis**

Our break-even analysis is based on the assumption that our gross margin is 100%. In other words, we will have insignificant direct cost of sales. It is conservatively believed that during the first three years, average profitability per month per unit will be about an average 10%

commission rate. Management expects that about one home sold per month will guarantee a break-even point.

Chart: Break-even Analysis

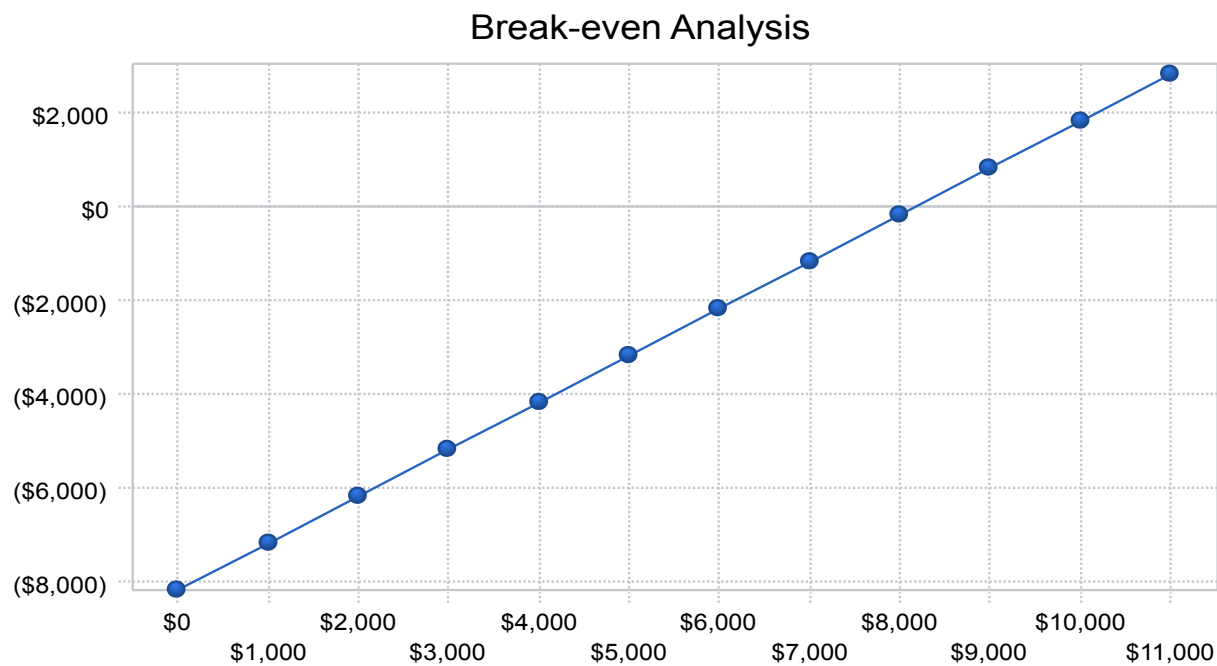


Table: Break-even Analysis

| Break-even Analysis           |         |
|-------------------------------|---------|
| Monthly Revenue Break-even    | \$8,198 |
| Assumptions:                  |         |
| Average Percent Variable Cost | 0%      |
| Estimated Monthly Fixed Cost  | \$8,198 |

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## **Projected Profit and Loss**

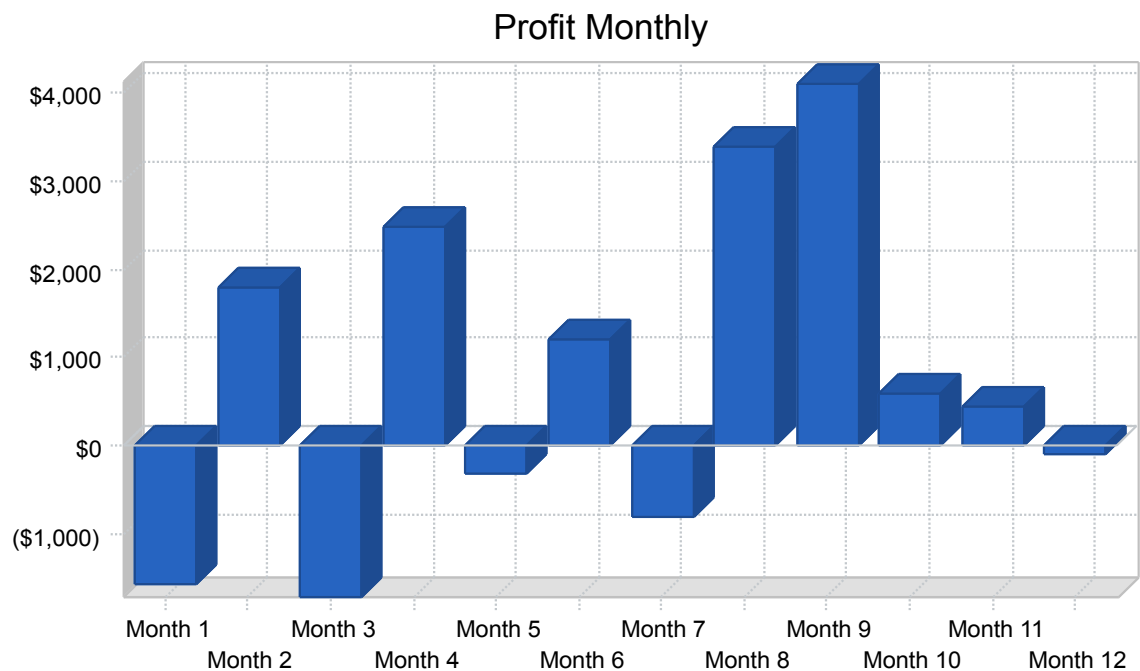
The following table itemizes our revenues and associated costs. We expect to be paying higher costs in marketing and advertising than other companies as we attempt to build sales volume. As the reader can see in the accompanying charts, we expect consistent monthly profits to begin in May 2004.

