

**Tai Chi Youth
Required Start-Up Funds for a New Business or
Opening Balance Sheet for an Existing Business**

Required Start-Up Funds	Amount	Totals	Depreciation	Notes
Fixed Assets				
Real Estate-Land	\$ -			
Buildings	-		20.00 years	
Leasehold Improvements	-		7.00 years	
Equipment	-		7.00 years	
Furniture and Fixtures	-		5.00 years	
Vehicles	-		5.00 years	
Other Fixed Assets	-		5.00 years	
Total Fixed Assets		-		
Operating Capital				
Pre-Opening Salaries and Wages	38,760			
Prepaid Insurance Premiums	-			
Inventory	8,500			
Legal and Accounting Fees	5,000			
Rent Deposits	7,040			
Utility Deposits	1,240			
Supplies	400			
Advertising and Promotions	4,390			
Licenses	1,600			
Other Initial Start-Up Costs	22,000			
Working Capital (Cash On Hand)	-			
Total Operating Capital		88,930		
Total Required Funds		\$ 88,930		

For existing businesses = Cash+Ppd Exp+A/R-A/P-Accrd Exp See Note below#

Sources of Funding	Amount	Totals	Loan Rate	Term in Months	Monthly Payments
Owner's Equity	0.00%	-			
Outside Investors	0.00%	-			
Additional Loans or Debt					
Commercial Loan	100.00%	88,930	7.00%	84.00	\$1,342.19
Commercial Mortgage	0.00%	-	8.00%	240.00	\$0.00
Credit Card Debt	0.00%	-	7.00%	60.00	\$0.00
Vehicle Loans	0.00%	-	6.00%	48.00	\$0.00
Other Bank Debt	0.00%	-	5.00%	36.00	\$0.00
Total Sources of Funding	100.00%	\$ 88,930			\$1,342.19

Note#: For existing businesses, this should be the "bucket" of cash plus recievables that will be turned into cash or payables paid out in cash in the near term (i.e. in the first month of the plan)
If "green" cells have formulas in them to start with and are then overwritten, the dependent calculations will not be correct and will need to be updated manually

**Tai Chi Youth
Salaries and Wages**

Salaries and Related Expenses	#	Assumptions	Wage Base	Monthly	Year One	Year Two	Year Three
Percent Change						3.00%	3.00%
Salaries and Wages							
Owner's Compensation	0		\$	-	-	-	-
Salaries	5			14,000	168,000	173,040	178,231
Wages							
Full-Time Employees	2			1,733	20,800	21,424	22,067
Estimated Hours Per Week		8.00					
Estimated Rate Per Hour		\$ 25.00					
Part-Time Employees	2			693	8,320	8,570	8,827
Estimated Hours Per Week		8.00					
Estimated Rate Per Hour		\$ 10.00					
Independent Contractors				-	-	-	-
Total Salaries and Wages	9			16,427	197,120	203,034	209,125
Payroll Taxes and Benefits							
Social Security		6.20%	\$ 102,000	1,018	12,221	12,588	12,966
Medicare		1.45%		238	2,858	2,944	3,032
Federal Unemployment Tax (FUTA)		0.80%	\$ 7,000	42	504	504	504
State Unemployment Tax (SUTA)		2.70%	\$ 7,000	142	1,701	1,701	1,701
Employee Pension Programs		0.00%		-	-	-	-
Worker's Compensation		0.00%		-	-	-	-
Employee Health Insurance		0.00%		-	-	-	-
Other Employee Benefit Programs		4.00%		657	7,885	8,121	8,365
Total Payroll Taxes and Benefits				2,097	25,169	25,858	26,568
Total Salaries and Related Expenses				18,524	222,289	228,892	235,693

If "green" cells have formulas in them to start with and are then overwritten, the dependent calculations will not be correct and will need to be updated manually

