

# Executive Summary

## Opportunity

### Problem

The small town of Middle, Iowa has been without a grocery store for two years since the previous store closed. This has created a significant access issue for residents needing to purchase fresh food, produce, meats, dairy and other grocery items. Currently, the only local option for limited grocery items is the Casey's convenience store. However, their selection is extremely limited. The closest full service grocery options are over 30 miles away, with the nearest Walmart Supercenter being 30 miles away, and the closest Hy-Vee supermarket being about 45 miles away. There is a Dollar General store approximately 25 miles away in another town, but their grocery selection is minimal.

This lack of local grocery access has created the following key problems that Middle residents currently face:

- Inability to conveniently purchase affordable, quality fresh foods on a regular basis
- Difficulty accessing staple grocery items for meals without driving long distances
- Lack of local options for quick grocery runs means more planning is required for meals
- Reliance on pre-packaged and processed foods from the Casey's convenience store due to lack of fresh options

Overall, the 2,000+ residents of Middle face a significant access issue for purchasing groceries locally. This has resulted in greater time commitments for long drives to distant grocery stores as well as likely higher food costs. Providing a local grocery option would help the town's residents solve these key problems.

### Solution

As a small rural grocery store startup in Iowa, our solution focuses on providing the local community with convenient access to fresh, quality food and staple goods

without the long drive that is currently required. We will open a storefront in the vacant grocery building on Main Street to offer the following solutions to problems that have been identified:

- Easy access to affordable, fresh produce, breads, meats and dairy that support health and reduce long commutes
- Availability of staple pantry items at fair prices to stock up conveniently
- New local jobs and economic growth to boost quality of life in our rural town

Our grocery startup is designed intentionally for rural communities underserved by large chains, utilizing a small format store to offer personalized service and keep costs affordable. We have selected product mix and suppliers strategically to solve for variety, healthy options, and pricing - meeting the top needs calling for a solution based on community feedback during initial research.

As part of our solution, we also will be improving a blighted, vacant building by opening inside the previous grocery building. This will not only offer a convenience for the neighborhood but also eliminate an eyesore bringing down surrounding property values. In addition, as a local Iowa business we plan to source farm-fresh and state-made products to boost local economies through our supplier network.

## **Market**

As a startup small rural Iowa grocery store, our target market is comprised of two key groups:

- Local rural population - Our store is in a town with a population of more than 2,000 individuals. Additionally, there are approximately 1,500 people living within a 20 mile radius that we will aim to serve through competitive pricing and product selection tailored to rural communities.
- Vulnerable populations - We will offer delivery services for elderly, disabled, and low income community members without access to transportation. This includes 100 residents of the local assisted living facility located on the edge of town. Delivering necessities ensures we service those most in need.

Our market research shows that rural shoppers often feel underserved, facing long drives to access affordable groceries. By opening a local store focused on rural

community needs with expanded delivery options, we will ensure convenient essentials for the customers in our geographic area.

## Competition

As a small rural grocery store, our main competitors are other local grocery and convenience stores. The most direct competitor is **Casey's General Store** located in our town. While small, Casey's poses strong competition as the only other grocery option in our rural area.

Other competitors in the broader region include:

- **Walmart** - A large retailer 30 miles away. While further, many customers opt to shop there for lower prices on dry goods and other household items during a single bulk shopping trip.
- **Dollar General** - A discount retailer 25 miles away. Poses a threat for more value-conscious customers despite being further away.
- **Hy-Vee** - A mid-sized regional grocery chain with a store 45 miles away. Offers wider selection but doesn't cater specifically to rural customer needs.

We also face growing competition from **Amazon** and online grocery delivery. Rural customers are increasingly going online to order household goods in bulk. We'll need to emphasize excellent customer service and competitive pricing to combat this threat.

By understanding the strengths of these competitors, we can tailor our product selection, pricing, and services to best meet the needs of customers right here in our rural hometown.

## Why Us?

As a small, locally-owned grocery store rooted in our small Iowa town, we bring unique value in serving the needs of our rural community. We will specialize in providing locally-sourced produce, dairy, meats, and other goods to offer fresh, quality products from local farmers and producers across Iowa. Customers will enjoy the convenience of finding these items without needing to drive far.

Additionally, our grocery store will have small-town charm and bring a personal touch. We plan to get to know customers by name and make them feel welcome every time they shop. Our staff will take time to provide friendly, knowledgeable service to help customers find whatever they need.

As part of the community ourselves, the store will support local causes. We will sponsor events, donate gift baskets for charity auctions, participate in food drives, and look for other opportunities to make a positive community impact.

In a world of big box stores and globalized supply chains, we offer customers a local alternative focused on quality service, goods, and community.

## **Expectations**

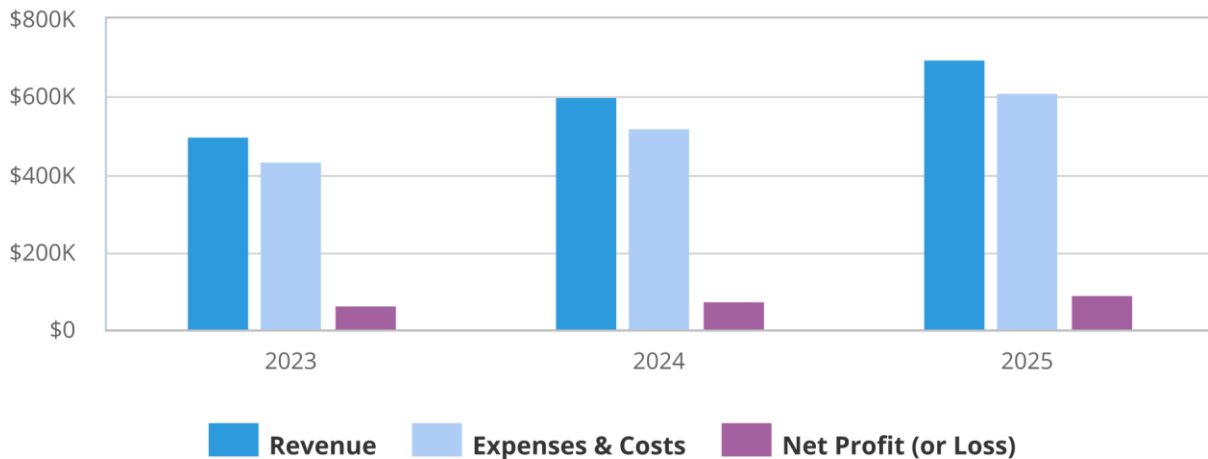
### **Forecast**

We forecast strong and steady revenue growth over the next five years as we establish ourselves as the leading rural grocery store in the area. With revenues of \$500,000 in year one, we aim to grow by 20% in year two and 15% thereafter. We expect to reach profitability in Q4 of the first year, with a full year net profit of \$25,000 in year one alone.

