

# Event Planning Business PROPOSAL

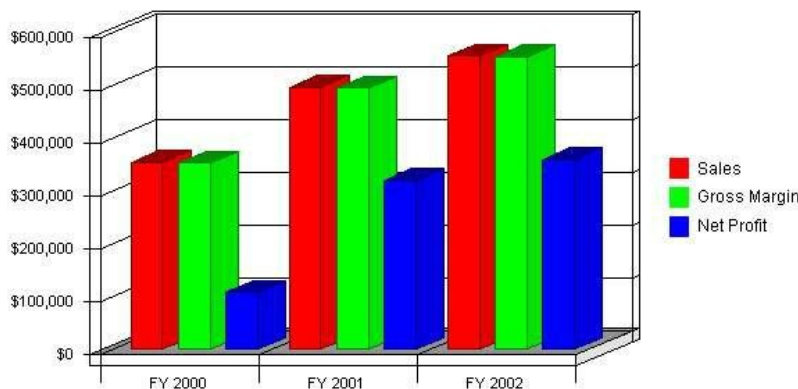
## Occasions, The Event Planning Specialists

### 1.0 Executive Summary

Welcome to the future of event planning! *Occasions, The Event Planning Specialists*, brings to the community of Portland a new breath of air in the event planning market. By combining old fashioned values, going the extra mile, and using cutting edge event-planning software, *Occasions* will lead the market, providing the same quality results, every time.

*Occasions* is an equal opportunity business making its expertise and its products available to help its customers plan their own events. Party Packs (complete kits for their event), make hosting a party a snap, right down to the refreshments. The event planning software brings interactive event planning as close as their personal computer. Through these and other affordable products and services, *Occasions* aims to be the number one resource for any event.

### Highlights



### 1.1 Objectives

*Occasions* is a small business aimed at the big time. In order to reach its lofty goals, *Occasions* must focus on the mission behind the vision. It will take all the employees, owners, founders, and vendors daily living the vision that *Occasions* represents. The vision manifests itself in three ways:

1. Be one of the top three event planning specialists in the Northwestern United States.
2. Justly compensate the employees, owners, and founders of *Occasions*.
3. Produce the same quality results, every time.

## 1.2 Mission

In an ever changing, fast-paced world, success is determined by good choices for lasting effects. Communication is essential. *Occasions* strives to be the best choice of clients by helping to ease their event planning burden. Through consistent, predictable professionalism, *Occasions* will ensure a worry and hassle-free event at a reasonable price.

But, not all our clients will be external. *Occasions* has internal clients to serve. *Occasions* will strive to provide the same predictable and professional working environment to its employees and contracted vendors, justly compensating them for their services. It is also a priority to make a comfortable living wage for its owners, founders, full-time staff, and their families.

Keeping in tune with the needs of the market, utilizing the latest technology and trends, all while ensuring the client receives the individual attention they deserve, is the vision and daily mission of *Occasions; The Event Planning Specialists*.

## 1.3 Keys to Success

Our keys to success include the commitment to quality by every person who is part of the team. Each of us will be responsible to push ourselves to a higher level of professionalism in three areas:

1. Consistent, accurate fulfillment of the client's wishes.
2. Competitive pricing for the quality of services offered.
3. Significant profit made on each event planned.

## *Company Summary*

### 2.0 Company Summary

Founded in 1997 on a part-time basis, *Occasions* is a small business designed to meet the needs of the ever changing social world. Portland, Oregon is the current home with plans to expand to branch offices within four years. *Occasions'* staff of two, with numerous contract vendors, plans events, writes event-planning products, and trains area students in the art of event planning. *Occasions* is invested in the community it resides in.

*Occasions* is, in part, the answer to demands of the social world, on the working family, heavily-burdened office, out-of-town business, or special occasion in need of special recognition. As a business, we understand the needs of public and private organizations. As parents and family members, we understand the needs of setting special time apart from other events in our lives. *Occasions* strives to accomplish these goals, in Portland and eventually other areas of the Pacific Northwest.

