

THIRD_SPACE YOGA COMPANY PRO FORMA

DECEMBER 2017
JENNIFER LIEN

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BUSINESS PLAN

EXECUTIVE SUMMARY

Third_Space Yoga is a boutique yoga studio that offers high quality yoga classes and creates another space for the busy lives of Cambridge. Located in Kendall, Third_Space Yoga provides a community to create both physical and mental strength through our powerful, dynamic yoga classes suitable for people with or without prior yoga experiences.

We recognized that most local yoga studios lack sufficient facilities like yoga mats and shower facilities, and more importantly lack the sense of community and high quality yoga instructors. Quality and community are key objectives to differentiate Third_Space Yoga from other local yoga studios, so we aim to provide high quality yoga experiences, and to create a community of like-minded people with infectious energy.

We decided to start the first studio at Kendall because the area fits our target market's lifestyle and income range. We are planning to tap into the specific market segment of young professionals with high spending power (above \$75k per annum) and pursuit of both physical and mental wellness. With a median household income of \$76k, Cambridge is a highly educated market that fits our target.¹ We have an addressable market of 16,500 yoga practitioners in the Cambridge area, and we aim to capture 5% of those in this market who fall between 18 and 39, which gives us a target market of 350 customers our first year.

Starting from the second year, we are planning to incorporate a smoothie bar to create additional revenue stream. From the third year, we are planning to expand our studio and add one more classroom. This will allow the revenue to double starting in the 3rd and 4th quarters of year 3. With the expansion of Third_Space Yoga's schedule and entire yoga market's continuous growth, we estimate an 4% annual growth of customer base over the first two years, and double growth rate as we expand our studio in year 3.

We are offering 40% of the business in exchange for a \$300,000 investment. The investment will be used towards the operation in year 1, covering SG&A expenses, working capital and rent.

¹ <http://www.bestplaces.net/economy/city/massachusetts/cambridge>

COMPANY DESCRIPTION

Third_Space Yoga's mission is to offer high quality, dynamic and mind clearing yoga class to create another space out of yogis' everyday lives investing in their own physical and mental wellness. We hope to have each and every one of our yogis walking out of Third_Space feeling better than they did upon arriving. We aim to create a community of like-minded people who share the same passion for yoga and infectious energy. Our office will be located in-house with the studio to manage logistics, customer care and marketing efforts.

STRATEGY

Third_Space Yoga's strategy is to bridge the gaps that many local studios lack in the area. We will provide an elevated yoga experience with in-house yoga mats to appeal to the busy lifestyles of young professionals in the area. In addition, we will also provide towels, lockers and shower space to make the yoga experience as mind clearing and relaxing as possible. This will create competitive advantage for Third_Space Yoga.

The pricing will be on the higher spectrum at \$20 per class. However, with the package deals the pricing will be comparable to other local studios. More details about pricing model will be in the following product description section. Our competitive pricing will lead us to the goal of building a community with great passion and infectious energy to build physical strength and mental wellness.

We will also offer buddy credits discounts to encourage the sense of community at Third_Space Yoga, and we are hopeful that this sense of community will be able to grow our business exponentially through word of mouth. For this reason, we are expecting to spend more on marketing efforts when we launch the studio, then gradually decrease marketing expenditure after the first six months.

Our growth plan is to accumulate enough yogis to increase our class schedule after the first year. After we've established our reputation, we will begin to to expand our studio to Harvard and Central Square, locations with similar dynamics and demographics as Kendall Square.

STUDIO CONCEPT & PRODUCT DESCRIPTION

Third_Space Yoga's studio concept is simple, clean and energizing. We aim to create a space for yogis to feel the best versions of themselves, and the studio is designed to reflect that ambiance. Staff is expected to greet every yogi with a smile to spread the infectious energy that we are proud of.

Third_Space Yoga offers classes combining traditional yoga moves with dynamic Vinyasa flow. Classes will be accompanied by music of the instructor's choice to offer a soothing flow to enhance muscle strength, balance and inner mental wellness.

The majority of our revenue stream will come from yoga classes, which is priced by credits, sold individually or in bundles. In addition, we will also be selling bottled water and smoothie starting year 2 to increase our revenue stream. For a more detailed pricing plan, please refer to Schedule I.

KEY MARKET PROBLEM

The key market problem that Third_Space Yoga tackles with is the lack of clean, comfortable yoga studios with exceptional yoga instructing quality for millennials and young professionals. Most studios around the Cambridge area don't provide yoga mats or shower facilities. More importantly, there lacks a sense of community amongst these studios.²

Despite that the target market of these yoga studios consist of students, millennials and young professionals, these classes tend to focus on the techniques instead of inner mental strength and sense of community that young professionals are looking for. A survey from the *Yoga Journal* shows that 78.3% of adults in the U.S. turn to yoga to increase flexibility, showing that the general American mass might not necessarily recognize the full health potential of yoga practices.³ The growing awareness of mental self-care amongst millennials also demonstrates the market need for a space to cultivate inner peace and mental stability.⁴

To tackle these market problems, Third_Space Yoga aims to provide high quality classes with instructors with the same mission in mind to design classes that are more suitable for millennials and young professionals. The high quality studio, facilities and yoga classes will put yogis at ease prior and after the classes, leaving yogis feeling better and stronger after they leave the studio than upon arriving.

Key Differentiation:

1. Powerful, energizing vinyasa yoga classes to enhance both muscle strength and inner mental state to target at millennials and young professionals
2. Provides yoga mats, lockers and shower facilities that many other studios don't
3. Exceptional yoga instructors who focus on transitioning yoga mat to real life application, able to both challenge and inspire
4. Creates a sense of community with like-minded yogis who share the same passion for yoga and infectious energy

² Taken from personal experience and Google, Yelp reviews.

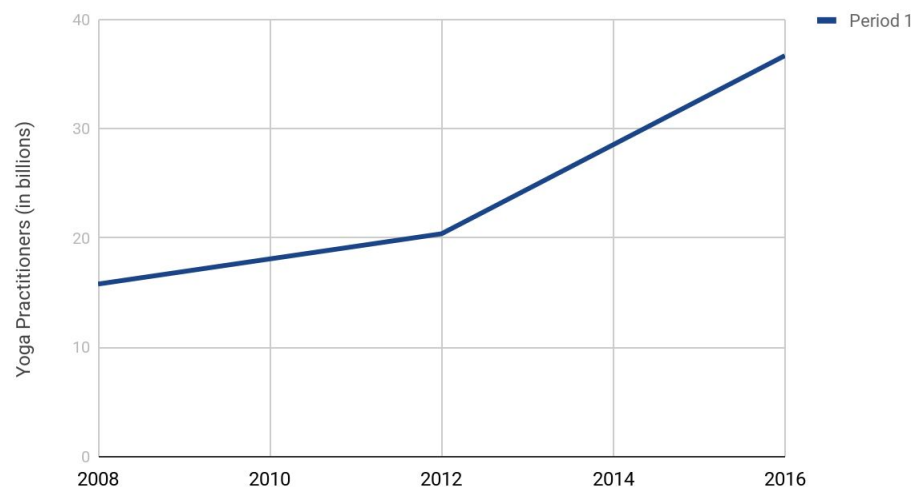
³ <https://www.yogajournal.com/blog/new-study-finds-20-million-yogis-u-s>

