

BUSINESS PLAN

The Gold Dragon Oriental Market

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THE GOLD DRAGON ORIENTAL MARKET

EXECUTIVE SUMMARY

- **The Company**

The *Gold Dragon Oriental Market* is a family-owned business – managed and operated by Michael Chang. Helen Chang, Michael's aunt, will be the only employee. (Additional family members and close friends will work in this business when required.) *Golden Dragon* will be located in an established strip-mall on McMullen Booth Road in Safety Harbor, Florida and will serve the large Oriental community of this area in addition to the other northern Pinellas County municipalities. *Gold Dragon* has no competition in Safety Harbor and will not compete with the older established Oriental grocery stores operating in south Pinellas County, primarily the St. Petersburg metropolitan area.

The cash flow forecast indicates a positive cash flow in each of the first three operating years. Growth will be steady, increasing first year sales of \$192,000 to \$276,003 at the end of the third year of operation. Startup costs will total \$42,244, which includes startup inventory. The family is investing a \$7,000 gift into this business; however, to fully capitalize the business, a \$50,000 business loan is required. Michael Chang's credit score is 710.

- **Products**

Golden Dragon will stock approximately 300 different canned and packaged Oriental food products and will serve customers who are principally Vietnamese, Filipino, Chinese, Korean, Thai and Japanese. These products will range from popular brands of staples such as rice, noodles and rice-threads to sardines in tomato sauce, spring-roll rice wrappers, fish sauces and 10-piece chopstick sets. *Golden Dragon* will also stock tobacco products favored by Orientals, all popular brands of beverages, frozen fish and meats, and a self-styled deli of Oriental dishes prepared by Helen Chang. The market will start off with a small green grocery, stocking the most common vegetables used in preparing Oriental meals.

The startup inventory will be those products that are currently selling well in the St. Petersburg and Ft. Myers Oriental grocery stores. Popular products to stock were determined by shopping competitors in the St. Petersburg area, visiting and speaking with local Oriental food distributors, and actually studying the operation of an Oriental grocery in the Ft. Myers area that is similar in size and serving similar demographics as the *Gold Dragon*.

Gold Dragon has excellent sources of products: one located in Tampa will provide all vegetables, another in St. Petersburg will provide fish and meats, and a very price-conscious California distributor has been selected to provide all popular brands of Oriental canned and packaged goods in drop-shipments of \$2,500 lots.

Future products may include Oriental language video/DVD rentals and sales, and the sale of Oriental 21K-gold and jade jewelry.

- **Management**

The *Golden Dragon Oriental Market* will be owned and operated by Michael Chang (see personal resume page 11). His aunt Helen Chang will assist him in the management and operation of this market. Michael earned a Bachelor of Science Degree from the University of Southern California (USC) in Business and Industrial Management and has 30 years of business experience both as a corporate executive and owner of a medium size manufacturing firm. Helen Chang is Oriental and previously owned and operated an Oriental grocery store in New England. She is very familiar with Oriental food products and will be making the major inventory purchasing decisions. Michael will be responsible for all administrative tasks associated with this business, including developing and implementing the marketing plan. Michael and Helen will both be involved in sales.

The *Golden Dragon Oriental Market* has been a client of SCORE Chapter 439 since January 4, 2002. A SCORE small business counselor has reviewed the results of all marketing research and SCORE has closely audited the preparation of this business plan. Chapter 439 will continue to mentor Michael Chang and the management of his business.

MARKETING AND SALES

- **Marketing**

Extensive market research conducted over a three-month period found that there are two sizeable Oriental communities with the required demographics to support this type of retail business – one is in southern St. Petersburg and the other in the Safety Harbor area. Further research found that there are eight Oriental grocery stores in St. Petersburg; the major ones being Cho Lon, Regina's Oriental Market and Hoa Lan, the largest and major competitor in this area. It was quickly determined that a new Oriental grocery would not survive in this highly competitive business environment. Our marketing research efforts were then concentrated in the northern Pinellas County area and primarily in the City of Safety Harbor.