## 2.1 Company Ownership

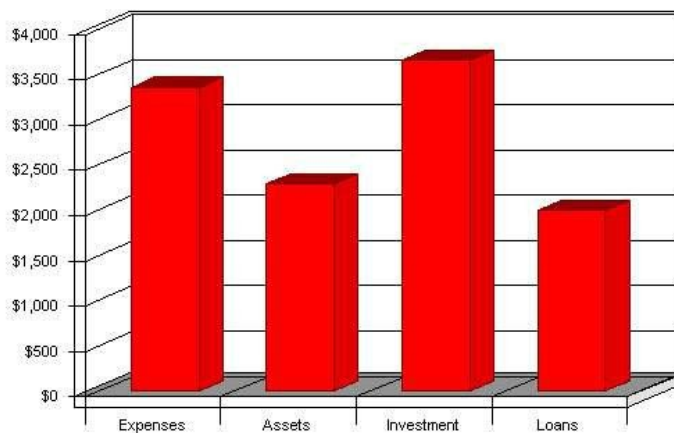
*Occasions* is established as a sole proprietorship with the intention of selling the business when it is established to one of the employees invested in the vision of event planning. All aspects of the business will be documented to ensure clients can count on the same results every time. It is these documents that will become the basis of ownership. The sole proprietor will use his or her name as the guarantor of each service. Therefore, the sole proprietor must embody the vision and mission of *Occasions*.

## 2.2 Start-up Summary

Through careful planning on the part of the founders, the start up costs for *Occasions* are minimal. It began as a home-based business with little overhead, and it continues to demand fewer outlay of funds as a service-based business. The start-up cost investment funds were assets saved from prior earnings by the owners who did event planning on a part-time basis before establishing themselves as a business.

It is the wish of the founders to remain a debt-free establishment. However, recognizing that in reality not all variables are controllable, outside financing is a viable option. Both founders own homes and have a perfect credit rating.

### Start-up



**Start-up**

Start-up	
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Requirements	
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Start-up Expenses	
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Legal	\$200
Stationery etc.	\$300
Brochures	\$185
Consultants	\$200
Insurance	\$145
Rent	\$150
Research and Development	\$0
Expensed Equipment	\$1,985
Other	\$200
Total Start-up Expenses	\$3,365

Start-up Assets Needed	
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Cash Balance on Starting Date	\$2,300
Start-up Inventory	\$0
Other Current Assets	\$0
Total Current Assets	\$2,300

Long-term Assets	\$0
Total Assets	\$2,300
Total Requirements	\$5,665

Funding	
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Investment	
Alicia Nollan	\$3,400
Other	\$265
Total Investment	\$3,665

Current Liabilities	
Accounts Payable	\$0
Current Borrowing	\$2,000
Other Current Liabilities	\$0
Current Liabilities	\$2,000

Long-term Liabilities	\$0
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Total Liabilities

\$2,000

Loss at Start-up	(\$3,365)
Total Capital	\$300
Total Capital and Liabilities	\$2,300

## 2.3 Company Locations and Facilities

*Occasions* is located inside the city limits of Portland, Oregon. It is a home-based business. Most meetings with clients are conducted in social settings, such as restaurants, coffee houses, the client's home, facilities wishing to be used for the event, or over the phone. Although the demand has not yet reached its peak, *Occasions* will eventually move from its home base into a small office complex, also within the city limits of Portland, Oregon. When the company has reached its finished point, *Occasions* will have branch offices in Portland, Eugene, and Bend, Oregon, Seattle, Vancouver, and Olympia, Washington, and Boise and Sun Valley, Idaho.

The company will maintain a high degree of professionalism. All offices are equipped with the latest in business technology, such as telephone systems, computers, fax machines, email, duplicators, printers, and software. Each location will have a secure storage area for supplies and equipment used in events, such as walkie-talkies, cellular phones, portable fax machines, and laptops.

## *Products and Services*

### 3.0 Products and Services

Although *Occasions* is primarily a service business, we also offer products to aid our customers in planning the event themselves. The following **products** are tools used inside our operation for the best possible results:

#### 1. **Party Pack**

The Party Pack is a complete kit for any party. It includes decorations, lighting effects guide, disposable theme cameras, cutlery, plates, napkins, cups, punch mix (or recipe), snack supplies (or recipe), tablecloths, theme music (where applicable), invitations, thank-you cards, and a step-by-step guide to planning, putting together, and hosting the event.

#### 2. **Step-by-Step Guides**

These booklets include a calendar to map out the event, a step-by-step guide on what is needed for and how to put together a successful, worry-free event, resource information, popular refreshments with recipes, games, and tips to put their event in the record books. The events available include birthdays for all ages, meetings, retreats, parties, vacations, and special occasion celebrations such as graduations, holidays, showers, weddings, and receptions.

#### 3. **Event Planning Software**

Due to be released June 2000, this cutting-edge tool will allow the client all the resources and visual aids for their event planning. They will be able to play with decoration themes, listen to theme music, design invitations, thank-you cards, and RSVP cards, use the interactive planning calendar, and much more. This software will bring their event into the millennium with cutting edge technology that is designed to save time and money.

