

Crafty Candles



Description of Venture

Crafty Candles is a corporation, that has a sic code of 3999 which involves the manufacture of novelty candles. The business is located at 50 N.E. 212 St. Miami, Florida 33179 and the hours of operation will be, Saturday 10am-8pm and Sundays from 2pm - 6pm. Our hours are moderate, but it will increase as our business grows. This business venture is essential, due to the approaching of the millenium, people are becoming more spiritually aware and there is a great need for harmonious life for all class levels.

Crafty Candles will include or specialized in a variety of candle products such as zodiac signs, fertility, confidence boosters, yoga, anti-depressor, jinx removers, sexual arousers, lotto, come and see me, protection candles and, etc. As a manufacturer of novelty and charmed candles, raw materials, example wax, twines, oils and any other materials necessary for manufacturing our products will be purchased from local suppliers. Most of the manufacturing equipment will be purchased and our personal vechiles will be used to distribute our products to the retailers. We

intend to target all class levels, because spirituality has no boundary.

We anticipate beginning manufacturing in June 1999 before the millenium, in order, to achieve our goals. Like all new or small businesses, our capital is limited, as a result, we have chosen to manufacture our products in Shawn Murray's 8,000 square feet garage space. We have converted this spacious garage to suit our needs. Conversion includes such items as central air, industrial double boilers and various workstations (see floor plan on page).

Industry Analysis

Since the early half of the twentieth century, many changes have occurred to the basic candle. No longer man's major source of light, candles continue to grow in popularity and use. Today, candles symbolize celebration, mark romance, define ceremony, and accent décor - continuing to cast a warm glow for all to enjoy.

In 1996 the U.S. consumption of candle retail has been estimated at two billion dollars annually without accessories, such as candleholders. Industry surveys further revealed that women bought 96% of all candle purchases. The most important reason behind this huge percentage are the color, shape, and scent of candles. Businesses have incorporated these elements into "the candle" to make it just more than a source of light. It is not surprising that women are the major consumers, because fragrances are very important and essential to women. Fragrances and women are paired, that is, one cannot do without the other.

The demand for candles will be continuous, that is, for centuries candles function as a main source of light. Candles are said to have been in existence since the ancient Egyptians and Romans. Candles have survived through the industrial and technological revolutions, even the inventions of electricity cannot put candles on the "back burner". Candles have undergone many changes throughout the years, as candles are now being manufactured for commercial, religious and institutional uses. In the United States, candles are primarily sold in three retail outlets:

they are sold in department stores, specialty gift shops and mass merchandising drug stores.

In this industry candles have been developed even further with the creation of the aromatherapy candles. However, our desire is to provide spiritual candles and products due to the present of overwhelming awareness of spirituality, as a result our product will be a candle with more of a botanical spin.

The decision to enter this niche market is related to several reasons as previously state, coupled with the abundance of botanical stores in the Miami area. We the board of directors, feel that these stores lack one vital element; pre-made or prepared candles. As a result we concur that people would be prone to visit these stores had there been pre-made candles, rather than separated ingredients.

Management and Personnel

The management and personnel part of this business is very important for the success of the business. As a small and

newly formed business, the management and personnel parts are going to be based on the abilities and capabilities of each partner. Each partner is talented in his or her area of expertise, that will ensure or elevate a small business into a giant or successful business.

Shawn Murray is the President, Ramona Vendryes is the Vice-President, Marion Odeh the Administrative Assistant/Secretary and Dan Detrescu the Financial Officer of this venture.

Shawn Murray is business finance major at Florida International University. Past employers included numerous retail stores. Shawn has significant experience in inventory and quality control.

Ramona Vendryes is a marketing major at Florida International University. She has extensive experience in sales and marketing with many well known marketing firms.

Marion Odeh is a finance major at Florida International University, as well as dual majors in architecture and business administration. She has vast experience in both

private and public industries which involved promotion and customer relations.

Dan Detrescu is a finance major at Florida International University. Past employment have been with specialty retailers and a large bank. He has significant experience in financial management.

As the general manager, Shawn Murray will be responsible for the overall operation of the business. He will monitor the progress of the business through control elements on a frequent basis (that is the beginning of each month). He will keep a check of all the inventory, production, quality, sales, as well as information on collection from accounts receivable and disbursement for previous months, in order to correct any major deviation from our main goals and objectives.

