

Infin8 Skates Business Plan Teaser

Rasheeda Wallace



Mission Statement:

To provide New York city with an entertainment facility, especially for the growing Hispanic and African American community. It will offer a family and luxury atmosphere not available anywhere else. We are looking to create thousands of working entrepreneurs through our employment program. We are promoting wealth through working to support your dreams. Infin8Skates plans to raise the bar in the roller rink and sports centers with ample amount of activities that aren't offered at any other Roller rink sports center. The mission is to make sure that we pass on a generational wealth mentality way of thinking to our staff/ employees.

Vision Statement

Providing fun and fitness for all ages in a truly world-class entertainment facility that becomes an iconic part of New York City's recreation and family experience. We plan to open up franchises worldwide to over 30 rink sports centers and expand the amenities every time. The vision that Rasheeda Wallace, owner of Infin8Skates has for the business is to bring the F- in Fun with a safe space for kids to adults to go and forget all their troubles in the world and relieve stress. "A safe fun environment is what we need to in every part of the country" Rasheeda says.

Our General Manager / Facility Manager (Alexis C.)

Manages the entire scope of a busy skating rink. She has represented RMSC in a professional manner and operates facility in their best interest.

Duties and Responsibilities

- Management of day-to-day operations that include, but are not limited to, programs, events, and physical facilities
- Execute policies and procedures professionally and accurately
- Effective recruitment, hiring, and processing of all facility employees
- Successfully use administrative and leadership skills to supervise employees
- Schedule staff with attention to payroll budget
- Responsible for ensuring all proper training modules are completed for all employees, including on site and online staff trainings
- Immediate and complete reporting of all liability issues
- Report daily revenue and generate daily, weekly, and monthly reports
- Ensure and promote excellent customer service
- Responsible for all cash/card handling including reconciling petty cash daily and daily bank deposits
- Knowledgeable of all the facility positions and the ability to work in that capacity as required
- Oversee rink installation and take-down processes
- Maintain a clean and safe facility
- Maintain a professional appearance and demeanor always
- Communicate professionally verbally and in writing
- Answer emails and return phone calls in a timely manner
- Maintain all office equipment, facility equipment, and materials

1.0 Executive Summary

Infin8 Skates Roller Rink, Inc. (“the Company”) is being founded to create an entertainment destination in the Harlem area of New York City, with a large sleek indoor skating rink and multiactivity 2 leveled family fun center serving the greater area of the Bronx 15 minutes away from Manhattan. It will be a safe, fun environment for children and adults alike to visit year-round to escape the cold or heat and retreat to a climate-controlled environment. Infin8Skates will be a full-service luxury roller rink sports center, featuring high-tech sound and lighting systems that appeal to all ages demographically while based in the South Bronx area surrounding next to Harlem, including Upper Manhattan. There will also be special arcade games, a VIP lounges, relaxation area, a high-tech elevated stage for performances special events, healthy food choice concessions, and a special juice bar, local art exhibits anchored on exposed brick walls, *indoor* theatre, a retail merchandise center, and private themed rooms for parties for adults and children.

Customers will also be drawn from throughout New York City area.

This new sports entertainment facility will be highly unique in this region and will provide a family-friendly environment with a luxury twist which we will actively be engaged in the local community and provides youth with alternative forms of entertainment as well as job opportunities. With just a one-mile radius of central Harlem, there is a population of more than 204,000 people, which will grow to nearly to 215,000 by 2024. Within three miles, the population is nearly 1.27 million and is projected to grow to 1.30 million by 2024. Customers will also be drawn from throughout New York City area. Young single people, young families, and professionals are all flocking here. New York City is also the largest tourism destination in the U.S., attracting nearly 60 million visitors each year. While new hotels and luxury hi-rise apartment buildings are being developed in the Bronx and in the Greater Harlem areas, we plan on partnering with the Greater Harlem chamber of commerce and the new and existing hotels along with the luxury apartment buildings and colleges such as Columbia university and City College.

To launch the facility, Infin8 Skates is currently seeking funding.