**Tai Chi Youth
Fixed Operating Expenses**

Fixed Operating Expenses	<u>Monthly</u>	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	Notes
Percent Change			3.00%	3.00%	
Expenses					
Advertising	\$ 277	3,324	3,424	3,526	
Car and Truck Expenses	-	-	-	-	
Bank & Merchant Fees	52	624	643	662	
Contract Labor	-	-	-	-	
Conferences & Seminars	258	3,096	3,189	3,285	
Customer Discounts and Refunds	-	-	-	-	
Dues and Subscriptions	52	624	643	662	
Miscellaneous	80	960	989	1,018	
Insurance (Liability and Property)	-	-	-	-	
Licenses/Fees/Permits	77	924	952	980	
Legal and Professional Fees	303	3,636	3,745	3,857	
Office Expenses & Supplies	258	3,096	3,189	3,285	
Postage and Delivery	77	924	952	980	
Rent (on business property)	1,876	22,512	23,187	23,883	
Rent of Vehicles and Equipment	-	-	-	-	
Sales & Marketing	1,500	18,000	18,540	19,096	
Taxes-Other	-	-	-	-	
Telephone and Communications	158	1,896	1,953	2,011	
Travel	155	1,860	1,916	1,973	
Utilities	256	3,072	3,164	3,259	
Total Expenses	<u>5,379</u>	<u>64,548</u>	<u>66,484</u>	<u>68,479</u>	
Other Expenses					
Depreciation	-	-	-	-	
Interest					
Commercial Loan	492	5,902	5,164	4,373	
Commercial Mortgage	-	-	-	-	
Line of Credit	-	-	-	-	
Credit Card Debt	-	-	-	-	
Vehicle Loans	-	-	-	-	
Other Bank Debt	-	-	-	-	
Total Other Expenses	<u>492</u>	<u>5,902</u>	<u>5,164</u>	<u>4,373</u>	
Total Fixed Operating Expenses	<u><u>5,871</u></u>	<u><u>70,450</u></u>	<u><u>71,649</u></u>	<u><u>72,852</u></u>	

Tai Chi Youth
Projected Sales Forecast

25-Nov-10

Products and Services	Assumptions	%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
TCY ONLINE Classes + Downloads															
Price Per Unit	\$ 20.00	100.00%													
Variable Cost Per Unit	\$ 1.00	5.00%													
Gross Margin Per Unit	\$ 19.00	95.00%													
Projected Unit Sales															
Seasonality Factor			8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	8.33%	100.00%
Year One			1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Year Two Growth	200.00%		3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200
Year Three Growth	100.00%		7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	86,400
Overhead Exp Allocation	50.00%														
Projected Revenue	\$ 288,000														
Variable Costs	14,400														
Gross Margin	273,600														
Overhead Expenses	146,370														
Profit	127,230	44.18%													
Breakeven Sales Revenue	\$ 154,073.32														
Breakeven Sales Units	7,704														
Books, Uniforms, CDs, DVDs															
Price Per Unit	\$ 20.00	100.00%													
Variable Cost Per Unit	\$ 12.00	60.00%													
Gross Margin Per Unit	\$ 8.00	40.00%													
Projected Unit Sales															
Seasonality Factor			9.09%	6.06%	6.06%	7.58%	18.18%	7.58%	6.06%	6.06%	18.18%	7.58%	3.03%	4.55%	100.00%
Year One			600	400	400	500	1,200	500	400	400	1,200	500	200	300	6,600
Year Two Growth	200.00%		1,800	1,200	1,200	1,500	3,600	1,500	1,200	1,200	3,600	1,500	600	900	19,800
Year Three Growth	120.00%		3,960	2,640	2,640	3,300	7,920	3,300	2,640	2,640	7,920	3,300	1,320	1,980	43,560
Overhead Exp Allocation	16.67%														
Projected Revenue	\$ 132,000														
Variable Costs	79,200														
Gross Margin	52,800														
Overhead Expenses	48,790														
Profit	4,010	3.04%													
Breakeven Sales Revenue	\$ 121,974.71														
Breakeven Sales Units	6,099														

If "green" cells have formulas in them to start with and are then overwritten, the dependent calculations will not be correct and will need to be updated manually