The demographics produced from the 2000 U.S. Census shows that there are more than 3,500 Orientals residing in northern Pinellas: 53% are Vietnamese, Filipinos and Chinese and the remaining 47% are Koreans, Thais, Samoans, Hawaiians and Tongans. Market research found that there are no Oriental grocery stores in the northern Pinellas region to service these potential customers. The nearest Oriental grocery store to Safety Harbor is an average forty five minute drive to St. Petersburg to the south or Port Richey to the north. In addition to Safety Harbor, marketing efforts will attempt to attract potential Oriental customers living in Largo, Clearwater, Seminole, Dunedin, Oldsmar and Tarpon Springs. By selecting Safety Harbor, *Gold Dragon* will have a captive market, providing it stocks the right products and maintains good customer relations.

Once the best operating area was determined, the next step was to determine which Oriental food products would sell best in Florida. An inventory list was determined by visiting and speaking with local Oriental food distributors, by shopping the St. Petersburg Oriental grocery stores on numerous occasions, and studying the sales patterns of the Oriental grocery store in Ft. Myers.

Business Plan of the *Gold Dragon Oriental Market*
MARKETING AND SALES – continued

- **Marketing**

The owner/operator of this store has provided valuable marketing, sales and inventory data on her first three years of operation.) Our startup costs reflects a \$22,000 inventory of carefully selected Oriental food, tobacco and green grocery products – products that Michael’s market research determined will sell well.

Not only will *Gold Dragon* attempt to get every Oriental in our operating area to shop in its market, but *Gold Dragon* will also direct a portion of its marketing efforts to entice Caucasians to prepare Oriental dishes with products found in our market. We will advertise in the Yellow Pages, periodically mail out flyers to Oriental households and place promotional material in the local Oriental newspapers and magazines. Low-cost ads will also be prepared and placed in newsletters of local homeowner associations, such as West Pasco’s Trinity, Crescent Oaks and Landsbrook.

- **Sales**

Through extensive interviews with the owner/operator of the Ft. Myers Oriental grocery store, Michael obtained valuable sales data. This data is important, as this store was a new business startup in an area of similar demographics as Safety Harbor. Her floor space is approximately equal to *Gold Dragon’s* 1,344 square feet and she too operates on a seven-day per week schedule -- being open for business 12 hours each day. The Ft. Myers store provided an extensive product list of its startup inventory, inventory turnover rates, average monthly gross sales figures and annual operating costs. Utilizing the Ft. Myers data together with the results of Michael’s extensive market research, he carefully prepared a three-year cash flow forecast that shows:

First year of sales	\$192,000
Second year of sales	220,801, a 15% increase over the first year
Third year of sales	276,003, a 25% increase over the second year

- **Pricing Strategy**

Gold Dragon’s average markup is 45%. Taking local distributors’ wholesale prices of common Oriental food products and comparing them to the retail shelf prices at five St. Petersburg Oriental groceries found that the average markup was 49%. The Ft. Myers Oriental market confirmed our study by reporting that her markup more resembled St. Petersburg’s rate as she has a captive market with no real competition in her operating area. In order to attract business from the established Oriental markets everywhere, *Gold Dragon’s* markup was competitively reduced to 45% -- this rate of markup was used in all three years of Michael’s cash flow projections. It is conceivable, however, that should the first year’s sales forecast be achieved or surpassed, the markup could be increased to 47% the second year and 49% at the beginning of the third year.

FINANCIAL AND LEGAL

- **Business Structure**

Gold Dragon will commence operation as a sole proprietorship; however, at the conclusion of the first year, the business will be restructured as a Florida S-Corporation or Delaware Limited Liability Corporation (LLC).