#### **4. Resources Manual**

This valuable guide acts as a review for all the resources located in the surrounding area. A ranking is given to the various services, such as caterers, decorators, disc jockeys, bands, and facilities. This manual gives the client the freedom of making a choice based on experience.

#### **Free Event Planners Training for High School and College Students**

As a member of the Portland community, it is our mission to support our community. Ten hours each month will be devoted to training area students in event planning. This will aid them in planning proms, graduation parties, river clean-ups, homecoming, and other important events. This is a priority of *Occasions*. It will not be cut back as the business grows.

*Occasions* provides event planning in a wide range of applications. We guarantee satisfaction in the areas of appearance, performance, and taste. The following is a sampling of the types of events we plan every year:

1. Meetings, Trainings, and Retreats.
2. Conferences and Workshops.
3. Birthdays, Anniversaries, Graduations and Holidays.
4. Weddings, Receptions, and Showers.
5. Company picnics, banquets, and award ceremonies.

*.....and any other event that needs to be planned.*

#### **3.1 Competitive Comparison**

*Occasions*, although young, draws from the age-old tradition of going above and beyond what is expected, every time. Our systems for event planning have been drawn up, evaluated, practiced, worked, and reworked to ensure the maximum efficiency while minimizing the possibility of error. We employ local vendors who have the same desire to be the best at what they do, while providing un-matchable services. Thus, we give back to the community by providing jobs outside of our organization. We encourage new and upcoming small businesses who provide a service within our need base to step up to the challenge of being the best through their contract with *Occasions*.

Our products will serve the function of aiding those that cannot afford the cost of an event planner. We wish to make our event planning tips available to those who need a helping hand. *Occasions* is a member of the community. Through event planning, *Occasions* gets the opportunity to laugh when the community laughs and cry when the community cries, to rejoice when the community rejoices and to help put the pieces back together when things change or begin to fall apart. We care about the things that have meaning in the lives of our neighbors.

## *Market Analysis Summary*

### **4.0 Market Analysis Summary**

The following sections describe the market segmentation, strategies, and industry analysis.

#### **4.1 Market Segmentation**

The breakdown of the market for event planning, falls in a wide, very diverse grouping. Individuals as well as organizations demand the services we provide. In order to provide the greatest depth of information, the market segments have been broken down into private and public organizations, and age groups.

##### **1. Private Organizations and Businesses**

Private organizations make up the single largest portion of *Occasions'* client base. Private organizations such as businesses, corporations, and political parties host the most events on the largest scales, therefore, these events generate larger revenues per event. The majority of larger scale holiday functions will fall under this segment.

##### **2. Public Organizations**

Government agencies host many events every year. *Occasions* hopes to alleviate the pressure of event planning for public employees. The second single largest segment, the public sector, can save money and give back to its community at the same time. These events are moderate in scale with middle to low revenues generated. Emphasis is placed on the visibility of the event for public viewing. The majority of organizational family functions will fall under this segment.

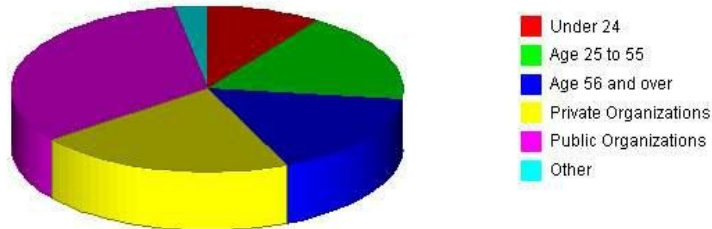
##### **3. Age Breakdowns**

- *Under 24:* Persons under the age of twenty-four (24) using an event planner are rare at best. We hope to tap the early college graduates who have begun their professional careers but have not yet started their families. These events will focus mainly on themes with moderate to high energy appeal. The revenues generated will range from moderate to high, depending on the event. The majority of weddings will fall into this segment.
- *Ages 25-55:* The persons that fall into this age group are employed, middle to upper-middle class families. The reason they choose event planners is they are too busy to do it themselves. Therefore, *Occasions* will be on hand for questions, contact will be moderate in length but occur regularly so as not to disturb the daily life of the families. These events will generate moderate revenues, with a few generating low revenues. The majority of special occasion planning will occur in this market segment.
- *Ages 56 and above:* Persons over the age of 55 have reached the turning point of life. Many are retiring, others are celebrating anniversaries of significant years, and still others are seeing that their children's special events are taken care of. These events will generate moderate to high revenues depending upon the income level of the family (direct correlation to social status). Most holiday parties, and other special occasions, such as wedding receptions and reunions, will occur in this market segment.

##### **4. Other**

This segment has no direct information to compile for a description. It consists of any event planned that does not fit into one of the above categories.

