Indoor Playground

BUSINESS PLAN

KID'S WORLD

5568 Inkster Rd.
Livonia, MI 48150

This plan is for a franchised indoor children's playground. The plan provides a good description of possible competitors and the methods that will be used to achieve a competitive advantage in this industry.

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EXECUTIVE SUMMARY

Market

A market opportunity exists in the Western Detroit area to service children aged 13 and under with a supervised indoor exercise and recreation facility. Market research shows that children often do not get the required amount of exercise to maintain a healthy lifestyle. Indoor playgrounds provide an outlet for active children during inclement weather or when the temperature is too hot or cold for outdoor play. Furthermore, parents want an environment for their children to play without harsh language and an arcade atmosphere.

Proposed Business

Kid's World will provide a safe, clean, and stimulating environment for physically active children aged 13 and under to play in and explore. Kid's World's supervised, visually open play area will ensure children's safety, while challenging them to reach, think, interact, explore, and have fun. The store will require approximately 14,000 square feet, consisting of a giant 5,000 square foot play structure for children over the age of 4, a smaller play area for toddlers under the age of 4, an area with several interactive skill games, a snack bar with seating to accommodate 100 to 125 persons at a time, and a merchandise and souvenir stand. Both play areas have soft indoor playpark equipment with extensive padding and no sharp edges. Furthermore, the game area will not offer video games, pinball-type games or games with a violent theme. For family celebrations, such as birthdays and special occasions, Kid's World will offer private party rooms hosted by trained staff to provide a child everything he/she would want in a birthday - several hours of supervised fun on the play structures, cake

and ice cream, prizes, food and beverage, and game tokens. Kid's World desires playtime to be as rewarding for the parents as it is for the children, as they spend time together.

Location

Kid's World will be located in a strip shopping center on the west side of Livonia. Within a twenty-five mile drive from this location, there are at least 49,000 children at or under the age of 14, living in a household with average annual income exceeding $45,000. Furthermore, the Census Bureau expects the communities of Canton, Plymouth and South Lyon to be the fastest growing regions of Wayne and Washtenaw Counties over the next decade.

Management

The business will be operated on a full-time basis by a manager, Alice Cushaw, who has had over 3 years of restaurant management experience. In addition, all member-managers will actively assist in the management of the business on a part-time basis.

Loan Request

The owners are requesting a loan to fund a portion of the start-up costs and inventory. They are also requesting a line of credit in the amount of $500,000. The owners are contributing $35,000 to the business venture and various investors are contributing another $40,000. The money will be needed in equal monthly installments commencing three months prior to opening and will be repaid in a steady manner from available operating cash flows. The loan will be entirely repaid within five years after opening with payments beginning three months after opening.

MISSION AND STRATEGY

Kid's World is a diversified destination family entertainment center combining recreation, entertainment, and restaurant facilities that creates substantial drawing power. Kid's World's basic focus is children's play and fitness for 1 to 13 year old children. At Kid's World, these activities have been packaged into a safe, clean, climate-controlled, supervised environment for children aged 13 and under to exercise and have fun while stimulating their imagination and challenging them physically. The indoor playpark is based on the premise that if you set a large number of children inside a safe, yet challenging, imaginative soft playground area, they are going to have fun. They are also going to develop basic motor skills, social skills, muscle tone, and self-confidence. Furthermore, the parents can enjoy hours of close interaction with their children in a safe, secure, and stimulating environment.

Currently, there are no other indoor children playgrounds in the Western Detroit area. In addition, there are relatively few alternatives for children's birthday parties. Kid's World will be able to immediately fill this void in the market by providing extensive recreation, entertainment, and restaurant facilities for children to play in and explore. Within 1 year, Kid's World will be known as the primary recreation facility for children aged 1 to 13 and the destination of choice for children to enjoy birthday parties with friends. Kid's World's safe, secure, and clean environment will assure parents while providing opportunities for their children to have fun in a stimulating environment.

Kid's World will base its appeal on providing a stimulating indoor environment for children to play in, while adhering to the strictest quality control standards emphasizing excellence in service, safety, security, food quality and value, sanitation, cleanliness, and creativity. Furthermore, Kid's World is dedicated to the continual development of creative themes and interactive designs that have entertainment and educational value that will ensure Kid's World's competitiveness and success in the family entertainment market years into the future.

MARKET

Background

Indoor playgrounds serve an increasing need in our society. Studies show that American children are less active and less fit than they were even five years ago, probably due to increasing time in front of television sets and high calorie-high fat diets. Studies have also shown that less active children are more likely to be overweight, and overweight children have a greater propensity to become overweight adults. As people have become more aware of the healthy aspects of their lifestyles, enrollment in adult health clubs, aerobic exercise, recreational activities, and attention to nutrition has increased dramatically. This trend will continue as parents attempt to provide a healthier lifestyle for their children. Another area of parental concern is their children's safety. Nationally, as well as locally, concern for the physical well-being of children has created a further need for a safe play environment. This concern shows no sign of diminishing.

While it is difficult to determine the size of the indoor playground industry, there are currently about 49 million children 12 years old or younger in the United States and this figure is expected to rise to 51 million by the year 2000, according to the Bureau of Census. There are approximately 26 million households with children younger than 18 years of age, who spend about $1,800 per year on family entertainment or $46 billion annually. Per-capita expenditures on children's activities are likely to rise as families with children spend a larger percentage of their income on recreation. Children aged 4-12 spent, from their own income, $6 billion in 1989, up 41% from 1984. This increase in discretionary income is coming from several factors. First, the increase in dual income families has provided for more discretionary income to be spent on children. Second, women are having children later as evidenced by the rising birth rate among women in their thirties. Third, per-capita family income is increasing and families are choosing to take wealth increases in the form of leisure. Last, grandparents are living longer and spending more on their grandchildren. Based on these demographics, industry analysts believe that there is room for about 600 store locations in primary markets throughout the United States and an additional 200-300 in secondary markets.

The Customer Need and the Target Customer

With the recent concerns over child safety on outdoor playground equipment, many schools have elected to remove their playground equipment entirely. Parents are more aware than ever before over the safety and security of their children's play areas. Consequently, a safe, supervised indoor play area will enable parents to relax while their children enjoy playing in and exploring the soft indoor playpark.

Kid's World will target children aged 13 and under within a 25 minute drive of Western Livonia, comprising about 250,000 people of which at least 49,000 are under the age of 13. Within a five-mile radius of Livonia, census information indicates there are approximately 23,000 children aged 13 and under, living in a household with an average annual income exceeding $55,000. These customers will form Kid's World's primary market base. Kid's World will also target children in the outlying regions of Oakland County.

Product Description

Kid's World is geared for children 13 years old or younger who desire an imaginative, challenging, and fun environment in which to exercise, play, and explore. For safety, children must be accompanied by an adult in order to be admitted and adults are not permitted to enter without a child. Furthermore, each person admitted to the playpark will receive a color-coded wristband identifying him/her with rest of the party. To further promote security, each person's wristband will only be removed when the entire party is present together at the exit desk. Trained staff will supervise the play areas at all times to ensure adherence to the playpark rules while assisting the children to maximize their enjoyment of the facilities.

There will be several play areas within Kid's World; the largest, a 5,000 square foot structure targeting children

aged 4 and over, will be comprised of a series of colorful tubes, slides, ball baths, climbing structures, air and water trampolines, obstacle courses, ramps, and stairs. A smaller play area will cater to toddlers and consist of cushions, ramps, a small ball bin, and toys. To encourage active participation by parents, all play areas will have a visually open design with comfortable rest areas in full view of the play structures.

Kid's World will also be equipped with a smaller area of interactive games designed to promote eye and hand coordination. This area will include the "Magic Keyboard", a unique piece of musical play equipment specifically designed for Kid's World. Parents and children can also play several games of skill to win tickets redeemable for prizes. There will also be a snack bar with seating for 100 to 125 customers at a time. It will serve food and beverages that appeal to children and parents such as pizza, hot dogs, salads, sandwiches, popcorn, pop, fruit juice, cappuccino, cake, and ice cream. In addition, Kid's World will have a merchandise counter with small souvenirs emblazoned with the Kid's World logo such as T-shirts, sweaters, and hats.

Kid's World will have six private party rooms and will offer packages for birthdays and other special occasions hosted by staff members, significantly reducing the hassle and mess for parents. The design of the rooms will allow for groups as large as 30 children at a time. For family celebrations, Kid's World will offer three birthday packages for parties of 8 of more, consisting of a two hour limited time of play, birthday cake and ice cream, free game tokens, and, depending on the type of package, pizza or hot dogs, party favors for the guests, and a special gift for the birthday child.

Strategy and Approach to the Market

Kid's World will strive to appeal to value-oriented customers who desire hours of entertainment for their children at reasonable prices. Kid's World will be competitively priced at $4.95 for unlimited play which is comparable to other forms of entertainment. However, the distinguishing feature of Kid's World will be its clean, safe, secure environment for children to play in while parents can either relax or participate in their child's activities.

Advertising

Kid's World will reach its target customers through such advertising media as local newspapers, local television, and direct mail campaigns. Local television advertising has been found to be very effective in reaching the target market segment of children 13 and under, so we will focus our efforts here. The advertising and promotion campaign will be funded through operating cash flows and will build upon the close proximity of the store to the corporate location. In addition, the franchisor will assist its franchisees through regional advertising programs to obtain synergy among all franchisees within the region. Kid's World will initially promote its concept through a Grand Opening advertisement campaign employing an invitation-only free evening for local business and government leaders and their children as well as local radio coverage. The franchisor will assist in the preparation of initial advertising and scheduling of promotions.

Location Characteristics

The nature and location of Kid World's business will support both destination and walk-in shopping. Since the majority of birthday parties are pre-planned events, the exact location of Kid's World with respect to major shopping centers is not as critical as it is in other retail businesses. However, parents shopping with their children may desire an outlet for their children in the form of indoor exercise and recreation. Once customers are aware of Kid's World's location, they will return again and again. Figures from the corporate store indicate an average return rate of seven times per child per year. Our financial forecasts conservatively project 1/3 less. The awareness of our location will develop over several months due to advertising, word of mouth, and simple observation by shoppers in the area.

Kid's World will locate in Livonia on Inkster Road in the Heights Shopping Center. This shopping center consists of two separate buildings totaling 73,480 square feet of rental space and contains both destination and

walk-by businesses. The center is primarily focused on providing family related services to the local community. Within three miles of this location, census data indicates there are 9,854 children under the age of 14. Within five miles of this location, census data indicates there are 23,061 children under the age of 14. In addition, there are several elementary schools located in the proximity, a day care center directly behind the shopping center, and many other child-related businesses within a few blocks along Inkster Rd. in either direction.

To better ensure Kid's World's success, the franchisor, Kid's World, Inc., must approve the final location and subject it to their proprietary location requirements.

Unique Market Characteristics

Weekly Usage Patterns

With 60 to 65% of the costs fixed and only 35 to 40% variable, even small increases in capacity utilization can have a major impact on profitability. With a projected 60% of revenue coming from Friday through Sunday, it will be important to effectively utilize capacity on weekdays. Kid's World will provide the following services to increase customer usage during this period: group discounts to day care centers, churches, community groups, schools, etc., a frequent user card to encourage repeat customer visits, nutritious food to attract health-conscious families, and promoting birthday parties during the week.