- **Accounting**

Golden Dragon's financial records will be maintained through the utilization of the "friendly" computer program *QuickBooks*. The store's computer will maintain inventory records and "reordering points" with monthly financial statements prepared as management tools. A tax preparation and reporting service will be retained to prepare periodic Florida State sales tax reports and the annual federal income tax return, including the determination of estimated quarterly federal income tax payments.

- **Legal**

A local pre-paid legal service will be retained to provide ongoing legal assistance.

- **Insurance**

John Jones, owner of ABC Insurance has conducted a risk management survey of this business. He has recommended a package to include general business liability insurance, plate-glass insurance, property and causality insurance and employee medical insurance. A comparison of rates found ABC to be most competitive. Florida workers' compensation is not required as the number of employees fall below the required minimum and Michael Chang as the owner is exempt.

- **Statements**

Cash flow projections for the first three years of operation, a three year profit projection, and a statement of financial need are included (refer to pages 5 through 10). Current assets are \$7,000 in cash. *Gold Dragon* has no liabilities at this time.

FIRST YEAR OF OPERATIONS

Gold Dragon Oriental Market

Cash Flow Forecast

Fiscal Year Begins: Jun-02

	Startup	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Total First Year
Cash on Hand (beginning of month)		14,756	15,402	16,358	17,775	19,631	21,962	25,193	29,799	34,770	39,651	44,257	48,705	
CASH RECEIPTS														
Cash Sales		10,170	10,800	11,430	12,150	13,050	14,400	16,650	17,370	17,100	16,650	16,515	16,515	172,800
Credit Card Sales		1,130	1,200	1,270	1,350	1,450	1,600	1,850	1,930	1,900	1,850	1,835	1,835	19,200
Bank Loan	50,000													50,000
Personal Investment	7,000													7,000
TOTAL CASH RECEIPTS	50,000	11,300	12,000	12,700	13,500	14,500	16,000	18,500	19,300	19,000	18,500	18,350	18,350	249,000
Total Cash Available (before cash out)	57,000	26,056	27,402	29,058	31,275	34,131	37,962	43,693	49,099	53,770	58,151	62,607	67,055	
CASH PAID OUT														
Purchases (merchandise)	22,000	5,085	5,400	5,715	6,075	6,525	7,200	8,325	8,685	8,550	8,325	8,258	8,258	108,401
Gross wages (exact withdrawal)		997	997	997	997	997	997	997	997	997	997	997	997	11,964
Payroll expenses (taxes, etc.)	20	288	288	288	288	288	288	288	288	288	288	288	288	3,476
Outside services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies (office & oper.)	1,401	150	150	150	150	150	150	150	150	150	150	150	150	3,201
Repairs & maintenance	0	0	75	0	0	75	0	0	75	0	0	75	0	300
Advertising	3,800	200	200	200	200	200	200	200	200	200	200	200	200	6,200
Car, delivery & travel	50	50	50	50	50	50	50	50	50	50	50	50	50	650
Accounting & legal	15	174	174	174	174	174	174	174	174	174	174	174	174	2,103
Rent	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	1,312	17,056
Telephone	80	50	50	50	50	50	50	50	50	50	50	50	50	680
Utilities	400	400	400	400	400	400	400	400	400	400	400	400	400	5,200
Insurance	420	100	100	100	100	100	100	100	100	100	100	100	100	1,620
Taxes (real estate, etc.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	312	309	306	303	301	298	295	292	289	286	283	280	277	3,831
Other expenses (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Permits and Fees	1,022	77	77	77	77	77	77	77	77	77	77	77	77	1,946
Loan Closing Cost	2,500	0	0	0	0	0	0	0	0	0	0	0	0	2,500
SUBTOTAL	33,332	9,192	9,579	9,816	10,174	10,696	11,293	12,415	12,847	12,634	12,406	12,411	12,333	169,128
Loan principal payment	454	457	460	462	465	468	471	474	477	480	483	486	489	6,126
Capital purchase (specify)	3,965	0	0	0	0	0	0	0	0	0	0	0	0	3,965
Other startup costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve and/or Escrow	3,488													3,488
Owners' Withdrawal	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005	13,065
TOTAL CASH PAID OUT	42,244	10,654	11,044	11,283	11,644	12,169	12,769	13,894	14,329	14,119	13,894	13,902	13,827	195,772
Cash Position (end of month)	14,756	15,402	16,358	17,775	19,631	21,962	25,193	29,799	34,770	39,651	44,257	48,705	53,228	53,228