⁴ <https://en.annahar.com/article/477561-awareness-growing-of-mental-health-and-its-treatments>

KEY MARKET SIZE & GROWTH

The yoga market has been on the rise for the past decade. A survey conducted by Yoga Alliance and *Yoga Journal* in 2016 shows that yoga market in the U.S. has grown from 20.4 million in 2012 to 36.7 million in 2016, a staggering 80% market growth over only four years. The report also predicts that 34% of Americans will likely to practice yoga in the next 12 months, including 23% non-practitioners.⁵ It is clearly an addressable market with promising growth and room for opportunities. In addition, the fact that there is no company with dominant market share presents immediate market opportunities.⁶

Growth of U.S. Yoga Market



Due to the lack of data from 2017, we will estimate our market size using Yoga Alliance's metrics from 2016:

- The Yoga Alliance report shows that 23% of the 36.7 million yoga practitioners are in the Northeast, so we estimate around 8.4 million yoga practitioners in the Northeast region.
- Taking the US Census Bureau's data, we estimated a population of 6.81 million Americans in Massachusetts over 56.21 million in the Northeast, which gives us

⁵ <https://www.forbes.com/sites/alicegwaltton/2016/03/15/how-yoga-is-spreading-in-the-u-s/#e567123449f4>

⁶

<https://www.ibisworld.com/industry-trends/specialized-market-research-reports/life-sciences/wellness-services/pilates-yoga-studios.html>

12.11% of residents in Northeast in Massachusetts. This gives us an estimated 1.02 million yoga practitioners in Massachusetts.

- Again, taking data from US Census Bureau, we estimated population of 110,651 residents in Cambridge over the 6.81 millions in Massachusetts, giving us an estimated 1.62% of residents in Massachusetts living in Cambridge.
- From the data given, we therefore estimate an addressable market size of around 16,500 yoga practitioners in Cambridge.
- Using data from the Yoga Alliance report, we aim to capture 42% of the 16,500 yoga practitioners in Cambridge within the age bracket of 18 to 39, which gives us 6930 potential customers.
- We aim to capture 5% of the potential customers in the first year, estimating around 350 customers in year 1. The customer pool is expected to grow over the next few years due to established brand image and growing market size.

Using both data from the Yoga Alliance and Statista, we estimate a U.S. yoga market of \$10 billion in 2016.⁷ Our target market value in dollar term is \$10 billion times 16,500/36.7 million, which gives us an estimate of \$4.5 million of addressable market worth. We assume that the market will continue to grow at a rate of 27% over the next five years gathering market trend projection from the Statista report. This shows that the yoga market is a lucrative one to tap into.

⁷ <https://www.statista.com/statistics/605335/us-yoga-industry-revenue/>

COMPETITORS

Comparing to various yoga studios around the Cambridge area, there are not a lot of yoga studio that offer all yoga mats, shower facilities and smoothie bars like Third_Space Yoga does. In addition, most of them fail to create a sense of community or attentive care for yogis. Third_Space Yoga plans to bridge the gaps and provide an elevated yoga experience that leaves yogis feeling stronger and happier after each class at a comparable price.

Several competitors around the area include local yoga studios like Prana Power Yoga and The Breathing Room, but Third_Space Yoga has competitive advantage over many of these local studios. Other competitors can be integrated studios like Barre studios or local gyms offering yoga classes. The closest competitor would be CorePore Yoga or integrated Barre and yoga studio Barre & Soul located at Harvard Square, but Third_Space Yoga has location, price and facility advantage when juxtaposed with both.

	Yoga Mats	Shower Facilities	Lockers	Bottled Water	Ambiance
Prana Power Yoga					
The Breathing Room	✓				
Barre & Soul (Barre Studio)	✓		✓		✓
BodyScapes Fitness (Gym)		✓	✓		✓
Third_Space Yoga	✓	✓	✓	✓	✓

As the chart demonstrates, Third_Space Yoga is able to bridge the gaps between what each studio lacks. This shows that Third_Space Yoga has the potential to capture our desired market and deliver our objectives.

MARKETING STRATEGY

Third_Space Yoga's studio is located around the Central and Kendall area where many tech and young companies cluster. We are aiming to tap into the market of young professionals working around the area, so the primary mean of our marketing strategy in year 1 will be partnering up with these local companies. For the first three to six months, we will offer free classes exclusive to these employees to generate buzz and attract these targeted customers. Our target companies include Twitter, IDEO, Hubspot and more.

As we've established our brand image, reputation and desired community, we will then mainly promote Third_Space Yoga through weekly email newsletter, partnerships with local communities and social media marketing. Our marketing team will also try to pitch ourselves to multiple publications like *Boston Magazine*, *Boston Common*, *The Improper Bostonian* to enhance media coverage.

MANAGEMENT TEAM

Third_Space Yoga will be led by me and the Head of Yoga from the beginning. Both as yoga enthusiasts who aim to enhance physical and mental strength, we will be scouting two yoga instructors with the same mindset and goal to join Third_Space Yoga in the first three months. The Head of Yoga has a yoga teaching license and at least 3-year yoga teaching experience. He/She will be in charge of designing the classes and finding suitable equipment, while I handle the business administration.

Starting from the second quarter in year 1, I will hire one receptionist and two staff members to maintain cleanliness of the studio. I will continue to hire more receptionists and staff members over the next few years. Starting from year 3, I will hire a marketing manager to handle the promotional classes, email newsletters and social media accounts as our primary mean of marketing. Detailed staffing plan and payroll is included in Schedule F.

EXIT OPPORTUNITIES

Third_Space Yoga's exit strategies by the end of year 5 is to either liquidate the company or sell it to national yoga studio chains with similar target audience like CorePower Yoga. Liquidating the company will result in around \$1.14 million, offering investors \$445,357 at 40% ownership of the business. Investor IRR will be 9% with a multiple of 1.52X if investors decide to liquidate the business.

Another option would be to sell the company. With an assumption that buyer requests 40% return from the business, a recurring capital expenditure of \$15,378 to maintain PP&E and equipment of the studio, along with \$300,000 in cash to run the business, we estimate Third_Space Yoga's net terminal value to be \$2.8 million. If investors choose to sell the company, they will get \$1.1 million at an IRR of 30.33% and multiple of 3.76X. Please refer to "Investor Return Analysis" section for more details.

INVESTING NOW

As presented in the "Key Market Size and Growth" section, the yoga market is booming at an exceptional rate and has been more popular than ever. There is no better time to capture this lucrative opportunity than right now, as we see the trend continues upwards for the coming years. The absence of concept-focused yoga studio like Third_Space Yoga in the Cambridge area gives us the unique opportunity to hit our desired target market, and this window can be overtaken anytime as the yoga market continues to grow. In addition, the absence of company with dominant market share in the yoga market also further enhances our competitive advantage, especially at present moment.