Seasonality

The winter months are usually the strongest, and the beginning of spring and the beginning of the school year are usually the weakest periods. On a quarterly basis, Kid's World's best quarter should be the first, followed by the third, second, and fourth quarters. To manage this seasonal variation in customer demand, management will actively monitor weekly sales volume and maintain a flexible staffing arrangement.

Threat of a Fad Product

There is a risk that children may tire of the concept of indoor padded playgrounds. To keep the concept fresh, Kid's World will strive to introduce new play equipment, skill games, and/or new marketing concepts annually. In addition, the franchisor is committed to ongoing research and development in the area of child interaction and stimulation through consultation with staff child psychologists.

Safety/Liability Concerns

To reduce the potential for injuries and lawsuits, Kid's World will employ every means possible to protect children from hurting themselves on the play equipment. Kid's World will only utilize the softest and most extensively-padded equipment in the industry. Furthermore, Kid's World will employ trained staff to continuously monitor each play area and enforce the rules of the playpark. The playpark will be designed to provide parental viewing on all sides and at all times. Parents will also be encouraged to play in the equipment with their children (knee pads will be available for a nominal charge.) In addition, security wristbands will be issued to each person upon entering to ensure the child's safety and prohibit stranger abduction of children. Strict security measures will be observed at all times. Kid's World will carry a $1 million per occurrence liability insurance policy in the event of lawsuit.

COMPETITIVE ANALYSIS

Nature of Competition

Competition in the children's recreation and entertainment industry consists of a highly diverse group of children's activities, including television, libraries, YMCA's, health clubs, parks and other recreation centers, movies, the zoo, and related activities. All of these activities provide for enjoyment by both the parents and the children. However, an indoor playground offers a safe, clean indoor environment for physical activity that is specifically designed for children. It provides children with the security and the skill development opportunities that parents desire.

The indoor playground industry is relatively new. Among the existing players in the indoor playground industry, competition is fragmented. The only company with a strong national presence is Surprise Land, possessing over 250 store locations across the United States, Canada, Mexico, and Europe. A significant threat also exists from Connell Corporation, which has started an indoor playground concept of its own, Jungle Play. Although Jungle Play is still in a testing phase, Connell's has the resources and experience to expand its concept rapidly. In addition, there are numerous regional players with fewer than 10 stores across the nation, although relatively few of them are actively seeking franchisees.

Presently, there are no indoor children's playgrounds operating in the Livonia area. Within a 25 minute drive from Livonia are the following primary competitors to Kid's World:

Competitor	Major Strength	Major Weakness
Captain Sam's Pizza	Videogames	Restaurant focus
Surprise Land	Large play structure	Congested/chaotic
Jungle Play	Name recognition	—
Kidville	Separate toddler area	—

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Competitive Advantage

After reviewing the characteristics and environment of each of the above competitors, we believe that Kid's World offers several advantages over the existing competitors. First, Kid's World offers the lowest admission price, charging $4.95 per child, of any establishment dedicated to providing an extensive indoor playground. Second, Kid's World encourages parents to participate in their children's recreational activities through a careful layout of the playpark which ensures high visibility of the play areas and close proximity for the parents. Third, Kid's World is the only indoor playground operator that provides such unique play equipment as the Magic Keyboard, an air mattress, and games of skill that are specifically designed to promote child development. Fourth, Kid's World goes to extra lengths to ensure the safety and security of the environment by providing such extras as CPR certification for all employees of a certain level, video monitors of the entire playpark, and strictly controlling the entrances and exits to Kid's World. Last, with the corporate Kid's World location being so close to Michigan, name recognition should be high, as many of the potential customers have already been to the existing Kid's World location.

Analysis of Competitors

The following section briefly discusses each competitor's market position, strategy, and unique operating characteristics.

Captain Sam's

Captain Sam's primary focus is on an extensive array of video games, mini-rides, interactive skill games, a puppet show, and food. Although it has a small playpark area for toddlers, Captain Sam's is primarily dedicated to food service and games. Consequently, it serves as a destination business for pre-planned visits, centered around its food service for family outings and birthday parties. It is an open layout with more windows than other children's entertainment centers and has the atmosphere of a large noisy cafeteria. It charges no entry fee, but maintains high prices for its pizza, ice cream, and beverages. Catering more to parents, the Ypsilanti location allows smoking and serves alcoholic beverages along with pizza, hot dogs, and nachos. It does not instill a sense of security for the parents, nor does it provide the challenging and stimulating environment that children desire.

Surprise Land

With over 250 fun centers in operation as of April 1994, Surprise Land is the largest operator of indoor playgrounds for children. The company was founded in 1990 and began its early growth through franchising. In 1993, Reeves Entertainment acquired 20.1% of Surprise Land's shares with an option to purchase additional shares up to a 51% interest in the company. In order to sustain market leadership and pre-empt competitive threats, Surprise Land has adopted an aggressive expansion campaign with the goal of securing what they feel are the best locations across the country. Specifically, Surprise Land plans on opening 90-100 domestic fun centers a year and franchisees are expected to open another 100 in 1994, the majority of which will be opened by Reeves Entertainment. At this rate, they will have an estimated 360-400 stores by the end of this year and 600 by 1996. This rapid expansion is evidence of the acceptance of this concept by both children and adults. To complete this aggressive plan, Surprise Land has adopted a regional organizational structure and invested in systems to operate and maintain a chain with hundreds of stores in many markets.

In October, 1993, Surprise Land entered the Detroit market by opening its first store location in Warren (east side of Detroit), followed by additional locations in Taylor (downriver area), Plymouth (western suburb), Farmington Hills (northern suburb). Surprise Land has future plans for an additional locations in the metro-Detroit area, including Troy, Novi, and Ann Arbor. In addition, Surprise Land is planning to locate in such outstate areas as Flint, Lansing, Traverse City and Saginaw.

Surprise Land is similar in concept to Kid's World in that it provides a controlled environment for children to play in and explore with their parents. It consists of the Menster-Zone, a 3,000 to 4,000 square foot play area for children aged 4 to 12, the Tiny-Zone, a smaller play area for toddlers, an area of interactive skill games, five or six party rooms, and a snack bar serving foods such as pizza, hot dogs, popcorn, and ice cream. In addition, Surprise Land provides a quiet room for parents who wish to let their children enjoy the play areas unattended.

The primary difference between Surprise Land and Kid's World is the emphasis on a safe, clean, secure atmosphere as well as the level of encouraged interaction between child and parent. While Surprise Land promotes the safety and security aspects of its play areas, it's easier for children to leave the premises unnoticed and it allows adults to tour the facilities unescorted. Furthermore, the snack bar seating is usually located in the center of the play space, leading to sticky floors, congested walkways, and visible food wrappers next to trash dispensers in every interior corner of the playpark. The play structure at Surprise Land is contained in a smaller area than Kid's World and is typically placed in a corner of the facility. This can lead to heavy congestion in the play area during peak hours, a restriction of airflow throughout the playpark, and a general lack of incentive for parents to interact with their children. Kid's World's play structure is located in the center of the room with benches provided on the walls surrounding the structure, promoting visibility at all times by the parents and staff monitors and encouraging parent/child interaction.

Jungle Play

A subsidiary of Connell Corporation, Jungle Play started in 1991 and has since grown to approximately 40 locations nationwide. Connell's plans for Jungle Play include a steady but cautious introduction of new stores located primarily in major market areas. In the Detroit area, Jungle Play outlets are located in Southfield, Dearborn Heights, and Redford Township. Connell's usually builds free-standing structures on land located adjacent to major shopping malls. Therefore, it is likely that Jungle Play may be looking at the available real estate on the exterior of Novi Mall for future expansion. If Jungle Play were to locate in Novi they could represent formidable competition for Kid's World. However, the strong demographics of this area suggest that it could support 3 or more children's indoor play facilities.

Jungle Play is similar in concept to Kid's World and Surprise Land in that it provides a safe, secure, clean, and stimulating environment for children to play in. Jungle Play is somewhat larger in size than Kid's World. Unlike Surprise Land, Jungle Play's play structure is designed to promote parent/child interaction. Jungle Play is particularly adept at providing birthday services by including such extras as a name board to alert all customers of the day's birthday children, a cart for transporting birthday gifts, and extremely friendly and courteous staff. Jungle Play obtains additional business by giving discounts during non-peak hours, allowing groups to rent the facility after-hours, and promoting such activities as overnight lock-ins, fund raisers, and school fieldtrips.

Kidville

Kidville opened its first and only location this past March in Garden City and has since expressed interest in franchising its concept. Similar in size and appearance to Surprise Land, Kidville offers a multi-level play-park complete with treeforts and slides for children over 4 and a separate play area for children under the age of 4. It is similar in concept to Surprise Land, Jungle Play, and Kid's World, but it does not represent a formidable threat since it has not yet decided to expand via franchising or additional corporate locations.

PRICING, PROFITABILITY, AND BREAK EVEN

Kid's World will derive its sales revenues from admissions, games of skill, restaurant/snack bar operations, birthday party packages, and gift shop and souvenir sales. A detailed description of each component of revenue is provided below.

Admissions/Games

Admission fees will be $4.95 per child (ages 1-17) which includes unlimited play in all of the play areas. Adults will be admitted free of charge and encouraged to play in the play areas with their children. This price compares favorably to other forms of family entertainment such as movies where both adults and children must pay admission. The goal of Kid's World is for a visit to the playpark to become a regular family event. Reflecting this goal, a frequent user card will enable a customer to receive discounts off future admissions to Kid's World after a specified number of paid admissions to the playpark. Statistics from the corporate location show the average child returning seven times per year. In addition, Kid's World will offer group discounts for groups of 12 or more at $3.95 per person to encourage day care centers, youth group activities, and summer camps to visit the playpark. For larger groups of 30 or more children, Kid's World offers a special package at $5.00 per child that includes unlimited play in the playpark, two game tokens per child, a slice of pizza or a hot dog, and a beverage.

Snack Bar

The 125 person capacity snack bar will offer food products that appeal to both children and parents alike. It will offer traditional children's favorites such as pizza, hot dogs, and popcorn as shown below on a sample menu:

Traditional Pizza	
10" Small Pizza with 1 Item	$4.99
14" Large Pizza with 1 Item	$7.99
Pan Pizza	
18" by 12" Pan Pizza with 1 Item	$9.99
Specials	
#1:2 Small 10" Pizzas with 1 Item and 2 Large Beverages	$10.99
#2: 1 18" by 12" Party Pan Pizza with 1 Item and 2 Large Beverages	$11.49
#3: 2 Large 14" Pizzas with 1 Item and 4 Large Beverages	$16.99
Salads	
Garden Salad	$2.50
Chef Salad	$3.00
Miscellaneous	
Hot Dogs	$1.30
Popcorn	$0.50
Chips	$0.70
Ice Cream Bars	$0.70
Beverages	
Pepsi Products, Root Beer, Fruit Punch, Lemonade, Milk, Juice, Coffee, Cappuccino	

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Popcorn $0.50
Chips $0.70
Ice Cream Bars $0.70
Beverages
Pepsi Products, Root Beer, Fruit Punch, Lemonade, Milk, Juice, Coffee, Cappuccino

Birthday Party Packages

For family celebrations Kid Kingdom will offer three birthday packages for parties of 8 of more, consisting of a two hour limited time of play, birthday cake and ice cream, free game tokens, and, depending on the type of package, pizza or hot dogs and a special gift for the birthday child. The three birthday packages offered include the following:

ἑ Regal Celebration
$7.95 per child
Three game tokens per child
Invitations/Balloons
Nine-inch double layer cake
Pop/punch
Ice cream

ἑ Supreme Celebration

$8.95 per child
Three game tokens per child
Invitations/Balloons
Half-sheet cake
Pop/punch
Ice cream
Pizza or hot dogs
Special Kid Kingdom gift for the birthday child

"Supreme "Theme" Celebration
$10.95-$12.95 per child
Includes all items in Supreme Celebration, plus:
Special theme gifts for all children in the party
Custom decorated half-sheet cake

Gift Shop/Souvenirs

The gift shop will contain various souvenir merchandise available for sale such as T-shirts, hats, sweaters, and wristbands with the Kid Kingdom logo. The gift shop will also provide various prizes and gifts for children to redeem with tickets received from completing the games of skill.