Ramona primary duties will involve marketing and human resources. She will be in charge of hiring and firing employees as well as training and supervising them. She is also responsible for creating promotional activities and establishing effective strategies for creating awareness of the business. Also, she will be responsible for the design

and distribution of all direct marketing materials. As general administrator and secretary, Marion will assist in personnel and periodic employee evaluation. She will also handle all purchases for the office and the closing and opening of the work area each day.

As the financial officer Dan will be responsible for accounting, payroll, billing, taxes and any matters relating to sales and revenue budgets. He will also do all recording and bookkeeping from balance sheet to monthly income statement.

In the early stages of the business, the partners will perform all operations and manufacturing processes. As the business grows there is a 60% chance that we will hire at least two employees, temps or even family members. We might be able to purchase a permanent manufacturing facility, equipment and vehicles as the business grows.

Hiring Policy

Hiring will be handled by Ramoma Verdryes who is in charge of Human Resources. To obtain suitable and skilled

applicants in Candle making, advertisement will be placed in the local newspaper. Our search will be concentrated in the Hialeah area. Hialeah is chosen because it is dominated by lots of small shops that employ skilled workers with hidden talents like candle making.

A successful applicant, before he or she is employed must take a drug test and pass. When we eventually hire two employees, they will be part time and paid on a salary of seven thousand dollars a year for twenty hours per week, respectively. As part time employees, there will be no compensation for these employees, except a gift of candles when we over produce. When the business eventually start making profit, it is likely, these two employees will be compensated fully. First their salaries will be increased then they will be able to receive health insurance followed by cash bonuses and vacation time.

Legal Structure

The business is going to be in the form of a corporation and the corporate officers are, Shawn Murray as president, Ramona Vendryes as vice-president, Dan Detrescu as

treasurer and Marion Odeh as secretary. Each person were chosen based on their distinguished business skills and abilities. Our contributions to the business are in different forms, which varies from organizing, managing, financing and administrating.

Shawn Murray will be the registered agent of our company, which means that he will be the main representative of the company. Since this venture was started by four talented people who have invested their time and personal funds, the business shares will be split into 25% for each partner.

Location

Crafty Candles will be manufactured at Shawn Murray's house in the garage, which is 8,000 square feet of space. Shawn's house is located at 50 NE 212 Street, Miami, Florida 33179. This location was chosen due to limitations of funds and minimization of our overhead. Moreover the garage is spacious for manufacturing and storage, plus it is equipped with good security system. Parking space is essential for a business, but Shawn's space is limited. For our business a lot of space is not required, due to the fact that we delivery of our products to the customers. In term of

maintenance, repairs and service contracts will fall under the existing contract of Shawn's house.

With regards to neighboring shops and the local business climate, our business will not be affected because we are not in close proximity to any competitor. Raw materials and supplies will be obtained through our local suppliers.

Methods of Recording Keeping

We will be using accounting software packages such as, Quick Books and some Excel applications. These accounting software were chosen, due to their efficiency and our familiarity with these applications. To maintain good records and financial controls Dan Detrescu will be in charge of such activities as cash flow, inventory receivables, customer data and cost. To be able to support this effort, the above software packages will be used, in order to enhanced the flow of this type of accounting management, as well as establishing good financial record keeping and control.

Insurance

In order to protect our business we will acquire Product Liability and Casualty Insurance. Product liability will cover negligence, warranty and strict liability. Negligent insurance will protect the company from false advertising and the use of deficient labels. As for the warranty insurance, it will cover lawsuits from consumers if our advertisement or information is overstated. Strict Liability insurance will reduce damages cause by our product.

Casualty Insurance will cover the costs of defense and judgements against the company resulting from bodily injury or property damage.

Security

As far as security, Shawn's house already has the Brinks Security System. The cost of the security system for the house already included the garage. With the conversion of the garage an addition fee will be applicable.

The monies and cash receipts from the daily sales will be the responsibilities of the controller, Dan Detrescu. In addition there will be a fire proof safe containing all

non-deposited cash receipts and all down loaded computer files. As for the safe, only the Controller, Dan Detrescu and the Secretary Marion Odeh will have access.