**Table: Profit and Loss**

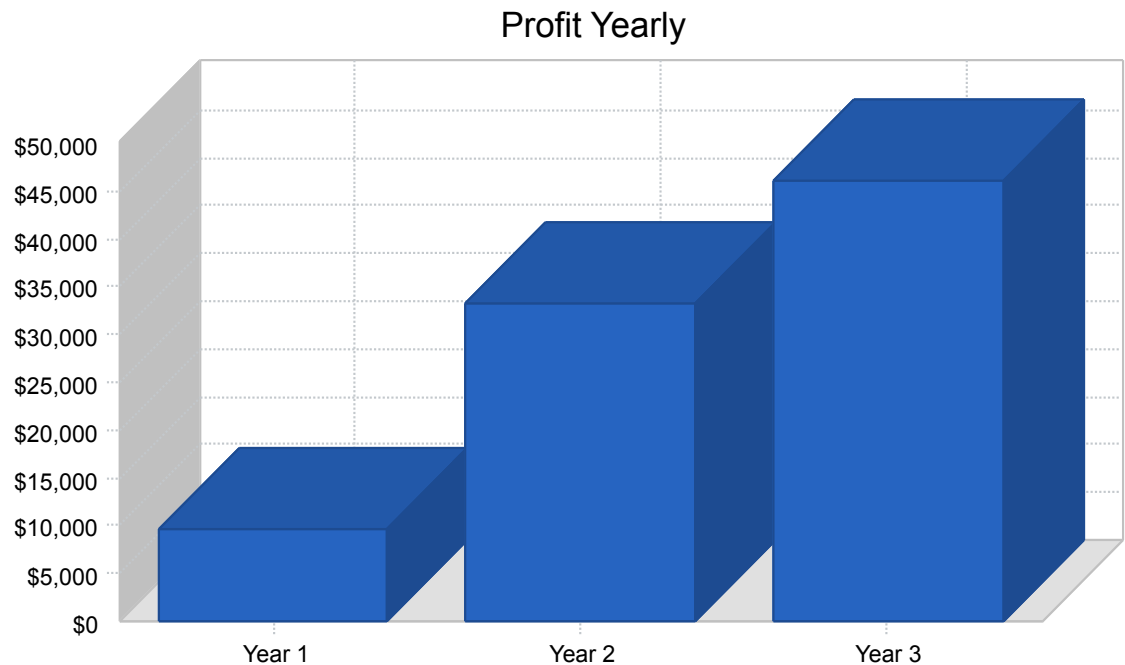
| <i>Pro Forma Profit and Loss</i>       | Year 1    | Year 2    | Year 3    |
|----------------------------------------|-----------|-----------|-----------|
| Sales                                  | \$117,800 | \$160,000 | \$195,000 |
| Direct Cost of Sales                   | \$0       | \$0       | \$0       |
| Other Costs of Sales                   | \$0       | \$0       | \$0       |
| Total Cost of Sales                    | \$0       | \$0       | \$0       |
| Gross Margin                           | \$117,800 | \$160,000 | \$195,000 |
| Gross Margin %                         | 100.00%   | 100.00%   | 100.00%   |
| Expenses                               |           |           |           |
| Payroll                                | \$46,500  | \$49,000  | \$58,000  |
| Sales and Marketing and Other Expenses | \$6,000   | \$6,000   | \$8,000   |
| Depreciation                           | \$0       | \$2,500   | \$2,500   |
| Rent                                   | \$18,000  | \$18,000  | \$20,000  |
| Utilities                              | \$3,400   | \$3,600   | \$4,000   |
| Insurance                              | \$1,100   | \$2,000   | \$2,000   |
| Payroll Taxes                          | \$6,975   | \$7,350   | \$8,700   |
| Travel                                 | \$2,000   | \$3,000   | \$5,000   |
| Other                                  | \$14,400  | \$16,000  | \$17,000  |
| Total Operating Expenses               | \$98,375  | \$107,450 | \$125,200 |
| Profit Before Interest and Taxes       | \$19,425  | \$52,550  | \$69,800  |
| EBITDA                                 | \$19,425  | \$55,050  | \$72,300  |
| Interest Expense                       | \$5,805   | \$5,090   | \$3,940   |
| Taxes Incurred                         | \$4,086   | \$14,238  | \$19,758  |
| Net Profit                             | \$9,534   | \$33,222  | \$46,102  |
| Net Profit/Sales                       | 8.09%     | 20.76%    | 23.64%    |