Source	Revenue	% of Total
Admissions	279,002	28%
Games	225,456	23%
Snack Bar	300,608	30%
Birthday Parties	131,240	14%
Gifts/Souvenirs	39,455	4%
Misc.	10,800	1%
Total Revenue	$986,561 or $82,213/month	100%

Projected Revenue Breakdown

Source	Revenue	% of Total
Admissions	279,002	28%
Games	225,456	23%
Snack Bar	300,608	30%
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Misc.	10,800	1%
Total Revenue	$986,561 or $82,213/month	100%

Break-Even Analysis

Projected fixed costs for an average month include the following:

Rent	8,750
Utilities	2,083
Insurance	1,400
Maintenance	2,060
Taxes	1,458
Depreciation	6,700
Advertising	3,335
Interest	1,000
Salaries	24,133
Total Fixed Costs	$50,919

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Interest	1,000
Salaries	24,133
Total Fixed Costs	$50,919

Hence, at a projected gross margin of 78% (contribution margin of 83% less franchise fees of 5% of sales) monthly break-even volume is:

$50,919/.78 = $65,281 or 4,340 visits per month

Per the attached financial projections, break-even is projected to be achieved at a monthly revenue level of $65,281. Given our revenue forecasts of $82,213 per month, it appears that we will be able to exceed break-even revenue levels at significantly less volume. Competitive assessment suggests that indoor playgrounds of comparable size and scope typically exceed the break-even monthly sales level within the first month after opening.

OPERATIONS

Hours of Operation

Initially, store operating hours will be from 10 AM to 9 PM Monday through Thursday, 10 AM to 10 PM Friday and Saturday, and 12 PM to 6 PM on Sunday.

Sources of Inputs

Vendor	Item
ParkPlay, Inc.	Playpark equipment/toddler equipment
Simmons, Inc.	Playpark equipment
Nisco, Inc.	Gaming equipment
Liveball, Inc.	Gaming equipment
Springwall, Inc.	Gaming equipment
Lyons & Associates	Magic Keyboard
Okemos Food Equipment Co.	Restaurant equipment, furniture, party rooms
Symtec	Restaurant supplies (includes pizza ingredients)
Best Cola	Soft drinks, punches, juices
Livewire Computers	Computer software package
TNB	Computer hardware

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Costs

Projected Initial Investment	
Equipment	397,000
Leasehold Improvements	30,000
Lease—first month's rent	8,750
Lease—security deposit	8,750
Insurance (6 mos.)	7,500
Legal/accounting fees	2,000
Licenses and permits	1,500
Training	2,500
Architect	3,500
Uniforms	1,500
Misc. (unanticipated)	14,000
Subtotal	$475,000
Franchise fee	30,000
Inventory	7,500
Working Capital	50,000
Total Initial Investment	$564,500

Projected Initial Investment

Equipment	397,000
Leasehold Improvements	30,000
Lease—first month's rent	8,750
Lease—security deposit	8,750
Insurance (6 mos.)	7,500
Legal/accounting fees	2,000
Licenses and permits	1,500
Training	2,500
Architect	3,500
Uniforms	1,500
Misc. (unanticipated)	14,000
Subtotal	$475,000
Franchise fee	30,000
Inventory	7,500
Working Capital	50,000
Total Initial Investment	$564,500

Description of Cost Items

Rent

We have identified a prospective rental location of 14,000 square feet and have negotiated a ten-year lease with one ten-year optional extension. The rental payment schedule is as follows:

Years 1 & 2: $7.50/sq.ft.	**Year 3:** $8.00/sq.ft.
Years 4 & 5: $8.50/sq.ft.	**Years 6 & 7:** $9.00/sq.ft.
Year 8: $9.50/sq.ft.	**Years 9 & 10:** $10.00/sq.ft.

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Years 4 & 5: $8.50/sq.ft. **Years 6 & 7:** $9.00/sq.ft.
Year 8: $9.50/sq.ft. **Years 9 & 10:** $10.00/sq.ft.

The terms of this lease call for a one month's rent security deposit. Per agreement with the prospective landlord, our first ninety days of occupancy will be free of rent. We anticipate the first thirty days of that period will be devoted to equipment set-up and staff training, hence we estimate approximately sixty days after opening as the date the first rental payment will be due. The lease does not contain a percentage rent clause based on achievement of certain sales levels.

Leasehold Improvements

The majority of leasehold improvements will be completed by the landlord prior to our occupancy. These include painted outer walls, carpeted and/or tiled flooring, acoustical tile drop ceiling with recessed flourescent lighting, two restrooms, and a manager's office. Items we have budgeted for include: party room construction (estimated by landlord at $10,000), signage - an exterior facade sign, an interior neon sign, and an exterior sign for the shopping center's pylon sign [estimated at $15,000), front entry desk and counter-tops (estimated by franchisor at $9,000), and wall decorations, decorative lighting, party room decoration, storage room shelving and lockers, workshop/game repair room, and miscellaneous items (total budget of $11,000).

Fixtures and Equipment

In addition to the leasehold improvements, we have budgeted $50,000 for restaurant fixtures and furnishings. These include pizza ovens, refrigeration units, beverage dispensers, sinks, countertops, tables and bench seats, and storage shelving. The two most significant equipment expenditures are the main playpark structure (including the toddler play structure) and the various games of skill. The total cost of the playpark structure has been budgeted at $220,000 and depends on many factors, including its overall size, configuration, and complexity. The franchisor has developed several playpark layouts to accomodate the unique characteristics of our rental space. Preliminary estimates from two indoor playground manufacturers have been in the range of $175,000 - $200,000 for the entire playpark structure. Typically, 50% of the total purchase price is due upon ordering the equipment and the remaining 50% is due upon shipment. Lead-time for playpark equipment has been estimated at 7-8 weeks. The total cost of the games of skill has been budgeted at $75,000. The franchisor has developed an extensive list of pre-approved games of skill to select from, most individual games priced between $2,000 and $5,000 each. Most game equipment companies also require 50% down when ordering and the remaining 50% upon shipment with an estimated lead-time of 4-6 weeks. We have also budgeted $15,000 for computer hardware, $5,000 for the franchisor's software programs, and $5,000 for miscellaneous office equipment, such as a copy machine, fax machine, public address system, and telephones.

Depreciable Total and Method

The depreciable costs listed above are summarized as follows:

Depreciable Cost	Cost	Length
Play Equipment	220,000	5 years
Restaurant Equipment	50,000	7 years
Leasehold Improvements	30,000	31 1/2 years
Office/Computer Equipment	27,000	5 years
Games	75,000	7 years
Furniture/Signs/Misc.	25.000	7 years
	$427,000	

Depreciable Cost	Cost	Length
Play Equipment	220,000	5 years
Restaurant Equipment	50,000	7 years
Leasehold Improvements	30,000	31 ½ years
Office/Computer Equipment	27,000	5 years
Games	75,000	7 years
Furniture/Signs/Misc.	25.000	7 years
	$427,000	

These capital expenditures will be depreciated using the Modified Accelerated Costs Recovery System (MACRS) over various lengths depending on the useful lifes of the assets as mentioned above.

Utilities

Utilities include electricity, gas, and water/sewer. Our estimates of electricity, gas, and water/sewer costs (based

on franchisor estimates and contact with Detroit Edison, MichCon, and the City water department), suggest annual utilities will cost approximately $25,000.

Insurance

Kids World will carry extensive insurance policies protecting it in the event of lawsuit. The insurance policies carried include: $1,000,000 per incident premises liability insurance covering bodily injury, property damage, and non-owned autos; $1,000,000 product liability insurance coverage; 100% replacement coverage on building contents and leasehold improvements; three month business interruption insurance, and worker's compensation insurance as required by law. These insurance policies have been estimated at $15,000 on an annual basis.

Inventory

Inventory will consist of redemption items, game tokens, tickets, identification bracelets, paper products, food ingredients, restaurant supplies, and gift shop sale items. The budgeted initial investment in inventory is $7,500 based on franchisor estimates.

Working Capital

Based on franchisor estimates, Kid's World will require $50,000 of available cash, line of credit, or other liquid reserves to cover operating expenses for wages, utilities, rent, and similar expenses.

Business Organization

The business will be organized as a partnership under the name of Kid's World. Thomas Jones and Alice Cushaw will serve as Registered Agents.

MANAGEMENT AND STAFFING

Staffing Plan

	Monday-Thursday		Friday		Saturday		Sunday
Employee	**10AM-6PM/5-9PM**		**10AM-6PM/6-10PM**		**10AM-6PM/5-10PM**		**12-6PM**
Mgr-owner	as needed	1	as needed	1	1	1	1
Mgr-employee	1		1		1		1
Ass't Mgr	1	1	1	1			1
Party Coord	1	1	1	1	1	1	1
Restaurant Staff	2	2	2	4	4	4	4
Play Monitors	2	2	2	3	3	3	3
Front Desk	1	2	2	2	3	3	3
Misc.	0	0	0	1	1	1	1
Total	**8**	**9**	**9**	**13**	**15**	**14**	**15**

	Monday-Thursday		Friday		Saturday		Sunday
Employee	**10AM-6PM/5-9PM**		**10AM-6PM/6-10PM**		**10AM-6PM/5-10PM**		**12-6PM**
Mgr-owner	as needed	1	as needed	1	1	1	1
Mgr-employee	1		1		1		1
Ass't Mgr	1	1	1	1	1	1	1
Party Coord	1	1	1	1	1	1	1
Restaurant Staff	2	2	2	4	4	4	4
Play Monitors	2	2	2	3	3	3	3
Front Desk	1	2	2	2	3	3	3
Misc.	0	0	0	1	1	1	1

	Monday-Thursday		Friday		Saturday		Sunday
Employee	**10AM-6PM/5-9PM**		**10AM-6PM/6-10PM**		**10AM-6PM/5-10PM**		**12-6PM**
Total	**8**	**9**	**9**	**13**	**15**	**14**	**15**

CONTINGENCY PLANNING

In the event Kid's World's acceptance is slower than anticipated, expenses can be reduced as follows:

Certain games and planned playpark additions can be leased, reducing up-front cash expenditures by $20,000 - $50,000.

The Secretary position can be eliminated and its job responsibilities performed by the two Assistant Managers. This can reduce salary expenditures by $20,000 annually.

Since the majority of Kid's World's employees are part-time and only scheduled to work up to two weeks in advance, the employment level can quickly and easily be adjusted to operating conditions.

Management fees can be reduced or eliminated entirely, as the member-managers do not depend on the business as their main source of income. This can reduce expenditures by up to 5.0% of sales, or up to $50,000.

