



Retail Art Furnishings Business

WOOD DESIGNS GALLERY

75711 Cherokee Dr.
Springfield, MA 01101

Considering most businesses take longer to hit full stride than expected, this plan is a fine example of how to illustrate awareness of this fact. The entrepreneurs outline various recourses for possible problems, proving they are realistic and prepared for the unexpected. Note the clearly stated per day sales breakdown necessary to break even, establishing a readable gauge of success.

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OUR MISSION

A huge market exists in the in retail art furnishings business serving affluent customers who appreciate fine art and Native American design. People whose incomes fall in the \$80,000 to \$150,000 range often aspire to own high quality decorative art, but they are not necessarily interested in owning an art collection that is usually priced beyond their means. It is very hard for consumers in this particular market segment to locate a broad selection of truly accessible art that is appealing to them. High priced furniture stores and interior decorators do a fine job of providing this type of art, but it is usually not available in the retail setting and placed directly in front of the customer. This is the problem that the Wood Designs Gallery proposes to solve.

COMPANY OVERVIEW

The solution to the consumer retail problem posed above is simply this: to sell fine quality serialized and commercially produced artwork for consumers in the \$200-1,200 dollar range. Wood Designs Gallery's competitive advantage will lie in the fact that it will have a huge selection of framed, ready-to-hang artwork available for the discriminating consumer. As a sideline to ensure variety and a component draw, Wood



Designs Gallery will also sell approved Native American art and sculptures. We have a source for high quality Native American art produced by a certified Native American artist who will sell us art and sculptures at a very low wholesale price. Wood Designs Gallery also plans to offer its art to interior decorators at slightly reduced prices. This should ensure a steady flow of interior design specialists to our location. This would be convenient for them and allow them to have more selection and variety than what they would find in larger, wholesale outlets. Another niche sideline would be for sales of local artists who wish to produce exclusive pieces for sale in our store. They would provide art for a fraction of what they could normally be purchased, and any artist who developed a reputation would have several pieces of his work set aside as promotional pieces for the store.

SERVICES, LOCATION AND TIMING

Wood Designs Gallery will be located in the Timberland Mall shopping center, in the heart of Springfield, Massachusetts. Farber and Associates, the mall's landlord and developer, have approved the site selection. The space approved is premium space and the rental cost will be just under \$4,000 per month. The timing for the project is critical and if initial financing is made available, Wood Designs Gallery will open this fall in time for the expected rush of holiday shoppers.

Project Timeline:

May—Obtain initial financing and secure all funds for development.

June—Refurbish site of current store and install shelving for sculptures. Obtain registers and charge authorizations.

July—Procure initial inventories and have it in place for opening day.

August—Make sure store has positive initial publicity.

September—Grand opening sale.

MARKET STRATEGY

The market goal of Wood Designs Gallery is to become known as the leading source of decorative art for households and the decorative trade in the area. The market appeal will come from creating the appearance of fine quality art available exclusively through us and through the presentation of the art and the expertise of the staff. Within three years from the start of the business, Wood Designs Gallery wishes to become widely known as a leading source of home and office decorative furnishings. Within five years, the goal will be to become a clearinghouse for local artists and a one-stop store for interior decorators. This appeal will come from our unique approach to the business and by providing decorative items in a greater variety than any other single store in Massachusetts. The same comparable merchandise can currently be found in furniture stores and framing studios, but there is little or no expert advice available in such stores. Customers find themselves entirely on their own and usually have to make many visits to find exactly what they are looking for. Customers at Wood Designs Gallery will be assisted so that they have a sense of competence and sophistication associated with their selections. Repeat business will come in the form of customers needing additional pieces for their homes and interior decorators who need a local source for their furnishings. There are over 120 interior decorators in the area and each one will be heavily marketed. Bringing one interior decorator back time and time again will make our market strategy much stronger and far more successful.

Market Background

There is an extensive market background for Wood Designs Gallery to draw inspiration from. Decorative wall

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hangings are commonly sold in furniture stores and art galleries. The nature of the latter varies from traditional galleries carrying "fine art" to retail establishments stocked with cheap prints. Fine art is outside our scope because of the inherent investment value placed with the art itself. Galleries that sell this kind of fine art earn 30-50% of the sale price in commission. Shops selling prints and mass-produced "original" art are generally a special kind of furniture store. Their product is distributed through wholesalers and generally marked up about 100%. Such galleries often posture themselves as being more artistic than they really are and try to appear as fine art galleries. Yet, most of these stores only handle a few paintings and prints, which they classify as accessories. When professional decorators purchase paintings and prints for their clients, wholesalers who specialize in the accessory end of the furniture business supply these products. Wholesalers tend to be clustered in larger cities, so decorators from our area have trouble getting to them on a consistent basis.

Serving the Customer

Our customer needs a wide selection of traditional wall decorations with a few exotic pieces to round out their upper-middle-class lifestyle. Customers who are affluent, but not wealthy, generally do not wish to take the time and expense of hiring a decorator for something so simple, but they want something better than can be found in a print shop. Even though the furniture stores carry the appropriate merchandise, the selection is too limited to be useful. This means that retail customers are also hard put to find a wide selection to choose from without going to a major trade center. Information from the last census put over 47,000 people fitting our customer profile within a thirty-mile radius of Timberland Mall. While there is a newer mall being built in the next county, Timberland Mall has recently undergone a multi-million dollar expansion and renovation and is located close to our target customers. Both of these malls are premium locations, but Timberland has a proven track record to support their estimates of daily traffic. Mall management has informed us that we can expect mall traffic in excess of 5,000 people during non-peak days and 20,000 people during peak shopping periods.