Tai Chi Youth
 Projected Sales Forecast - Page 2

25-Nov-10

Products and Services	Assumptions	%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Private Lessons / Belt Tests															
Price Per Unit	\$ 50.00	100.00%													
Variable Cost Per Unit	\$ 15.00	30.00%													
Gross Margin Per Unit	\$ 35.00	70.00%													
Projected Unit Sales															
Seasonality Factor			7.02%	3.51%	5.26%	7.02%	16.67%	3.51%	4.39%	5.26%	15.79%	17.54%	10.53%	3.51%	100.00%
Year One			40	20	30	40	95	20	25	30	90	100	60	20	570
Year Two Growth	100.00%		80	40	60	80	190	40	50	60	180	200	120	40	1,140
Year Three Growth	200.00%		240	120	180	240	570	120	150	180	540	600	360	120	3,420
Overhead Exp Allocation	16.67%														
Projected Revenue	\$ 28,500														
Variable Costs	8,550														
Gross Margin	19,950														
Overhead Expenses	48,790														
Profit	(28,840)	-101.19%													
Breakeven Sales Revenue	\$ 69,699.84														
Breakeven Sales Units	1,394														
TCY Annual Membership Fee															
Price Per Unit	\$ 10.00	100.00%													
Variable Cost Per Unit	\$ 2.00	20.00%													
Gross Margin Per Unit	\$ 8.00	80.00%													
Projected Unit Sales															
Seasonality Factor			45.45%	15.15%	3.03%	3.03%	3.03%	3.03%	4.55%	3.03%	7.58%	3.03%	4.55%	4.55%	100.00%
Year One			300	100	20	20	20	20	30	20	50	20	30	30	660
Year Two Growth	100.00%		600	200	40	40	40	40	60	40	100	40	60	60	1,320
Year Three Growth	200.00%		1,800	600	120	120	120	120	180	120	300	120	180	180	3,960
Overhead Exp Allocation	16.67%														
Projected Revenue	\$ 6,600														
Variable Costs	1,320														
Gross Margin	5,280														
Overhead Expenses	48,790														
Profit	(43,510)	-659.24%													
Breakeven Sales Revenue	\$ 60,987.36														
Breakeven Sales Units	6,099														

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**Tai Chi Youth
Cash Receipts and Disbursements**

25-Nov-10

Accounts Receivable Collections

Percent of Collections	
0 to 30 days	100.00%
31 to 60 days	0.00%
More than 60 days	0.00%
Total Collections Percentage	<u>100.00%</u>

Accounts Payable Disbursements

Number of Days to Pay Suppliers	
0 to 30 days	100.00%
31 to 60 days	0.00%
More than 60 days	0.00%
Total Disbursements Percentage	<u>100.00%</u>

Line of Credit Assumptions

Desired Minimum Cash Balance	\$	-
Line of Credit Interest Rate		8.00%

Income Tax Assumptions

Effective Income Tax Rate	20.00%
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Amortization of Start-Up Expenses

Amortization Period in Years	3.00
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19,477	1,623
7,333	611
	2,234