These savings can significantly reduce operating expenses in the event of unforseen circumstances, lowering the break-even volume of the store.

FINANCIAL PROJECTIONS

Projected Revenue Buildup

Region	Miles from store	Population aged 0-13	Avg household income
A	5	23,061	$55,000
B	10	38,869	$52,748
C	25	49,121	$45,861

Market Size

Region	Miles from store	Population aged 0-13	Avg household income
A	5	23,061	$55,000
B	10	38,869	$52,748
C	25	49,121	$45,861

Miles from store	Market penetration	No. of initial visits	Percentage returning	No. of return trips (7x per child)
0-5	30%	6,918	67%	32,447
5-10	25%	3,952	67%	18,535
10-25	15%	1,538	50%	5,382
Total		**12,408**		**56,364**

Projected Market Penetration

Miles from store	Market penetration	No. of initial visits	Percentage returning	No. of return trips (7× per child)
0-5	30%	6,918	67%	32,447
5-10	25%	3,952	67%	18,535
10-25	15%	1,538	50%	5,382
Total		**12,408**		**56,364**

Projected Revenues by Source

		Revenues	Percent of Revenues
Admissions			
Number of visits per year	56364		
Average admission revenue per visitor	$4.95		
Total admission revenue		$279,002	28%
Games			
Number of visits per year	56,364		
Average game revenue per visitor	$4.00		
Total game revenue		$225,456	23%
Food			
Number of visits (children) per year	56,364		
Average number of children per parent	3		
Percentage of total visitors purchasing food	80%		
Total number of visitors purchasing food	60,122		
Average food revenue per visitor	$5.00		
Total food revenue		$300,608	30%
Birthday Parties			
Regal Celebration Package			
Number of parties per year	800		
Average number of children per party	12		
Average revenue per party	$95.40		
Total Regal Celebration revenues	$76,320		
Supreme Celebration Package			
Number of parties per year	400		
Average number of children per party	10		
Average revenue per party	$89.50		
Total Supreme Celebration revenues	$35,800		
Supreme Theme Celebration Package			
Number of parties per year	200		
Average number of children per party	8		
Average revenue per party	$95.60		
Total Supreme Theme revenues	$19,120		
Total party revenue		$131,240	13%

		Revenues	Percent of Revenues
Admissions			
Number of visits per year	56364		
Average admission revenue per visitor	$4.95		
Total admission revenue		$279,002	28%
Games			
Number of visits per year	56,364		
Average game revenue per visitor	$4.00		
Total game revenue		$225,456	23%
Food			
Number of visits (children) per year	56,364		
Average number of children per parent	3		
Percentage of total visitors purchasing food	80%		
Total number of visitors purchasing food	60,122		
Average food revenue per visitor	$5.00		
Total food revenue		$300,608	30%
Birthday Parties			
Regal Celebration Package			
Number of parties per year	800		
Average number of children per party	12		
Average revenue per party	$95.40		
Total Regal Celebration revenues	$76,320		
Supreme Celebration Package			
Number of parties per year	400		

		Revenues	Percent of Revenues
Average number of children per party	10		
Average revenue per party	$89.50		
Total Supreme Celebration revenues	$35,800		
Supreme Theme Celebration Package			
Number of parties per year	200		
Average number of children per party	8		
Average revenue per party	$95.60		
Total Supreme Theme revenues	$19,120		
Total party revenue		$131,240	13%

Gift/Souvenier Shop			
Number of visits per year	56,364		
Percentage of visitors purchasing souveniers	5%		
Average souvenier revenue per visitor	$14.00		
Total gift/souvenier revenue		$39,455	4%
Special Events, Sleep Overs, etc.			
Number of events per year	36		
Average number of children per event	30		
Average revenue per visitor	$10.00		
Total special events revenue		$10,800	1%
Total Projected Annual Revenues		**$986,561**	**100%**

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Number of visits per year	56,364		
Percentage of visitors purchasing souveniers	5%		
Average souvenier revenue per visitor	$14.00		
Total gift/souvenier revenue		$39,455	4%
Special Events, Sleep Overs, etc.			
Number of events per year	36		
Average number of children per event	30		
Average revenue per visitor	$10.00		
Total special events revenue		$10,800	1%
Total Projected Annual Revenues		**$986,561**	**100%**

Projected Start-up Costs

Leasehold improvements			$30,000
Lease: first month's rent (two months free)			$8,750
Square footage	14,000		
Cost/sq.ft.	$7.50		
Lease: security deposit			$8,750
Equipment			
Play structure		$220,000	
Games		$75,000	
Furniture and fixtures		$10,000	
Restaurant equipment		$50,000	
Signs		$15,000	
Computer hardware		$15,000	
Computer software		$5,000	
Telephone system		$2,000	
Misc. office equipment		$5,000	
Total Equipment			$397,000
Other start-up costs			
Franchise fee			$30,000
Insurance (6 mos.)			$7,500
Licenses and permits			$1,500
Training costs			$2,500
Architect			$3,500
Legal and accounting fees			$2,000
Uniforms			$1,500
Inventory			$7,500
Working Capital			$50,000
Misc. (unanticipated costs)			$14,000
Total Initial Investment			**$564,500**

Leasehold improvements			$30,000
Lease: first month's rent (two months free)			$8,750
Square footage	14,000		
Cost/sq.ft.	$7.50		
Lease: security deposit			$8,750
Equipment			
Play structure		$220,000	
Games		$75,000	
Furniture and fixtures		$10,000	
Restaurant equipment		$50,000	
Signs		$15,000	
Computer hardware		$15,000	
Computer software		$5,000	
Telephone system		$2,000	
Misc. office equipment		$5,000	
Total Equipment			$397,000
Other start-up costs			
Franchise fee			$30,000
Insurance (6 mos.)			$7,500
Licenses and permits			$1,500
Training costs			$2,500
Architect			$3,500
Legal and accounting fees			$2,000
Uniforms			$1,500
Inventory			$7,500
Working Capital			$50,000

Misc. (unanticipated costs)	$14,000
Total Initial Investment	**$564,500**

Projected Salary and Wage Expense

	Number	Annual Salary	Total
Manager	1	$32,000	$32,000
Assistant Managers	2	$20,000	$40,000
Secretary	1	$20,000	$20,000
Total fall-time	4		$92,000

Full-time employees

	Number	Annual Salary	Total
Manager	1	$32,000	$32,000
Assistant Managers	2	$20,000	$40,000
Secretary	1	$20,000	$20,000
Total fall-time	4		$92,000

	Number	Average Rate/hr	Average Hrs/wk	Total
Restaurant workers	12	$5.00	20	$62,400
Monitors	12	$5.00	20	$62,400
Front desk	10	$5.00	20	$52,000
Misc.	4	$5.00	20	$20,800
Total part-time	34			$197,600
Total	38			$289,600

Part-time employees

	Number	Average Rate/hr	Average Hrs/wk	Total
Restaurant workers	12	$5.00	20	$62,400
Monitors	12	$5.00	20	$62,400
Front desk	10	$5.00	20	$52,000
Misc.	4	$5.00	20	$20,800
Total part-time	34			$197,600
Total	**38**			**$289,600**

Management Fee Schedule

Net Income before Management Fee			Management Fee as % of Sales
$0		$50,000	0.0%
$50,000	-	$100,000	2.0%
$100,000	-	$150,000	4.0%
$150,000	+		5.0%

Net Income before Management Fee			Management Fee as% of Sales
$0	–	$50,000	0.0%
$50,000	–	$100,000	2.0%
$100,000	–	$150,000	4.0%
$150,000	+		5.0%

Projected Capital Contributions by Source

	Amount		Percentage
Equity			
Contribution of Owners	$200,000		
Contribution of Investors	$200,000		
Total Equity		$400,000	70.9%
Debt			
Bank Loan - 5 yr. term	$114,500		
Line of Credit	$50,000		
Total Debt		$164,500	29.1%
Total Initial Investment		$564,500	
Debt-Equity Ratio:	**41.1%**		

	Amount		Percentage
Equity			
Contribution of Owners	$200,000		
Contribution of Investors	$200,000		
Total Equity		$400,000	70.9%
Debt			
Bank Loan - 5 yr. term	$114,500		
Line of Credit	$50,000		
Total Debt		$164,500	29.1%
Total Initial Investment		$564,500	
Debt-Equity Ratio: 41.1%			

	Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
Net Sales	$986,561	$1,035,889	$1,087,683	$1,142,067	$1,199,171	5.0% sales growth
Cost of goods sold	137,033	143,885	151,079	158,633	166,565	13.9% of sales
Gross Profit	$849,527	$892,004	$936,604	$983,434	$1,032,606	
Operating Expenses						
Rent	87,500	105,000	112,000	119,000	119,000	per lease
Utilities	25,000	25,750	26,523	27,318	28,138	3.0% inflation
Repairs and maintenance	20,833	22,660	23,340	24,040	24,761	3.0% inflation
General taxes	17,500	21,630	22,279	22,947	23,636	3.0% inflation
Telephone expense	10,000	10,300	10,609	10,927	11,255	3.0% inflation
Salaries and wages	289,600	298,288	307,237	316,454	325,947	3.0% wage growth
Insurance - general	17,333	18,334	18,884	19,451	20,034	3.0% inflation
Insurance - health	1,800	1,800	1,800	1,800	1,800	manager only
Permits and licenses	1,500	0	0	0	0	one-time expense
Bank service charge	1,424	1,424	1,424	1,424	1,424	ongoing
Legal and accounting	8,000	4,000	4,000	4,000	4,000	ongoing
Depreciation	85,400	85,400	95,400	95,400	109,400	SL 5 yrs
Amortization	3,000	3,000	3,000	3,000	3,000	amort 10 yrs
Office expense	9,866	10,359	10,877	11,421	11,992	10% of sales
Supplies	58,207	61,117	64,173	67,382	70,751	5.9% of sales
Franchise fees	49,328	51,794	54,384	57,103	59,959	5.0% of sales
Training	2,500	2,500	2,500	2,500	2,500	ongoing
Security and alarm expense	280	280	280	280	280	ongoing
Bad checks	1,000	1,000	1,000	1,000	1,000	$1,000 allowance
Payroll taxes	28,960	29,829	30,724	31,645	32,595	10.0% of salary
Sales tax expense	20,404	21,424	22,495	23,620	24,801	food sales
Operating supplies	19,731	20,718	21,754	22,841	23,983	2.0% of sales
Advertising	39,731	40,718	41,754	42,841	43,983	2.0% of sales + regional
Entertainment, promotion and meals	400	0	0	0	0	one-time expense
Michigan single business tax	392	392	392	392	392	provision
Interest expense	7,312	8,214	6,309	4,225	1,946	9.0% interest rate
Management fees	0	0	21,754	22,841	23,983	per schedule
Total Operating Expense	$807,001	$845,931	$904,890	$933,853	$970,560	
Net Income	**$42,526**	**$46,073**	**$31,714**	**$49,581**	**$62,046**	

Proforma Income Statement - by year

	Year 1	Year 2	Year 3	Year 4	Year 5	Assumptions
Net Sales	$986,561	$1,035,889	$1,087,683	$1,142,067	$1,199,171	5.0% sales growth
Cost of goods sold	137,033	143,885	151,079	158,633	166,565	13.9% of sales
Gross Profit	$849,527	$892,004	$936,604	$983,434	$1,032,606	
Operating Expenses						