Prepared by: Howard L. Smith

Date Prepared: April 2002

SECOND YEAR OF OPERATION

Gold Dragon Oriental Market

Cash Flow Forecast

Fiscal Year Begins: Jun-03

	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Total Second Year
Cash on Hand (beginning of month)	53,228	54,168	55,476	57,303	59,635	62,524	66,437	71,931	77,856	83,667	89,161	94,486	53,228
CASH RECEIPTS													
Cash Sales	11,695	12,420	13,144	13,972	15,007	16,500	18,147	19,975	19,605	18,147	16,993	16,993	196,716
Credit Card Sales	1,300	1,380	1,461	1,553	1,668	1,840	2,128	2,220	2,185	2,128	2,110	2,110	22,083
Loan/ other cash inj.													0
TOTAL CASH RECEIPTS	12,995	13,800	14,605	15,525	16,675	18,400	21,275	22,195	21,850	21,275	21,103	21,103	274,029
Total Cash Available (before cash out)	66,223	67,968	70,081	72,828	76,310	80,924	87,712	94,126	99,706	104,942	110,264	115,589	
CASH PAID OUT													
Purchases (merchandise)	5,848	6,210	6,572	6,986	7,504	8,280	9,574	9,988	9,833	9,574	9,496	9,496	99,361
Gross wages (exact withdrawal)	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127	13,524
Payroll expenses (taxes, etc.)	338	338	338	338	338	338	338	338	338	338	338	338	4,056
Outside services	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies (office & oper.)	158	158	158	158	158	158	158	158	158	158	158	158	1,896
Repairs & maintenance	0	75	0	0	75	0	0	75	0	0	75	0	300
Advertising	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Car, delivery & travel	50	50	50	50	50	50	50	50	50	50	50	50	600
Accounting & legal	174	174	174	174	174	174	174	174	174	174	174	174	2,088
Rent	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	16,224
Telephone	50	50	50	50	50	50	50	50	50	50	50	50	600
Utilities	412	412	412	412	412	412	412	412	412	412	412	412	4,944
Insurance	103	103	103	103	103	103	103	103	103	103	103	103	1,236
Taxes (real estate, etc.)	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	274	271	267	264	261	258	255	252	248	245	242	239	3,076
Other expenses (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0
Permits and Fees	77	77	77	77	77	77	77	77	77	77	77	77	924
Closing Cost	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL	10,163	10,597	10,880	11,291	11,881	12,579	13,870	14,356	14,122	13,860	13,854	13,776	151,229
Loan principal payment	492	495	498	502	505	508	511	514	517	521	524	527	6,114
Capital purchase (specify)		0	0	0	0	0	0	0	0	0	0	0	0
Other startup costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve and/or Escrow													0
Owners' Withdrawal	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
TOTAL CASH PAID OUT	12,055	12,492	12,778	13,193	13,786	14,487	15,781	16,270	16,039	15,781	15,778	15,703	174,143
Cash Position (end of month)	54,168	55,476	57,303	59,635	62,524	66,437	71,931	77,856	83,667	89,161	94,486	99,886	99,886