Assumptions

As a new business venture our assumption was based on the coming of the millennium, because people are becoming more aware of the importance of "the millennium". This group of people includes all races, religions and ethnic backgrounds. With this in mind we, the partners, felt that one way contribute to the harmonious life, that is essential to people internal and external existence, was to make and distribute aromatherapy candles.

Although our business was a labor of love, like any other business, we intended to make a profit. Every new venture faces some potential obstacle in its intended market or industry such as strong competition to weaknesses in marketing, production, or management.

At this stage of our business, we are sad to conclude that our goals are unreasonable and unattainable. It will be

difficult to operate a new venture on a part-time basis
while we are still holding full time jobs.

Marketing

With the new millennium approaching, many people are finding a need for a form of spiritual outlet. A way to help deal with their fears, stress, find internal peace and bring them closer to God. Due to our rapidly changing society and technological world, many people feel unbalance and are converting to old superstitious ways. You can see this manifested in our choices of programming in both television and the wide screen. Big blockbuster hits with such movies as The Craft, Practical Magic and Mortal Combat II & I suggests that our society has a sort of fascination with the sixth scent. On television all the signs point to the same direction with similar high ratings programs, such as Sabrina the Teenage Witch, Teen Angle and Charmed. People are apparently hoping with the new millennium comes a heightened spiritual awareness. With this come many associated fears, due to future predictions. There is an obvious need for self-renewal and inner-peace. Today, yoga classes are full, incense/oil stands flourish and new age books can't seem to stay on the shelves. As the year 2000 approaches quickly, people are acknowledging the importance of internal peace.

Target Market

Using research information provided by the National Candle Association, surveys, observations and various other sources, we have narrowed down our target market. Our target market will consist of anyone who want is looking for some sort of relaxation outlet. Our product would provide all sorts of heighten awareness in various areas through aromatherapy with essential oils. Oils when mixed together are said to heal special aliments.

The National Candle Association's (NCA) research indicates that women purchase 96% of all candle sales. Our target market will consist primarily of women all ages. However, our surveys reflect that most candle sales are likely to occur with customer between the ages of 13 to 45. Few men buy candle, those who do, do so on special occasion and tend not to purchase fussy candles. There is no particular race or ethnicity that our product is geared to. The income and social class of our customers will vary from low middle to upper middle class, do to our method of distribution.

Competition

Competition in the area of aromatherapy candles is matter of selection in colors, purpose, shape, size and price. There are various competitors in this field. However, there prices may range from \$1.99 votive to 15.50 3" x 4" pillar. Our company is offering 12oz, 3"x4" pillar, 60 burning hours candle at wholesale for \$5.00, suggesting retail price of \$10.00. Our retail price still being lower than that of our competitors, who we located over the Internet.

Our research confirmed that the market is open to plenty competition, so long as candles follow the current trends. The trends to follow in candle manufacturing are those in color, size and shape. These trends are important regardless of use; today candles play an important role in decoration many homes.

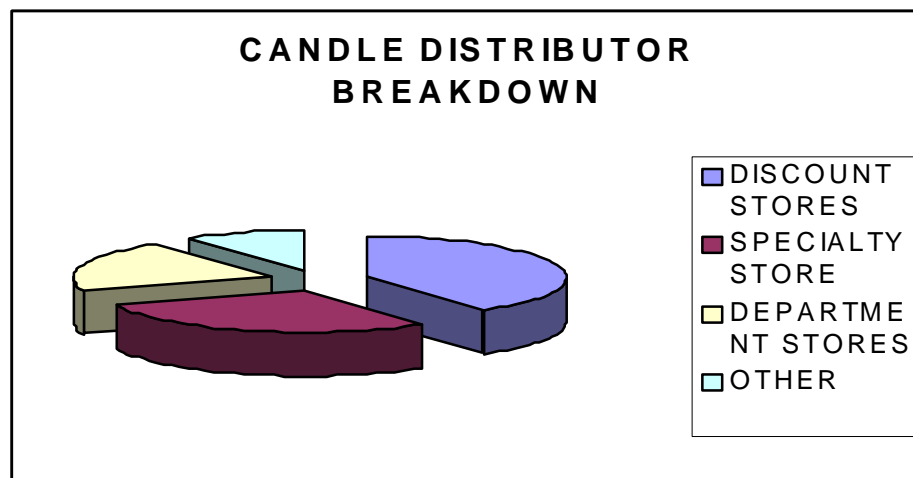
Methods of Distribution

Our method of distribution will be by ground delivery primarily within the Miami and Fort Lauderdale area. We hope to expand our area of distribution based on demand. Initially, all deliveries will be made with our own

vehicles. In the future we hope to be able to purchase a company van. However, due to our limited resources, our vehicles will have to suffice.