Proforma Income Statement - by year

Rent	87,500	105,000	112,000	119,000	119,000	per lease
Utilities	25,000	25,750	26,523	27,318	28,138	3.0% inflation
Repairs and maintenance	20,833	22,660	23,340	24,040	24,761	3.0% inflation
General taxes	17,500	21,630	22,279	22,947	23,636	3.0% inflation
Telephone expense	10,000	10,300	10,609	10,927	11,255	3.0% inflation
Salaries and wages	289,600	298,288	307,237	316,454	325,947	3.0% wage growth
Insurance - general	17,333	18,334	18,884	19,451	20,034	3.0% inflation
Insurance - health	1,800	1,800	1,800	1,800	1,800	manager only
Permits and licenses	1,500	0	0	0	0	one-time expense
Bank service charge	1,424	1,424	1,424	1,424	1,424	ongoing
Legal and accounting	8,000	4,000	4,000	4,000	4,000	ongoing
Depreciation	85,400	85,400	95,400	95,400	109,400	SL 5 yrs
Amortization	3,000	3,000	3,000	3,000	3,000	amort 10 yrs
Office expense	9,866	10,359	10,877	11,421	11,992	1.0% of sales
Supplies	58,207	61,117	64,173	67,382	70,751	5.9% of sales
Franchise fees	49,328	51,794	54,384	57,103	59,959	5.0% of sales
Training	2,500	2,500	2,500	2,500	2,500	ongoing
Security and alarm expense	280	280	280	280	280	ongoing
Bad checks	1,000	1,000	1,000	1,000	1,000	$1,000 allowance
Payroll taxes	28,960	29,829	30,724	31,645	32,595	10.0% of salary
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Operating supplies	19,731	20,718	21,754	22,841	23,983	2.0% of sales
Advertising	39,731	40,718	41,754	42,841	43,983	2.0% of sales + regional
Entertainment, promotion and meals	400	0	0	0	0	one-time expense
Michigan single business tax	392	392	392	392	392	provision
Interest expense	7,312	8,214	6,309	4,225	1,946	9.0% interest rate
Management fees	0	0	21,754	22,841	23,983	per schedule
Total Operating Expense	$807,001	$845,931	$904,890	$933,853	$970,560	
Net Income	**$42,526**	**$46,073**	**$31,714**	**$49,581**	**$62,046**	

	Opening	Year1	Year2	Year3	Year4	Year5	Assumes
Current Assets							
Cash	$50,000	$154,577	$206,196	$301,580	$342,784	$478224	
Prepaid insurance	0	0	0	0	0	0	
Prepaid taxes	0	0	0	0	0	0	
Inventories	7,500	7,500	7,500	7,500	7,500	7,500	
Other	0	0	0	0	0	0	
Total current assets	57,500	162,077	213,6%	309,080	350,284	485,724	
Property, Plant and Equipment							
Furniture and fixtures	10,000	10,000	10,000	10,000	15,000	15,000	
Playground equipment	220,000	220,000	260,000	260,000	290,000	290,000	
Games	75,000	75,000	85,000	85,000	95,000	95,000	
Leasehold improvements	30,000	30,000	30,000	30,000	50,000	50,000	
Office equipment	7,000	7,000	7,000	7,000	7,000	7,000	
Signs	15,000	15,000	15,000	15,000	15,000	15,000	
Computer equipment	20,000	20,000	20,000	20,000	20,000	20,000	
Kitchen equipment	50,000	50,000	50,000	50,000	55,000	55,000	
Total PPE	427,000	427,000	477,000	477,000	547,000	547,000	
Less: Accumulated Depreciation	0	85,400	170,800	266,200	361,600	471,000	SL Depr
Total Property, Plant and Equipment	427,000	341,600	306,200	210,800	185,400	76,000	
Other Assets							
Franchise cost - net	30,000	27,000	24,000	21,000	18,000	15,000	10-yramort
Total Assets	$514,500	$530,677	$543,896	$540,880	$553,684	$576,724	
Current Liabilities							
Accounts payable	0	0	0	0	0	0	
Notes payable	0	0	0	0	0	0	
Total Current Liabilities	0						
Intermediate-term Debt	114,500	100,151	79,297	56,566	31,790	4,783	5-yrpayback
Stockholder's Equity							
Paid-in Capital	400,000	400,000	400,000	400,000	400,000	400,000	
Accumulated Adjustments Account							
Opening Balance	0	0	30,526	64,599	84,314	121,895	
Net income	0	42,526	46,073	31,714	49,581	62,046	
Distributions	0	12,000	12,000	12,000	12,000	12,000	3% payout
Closing Balance	0	30,526	64,599	84,314	121,895	171,941	
Total Stockholder's Equity	400,000	430,526	464,599	484,314	521,895	571,941	
Total Liabilities and Stock Equity	$514,500	$530,677	$543,896	$540,880	$553,684	$576,724	

Proforma Balance Sheet - by year

	Opening	Year l	Year 2	Year 3	Year 4	Year 5	Assumes
Current Assets							
Cash	$50,000	$154,577	$206,196	$301,580	$342,784	$478,224	
Prepaid insurance	0	0	0	0	0	0	
Prepaid taxes	0	0	0	0	0	0	
Inventories	7,500	7,500	7,500	7,500	7,500	7,500	
Other	0	0	0	0	0	0	
Total current assets	57,500	162,077	213,6%	309,080	350,284	485,724	
Property, Plant and Equipment							
Furniture and fixtures	10,000	10,000	10,000	10,000	15,000	15,000	
Playground equipment	220,000	220,000	260,000	260,000	290,000	290,000	
Games	75,000	75,000	85,000	85,000	95,000	95,000	
Leasehold improvements	30,000	30,000	30,000	30,000	50,000	50,000	
Office equipment	7,000	7,000	7,000	7,000	7,000	7,000	
Signs	15,000	15,000	15,000	15,000	15,000	15,000	
Computer equipment	20,000	20,000	20,000	20,000	20,000	20,000	
Kitchen equipment	50,000	50,000	50,000	50,000	55,000	55,000	
Total PPE	427,000	427,000	477,000	477,000	547,000	547,000	
Less: Accumulated Depreciation	0	85,400	170,800	266,200	361,600	471,000	SL Depr
Total Property, Plant and Equipment	427,000	341,600	306,200	210,800	185,400	76,000	
Other Assets							
Franchise cost - net	30,000	27,000	24,000	21,000	18,000	15,000	10-yr amort
Total Assets	$514,500	$530,677	$543,896	$540,880	$553,684	$576,724	

Proforma Balance Sheet - by year

Current Liabilities							
Accounts payable	0	0	0	0	0	0	
Notes payable	0	0	0	0	0	0	
Total Current Liabilities	0	0	0	0	0	0	
Intermediate-term Debt	114,500	100,151	79,297	56,566	31,790	4,783	5-yr payback
Stockholder's Equity							
Paid-in Capital	400,000	400,000	400,000	400,000	400,000	400,000	
Accumulated Adjustments Account							
Opening Balance	0	0	30,526	64,599	84,314	121,895	
Net income	0	42,526	46,073	31,714	49,581	62,046	
Distributions	0	12,000	12,000	12,000	12,000	12,000	3% payout
Closing Balance	0	30,526	64,599	84,314	121,895	171,941	
Total Stockholder's Equity	400,000	430,526	464,599	484,314	521,895	571,941	
Total Liabilities and Stock Equity	$514,500	$530,677	$543,896	$540,880	$553,684	$576,724	

	Year1	Year2	Year3	Year4	Year5
Cash Flow from Operations					
Net income	$42,526	$46,073	$31,714	$49,581	$62,046
Depreciation	85,400	85,400	95,400	95,400	109,400
Amortization	3,000	3,000	3,000	3,000	3,000
Increase in current liabilities	0	0	0	0	0
Decrease in current assets	0	0	0	0	0
Net Cash Provided by Operations	130,926	134,473	130,114	147,981	174,446
Cash Flow from Investments					
Purchase of equipment	0	50,000	0	50,000	0
Addition to leasehold improvements	0	0	0	20,000	0
Net Cash Used by Investing Activities	0	50,000	0	70,000	0
Cash Flows from Financing Activities					
Loan Proceeds	0	0	0	0	0
Repayment of Debt	14,349	20,854	22,731	24,777	27,007
Distributions to shareholders	12,000	12,000	12,000	12,000	12,000
Net Cash Provided by Financing Activities	(26,349)	(32,854)	(34,731)	(36,777)	(39,007)
Net Increase (Decr) in cash	104,577	51,619	95,384	41,204	135,440
Cash at beginning of year	50,000	154,577	206,196	301,580	342,784
Cash at end of year	$154,577	$206,196	$301,580	$342,784	$478,224

Proforma Statement of Cash Flows - by year

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flow from Operations					
Net income	$42,526	$46,073	$31,714	$49,581	$62,046
Depreciation	85,400	85,400	95,400	95,400	109,400
Amortization	3,000	3,000	3,000	3,000	3,000
Increase in current liabilities	0	0	0	0	0
Decrease in current assets	0	0	0	0	0
Net Cash Provided by Operations	130,926	134,473	130,114	147,981	174,446
Cash Flow from Investments					
Purchase of equipment	0	50,000	0	50,000	0
Addition to leasehold improvements	0	0	0	20,000	0
Net Cash Used by Investing Activities	0	50,000	0	70,000	0

Proforma Statement of Cash Flows - by year

Cash Flows from Financing Activities					
Loan Proceeds	0	0	0	0	0
Repayment of Debt	14,349	20,854	22,731	24,777	27,007
Distributions to shareholders	12,000	12,000	12,000	12,000	12,000
Net Cash Provided by Financing Activities	(26,349)	(32,854)	(34,731)	(36,777)	(39,007)
Net Increase (Deer) in cash	104,577	51,619	95,384	41,204	135,440
Cash at beginning of year	50,000	154,577	206,196	301,580	342,784
Cash at end of year	$154,577	$206,196	$301,580	$342,784	$478,224

Proforma Income Statement - Year 1

	Nov	Dec	Jan	Feb	Mar
Net Sales	$73,992	$90,435	$98,656	$106,877	$98,656
Cost of goods sold	10,277	12,561	13,703	14,845	13,703
Gross Profit	$63,715	$77,873	$84,953	$92,032	$84,953
Operating Expenses					
Rent	0	0	8,750	8,750	8,750
Utilities	2,083	2,083	2,083	2,083	2,083
Repairs and maintenance	1,250	1,250	1,833	1,833	1,833
General taxes	0	0	1,750	1,750	1,750
Telephone expense	833	833	833	833	833
Salaries and wages	21,720	26,547	28,960	31,373	28,960
Insurance - general	1,444	1,444	1,444	1,444	1,444
Insurance - health	150	150	150	150	150
Permits and licenses	1,500	0	0	0	0
Bank service charge	119	119	119	119	119
Legal and accounting	4,333	333	333	333	333
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Office expense	740	904	987	1,069	987
Supplies	4,366	5,336	5,821	6,306	5,821
Franchise fees	3,700	4,522	4,933	5,344	4,933
Training	2,500	0	0	0	0
Security and alarm expense	280	0	0	0	0
Bad checks	83	83	83	83	83
Payroll taxes	2,172	2,655	2,896	3,137	2,896
Sales tax expense	1,530	1,870	2,040	2,210	2,040
Operating supplies	1,480	1,809	1,973	2,138	1,973
Advertising	3,147	3,475	3,640	3,804	3,640
Entertainment, promotion and meals	400	0	0	0	0
Michigan single business tax	0	0	0	0	0
Interest expense	0	0	0	859	847
Management fees	0	0	0	0	0
Total Operating Expense	$61,1%	$60,781	$75,996	$80,986	$76,843
Net Income	$2,518	$17,093	$8,957	$11,046	$8,110