Using grocery industry benchmark key performance metrics, we will closely monitor store sales, inventory turnover, and gross margins to gauge the health and efficiency of the business. As the business continues to mature, we aim for higher profit margins through increasing our selection of high margin private label items, and by optimizing our supply chain and inventory management.

While utilizing organic word-of-mouth growth, we plan to ramp up our local marketing, social media presence, and in-store promotions to drive more customers and higher average basket sizes. Overall, as a well-established local brand with strong community ties, our forecasts predict increasing revenues and profits over the next five years.

## Financial Highlights by Year



## Financing Needed

Based on our startup costs of \$200,000 for acquisition, \$50,000 for initial inventory, \$20,000 for renovations and repairs, \$5,000 for licenses and permits, \$10,000 for marketing, \$15,000 contingency, and \$25,000 for the wholesaler buy-in fee, we will require \$325,000 in financing to launch the business. An estimated additional \$100,000 is needed to cover operating expenses until profitability is reached.

This will be financed through the following sources:

- A HELOC on the owner's home for \$100,000
- A small IEDA grant for \$25,000
- A loan through the wholesaler to finance inventory for \$50,000
- A USDA loan for \$50,000
- A conventional business loan for \$200,000

In total, we have secured financing and lines of credit totaling \$425,000 to fully cover our \$325,000 in startup costs as well as provide a \$100,000 buffer to account for any unforeseen expenses during the critical startup phase.

# Execution

## Marketing & Sales

### Marketing Plan

#### Marketing Strategy

Our marketing strategy is focused on promoting Middle Market as the local, fresh choice for groceries in our rural Iowa community. As a startup grocery store, we will implement a multi-channel outreach campaign to connect with our target audience.

#### **Target Audience**

Our target audience includes the 2,000 residents in our town and 1,500 residents within 20 miles. We will also specifically target the 100 residents in the local assisted living facility. Overall, our marketing is geared towards community members who want to support local businesses.

#### **Branding & Positioning**

Our brand logo and color scheme aim to promote a small-town, welcoming image. Our positioning statement is: "Your community, your grocery store, your fresh choice." This emphasizes our local and fresh offerings.

#### **Website & Online Presence**

- Creative and easy-to-use website with online ordering/delivery options
- Saturated social media presence highlighting our positioning statement and community focus
- Emphasize buying and supporting local offerings and partnerships

#### **Local Advertising & Promotions**

- Print and digital ads in local media outlets
- Flyers and mailers to local homes/businesses

- Collaborate with local influencers and sponsors
- Seasonal promotions to encourage community engagement

As we build our customer base, we will continually adapt our marketing strategy based on new opportunities and customer feedback.

## **Sales Plan**

As a small rural grocery store startup in Iowa, our sales will be driven through in-store purchases and online ordering for pickup or delivery. We will establish inventory levels and pricing based on local demand and competitive landscape. Our product mix will focus on fresh produce, dairy, meats, and staples tailored to our rural community.

In-store sales will be facilitated by our knowledgeable staff who can assist customers in finding products and making recommendations. We will also highlight weekly specials and seasonal items to drive impulse purchases. Online ordering will provide a convenient way for customers to shop our full inventory from home.

We plan to drive customer loyalty through weekly coupons, a rewards program, and special order services. As we establish ourselves in the first few years, sales growth will come from superior customer service, community engagement through sponsorships and donations, and samplings/tastings of new products.

## **Operations**

### **Locations & Facilities**

The retail location of Test Company will be at 111 Main St. in the town of Middle, Iowa. This building is 3000 square feet which will house all sections of the grocery store including produce, meat, dairy, frozen foods, and liquor.

The ample space will allow for wide aisles and organized product displays to enhance the shopping experience. The deli and meat counter will be at the rear of the store for easy access to the freezer section.

An online ordering system will also be implemented for pickup and delivery services to surrounding areas. This will allow customers to conveniently shop our inventory from home.

## Technology

As a small rural grocery store, our technology needs are focused on streamlining operations and enhancing the customer experience. We will utilize several key systems:

- **Point-of-Sale System:** We will implement a modern POS system tailored for grocery stores to handle checkout, inventory management, sales reports, and customer loyalty programs.
- **Online Ordering:** Customers will be able to place grocery orders online for pickup or delivery. This expands our reach and provides added convenience.
- **Inventory Management:** Our system will track product levels, manage orders, identify fast and slow-moving items, and provide data to optimize inventory.
- **Accounting Software:** We will use accounting software designed for retail to handle accounts payable and receivable, payroll, tax filing, financial reporting, and analytics.

By leveraging technology strategically, we will operate more efficiently, lower costs, minimize waste and shrinkage, and provide better service to customers. As we grow, we will continue evaluating new systems and digital capabilities to improve operations.

## Equipment & Tools

The shelving and refrigeration equipment have been installed, but since they have been unused for two years, we may need to make some updates and repairs. In addition to that, we will require grocery carts, two checkout stands along with the necessary cash registers and POS systems. Furthermore, we will need a small manual pallet jack and carts to facilitate the movement and transportation of inventory.