The company's sale force will consist of the Vice-President, Ramona Vendryes, and President, Shawn Murray. Ramona will be responsible for the department stores and specialty shops sales and Shawn with discount stores. There will be various business lunches that we must provide in order to establish good business contracts.

Our resource has proof that 40% of all candle sales are at the hands of Discount Stores for example Wal-mart, the rest of sales between department stores, specialty shops and other.



Promotion

Our business is going to be promoted through various trade journals, newsletters and through the National Candle Association web site. In addition, we plan to have some sort of advertisement through the Yellow Pages.

For publicity, we are considering offering some free trial candles to various physical therapists, yoga instructors, acupuncturists and masseuses. We hope by doing so, we may generate a word of mouth within their various industries; thus creating brand loyalty and general interest in our product.

Pricing

The price range within this type of industry varies from votive at \$0.20 to large specialty candles costing \$75.00. Our price will vary depending primarily on size, seasonal and promotional packaging. However, since we will be preliminary starting our venture with one standard size prices will not vary at first. The price list is as follows:

NO.	MODEL	COST PER UNIT	MARK-UP PERCENT	PRICE AFTER MARK-UP	PRICE ROUNDED-UP	SUGG. RETAIL
1	Intimate Pleasures	2.00	250%	5.00	5.00	10.00
2	Lucky Lotto	2.00	250%	5.00	5.00	10.00
3	Peaceful Serenity	2.00	250%	5.00	5.00	10.00
4	Bye-bye Stress	2.00	250%	5.00	5.00	10.00
5	Zodiac	2.00	250%	5.00	5.00	10.00

The company's priority is producing a quality product. As a subscriber to the National Candle Association newsletter, we pledge:

- To ensure the quality and consistency of our products to the general consumer.
- To manufacture safe and effective products.
- To work with others in the candle industry, sharing non-proprietary information to produce the highest quality most technically advanced candles.
- To represent the candle making industry in a positive way through manufacture and production of superior candles and/ or candle products.
- To help enforce individual standards of high quality products and commitment to consumers throughout the candle industry.

Product Design

As our company grows, our candles will be available in a variety of colors, sizes, and scents and have even more purposes. At the moment, we will be starting our expedition with only five varieties of candles; they are as follows:

Intimate Pleasures- A special blend of oils used to heighten sexual arousal of its users. This candle will be available in a pale pink to signify love.

Lucky Lotto- This candle will have a blend of oils used to attract fast money. Its color will be a pastel green, sea foam color.

Peaceful Serenity- A unique combination of soothing oils, when lit will relax any restless person. The color of this candle will be a cloud white.

Zodiac- During the periods of different zodiac signs, the oils will vary from sign to sign. The oils used will represent those essential oils for that particular sign; for example the oils

which represent Pisces are sandalwood & geranium. Only consistency with these candles will be the color, soft blue.

Bye-bye Stress- A tranquil mixture of oils, used to calm the soul. This candle will be a deep herbal green.

Candle Recipes

Bye-bye Stress
Herbal
Spearmint
Jasmine
Lavender

Lucky Lotto
Patchouli
Cedar
Gingerbread

Peaceful Serenity
Lavender
Rose
Herbal

Intimate Pleasures
Sandalwood
Geranium

Zodiac (Pisces)
Sandalwood
Jasmine

Initially all our candles will be produced in only one size, 12oz. 3" x 4" pillars, 60 hour. All candles will be made from the same quality and type of paraffin wax; the only difference in wax would be the color. Wax hues will be developed at our company facility with the use of wax dyes.

Packaging

The product itself will be beautifully wrapped in shrink-wrap adorned with a 2"x2" color metallic sticker with the

company name. Located beneath each candle will be the standard warning and candle tips. Promotional packaging sometimes including massage oils. All candles will come with standard industry safety labels at the bottom of every candle, including name, purpose and size of the candle.