Prepared by: Howard L. Smith

Date Prepared: April 2002

THIRD YEAR OF OPERATION

Gold Dragon Oriental Market

Cash Flow Forecast

Fiscal Year Begins: Jun-04

	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Total Third Year
Cash on Hand (beginning of month)	99,886	101,986	104,564	107,771	111,610	116,165	121,981	129,774	138,124	146,312	154,105	161,704	99,886
CASH RECEIPTS													
Cash Sales	14,620	15,525	16,430	17,465	18,760	20,700	23,935	24,970	24,582	23,935	23,741	23,741	248,404
Credit Card Sales	1,624	1,725	1,826	1,941	2,084	2,300	2,659	2,774	2,731	2,659	2,638	2,638	27,599
Loan/ other cash in.													
TOTAL CASH RECEIPTS	16,244	17,250	18,256	19,406	20,844	23,000	26,594	27,744	27,313	26,594	26,379	26,379	375,889
Total Cash Available (before cash out)	116,130	119,236	122,820	127,177	132,454	139,165	148,575	157,518	165,437	172,906	180,484	188,083	
CASH PAID OUT													
Purchases (merchandise)	7,310	7,763	8,215	8,733	9,380	10,350	11,967	12,485	12,291	11,967	11,871	11,871	124,203
Gross wages (exact withdrawal)	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257	15,084
Payroll expenses (taxes, etc.)	375	375	375	375	375	375	375	375	375	375	375	375	4,500
Outside services	0	0	0	0	0	0	0	0	0	0	0	0	0
Supplies (office & oper.)	166	166	166	166	166	166	166	166	166	166	166	166	1,992
Repairs & maintenance	0	75	0	0	75	0	0	75	0	0	75	0	300
Advertising	300	300	300	300	300	300	300	300	300	300	300	300	3,600
Car, delivery & travel	50	50	50	50	50	50	50	50	50	50	50	50	600
Accounting & legal	174	174	174	174	174	174	174	174	174	174	174	174	2,088
Rent	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	1,393	16,716
Telephone	51	51	51	51	51	51	51	51	51	51	51	51	612
Utilities	420	420	420	420	420	420	420	420	420	420	420	420	5,040
Insurance	105	105	105	105	105	105	105	105	105	105	105	105	1,260
Taxes (real estate, etc.)	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	235	232	229	225	222	219	215	212	208	205	201	198	2,601
Other expenses (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0
Permits and Fees	77	77	77	77	77	77	77	77	77	77	77	77	924
Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	0	0
SUBTOTAL	11,913	12,438	12,812	13,326	14,045	14,937	16,550	17,140	16,867	16,540	16,515	16,437	179,520
Loan principal payment	531	534	537	541	544	547	551	554	558	561	565	568	6,591
Capital purchase (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0
Other startup costs	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserve and/or Escrow													0
Owners' Withdrawal	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	20,400
TOTAL CASH PAID OUT	14,144	14,672	15,049	15,567	16,289	17,184	18,801	19,394	19,125	18,801	18,780	18,705	206,511
Cash Position (end of month)	101,986	104,564	107,771	111,610	116,165	121,981	129,774	138,124	146,312	154,105	161,704	169,378	169,378