## Milestones & Metrics

### Milestones Table

Milestone	Due Date	Who's Responsible	Details
Funding in place	June 01, 2024	Mr./Mrs. Tinnemier	Small IEDA Loan Bank Loan Revolving Line of Credit HELOC
Inventory Arrives	August 01, 2024	Mr./Mrs. Tinnemier	
Soft Opening	August 08, 2024		
Grand Opening	August 10, 2024	Entire Store Team	

### Key metrics

“Key metrics should be specific, time-bound, and measurable,” says small business coach Mike Michalowicz.

As a new startup focusing on profitability, we will track three key metrics in our first year:

#### Gross Margin

- Aim for a blended gross margin across products of 25% in Year 1
- Monitor product-level margins weekly to adjust pricing and promotions if needed to protect overall margin

#### Shrink

- Keep shrink from spoilage/theft under 1% of sales
- Conduct daily inventory spot checks and monthly full inventory

## **Net Profit**

- Reach cumulative net profitability by end of Year 1
- Assess net profit monthly to reduce costs if projections fall short

Tracking these metrics will focus our efforts and give us early warning signs if we need to adjust our strategy. Meeting these targets will validate that our small rural grocery concept can be profitable and scalable over time.

# Company

## Overview

As a startup grocery store, Middle Market is structured as a limited liability company (LLC). Ownership is split 51% to Bill Tinnemier and 49% to Joyce Tinnemier, who are also the founders of the company.

The LLC structure provides flexibility in management and distributions to owners as well as personal asset protection. As majority owner, Bill Tinnemier will serve as the managing member directing operations and long-term strategy.

In addition to the two owners, Middle Market employs two full-time and two part-time staff to operate the small rural grocery store.

## Team

### Management team

The store manager for Middle Market will be the owner, Bill Tinnemier. In the absence of Bill, Julia Roberts, a full-time employee, will assume management responsibilities. With 15 years of experience in various aspects of retail management, Bill brings a wealth of knowledge and expertise to the table. He has successfully managed teams and overseen product ordering in previous roles. Julia also has prior management experience, further strengthening the management team. To ensure accurate and efficient handling of taxes and payroll, Test Company will enlist the services of a reputable accounting firm.

### Advisors

"You cannot fly with the eagles if you continue to scratch with the turkeys."

We have assembled a strong advisory board to provide guidance as we grow our business. These experienced professionals offer expertise in key areas:

**ISU Extension & Outreach Farm, Food & Enterprise Development Team**

As a small rural grocery store startup, we will rely on the ISU Extension team to advise us on topics like sourcing from local producers, food safety practices, and rural community development initiatives that align with our mission.

**IEDA**

The Iowa Economic Development Authority (IEDA) promotes business growth in our state. We plan to utilize IEDA support programs for training and development.

**County Economic Development Official(s)**

Our county officials offer on-the-ground understanding of zoning, regulations, and development opportunities to consider as we plan our startup grocery store.

**SBDC**

The Small Business Development Center provides free business advising and education for startups like ours. We will leverage SBDC guidance to ensure our business plan is financially sound.

**SCORE**

SCORE offers free mentorship from former business executives and entrepreneurs. As volunteers, SCORE mentors want to share knowledge that helps small businesses like ours succeed. With strong professional advisors guiding our efforts, we are confident our small rural grocery startup can take flight towards a sustainable future serving our community.

# Financial Plan

## Forecast

### Key assumptions

Based on conservative financial forecasts, we anticipate revenue of \$500,000 in year one, increasing to \$600,000 in year two and \$700,000 in year three. These projections align with industry averages for comparable small rural grocery stores in Iowa.

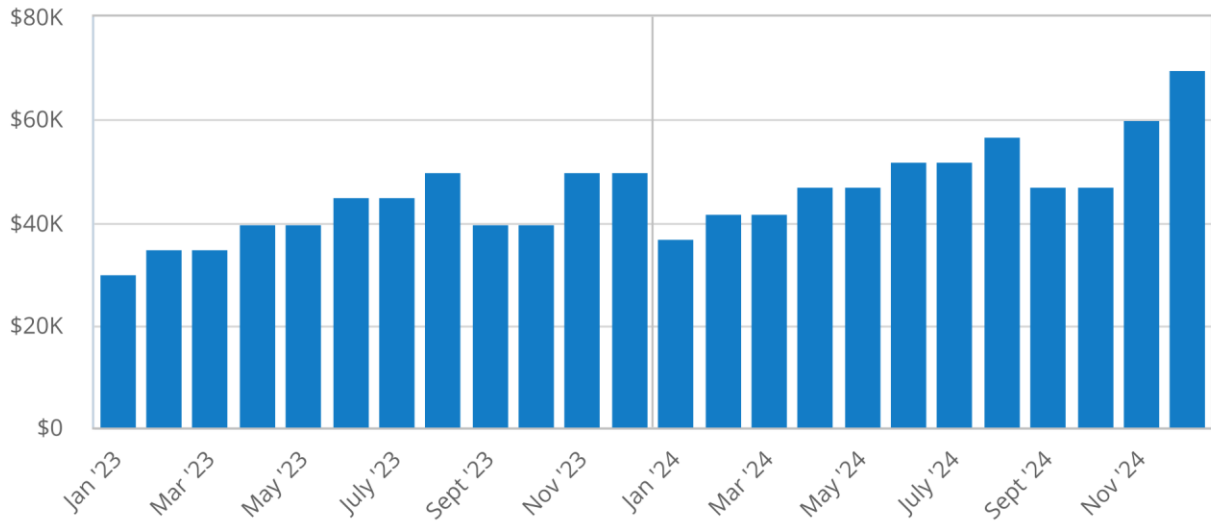
We will strategically hire customer-focused staff to provide excellent service that keeps customers coming back. Our goal is to achieve a net profit margin of 6% in year one, improving to 7% in year two and 8% in year three through effective operations and inventory management.