Cash to be Paid Out					
Projections					
<i>CRAFTY CANDLES</i>					

Time Period Covered: May 1, 1999 to December 31, 1999				
1. START-UP COSTS				
License			45	
Legal fees			250	
Garage conversion			15711	
				\$16,006
Other Startup Costs: Equipments and Raw Materials				
Office:				
4 Tables			231	
4 Chairs			578	
4 Computer Desks (carrels)			2136	
1 Computers (includes 266 MHZ, 32 RAM, 2.1 GB HD, Netscape Communicator Package, mouse, keyboard, all accessories			53	
1 Fax Machines (own)			90	
1 Copy Machines (own)			200	
4 Telephone (package)			140	
Econo Paper Safe 11 x 14			20	
				\$3,448
Manufacturing:				
1 Wax Heater (Boiler)			390	
4 Aliumimum Pouring Pots @ 8.50			34	
4 Therometers (Wax) @ 4.50			18	
63 (3 X 4 Molds) @ 4.95			312	
2 Heater Guns @ 69.80			149	
2 Sealer @ 125.00			250	
				\$1,153
Raw Materials:				
17 unit/59lb boxes Paraffin Wax @			692	

g) Utilities \$200 a month, only manufacture twice a month and 2 days a week (sat & sun)					
h) Candles per unit cost is rounded-up					
l) Alarm already existed in shawn's house					

<u>Crafty candles Prior-to-Opening Expenses</u>					
<u>Description</u>	<u>Amount</u>	<u>Description</u>	<u>Amount</u>	<u>Refundable Deposits:</u>	
Purchases/Inventory	\$0	Other:		FPL	\$0
Freight	\$0	Consulting Fee	\$0	Telephone	\$0
<u>Construction:</u>		Permits	\$50	Rent (2 months)	\$0
Paint, floor covering,	\$0	Licenses	\$100	Security	\$0
Cabinets	\$0	Corporation Setup	\$700	Alarm Leasing	\$150
Racks, Misc.	\$0			Total Deposit	\$150
Props	\$0	Advertising & Promotion	\$400		
Wrapping papers, shopping bags	\$200	Supplies (Office & Operating)	\$100		
Alarm System	\$0	Postages	\$50		
Outside Signs	\$0	Utilities (Telephone, Electricity, ...)	\$200		
Inside Signs	\$0	Storage Facility	\$0		
Other/Misc.	\$1,000	Medial & Dental Insurance (Cobra)	\$0		
<u>Equipments:</u>		Accounting & Legal	\$0		
Copy Machine	\$200	Automobile Expensess	\$0		
Fax Machine	\$300	Liability Insurance	\$600		
Telephone (4)	\$140	Cleaning & Exterminator Services	\$200		
Cash Register	\$0	Traveling (Airfare & Hotel)	\$0		
Coffee Machine	\$0	Car Rental	\$0		
Refrigerator	\$0	Entertainment	\$0		
Microwave/Toaster Oven	\$0	Membership Dues	\$0		
Credit Card Leasing Machine	\$0	Supscription	\$0		
Other Equiment (Specify)	\$0	Bank Charges	\$0		
Computer Purchases	\$1,300	Misc. (Flowers, Coffee,)	\$0		
Sofa & Chairs	\$578				
Total	\$3,718	Total	\$2,400		