Prepared by: Howard L. Smith

Date Prepared: April 2002

Three Year Profit Projection

Gold Dragon Oriental Market

	2002-2003	%	2003-2004	%	2004-2005	%
Sales	\$ 192,000	100.00%	\$ 220,801	100.00%	\$ 276,003	100.00%
Cost/ Goods Sold (COGS)	<u>108,401</u>	<u>56.46%</u>	<u>99,361</u>	<u>45.00%</u>	<u>124,203</u>	<u>45.00%</u>
Gross Profit	<u>\$ 83,599</u>	<u>43.54%</u>	<u>\$ 121,440</u>	<u>55.00%</u>	<u>\$ 151,800</u>	<u>55.00%</u>
Operating Expenses						
Salary (Office & Overhead)	\$ 11,964	6.23%	\$ 13,524	6.12%	\$ 15,084	5.47%
Payroll (taxes etc.) *	3,476	1.81%	4,056	1.84%	4,500	1.63%
Outside Services	-	0.00%	-	0.00%	-	0.00%
Supplies (off and operation)	3,201	1.67%	1,896	0.86%	1,992	0.72%
Repairs/ Maintenance	300	0.16%	300	0.14%	300	0.11%
Advertising	6,200	3.23%	2,400	1.09%	3,600	1.30%
Car, Delivery and Travel	650	0.34%	600	0.27%	600	0.22%
Accounting and Legal	2,103	1.10%	2,088	0.95%	2,088	0.76%
Rent	17,056	8.88%	16,224	7.35%	16,716	6.06%
Telephone	680	0.35%	600	0.27%	612	0.22%
Utilities	5,200	2.71%	4,944	2.24%	5,040	1.83%
Insurance	1,620	0.84%	1,236	0.56%	1,260	0.46%
Taxes (real estate etc.)	-	0.00%	-	0.00%	-	0.00%
Interest	3,831	2.00%	3,076	1.39%	2,601	0.94%
Depreciation **	-	0.00%	-	0.00%	-	0.00%
Permits & Fees	1,946	1.01%	924	0.42%	924	0.33%
Closing Cost	2,500	1.30%	-	0.00%	-	0.00%
Total Expenses	<u>\$ 60,727</u>	<u>31.63%</u>	<u>\$ 51,868</u>	<u>23.49%</u>	<u>\$ 55,317</u>	<u>20.04%</u>
Net Profit Before Tax	22,872		69,572		96,483	
Income Taxes ***	3,431		17,393		24,121	
Net Profit After Tax	19,441		52,179		72,362	
Owner Draw/ Dividends	13,065		16,800		20,400	
Adj. to Retained Earnings	<u>\$ 6,376</u>		<u>\$ 35,379</u>		<u>\$ 51,962</u>	

Notes:

* Includes mandated federal taxes for employee and owner: social security, medicare, and unemployment.
In addition to the mandated federal taxes, the owners premium life and health insurance are also included.

** No depreciation shown at the instruction of Eleanor Hollis, SCORE financial counselor.

*** Eleanor Hollis advised FIT 15% for the first year and 25% for the second and third year.

Prepared by: Howard L. Smith
Date Prepared: April 2002

STATEMENT OF FINANCIAL NEED

	A	B	C	
	Funds Provided	Funds Provided	Funds Provided	TOTAL
	By Owners	By Loan Proceeds	By Others (1)	(A+B+C)
FIXED ASSETS				
Vehicles *	0	0	0	0
Furniture & Fixtures **	0	1,530	0	1,530
Machinery & Equipment ***	0	2,435	0	2,435
Land	0	0	0	0
Building Construction	0	0	0	0
Land/Building Purchase	0	0	0	0
Leasehold Improvements ****	0	0	0	0
Other:	0	0	0	0
Other:	0	0	0	0
DEBT REPAYMENT				
Accounts Payable	0	0	0	0
Notes Payable	0	0	0	0
Other:	0	0	0	0
WORKING CAPITAL				
Inventory	0	22,000	0	22,000
Closing Costs	0	2,500	0	2,500
Operating Cash (2)	7,000	21,535	0	28,535
TOTALS	7,000	50,000	0	57,000

Notes:

* The business is not purchasing a vehicle, the owner will supply a personal vehicle when required (related transportation expenses included in all forecast).

** Furniture and fixtures are as follows: counters and shelving.

*** Machinery and equipment are as follows: coolers, a freezer, and an alarm system.

**** Do not anticipate any leasehold improvements as necessary to the operations.

Prepared by: Howard L. Smith

Date Prepared: April 2002

ASSUMPTIONS UTILIZED IN CASH FLOW FORECAST

1. SALES: For forecasting purposes, we used the actual reported Ft. Myers Oriental Market's first year's annual gross sales, adjusted for our lower markup and better competitive position. We increased our forecasted second and third year's gross sales with the actual increase experienced by the Ft. Myers market during the same period.