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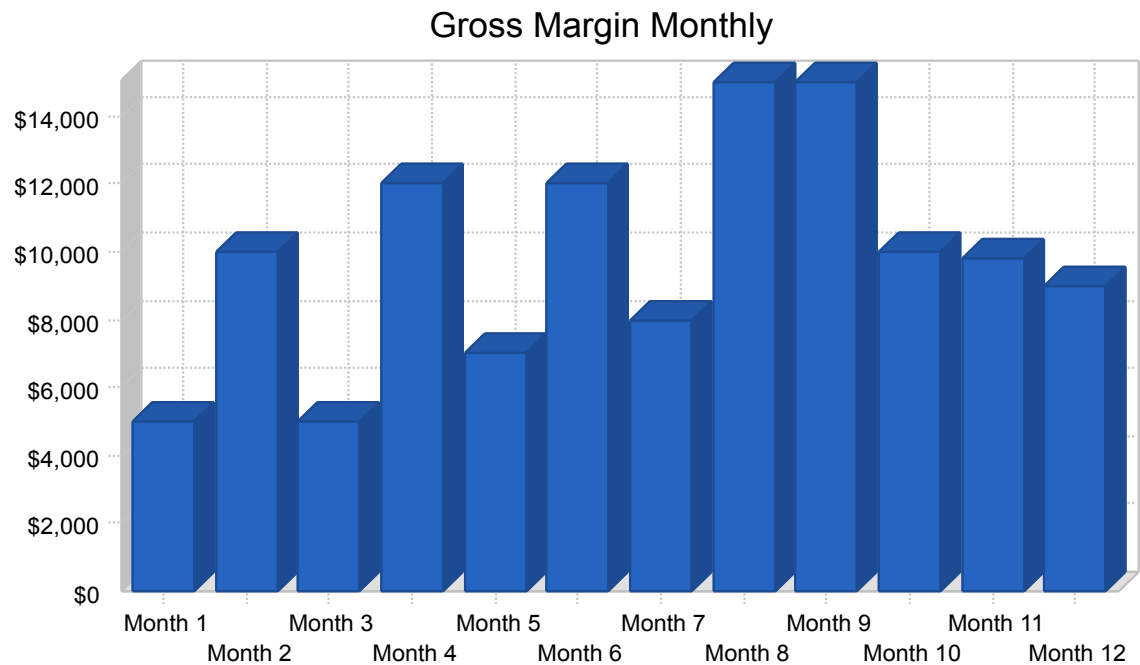
Chart: Profit Monthly



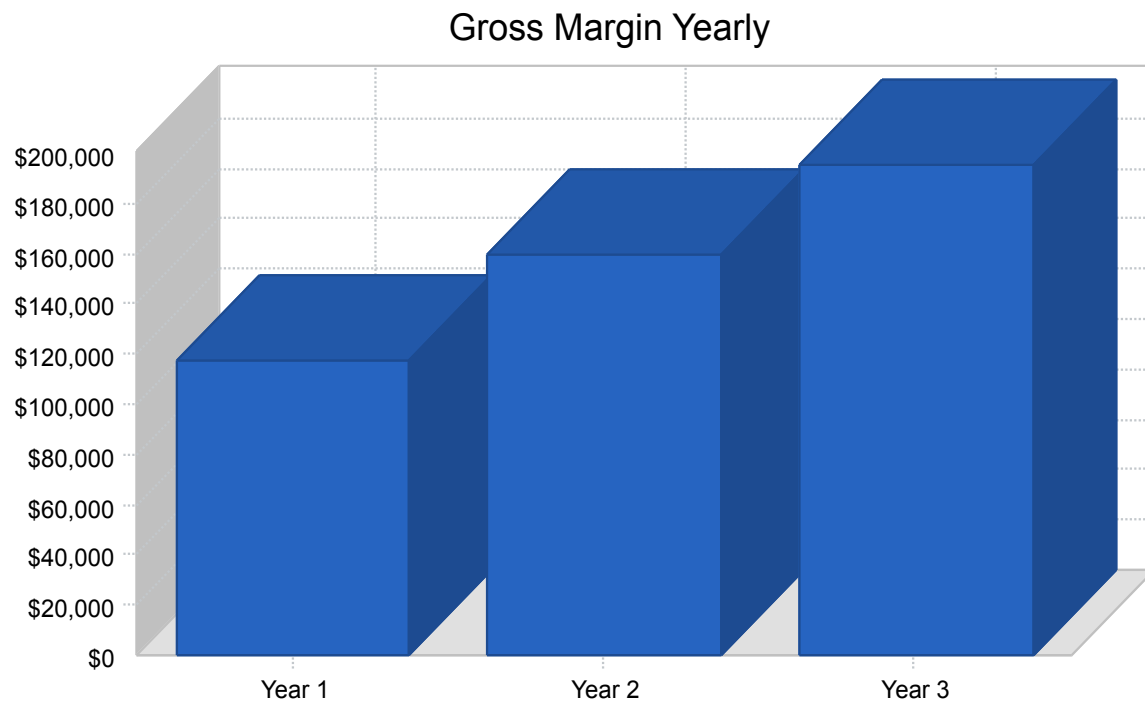
**Chart: Profit Yearly**



**Chart: Gross Margin Monthly**



**Chart: Gross Margin Yearly**



## Projected Balance Sheet

The following is the snapshot of our assets, liabilities, and equity.