## Market Analysis (Pie)



## Market Analysis

Market Analysis							
Potential Customers	Growth	1999	2000	2001	2002	2003	CAGR
Under 24	3%	18	19	20	21	22	5.14%
Age 25 to 55	15%	33	38	44	51	59	15.63%
Age 56 and over	9%	31	34	37	40	44	9.15%
Private Organizations	60%	40	64	102	163	261	59.83%
Public Organizations	30%	62	81	105	137	178	30.17%
Other	10%	5	6	7	8	9	15.83%
Total	31.95%	189	242	315	420	573	31.95%

## 4.2 Target Market Segment Strategy

Our target markets are middle to upper-middle class families, couples, individuals, or private and public organizations. We chose these groups because they are most able to afford event planners, and have the least amount of time to spare for event planning in general. Families demand attention, employees are overburdened, and overwhelming detail needed to plan large events are too large a constraint to place on people not trained in the area of event planning.

The fast pace of the world we live in leaves little time for extra things we would like to do, like plan events, parties, and social get-togethers. *Occasions* fills the need by being available to take on the burden of planning so that people can spend time on more important things, like family and friends. The demand for this service can only



increase considering the rise in incomes, population, and need for interpersonal relations in the workplace.

### 4.3 Service Business Analysis

*Occasions* is in a unique position of competition. We compete against hotels with conference facilities, conference centers, other event planners both on the large and small scale, persons within an organization who are assigned the task of organizing an event, and people who wish to organize their own events without the benefit of assistance. The benefits and drawbacks of each of our competitors as compared with the services we offer are hardly a match in quality and price.

#### 1. Hotels and Conference Centers

*Strengths:* On-site facilities, equipment, and support staff. Ability to transport and house persons for overnight stays. Able to internalize costs of transportation and equipment.

*Weakness:* Often very expensive, impersonal, rely on unskilled labor for support staff. The error rate is high due to high volume and traffic from other events happening at the same time.

#### 2. Other Event Planners

*Strengths:* Have been in the market longer, have established a reputation and client base.

*Weakness:* Reputation precedes them, no systems-based businesses designed to produce consistent results; focus on smaller events, specialized events are main focused rather than all events; do not have the supporting products to market with, or instead of, event planning services.

#### 3. Employees or Persons wishing to do it themselves

*Strengths:* Internalized cost of planning the event; able to add tiny personalized touches that have meaning within the group or family.

*Weakness:* Consumes time that could be spent on other things; don't have access to the best prices, services, and other needed resources available.

### *Strategy and Implementation Summary*

## 5.0 Strategy and Implementation Summary

### Marketing and Competition

We have discussed our client base as being predominately middle to upper-middle class individuals, couples or families, public and private organizations. We must then look at the needs of these markets and cater to them. We promise the same great results, every time.

When marketing to individuals, the idea of releasing them from the task, freeing their time for family and friends, and the promise of a worry-free event are the buzz words and concepts. Our marketing is predominantly by word of mouth or visual connection to large events these individuals have participated in or worked at.

When marketing to public or private organizations, the idea of greater efficiency for the money and a professional event without error would be the key concept. Groups, especially large ones, do not wish to deal with problems that arise due to oversight on

their part. If the guarantee of worry-free, error-free events is available at a cost benefit to them, there really appears to be no better choice.

## 5.1 Sales Strategy

*Occasions* deals with a diverse market of clients. Within each market segment, closing of sales will differ. Each approach is described as follows:

### 1. Private and Public Organizations

Sales will be concluded one to two days after the end of the event. A follow-up phone call will be placed informing the client of the total cost, number of attendees, and information about the billing packet that will arrive at their offices. Feedback forms will be included in these packets to ensure the client is being served as they deem appropriate. Form letter thank-yous will be sent following each event.