	Nov	Dec	Jan	Feb	Mar
Net Sales	$73,992	$90,435	$98,656	$106,877	$98,656
Cost of goods sold	10,277	12,561	13,703	14,845	13,703
Gross Profit	$63,715	$77,873	$84,953	$92,032	$84,953
Operating Expenses					
Rent	0	0	8,750	8,750	8,750
Utilities	2,083	2,083	2,083	2,083	2,083
Repairs and maintenance	1,250	1,250	1,833	1,833	1,833
General taxes	0	0	1,750	1,750	1,750
Telephone expense	833	833	833	833	833
Salaries and wages	21,720	26,547	28,960	31,373	28,960
Insurance - general	1,444	1,444	1,444	1,444	1,444
Insurance - health	150	150	150	150	150
Permits and licenses	1,500	0	0	0	0
Bank service charge	119	119	119	119	119

	Nov	Dec	Jan	Feb	Mar
Legal and accounting	4,333	333	333	333	333
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Office expense	740	904	987	1,069	987
Supplies	4,366	5,336	5,821	6,306	5,821
Franchise fees	3,700	4,522	4,933	5,344	4,933
Training	2,500	0	0	0	0
Security and alarm expense	280	0	0	0	0
Bad checks	83	83	83	83	83
Payroll taxes	2,172	2,655	2,896	3,137	2,896
Sales tax expense	1,530	1,870	2,040	2,210	2,040
Operating supplies	1,480	1,809	1,973	2,138	1,973
Advertising	3,147	3,475	3,640	3,804	3,640
Entertainment, promotion and meals	400	0	0	0	0
Michigan single business tax	0	0	0	0	0
Interest expense	0	0	0	859	847
Management fees	0	0	0	0	0
Total Operating Expense	$61,196	$60,781	$75,996	$80,986	$76,843
Net Income	$2,518	$17,093	$8,957	$11,046	$8,110

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
$90,435	$61,660	$57,549	$61,660	$78,103	$73,992	$94,545	$986,561
12,561	8,565	7,994	8,565	10,848	10277	13,132	137,033
$77,873	$53,095	$49,556	$53,095	$67,254	$63,715	$81,413	$849,527
8,750	8,750	8,750	8,750	8,750	8,750	8,750	87,500
2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000
1,833	1,833	1,833	1,833	1,833	1,833	1,833	20,833
1,750	1,750	1,750	1,750	1,750	1,750	1,750	17,500
833	833	833	833	833	833	833	10,000
26,547	18,100	16,893	18,100	22,927	21,720	27,753	289,600
1,444	1,444	1,444	1,444	1,444	1,444	1,444	17,333
150	150	150	150	150	150	150	1,800
0	0	0	0	0	0	0	1,500
119	119	119	119	119	119	119	1,424
333	333	333	333	333	333	333	8,000
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
904	617	575	617	781	740	945	9,866
5,336	3,638	3,395	3,638	4,608	4,366	5,578	58207
4,522	3,083	2,877	3,083	3,905	3,700	4,727	49,328
0	0	0	0	0	0	0	2,500
0	0	0	0	0	0	0	280
83	83	83	83	83	83	83	1,000
2,655	1,810	1,689	1,810	2,293	2,172	2,775	28,960
1,870	1,275	1,190	1,275	1,615	1,530	1,955	20,404
1,809	1,233	1,151	1,233	1,562	1,480	1,891	19,731
3,475	2,900	2,818	2,900	3229	3,147	3,558	39,731
0	0	0	0	0	0	0	400
0	0	0	0	0	0	302	302
836	824	813	801	789	777	765	7,312
0	0	0	0	0	0	0	0
$72,700	$58,227	$56,149	$58,203	$66,455	$64,377	$75,087	$807,001
$5,174	($5,131)	($6,593)	($5,108)	$799	($663)	$6,326	$42,527

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
$90,435	$61,660	$57,549	$61,660	$78,103	$73,992	$94,545	$986,561
12,561	8,565	7,994	8,565	10,848	10,277	13,132	137,033
$77,873	$53,095	$49,556	$53,095	$67,254	$63,715	$81,413	$849,527
8,750	8,750	8,750	8,750	8,750	8,750	8,750	87,500
2,083	2,083	2,083	2,083	2,083	2,083	2,083	25,000

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
1,833	1,833	1,833	1,833	1,833	1,833	1,833	20,833
1,750	1,750	1,750	1,750	1,750	1,750	1,750	17,500
833	833	833	833	833	833	833	10,000
26,547	18,100	16,893	18,100	22,927	21,720	27,753	289,600
1,444	1,444	1,444	1,444	1,444	1,444	1,444	17,333
150	150	150	150	150	150	150	1,800
0	0	0	0	0	0	0	1,500
119	119	119	119	119	119	119	1,424
333	333	333	333	333	333	333	8,000
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
904	617	575	617	781	740	945	9,866
5,336	3,638	3,395	3,638	4,608	4,366	5,578	58,207
4,522	3,083	2,877	3,083	3,905	3,700	4,727	49,328
0	0	0	0	0	0	0	2,500
0	0	0	0	0	0	0	280
83	83	83	83	83	83	83	1,000
2,655	1,810	1,689	1,810	2,293	2,172	2,775	28,960
1,870	1,275	1,190	1,275	1,615	1,530	1,955	20,404
1,809	1,233	1,151	1,233	1,562	1,480	1,891	19,731
3,475	2,900	2,818	2,900	3,229	3,147	3,558	39,731
0	0	0	0	0	0	0	400
0	0	0	0	0	0	392	392
836	824	813	801	789	777	765	7,312
0	0	0	0	0	0	0	0
$72,700	$58,227	$56,149	$58,203	$66,455	$64,377	$75,087	$807,001
$5,174	($5,131)	($6,593)	($5,108)	$799	($663)	$6,326	$42,527

Proforma Balance Sheet - Year 1

	Oct	Nov	Dec	Jan	Feb
Current Assets					
Cash	$50,000	$59,885	$84,344	$100,668	$117,486
Prepaid insurance	0	0	0	0	0
Prepaid taxes	0	0	0	0	0
Inventories	7,500	7,500	7,500	7,500	7,500
Other	0	0	0	0	0
Total current assets	57,500	67,385	91,844	108,168	124,986
Property, Plant and Equipment					
Furniture and fixtures	10,000	10,000	10,000	10,000	10,000
Playground equipment	220,000	220,000	220,000	220,000	220,000
Games	75,000	75,000	75,000	75,000	75,000
Leasehold improvements	30,000	30,000	30,000	30,000	30,000
Office equipment	7,000	7,000	7,000	7,000	7,000
Signs	15,000	15,000	15,000	15,000	15,000
Computer equipment	20,000	20,000	20,000	20,000	20,000
Kitchen equipment	50,000	50,000	50,000	50,000	50,000
Total PPE	427,000	427,000	427,000	427,000	427,000
Less: Accum. Depreciation	0	7,117	14,233	21,350	28,467
Total PPE	427,000	419,883	412,767	405,650	398,533
Other Assets					
Franchise cost - net	30,000	29,750	29,500	29,250	29,000
Total Assets	$514,500	$517,018	$534,111	$543,068	$552,519
Current Liabilities					
Accounts payable	0	0	0	0	0
Notes payable	0	0	0	0	0
Total Current Liabilities	0	0	0	0	0
Intermediate-term Debt	114,500	114,500	114,500	114,500	112,906
Stockholder's Equity					
Paid-in Capital	400,000	400,000	400,000	400,000	400,000
Accumulated Adjustments Account					
Opening Balance	0	0	2,518	19,611	28,568
Net income	0	2,518	17,093	8,957	11,046
Distributions	0	0	0	0	0
Closing Balance	0	2,518	19,611	28,568	39,613
Total Stockholder's Equity	400,000	402,518	419,611	428,568	439,613
Total Liabilities & Stock. Equity	$514,500	$517,018	$534,111	$543,068	$552,519

	Oct	Nov	Dec	Jan	Feb
Current Assets					
Cash	$50,000	$59,885	$84,344	$100,668	$117,486
Prepaid insurance	0	0	0	0	0
Prepaid taxes	0	0	0	0	0
Inventories	7,500	7,500	7,500	7,500	7,500
Other	0	0	0	0	0
Total current assets	57,500	67,385	91,844	108,168	124,986
Property, Plant and Equipment					
Furniture and fixtures	10,000	10,000	10,000	10,000	10,000
Playground equipment	220,000	220,000	220,000	220,000	220,000
Games	75,000	75,000	75,000	75,000	75,000
Leasehold improvements	30,000	30,000	30,000	30,000	30,000
Office equipment	7,000	7,000	7,000	7,000	7,000
Signs	15,000	15,000	15,000	15,000	15,000
Computer equipment	20,000	20,000	20,000	20,000	20,000
Kitchen equipment	50,000	50,000	50,000	50,000	50,000
Total PPE	427,000	427,000	427,000	427,000	427,000
Less: Accum. Depreciation	0	7,117	14,233	21,350	28,467
Total PPE	427,000	419,883	412,767	405,650	398,533
Other Assets					
Franchise cost - net	30,000	29,750	29,500	29,250	29,000
Total Assets	$514,500	$517,018	$534,111	$543,068	$552,519
Current Liabilities					

	Oct	Nov	Dec	Jan	Feb
Accounts payable	0	0	0	0	0
Notes payable	0	0	0	0	0
Total Current Liabilities	0	0	0	0	0
Intermediate-term Debt	114,500	114,500	114,500	114,500	112,906
Stockholder's Equity					
Paid-in Capital	400,000	400,000	400,000	400,000	400,000
Accumulated Adjustments Account					
Opening Balance	0	0	2,518	19,611	28,568
Net income	0	2,518	17,093	8,957	11,046
Distributions	0	0	0	0	0
Closing Balance	0	2,518	19,611	28,568	39,613
Total Stockholder's Equity	400,000	402,518	419,611	428,568	439,613
Total Liabilities & Stock, Equity	$514,500	$517,018	$534,111	$543,068	$552,519

Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
$131,368	$142,314	$142,955	$142,134	$142,798	$149,370	$154,479	$154,577
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
0	0	0	0	0	0	0	0
138,868	149,814	150,455	149,634	150,298	156,870	161,979	162,077
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
427,000	427,000	427,000	427,000	427,000	427,000	427,000	427,000
35,583	42,700	49,817	56,933	64,050	71,167	78,283	85,400
391,417	384,300	377,183	370,067	362,950	355,833	348,717	341,600
28,750	28,500	28,250	28,000	27,750	27,500	27,250	27,000
$559,034	$562,614	$555,888	$547,700	$540,998	$540,203	$537,946	$530,677
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
111,311	109,717	108,123	106,528	104,934	103,340	101,745	100,151
400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
39,613	47,723	52,897	47,765	41,172	36,064	36,863	36,201
8,110	5,174	(5,131)	(6,593)	(5,108)	799	(663)	6,326
0	0	0	0	0	0	0	12,000
47,723	52,897	47,765	41,172	36,064	36,863	36,201	30,527
447,723	452,897	447,765	441,172	436,064	436,863	436,201	430,527
$559,034	$562,614	$555,888	$547,700	$540,998	$540,203	$537,946	$530,677

Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
$131,368	$142,314	$142,955	$142,134	$142,798	$149,370	$154,479	$154,577
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
0	0	0	0	0	0	0	0
138,868	149,814	150,455	149,634	150,298	156,870	161,979	162,077
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000

Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
427,000	427,000	427,000	427,000	427,000	427,000	427,000	427,000
35,583	42,700	49,817	56,933	64,050	71,167	78,283	85,400
391,417	384,300	377,183	370,067	362,950	355,833	348,717	341,600
28,750	28,500	28,250	28,000	27,750	27,500	27,250	27,000
$559,034	$562,614	$555,888	$547,700	$540,998	$540,203	$537,946	$530,677
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
111,311	109,717	108,123	106,528	104,934	103,340	101,745	100,151
400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
39,613	47,723	52,897	47,765	41,172	36,064	36,863	36,201
8,110	5,174	(5,131)	(6,593)	(5,108)	799	(663)	6,326
0	0	0	0	0	0	0	12,000
47,723	52,897	47,765	41,172	36,064	36,863	36,201	30,527
447,723	452,897	447,765	441,172	436,064	436,863	436,201	430,527
$559,034	$562,614	$555,888	$547,700	$540,998	$540,203	$537,946	$530,677

Proforma Statement of Cash Flows - Year 1

	Nov	Dec	Jan	Feb	Mar
Cash Flow from Operations					
Net income	$2,518	$17,093	$8,957	$11,046	$8,110
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Increase in current liabilities	0	0	0	0	0
Decrease in current assets	0	0	0	0	0
Net Cash Provided by Operations	9,885	24,459	16,324	18,412	15,476
Cash Flow from Investments					
Purchase of equipment	0	0	0	0	0
Addition to leasehold improvements	0	0	0	0	0
Net Cash Used by Investing Activities	0	0	0	0	0
Cash Flows from Financing Activities					
Loan Proceeds	0	0	0	0	0
Repayment of Debt	0	0	0	1,594	1,594
Distributions to shareholders	0	0	0	0	0
Net Cash Provided by Financing Activities	0	0	0	(1,594)	(1,594)
Net Increase (Decr) in cash	9,885	24,459	16324	16,818	13,882
Cash at beginning of month	50,000	59,885	84,344	100,668	117,486
Cash at end of month	59,885	84344	100,668	117,486	131368

	Nov	Dec	Jan	Feb	Mar
Cash Flow from Operations					
Net income	$2,518	$17,093	$8,957	$11,046	$8,110
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Increase in current liabilities	0	0	0	0	0
Decrease in current assets	0	0	0	0	0
Net Cash Provided by Operations	9,885	24,459	16,324	18,412	15,476

	Nov	Dec	Jan	Feb	Mar
Cash Flow from Investments					
Purchase of equipment	0	0	0	0	0
Addition to leasehold improvements	0	0	0	0	0
Net Cash Used by Investing Activities	0	0	0	0	0
Cash Flows from Financing Activities					
Loan Proceeds	0	0	0	0	0
Repayment of Debt	0	0	0	1,594	1,594
Distributions to shareholders	0	0	0	0	0
Net Cash Provided by Financing Activities	0	0	0	(1,594)	(1,594)
Net Increase (Decr) in cash	9,885	24,459	16324	16,818	13,882
Cash at beginning of month	50,000	59,885	84,344	100,668	117,486
Cash at end of month	59,885	84,344	100,668	117,486	131,368

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
$5,174	($5,131)	($6,593)	($5,108)	$799	($663)	$6326	$42,527
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
12,540	2,236	773	2,259	8,166	6,704	13,693	130,927
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1,594	1,594	1,594	1,594	1,594	1,594	1,594	14349
0	0	0	0	0	0	12,000	12,000
(1,594)	(1,594)	(1,594)	(1,594)	(1,594)	(1,594)	(13,594)	(26,349)
10,946	641	(821)	665	6,571	5,110	98	104,577
131,368	142,314	142,955	142,134	142,798	149,370	154,479	
142,314	142,955	142,134	142,798	149,370	154,479	154,577	

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
$5,174	($5,131)	($6,593)	($5,108)	$799	($663)	$6326	$42,527
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
12,540	2,236	773	2,259	8,166	6,704	13,693	130,927
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
1,594	1,594	1,594	1,594	1,594	1,594	1,594	14,349
0	0	0	0	0	0	12,000	12,000
(1,594)	(1,594)	(1,594)	(1,594)	(1,594)	(1,594)	(13,594)	(26,349)
10,946	641	(821)	665	6,571	5,110	98	104,577
131,368	142,314	142,955	142,134	142,798	149,370	154,479	
142,314	142,955	142,134	142,798	149,370	154,479	154,577	

Proforma Income Statement - Year 2

	Dec	Jan	Feb	Mar	Apr
Net Sales	$77,692	$94,956	$103,589	$112,221	$103,589
Cost of goods sold	10,791	13,189	14,388	15,588	14,388
Gross Profit	$66,900	$81,767	$89,200	$96,634	$89,200
Operating Expenses					
Rent	8,750	8,750	8,750	8,750	8,750
Utilities	2,146	2,146	2,146	2,146	2,146
Repairs and maintenance	1,888	1,888	1,888	1,888	1,888
General taxes	1,803	1,803	1,803	1,803	1,803
Telephone expense	858	858	858	858	858
Salaries and wages	22,372	27,343	29,829	32315	29,829
Insurance - general	1,528	1,528	1,528	1,528	1,528
Insurance - health	150	150	150	150	150
Permits and licenses	0	0	0	0	0
Bank service charge	119	119	119	119	119
Legal and accounting	333	333	333	333	333
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Office expense	777	950	1,036	1,122	1,036
Supplies	4,584	5,602	6,112	6,621	6,112
Franchise fees	3,885	4,748	5,179	5,611	5,179
Training	2,500	0	0	0	0
Security and alarm expense	280	0	0	0	0
Bad checks	83	83	83	83	83
Payroll taxes	2,237	2,734	2,983	3,231	2,983
Sales tax expense	1,607	1,964	2,142	2,321	2,142
Operating supplies	1,554	1,899	2,072	2,244	2,072
Advertising	3,220	3,566	3,738	3,911	3,738
Entertainment, promotion and meals	0	0	0	0	0
Michigan single business tax	0	0	0	0	0
Interest expense	753	741	729	716	704
Management fees	0	0	0	0	0
Total Operating Expense	$68,793	$74,572	$78,845	$83,118	$78,820
Net Income	(1,893)	7,195	10,355	13,516	10380

	Dec	Jan	Feb	Mar	Apr
Net Sales	$77,692	$94,956	$103,589	$112,221	$103,589
Cost of goods sold	10,791	13,189	14,388	15,588	14,388
Gross Profit	$66,900	$81,767	$89,200	$96,634	$89,200
Operating Expenses					
Rent	8,750	8,750	8,750	8,750	8,750
Utilities	2,146	2,146	2,146	2,146	2,146
Repairs and maintenance	1,888	1,888	1,888	1,888	1,888
General taxes	1,803	1,803	1,803	1,803	1,803
Telephone expense	858	858	858	858	858
Salaries and wages	22,372	27,343	29,829	32,315	29,829
Insurance - general	1,528	1,528	1,528	1,528	1,528
Insurance - health	150	150	150	150	150
Permits and licenses	0	0	0	0	0
Bank service charge	119	119	119	119	119
Legal and accounting	333	333	333	333	333
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Office expense	777	950	1,036	1,122	1,036
Supplies	4,584	5,602	6,112	6,621	6,112
Franchise fees	3,885	4,748	5,179	5,611	5,179
Training	2,500	0	0	0	0
Security and alarm expense	280	0	0	0	0
Bad checks	83	83	83	83	83

	Dec	Jan	Feb	Mar	Apr
Payroll taxes	2,237	2,734	2,983	3,231	2,983
Sales tax expense	1,607	1,964	2,142	2,321	2,142
Operating supplies	1,554	1,899	2,072	2,244	2,072
Advertising	3,220	3,566	3,738	3,911	3,738
Entertainment, promotion and meals	0	0	0	0	0
Michigan single business tax	0	0	0	0	0
Interest expense	753	741	729	716	704
Management fees	0	0	0	0	0
Total Operating Expense	$68,793	$74,572	$78,845	$83,118	$78,820
Net Income	(1,893)	7,195	10,355	13,516	10,380

May	Jun	Jul	Aug	Sept	Oct	Total	
$94,956	$64,743	$60,427	$64,743	$82,008	$77,692	$99,273	$1,035,889
13,189	8,993	8,393	8,993	11,391	10,791	13,789	143,885
$81,767	$55,750	$52,034	$55,750	$70,617	$66,900	$85,484	$892,004
8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,000
2,146	2,146	2,146	2,146	2,146	2,146	2,146	25,750
1,888	1,888	1,888	1,888	1,888	1,888	1,888	22,660
1,803	1,803	1,803	1,803	1,803	1,803	1,803	21,630
858	858	858	858	858	858	858	10,300
27,343	18,643	17,400	18,643	23,614	22,372	28,586	298,288
1,528	1,528	1,528	1,528	1,528	1,528	1,528	18,334
150	150	150	150	150	150	150	1,800
0	0	0	0	0	0	0	0
119	119	119	119	119	119	119	1,424
333	333	333	333	333	333	333	4,000
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
950	647	604	647	820	777	993	10,359
5,602	3,820	3,565	3,820	4,838	4,584	5,857	61,117
4,748	3,237	3,021	3,237	4,100	3,885	4,964	51,794
0	0	0	0	0	0	0	2,500
0	0	0	0	0	0	0	280
83	83	83	83	83	83	83	1,000
2,734	1,864	1,740	1,864	2,361	2,237	2,859	29,829
1,964	1,339	1,250	1,339	1,696	1,607	2,053	21,424
1,899	1,295	1,209	1,295	1,640	1,554	1,985	20,718
3,566	2,962	2,875	2,962	3,307	3,220	3,652	40,718
0	0	0	0	0	0	0	0
0	0	0	0	0	0	392	392
691	679	666	653	640	627	614	8,214
0	0	0	0	0	0	0	0
$74,522	$59,511	$57,355	$59,485	$68,043	$65,887	$76,980	$845,931
7,245	(3,760)	(5,322)	(3,735)	2,574	1,013	8,504	$46,073

May	Jun	Jul	Aug	Sept	Oct	Total	
$94,956	$64,743	$60,427	$64,743	$82,008	$77,692	$99,273	$1,035,889
13,189	8,993	8,393	8,993	11,391	10,791	13,789	143,885
$81,767	$55,750	$52,034	$55,750	$70,617	$66,900	$85,484	$892,004
8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,000
2,146	2,146	2,146	2,146	2,146	2,146	2,146	25,750
1,888	1,888	1,888	1,888	1,888	1,888	1,888	22,660
1,803	1,803	1,803	1,803	1,803	1,803	1,803	21,630
858	858	858	858	858	858	858	10,300
27,343	18,643	17,400	18,643	23,614	22,372	28,586	298,288
1,528	1,528	1,528	1,528	1,528	1,528	1,528	18,334
150	150	150	150	150	150	150	1,800
0	0	0	0	0	0	0	0
119	119	119	119	119	119	119	1,424
333	333	333	333	333	333	333	4,000