The Competition

Located within thirty miles of Timberland Mall are two major shopping malls, a small downtown shopping zone, and several strip malls. There are ten major furniture stores offering a variety of furnishings, twelve small art galleries, and three combination art/frame shops. The availability, price, and quality characteristics of these businesses are summarized in the following chart:

Type	Number	# in Stock	Range/Quality
Furniture Stores	10	25	50-350/Excellent
Furniture Depts.	5	22	40-200/Good
Art Galleries	12	200+	35-200/Fair
Combinations	3	75+	55-300/Fair

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Our analysis indicates that none of these competitors provide a substantial challenge for what we are intending to do. Only the furniture stores offer comparable products, but not in large enough quantities to meet demand. The art galleries typically deal in the lower-end merchandise, usually with a contemporary theme. Their market is the young household or apartment. This is also true of the frame shops and all of the other combination galleries. Finally, none of these stores offer any meaningful advice or help to their clients, something the market is sadly lacking.

Business Categories

Wood Designs Gallery will operate three distinct lines of business:



1. Retail

The bulk of our business will be retail. We will sell product purchased through wholesalers to the general public. This business is expected to gross approximately \$10,000 per month at the onset and grow to about \$30,000 per month over three years, after which time it is expected to level off.

2. Interior Decorators

Interior decorators will account for our second line of business. These decorators will be offered goods at a professional discount of 35% off list price. They can then either save their own clients money or keep the difference. Early expectations for this portion of the market are modest. Sales are planned to increase from nothing to about \$3,000 per month over three years and perhaps 5,000 per month after five years. Some of the items offered to the decorators will be of a finer quality than those sold directly to the retail market, so the margin for some of these items will be smaller initially.

3. Local Artists

Local artists are a good draw for the store. Many people like to own art that comes from someone they know or someone who lives in the same city that they do. Total sales of approximately \$1,000 per month have been allotted to this segment with a sales commission rate of 33%. Several artists have agreed to have their work exhibited with Wood Designs Gallery. Periodic showings of original work are also planned to increase exposure for the store.

ADVERTISING

The retail customer will be contacted through direct mail advertising and localized insertions in the *Springfield Press*. General advertising will be restricted to the small segment of the population in our target market. The professional decorator market will be targeted through direct mailings and possibly some follow-up phone calling by staff during non-peak hours. A special event will be held for the decorating trade at some point and will likely coincide with an artists showing. Wood Designs Gallery will also work to attract bigger name artists with large followings and will dovetail efforts with companies such as Northwest Galleries to provide serialized lithographs and auction quality art whenever possible.

Pricing

The following pricing and breakeven analysis is based on the core retail business alone, because the other lines are more high risk and we wish to show that the core business is viable.

Two major factors go into the pricing guidelines: quality and size. Sizes are quoted, but exclude the width of the frame. A 24" x 36" sofa piece provides the benchmark for pricing. Decorators will normally carry such pieces in the \$250-800 price range with the smaller pieces being commensurately less expensive. The price range per size is shown below:

24" x 36"	\$250-800
20" x 24"	\$125-275
18" x 20"	\$100-225
9" x 12"	\$50-125

24" x 36" \$250-800

20" x 24" \$125-275

18" x 20" \$100-225

9" x 12" \$50-125

It is generally assumed that more of the smaller articles will be sold (based on prior experience) and the mixture of sales is expected to be along the lines of the chart shown below:



24" x 36"	15%
20" x 24"	25%
18" x 20"	20%
9" x 12"	40%
24" x 36"	15%
20" x 24"	25%
18" x 20"	20%
9" x 12"	40%

The largest percentages of sales are expected to be with the smallest pieces. That is due to the fact that customers tend to purchase them individually or in groupings and they also tend to be the items most likely to be an impulse buy. Overall, the average sale is expected to be in the neighborhood of \$175 at the retail list rate. This amount could vary greatly if a large, artist commissioned sale took place.

Profit Margin

The usual retail mark-up for art sold in furniture stores is 100%, or twice the total wholesale cost of the item. This factor is mitigated by the fact that as much as 30% of a typical retailer's business is done at discounted sale prices in order to accelerate the impulse buying factor. The average discount for this 30% of business is 20%. Therefore, the average discount on all sales is calculated as 70% at list ($100 \times .70 = 70$) and 30% at 20% off list ($80 \times .30 = 24$) giving us an average sale made at 94% of list or an across-the-board 6% discount. If the cost is 50% of list, the cost ratio is $50/94$ or 53.2% giving us a gross margin percent of 46.8%. This profit margin of 46.8% is considered to be fairly standard in the industry and a good indicator of where our expectations are placed.

Our Breakeven Point

Since the only expected variable cost is the wholesale cost of the product, the contribution margin is also 46.8%. With this in mind, we need to take a look at our estimated fixed costs on a monthly basis:

Rent	\$3,947
Utilities	350
Depreciation	364
Insurance	150
Advertising	1,500
Interest	750
Salaries	6,402
Total	\$13,463

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This means that our breakeven volume is as follows: our fixed cost of \$13,463 divided by our margin of .468 gives us a breakeven of \$28,767 and assuming the average sale will be \$175 or more, we need to make roughly 165 sales per month to equal \$28,875. This translates into roughly 5.5 sales per day, which should be considered as reasonable for a busy, high volume mall location.