**Table: Balance Sheet**

| <i>Pro Forma Balance Sheet</i> | Year 1   | Year 2   | Year 3    |
|--------------------------------|----------|----------|-----------|
| <b>Assets</b>                  |          |          |           |
| Current Assets                 |          |          |           |
| Cash                           | \$38,611 | \$59,080 | \$86,937  |
| Accounts Receivable            | \$2,771  | \$3,764  | \$4,587   |
| Other Current Assets           | \$8,500  | \$8,500  | \$8,500   |
| Total Current Assets           | \$49,882 | \$71,343 | \$100,024 |
| Long-term Assets               |          |          |           |
| Long-term Assets               | \$12,500 | \$17,500 | \$22,500  |
| Accumulated Depreciation       | \$0      | \$2,500  | \$5,000   |

|                               |                |                 |                 |
|-------------------------------|----------------|-----------------|-----------------|
| Total Long-term Assets        | \$12,500       | \$15,000        | \$17,500        |
| Total Assets                  | \$62,382       | \$86,343        | \$117,524       |
| Liabilities and Capital       | Year 1         | Year 2          | Year 3          |
| Current Liabilities           |                |                 |                 |
| Accounts Payable              | \$4,448        | \$6,187         | \$7,266         |
| Current Borrowing             | \$15,000       | \$9,000         | \$4,000         |
| Other Current Liabilities     | \$0            | \$2,000         | \$4,000         |
| Subtotal Current Liabilities  | \$19,448       | \$17,187        | \$15,266        |
| Long-term Liabilities         | \$41,400       | \$36,400        | \$29,400        |
| Total Liabilities             | \$60,848       | \$53,587        | \$44,666        |
| Paid-in Capital               | \$23,000       | \$23,000        | \$23,000        |
| Retained Earnings             | (\$31,000)     | (\$23,466)      | \$3,756         |
| Earnings                      | \$9,534        | \$33,222        | \$46,102        |
| Total Capital                 | \$1,534        | \$32,756        | \$72,858        |
| Total Liabilities and Capital | \$62,382       | \$86,343        | \$117,524       |
| <b>Net Worth</b>              | <b>\$1,534</b> | <b>\$32,756</b> | <b>\$72,858</b> |

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## **Business Ratios**

Our current Standard Industrial Classification (SIC) code is 6531.0105 -- Real estate agent, residential. We have included industry standard ratios from the residential real estate agent industry to compare with ours. These ratios are as closely matched to our industry as management could find, however there are some significant differences, especially in sales growth, financing ratios, long-term asset investments and net worth. Most of these differences are because GVRE has a strong amount of personal equity to back up the company, which leads to lower debt leverage. Also we expect higher sales growth percentages in our initial years as we ramp up our sales. However, our projections indicate a healthy company that will be able to obtain and retain long-term profitability.

**Table: Ratios**

|                       |  |
|-----------------------|--|
| <i>Ratio Analysis</i> |  |
|-----------------------|--|

|                                            | Year 1  | Year 2  | Year 3  | Industry Profile |
|--------------------------------------------|---------|---------|---------|------------------|
| Sales Growth                               | n.a.    | 35.82%  | 21.88%  | 5.63%            |
| Percent of Total Assets                    |         |         |         |                  |
| Accounts Receivable                        | 4.44%   | 4.36%   | 3.90%   | 7.77%            |
| Other Current Assets                       | 13.63%  | 9.84%   | 7.23%   | 56.54%           |
| Total Current Assets                       | 79.96%  | 82.63%  | 85.11%  | 65.03%           |
| Long-term Assets                           | 20.04%  | 17.37%  | 14.89%  | 34.97%           |
| Total Assets                               | 100.00% | 100.00% | 100.00% | 100.00%          |
| Current Liabilities                        | 31.18%  | 19.91%  | 12.99%  | 14.92%           |
| Long-term Liabilities                      | 66.37%  | 42.16%  | 25.02%  | 26.55%           |
| Total Liabilities                          | 97.54%  | 62.06%  | 38.01%  | 41.47%           |
| Net Worth                                  | 2.46%   | 37.94%  | 61.99%  | 58.53%           |
| Percent of Sales                           |         |         |         |                  |
| Sales                                      | 100.00% | 100.00% | 100.00% | 100.00%          |
| Gross Margin                               | 100.00% | 100.00% | 100.00% | 100.00%          |
| Selling, General & Administrative Expenses | 91.91%  | 79.24%  | 76.36%  | 61.47%           |
| Advertising Expenses                       | 0.00%   | 0.00%   | 0.00%   | 2.83%            |
| Profit Before Interest and Taxes           | 16.49%  | 32.84%  | 35.79%  | 9.09%            |
| Main Ratios                                |         |         |         |                  |
| Current                                    | 2.56    | 4.15    | 6.55    | 1.93             |
| Quick                                      | 2.56    | 4.15    | 6.55    | 1.10             |
| Total Debt to Total Assets                 | 97.54%  | 62.06%  | 38.01%  | 4.56%            |
| Pre-tax Return on Net Worth                | 887.87% | 144.89% | 90.40%  | 55.36%           |
| Pre-tax Return on Assets                   | 21.83%  | 54.97%  | 56.04%  | 10.22%           |
| Additional Ratios                          | Year 1  | Year 2  | Year 3  |                  |
| Net Profit Margin                          | 8.09%   | 20.76%  | 23.64%  | n.a              |
| Return on Equity                           | 621.51% | 101.42% | 63.28%  | n.a              |
| Activity Ratios                            |         |         |         |                  |
| Accounts Receivable Turnover               | 6.38    | 6.38    | 6.38    | n.a              |
| Collection Days                            | 58      | 50      | 52      | n.a              |
| Accounts Payable Turnover                  | 13.89   | 12.17   | 12.17   | n.a              |
| Payment Days                               | 29      | 26      | 28      | n.a              |
| Total Asset Turnover                       | 1.89    | 1.85    | 1.66    | n.a              |
| Debt Ratios                                |         |         |         |                  |
| Debt to Net Worth                          | 39.67   | 1.64    | 0.61    | n.a              |
| Current Liab. to Liab.                     | 0.32    | 0.32    | 0.34    | n.a              |