First Year of Operation:	Average of 16,000 per month
Second Year of Operation:	15% increase over first year
Third Year of Operation:	25% increase over second year

Market research found that the average markup in the St. Petersburg area Oriental stores was 49%. *Our prices for this forecast were kept at a markup of 45% in all three years of operation.*

2. PURCHASES: We used the *actual* Ft. Myers startup inventory cost of \$22,000. (Local Oriental food distributors validated this figure as being a reasonable.)
3. GROSS WAGES:

First Year of Operation:	\$5.75/hour
Second Year of Operation:	\$6.50/hour, a 13% increase
Third Year of Operation:	\$7.25/hour, a 11% increase
4. PAYROLL TAXES: Y2000 Federal Social Security, Medicare and Unemployment tax rates used.
5. ACCOUNTING & LEGAL: Assumes that pre-paid legal service will be retained and that accounting functions will be performed through QuickBooks with local accounting and payroll service in support.
6. RENT: For this forecast, the storefront in a Safety Harbor strip mall was selected because of location and price. 1,344 square feet is available at \$9.85/sq. ft. Rental agent reports that there will be a 3% increase in the second and third year.
7. UTILITIES: All utility expenses were estimates provided by the utility company's sales reps based on a 1,344 sq. ft. grocery, operating 7 days and 80 hours per week.
8. INSURANCE: Insurance quote made by CES Insurance based on estimated sales and lease requirements.
9. LOAN & INTEREST: Local bank provided data on a \$50,000 SBA loan; terms were 84 months at 7.5%.
10. DEMOGRAPHICS: Source of Oriental population in Safety Harbor area, Y2000 U.S. Census, Zip Code 33759.
11. ESCROWS: Accounts for expenditures of security deposits required of landlord and various utility companies.

PERSONAL RESUME OF MICHAEL CHANG

- **Personal**

Michael was born in California; his mother was a laboratory technician and father a United States Postmaster of two Monterey County communities. The Changs are longtime residents of California having come west with the gold-rush and gaining United States citizenship in the early 1900s. Michael is sports oriented and lettered in both high school varsity football and baseball; he also served in various student body leadership positions. His high school achievements and high SAT scores resulted in a four year National Merit Scholarship to the University of Southern California (USC) where he majored in Business and Industrial Management.

Michael graduated from USC with a Bachelor of Science Degree, earning several academic and athletic awards. During his four-year college education, Michael lettered in football and was student body vice president in his senior year.

- **Military**

Michael participated in the Army Reserve Officer's Training Corps all four college years, earning a second lieutenant's commission in the Adjutant General's Corps. Entering military service soon after the Korean War, Michael was offered a six month-tour of active duty provided he accept eight years of reserve duty. Michael served his six months and upon discharge from active duty joined the California Army National Guard. He held progressively responsible positions on the staff of the Adjutant General of the California Guard and was honorably discharged as a major. While in the reserve, Michael participated in many military training programs that have good civilian business applications.

- **Employment**

Michael started his career as a management trainee with a leading California sugar refiner. During his 25 year "hitch" with this same employer, he served as a district cost accountant and personnel manager of two refineries – one unionized and the other non-union. Later Michael was promoted to director of industrial relations for the west coast division, supervising labor and employee relations in five manufacturing plants located in California and Arizona. In his twelfth year with the corporation, he was transferred to the east coast division's headquarters in New York City and promoted to the position of director of compensation and benefits. Still later, Michael was transferred to corporate headquarters and promoted to director of employee services and again to assistant vice president and corporate director of human resources. He retired with twenty five years of outstanding service.

Upon retirement, Michael and four former sugar executives purchased a 200-man light manufacturing company in Virginia. He was a minority stockholder, member of the board of directors and corporate secretary, responsible for security, buildings and grounds, human resources, insurance, quality assurance and logistics/documentation. Michael sold his stock to his partners five years later and retired for the second and last time.