May	Jun	Jul	Aug	Sept	Oct	Total	
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
950	647	604	647	820	777	993	10,359
5,602	3,820	3,565	3,820	4,838	4,584	5,857	61,117
4,748	3,237	3,021	3,237	4,100	3,885	4,964	51,794
0	0	0	0	0	0	0	2,500
0	0	0	0	0	0	0	280
83	83	83	83	83	83	83	1,000
2,734	1,864	1,740	1,864	2,361	2,237	2,859	29,829
1,964	1,339	1,250	1,339	1,696	1,607	2,053	21,424
1,899	1,295	1,209	1,295	1,640	1,554	1,985	20,718
3,566	2,962	2,875	2,962	3,307	3,220	3,652	40,718
0	0	0	0	0	0	0	0
0	0	0	0	0	0	392	392
691	679	666	653	640	627	614	8,214
0	0	0	0	0	0	0	0
$74,522	$59,511	$57,355	$59,485	$68,043	$65,887	$76,980	$845,931
7,245	(3,760)	(5,322)	(3,735)	2,574	1,013	8,504	$46,073

Proforma Balance Sheet - Year 2

	Nov	Dec	Jan	Feb	Mar
Current Assets					
Cash	$158313	$171,137	$187,122	$206,266	$222,276
Prepaid insurance	0	0	0	0	0
Prepaid taxes	0	0	0	0	0
Inventories	7,500	7,500	7,500	7,500	7,500
Other	0	0	0	0	0
Total current assets	165,813	178,637	194,622	213,766	229,776
Property, Plant and Equipment					
Furniture and fixtures	10,000	10,000	10,000	10,000	10,000
Playground equipment	220,000	220,000	220,000	220,000	220,000
Games	75,000	75,000	75,000	75,000	75,000
Leasehold improvements	30,000	30,000	30,000	30,000	30,000
Office equipment	7,000	7,000	7,000	7,000	7,000
Signs	15,000	15,000	15,000	15,000	15,000
Computer equipment	20,000	20,000	20,000	20,000	20,000
Kitchen equipment	50,000	50,000	50,000	50,000	50,000
Total PPE	427,000	427,000	427,000	427,000	427,000
Less: Accum. Depreciation	92,517	99,633	106,750	113,867	120,983
Total PPE	334,483	327,367	320,250	313,133	306,017
Other Assets					
Franchise cost - net	26,750	26,500	26,250	26,000	25,750
Total Assets	$527,047	$532,504	$541,122	$552,900	$561,542
Current Liabilities					
Accounts payable	0	0	0	0	0
Notes payable	0	0	0	0	0
Total Current Liabilities	0	0	0	0	0
Intermediate-term Debt	98,413	96,675	94,937	93200	91,462
Stockholder's Equity					
Paid-in Capital	400,000	400,000	400,000	400,000	400,000
Accumulated Adjustments Account					
Opening Balance	30,527	28,634	35,829	46,184	59,700
Net income	(1,893)	7,195	10,355	13,516	10,380
Distributions	0	0	0	0	0
Closing Balance	28,634	35,829	46,184	59,700	70,080
Total Stockholder's Equity	428,634	435,829	446,184	459,700	470,080
Total Liabilities & Stock. Equity	$527,047	$532,504	$541,122	$552,900	$561,542

	Nov	Dec	Jan	Feb	Mar
Current Assets					
Cash	$158,313	$171,137	$187,122	$206,266	$222,276
Prepaid insurance	0	0	0	0	0
Prepaid taxes	0	0	0	0	0

	Nov	**Dec**	**Jan**	**Feb**	**Mar**
Inventories	7,500	7,500	7,500	7,500	7,500
Other	0	0	0	0	0
Total current assets	165,813	178,637	194,622	213,766	229,776
Property, Plant and Equipment					
Furniture and fixtures	10,000	10,000	10,000	10,000	10,000
Playground equipment	220,000	220,000	220,000	220,000	220,000
Games	75,000	75,000	75,000	75,000	75,000
Leasehold improvements	30,000	30,000	30,000	30,000	30,000
Office equipment	7,000	7,000	7,000	7,000	7,000
Signs	15,000	15,000	15,000	15,000	15,000
Computer equipment	20,000	20,000	20,000	20,000	20,000
Kitchen equipment	50,000	50,000	50,000	50,000	50,000
Total PPE	427,000	427,000	427,000	427,000	427,000
Less: Accum. Depreciation	92,517	99,633	106,750	113,867	120,983
Total PPE	334,483	327,367	320,250	313,133	306,017
Other Assets					
Franchise cost - net	26,750	26,500	26,250	26,000	25,750
Total Assets	$527,047	$532,504	$541,122	$552,900	$561,542
Current Liabilities					
Accounts payable	0	0	0	0	0
Notes payable	0	0	0	0	0
Total Current Liabilities	0	0	0	0	0
Intermediate-term Debt	98,413	96,675	94,937	93,200	91,462
Stockholder's Equity					
Paid-in Capital	400,000	400,000	400,000	400,000	400,000
Accumulated Adjustments Account					
Opening Balance	30,527	28,634	35,829	46,184	59,700
Net income	(1,893)	7,195	10,355	13,516	10,380
Distributions	0	0	0	0	0
Closing Balance	28,634	35,829	46,184	59,700	70,080
Total Stockholder's Equity	428,634	435,829	446,184	459,700	470,080
Total Liabilities & Stock. Equity	$527,047	$532,504	$541,122	$552,900	$561,542

Apr	May	Jun	Jul	Aug	Sept	Oct
$235,149	$237,018	$237,325	$239,219	$247,422	$254,064	$206,197
0	0	0	0	0	0	0
0	0	0	0	0	0	0
7,500	7,500	7,500	7,500	7,500	7,500	7,500
0	0	0	0	0	0	0
242,649	244,518	244,825	246,719	254,922	261,564	213,697
10,000	10,000	10,000	10,000	10,000	10,000	10,000
220,000	220,000	220,000	220,000	220,000	220,000	260,000
75,000	75,000	75,000	75,000	75,000	75,000	85,000
30,000	30,000	30,000	30,000	30,000	30,000	30,000
7,000	7,000	7,000	7,000	7,000	7,000	7,000
15,000	15,000	15,000	15,000	15,000	15,000	15,000
20,000	20,000	20,000	20,000	20,000	20,000	20,000
50,000	50,000	50,000	50,000	50,000	50,000	50,000
427,000	427,000	427,000	427,000	427,000	427,000	477,000
128,100	135,217	142,333	149,450	156,567	163,683	170,800
298,900	291,783	284,667	277,550	270,433	263,317	306,200
25,500	25,250	25,000	24,750	24,500	24,250	24,000
$567,049	$561,551	$554,492	$549,019	$549,855	$549,130	$543,897
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
89,724	87,986	86,248	84,510	82,773	81,035	79,297
400,000	400,000	400,000	400,000	400,000	400,000	400,000
70,080	77,325	73,565	68,243	64,508	67,082	68,095
7,245	(3,760)	(5,322)	(3,735)	2,574	1,013	8,504
0	0	0	0	0	0	12,000
77,325	73,565	68,243	64,508	67,082	68,095	64,600
477,325	473,565	468,243	464,508	467,082	468,095	464,600
$567,049	$561,551	$554,492	$549,019	$549,855	$549,130	$543,897

Apr	May	Jun	Jul	Aug	Sept	Oct
7,245	(3,760)	(5,322)	(3,735)	2,574	1,013	8,504
0	0	0	0	0	0	12,000
77,325	73,565	68,243	64,508	67,082	68,095	64,600
477,325	473,565	468,243	464,508	467,082	468,095	464,600
$567,049	$561,551	$554,492	$549,019	$549,855	$549,130	$543,897

Proforma Statement of Cash Flows - Year 2

	Nov	Dec	Jan	Feb	Mar
Cash Flow from Operations					
Net income	($1,893)	$7,195	$10,355	$13,516	$10,380
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Increase in current liabilities	0	0	0	0	0
Decrease in current assets	0	0	0	0	0
Net Cash Provided by Operations	5,474	14,562	17,722	20,882	17,747
Cash Flow from Investments					
Purchase of equipment	0	0	0	0	0
Addition to leasehold improvements	0	0	0	0	0
Net Cash Used by Investing Activities					
Cash Flows from Financing Activities					
Loan Proceeds	0	0	0	0	0
Repayment of Debt	1,738	1,738	1,738	1,738	1,738
Distributions to shareholders	0	0	0	0	0
Net Cash from Financing Activities	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)
Net Increase (Decr) in cash	3,736	12,824	15,984	19,145	16,009
Cash at beginning of month	154,577	158,313	171,137	187,122	206,266
Cash at end of month	158,313	171,137	187,122	206,266	222,276

	Nov	Dec	Jan	Feb	Mar
Cash Flow from Operations					
Net income	($1,893)	$7,195	$10,355	$13,516	$10,380
Depreciation	7,117	7,117	7,117	7,117	7,117
Amortization	250	250	250	250	250
Increase in current liabilities	0	0	0	0	0
Decrease in current assets	0	0	0	0	0
Net Cash Provided by Operations	5,474	14,562	17,722	20,882	17,747
Cash Flow from Investments					
Purchase of equipment	0	0	0	0	0
Addition to leasehold improvements	0	0	0	0	0
Net Cash Used by Investing Activities					
Cash Flows from Financing Activities					
Loan Proceeds	0	0	0	0	0
Repayment of Debt	1,738	1,738	1,738	1,738	1,738
Distributions to shareholders	0	0	0	0	0
Net Cash from Financing Activities	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)
Net Increase (Decr) in cash	3,736	12,824	15,984	19,145	16,009
Cash at beginning of month	154,577	158,313	171,137	187,122	206,266
Cash at end of month	158,313	171,137	187,122	206,266	222,276

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
$7,245	($3,760)	($5,322)	($3,735)	$2,574	$1,013	$8,504	$46,073
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
14,612	3,606	2,045	3,632	9,941	8,380	15,871	134,473
0	0	0	0	0	0	50,000	50,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	50,000	50,000
0	0	0	0	0	0	0	0
1,738	1,738	1,738	1,738	1,738	1,738	1,738	20,854
0	0	0	0	0	0	12,000	12,000
(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	(13,738)	(32,854)
12,874	1,868	307	1,894	8,203	6,642	(47,867)	51,619
222,276	235,149	237,018	237,325	239,219	247,422	254,064	
235,149	237,018	237,325	239,219	247,422	254,064	206,197	

Apr	May	Jun	Jul	Aug	Sept	Oct	Total
$7,245	($3,760)	($5,322)	($3,735)	$2,574	$1,013	$8,504	$46,073
7,117	7,117	7,117	7,117	7,117	7,117	7,117	85,400
250	250	250	250	250	250	250	3,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
14,612	3,606	2,045	3,632	9,941	8,380	15,871	134,473
0	0	0	0	0	0	50,000	50,000
0	0	0	0	0	0	0	0
0	0	0	0	0	0	50,000	50,000
0	0	0	0	0	0	0	0
1,738	1,738	1,738	1,738	1,738	1,738	1,738	20,854
0	0	0	0	0	0	12,000	12,000
(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	(1,738)	(13,738)	(32,854)
12,874	1,868	307	1,894	8,203	6,642	(47,867)	51,619
222,276	235,149	237,018	237,325	239,219	247,422	254,064	
235,149	237,018	237,325	239,219	247,422	254,064	206,197	