FINANCIAL SCHEDULE

INVESTOR RETURN ANALYSIS

We are offering 40% ownership of our business in exchange for a startup fund of \$300,000. There are two exit strategies we offer at the conclusion of year 5: liquidating the company or sell the studio to bigger yoga studio chains.

The liquidation of the company will result in approximately \$1.14 million. With 40% ownership of the company, investors can expect \$455,357 at the end of year 5. This gives investor an IRR of 9% and multiple on investment (MOI) of 1.52X.

On the other hand, the more lucrative option would be to sell the company for acquisition of larger yoga chains. Assuming buyers want 40% return from the acquisition with a recurring cash flow of \$835,000. The recurring cash flow is estimated from EBITDA in year 5 of \$850,378 less working capital necessary to run the business after year 5, such as replenishing new yoga mats, computer, washing machine, fridge and so on.

Assuming that \$300,000 of cash goes with the company to the buyers, we expect an excess cash of \$733,067. This gives us in total approximately \$2.8 million available for distribution to shareholders. With a 40% ownership, investors will get approximately \$1.1 million by the end of year 5, yielding an IRR of 30.33% and MOI of 3.76X.

INVESTOR RETURN ANALYSIS (CONT.)						
		Year				
	0	1	2	3	4	5
Revenue		\$271,728	\$683,400	\$1,373,663	\$1,913,528	\$2,170,800
Expenses		(\$212,592)	(\$685,988)	(\$1,084,115)	(\$1,250,186)	(\$1,320,422)
Net Income		\$59,136	(\$2,588)	\$289,547	\$663,342	\$850,378
Depreciation		\$55,688	\$55,718	\$90,918	\$90,948	\$90,948
Change in Working Capital		(\$35)	\$4,360	(\$36,908)	\$7,935	\$13,236
CAPEX		(\$258,280)	(\$5,190)	(\$160,930)	(\$10,230)	(\$10,080)
Annual Cash Flow		(\$143,491)	\$52,300	\$182,628	\$751,995	\$944,482
Equity Raised	\$300,000	\$0	\$0	\$0	\$0	\$0
Debt Raised		\$0	\$0	\$0	\$0	\$0
Dividends		\$0	\$0	\$0	\$0	\$0
Total Cash Flow	\$300,000	(\$143,491)	\$52,300	\$182,628	\$751,995	\$944,482
Net Terminal Value						\$2,820,567
Investor Cash Flow	(\$300,000)	\$0	\$0	\$0	\$0	\$2,820,567
Investor Ownership	40%					
Investor IRR	30%					
Investor Multiple on Investment	3.76					
Investor Terminal Cash Flow	\$1,128,089					
Pre-Money Value	\$450,092					
Post-Money Value	\$750,092					

PRO FORMA FIVE YEAR ASSUMPTIONS						
		Year				
	Unit Cost	1	2	3	4	5
REVENUE ASSUMPTIONS						
Individual Credit (per Credit)	\$20	0	8160	16560	22848	25920
Bundle (per Credit)	\$15	7140	22848	46368	63970	72576
Beginners Credit (per Credit)	\$15	10656	9792	2208	27420	31104
FIJI Bottled Water	\$1.50	3600	8160	13030	22850	25920
Smoothie	\$4.50	0	4080	6515	11425	12960
COST OF GOODS SOLD						
Yoga Instructors Salary (per Class)	\$75	\$81,000	\$136,800	\$232,200	\$309,600	\$360,000
FIJI Bottled Water (per Bottle)	\$1	\$3,600	\$8,160	\$13,030	\$22,850	\$25,920
Smoothie Ingredients	\$1.50	\$0	\$6,120	\$9,773	\$17,138	\$19,440
Total COGS		\$84,600	\$151,080	\$255,003	\$349,588	\$405,360
MARKETING EXPENSES						
Promotional Discount (per Class)	\$450	\$12,000	\$38,400	\$77,929	\$107,513	\$121,976
Social Media Ads (Yearly)	\$12,000	\$12,000	\$48,000	\$60,000	\$72,000	\$72,000
Marketing Manager Salary (40 hr/wk)	\$20	\$0	\$0	\$38,400	\$38,400	\$38,400
Total Marketing Expenses		\$24,000	\$86,400	\$137,929	\$179,513	\$193,976
GENERAL & ADMIN EXPENSES						
Receptionist Salary (80 hr/wk)	\$12.5	\$36,000	\$96,000	\$192,000	\$192,000	\$192,000
Cleaning Staff Salary (80 hr/wk)	\$10	\$57,600	\$76,800	\$153,600	\$153,600	\$153,600
G&A Supplies						
Paper (500 Sheets)	\$25	\$50	\$100	\$100	\$100	\$100
Ink (per Month)	\$20	\$240	\$240	\$240	\$240	\$240
Pens, Markers	\$20	\$20	\$80	\$80	\$80	\$80
Business Cards (500 Cards)	\$10	\$20	\$40	\$80	\$80	\$80
Miscellaneous Supplies						
Cleaning Supplies (Quarterly)	\$50	\$150	\$200	\$400	\$600	\$600
Laundry Supplies (Quarterly)	\$20	\$60	\$80	\$160	\$240	\$240
Shampoo, Shower Gel (Monthly)	\$1,000	\$9,000	\$12,000	\$24,000	\$36,000	\$36,000
Cosmetic Supplies (Monthly)	\$100	\$900	\$1,200	\$2,400	\$3,600	\$3,600
Rent (Monthly)	\$20,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Phone, Internet, Utilities (Monthly)	\$500	\$6,000	\$7,500	\$11,250	\$16,875	\$21,094
Other Expenses						
Credit Card Fee (2%)		\$5,435	\$13,668	\$27,473	\$38,271	\$43,416
Website Development (Yearly)	\$600	\$600	\$600	\$1,000	\$1,000	\$1,000
Legal Expenses & Business Fee	\$15,000	\$15,000	\$0	\$0	\$0	\$0
Total G&A Expenses		\$371,075	\$448,508	\$652,783	\$682,685	\$692,050
WORKING CAPITAL						
Inventory						
FIJI Bottled Water	\$1	\$5,400	\$12,240	\$19,545	\$34,275	\$38,880
Smoothie Ingredients	\$1.50	\$0	\$7,650	\$12,216	\$21,422	\$24,300
Beginning Inventory		\$0	\$1,800	\$7,410	\$16,368	\$32,078
Inventory Purchase		\$5,400	\$19,890	\$31,761	\$55,697	\$63,180
Value Sold		\$3,600	\$14,280	\$22,803	\$39,988	\$45,360
Ending Inventory		\$1,800	\$7,410	\$16,368	\$32,078	\$49,898