Grand Total for Pre-Opening (Includes Refundable Deposits):	<u>\$6,268</u>		
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Crafty Candles Schedule of Sales and Purchases										
Item (In Details)	candles					charms				
	Qty. Sold	Qty On-hand	Qty. Re-order	Cost	Sales	Qty. Sold	Qty On-hand	Qty. Re-order	Cost	Sales
Start-Up Inventory	400					250				
Cost Per Unit	\$15					\$18				
Selling Price Per Unit	\$25					\$30				
	Qty. Sold	Qty On-hand	Qty. Re-order	Cost	Sales	Qty. Sold	Qty On-hand	Qty. Re-order	Cost	Sales
may,99	100	300	0	\$0	\$2,500	30	220	0	\$0	\$900
June,99	20	280	0	\$0	\$500	15	205	0	\$0	\$450
July,99	45	235	0	\$0	\$1,125	20	185	0	\$0	\$600
Aug,99	30	205	0	\$0	\$750	30	155	0	\$0	\$900
Sept,99	15	190	0	\$0	\$375	15	140	0	\$0	\$450
Oct,99	10	180	0	\$0	\$250	30	110	0	\$0	\$900
Nov,99	10	170	0	\$0	\$250	60	50	0	\$0	\$1,800
Dec,99	100	70	0	\$0	\$2,500	15	35	0	\$0	\$450
Jan,20	40	30	0	\$0	\$1,000	8	27	0	\$0	\$240
Feb,20	10	20	0	\$0	\$250	5	22	0	\$0	\$150
Mar,20	5	15	0	\$0	\$125	5	17	0	\$0	\$150
Apr,20	10	5	0	\$0	\$250	10	7	0	\$0	\$300
October- QTY. on Hand		5					7			

Total	395		0	\$0	\$9,875	243		0	\$0	\$7,290
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Security Service	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$480
Traveling (Airfare & Hotel)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,000	\$0	\$4,000
Car Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Entertainment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Membership Dues	\$0	\$0	\$350	\$350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700
Bank Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Misc. (Flowers, Coffee,)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest/Finance Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses:	\$1,990	\$2,790	\$2,975	\$2,940	\$2,590	\$3,040	\$2,515	\$2,515	\$2,515	\$2,515	\$2,515	\$6,515	\$2,515	\$21,665
Net Income	\$5,710	\$7,090	\$14,775	\$16,760	\$16,710	\$15,110	\$16,405	\$19,085	\$20,485	\$13,395	\$7,915	\$15,935	\$183,125	

**1999
SOURCES
of CASH
PROJECTI
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**CRAF
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Time Period Covered: From May 1, 1998 to December 31, 1998

1. Cash on Hand	\$	20,000
2. Money from Investors (parents)	\$	-
3. Interest Income from Securities Held by One of the Partners	\$	-
4. Sale of Personal Assets	\$	-
	\$	<u>20,000</u>

**Three Year Income
Projection**

Revenues		99				
Sales Revenues		Dollars		Dollars		Dollars
Internet Access	200000	37000	370000	38000	418000	
Fax Services	15750	15500	46500	17500	70000	
Copying Services	2500	45500	4550	47500	5700	
Total	218250	98000	421050	103000	493700	
		Coffee Sales				
Espresso	63000	40000	120000	42500	148750	
Cappuccino	41250	40000	110000	47500	142500	
Flavored Coffee	20000	29500	59000	35000	87500	
Cafe au Lait	20625	20250	55687.5	27500	82500	
Regular Brewed	18750	23450	35175	25000	50000	
Hot Chocolate	6250	17500	21875	20000	30000	
Total	169875	170700	401737.5	197500	541250	
		Muffin Sales				
Chocolate Chip	10000	9500	19000	10000	25000	
Blueberry	9750	10000	15000	11000	19250	
Corn	3125	7500	9375	9000	15750	
Total	22875	27000	43375	30000	60000	
Total Sales Revenue		411000	295700	866162.5	330500	1094950
		Expenses				
Variable Advertising	30000		40000		65000	
Payroll	33000		35000		49000	
Payroll Taxes	15053		7000		9800	
Bonuses	4000		4000		4000	
Selling Expenses	1000		1000		1000	
Total Variable Expenses	83053		87000		128800	
Cost of Good Sold						
Coffee						
Espresso	21000	36750	25500	44625	33000	66000
Cappuccino	15000	26250	19000	33250	27500	55000
Flavored Coffee	10000	12500	15000	18750	21000	31500
Cafe au Lait	7500	13125	9500	16625	13500	27000
Regular Brewed	12500	6250	15000	7500	18500	18500
Hot Chocolate	5000	2500	7500	3750	10500	7875
Muffins						
Chocolate Chip	5000	5000	6000	6000	7500	7500
Blueberry	6500	4875	7500	5625	8500	8500