Key assumptions underlying the financial projections include:

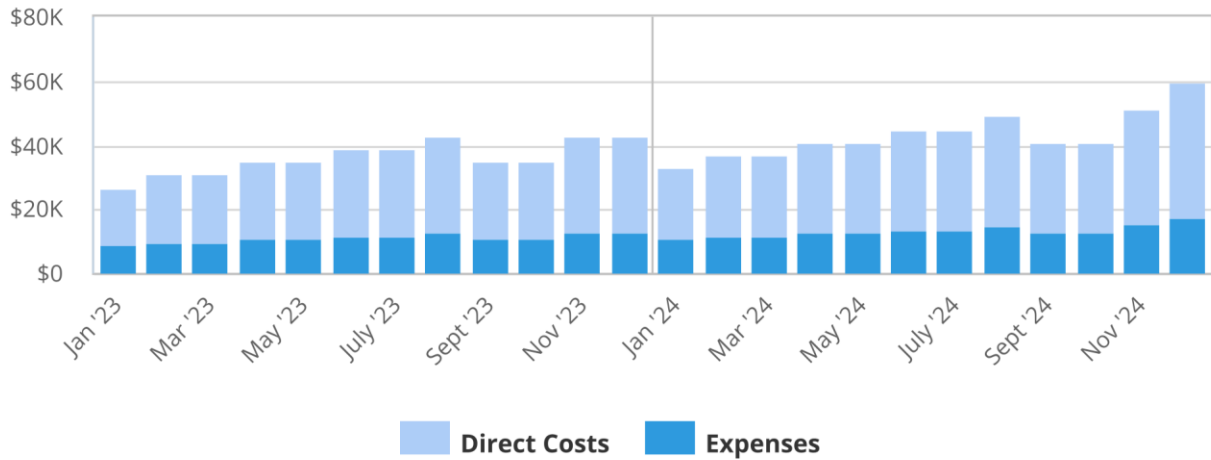
- Average basket size of \$30 per customer
- Average of 500 customer transactions per week in year one, increasing 10% per year
- Gross margin of 22% on goods sold
- Payroll expenses equal to 15% of revenue
- Rent and utilities fixed at \$3,500 per month

We will continually revisit these assumptions and adjust our business plan as needed based on actual performance.

### Revenue by Month

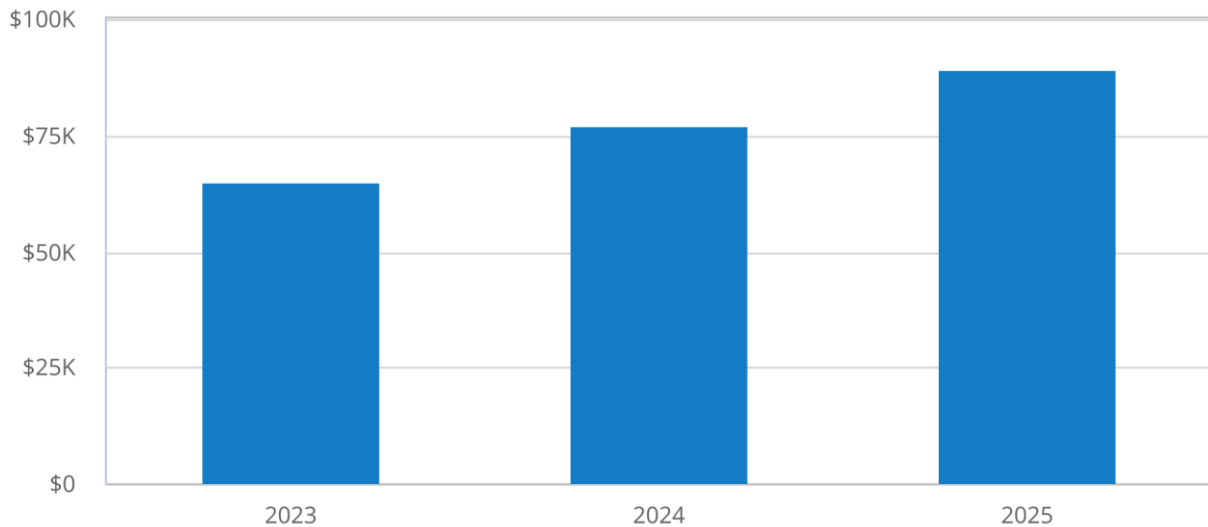


### Expenses by Month



Direct Costs Expenses

## Net Profit (or Loss) by Year



## Financing

### Use of funds

The key areas where we will invest the \$425,000 in startup capital in the first year are:

- **\$200,000** - Purchasing the building to house our small rural grocery store
- **\$50,000** - Initial inventory purchases to stock the shelves
- **\$20,000** - Renovations and repairs to customize the building's layout
- **\$5,000** - Necessary licenses and permits required to operate
- **\$10,000** - Local print, radio and social media marketing
- **\$15,000** - Contingency fund for unexpected expenses

Additional investments needed in the first year will be:

- **\$25,000** - Wholesaler buy-in fees to get discounted rates
- **\$100,000** - Operating capital until the store reaches profitability

Careful use of funds in these key areas will allow us to successfully launch our small rural grocery startup on a solid financial foundation.

## Sources of Funds

As a startup grocery store seeking funding, Middle Market has identified several sources of funds to finance operations and growth, including:

- A \$25,000 small business grant from the Iowa Economic Development Authority
- A \$50,000 loan from the U.S. Department of Agriculture Rural Development program
- A \$50,000 wholesale supplier loan to cover initial inventory purchases
- A \$100,000 home equity line of credit from the owners
- A \$200,000 conventional small business loan from a bank

This mix of financing will provide the required \$425,000 in capital to open the store, stock inventory, and fund operating expenses as revenue is generated in the first years of business. Equity investment by the owners will be supplemented with attractive financing options focused on rural business development.

Specifically, the small business grant and USDA loan offer very favorable rates and terms tailored to the grocery sector and rural locations. The wholesale inventory financing will enable bulk purchasing with extended payment terms on initial stocking. And the home equity and conventional bank loan provide accessible financing secured through the owners' existing assets and personal guarantees.

This diversified capitalization strategy allows for layered financing at varied rates and repayment structures. Middle Market has secured commitments and approval across all identified funding sources ahead of a planned Q2 store opening.