PRO FORMA FIVE YEAR ASSUMPTIONS						
		Year				
	Unit Cost	1	2	3	4	5
CAPITAL EXPENDITURES						
Furnishing, Studio Equipment	\$250,000	\$250,000	\$0	\$150,000	\$0	\$0
Yoga Mats	\$68	\$2,720	\$2,720	\$5,440	\$5,440	\$5,440
Yoga Props	\$32	\$1,280	\$1,280	\$2,560	\$2,560	\$2,560
Towels	\$13	\$1,040	\$1,040	\$2,080	\$2,080	\$2,080
Computer	\$1,300	\$1,300	\$0	\$0	\$0	\$0
Printer	\$50	\$50	\$0	\$50	\$0	\$0
Fridge	\$200	\$200	\$0	\$0	\$0	\$0
Speaker	\$150	\$150	\$0	\$0	\$0	\$0
Blender	\$75	\$0	\$150	\$0	\$150	\$0
Hair Dryers	\$200	\$800	\$0	\$800	\$0	\$0
Washing Machine	\$380	\$380	\$0	\$0	\$0	\$0
Dryer	\$360	\$360	\$0	\$0	\$0	\$0
Total Capital Expenditure		\$258,280	\$5,190	\$160,930	\$10,230	\$10,080

KEY FINANCIAL METRICS

	Year				
	1	2	3	4	5
Cash Flow from Operation	(\$240,659)	(\$21,525)	\$276,798	\$512,308	\$647,285
Cash Balance at Year End	(\$198,939)	(\$222,084)	(\$106,216)	\$395,862	\$1,033,067
Profitability					
Percentage Gross Margin	68.88%	77.89%	81.44%	81.73%	81.33%
EBITDA Margin	21.76%	(0.38%)	21.08%	34.67%	39.17%
Percentage Profit Margin	(109.07%)	(10.66%)	10.84%	22.43%	26.24%
Return on Assets	(54.35)	1.16	1.13	0.75	0.50
Return on Equity	(81.92)	1.05	1.87	0.84	0.53
Liquidity					
Current Ratio	(107.42)	(32.26)	(1.71)	7.10	16.69
Quick Ratio	(108.40)	(33.37)	(2.02)	6.57	15.92
Working Capital					
Days Sales Outstanding	0	0	0	0	0
Days Payable Outstanding	30	30	30	30	30
Inventory Turnover Rate	46.97	20.39	15.58	10.90	8.12

PRO FORMA 5 YEAR INCOME STATEMENT						
	Year					
	0	1	2	3	4	5
INCOME STATEMENT						
REVENUE						
Yoga Revenue	\$0	\$266,400	\$652,800	\$1,324,800	\$1,827,840	\$2,073,600
Bottled Water Revenue	\$0	\$5,328	\$12,240	\$19,545	\$34,275	\$38,880
Smoothie Revenue	\$0	\$0	\$18,360	\$29,318	\$51,413	\$58,320
Total Revenue	\$0	\$271,728	\$683,400	\$1,373,663	\$1,913,528	\$2,170,800
COST OF GOODS SOLD						
Yoga Instructor Salary	\$0	(\$81,000)	(\$136,800)	(\$232,200)	(\$309,600)	(\$360,000)
FLJI Bottled Water	\$0	(\$3,552)	(\$8,160)	(\$13,030)	(\$22,850)	(\$25,920)
Smoothie Ingredients	\$0	\$0	(\$6,120)	(\$9,773)	(\$17,138)	(\$19,440)
Total COGS	\$0	(\$84,552)	(\$151,080)	(\$255,003)	(\$349,588)	(\$405,360)
GROSS MARGIN	\$0	\$187,176	\$532,320	\$1,118,660	\$1,563,940	\$1,765,440
OPERATING EXPENSES						
General & Admin Salary	\$0	(\$93,600)	(\$172,800)	(\$384,000)	(\$384,000)	(\$384,000)
General & Admin Supplies	\$0	(\$330)	(\$460)	(\$500)	(\$500)	(\$500)
Misc. Supplies	\$0	(\$10,110)	(\$13,480)	(\$26,960)	(\$40,440)	(\$40,440)
Rent	\$0	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)	(\$240,000)
Utilities	\$0	(\$6,000)	(\$7,500)	(\$11,250)	(\$16,875)	(\$21,094)
Other Expenses	\$0	(\$21,035)	(\$14,268)	(\$28,473)	(\$39,271)	(\$39,271)
Total Operating Expenses	\$0	(\$104,040)	(\$448,508)	(\$691,183)	(\$721,085)	(\$721,085)
MARKETING EXPENSES	\$0	(\$24,000)	(\$86,400)	(\$137,929)	(\$179,513)	(\$193,976)
EBITDA	\$0	\$59,136	(\$2,588)	\$289,547	\$663,342	\$850,378
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$0	(\$55,688)	(\$55,718)	(\$90,918)	(\$90,948)	(\$90,948)
EBT	\$0	(\$263,587)	(\$58,306)	\$198,629	\$572,394	\$759,430
Taxes (25%)	\$0	(\$32,796)	(\$14,576)	(\$49,657)	(\$143,098)	(\$189,858)
NET INCOME	\$0	(\$296,382)	(\$72,882)	\$148,972	\$429,295	\$569,573
SUMMARY METRICS						
Revenue	\$0	\$271,728	\$683,400	\$1,373,663	\$1,913,528	\$2,170,800
Net Income	\$0	(\$296,382)	(\$72,882)	\$148,972	\$429,295	\$569,573
Net Income + Depreciation	\$0	(\$240,694)	(\$17,164)	\$239,890	\$520,243	\$660,521
Cash Flow from Operation	\$0	(\$240,659)	(\$21,525)	\$276,798	\$512,308	\$647,285
EBITDA	\$0	\$59,136	(\$2,588)	\$289,547	\$663,342	\$850,378
Gross Margin	\$0	\$187,176	\$532,320	\$1,118,660	\$1,563,940	\$1,765,440
Profit Margin		(109.07%)	(10.66%)	10.84%	22.43%	26.24%
Gross Margin %		68.88%	77.89%	81.44%	81.73%	81.33%

PRO FORMA 5 YEAR BALANCE SHEET						
	Year					
	0	1	2	3	4	5
BALANCE SHEET						
ASSETS						
CURRENT ASSETS						
Cash	\$0	(\$198,939)	(\$222,084)	(\$106,216)	\$395,862	\$1,033,067
Account Receivable	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$1,800	\$7,410	\$16,368	\$32,078	\$49,898
Marketable Securities	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$0	(\$197,139)	(\$214,674)	(\$89,848)	\$427,940	\$1,082,964
Property, Plant and Equipment	\$0	\$258,280	\$263,470	\$424,400	\$434,630	\$444,710
Accumulated Depreciation	\$0	(\$55,688)	(\$111,406)	(\$202,324)	(\$293,272)	(\$384,220)
Total Long-Term Assets	\$0	\$202,592	\$152,064	\$222,076	\$141,358	\$60,490
TOTAL ASSETS	\$0	\$5,453	(\$62,610)	\$132,228	\$569,298	\$1,143,454
LIABILITIES AND OWNER'S EQUITY						
CURRENT LIABILITIES						
Account Payable	\$0	\$980	\$3,104	\$20,959	\$28,733	\$33,317
Salaries Payable	\$0	\$855	\$3,551	\$31,562	\$31,562	\$31,562
Current Loans Payable	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$0	\$1,835	\$6,655	\$52,521	\$60,295	\$64,879
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$1,835	\$6,655	\$52,521	\$60,295	\$64,879
OWNER'S EQUITY						
Common Stock	\$500,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Retained Earnings	\$0	(\$296,382)	(\$369,265)	(\$220,293)	\$209,003	\$778,575
Total Owner's Equity	\$0	\$3,618	(\$69,265)	\$79,707	\$509,003	\$1,078,575
TOTAL LIABILITIES & OE	\$0	\$5,453	(\$62,610)	\$132,228	\$569,298	\$1,143,454