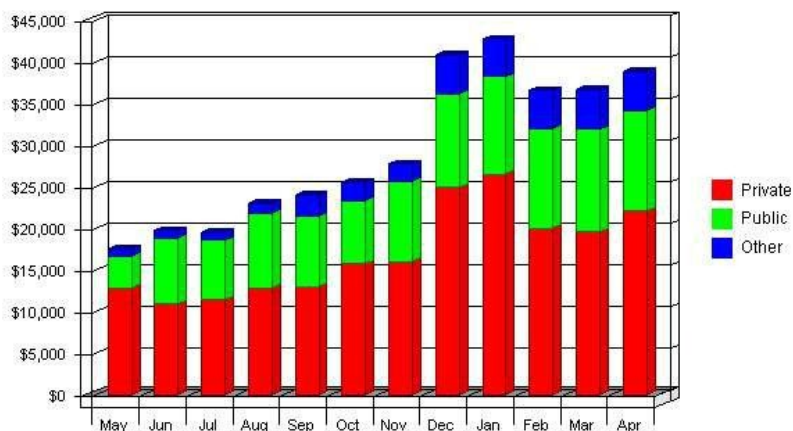
### 2. Individuals

Sales will be concluded with a follow-up phone call one to two days after the event. The phone call will explain the total cost of the event, number of attendees, and information concerning the billing. Individual parties of any age group are placed on a billing cycle. Invoices will be sent out the 25th of the month and will be due the 10th of the following month. Feedback forms will be included in these packets to ensure the client is being served as they deem appropriate. Thank-you cards will follow each individual event.

### 5.1.1 Sales Forecast

By beginning on a smaller scale, *Occasions* has the foresight to grow at a rapid pace to keep up with demand. We wish to maintain a steady rate of sales growth; however, we understand that sales of products and services will vary in different months. As noted in the graph and chart, rapid increases during the holiday season will boost sales, then allow that growth to level off at a steady rate.

#### Sales Monthly



## Sales Forecast

Sales Forecast			
Sales	FY 2000	FY 2001	FY 2002
Private	\$206,170	\$276,099	\$299,002
Public	\$113,185	\$178,490	\$193,000
Other	\$33,794	\$40,081	\$62,777
Total Sales	\$353,149	\$494,670	\$554,779

Direct Cost of Sales	FY 2000	FY 2001	FY 2002
Private	\$312	\$330	\$355
Public	\$210	\$246	\$346
Other	\$132	\$151	\$189
Subtotal Direct Cost of Sales	\$654	\$727	\$890

## Management Summary

### 6.0 Management Summary

Information and expense details are presented in subtopics Organizational Structure and Personnel Plan.

#### 6.1 Organizational Structure

The management team within *Occasions* will be small in the beginning. The primary employee is the founder, who plans events, then contracts with caterers, decorators, disc jockeys, and bands to fill out the event. A contract labor site manager will be on hand to work the events as a liaison and vendor coordinator. Thus, there are two main employees with various levels of vendors.

When *Occasions* reaches its expansion goals, each office will have one to two event planners, an office assistant, two to three site managers for the events, and a product and marketing specialist. This team will function as one with constant communication through weekly staff meetings, email, and message boards. All jobs are interrelated. The performance of one effects the performance of the others; therefore, each team member expects nothing but the best from each other.

As it functions currently, we see no gaps in the management of this organization. Should *Occasions* grow beyond its estimated size, more positions in specialized areas will need to be added as well as additional site support and office assistance. To fill these positions, *Occasions* is looking for energetic, teachable, detail-oriented persons who want the potential to grow and improve their skills within the organization. *Occasions* wants to be the best; therefore, they will hire those who want to succeed.

#### 6.2 Personnel Plan

The following table shows the estimated personnel needs for *Occasions*.

## Personnel

Personnel Plan			
	FY 2000	FY 2001	FY 2002
Event Specialist	\$36,000	\$40,000	\$42,000
Site Manager	\$11,097	\$13,750	\$14,560
Other	\$8,947	\$9,560	\$10,000
Total People	7	8	9
Total Payroll	\$56,044	\$63,310	\$66,560

## Financial Plan

### 7.0 Financial Plan

Service-based businesses require little funds to start up, and as they grow and expand, less funds to maintain. The charts and graphs that follow will show that investment up front allows *Occasions* to function debt-free with little overhead. This gives *Occasions* a quicker break-even point and increased profit margins from the start. As *Occasions* grows, the debt-free philosophy will be maintained until it is impossible to function during growth periods without financial assistance.

### 7.1 Important Assumptions

Tax rates are noted for information. We carry no loan burden that would be effected by these rates. What hits *Occasions* the hardest (but not nearly are bad as other service businesses), is the tax rate of 23.5%, which is nearly one quarter of the total sales. As *Occasions* continues to grow, these numbers will be reference rather than influence.