## Statements

### Projected Profit and Loss

	2023	2024	2025
<b>Revenue</b>	<b>\$500,000</b>	<b>\$600,000</b>	<b>\$700,000</b>
<b>Direct Costs</b>	<b>\$300,000</b>	<b>\$360,000</b>	<b>\$420,000</b>
Gross Margin	\$200,000	\$240,000	\$280,000
<b>Gross Margin %</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>
<b>Operating Expenses</b>			
Salaries	\$75,000	\$90,000	\$105,000
Utilities	\$15,000	\$18,000	\$20,000
Marketing	\$20,000	\$25,000	\$30,000
Miscellaneous	\$10,000	\$12,000	\$15,000
<b>Total Operating Expenses</b>	<b>\$120,000</b>	<b>\$145,000</b>	<b>\$170,000</b>
<b>Operating Income</b>	<b>\$80,000</b>	<b>\$95,000</b>	<b>\$110,000</b>
Interest Incurred			
Depreciation and Amortization			
Gain or Loss from Sale of Assets			
Income Taxes	\$15,200	\$18,050	\$20,900
<b>Total Expenses</b>	<b>\$435,200</b>	<b>\$523,050</b>	<b>\$610,900</b>
<b>Net Profit</b>	<b>\$64,800</b>	<b>\$76,950</b>	<b>\$89,100</b>
<b>Net Profit / Sales</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>

## Projected Balance Sheet

	2023	2024	2025
Cash	\$69,312	\$147,545	\$236,075
Accounts Receivable	\$0	\$0	\$0
Inventory			
Other Current Assets			
<b>Total Current Assets</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>
Long-Term Assets			
Accumulated Depreciation			
<b>Total Long-Term Assets</b>			
<b>Total Assets</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$4,512	\$5,795	\$5,225
Sales Taxes Payable	\$0	\$0	\$0
Short-Term Debt			
Prepaid Revenue			
<b>Total Current Liabilities</b>	<b>\$4,512</b>	<b>\$5,795</b>	<b>\$5,225</b>
Long-Term Debt			
<b>Long-Term Liabilities</b>			
<b>Total Liabilities</b>	<b>\$4,512</b>	<b>\$5,795</b>	<b>\$5,225</b>
Paid-In Capital			
Retained Earnings		\$64,800	\$141,750
Earnings	\$64,800	\$76,950	\$89,100
<b>Total Owner's Equity</b>	<b>\$64,800</b>	<b>\$141,750</b>	<b>\$230,850</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>

## Projected Cash Flow Statement

	2023	2024	2025
<b>Net Cash Flow from Operations</b>			
Net Profit	\$64,800	\$76,950	\$89,100
Depreciation & Amortization			
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory			
Change in Accounts Payable	\$0	\$0	\$0
Change in Income Tax Payable	\$4,512	\$1,283	(\$570)
Change in Sales Tax Payable	\$0	\$0	\$0
Change in Prepaid Revenue			
<b>Net Cash Flow from Operations</b>	<b>\$69,312</b>	<b>\$78,233</b>	<b>\$88,530</b>
<b>Investing &amp; Financing</b>			
Assets Purchased or Sold			
<b>Net Cash from Investing</b>			
Investments Received			
Dividends & Distributions			
Change in Short-Term Debt			
Change in Long-Term Debt			
<b>Net Cash from Financing</b>			
Cash at Beginning of Period	\$0	\$69,312	\$147,545
Net Change in Cash	\$69,312	\$78,233	\$88,530
<b>Cash at End of Period</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>

# Appendix

## Profit and Loss Statement (With Monthly Detail)

2023	Jan '23	Feb '23	Mar '23	Apr '23	May '23	June '23	July '23	Aug '23	Sept '23	Oct '23	Nov '23	Dec '23
<b>Total Revenue</b>	\$30,000	\$35,000	\$35,000	\$40,000	\$40,000	\$45,000	\$45,000	\$50,000	\$40,000	\$40,000	\$50,000	\$50,000
<b>Total Direct Costs</b>	\$18,000	\$21,000	\$21,000	\$24,000	\$24,000	\$27,000	\$27,000	\$30,000	\$24,000	\$24,000	\$30,000	\$30,000
Gross Margin	\$12,000	\$14,000	\$14,000	\$16,000	\$16,000	\$18,000	\$18,000	\$20,000	\$16,000	\$16,000	\$20,000	\$20,000
<b>Gross Margin %</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>
<b>Operating Expenses</b>												
Salaries	\$4,500	\$5,250	\$5,250	\$6,000	\$6,000	\$6,750	\$6,750	\$7,500	\$6,000	\$6,000	\$7,500	\$7,500
Utilities	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Marketing	\$1,666	\$1,666	\$1,666	\$1,666	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
Miscellaneous	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$834	\$834	\$834	\$834
<b>Total Operating Expenses</b>	<b>\$8,249</b>	<b>\$8,999</b>	<b>\$8,999</b>	<b>\$9,749</b>	<b>\$9,750</b>	<b>\$10,500</b>	<b>\$10,500</b>	<b>\$11,250</b>	<b>\$9,751</b>	<b>\$9,751</b>	<b>\$11,251</b>	<b>\$11,251</b>
<b>Operating Income</b>	<b>\$3,751</b>	<b>\$5,001</b>	<b>\$5,001</b>	<b>\$6,251</b>	<b>\$6,250</b>	<b>\$7,500</b>	<b>\$7,500</b>	<b>\$8,750</b>	<b>\$6,249</b>	<b>\$6,249</b>	<b>\$8,749</b>	<b>\$8,749</b>
Interest Incurred												
Depreciation and Amortization												
Gain or Loss from Sale of Assets												
Income Taxes	\$713	\$950	\$950	\$1,188	\$1,187	\$1,425	\$1,425	\$1,663	\$1,187	\$1,187	\$1,663	\$1,662

## Test Company

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Total Expenses	\$26,962	\$30,949	\$30,949	\$34,937	\$34,937	\$38,925	\$38,925	\$42,913	\$34,938	\$34,938	\$42,914	\$42,913
Net Profit	\$3,038	\$4,051	\$4,051	\$5,063	\$5,063	\$6,075	\$6,075	\$7,087	\$5,062	\$5,062	\$7,086	\$7,087
Net Profit / Sales	10%	12%	12%	13%	13%	14%	14%	14%	13%	13%	14%	14%