PRO FORMA 5 YEAR CASH FLOW STATEMENT						
	Year					
	0	1	2	3	4	5
CASH FLOW STATEMENT						
CASH FLOW FROM OPERATION						
Net Income	\$0	(\$296,382)	(\$72,882)	\$148,972	\$429,295	\$569,573
Depreciation	\$0	\$55,688	\$55,718	\$90,918	\$90,948	\$90,948
Working Capital Changes						
Account Receivable	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	(\$1,800)	(\$9,180)	(\$8,958)	(\$15,709)	(\$17,820)
Account Payable	\$0	\$980	\$2,124	\$17,855	\$7,774	\$4,584
Salaries Payable	\$0	\$855	\$2,696	\$28,011	\$0	\$0
Total Cash Flow from Operation	\$0	(\$240,659)	(\$21,525)	\$276,798	\$512,308	\$647,285
CASH FLOW FROM INVESTMENT						
Marketable Securities	\$0	\$0	\$0	\$0	\$0	\$0
Purchase of PP&E	\$0	(\$258,280)	(\$5,190)	(\$160,930)	(\$10,230)	(\$10,080)
Total Cash Flow from Investment	\$0	(\$258,280)	(\$5,190)	(\$160,930)	(\$10,230)	(\$10,080)
CASH FLOW FROM FINANCING						
Change in Short-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Change in Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Change in Common Stock	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Financing	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Cash Flow	\$0	\$300,000	(\$198,939)	(\$222,084)	(\$106,216)	\$395,862
Ending Cash Flow	\$0	(\$198,939)	(\$222,084)	(\$106,216)	\$395,862	\$1,033,067
TOTAL CASH FLOW	\$0	(\$498,939)	(\$23,145)	\$115,868	\$502,078	\$637,205

APPENDIX

SCHEDULE A: MONTHLY YEAR 1 INCOME STATEMENT														
	Month													
	Month o	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
INCOME STATEMENT														
REVENUE														
Yoga Revenue	\$0	\$0	\$0	\$0	\$9,600	\$9,600	\$9,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600	\$266,400
Bottled Water Revenue	\$0	\$0	\$0	\$0	\$192	\$192	\$192	\$792	\$792	\$792	\$792	\$792	\$792	\$5,328
Smoothie Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0	\$9,792	\$9,792	\$9,792	\$40,392	\$40,392	\$40,392	\$40,392	\$40,392	\$40,392	\$271,728
COST OF GOODS SOLD														
Yoga Instructor Salary	\$0	\$0	\$0	\$0	(\$4,200)	(\$4,200)	(\$4,200)	(\$11,400)	(\$11,400)	(\$11,400)	(\$11,400)	(\$11,400)	(\$11,400)	(\$81,000)
FLJI Bottled Water	\$0	\$0	\$0	\$0	(\$128)	(\$128)	(\$128)	(\$528)	(\$528)	(\$528)	(\$528)	(\$528)	(\$528)	(\$3,552)
Smoothie Ingredients	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total COGS	\$0	\$0	\$0	\$0	(\$4,328)	(\$4,328)	(\$4,328)	(\$11,928)	(\$11,928)	(\$11,928)	(\$11,928)	(\$11,928)	(\$11,928)	(\$84,552)
GROSS MARGIN	\$0	\$0	\$0	\$0	\$5,464	\$5,464	\$5,464	\$28,464	\$28,464	\$28,464	\$28,464	\$28,464	\$28,464	\$187,176
OPERATING EXPENSES														
General & Admin Salary	\$0	\$0	\$0	\$0	(\$10,400)	(\$10,400)	(\$10,400)	(\$10,400)	(\$10,400)	(\$10,400)	(\$10,400)	(\$10,400)	(\$10,400)	(\$93,600)
General & Admin Supplies	\$0	(\$75)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$55)	(\$20)	(\$20)	(\$20)	(\$20)	(\$20)	(\$330)
Misc. Supplies	\$0	\$0	\$0	\$0	(\$1,170)	(\$1,100)	(\$1,100)	(\$1,170)	(\$1,100)	(\$1,100)	(\$1,170)	(\$1,100)	(\$1,100)	(\$10,110)
Rent	\$0	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$240,000)
Utilities	\$0	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	(\$6,000)
Other Expenses	\$0	(\$15,600)	\$0	\$0	(\$196)	(\$196)	(\$196)	(\$808)	(\$808)	(\$808)	(\$808)	(\$808)	(\$808)	(\$21,035)
Total Operating Expenses	\$0	(\$36,175)	(\$20,520)	(\$20,520)	(\$32,286)	(\$32,216)	(\$32,216)	(\$32,933)	(\$32,828)	(\$32,828)	(\$32,898)	(\$32,828)	(\$32,828)	(\$104,040)
MARKETING EXPENSES														
	\$0	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)	(\$24,000)
EBITDA	\$0	(\$38,175)	(\$22,520)	(\$22,520)	(\$28,822)	(\$28,752)	(\$28,752)	(\$6,469)	(\$6,364)	(\$6,364)	(\$6,434)	(\$6,364)	(\$6,364)	\$59,136
Interest														
Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation														
Depreciation	\$0	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$4,641)	(\$55,688)
EBT	\$0	(\$42,816)	(\$27,161)	(\$27,161)	(\$33,463)	(\$33,393)	(\$33,393)	(\$11,109)	(\$11,005)	(\$11,005)	(\$11,075)	(\$11,005)	(\$11,005)	(\$263,587)
Taxes (25%)														
Taxes (25%)	\$0	(\$10,704)	(\$6,790)	(\$6,790)	(\$8,366)	(\$8,348)	(\$8,348)	\$2,777	\$2,751	\$2,751	\$2,769	\$2,751	\$2,751	(\$32,796)
NET INCOME	\$0	(\$53,520)	(\$33,951)	(\$33,951)	(\$41,828)	(\$41,741)	(\$41,741)	(\$8,332)	(\$8,253)	(\$8,253)	(\$8,306)	(\$8,253)	(\$8,253)	(\$296,382)