Tai Chi Youth
 Projected Income Statement - Year One

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
TCY ONLINE Classes + Downloads	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	288,000
Books, Uniforms, CDs, DVDs	12,000	8,000	8,000	10,000	24,000	10,000	8,000	8,000	24,000	10,000	4,000	6,000	132,000
Private Lessons / Belt Tests	2,000	1,000	1,500	2,000	4,750	1,000	1,250	1,500	4,500	5,000	3,000	1,000	28,500
TCY Annual Membership Fee	3,000	1,000	200	200	200	200	300	200	500	200	300	300	6,600
Total Income	41,000	34,000	33,700	36,200	52,950	35,200	33,550	33,700	53,000	39,200	31,300	31,300	455,100
Cost of Sales													
TCY ONLINE Classes + Downloads	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	14,400
Books, Uniforms, CDs, DVDs	7,200	4,800	4,800	6,000	14,400	6,000	4,800	4,800	14,400	6,000	2,400	3,600	79,200
Private Lessons / Belt Tests	600	300	450	600	1,425	300	375	450	1,350	1,500	900	300	8,550
TCY Annual Membership Fee	600	200	40	40	40	40	60	40	100	40	60	60	1,320
Total Cost of Sales	9,600	6,500	6,490	7,840	17,065	7,540	6,435	6,490	17,050	8,740	4,560	5,160	103,470
Gross Margin	31,400	27,500	27,210	28,360	35,885	27,660	27,115	27,210	35,950	30,460	26,740	26,140	351,630
Total Salary and Wages	18,524	222,289											
Fixed Business Expenses													
Advertising	277	277	277	277	277	277	277	277	277	277	277	277	3,324
Car and Truck Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Merchant Fees	52	52	52	52	52	52	52	52	52	52	52	52	624
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Conferences & Seminars	258	258	258	258	258	258	258	258	258	258	258	258	3,096
Customer Discounts and Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	52	52	52	52	52	52	52	52	52	52	52	52	624
Miscellaneous	80	80	80	80	80	80	80	80	80	80	80	80	960
Insurance (Liability and Property)	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses/Fees/Permits	77	77	77	77	77	77	77	77	77	77	77	77	924
Legal and Professional Fees	303	303	303	303	303	303	303	303	303	303	303	303	3,636
Office Expenses & Supplies	258	258	258	258	258	258	258	258	258	258	258	258	3,096
Postage and Delivery	77	77	77	77	77	77	77	77	77	77	77	77	924
Rent (on business property)	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	22,512
Rent of Vehicles and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Marketing	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone and Communications	158	158	158	158	158	158	158	158	158	158	158	158	1,896
Travel	155	155	155	155	155	155	155	155	155	155	155	155	1,860
Utilities	256	256	256	256	256	256	256	256	256	256	256	256	3,072
Total Fixed Business Expenses	5,379	64,548											
Other Expenses													
Amortized Start-up Expenses	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	26,810
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest													
Commercial Loan	519	514	509	504	499	494	490	485	480	475	469	464	5,902
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	1,396	617	560	791	2,297	652	544	564	2,313	1,216	473	355	11,778
Total Other Expenses	4,149	3,365	3,303	3,529	5,030	3,381	3,268	3,283	5,027	3,925	3,177	3,053	44,490
Net Income	3,348	232	4	928	6,952	376	(56)	24	7,020	2,632	(340)	(816)	20,303

**Tai Chi Youth
Balance Sheet - Year One**

	<u>Base Period</u>	<u>End of Year One</u>
Assets		
Current Assets		
Cash	-	36,908
Accounts Receivable	-	-
Inventry	8,500	8,500
Prepaid Expenses	58,430	38,953
Other Current	<u>22,000</u>	<u>14,667</u>
Total Current Assets	88,930	99,028
Fixed Assets		
Real Estate-Land	-	-
Buildings	-	-
Leasehold Improvements	-	-
Equipment	-	-
Furniture and Fixtures	-	-
Vehicles	-	-
Other Fixed Assets	<u>-</u>	<u>-</u>
Total Fixed Assets	-	-
Less: Accumulated Depreciation	-	-
Total Assets	<u>88,930</u>	<u>99,028</u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Loan Payable	88,930	78,726
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	<u>-</u>	<u>-</u>
Total Liabilities	88,930	78,726
Owner's Equity		
Common Stock	-	-
Retained Earnings	-	20,303
Dividends Dispersed	<u>-</u>	<u>-</u>
Total Owner's Equity	-	20,303
Total Liabilities and Owner's Equity	<u>88,930</u>	<u>99,028</u>
	Statement Balances	Statement Balances