OPERATIONS

The merchandising advantage of Wood Designs Gallery comes from our wholesale distributors. We have several preliminary agreements signed with wholesale distributors in the area. Northwest Galleries will be our main supplier in the Massachusetts area. They are well known in the wholesale art industry and they have a wide selection of prints, serigraphs, lithographs, and animated cells. Many are hand-signed and numbered and some art may sell for much higher than the average list price if the artist is considered a hot commodity. The initial agreements involve paying cash at full wholesale prices. After six months of successful business, however, credit will be extended on a limited basis. Discounts may also be available based on volume.

Fixed Costs

Timberland Mall rental rates are in the neighborhood of \$25-40 per square foot. This is the total aggregate cost and there are no fees except for a 10% mall take of any business in excess of \$400,000 per year. For adequate display space, Wood Designs Gallery will require approximately 1,500 square feet of space. Timberland Mall has space available at a prime location for \$3,947 per month. There is a free one-month preparation period and a deposit of the first month's rent required for the move.

Leasehold Improvements

The only significant improvement to be made involves signage and track lighting. Parker Electric has bid the cost of hanging display lights at \$1,800. Signage has been quoted as \$2,300 by Acme Signs. Other improvements are estimated to cost less than \$2,500 and involve minor touchups to paint and facade replacement. The display of wall hangings will require that some of the space be broken up into bays to increase the available wall area. This can be done with removable partitioning and a preliminary floor plan indicates that it can be accomplished with relative ease. Counters, registers, and partitioning should cost less than \$6,500. The total cost of all improvements will be \$13,100. This cost will be depreciated over the life of the anticipated three-year lease. The monthly depreciation cost will therefore be \$364 over the three-year period. Miscellaneous costs include incorporation and banking fees, deposits, permits, licenses, and grand opening costs. All of these are anticipated to amount to \$5,300 and are expensed in the financial projection section.

Terms of Sale

Sales will be paid with cash, check, or credit card. The professional interior decorators will be offered sixty days to pay, based upon prior credit approval. This is expected to be the only way to get their business, as they have to wait until their customers pay them. A check approval service has already been found to handle check collections and a credit account will be set up to handle Visa, MasterCard, American Express, etc.

Inventory Levels

Since we are selling variety as the cornerstone of our business, a large inventory will have to be maintained to back up our promise. Initial stock will include approximately 450 pieces at a total cost of \$40,000. About one third of these will be on display in the showroom while the remainder will be kept in back. We can open with \$25,000 and build to \$40,000 within three months of opening. Fast sellers can be replaced overnight if that becomes a necessity.

BUSINESS ORGANIZATION

Wood Designs Gallery will be incorporated as a subchapter S corporation. The business will be owned and operated by Neal and Melanie Armstrong.



Neal Armstrong is currently an employee of IBM and works as a risk manager for the company. Neal will continue to work at IBM and provide a stable income for the household in addition to working part-time and on weekends at the store. Neal will handle the books and finances of Wood Designs Gallery and provide a quarterly revision to this plan. Neal graduated from University of Massachusetts in 1975 and served proudly as a lieutenant in the U.S. Army from 1968-69 in Vietnam.

Melanie Armstrong is currently the customer service manager in the furnishings department of ABC Furniture at Fullerton Mall. Melanie plans to quit her present position and run Wood Designs Gallery full-time. She has twelve years of experience in the furniture industry and has worked extensively in the interior decorating trade since graduating from college in 1976. She has a lifelong interest in traditional and contemporary art and has spent a great deal of time learning about Native American art and lifestyle. Melanie graduated from Boston University with a degree in marketing and was a merit scholar finalist her senior year.

Employees

Wood Designs Gallery will employ two additional staff members to help with inside sales. One person can be a relatively unskilled clerk, but one must have some prior experience with home furnishings and/or art. While Melanie is working, only the clerk will be required to assist. The pay for these positions will range from \$8.00 to \$10.00 per hour and will be either full- or part-time. Assuming benefits at a rate of 15% per employee, the total cost for payroll and benefits with a manager, sales consultant, and clerk will be \$6,402. Melanie will not take a salary the first six months of operation. This will reduce payroll to \$3,987 during the first six months of operation.

Contingency Plans

In the event that the business has a slower start-up than anticipated, expenses may be reduced as follows:

1. Melanie may work up to two years without a salary, as the main source of household income will still be available.
2. The sales consultant position can be eliminated, producing savings of over \$2,000 per month.
3. Inventory can be reduced by \$20,000 overall and that will save in both inventory expenses and the interest expense of \$300 per month.
4. All new interior decorating business can be shifted to a cash basis to improve cash flow.
5. Licensing agreements could be implemented with several artists to bring in their entire line at significant cost savings.

These quantified savings can reduce operating expenses by a total of \$5,107 per month and this would in turn reduce the monthly breakeven volume in the core business by \$10,912 to \$17,855. This would entail a significant reduction in sales and would mean that the store would have to sell just over 100 items per month. That reduces the sales volume to a mere 3.3 sales per day, obtainable by virtually any standard within the industry.

FINANCIAL ASSUMPTIONS

The following financial projections are based on sales forecasts in the three distinct areas of activity mentioned previously. The core business is the retail sale of commercially produced artwork to consumers. Sales to decorators and sales of original work by local artists are forecast separately. Each forecast is stated in terms of an equivalent "average" unit, that is, the hypothetical unit that represents a weighted average of the sizes and qualities sold. Implicit in the use of an average unit is the assumption that the size mix of product within each line will remain constant over time. It is a simple matter to change that assumption or to forecast each size individually. The use of an average unit makes the buildup of revenue and cost considerably easier to follow.