|                           |             |             |             |            |
|---------------------------|-------------|-------------|-------------|------------|
| Liquidity Ratios          |             |             |             |            |
| Net Working Capital       | \$30,434    | \$54,156    | \$84,758    | n.a        |
| Interest Coverage         | 3.35        | 10.32       | 17.72       | n.a        |
| Additional Ratios         |             |             |             |            |
| Assets to Sales           | 0.53        | 0.54        | 0.60        | n.a        |
| Current Debt/Total Assets | 31%         | 20%         | 13%         | n.a        |
| Acid Test                 | 2.42        | 3.93        | 6.25        | n.a        |
| Sales/Net Worth           | 76.79       | 4.88        | 2.68        | n.a        |
| <b>Dividend Payout</b>    | <b>0.10</b> | <b>0.06</b> | <b>0.13</b> | <b>n.a</b> |

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# Appendix

**Table: Sales Forecast**

| <i>Sales Forecast</i>                   |    | Month<br>1 | Month<br>2 | Month<br>3 | Month<br>4 | Month<br>5 | Month<br>6 | Month<br>7 | Month<br>8 | Month<br>9 | Month<br>10 | Month<br>11 | Month<br>12 |
|-----------------------------------------|----|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|
| Sales                                   |    |            |            |            |            |            |            |            |            |            |             |             |             |
| Retired couples<br>relocating to Tucson | 0% | \$5,000    | \$10,000   | \$5,000    | \$12,000   | \$7,000    | \$12,000   | \$5,000    | \$15,000   | \$12,000   | \$10,000    | \$7,800     | \$9,000     |
| Others                                  | 0% | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$3,000    | \$0        | \$3,000    | \$0         | \$2,000     | \$0         |
| Total Sales                             |    | \$5,000    | \$10,000   | \$5,000    | \$12,000   | \$7,000    | \$12,000   | \$8,000    | \$15,000   | \$15,000   | \$10,000    | \$9,800     | \$9,000     |
| Direct Cost of Sales                    |    | Month<br>1 | Month<br>2 | Month<br>3 | Month<br>4 | Month<br>5 | Month<br>6 | Month<br>7 | Month<br>8 | Month<br>9 | Month<br>10 | Month<br>11 | Month<br>12 |
| Row 1                                   |    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0         | \$0         | \$0         |
| Other                                   |    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0         | \$0         | \$0         |
| Subtotal Direct Cost<br>of Sales        |    | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0         | \$0         | \$0         |

**Table: Personnel**

| <i>Personnel Plan</i>  |    | Month<br>1     | Month<br>2     | Month<br>3     | Month<br>4     | Month<br>5     | Month<br>6     | Month<br>7     | Month<br>8     | Month<br>9     | Month<br>10    | Month<br>11    | Month<br>12    |
|------------------------|----|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Mrs. Susan Egan        | 0% | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        | \$3,000        |
| Part-time receptionist | 0% | \$0            | \$0            | \$0            | \$0            | \$0            | \$1,500        | \$1,500        | \$1,500        | \$1,500        | \$1,500        | \$1,500        | \$1,500        |
| Total People           |    | 1              | 1              | 1              | 1              | 1              | 2              | 2              | 2              | 2              | 2              | 2              | 2              |
| <b>Total Payroll</b>   |    | <b>\$3,000</b> | <b>\$3,000</b> | <b>\$3,000</b> | <b>\$3,000</b> | <b>\$3,000</b> | <b>\$4,500</b> | <b>\$4,500</b> | <b>\$4,500</b> | <b>\$4,500</b> | <b>\$4,500</b> | <b>\$4,500</b> | <b>\$4,500</b> |