Tai Chi Youth
Year End Summary

	<u>Year One</u>	%	<u>Year Two</u>	%	<u>Year Three</u>	%
Income						
TCY ONLINE Classes + Downloads	288,000		864,000		1,728,000	
Books, Uniforms, CDs, DVDs	132,000		396,000		871,200	
Private Lessons / Belt Tests	28,500		57,000		171,000	
TCY Annual Membership Fee	<u>6,600</u>		<u>13,200</u>		<u>39,600</u>	
Total Income	455,100	100.00%	1,330,200	100.00%	2,809,800	100.00%
Cost of Sales						
TCY ONLINE Classes + Downloads	14,400		43,200		86,400	
Books, Uniforms, CDs, DVDs	79,200		237,600		522,720	
Private Lessons / Belt Tests	8,550		17,100		51,300	
TCY Annual Membership Fee	<u>1,320</u>		<u>2,640</u>		<u>7,920</u>	
Total Cost of Sales	103,470	22.74%	300,540	22.59%	668,340	23.79%
Gross Margin	351,630	77.26%	1,029,660	77.41%	2,141,460	76.21%
Total Salary and Wages	222,289	48.84%	228,892	17.21%	235,693	8.39%
Fixed Business Expenses						
Advertising	3,324		3,424		3,526	
Car and Truck Expenses	-		-		-	
Bank & Merchant Fees	624		643		662	
Contract Labor	-		-		-	
Conferences & Seminars	3,096		3,189		3,285	
Customer Discounts and Refunds	-		-		-	
Dues and Subscriptions	624		643		662	
Miscellaneous	960		989		1,018	
Insurance (Liability and Property)	-		-		-	
Licenses/Fees/Permits	924		952		980	
Legal and Professional Fees	3,636		3,745		3,857	
Office Expenses & Supplies	3,096		3,189		3,285	
Postage and Delivery	924		952		980	
Rent (on business property)	22,512		23,187		23,883	
Rent of Vehicles and Equipment	-		-		-	
Sales & Marketing	18,000		18,540		19,096	
Taxes-Other	-		-		-	
Telephone and Communications	1,896		1,953		2,011	
Travel	1,860		1,916		1,973	
Utilities	<u>3,072</u>		<u>3,164</u>		<u>3,259</u>	
Total Fixed Business Expenses	64,548	14.18%	66,484	5.00%	68,479	2.44%
Operating Income (before Other Expenses) [EBITDA]	64,793	14.24%	734,284	55.20%	1,837,288	65.39%
Other Expenses						
Amortized Start-up Expenses	26,810		26,810		26,810	
Depreciation	-		-		-	
Interest						
Commercial Loan	5,902		5,164		4,373	
Commercial Mortgage	-		-		-	
Line of Credit	-		-		-	
Credit Card Debt	-		-		-	
Vehicle Loans	-		-		-	
Other Bank Debt	-		-		-	
Taxes	<u>11,778</u>		<u>145,824</u>		<u>366,583</u>	
Total Other Expenses	44,490	9.78%	177,798	13.37%	397,766	14.16%
Net Income	20,303	4.46%	556,486	41.83%	1,439,522	51.23%

Tai Chi Youth
 Projected Income Statement - Year Two

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
TCY ONLINE Classes + Downloads	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000	864,000
Books, Uniforms, CDs, DVDs	36,000	24,000	24,000	30,000	72,000	30,000	24,000	24,000	72,000	30,000	12,000	18,000	396,000
Private Lessons / Belt Tests	4,000	2,000	3,000	4,000	9,500	2,000	2,500	3,000	9,000	10,000	6,000	2,000	57,000
TCY Annual Membership Fee	6,000	2,000	400	400	400	400	600	400	1,000	400	600	600	13,200
Total Income	118,000	100,000	99,400	106,400	153,900	104,400	99,100	99,400	154,000	112,400	90,600	92,600	1,330,200
Cost of Sales													
TCY ONLINE Classes + Downloads	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	43,200
Books, Uniforms, CDs, DVDs	21,600	14,400	14,400	18,000	43,200	18,000	14,400	14,400	43,200	18,000	7,200	10,800	237,600
Private Lessons / Belt Tests	1,200	600	900	1,200	2,850	600	750	900	2,700	3,000	1,800	600	17,100
TCY Annual Membership Fee	1,200	400	80	80	80	80	120	80	200	80	120	120	2,640
Total Cost of Sales	27,600	19,000	18,980	22,880	49,730	22,280	18,870	18,980	49,700	24,680	12,720	15,120	300,540
Gross Margin	90,400	81,000	80,420	83,520	104,170	82,120	80,230	80,420	104,300	87,720	77,880	77,480	1,029,660
Total Salary and Wages	19,074	19,074	19,074	19,074	19,074	19,074	19,074	19,074	19,074	19,074	19,074	19,074	228,892
Fixed Business Expenses													
Advertising	285	285	285	285	285	285	285	285	285	285	285	285	3,424
Car and Truck Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Merchant Fees	54	54	54	54	54	54	54	54	54	54	54	54	643
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Conferences & Seminars	266	266	266	266	266	266	266	266	266	266	266	266	3,189
Customer Discounts and Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	54	54	54	54	54	54	54	54	54	54	54	54	643
Miscellaneous	82	82	82	82	82	82	82	82	82	82	82	82	989
Insurance (Liability and Property)	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses/Fees/Permits	79	79	79	79	79	79	79	79	79	79	79	79	952
Legal and Professional Fees	312	312	312	312	312	312	312	312	312	312	312	312	3,745
Office Expenses & Supplies	266	266	266	266	266	266	266	266	266	266	266	266	3,189
Postage and Delivery	79	79	79	79	79	79	79	79	79	79	79	79	952
Rent (on business property)	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	1,932	23,187
Rent of Vehicles and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Marketing	1,545	1,545	1,545	1,545	1,545	1,545	1,545	1,545	1,545	1,545	1,545	1,545	18,540
Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone and Communications	163	163	163	163	163	163	163	163	163	163	163	163	1,953
Travel	160	160	160	160	160	160	160	160	160	160	160	160	1,916
Utilities	264	264	264	264	264	264	264	264	264	264	264	264	3,164
Total Fixed Business Expenses	5,540	5,540	5,540	5,540	5,540	5,540	5,540	5,540	5,540	5,540	5,540	5,540	66,484
Other Expenses													
Amortized Start-up Expenses	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	26,810
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest													
Commercial Loan	459	454	449	444	438	433	428	423	417	412	406	401	5,164
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	13,065	11,186	11,071	11,692	15,823	11,414	11,037	11,077	15,854	12,539	10,572	10,493	145,824
Total Other Expenses	15,759	13,874	13,754	14,370	18,496	14,082	13,700	13,733	18,505	15,185	13,212	13,128	177,798
Net Income	50,027	42,511	42,051	44,535	61,059	43,424	41,916	42,072	61,180	47,921	40,053	39,737	556,486