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## Test Company

2024	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24	Nov '24	Dec '24
<b>Total Revenue</b>	\$37,000	\$42,000	\$42,000	\$47,000	\$47,000	\$52,000	\$52,000	\$57,000	\$47,000	\$47,000	\$60,000	\$70,000
<b>Total Direct Costs</b>	\$22,200	\$25,200	\$25,200	\$28,200	\$28,200	\$31,200	\$31,200	\$34,200	\$28,200	\$28,200	\$36,000	\$42,000
Gross Margin	\$14,800	\$16,800	\$16,800	\$18,800	\$18,800	\$20,800	\$20,800	\$22,800	\$18,800	\$18,800	\$24,000	\$28,000
<b>Gross Margin %</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>
<b>Operating Expenses</b>												
Salaries	\$5,550	\$6,300	\$6,300	\$7,050	\$7,050	\$7,800	\$7,800	\$8,550	\$7,050	\$7,050	\$9,000	\$10,500
Utilities	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Marketing	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,084	\$2,083	\$2,084	\$2,084	\$2,084
Miscellaneous	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>Total Operating Expenses</b>	<b>\$10,133</b>	<b>\$10,883</b>	<b>\$10,883</b>	<b>\$11,633</b>	<b>\$11,633</b>	<b>\$12,383</b>	<b>\$12,383</b>	<b>\$13,134</b>	<b>\$11,633</b>	<b>\$11,634</b>	<b>\$13,584</b>	<b>\$15,084</b>
<b>Operating Income</b>	<b>\$4,667</b>	<b>\$5,917</b>	<b>\$5,917</b>	<b>\$7,167</b>	<b>\$7,167</b>	<b>\$8,417</b>	<b>\$8,417</b>	<b>\$9,666</b>	<b>\$7,167</b>	<b>\$7,166</b>	<b>\$10,416</b>	<b>\$12,916</b>
Interest Incurred												
Depreciation and Amortization												
Gain or Loss from Sale of Assets												
Income Taxes	\$887	\$1,124	\$1,124	\$1,362	\$1,362	\$1,599	\$1,599	\$1,837	\$1,361	\$1,362	\$1,979	\$2,454
<b>Total Expenses</b>	<b>\$33,220</b>	<b>\$37,207</b>	<b>\$37,207</b>	<b>\$41,195</b>	<b>\$41,195</b>	<b>\$45,182</b>	<b>\$45,182</b>	<b>\$49,171</b>	<b>\$41,194</b>	<b>\$41,196</b>	<b>\$51,563</b>	<b>\$59,538</b>
<b>Net Profit</b>	<b>\$3,780</b>	<b>\$4,793</b>	<b>\$4,793</b>	<b>\$5,805</b>	<b>\$5,805</b>	<b>\$6,818</b>	<b>\$6,818</b>	<b>\$7,829</b>	<b>\$5,806</b>	<b>\$5,804</b>	<b>\$8,437</b>	<b>\$10,462</b>
<b>Net Profit / Sales</b>	<b>10%</b>	<b>11%</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>14%</b>	<b>12%</b>	<b>12%</b>	<b>14%</b>	<b>15%</b>



## Test Company

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	2023	2024	2025
<b>Total Revenue</b>	<b>\$500,000</b>	<b>\$600,000</b>	<b>\$700,000</b>
<b>Total Direct Costs</b>	<b>\$300,000</b>	<b>\$360,000</b>	<b>\$420,000</b>
Gross Margin	\$200,000	\$240,000	\$280,000
<b>Gross Margin %</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>
<b>Operating Expenses</b>			
Salaries	\$75,000	\$90,000	\$105,000
Utilities	\$15,000	\$18,000	\$20,000
Marketing	\$20,000	\$25,000	\$30,000
Miscellaneous	\$10,000	\$12,000	\$15,000
<b>Total Operating Expenses</b>	<b>\$120,000</b>	<b>\$145,000</b>	<b>\$170,000</b>
<b>Operating Income</b>	<b>\$80,000</b>	<b>\$95,000</b>	<b>\$110,000</b>
Interest Incurred			
Depreciation and Amortization			
Gain or Loss from Sale of Assets			
Income Taxes	\$15,200	\$18,050	\$20,900
<b>Total Expenses</b>	<b>\$435,200</b>	<b>\$523,050</b>	<b>\$610,900</b>
<b>Net Profit</b>	<b>\$64,800</b>	<b>\$76,950</b>	<b>\$89,100</b>
<b>Net Profit / Sales</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>



## Balance Sheet (With Monthly Detail)

2023	Jan '23	Feb '23	Mar '23	Apr '23	May '23	June '23	July '23	Aug '23	Sept '23	Oct '23	Nov '23	Dec '23
Cash	\$3,751	\$8,752	\$13,753	\$17,391	\$23,641	\$31,141	\$34,841	\$43,591	\$49,840	\$51,814	\$60,563	\$69,312
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory												
Other Current Assets												
<b>Total Current Assets</b>	<b>\$3,751</b>	<b>\$8,752</b>	<b>\$13,753</b>	<b>\$17,391</b>	<b>\$23,641</b>	<b>\$31,141</b>	<b>\$34,841</b>	<b>\$43,591</b>	<b>\$49,840</b>	<b>\$51,814</b>	<b>\$60,563</b>	<b>\$69,312</b>
Long-Term Assets												
Accumulated Depreciation												
<b>Total Long-Term Assets</b>												
<b>Total Assets</b>	<b>\$3,751</b>	<b>\$8,752</b>	<b>\$13,753</b>	<b>\$17,391</b>	<b>\$23,641</b>	<b>\$31,141</b>	<b>\$34,841</b>	<b>\$43,591</b>	<b>\$49,840</b>	<b>\$51,814</b>	<b>\$60,563</b>	<b>\$69,312</b>
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes Payable	\$713	\$1,663	\$2,613	\$1,188	\$2,375	\$3,800	\$1,425	\$3,088	\$4,275	\$1,187	\$2,850	\$4,512
Sales Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Short-Term Debt												
Prepaid Revenue												
<b>Total Current Liabilities</b>	<b>\$713</b>	<b>\$1,663</b>	<b>\$2,613</b>	<b>\$1,188</b>	<b>\$2,375</b>	<b>\$3,800</b>	<b>\$1,425</b>	<b>\$3,088</b>	<b>\$4,275</b>	<b>\$1,187</b>	<b>\$2,850</b>	<b>\$4,512</b>
Long-Term Debt												
<b>Long-Term Liabilities</b>												