SCHEDULE A: MONTHLY YEAR 1 BALANCE SHEET														
	Month													
	Month o	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
BALANCE SHEET														
ASSETS														
CURRENT ASSETS														
Cash	\$300,000	(\$7,159)	(\$36,469)	(\$71,179)	(\$107,833)	(\$144,805)	(\$181,777)	(\$186,831)	(\$189,916)	(\$189,680)	(\$192,818)	(\$195,902)	(\$198,939)	(\$198,939)
Account Receivable	\$0	\$0	\$0	\$0	\$805	\$805	\$805	\$3,320	\$3,320	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$0	\$5,400	\$5,272	\$5,144	\$5,016	\$4,488	\$3,960	\$3,432	\$2,904	\$2,376	\$1,800	\$1,800
Marketable Securities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$0	(\$7,159)	(\$36,469)	(\$65,779)	(\$101,756)	(\$138,856)	(\$175,956)	(\$179,023)	(\$182,636)	(\$186,248)	(\$189,914)	(\$193,526)	(\$197,139)	(\$197,139)
Property, Plant and Equipment	\$0	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280	\$258,280
Accumulated Depreciation	\$0	(\$4,641)	(\$9,281)	(\$13,922)	(\$18,563)	(\$23,203)	(\$27,844)	(\$32,485)	(\$37,125)	(\$41,766)	(\$46,407)	(\$51,047)	(\$55,688)	(\$55,688)
Total Long-Term Assets	\$0	\$253,639	\$248,999	\$244,358	\$239,717	\$235,077	\$230,436	\$225,795	\$221,155	\$216,514	\$211,873	\$207,233	\$202,592	\$202,592
TOTAL ASSETS	\$0	\$246,480	\$212,530	\$178,579	\$137,961	\$96,221	\$54,480	\$46,772	\$38,519	\$30,266	\$21,960	\$13,706	\$5,453	\$5,453
LIABILITIES AND OWNER'S EQUITY														
CURRENT LIABILITIES														
Accounts Payable	\$0	\$0	\$0	\$0	\$356	\$356	\$356	\$980	\$980	\$980	\$980	\$980	\$980	\$980
Salaries Payable	\$0	\$0	\$0	\$0	\$855	\$855	\$855	\$855	\$855	\$855	\$855	\$855	\$855	\$855
Current Loans Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$0	\$0	\$0	\$0	\$1,211	\$1,211	\$1,211	\$1,835	\$1,835	\$1,835	\$1,835	\$1,835	\$1,835	\$1,835
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$0	\$0	\$0	\$1,211	\$1,211	\$1,211	\$1,835	\$1,835	\$1,835	\$1,835	\$1,835	\$1,835	\$1,835
OWNER'S EQUITY														
Common Stock	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Retained Earnings	\$0	(\$53,520)	(\$87,470)	(\$121,421)	(\$163,249)	(\$204,990)	(\$246,731)	(\$255,063)	(\$263,316)	(\$271,570)	(\$279,875)	(\$288,129)	(\$296,382)	(\$296,382)
Total Owner's Equity	\$0	\$246,480	\$212,530	\$178,579	\$136,751	\$95,010	\$53,269	\$44,937	\$36,684	\$28,430	\$20,125	\$11,871	\$3,618	\$3,618
TOTAL LIABILITIES & OE	\$0	\$246,480	\$212,530	\$178,579	\$137,961	\$96,221	\$54,480	\$46,772	\$38,519	\$30,266	\$21,960	\$13,706	\$5,453	\$5,453

SCHEDULE A: MONTHLY YEAR 1 CASH FLOW STATEMENT														
	Month													
	Month o	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
CASH FLOW STATEMENT														
CASH FLOW FROM OPERATION														
Net Income	\$0	(\$53,520)	(\$33,951)	(\$33,951)	(\$41,828)	(\$41,741)	(\$41,741)	(\$8,332)	(\$8,253)	(\$8,253)	(\$8,306)	(\$8,253)	(\$8,253)	(\$296,382)
Depreciation	\$0	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$55,688
Working Capital Changes														
Account Receivable	\$0	\$0	\$0	\$0	(\$805)	\$0	\$0	(\$2,515)	\$0	\$3,320	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	(\$5,400)	\$128	\$128	\$128	\$528	\$528	\$528	\$528	\$528	\$576	\$0	(\$1,800)
Account Payable	\$0	\$0	\$0	\$0	\$356	\$0	\$0	\$625	\$0	\$0	\$0	\$0	\$0	\$980
Salary Payable	\$0	\$0	\$0	\$0	\$855	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$855
Total Cash Flow from Operation	\$0	(\$48,879)	(\$34,710)	(\$29,182)	(\$36,654)	(\$36,972)	(\$36,572)	(\$5,054)	(\$3,085)	\$235	(\$3,137)	(\$3,037)	(\$3,613)	(\$240,659)
CASH FLOW FROM INVESTMENT														
Marketable Securities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase of PP&E	\$0	(\$258,280)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$258,280)
Total Cash Flow from Investment	\$0	(\$258,280)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$258,280)
CASH FLOW FROM FINANCING														
Change in Short-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Common Stock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Cash Flow		\$300,000	(\$7,159)	(\$36,469)	(\$71,179)	(\$107,833)	(\$144,805)	(\$181,777)	(\$186,831)	(\$189,916)	(\$189,680)	(\$192,818)	(\$195,902)	\$300,000
Ending Cash Flow		(\$7,159)	(\$36,469)	(\$71,179)	(\$107,833)	(\$144,805)	(\$181,777)	(\$186,831)	(\$189,916)	(\$189,680)	(\$192,818)	(\$195,902)	(\$198,939)	(\$198,939)
TOTAL CASH FLOW		(\$307,159)	(\$29,310)	(\$34,710)	(\$36,654)	(\$36,972)	(\$36,972)	(\$5,054)	(\$3,085)	\$235	(\$3,137)	(\$3,085)	(\$3,037)	(\$498,939)

SCHEDULE B: QUARTERLY YEAR 2 INCOME STATEMENT						
	Quarter					
	Quarter 0	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
INCOME STATEMENT						
REVENUE						
Yoga Revenue	\$0	\$163,200	\$163,200	\$163,200	\$163,200	\$652,800
Bottled Water Revenue	\$0	\$3,060	\$3,060	\$3,060	\$3,060	\$12,240
Smoothie Revenue	\$0	\$4,590	\$4,590	\$4,590	\$4,590	\$18,360
Total Revenue	\$0	\$170,850	\$170,850	\$170,850	\$170,850	\$683,400
COST OF GOODS SOLD						
Yoga Instructor Salary	\$0	(\$34,200)	(\$34,200)	(\$34,200)	(\$34,200)	(\$136,800)
FLJI Bottled Water	\$0	(\$2,040)	(\$2,040)	(\$2,040)	(\$2,040)	(\$8,160)
Smoothie Ingredients	\$0	(\$1,530)	(\$1,530)	(\$1,530)	(\$1,530)	(\$6,120)
Total COGS	\$0	(\$37,770)	(\$37,770)	(\$37,770)	(\$37,770)	(\$151,080)
GROSS MARGIN	\$0	\$133,080	\$133,080	\$133,080	\$133,080	\$532,320
OPERATING EXPENSES						
General & Admin Salary	\$0	(\$43,200)	(\$43,200)	(\$43,200)	(\$43,200)	(\$172,800)
General & Admin Supplies	\$0	(\$115)	(\$115)	(\$115)	(\$115)	(\$460)
Misc. Supplies	\$0	(\$3,370)	(\$3,370)	(\$3,370)	(\$3,370)	(\$13,480)
Rent	\$0	(\$60,000)	(\$60,000)	(\$60,000)	(\$60,000)	(\$240,000)
Utilities	\$0	(\$1,875)	(\$1,875)	(\$1,875)	(\$1,875)	(\$7,500)
Other Expenses	\$0	(\$3,567)	(\$3,567)	(\$3,567)	(\$3,567)	(\$14,268)
Total Operating Expenses	\$0	(\$112,127)	(\$112,127)	(\$112,127)	(\$112,127)	(\$448,508)
MARKETING EXPENSES	\$0	(\$21,600)	(\$21,600)	(\$21,600)	(\$21,600)	(\$86,400)
EBITDA	\$0	(\$647)	(\$647)	(\$647)	(\$647)	(\$2,588)
Interest	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$0	(\$13,930)	(\$13,930)	(\$13,930)	(\$13,930)	(\$55,718)
EBT	\$0	(\$14,576)	(\$14,576)	(\$14,576)	(\$14,576)	(\$58,306)
Taxes (25%)	\$0	(\$3,644)	(\$3,644)	(\$3,644)	(\$3,644)	(\$14,576)
NET INCOME	\$0	(\$18,221)	(\$18,221)	(\$18,221)	(\$18,221)	(\$72,882)