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**Table: General Assumptions**

| <i>General Assumptions</i> | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| Plan Month                 | 1       | 2       | 3       | 4       | 5       | 6       | 7       | 8       | 9       | 10       | 11       | 12       |
| Current Interest Rate      | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%   | 10.00%   | 10.00%   |
| Long-term Interest Rate    | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%  | 10.00%   | 10.00%   | 10.00%   |
| Tax Rate                   | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%   | 30.00%   | 30.00%   |
| Other                      | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0       | 0        | 0        | 0        |

*Need to create your own financial tables? Tools like [LivePlan](#) will do this for you automatically.*

**Table: Profit and Loss**

| <i>Pro Forma Profit and Loss</i>       |     | Month 1   | Month 2  | Month 3   | Month 4  | Month 5 | Month 6  | Month 7 | Month 8  | Month 9  | Month 10 | Month 11 | Month 12 |
|----------------------------------------|-----|-----------|----------|-----------|----------|---------|----------|---------|----------|----------|----------|----------|----------|
| Sales                                  |     | \$5,000   | \$10,000 | \$5,000   | \$12,000 | \$7,000 | \$12,000 | \$8,000 | \$15,000 | \$15,000 | \$10,000 | \$9,800  | \$9,000  |
| Direct Cost of Sales                   |     | \$0       | \$0      | \$0       | \$0      | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      |
| Other Costs of Sales                   |     | \$0       | \$0      | \$0       | \$0      | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      |
| Total Cost of Sales                    |     | \$0       | \$0      | \$0       | \$0      | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      |
| Gross Margin                           |     | \$5,000   | \$10,000 | \$5,000   | \$12,000 | \$7,000 | \$12,000 | \$8,000 | \$15,000 | \$15,000 | \$10,000 | \$9,800  | \$9,000  |
| Gross Margin %                         |     | 100.00%   | 100.00%  | 100.00%   | 100.00%  | 100.00% | 100.00%  | 100.00% | 100.00%  | 100.00%  | 100.00%  | 100.00%  | 100.00%  |
| Expenses                               |     |           |          |           |          |         |          |         |          |          |          |          |          |
| Payroll                                |     | \$3,000   | \$3,000  | \$3,000   | \$3,000  | \$3,000 | \$4,500  | \$4,500 | \$4,500  | \$4,500  | \$4,500  | \$4,500  | \$4,500  |
| Sales and Marketing and Other Expenses |     | \$500     | \$500    | \$500     | \$500    | \$500   | \$500    | \$500   | \$500    | \$500    | \$500    | \$500    | \$500    |
| Depreciation                           |     | \$0       | \$0      | \$0       | \$0      | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      |
| Rent                                   |     | \$1,500   | \$1,500  | \$1,500   | \$1,500  | \$1,500 | \$1,500  | \$1,500 | \$1,500  | \$1,500  | \$1,500  | \$1,500  | \$1,500  |
| Utilities                              |     | \$100     | \$300    | \$300     | \$300    | \$300   | \$300    | \$300   | \$300    | \$300    | \$300    | \$300    | \$300    |
| Insurance                              |     | \$0       | \$0      | \$0       | \$0      | \$0     | \$1,100  | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      |
| Payroll Taxes                          | 15% | \$450     | \$450    | \$450     | \$450    | \$450   | \$675    | \$675   | \$675    | \$675    | \$675    | \$675    | \$675    |
| Travel                                 | 15% | \$0       | \$0      | \$0       | \$1,000  | \$0     | \$0      | \$0     | \$1,000  | \$0      | \$0      | \$0      | \$0      |
| Other                                  |     | \$1,200   | \$1,200  | \$1,200   | \$1,200  | \$1,200 | \$1,200  | \$1,200 | \$1,200  | \$1,200  | \$1,200  | \$1,200  | \$1,200  |
| Total Operating Expenses               |     | \$6,750   | \$6,950  | \$6,950   | \$7,950  | \$6,950 | \$9,775  | \$8,675 | \$9,675  | \$8,675  | \$8,675  | \$8,675  | \$8,675  |
| Profit Before Interest and Taxes       |     | (\$1,750) | \$3,050  | (\$1,950) | \$4,050  | \$50    | \$2,225  | (\$675) | \$5,325  | \$6,325  | \$1,325  | \$1,125  | \$325    |
| EBITDA                                 |     | (\$1,750) | \$3,050  | (\$1,950) | \$4,050  | \$50    | \$2,225  | (\$675) | \$5,325  | \$6,325  | \$1,325  | \$1,125  | \$325    |
| Interest Expense                       |     | \$498     | \$495    | \$493     | \$490    | \$488   | \$485    | \$483   | \$480    | \$478    | \$475    | \$473    | \$470    |
| Taxes Incurred                         |     | (\$674)   | \$767    | (\$733)   | \$1,068  | (\$131) | \$522    | (\$347) | \$1,454  | \$1,754  | \$255    | \$196    | (\$44)   |
| Net Profit                             |     | (\$1,573) | \$1,789  | (\$1,710) | \$2,492  | (\$306) | \$1,218  | (\$810) | \$3,392  | \$4,093  | \$595    | \$457    | (\$102)  |
| Net Profit/Sales                       |     | -31.47%   | 17.89%   | -34.20%   | 20.77%   | -4.38%  | 10.15%   | -10.13% | 22.61%   | 27.29%   | 5.95%    | 4.66%    | -1.13%   |