**Tai Chi Youth
Balance Sheet - Year Two**

	<u>End of Year One</u>	<u>End of Year Two</u>
Assets		
Current Assets		
Cash	36,908	609,261
Accounts Receivable	-	-
Inventory	8,500	8,500
Prepaid Expenses	38,953	19,477
Other Current	<u>14,667</u>	<u>7,333</u>
Total Current Assets	99,028	644,571
Fixed Assets		
Real Estate-Land	-	-
Buildings	-	-
Leasehold Improvements	-	-
Equipment	-	-
Furniture and Fixtures	-	-
Vehicles	-	-
Other Fixed Assets	<u>-</u>	<u>-</u>
Total Fixed Assets	-	-
Less: Accumulated Depreciation	-	-
Total Assets	<u><u>99,028</u></u>	<u><u>644,571</u></u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Notes Payable	78,726	67,783
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	<u>-</u>	<u>-</u>
Total Liabilities	78,726	67,783
Owner's Equity		
Common Stock	-	-
Retained Earnings	20,303	576,788
Dividends Dispersed	<u>-</u>	<u>-</u>
Total Owner's Equity	<u><u>20,303</u></u>	<u><u>576,788</u></u>

**Tai Chi Youth
Balance Sheet - Year Two**

	<u>End of Year One</u>	<u>End of Year Two</u>
Total Liabilities and Owner's Equity	<u>99,028</u>	<u>644,571</u>