## Test Company

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<b>Total Liabilities</b>	<b>\$713</b>	<b>\$1,663</b>	<b>\$2,613</b>	<b>\$1,188</b>	<b>\$2,375</b>	<b>\$3,800</b>	<b>\$1,425</b>	<b>\$3,088</b>	<b>\$4,275</b>	<b>\$1,187</b>	<b>\$2,850</b>	<b>\$4,512</b>
<hr/>												
Paid-In Capital												
Retained Earnings												
Earnings	\$3,038	\$7,089	\$11,140	\$16,203	\$21,266	\$27,341	\$33,416	\$40,503	\$45,565	\$50,627	\$57,713	\$64,800
<b>Total Owner's Equity</b>	<b>\$3,038</b>	<b>\$7,089</b>	<b>\$11,140</b>	<b>\$16,203</b>	<b>\$21,266</b>	<b>\$27,341</b>	<b>\$33,416</b>	<b>\$40,503</b>	<b>\$45,565</b>	<b>\$50,627</b>	<b>\$57,713</b>	<b>\$64,800</b>
<hr/>												
<b>Total Liabilities &amp; Equity</b>	<b>\$3,751</b>	<b>\$8,752</b>	<b>\$13,753</b>	<b>\$17,391</b>	<b>\$23,641</b>	<b>\$31,141</b>	<b>\$34,841</b>	<b>\$43,591</b>	<b>\$49,840</b>	<b>\$51,814</b>	<b>\$60,563</b>	<b>\$69,312</b>
<hr/>												

## Test Company

2024	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24	Nov '24	Dec '24
Cash	\$73,979	\$79,896	\$81,301	\$85,333	\$92,500	\$100,917	\$105,011	\$114,677	\$121,844	\$124,213	\$134,629	\$147,545
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory												
Other Current Assets												
<b>Total Current Assets</b>	<b>\$73,979</b>	<b>\$79,896</b>	<b>\$81,301</b>	<b>\$85,333</b>	<b>\$92,500</b>	<b>\$100,917</b>	<b>\$105,011</b>	<b>\$114,677</b>	<b>\$121,844</b>	<b>\$124,213</b>	<b>\$134,629</b>	<b>\$147,545</b>
Long-Term Assets												
Accumulated Depreciation												
<b>Total Long-Term Assets</b>												
<b>Total Assets</b>	<b>\$73,979</b>	<b>\$79,896</b>	<b>\$81,301</b>	<b>\$85,333</b>	<b>\$92,500</b>	<b>\$100,917</b>	<b>\$105,011</b>	<b>\$114,677</b>	<b>\$121,844</b>	<b>\$124,213</b>	<b>\$134,629</b>	<b>\$147,545</b>
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes Payable	\$5,399	\$6,523	\$3,135	\$1,362	\$2,724	\$4,323	\$1,599	\$3,436	\$4,797	\$1,362	\$3,341	\$5,795
Sales Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Short-Term Debt												
Prepaid Revenue												
<b>Total Current Liabilities</b>	<b>\$5,399</b>	<b>\$6,523</b>	<b>\$3,135</b>	<b>\$1,362</b>	<b>\$2,724</b>	<b>\$4,323</b>	<b>\$1,599</b>	<b>\$3,436</b>	<b>\$4,797</b>	<b>\$1,362</b>	<b>\$3,341</b>	<b>\$5,795</b>
Long-Term Debt												
<b>Long-Term Liabilities</b>												
<b>Total Liabilities</b>	<b>\$5,399</b>	<b>\$6,523</b>	<b>\$3,135</b>	<b>\$1,362</b>	<b>\$2,724</b>	<b>\$4,323</b>	<b>\$1,599</b>	<b>\$3,436</b>	<b>\$4,797</b>	<b>\$1,362</b>	<b>\$3,341</b>	<b>\$5,795</b>

## Test Company

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Paid-In Capital												
Retained Earnings	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800	\$64,800
Earnings	\$3,780	\$8,573	\$13,366	\$19,171	\$24,976	\$31,794	\$38,612	\$46,441	\$52,247	\$58,051	\$66,488	\$76,950
<b>Total Owner's Equity</b>	<b>\$68,580</b>	<b>\$73,373</b>	<b>\$78,166</b>	<b>\$83,971</b>	<b>\$89,776</b>	<b>\$96,594</b>	<b>\$103,412</b>	<b>\$111,241</b>	<b>\$117,047</b>	<b>\$122,851</b>	<b>\$131,288</b>	<b>\$141,750</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$73,979</b>	<b>\$79,896</b>	<b>\$81,301</b>	<b>\$85,333</b>	<b>\$92,500</b>	<b>\$100,917</b>	<b>\$105,011</b>	<b>\$114,677</b>	<b>\$121,844</b>	<b>\$124,213</b>	<b>\$134,629</b>	<b>\$147,545</b>

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# Test Company

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	2023	2024	2025
Cash	\$69,312	\$147,545	\$236,075
Accounts Receivable	\$0	\$0	\$0
Inventory			
Other Current Assets			
<b>Total Current Assets</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>
Long-Term Assets			
Accumulated Depreciation			
<b>Total Long-Term Assets</b>			
<b>Total Assets</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$4,512	\$5,795	\$5,225
Sales Taxes Payable	\$0	\$0	\$0
Short-Term Debt			
Prepaid Revenue			
<b>Total Current Liabilities</b>	<b>\$4,512</b>	<b>\$5,795</b>	<b>\$5,225</b>
Long-Term Debt			
<b>Long-Term Liabilities</b>			
<b>Total Liabilities</b>	<b>\$4,512</b>	<b>\$5,795</b>	<b>\$5,225</b>
Paid-In Capital			
Retained Earnings		\$64,800	\$141,750
Earnings	\$64,800	\$76,950	\$89,100
<b>Total Owner's Equity</b>	<b>\$64,800</b>	<b>\$141,750</b>	<b>\$230,850</b>

