

Preliminary Sources and Uses

SOURCES		USES	
	\$		\$
	%		%
Senior Secured Debt	131,000	Leasehold Improvements	480,000
	8%		29%
		Equipment	288,000
			17%
Vendor/Landlord Support	108,000	Inventory	128,000
	6%		8%
Subordinated Debt	200,000	Start-Up Staffing	135,979
	12%		8%
Total Debt	439,000	Other Start Up Costs	212,109
	26%		13%
Member Preferred Stock	1,025,000	Working Capital Allowance	202,912
	62%		12%
Membership Equity	200,000	Cost Overrun Contingency	217,000
	12%		13%
Total Equity	1,225,000		
	74%		
Total Sources	1,664,000	Total Uses	1,664,000
	100%		100%



Preliminary Summary Financial Projections

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total/Retail SqFt	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Sales	1,286,400	1,543,680	1,728,922	1,867,235	1,960,597	2,058,627	2,161,556	2,269,636	2,383,118	2,502,274
Sales per Retail SqFt	402	482	540	584	612	642	672	702	742	782
Sales Growth		20.0%	12.0%	8.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross Profit	437,376	548,006	648,346	700,213	735,224	771,985	810,584	862,462	905,585	950,864
Gross Margin	34.0%	35.5%	37.5%	37.5%	37.5%	37.5%	37.5%	38.0%	38.0%	38.0%
Operating Income	(369,298)	(113,341)	(51,768)	(46,152)	(46,234)	(46,517)	(47,557)	19,675	21,184	23,009
Operating Margin	-28.7%	-7.3%	-3.0%	-2.5%	-2.4%	-2.3%	-2.2%	0.9%	0.9%	0.9%
Interest Expense	16,859	16,374	15,282	14,128	12,908	11,619	10,259	8,821	7,301	5,694
Net Income	(399,021)	(129,715)	(67,050)	(60,280)	(59,142)	(58,136)	(57,816)	10,854	13,883	17,315
Net Income Margin	-31.0%	-8.4%	-3.9%	-3.2%	-3.0%	-2.8%	-2.7%	0.5%	0.6%	0.7%
Operating Cash Flow*	-123,322	-11,425	52,243	60,669	65,158	69,494	74,073	90,282	95,981	101,997
OCF Margin	-9.6%	-0.7%	3.0%	3.2%	3.3%	3.4%	3.4%	4.0%	4.0%	4.1%
Cash	174,765	144,117	167,468	198,589	216,859	244,515	261,807	274,592	298,884	324,266
Total Debt	339,666	311,153	281,548	255,122	227,476	198,541	168,246	136,513	103,260	68,400
OCF/Total Debt Service	-5.8	-0.3	1.2	1.5	1.6	1.7	1.8	2.2	2.4	2.5

*OCF = Net Income + Interest Expense + Taxes + Depreciation/Amortization

Operating cash flow and debt service coverage positive by end of year three