Statement Balances

Statement Balances

Tai Chi Youth
 Projected Income Statement - Year Three

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Income													
TCY ONLINE Classes + Downloads	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	1,728,000
Books, Uniforms, CDs, DVDs	79,200	52,800	52,800	66,000	158,400	66,000	52,800	52,800	158,400	66,000	26,400	39,600	871,200
Private Lessons / Belt Tests	12,000	6,000	9,000	12,000	28,500	6,000	7,500	9,000	27,000	30,000	18,000	6,000	171,000
TCY Annual Membership Fee	18,000	6,000	1,200	1,200	1,200	1,200	1,800	1,200	3,000	1,200	1,800	1,800	39,600
Total Income	253,200	208,800	207,000	223,200	332,100	217,200	206,100	207,000	332,400	241,200	190,200	191,400	2,809,800
Cost of Sales													
TCY ONLINE Classes + Downloads	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	86,400
Books, Uniforms, CDs, DVDs	47,520	31,680	31,680	39,600	95,040	39,600	31,680	31,680	95,040	39,600	15,840	23,760	522,720
Private Lessons / Belt Tests	3,600	1,800	2,700	3,600	8,550	1,800	2,250	2,700	8,100	9,000	5,400	1,800	51,300
TCY Annual Membership Fee	3,600	1,200	240	240	240	240	360	240	600	240	360	360	7,920
Total Cost of Sales	61,920	41,880	41,820	50,640	111,030	48,840	41,490	41,820	110,940	56,040	28,800	33,120	668,340
Gross Margin	191,280	166,920	165,180	172,560	221,070	168,360	164,610	165,180	221,460	185,160	161,400	158,280	2,141,460
Total Salary and Wages	19,641	235,693											
Fixed Business Expenses													
Advertising	294	294	294	294	294	294	294	294	294	294	294	294	3,526
Car and Truck Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank & Merchant Fees	55	55	55	55	55	55	55	55	55	55	55	55	662
Contract Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Conferences & Seminars	274	274	274	274	274	274	274	274	274	274	274	274	3,285
Customer Discounts and Refunds	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and Subscriptions	55	55	55	55	55	55	55	55	55	55	55	55	662
Miscellaneous	85	85	85	85	85	85	85	85	85	85	85	85	1,018
Insurance (Liability and Property)	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses/Fees/Permits	82	82	82	82	82	82	82	82	82	82	82	82	980
Legal and Professional Fees	321	321	321	321	321	321	321	321	321	321	321	321	3,857
Office Expenses & Supplies	274	274	274	274	274	274	274	274	274	274	274	274	3,285
Postage and Delivery	82	82	82	82	82	82	82	82	82	82	82	82	980
Rent (on business property)	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	1,990	23,883
Rent of Vehicles and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales & Marketing	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	19,096
Taxes-Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone and Communications	168	168	168	168	168	168	168	168	168	168	168	168	2,011
Travel	164	164	164	164	164	164	164	164	164	164	164	164	1,973
Utilities	272	272	272	272	272	272	272	272	272	272	272	272	3,259
Total Fixed Business Expenses	5,707	68,479											
Other Expenses													
Amortized Start-up Expenses	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	2,234	26,810
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest													
Commercial Loan	395	390	384	379	373	367	362	356	350	345	339	333	4,373
Commercial Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Line of Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Bank Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	33,107	28,236	27,890	29,367	39,070	28,529	27,780	27,895	39,152	31,894	27,143	26,520	366,583
Total Other Expenses	35,737	30,861	30,508	31,980	41,677	31,131	30,376	30,485	41,737	34,472	29,716	29,087	397,766
Net Income	130,195	110,712	109,324	115,233	154,045	111,882	108,886	109,347	154,375	125,340	106,337	103,845	1,439,522

**Tai Chi Youth
Balance Sheet - Year Three**

	<u>End of Year Two</u>	<u>End of Year Three</u>
Assets		
Current Assets		
Cash	609,261	2,063,860
Accounts Receivable	-	-
Inventory	8,500	8,500
Prepaid Expenses	19,477	(0)
Other Current	<u>7,333</u>	<u>0</u>
Total Current Assets	644,571	2,072,360
Fixed Assets		
Real Estate-Land	-	-
Buildings	-	-
Leasehold Improvements	-	-
Equipment	-	-
Furniture and Fixtures	-	-
Vehicles	-	-
Other Fixed Assets	<u>-</u>	<u>-</u>
Total Fixed Assets	-	-
Less: Accumulated Depreciation	-	-
Total Assets	<u>644,571</u>	<u>2,072,360</u>
Liabilities and Owner's Equity		
Liabilities		
Accounts Payable	-	-
Notes Payable	67,783	56,050
Mortgage Payable	-	-
Credit Card Debt	-	-
Vehicle Loans	-	-
Other Bank Debt	-	-
Line of Credit Balance	<u>-</u>	<u>-</u>
Total Liabilities	67,783	56,050
Owner's Equity		
Common Stock	-	-
Retained Earnings	576,788	2,016,310
Dividends Dispersed	<u>-</u>	<u>-</u>
Total Owner's Equity	576,788	2,016,310
Total Liabilities and Owner's Equity	<u>644,571</u>	<u>2,072,360</u>
	Statement Balances	Statement Balances