Averages:

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	Price	Cost	Margin
Retail	\$165	\$88	46.8%
Decorator	\$195	\$150	23.1%
Originals	\$500	\$333	33.3%

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The retail price reflects an average discount of 6% from list while the decorator figure represents a 35% discount. All projections are presented by month for the first year and by quarter for the following year.

Profitability

Sales the first year are expected to be approximately \$250,000. These sales are expected to grow to \$422,000 in the second year. At \$500,000 in sales, the business will generate profits of approximately \$58,000 for a return on sales of 11.6%. Wood Designs Gallery is expected to lose money at a decreasing rate during the first year of operation while it builds a customer base. Profitability will improve until the end of the third year, when it will level off along with the expected sales volume.

Loan Request

The business can open with less than \$22,000 in borrowed funds. At that point, the debt to equity ratio will be 48% debt to 52% equity. The loan request will be used to set up the business and enable it to operate the first full year. Since the projected cash flow turns positive after nine months, bank borrowing will peak in the ninth month at just under \$62,000. Subsequent to that time, the loan will be steadily reduced by operating cash flows until it is entirely repaid during the second quarter of the third year.

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APPENDIX

Unit Sales and Revenue - First Year by Month

MONTHS		1	2	3	4	5	6
Retail Trade Units		100	60	70	80	90	100
Avg Price	\$165 (Discounted)						
Revenue		\$16,500	9,900	11,550	13,200	14,850	16,500
Cost	0.532	\$8,778	5,267	6,145	7,022	7,900	8,778
G.M.		\$7,722	4,633	5,405	6,178	6,950	7,722
Decorator Trade Units		0	1	2	2	3	4
Avg Price	\$195 (Discounted)						
Revenue		0	195	390	390	585	780
Cost	0.769	0	150	300	300	450	600
G.M.		0	45	90	90	135	180
Local Artists Units		2	3	4	4	4	5
Avg Price	\$500 (Discounted)						
Revenue		\$1,000	1,500	2,000	2,000	2,000	2,500
Cost	0.667	\$667	1,001	1,334	1,334	1,334	1,668
G.M.		\$333	500	666	666	666	833

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G.M.	0	45	90	90	135	180

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Revenue	\$1,000	1,500	2,000	2,000	2,000	2,500
Cost	0.667 \$667	1,001	1,334	1,334	1,334	1,668
G.M.	\$333	500	666	666	666	833

7	8	9	10	11	12	TOTAL
110	120	130	140	150	150	1,300
18,150	19,800	21,450	23,100	24,750	24,750	\$214,500
9,656	10,534	11,411	12,289	13,167	13,167	\$114,114
8,494	9,266	10,039	10,811	11,583	11,583	\$100,386
5	5	7	9	10	11	59
975	975	1,365	1,755	1,950	2,145	\$11,505
750	750	1,050	1,350	1,500	1,650	\$8,847
225	225	315	405	450	495	\$2,658
5	5	6	6	6	6	56
2,500	2,500	3,000	3,000	3,000	3,000	\$28,000
1,668	1,668	2,001	2,001	2,001	2,001	\$18,676
833	833	999	999	999	999	\$9,324

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750	750	1,050	1,350	1,500	1,650	\$8,847
225	225	315	405	450	495	\$2,658
5	5	6	6	6	6	56
2,500	2,500	3,000	3,000	3,000	3,000	\$28,000
1,668	1,668	2,001	2,001	2,001	2,001	\$18,676
833	833	999	999	999	999	\$9,324



Balance Sheet - First Year by Month

MONTHS	Opening	1	2	3	4	5
ASSETS						
Cash	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Accounts Receivable	\$0	\$0	\$0	\$195	\$390	\$390
Inventory	\$25,000	\$30,000	\$35,000	\$40,000	\$40,000	\$40,000
Current Assets	\$30,000	\$35,000	\$40,000	\$45,195	\$45,390	\$45,390
Deposits	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
FIXED ASSETS						
Gross	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100
Accum Depr	\$0	(\$364)	(\$728)	(\$1,092)	(\$1,456)	(\$1,820)
Net	\$13,100	\$12,736	\$12,372	\$12,008	\$11,644	\$11,280
Total Assets	\$46,600	\$51,236	\$55,872	\$60,703	\$60,534	\$60,170
LIABILITIES						
Accounts Payable	\$0	\$0	\$0	\$0	\$2,885	\$3,228
Current Liabilities	\$0	\$0	\$0	\$0	\$2,885	\$3,228
Debt	\$21,600	\$33,189	\$43,520	\$53,213	\$54,323	\$56,998
Equity	\$25,000	\$18,047	\$12,352	\$7,490	\$3,326	(\$56)
Total L & E	\$46,600	\$51,236	\$55,872	\$60,703	\$60,534	\$60,170

Balance Sheet - First Year by Month

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Cash	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Accounts Receivable	\$0	\$0	\$0	\$195	\$390	\$390
Inventory	\$25,000	\$30,000	\$35,000	\$40,000	\$40,000	\$40,000
Current Assets	\$30,000	\$35,000	\$40,000	\$45,195	\$45,390	\$45,390
Deposits	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
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Total L & E	\$46,600	\$51,236	\$55,872	\$60,703	\$60,534	\$60,170