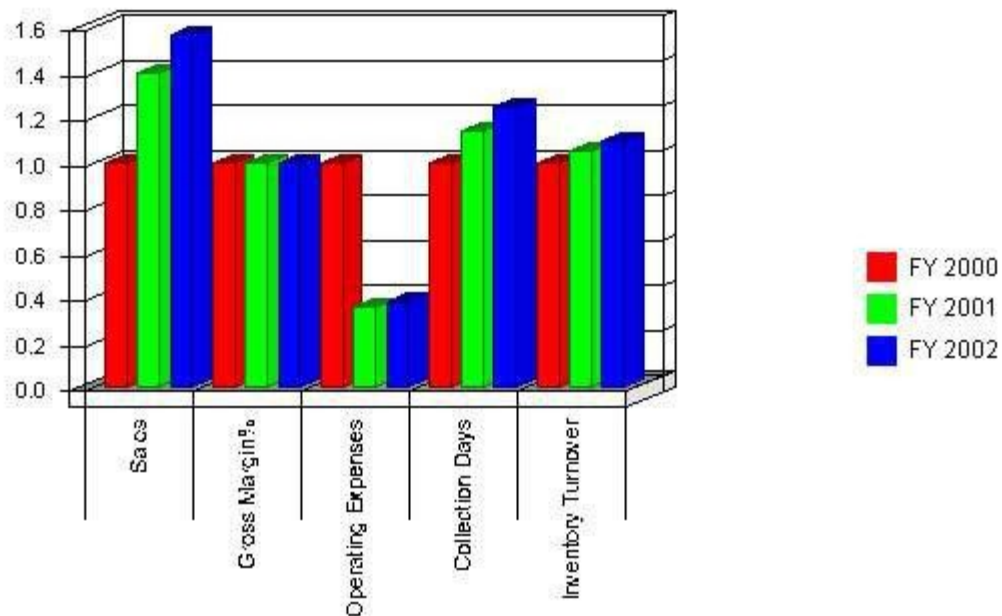
## General Assumptions

General Assumptions			
	FY 2000	FY 2001	FY 2002
Plan Month	1	2	3
Current Interest Rate	8.92%	8.92%	8.92%
Long-term Interest Rate	7.99%	7.99%	7.99%
Tax Rate	24.04%	23.50%	24.04%
Sales on Credit %	60.00%	60.00%	60.00%
Other	0	0	0

### 7.2 Key Financial Indicators

The break-even point for *Occasions* is based on the assumption that we will produce 22 events per month and average approximately \$521 per event. In the current situation, we average more than this assumption for our public and private organization events. These currently make up 18 of the 22 average events hosted per month.

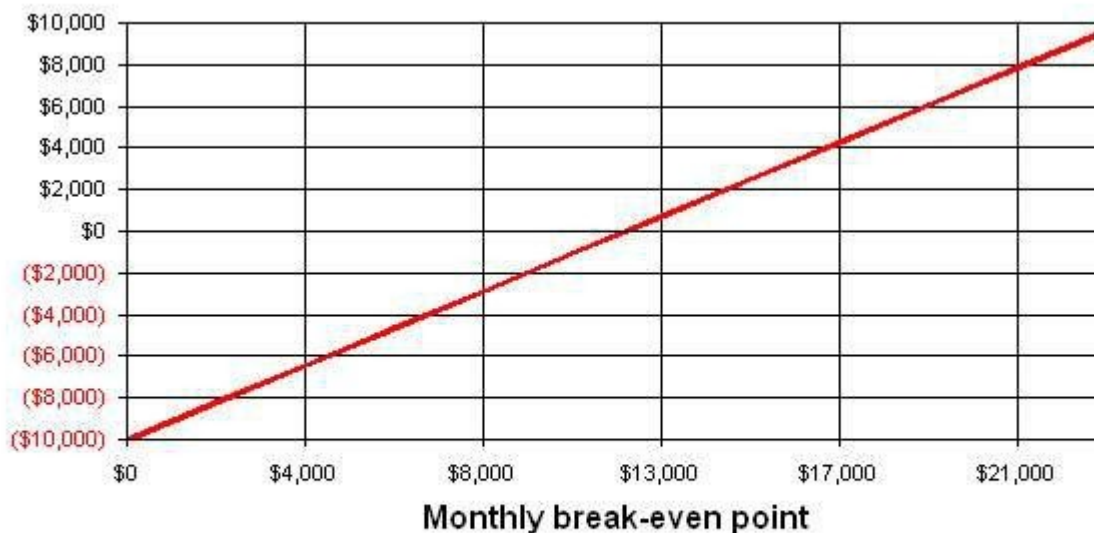
## Benchmarks



## 7.3 Break-even Analysis

The break-even point will appear more rapidly for *Occasions* than for other types of home-based businesses. Start-up costs are limited to minimal equipment, there is little or no staff to pay in the beginning, and contracted companies will handle any additional equipment required for the planned events.

## Break-even Analysis



Break-even point = where line intersects with 0

## Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	22
Monthly Revenue Break-even	\$11,682

Assumptions:	
Average Per-Unit Revenue	\$521.00
Average Per-Unit Variable Cost	\$75.00
Estimated Monthly Fixed Cost	\$10,000

## 7.4 Projected Profit and Loss

Leading the industry in event planning requires the use of the resources available at the lowest cost. As noted in the table, we spend less money on overhead than another event planners with an outside office or office space in their own facility. This savings allows us to market in creative ways and spend funds on expansion into other areas when the time is right.