**Table: Cash Flow**

| <i>Pro Forma Cash Flow</i>                | Month 1 | Month 2 | Month 3 | Month 4  | Month 5 | Month 6  | Month 7  | Month 8  | Month 9  | Month 10 | Month 11 | Month 12 |
|-------------------------------------------|---------|---------|---------|----------|---------|----------|----------|----------|----------|----------|----------|----------|
| Cash Received                             |         |         |         |          |         |          |          |          |          |          |          |          |
| Cash from Operations                      |         |         |         |          |         |          |          |          |          |          |          |          |
| Cash Sales                                | \$4,250 | \$8,500 | \$4,250 | \$10,200 | \$5,950 | \$10,200 | \$6,800  | \$12,750 | \$12,750 | \$8,500  | \$8,330  | \$7,650  |
| Cash from Receivables                     | \$0     | \$25    | \$775   | \$1,475  | \$785   | \$1,775  | \$1,075  | \$1,780  | \$1,235  | \$2,250  | \$2,225  | \$1,499  |
| Subtotal Cash from Operations             | \$4,250 | \$8,525 | \$5,025 | \$11,675 | \$6,735 | \$11,975 | \$7,875  | \$14,530 | \$13,985 | \$10,750 | \$10,555 | \$9,149  |
| Additional Cash Received                  |         |         |         |          |         |          |          |          |          |          |          |          |
| Sales Tax, VAT, HST/GST Received          | 0.00%   | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| New Current Borrowing                     | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| New Other Liabilities (interest-free)     | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| New Long-term Liabilities                 | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| Sales of Other Current Assets             | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| Sales of Long-term Assets                 | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| New Investment Received                   | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$1,500  | \$1,500  | \$0      | \$0      | \$0      | \$0      |
| Subtotal Cash Received                    | \$4,250 | \$8,525 | \$5,025 | \$11,675 | \$6,735 | \$11,975 | \$9,375  | \$16,030 | \$13,985 | \$10,750 | \$10,555 | \$9,149  |
| Expenditures                              | Month 1 | Month 2 | Month 3 | Month 4  | Month 5 | Month 6  | Month 7  | Month 8  | Month 9  | Month 10 | Month 11 | Month 12 |
| Expenditures from Operations              |         |         |         |          |         |          |          |          |          |          |          |          |
| Cash Spending                             | \$3,000 | \$3,000 | \$3,000 | \$3,000  | \$3,000 | \$4,500  | \$4,500  | \$4,500  | \$4,500  | \$4,500  | \$4,500  | \$4,500  |
| Bill Payments                             | \$3,119 | \$3,628 | \$5,161 | \$3,803  | \$6,435 | \$4,372  | \$6,216  | \$4,404  | \$7,085  | \$6,357  | \$4,903  | \$4,835  |
| Subtotal Spent on Operations              | \$6,119 | \$6,628 | \$8,161 | \$6,803  | \$9,435 | \$8,872  | \$10,716 | \$8,904  | \$11,585 | \$10,857 | \$9,403  | \$9,335  |
| Additional Cash Spent                     |         |         |         |          |         |          |          |          |          |          |          |          |
| Sales Tax, VAT, HST/GST Paid Out          | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| Principal Repayment of Current Borrowing  | \$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      |
| Long-term Liabilities Principal Repayment | \$300   | \$300   | \$300   | \$300    | \$300   | \$300    | \$300    | \$300    | \$300    | \$300    | \$300    | \$300    |
| Purchase Other Current Assets             | \$0     | \$0     | \$0     | \$2,000  | \$0     | \$1,000  | \$0      | \$2,000  | \$0      | \$0      | \$0      | \$0      |
| Purchase Long-term Assets                 | \$0     | \$1,500 | \$0     | \$2,000  | \$0     | \$2,000  | \$0      | \$2,000  | \$0      | \$0      | \$0      | \$0      |
| Dividends                                 | \$0     | \$0     | \$0     | \$0      | \$0     | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$1,000  |
| Subtotal Cash Spent                       | \$6,419 | \$8,428 | \$8,461 | \$11,103 | \$9,735 | \$12,172 | \$11,016 | \$13,204 | \$11,885 | \$11,157 | \$9,703  | \$10,635 |

|               |  |           |          |           |          |           |          |           |          |          |          |          |           |
|---------------|--|-----------|----------|-----------|----------|-----------|----------|-----------|----------|----------|----------|----------|-----------|
| Net Cash Flow |  | (\$2,169) | \$97     | (\$3,436) | \$572    | (\$3,000) | (\$197)  | (\$1,641) | \$2,826  | \$2,100  | (\$407)  | \$852    | (\$1,486) |
| Cash Balance  |  | \$42,331  | \$42,428 | \$38,992  | \$39,564 | \$36,564  | \$36,367 | \$34,726  | \$37,552 | \$39,652 | \$39,245 | \$40,097 | \$38,611  |