6	7	8	9	10	11	12
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
\$585	\$780	\$975	\$975	\$1,365	\$1,755	\$1,950
\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
\$45,585	\$45,780	\$45,975	\$45,975	\$46,365	\$46,755	\$46,950
\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100
(\$2,184)	(\$2,548)	(\$2,912)	(\$3,276)	(\$3,640)	(\$4,004)	(\$4,368)
\$10,916	\$10,552	\$10,188	\$9,824	\$9,460	\$9,096	\$8,732
\$60,001	\$59,832	\$59,663	\$59,299	\$59,325	\$59,351	\$59,182
\$5,523	\$6,037	\$8,634	\$9,641	\$15,640	\$16,668	\$16,818
\$5,523	\$6,037	\$8,634	\$9,641	\$15,640	\$16,668	\$16,818
\$56,948	\$60,306	\$60,838	\$61,747	\$57,162	\$56,691	\$56,858
(\$2,469)	(\$6,511)	(\$9,809)	(\$12,089)	(\$13,477)	(\$14,008)	(\$14,493)
\$60,001	\$59,832	\$59,663	\$59,299	\$59,325	\$59,351	\$59,182

6	7	8	9	10	11	12
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
\$585	\$780	\$975	\$975	\$1,365	\$1,755	\$1,950
\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
\$45,585	\$45,780	\$45,975	\$45,975	\$46,365	\$46,755	\$46,950
\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100
(\$2,184)	(\$2,548)	(\$2,912)	(\$3,276)	(\$3,640)	(\$4,004)	(\$4,368)
\$10,916	\$10,552	\$10,188	\$9,824	\$9,460	\$9,096	\$8,732
\$60,001	\$59,832	\$59,663	\$59,299	\$59,325	\$59,351	\$59,182
\$5,523	\$6,037	\$8,634	\$9,641	\$15,640	\$16,668	\$16,818
\$5,523	\$6,037	\$8,634	\$9,641	\$15,640	\$16,668	\$16,818
\$56,948	\$60,306	\$60,838	\$61,747	\$57,162	\$56,691	\$56,858
(\$2,469)	(\$6,511)	(\$9,809)	(\$12,089)	(\$13,477)	(\$14,008)	(\$14,493)
\$60,001	\$59,832	\$59,663	\$59,299	\$59,325	\$59,351	\$59,182



Income Statement - First Year by Month

MONTHS	1	2	3	4	5	6	7
ASSETS							
Revenue	\$17,500	\$11,595	\$13,940	\$15,590	\$17,435	\$19,780	\$21,625
Cost	\$9,445	\$6,417	\$7,779	\$8,656	\$9,684	\$11,045	\$12,073
Gross Margin	\$8,055	\$5,178	\$6,161	\$6,934	\$7,751	\$8,735	\$9,552
Expenses							
Rent	\$3,947	\$3,947	\$3,947	\$3,947	\$3,947	\$3,947	\$3,947
Salaries	\$3,987	\$3,987	\$3,987	\$3,987	\$3,987	\$3,947	\$6,402
Advertising	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Util/Insur	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Depreciation	\$364	\$364	\$364	\$364	\$364	\$364	\$364
Start Up Exp	\$4,300						
Total	\$14,598	\$10,298	\$10,298	\$10,298	\$10,298	\$10,298	\$12,713
EBIT	(\$6,543)	(\$5,120)	(\$4,137)	(\$3,364)	(\$2,547)	(\$1,563)	(\$3,161)
Interest	\$410	\$575	\$725	\$800	\$835	\$850	\$880
PBT	(\$6,953)	(\$5,695)	(\$4,862)	(\$4,164)	(\$3,382)	(\$2,413)	(\$4,041)
Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PAT	(\$6,953)	(\$5,695)	(\$4,862)	(\$4,164)	(\$3,382)	(\$2,413)	(\$4,041)

Dividend

Income Statement - First Year by Month

MONTHS	1	2	3	4	5	6	7
ASSETS							
Revenue	\$17,500	\$11,595	\$13,940	\$15,590	\$17,435	\$19,780	\$21,625
Cost	\$9,445	\$6,417	\$7,779	\$8,656	\$9,684	\$11,045	\$12,073
Gross Margin	\$8,055	\$5,178	\$6,161	\$6,934	\$7,751	\$8,735	\$9,552
Expenses							
Rent	\$3,947	\$3,947	\$3,947	\$3,947	\$3,947	\$3,947	\$3,947
Salaries	\$3,987	\$3,987	\$3,987	\$3,987	\$3,987	\$3,947	\$6,402
Advertising	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Util/Insur	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Depreciation	\$364	\$364	\$364	\$364	\$364	\$364	\$364
Start Up Exp	\$4,300						
Total	\$14,598	\$10,298	\$10,298	\$10,298	\$10,298	\$10,298	\$12,713
EBIT	(\$6,543)	(\$5,120)	(\$4,137)	(\$3,364)	(\$2,547)	(\$1,563)	(\$3,161)
Interest	\$410	\$575	\$725	\$800	\$835	\$850	\$880
PBT	(\$6,953)	(\$5,695)	(\$4,862)	(\$4,164)	(\$3,382)	(\$2,413)	(\$4,041)
Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PAT	(\$6,953)	(\$5,695)	(\$4,862)	(\$4,164)	(\$3,382)	(\$2,413)	(\$4,041)