## Test Company

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Total Liabilities & Equity	\$69,312	\$147,545	\$236,075
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## Cash Flow Statement (With Monthly Detail)

2023	Jan '23	Feb '23	Mar '23	Apr '23	May '23	June '23	July '23	Aug '23	Sept '23	Oct '23	Nov '23	Dec '23
<b>Net Cash Flow from Operations</b>												
Net Profit	\$3,038	\$4,051	\$4,051	\$5,063	\$5,063	\$6,075	\$6,075	\$7,087	\$5,062	\$5,062	\$7,086	\$7,087
Depreciation & Amortization												
Change in Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Inventory												
Change in Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Income Tax Payable	\$713	\$950	\$950	(\$1,425)	\$1,187	\$1,425	(\$2,375)	\$1,663	\$1,187	(\$3,088)	\$1,663	\$1,662
Change in Sales Tax Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Prepaid Revenue												
<b>Net Cash Flow from Operations</b>	<b>\$3,751</b>	<b>\$5,001</b>	<b>\$5,001</b>	<b>\$3,638</b>	<b>\$6,250</b>	<b>\$7,500</b>	<b>\$3,700</b>	<b>\$8,750</b>	<b>\$6,249</b>	<b>\$1,974</b>	<b>\$8,749</b>	<b>\$8,749</b>
<b>Investing &amp; Financing</b>												
Assets Purchased or Sold												
<b>Net Cash from Investing</b>												
Investments Received												

Dividends &  
Distributions

Change in  
Short-Term  
Debt

Change in  
Long-Term  
Debt

**Net Cash from  
Financing**

Cash at Beginning of Period	\$0	\$3,751	\$8,752	\$13,753	\$17,391	\$23,641	\$31,141	\$34,841	\$43,591	\$49,840	\$51,814	\$60,563
Net Change in Cash	\$3,751	\$5,001	\$5,001	\$3,638	\$6,250	\$7,500	\$3,700	\$8,750	\$6,249	\$1,974	\$8,749	\$8,749
<b>Cash at End of Period</b>	<b>\$3,751</b>	<b>\$8,752</b>	<b>\$13,753</b>	<b>\$17,391</b>	<b>\$23,641</b>	<b>\$31,141</b>	<b>\$34,841</b>	<b>\$43,591</b>	<b>\$49,840</b>	<b>\$51,814</b>	<b>\$60,563</b>	<b>\$69,312</b>



# Test Company

2024	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24	Nov '24	Dec '24
<b>Net Cash Flow from Operations</b>												
Net Profit	\$3,780	\$4,793	\$4,793	\$5,805	\$5,805	\$6,818	\$6,818	\$7,829	\$5,806	\$5,804	\$8,437	\$10,462
Depreciation & Amortization												
Change in Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Inventory												
Change in Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Income Tax Payable	\$887	\$1,124	(\$3,388)	(\$1,773)	\$1,362	\$1,599	(\$2,724)	\$1,837	\$1,361	(\$3,435)	\$1,979	\$2,454
Change in Sales Tax Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Prepaid Revenue												
<b>Net Cash Flow from Operations</b>	<b>\$4,667</b>	<b>\$5,917</b>	<b>\$1,405</b>	<b>\$4,032</b>	<b>\$7,167</b>	<b>\$8,417</b>	<b>\$4,094</b>	<b>\$9,666</b>	<b>\$7,167</b>	<b>\$2,369</b>	<b>\$10,416</b>	<b>\$12,916</b>
<b>Investing &amp; Financing</b>												
Assets Purchased or Sold												
<b>Net Cash from Investing</b>												
Investments Received												
Dividends & Distributions												

Change in  
Short-Term  
Debt

Change in  
Long-Term  
Debt

**Net Cash from  
Financing**

Cash at Beginning of Period	\$69,312	\$73,979	\$79,896	\$81,301	\$85,333	\$92,500	\$100,917	\$105,011	\$114,677	\$121,844	\$124,213	\$134,629
Net Change in Cash	\$4,667	\$5,917	\$1,405	\$4,032	\$7,167	\$8,417	\$4,094	\$9,666	\$7,167	\$2,369	\$10,416	\$12,916
<b>Cash at End of Period</b>	<b>\$73,979</b>	<b>\$79,896</b>	<b>\$81,301</b>	<b>\$85,333</b>	<b>\$92,500</b>	<b>\$100,917</b>	<b>\$105,011</b>	<b>\$114,677</b>	<b>\$121,844</b>	<b>\$124,213</b>	<b>\$134,629</b>	<b>\$147,545</b>

	2023	2024	2025
<b>Net Cash Flow from Operations</b>			
Net Profit	\$64,800	\$76,950	\$89,100
Depreciation & Amortization			
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory			
Change in Accounts Payable	\$0	\$0	\$0
Change in Income Tax Payable	\$4,512	\$1,283	(\$570)
Change in Sales Tax Payable	\$0	\$0	\$0
Change in Prepaid Revenue			
<b>Net Cash Flow from Operations</b>	<b>\$69,312</b>	<b>\$78,233</b>	<b>\$88,530</b>
<b>Investing &amp; Financing</b>			
Assets Purchased or Sold			
<b>Net Cash from Investing</b>			
Investments Received			
Dividends & Distributions			
Change in Short-Term Debt			
Change in Long-Term Debt			
<b>Net Cash from Financing</b>			
Cash at Beginning of Period	\$0	\$69,312	\$147,545
Net Change in Cash	\$69,312	\$78,233	\$88,530
<b>Cash at End of Period</b>	<b>\$69,312</b>	<b>\$147,545</b>	<b>\$236,075</b>