Corn	2500	1875	3500	2625	5500	5500
Total Cost of Good Sold	85000	109125	108500	138750	145500	227375
Fixed Expenses						
Legal/Accounting Fees		10000		10000		12500
Purchase of Equipment		59650		5000		5000
Insurance		40000		41000		45000
Owner Salaries		105000		105000		70000
Rent Expense		82285		576000		576000
Utilities		10000		10000		15000
Depreciation		5052		9875		9875
Lease Fax/Copy Machines		3080		3080		3080
Internet Site Maintenance		4000		5000		7500
Misc Admin Expense		1000		1000		1000
Total Fixed Expenses		320067		765955		744955
Total Oper Expenses		512245		991705		1101130
Net Income Operations		-101245		-125542.5		-6180
Other Income (Interest)		100000		130000		50000
Net Profit before Taxes		-1245		4457.5		43820
Income Taxes of Partners		0		1248.1		15337
Net Profit after Taxes		\$ (1,245)		\$ 3,209		\$ 28,483

**Projected Balance Sheet
Flight Cafe**

Projected for Year Ended December 31, 1998

Assets		Liabilities	
Current Assets:		Current Liabilities:	
Cash	48057	Accounts Payable	8000
Petty Cash	500	Notes Payable	0
Accounts Receivable	500	Taxes Payable	5705
Inventory		Payroll Accrual	4500
Coffee	1500	Total Current Liabilities	18205
Muffins	750		
Misc	500	Long Term Liabilities	
S-T Investments	7000	Notes Payables due to Others	13500
Prepaid Expenses	10200		
Total Current Assets	<u>\$ 69,007</u>	Total Liabilities	<u>\$ 31,705</u>
Fixed Assets:		New Worth:	
10 Computers	12750	John Vazquez, Capital	20000
Less: Depreciation (7 months)	2552	Ulises Pichardo, Capital	20000
	<u>\$ 10,198</u>	Hiram Silfa, Capital	20000
Coffee and Food Equipment	15000	Total Capital	<u>\$ 60,000</u>
Less: Depreciation (7 months)	2500.00		
	<u>\$ 12,500</u>	Retained Earnings	\$ -
Total Fixed Assets:	<u>\$ 22,698</u>		
Total Assets:	<u>\$ 91,705</u>	Total Liabilities and Equity	<u>\$ 91,705</u>

1998 Cash Flow Statement
One Year Cash Flow Projection and Cash Flow History
Flight Cafe

	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Total
Beginning Cash Balance	300000	159877	136714	113726	93813	77104	65230	57176	
Cash Receipts									
Sales/Revenues	48050	48725	49150	50900	52790	55425	57155	58805	421000
Internet Access	23500	23500	23500	24000	25000	26250	27000	27250	200000
Faxing Services	1750	1750	1750	1875	2000	2100	2225	2300	15750
Copying Services	250	250	250	300	325	350	375	400	2500
Coffee Sales (consolidated)	19000	19500	19750	20750	21250	22450	23100	24075	169875
Muffin Sales (consolidated)	2300	2475	2650	2725	2965	3025	3205	3530	22875
Interest Income	1250	1250	1250	1250	1250	1250	1250	1250	10000
Total Cash Available	348050	257327	235014	215526	199393	187954	179540	174786	1797590
Cash Payments									
Cost of Goods to be Sold									
Coffee	10000	10250	10750	11000	11500	11750	12250	12500	90000
Muffins	2500	2825	3000	3125	3200	3335	3475	3540	25000
Coffee Accessories	400	450	450	500	500	550	550	600	4000
Total Cost of Goods	12900	13525	14200	14625	15200	15635	16275	16640	119000
Variable Expenses									
Marketing	4000	4000	4000	4000	4000	4000	3000	3000	30000
Worker Salaries	4125	4125	4125	4125	4125	4125	4125	4125	33000
Payroll Taxes	1881	1881	1881	1881	1882	1882	1882	1882	15052
Bonuses	0	0	0	0	0	0	0	4000	4000
Misc. Selling Expenses	125	125	125	125	125	125	125	125	1000
Total Variable Expenses	10131	10131	10131	10131	10132	10132	9132	13132	83052
Fixed Expenses									
Legal/Accounting Fees	1250	1250	1250	1250	1250	1250	1250	1250	10000
Insurance	5000	5000	5000	5000	5000	5000	5000	5000	40000
Owner Salaries	0	15000	15000	15000	15000	15000	15000	15000	105000
Rent Expense	72000	72000	72000	72000	72000	72000	72000	72000	576000
Utilities	1250	1250	1250	1250	1250	1250	1250	1250	10000
Rental Fax/Copy Machines	385	385	385	385	385	385	385	385	3080
Internet Maintenance	500	500	500	500	500	500	500	500	4000
Misc. Fixed Expenses	150	150	150	150	150	150	150	150	1200
Total Fixed Expenses	80535	95535	95535	95535	95535	95535	95535	95535	749280
Purchase of Assets									
Office and Food Equipment	59650	0	0	0	0	0	0	0	59650
Start Up Costs	23535	0	0	0	0	0	0	0	23535
Total Purchase	83185	0	0	0	0	0	0	0	83185
Federal Income Tax	1422	1422	1422	1422	1422	1422	1422	1422	11376
Capital Distributions	0	8572	8572	8572	8572	8572	8570	8570	60000