Dividend



8	9	10	11	12	TOTAL
\$23,275	\$25,815	\$27,855	\$29,700	\$29,895	\$254,005
\$12,951	\$14,462	\$15,640	\$16,668	\$16,818	\$141,637
\$10,324	\$11,353	\$12,215	\$13,032	\$13,077	\$112,368
\$3,947	\$3,947	\$3,947	\$3,947	\$3,947	\$47,364
\$6,402	\$6,402	\$6,402	\$6,402	\$6,402	\$62,334
\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
\$500	\$500	\$500	\$500	\$500	\$6,000
\$364	\$364	\$364	\$364	\$364	\$4,368
					\$4,300
\$12,713	\$12,713	\$12,713	\$12,713	\$12,713	\$142,366
(\$2,389)	(\$1,360)	(\$498)	\$319	\$364	(\$29,998)
\$910	\$920	\$890	\$850	\$850	\$9,495
(\$3,299)	(\$2,280)	(\$1,388)	(\$531)	(\$486)	(\$39,493)
\$0	\$0	\$0	\$0	\$0	\$0
(\$3,299)	(\$2,280)	(\$1,388)	(\$531)	(\$486)	(\$39,493)

\$0

8	9	10	11	12	TOTAL
\$23,275	\$25,815	\$27,855	\$29,700	\$29,895	\$254,005
\$12,951	\$14,462	\$15,640	\$16,668	\$16,818	\$141,637
\$10,324	\$11,353	\$12,215	\$13,032	\$13,077	\$112,368
\$3,947	\$3,947	\$3,947	\$3,947	\$3,947	\$47,364
\$6,402	\$6,402	\$6,402	\$6,402	\$6,402	\$62,334
\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
\$500	\$500	\$500	\$500	\$500	\$6,000
\$364	\$364	\$364	\$364	\$364	\$4,368
					\$4,300
\$12,713	\$12,713	\$12,713	\$12,713	\$12,713	\$142,366
(\$2,389)	(\$1,360)	(\$498)	\$319	\$364	(\$29,998)
\$910	\$920	\$890	\$850	\$850	\$9,495
(\$3,299)	(\$2,280)	(\$1,388)	(\$531)	(\$486)	(\$39,493)
\$0	\$0	\$0	\$0	\$0	\$0
(\$3,299)	(\$2,280)	(\$1,388)	(\$531)	(\$486)	(\$39,493)

\$0



Cash Flow Statement - First Year by Month

MONTHS	1	2	3	4	5	6
Cash from Operating Activities						
PAT	(\$6,953)	(\$5,695)	(\$4,862)	(\$4,164)	(\$3,382)	(\$2,413)
Depreciation	\$364	\$364	\$364	\$364	\$364	\$364
Decr/(Incr) in A/R	\$0	\$0	(\$195)	(\$195)	\$0	(\$195)
Decr/(Incr) in Inv	(\$5,000)	(\$5,000)	(\$5,000)	\$0	\$0	\$0
Incr/(Decr) in A/P	\$0	\$0	\$0	\$2,885	\$343	\$2,295
Cash from Ops	(\$11,589)	(\$10,331)	(\$9,693)	(\$1,110)	(\$2,675)	\$50
Cash from Investing Activities						
Decr(Incr) in Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0
Cash from Financing Activities						
Incr/(Decr) in Debt	\$11,589	\$10,331	\$9,693	\$1,110	\$2,675	(\$50)
Dividend	\$0	\$0	\$0	\$0	\$0	\$0
Case from Fin	\$11,589	\$10,331	\$9,693	\$1,110	\$2,675	\$50
Net Cash Flow	\$0	(\$0)	\$0	\$0	(\$0)	\$0
Beginning Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Net Cash Flow	\$0	(\$0)	\$0	\$0	(\$0)	\$0
Ending Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

Cash Flow Statement - First Year by Month

MONTHS	1	2	3	4	5	6
Cash from Operating Activities						
PAT	(\$6,953)	(\$5,695)	(\$4,862)	(\$4,164)	(\$3,382)	(\$2,413)
Depreciation	\$364	\$364	\$364	\$364	\$364	\$364
Decr/(Incr) in A/R	\$0	\$0	(\$195)	(\$195)	\$0	(\$195)
Decr/(Incr) in Inv	(\$5,000)	(\$5,000)	(\$5,000)	\$0	\$0	\$0
Incr/(Decr) in A/P	\$0	\$0	\$0	\$2,885	\$343	\$2,295
Cash from Ops	(\$11,589)	(\$10,331)	(\$9,693)	(\$1,110)	(\$2,675)	\$50
Cash from Investing Activities						
Decr(Incr) in Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0
Cash from Financing Activities						
Incr/(Decr) in Debt	\$11,589	\$10,331	\$9,693	\$1,110	\$2,675	(\$50)
Dividend	\$0	\$0	\$0	\$0	\$0	\$0
Case from Fin	\$11,589	\$10,331	\$9,693	\$1,110	\$2,675	\$50
Net Cash Flow	\$0	(\$0)	\$0	\$0	(\$0)	\$0
Beginning Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Net Cash Flow	\$0	(\$0)	\$0	\$0	(\$0)	\$0
Ending Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000



7	8	9	10	11	12	TOTAL
(\$4,041)	(\$3,299)	(\$2,280)	(\$1,388)	(\$531)	(\$486)	(\$39,493)
\$364	\$364	\$364	\$364	\$364	\$364	\$4,368
(\$195)	(\$195)	\$0	(\$390)	(\$390)	(\$195)	(\$1,950)
\$0	\$0	\$0	\$0	\$0	\$0	(\$15,000)
\$514	\$2,597	\$1,007	\$5,998	\$1,028	\$150	\$16,818
(\$3,358)	(\$532)	(\$909)	\$4,585	\$471	(\$167)	(\$35,258)
						\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$0
\$3,358	\$532	\$909	(\$4,585)	(\$471)	\$167	\$35,258
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$3,358	\$532	\$909	(\$4,585)	(\$471)	\$167	\$35,258
\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
\$0	\$0	\$0	(\$0)	(\$0)	\$0	\$0
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