### Profit and Loss

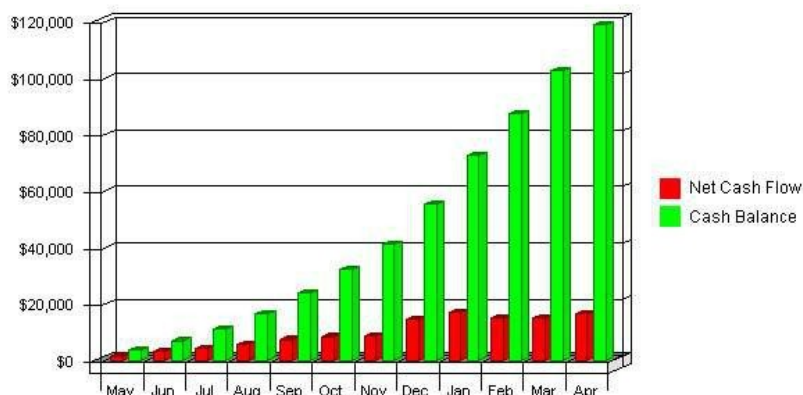
Pro Forma Profit and Loss			
	FY 2000	FY 2001	FY 2002
Sales	\$353,149	\$494,670	\$554,779
Direct Costs of Goods	\$654	\$727	\$890
Other	\$196	\$203	\$221
	-----	-----	-----
Cost of Goods Sold	\$850	\$930	\$1,111
Gross Margin	\$352,299	\$493,740	\$553,668
Gross Margin %	99.76%	99.81%	99.80%
Expenses:			
Payroll	\$56,044	\$63,310	\$66,560
Sales and Marketing and Other Expenses	\$146,013	\$5,700	\$6,119
Depreciation	\$110	\$102	\$96
Leased Equipment	\$0	\$0	\$0
Utilities	\$516	\$0	\$0
Insurance	\$258	\$0	\$0
Rent	\$1,440	\$0	\$0
Payroll Taxes	\$6,725	\$7,597	\$7,987
Other	\$0	\$0	\$0
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Total Operating Expenses	\$211,106	\$76,709	\$80,762
Profit Before Interest and Taxes	\$141,193	\$417,031	\$472,906

Interest Expense	\$235	\$334	\$430
Taxes Incurred	\$33,345	\$97,924	\$113,591
Net Profit	\$107,614	\$318,773	\$358,885
Net Profit/Sales	30.47%	64.44%	64.69%

## 7.5 Projected Cash Flow

Our cash situation is great. Although we begin with little extra cash, our increased growth allows us to make up for lost time. Our cash balance is always above the mark with the cash flow not too far behind. We have no negatives in our cash analysis.

### Cash



### Cash Flow

Pro Forma Cash Flow			
	FY 2000	FY 2001	FY 2002

Cash Received			
Cash from Operations:			
Cash Sales	\$141,260	\$197,868	\$221,912
Cash from Receivables	\$187,091	\$286,864	\$328,647
Subtotal Cash from Operations	\$328,351	\$484,732	\$550,558

Additional Cash Received			
Sales Tax, VAT,			
HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$1,200	\$1,080	\$1,080
New Other Liabilities (interest-free)	\$0	\$0	\$0



New Long-term

\$0

\$0

\$0

Liabilities			
Sales of Other			
	\$0	\$0	\$0
Current Assets			
Sales of Long-term			
	\$0	\$0	\$0
Assets			
New Investment			
Received	\$17,600	\$14,750	\$15,000
Subtotal Cash			
Received	\$347,151	\$500,562	\$566,638

Expenditures	FY 2000	FY 2001	FY 2002
Expenditures from Operations:			
Cash Spending	\$23,731	\$13,637	\$15,433
Payment of Accounts Payable	\$206,657	\$168,612	\$179,245
Subtotal Spent on Operations	\$230,388	\$182,249	\$194,679

Additional Cash Spent			
Sales Tax, VAT,			
HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities	\$0	\$0	\$0
Principal Repayment Long-term Liabilities	\$0	\$0	\$0
Principal Repayment Purchase Other	\$0	\$0	\$0
Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$230,388	\$182,249	\$194,679

Net Cash Flow	\$116,763	\$318,313	\$371,959
Cash Balance	\$119,063	\$437,376	\$809,335

## 7.6 Projected Balance Sheet

*Occasions* is set up for success. According to the numbers, we start out fair and end up amazing. By FY2000, we will be worth over \$125,000 with a profit margin of over 30%. We are operating with little to zero debt, boosting the net worth even higher. Our only weakness is the products to be released in FY2000 have not been accounted for as an

investment of funds. This will effect the cash flow in a moderate way, and is undetermined how it will effect the profit ratio of the business.