**Table: Balance Sheet**

| Pro Forma Balance Sheet       |                   | Month 1    | Month 2    | Month 3    | Month 4    | Month 5    | Month 6    | Month 7    | Month 8    | Month 9    | Month 10   | Month 11   | Month 12   |
|-------------------------------|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Assets                        | Starting Balances |            |            |            |            |            |            |            |            |            |            |            |            |
| Current Assets                |                   |            |            |            |            |            |            |            |            |            |            |            |            |
| Cash                          | \$44,500          | \$42,331   | \$42,428   | \$38,992   | \$39,564   | \$36,564   | \$36,367   | \$34,726   | \$37,552   | \$39,652   | \$39,245   | \$40,097   | \$38,611   |
| Accounts Receivable           | \$0               | \$750      | \$2,225    | \$2,200    | \$2,525    | \$2,790    | \$2,815    | \$2,940    | \$3,410    | \$4,425    | \$3,675    | \$2,920    | \$2,771    |
| Other Current Assets          | \$3,500           | \$3,500    | \$3,500    | \$3,500    | \$5,500    | \$5,500    | \$6,500    | \$6,500    | \$8,500    | \$8,500    | \$8,500    | \$8,500    | \$8,500    |
| Total Current Assets          | \$48,000          | \$46,581   | \$48,153   | \$44,692   | \$47,589   | \$44,854   | \$45,682   | \$44,166   | \$49,462   | \$52,577   | \$51,420   | \$51,517   | \$49,882   |
| Long-term Assets              |                   |            |            |            |            |            |            |            |            |            |            |            |            |
| Long-term Assets              | \$5,000           | \$5,000    | \$6,500    | \$6,500    | \$8,500    | \$8,500    | \$10,500   | \$10,500   | \$12,500   | \$12,500   | \$12,500   | \$12,500   | \$12,500   |
| Accumulated Depreciation      | \$0               | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        |
| Total Long-term Assets        | \$5,000           | \$5,000    | \$6,500    | \$6,500    | \$8,500    | \$8,500    | \$10,500   | \$10,500   | \$12,500   | \$12,500   | \$12,500   | \$12,500   | \$12,500   |
| Total Assets                  | \$53,000          | \$51,581   | \$54,653   | \$51,192   | \$56,089   | \$53,354   | \$56,182   | \$54,666   | \$61,962   | \$65,077   | \$63,920   | \$64,017   | \$62,382   |
| Liabilities and Capital       |                   | Month 1    | Month 2    | Month 3    | Month 4    | Month 5    | Month 6    | Month 7    | Month 8    | Month 9    | Month 10   | Month 11   | Month 12   |
| Current Liabilities           |                   |            |            |            |            |            |            |            |            |            |            |            |            |
| Accounts Payable              | \$3,000           | \$3,454    | \$5,038    | \$3,586    | \$6,291    | \$4,163    | \$6,073    | \$4,167    | \$6,872    | \$6,193    | \$4,741    | \$4,682    | \$4,448    |
| Current Borrowing             | \$15,000          | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   | \$15,000   |
| Other Current Liabilities     | \$0               | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        |
| Subtotal Current Liabilities  | \$18,000          | \$18,454   | \$20,038   | \$18,586   | \$21,291   | \$19,163   | \$21,073   | \$19,167   | \$21,872   | \$21,193   | \$19,741   | \$19,682   | \$19,448   |
| Long-term Liabilities         | \$45,000          | \$44,700   | \$44,400   | \$44,100   | \$43,800   | \$43,500   | \$43,200   | \$42,900   | \$42,600   | \$42,300   | \$42,000   | \$41,700   | \$41,400   |
| Total Liabilities             | \$63,000          | \$63,154   | \$64,438   | \$62,686   | \$65,091   | \$62,663   | \$64,273   | \$62,067   | \$64,472   | \$63,493   | \$61,742   | \$61,382   | \$60,848   |
| Paid-in Capital               | \$20,000          | \$20,000   | \$20,000   | \$20,000   | \$20,000   | \$20,000   | \$20,000   | \$21,500   | \$23,000   | \$23,000   | \$23,000   | \$23,000   | \$23,000   |
| Retained Earnings             | (\$30,000)        | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$30,000) | (\$31,000) |
| Earnings                      | \$0               | (\$1,573)  | \$215      | (\$1,495)  | \$998      | \$691      | \$1,909    | \$1,099    | \$4,491    | \$8,584    | \$9,179    | \$9,636    | \$9,534    |
| Total Capital                 | (\$10,000)        | (\$11,573) | (\$9,785)  | (\$11,495) | (\$9,003)  | (\$9,309)  | (\$8,091)  | (\$7,401)  | (\$2,510)  | \$1,584    | \$2,179    | \$2,636    | \$1,534    |
| Total Liabilities and Capital | \$53,000          | \$51,581   | \$54,653   | \$51,192   | \$56,089   | \$53,354   | \$56,182   | \$54,666   | \$61,962   | \$65,077   | \$63,920   | \$64,017   | \$62,382   |
| Net Worth                     | (\$10,000)        | (\$11,573) | (\$9,785)  | (\$11,495) | (\$9,003)  | (\$9,309)  | (\$8,091)  | (\$7,401)  | (\$2,510)  | \$1,584    | \$2,179    | \$2,635    | \$1,534    |

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