**Tai Chi Youth
Financial Ratios**

Ratio	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	<u>RMA Industry Norms</u>
Liquidity				
Current Ratio	1.3	9.5	37.0	
Quick Ratio	0.5	9.0	36.8	
Safety				
Debt to Equity Ratio	3.9	0.1	0.0	
Debt to Coverage Ratio	0.3	8.2	25.7	
Profitability				
Sales Growth	0.0%	192.3%	111.2%	
COGS to Sales	22.7%	22.6%	23.8%	
Gross Profit Margin	77.3%	77.4%	76.2%	
SG&A to Sales	63.0%	22.2%	10.8%	
Net Profit Margin	4.5%	41.8%	51.2%	
Return on Equity	100.0%	96.5%	71.4%	
Return on Assets	20.5%	86.3%	69.5%	
Owner's Compensation to Sales	0.0%	0.0%	0.0%	
Efficiency				
Days in Receivables	0.0	0.0	0.0	
Accounts Receivable Turnover	0.0	0.0	0.0	
Days in Inventory	29.6	10.2	4.6	
Inventory Turnover	12.2	35.4	78.6	
Sales to Total Assets	4.6	2.1	1.4	

Tai Chi Youth Breakeven Analysis

Breakeven Analysis	Dollars	Percent
Annual Sales Revenue	\$ 455,100	100.00%
Cost of Sales	103,470	22.74%
Gross Margin	<u>351,630</u>	<u>77.26%</u>
Salaries and Wages	222,289	
Fixed Operating Expenses	70,450	
Total Fixed Business Expenses	<u>292,739</u>	
Breakeven Sales Calculation	292,739	
	<u>77.26%</u>	
Breakeven Sales in Dollars	<u>\$ 378,880</u>	

Tai Chi Youth Financial Diagnostics

This sheet performs a few tests on your numbers to see if they seem within certain reasonable ranges.
Remember, no computer can tell whether your projections are truly well-constructed, only a human can do that.
But these tests can at least look for values that are critically out of range.

Financial Diagnostics		Value	Findings
General Financing Assumptions			
Owner's Cash Injection into the Business		0.0%	Owner's injection might be too low in relation to the amount of money needed
Cash Request as percent of Total Required Funds		0.0%	Cash request seems reasonable with respect to total request
Loan Assumptions			
Commercial Loan Interest rate		7.0%	Interest rate seems reasonable
Commercial Loan Term in Months		84	Loan term seems within range for this type of loan
Commercial Mortgage Interest rate		8.0%	Interest rate seems reasonable
Commercial Mortgage Term in Months		240	Loan term seems within range for this type of loan
Loan Payments as a Percent of Projected Sales		0.3%	Calculated loan payments as a percent of sales seem resonable
Income Statement			
Gross Margin as a Percent of Sales		77.3%	Gross margin percentage seems reasonable
Owner's Compensation Lower Limit Check	\$	-	An owner's compensation amount has not been established
Owner's Compensation Upper Limit Check		0.0%	Owner's compensation seems reasonable
Advertising Expense Levels as a Percent of Sales		0.7%	Advertising as a percent of sales may be too low
Profitability Levels	\$	20,303	The business is showing a profit
Profitability as a Percent of Sales		4.5%	The projection does not seem highly unreasonable
Cash Flow Statement			
Desired Operating cash Flow Levels	\$	-	The financial projection provides the desired level of cash flow
Line of Credit Drawdowns	\$	-	The business doesn't seem to require a line of credit
Accounts Receivable Ratio to Sales		0.0%	Accounts receivable amount as a percent of sales seems reasonable
Balance Sheet			
Does the Base Period Balance Sheet Balance?		-	The balance sheet does balance
Does the Final Balance Sheet Balance		-	The balance sheet does balance
Debt to Equity Ratio		387.8%	The debt to equity ratio seems reasonable
Breakeven Analysis			
Breakeven Levels	\$	76,220	The sales projection exceeds the projected break-even sales level