## Balance Sheet

### Pro Forma Balance Sheet

#### Assets

Current Assets	FY 2000	FY 2001	FY 2002
Cash	\$119,063	\$437,376	\$809,335
Accounts Receivable	\$24,798	\$34,736	\$38,956
Inventory	\$109	\$121	\$148
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$143,970	\$472,233	\$848,440
Long-term Assets			
Long-term Assets	\$0	\$0	\$0
Accumulated			
Depreciation	\$110	\$212	\$308
Total Long-term			
Assets	(\$110)	(\$212)	(\$308)
Total Assets	\$143,860	\$472,021	\$848,132

#### Liabilities and Capital

Current Liabilities	FY 2000	FY 2001	FY 2002
Accounts Payable	\$15,146	\$8,704	\$9,850
Current Borrowing	\$3,200	\$4,280	\$5,360
Other Current			
Liabilities	\$0	\$0	\$0
Subtotal Current			
Liabilities	\$18,346	\$12,984	\$15,210
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$18,346	\$12,984	\$15,210
Paid-in Capital	\$21,265	\$36,015	\$51,015
Retained Earnings	(\$3,365)	\$104,249	\$423,022
Earnings	\$107,614	\$318,773	\$358,885
Total Capital	\$125,514	\$459,037	\$832,922
Total Liabilities and			
Capital	\$143,860	\$472,021	\$848,132
Net Worth	\$125,514	\$459,037	\$832,922

## 7.7 Business Ratios

Data on our business ratios is shown in the table below. Industry Profile ratios are based on Standard Industry Classification (SIC) Index code 7299.

## Ratios

Ratio Analysis				
	FY 2000	FY 2001	FY 2002	Industry Profile
Sales Growth	0.00%	40.07%	12.15%	17.90%

Percent of Total Assets				
Accounts Receivable	17.24%	7.36%	4.59%	11.10%
Inventory	0.08%	0.03%	0.02%	4.60%
Other Current Assets	0.00%	0.00%	0.00%	37.10%
Total Current Assets	100.08%	100.04%	100.04%	52.80%
Long-term Assets	-0.08%	-0.04%	-0.04%	47.20%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	12.75%	2.75%	1.79%	33.90%
Long-term Liabilities	0.00%	0.00%	0.00%	28.00%
Total Liabilities	12.75%	2.75%	1.79%	61.90%
Net Worth	87.25%	97.25%	98.21%	38.10%

Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	99.76%	99.81%	99.80%	0.00%
Selling, General & Administrative Expenses	69.22%	35.37%	34.65%	72.70%
Advertising Expenses	0.51%	0.44%	0.47%	2.20%
Profit Before Interest and Taxes	39.98%	84.30%	85.24%	4.00%

Main Ratios				
Current	7.85	36.37	55.78	1.81
Quick	7.84	36.36	55.77	1.33
Total Debt to Total Assets	12.75%	2.75%	1.79%	61.90%

Pre-tax Return  
on Net Worth

112.31%

90.78%

56.73%

6.30%

Pre-tax Return on Assets	97.98%	88.28%	55.71%	16.60%
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Additional Ratios	FY 2000	FY 2001	FY 2002	
Net Profit Margin	30.47%	64.44%	64.69%	n.a
Return on Equity	85.74%	69.44%	43.09%	n.a

Activity Ratios				
Accounts Receivable Turnover	8.54	8.54	8.54	n.a
Collection Days Inventory	32	37	40	n.a
Turnover	6.00	6.32	6.60	n.a
Accounts Payable Turnover	14.64	18.63	18.31	n.a
Payment Days Total Asset Turnover	19	27	19	n.a
	2.45	1.05	0.65	n.a

Debt Ratios				
Debt to Net Worth	0.15	0.03	0.02	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a

Liquidity Ratios				
Net Working Capital	\$125,624	\$459,249	\$833,230	n.a
Interest Coverage	601.85	1250.06	1099.92	n.a

Additional Ratios				
Assets to Sales	0.41	0.95	1.53	n.a
Current Debt/Total Assets	13%	3%	2%	n.a
Acid Test	6.49	33.69	53.21	n.a
Sales/Net Worth	2.81	1.08	0.67	n.a

Dividend Payout	0.00	0.00	0.00	n.a
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