7	8	9	10	11	12	TOTAL
(\$4,041)	(\$3,299)	(\$2,280)	(\$1,388)	(\$531)	(\$486)	(\$39,493)
\$364	\$364	\$364	\$364	\$364	\$364	\$4,368
(\$195)	(\$195)	\$0	(\$390)	(\$390)	(\$195)	(\$1,950)
\$0	\$0	\$0	\$0	\$0	\$0	(\$15,000)
\$514	\$2,597	\$1,007	\$5,998	\$1,028	\$150	\$16,818
(\$3,358)	(\$532)	(\$909)	\$4,585	\$471	(\$167)	(\$35,258)
						\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0
						\$0
\$3,358	\$532	\$909	(\$4,585)	(\$471)	\$167	\$35,258
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$3,358	\$532	\$909	(\$4,585)	(\$471)	\$167	\$35,258
\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
\$0	\$0	\$0	(\$0)	(\$0)	\$0	\$0
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

Unit Sales and Revenue - Second Year by Quarter

QUARTERS		1	2	3	4	TOTAL
Retail Trade Units		475	500	550	600	2,125
Avg Price	165 (discounted)					
Revenue		78,375	82,500	90,750	99,000	\$350,625
Cost	0.532	41,695.50	43,890	48,279	52,668	\$186,533
G.M.		36,679.50	38,610	42,471	46,332	\$164,093
Decorator Trade Units		33	35	38	40	146
Avg Price	195 (discounted)					
Revenue		6,435	6,825	7,410	7,800	\$28,470
Cost	0.769	4,948.52	5,248.43	5,698.29	5,998.20	\$21,893
G.M.		1,486.48	1,576.58	1,711.71	1,801.80	\$6,577
Local Artists Units		20	21	22	23	86
Avg Price	500 (discounted)					
Revenue		10,000	10,500	11,000	11,500	\$43,000
Cost	0.667	6,670	7,003.50	7,337	7,670.50	\$28,681
G.M.		3,330	3,496.50	3,663	3,829.50	\$14,319

Unit Sales and Revenue - Second Year by Quarter

QUARTERS	1	2	3	4	TOTAL
Retail Trade Units	475	500	550	600	2,125
Avg Price	165 (discounted)				



Unit Sales and Revenue - Second Year by Quarter

QUARTERS	1	2	3	4	TOTAL
Revenue	78,375	82,500	90,750	99,000	\$350,625
Cost	0.532 41,695.50	43,890	48,279	52,668	\$186,533
G.M.	36,679.50	38,610	42,471	46,332	\$164,093
Decorator Trade Units	33	35	38	40	146
Avg Price	195 (discounted)				
Revenue	6,435	6,825	7,410	7,800	\$28470
Cost	0.769 4,948.52	5,248.43	5,698.29	5,998.20	\$21893
G.M.	1,486.48	1,576.58	11,711.71	1,801.80	\$6577
Local Artists Units	20	21	22	23	86
Avg Price	500 (discounted)				
Revenue	10,000	10,500	11,000	11,500	\$43,000
Cost	0.667 6,670	7,003.50	7,337	7,670.50	\$28,681
G.M.	3,330	3,496.50	3,663	3,829.50	\$14,319

Balance Sheet - Second Year by Quarter

QUARTERS	1	2	3	4
ASSETS				
Cash	\$5,000	\$5,000	\$5,000	\$5,000
Accts Receivable	\$2,145	\$2,145	\$2,275	\$2,470
Inventory	\$40,000	\$40,000	\$40,000	\$40,000
Current Assets	\$47,145	\$47,145	\$47,275	\$47,470
Deposits	\$3,500	\$3,500	\$3,500	\$3,500
FIXED ASSETS				
Gross	\$13,100	\$13,100	\$13,100	\$13,100
Accum Depr	(\$5,460)	(\$6,552)	(\$7,644)	(\$8,736)
Net	\$7,640	\$6,548	\$5,456	\$4,364
Total Assets	\$58,285	\$57,193	\$56,231	\$55,334
LIABILITIES				
Accts Payable	\$17,771	\$18,714	\$20,438	\$22,112
Current Liab	\$17,771	\$18,714	\$20,438	\$22,112
Debt	\$54,150	\$48,871	\$38,428	\$23,423
Equity	(\$13,636)	(\$10,392)	(\$2,636)	\$9,799
Total L. & E	\$58,285	\$57,193	\$56,231	\$55,334

Balance Sheet - Second Year by Quarter

QUARTERS	1	2	3	4
ASSETS				
Cash	\$5,000	\$5,000	\$5,000	\$5,000
Accts Receivable	\$2,145	\$2,145	\$2,275	\$2,470
Inventory	\$40,000	\$40,000	\$40,000	\$40,000
Current Assets	\$47,145	\$47,145	\$47,275	\$47,470
Deposits	\$3,500	\$3,500	\$3,500	\$3,500
FIXED ASSETS				
Gross	\$13,100	\$13,100	\$13,100	\$13,100
Accum Depr	(\$5,460)	(\$6,552)	(\$7,644)	(\$8,736)
Net	\$7,640	\$6,548	\$5,456	\$4,364
Total Assets	\$58,285	\$57,193	\$56,231	\$55,334
LIABILITIES				
Accts Payable	\$17,771	\$18,714	\$20,438	\$22,112