SCHEDULE B: QUARTERLY YEAR 2 BALANCE SHEET						
	Quarter					
	Quarter 0	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
BALANCE SHEET						
ASSETS						
CURRENT ASSETS						
Cash	(\$198,939)	(\$219,920)	(\$220,641)	(\$221,362)	(\$222,084)	(\$222,084)
Account Receivable	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$1,800	\$18,120	\$14,550	\$10,980	\$7,410	\$7,410
Marketable Securities	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$0	(\$201,800)	(\$206,091)	(\$210,382)	(\$214,674)	(\$214,674)
Property, Plant and Equipment	\$258,280	\$263,470	\$263,470	\$263,470	\$263,470	\$263,470
Accumulated Depreciation	(\$55,688)	(\$69,618)	(\$83,547)	(\$97,477)	(\$111,406)	(\$111,406)
Total Long-Term Assets	\$0	\$193,853	\$179,923	\$165,994	\$152,064	\$152,064
TOTAL ASSETS	\$0	(\$7,948)	(\$26,168)	(\$44,389)	(\$62,610)	(\$62,610)
LIABILITIES AND OWNER'S EQUITY						
CURRENT LIABILITIES						
Accounts Payable	\$980	\$3,104	\$3,104	\$3,104	\$3,104	\$3,104
Salaries Payable	\$855	\$3,551	\$3,551	\$3,551	\$3,551	\$3,551
Current Loans Payable	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Liabilities	\$0	\$6,655	\$6,655	\$6,655	\$6,655	\$6,655
Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$0	\$6,655	\$6,655	\$6,655	\$6,655	\$6,655
OWNER'S EQUITY						
Common Stock	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Retained Earnings	(\$296,382)	(\$314,603)	(\$332,823)	(\$351,044)	(\$369,265)	(\$369,265)
Total Owner's Equity	\$0	(\$14,603)	(\$32,823)	(\$51,044)	(\$69,265)	(\$69,265)
TOTAL LIABILITIES & OE	\$0	(\$7,948)	(\$26,168)	(\$44,389)	(\$62,610)	(\$62,610)

SCHEDULE B: QUARTERLY YEAR 2 CASH FLOW STATEMENT						
	Quarter					
	Quarter 0	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
CASH FLOW STATEMENT						
CASH FLOW FROM OPERATION						
Net Income	\$0	(\$18,221)	(\$18,221)	(\$18,221)	(\$18,221)	(\$72,882)
Depreciation	\$0	\$13,930	\$13,930	\$13,930	\$13,930	\$55,718
Working Capital Changes						
Account Receivable	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$1,800	(\$16,320)	\$3,570	\$3,570	\$0	(\$9,180)
Account Payable	\$0	\$2,124	\$0	\$0	\$0	\$2,124
Salary Payable	\$0	\$2,696	\$0	\$0	\$0	\$2,696
Total Cash Flow from Operation	\$0	(\$15,791)	(\$721)	(\$721)	(\$4,291)	(\$21,525)
CASH FLOW FROM INVESTMENT						
Marketable Securities	\$0	\$0	\$0	\$0	\$0	\$0
Purchase of PP&E	\$0	(\$5,190)	\$0	\$0	\$0	(\$5,190)
Total Cash Flow from Investment	\$0	(\$5,190)	\$0	\$0	\$0	(\$5,190)
CASH FLOW FROM FINANCING						
Change in Short-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Change in Long-Term Debt	\$0	\$0	\$0	\$0	\$0	\$0
Change in Common Stock	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Flow from Financing	\$0	\$0	\$0	\$0	\$0	\$0
Beginning Cash Flow		(\$198,939)	(\$219,920)	(\$220,641)	(\$221,362)	(\$198,939)
Ending Cash Flow		(\$219,920)	(\$220,641)	(\$221,362)	(\$222,084)	(\$222,084)
TOTAL CASH FLOW		(\$20,981)	(\$721)	(\$721)	(\$721)	(\$23,145)

SCHEDULE C: BREAKEVEN ANALYSIS							
Year	Fixed Cost	Depreciation	Weighted Selling Price	Weighted Variable Cost	Breakeven Volume for Net Income	Breakeven Volume for Cash Flow	
2	\$506,070	\$55,718	\$15.67	\$4.75	46,344	41,242	
Sale volume not enough to break even in year 1, but breaks even in year 2.							
YEAR 2 BREAKEVEN ANALYSIS							
WEIGHTED PRICE							
Item	Unit Cost	Unit Price	Sales Volume	Revenue	% of Total Revenue		
Bottled Water	\$1	\$1.50	8160	\$12,240	1.79%		
Smoothie	\$1.50	\$4.50	4080	\$18,360	2.69%		
Individual Credit	\$0	\$20	8160	\$163,200	23.88%		
Bundle/Intro Credit	\$0	\$15	32640	\$489,600	71.64%		
Weighted Average Price		\$15.67		\$683,400	100.00%		
WEIGHTED UNIT COST							
Item	Unit Cost	Unit Price	Sales Volume	Cost	% Fixed Cost	Fixed Cost	Variable Cost
Bottled Water	\$1	\$1.50	8160	\$12,240	0%	\$0	\$12,240
Smoothie	\$1.50	\$4.50	4080	\$18,360	0%	\$0	\$18,360
Yoga Instructor Salary (per Credit)			40800	\$136,800	0%	\$0	\$136,800
Marketing				\$86,400	80%	\$69,120	\$17,280
General & Administration				\$448,508	85%	\$381,232	\$67,276
Depreciation				\$55,718	100%	\$55,718	\$0
Total			53040			\$506,070	\$251,956
Weighted Average Unit Cost							\$4.75