Total Cash to be Paid Out	188173	120613	121288	121713	122289	122724	122364	126729	1045893
Ending Cash Balance	159877	136714	113726	93813	77104	65230	57176	48057	

Break Even Analysis	
(Projected)	
Flight Cafe	
For the Year Ended December 31, 1998	
Total Fixed Expenses	229552
Total Variable Costs	192178
Total Revenues	411000
Break Even Point in Sales:	
421730	

**Projected Balance Sheet
Flight Cafe**

Projected for Year Ended December 31, 1999

Assets		Liabilities	
Current Assets:		Current Liabilities:	
Cash	55000	Accounts Payable	7500
Petty Cash	1000	Notes Payable	0
Accounts Receivable	500	Taxes Payable	5000
Inventory		Payroll Accrual	4500
Coffee	1500	Total Current Liabilities	17000
Muffins	500		
Misc	250	Long Term Liabilities	
S-T Investments	5000	Notes Payables due to Others	10000
Prepaid Expenses	7500		
Total Current Assets	<u>\$ 71,250</u>	Total Liabilities	<u>\$ 27,000</u>
Fixed Assets:		New Worth:	
10 Computers	12750	John Vazquez, Capital	20875
Less: Depreciation	5104	Ulises Pichardo, Capital	20750
	<u>\$ 7,646</u>	Hiram Silfa, Capital	20271
Coffee and Food Equipment	15000	Total Capital	<u>\$ 61,896</u>
Less: Depreciation	5000.00		
	<u>\$ 10,000</u>	Retained Earnings	\$ -
Total Fixed Assets:	<u>\$ 17,646</u>		
Total Assets:	<u>\$ 88,896</u>	Total Liabilities and Equity	<u>\$ 88,896</u>

**Projected Balance Sheet
Flight Cafe**

Projected for Year Ended December 31, 2000

Assets		Liabilities	
Current Assets:		Current Liabilities:	
Cash	63450	Accounts Payable	8000
Petty Cash	1000	Notes Payable	0
Accounts Receivable	250	Taxes Payable	5500
Inventory		Payroll Accrual	4000
Coffee	1200	Total Current Liabilities	17500
Muffins	500		
Misc	250	Long Term Liabilities	
S-T Investments	5000	Notes Payables due to Others	10000
Prepaid Expenses	9575		
Total Current Assets	\$ 81,225	Total Liabilities	\$ 27,500
Fixed Assets:		New Worth:	
10 Computers	12750	John Vazquez, Capital	21019
Less: Depreciation (7 months)	7656	Ulises Pichardo, Capital	22450
	\$ 5,094	Hiram Silfa, Capital	22850
Coffee and Food Equipment	15000	Total Capital	\$ 66,319
Less: Depreciation (7 months)	7500.00		
	\$ 7,500	Retained Earnings	\$ -
Total Fixed Assets:	\$ 12,594		
Total Assets:	\$ 93,819	Total Liabilities and Equity	\$ 93,819

Conclusion

If the above obstacles could be rectified, it is possible that we could be successful in a 5 years period, if only we could be patient. Our estimated sales revenue are very high, while our expenses are at a moderate, and the breakeven is \$1381 per 277 units.

Overall this venture could have been more successful, only if, we had more confidence in ourselves and in the business for a longer period of time. There are no easy ways or shortcuts to great accomplishments or goals, only hard work and perseverance.