**Balance Sheet - Second Year by Quarter**

QUARTERS	1	2	3	4
Current Liabs	\$17,771	\$18,714	\$20,438	\$22,112
Debt	\$54,150	\$48,871	\$38,428	\$23,423
Equity	(\$13,636)	(\$10,392)	(\$2,636)	\$9,799
Total L & E	\$58,285	\$57,193	\$56,231	\$55,334

Cash Flow Statement - Second Year by Quarter

QUARTERS	1	2	3	4	Total
Cash from Operating Activities					
PAT	\$857	\$3,244	\$7,757	\$12,434	\$24,292
Depreciation	\$1,092	\$1,092	\$1,092	\$1,092	\$4,368
Decr/(Incr) in A/R	(\$195)	\$0	(\$130)	(\$195)	(\$520)
Decr/(Incr) in Inv	\$0	\$0	\$0	\$0	\$0
Incr/(Decr) in A/P	\$954	\$943	\$1,724	\$1,674	\$5,295
Cash from Ops	\$2,708	\$5,279	\$10,443	\$15,005	\$33,435
Cash from Investing Activities					
Decr/(Incr) in Fixed Assets	\$0	\$0	\$0	\$0	\$0
Cash from Financing Activities					
Incr/(Decr) in Debt	(\$2,708)	(\$5,279)	(\$10,443)	(\$15,005)	(\$33,435)
Dividend	\$0	\$0	\$0	\$0	\$0
Cash From Fin	(\$2,708)	(\$5,279)	(\$10,443)	(\$15,005)	(\$33,435)
Net Cash Flow	\$0	\$0	\$0	\$0	\$0
Beginning Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
Net Cash Flow	\$0	\$0	\$0	\$0	\$0
Ending Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

Cash Flow Statement - Second Year by Quarter

QUARTERS	1	2	3	4	Total
Cash from Operating Activities					
PAT	\$857	\$3,244	\$7,757	\$12,434	\$24,292
Depreciation	\$1,092	\$1,092	\$1,092	\$1,092	\$4,368
Decr/(Incr) in A/R	(\$195)	\$0	(\$130)	(\$195)	(\$520)
Decr/(Incr) in Inv	\$0	\$0	\$0	\$0	\$0
Incr/(Decr) in A/P	\$954	\$943	\$1,724	\$1,674	\$5,295
Cash from Ops	\$2,708	\$5,279	\$10,443	\$15,005	\$33,435
Cash from Investing Activities					
Decr/(Incr) in Fixed Assets	\$0	\$0	\$0	\$0	\$0
Cash from Financing Activities					
Incr/(Decr) in Debt	(\$2,708)	(\$5,279)	(\$10,443)	(\$15,005)	(\$33,435)
Dividend	\$0	\$0	\$0	\$0	\$0
Cash From Fin	(\$2,708)	(\$5,279)	(\$10,443)	(\$15,005)	(\$33,435)
Net Cash Flow	\$0	\$0	\$0	\$0	\$0
Beginning Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
Net Cash Flow	\$0	\$0	\$0	\$0	\$0
Ending Cash Balance	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000



Income Statement - Second Year by Quarter

QUARTERS	1	2	3	4	TOTAL
Revenue	\$94,810	\$99,825	\$109,160	\$118,300	\$422,095
Cost	\$53,314	\$56,142	\$61,314	\$66,337	\$237,107
Gross Margin	\$41,496	\$43,683	\$47,846	\$51,963	\$184,988
Expenses					
Rent	\$11,841	\$11,841	\$11,841	\$11,841	\$47,364
Salaries	\$19,206	\$19,206	\$19,206	\$19,206	\$76,824
Advertising	\$4,500	\$4,500	\$4,500	\$4,500	\$18,000
Util/Insur	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
Depreciation	\$1,092	\$1,092	\$1,092	\$1,092	\$4,368
Total	\$38,139	\$38,139	\$38,139	\$38,139	\$152,556
EBIT	\$3,357	\$5,544	\$9,707	\$13,824	\$32,432
Interest	\$2,500	\$2,300	\$1,950	\$1,390	\$8,140
PBT	\$857	\$3,244	\$7,757	\$12,434	\$24,292
Tax	\$0	\$0	\$0	\$0	\$0
PAT	\$857	\$3,244	\$7,757	\$12,434	\$24,292
Dividend					\$0

Income Statement - Second Year by Quarter

QUARTERS	1	2	3	4	TOTAL
Revenue	\$94,810	\$99,825	\$109,160	\$118,300	\$422,095
Cost	\$53,314	\$56,142	\$61,314	\$66,337	\$237,107
Gross Margin	\$41,496	\$43,683	\$47,846	\$51,963	\$184,988
Expenses					
Rent	\$11,841	\$11,841	\$11,841	\$11,841	\$47,364
Salaries	\$19,206	\$19,206	\$19,206	\$19,206	\$76,824
Advertising	\$4,500	\$4,500	\$4,500	\$4,500	\$18,000
Util/Insur	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
Depreciation	\$1,092	\$1,092	\$1,092	\$1,092	\$4,368
Total	\$38,139	\$38,139	\$38,139	\$38,139	\$152,556
EBIT	\$3,357	\$5,544	\$9,707	\$13,824	\$32,432
Interest	\$2,500	\$2,300	\$1,950	\$1,390	\$8,140
PBT	\$857	\$3,244	\$7,757	\$12,434	\$24,292
Tax	\$0	\$0	\$0	\$0	\$0
PAT	\$857	\$3,244	\$7,757	\$12,434	\$24,292
Dividend					\$0