SCHEDULE D: CAPITAL EXPENDITURE & DEPRECIATION

CAPITAL EXPENDITURE								
Item	Unit Cost	Unit	Total Cost	Year				
				1	2	3	4	5
Furnishing	\$250,000	1	\$250,000	\$250,000	\$0	\$150,000	\$0	\$0
Yoga Mats (1 Year)	\$68	40	\$2,720	\$2,720	\$2,720	\$5,440	\$5,440	\$5,440
Yoga Props (1 Year)	\$32	40	\$1,280	\$1,280	\$1,280	\$2,560	\$2,560	\$2,560
Towels (1 Year)	\$13	80	\$1,040	\$1,040	\$1,040	\$2,080	\$2,080	\$2,080
Computer	\$1,300	1	\$1,300	\$1,300	\$0	\$0	\$0	\$0
Printer	\$50	1	\$50	\$50	\$0	\$50	\$0	\$0
Fridge	\$200	1	\$200	\$200	\$0	\$0	\$0	\$0
Speaker	\$150	1	\$150	\$150	\$0	\$0	\$0	\$0
Blender	\$75	2	\$150	\$0	\$150	\$0	\$150	\$0
Hair Dryers	\$200	4	\$800	\$800	\$0	\$800	\$0	\$0
Washing Machine	\$380	1	\$380	\$380	\$0	\$0	\$0	\$0
Dryer	\$360	1	\$360	\$360	\$0	\$0	\$0	\$0
Total PP&E Cost				\$258,280	\$5,190	\$160,930	\$10,230	\$10,080

SCHEDULE D: CAPITAL EXPENDITURE & DEPRECIATION (CONT.)

DEPRECIATION								
Item	Unit Cost	Unit	Total Cost	Year				
				1	2	3	4	5
Furnishing	\$250,000	1	\$250,000	\$50,000	\$50,000	\$80,000	\$80,000	\$80,000
Yoga Mats	\$68	40	\$2,720	\$2,720	\$2,720	\$5,440	\$5,440	\$5,440
Yoga Props	\$32	40	\$1,280	\$1,280	\$1,280	\$2,560	\$2,560	\$2,560
Towels	\$13	80	\$1,040	\$1,040	\$1,040	\$2,080	\$2,080	\$2,080
Computer	\$1,300	1	\$1,300	\$260	\$260	\$260	\$260	\$260
Printer	\$50	1	\$50	\$10	\$10	\$10	\$10	\$10
Fridge	\$200	1	\$200	\$40	\$40	\$40	\$40	\$40
Speaker	\$150	1	\$150	\$30	\$30	\$30	\$30	\$30
Blender	\$75	\$2	\$150	0	\$30	\$30	\$60	\$60
Hair Dryers	\$200	\$4	\$800	\$160	\$160	\$320	\$320	\$320
Washing Machine	\$380	1	\$380	\$76	\$76	\$76	\$76	\$76
Dryer	\$360	1	\$360	\$72	\$72	\$72	\$72	\$72
Total Depreciation				\$55,688	\$55,718	\$90,918	\$90,948	\$90,948
GROSS PP&E				\$258,280	\$263,470	\$424,400	\$434,630	\$444,710
NET PP&E				\$202,592	\$207,752	\$333,482	\$343,682	\$353,762

SCHEDULE E: DEBT & EQUITY FINANCING

Schedule not Applicable

SCHEDULE G: INDUSTRY FINANCIAL METRICS

Financial Metrics	Third_Space Yoga	Local Yoga Studios	Fitness Studios
Pricing	\$16/class (weighted)	\$10-20/class	\$40-50/month (membership)
Revenue	\$2.1 million	\$750k-1.5 million	\$300k
EBITDA	\$850k	\$250k-500k	\$110k
Profit %	26%	15-20%	15%

SCHEDULE H: TERMINAL GROSS VALUE

LIQUIDATION			
Item	End of Year 5	% Achievable	Value
Cash	\$1,033,067	100%	\$1,033,067
Account Receivable	\$0	100%	\$0
Inventory	\$49,898	75%	\$37,423
PP&E	\$60,490	5%	\$3,025
Accounts Payable	\$33,317	100%	\$33,317
Salaries Payable	\$31,562	100%	\$31,562
Total Liquidation Value			\$1,138,393
Present Value (40% Discount Rate)			\$813,138
Investment			\$300,000
Investor Ownership %		40%	\$455,357
IRR			9%
Multiple on Investment			1.52
SALE OF BUSINESS			
Working Capital Expenditure			\$15,378
Recurring Cash Flow (EBITDA - CAPEX)			\$835,000
PV of Recurring Cash Flow (Gross TV)		40%	\$2,087,500
Cash with Company			\$300,000
Excess Cash			\$733,067
Net Terminal Value			\$2,820,567
Investment			\$300,000
Investor Ownership %			40%
IRR			30%
Multiple on Investment			3.76
Pre-Money Value			\$450,092
Post Money Value			\$750,092

SCHEDULE I: PRICING & PRODUCT DETAILS

CLASSES

Third_Space Yoga offers classes combining traditional yoga moves with dynamic Vinyasa flow. Classes will be accompanied by music of the instructor's choice to offer a soothing flow to enhance muscle strength, balance and inner mental wellness. The classes will be divided into three categories: yoga, hot yoga and yoga unwind, depending on what the yogi is looking to practice for each class. Every class lasts for 60 minutes, and is suitable for yogis with or without prior yoga experience, or yogis with injuries (instructors will consult with yogis dealing with injuries prior to yoga practice). Each classroom can accommodate 40 students.

PRICING

Third_Space Yoga offers individual class credits at \$20/credit, or credit bundle priced at \$90 for 6 credit (\$15/credit). For first-time yogis, we offer a special package at \$30 for 2 classes (\$15/class). One class costs one credit.

In year 1, all our credits will be offered at \$15/credit as a promotional rate to expand our customer base. There is no joining or membership fee at Third_Space yoga; yogis are welcomed to book anytime and join the community.

SCHEDULE

We are planning to offer six classes a day with the three instructors we have at the beginning. We'll then expand our schedule as we grow and hire more instructors throughout the first year. On weekdays, the classes will be offered in the morning at 7AM and 8:30AM, in the afternoon at 1PM and 3PM, and in the evening at 5PM and 6:30PM. We designed our schedule around the young professional market's needs around the area. On weekends classes will be offered in the morning at 9AM and 10:30AM, and in the afternoon at 1PM and 2:30PM. Booking will be available through our website, and can be cancelled or rescheduled anytime till 12 hours prior to class.

EQUIPMENT AND FACILITIES

Third_Space Yoga provides yoga mats that are cleaned after every class. We also provide lockers, shower facilities, towels, shampoo, shower gel and basic cosmetics tools for yogis. All yogis have to bring are comfortable yoga outfits and a big smile.

BOOKING

All booking should be made through our website or at the studio. Drop-in is also available at the same price but space is not guaranteed. We accept all major credit cards (Visa, MasterCard, American Express) through our online portal, and both cash and card at the studio. Customers are encouraged to book online in advance so they can choose their desired mat location through the website. Booking for classes will be available a week prior to class, and can be cancelled or rescheduled up to 12 hours before class.

OTHER PRODUCTS

The studio also provides chilled and non-chilled bottled water at \$1.50/bottle. Yogis can purchase water at the reception by cash or card. Starting from year 2, we will incorporate a smoothie bar to create four order-to-make smoothie recipes. These smoothies can be designed by yogis to boost the protein and vitamin loss from the class and build muscle strength. Yogis can order their smoothies before class and have it ready to pick up right after class.

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