Infin8Skates Roller Rink will market to this entire population. The company will advertise in local media outlets as well as using online advertisements, SEO for its website, direct mail, radio ads, flyers, and community networking. Infin8Skates will put together a comprehensive marketing and sales program to various groups and offering regular special theme nights, group nights, major-name entertainment, and more, tapping into a large and growing market.

Nationwide, the family fun center industry generated \$14.5 billion in 2018, according to market analyst IBISWorld, and the market is expanding as consumer income and spending rises, and more people discover the fun and cost-effective entertainment these facilities provide. “In the next five years,” states IBISWorld, “the industry will continue to expand as industry operators specialize their product portfolio

to attract particular demographics and disposable income rises.” Family fun center revenue is projected to exceed \$16 billion by 2024.

Infin8Skates’ founder, Rasheeda Wallace, is a marketing and public relations professional, working in the New York City area for several years. She has seen a major gap in the market for positive, active entertainment. This new venture will help meet that need and be an extension of Ms. Wallace’s experience and skills in marketing and business development. Along with an experienced manager, she will also ensure that Infin8Skates is profitable and a good corporate citizen, employing several local residents and creating a fun, positive community atmosphere that can grow alongside the region, eventually expanding to new locations.

To launch the facility, Infin8 Skates is currently seeking funding. An investment of \$550,000 and a loan of \$4.95 million is sought for real estate, construction, consulting and startup expenses.

1.1 Objectives

- Open the largest roller rink & sports center in the region
- Provide Upper Manhattan and the South Bronx a friendly and positive indoor activity center
- Have broad marketing and open arms to all communities
- Ensure a first-class experience and service
- Offer unparalleled amenities
- Present a semi-luxury cool and relaxed feel and social setting that young people and sophisticated older consumers alike will enjoy
- Obtain strategic brand partnerships and sponsorships
- Become the go-to spot for indoor activities, fun and entertainment for the surrounding boroughs in NYC
- Create special events and promotions that draw a regional population
- Grow beyond the initial location

1.2 Keys to Success

- Secure funding sufficient to build out the site, obtain assets, and prepare for business
- Establish a business partnership with other youth- and family-oriented organizations especially around the Upper Manhattan and the South Bronx area
- Hold grand opening and promoting skating as a positive, healthy activity:
- Provide all guests a superior customer experience
- Leverage the skills, experience and regional contacts of the founder and staff
- Grow awareness locally with strong marketing initiatives and partnerships with local government offices, hotels, schools, churches, and sports leagues, etc.

- Continue to cater to early customers while offering new reasons the local population and out-of-town visitors to patronize the facility
- Reinvest profits in making Infin8Skates a viable, long-term business while also seeking expansion opportunities

1.3 Investor Return & Financial Overview

The Investor Return section details the investor(s) initial investment, investment multiple, investment fifth year value, investor(s) share of the Company, the value of the Company in the fifth year, and internal rate of return for 3 different cases.

| Investor Return | | | | | |
|---------------------------|---------------------------|-------------------|------------------------|--------------------|---------------|
| | Investment | Years Invested | Investment Multiple | 5th Year Value | Company Share |
| Initial | \$550,000 | 5 | 3.0 | \$1,650,000 | 17.5% |
| Total | \$550,000 | | 3.0 | \$1,650,000 | 17.5% |
| 5th Year Company Earnings | | | | | |
| | 5th Year Company Earnings | 5th Year Multiple | 5th Year Company Value | | |
| Company | \$2,356,976 | 4.0 | \$9,427,906 | | |
| Company IRR | | | | | |
| Normal Case | 100.0% | | | | |
| Best Case | 164.4% | | | | |
| Worst Case | 37.6% | | | | |

| Financial Overview | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Gross Revenue | \$2,216,867 | \$3,398,973 | \$3,937,822 | \$4,343,769 | \$5,020,750 |
| Gross Profit | \$2,111,867 | \$3,246,020 | \$3,760,620 | \$4,148,300 | \$4,794,816 |
| Operating Profit | \$563,372 | \$1,433,839 | \$1,623,968 | \$2,111,159 | \$2,646,633 |
| Earnings Before Interest & Taxes | \$531,374 | \$1,401,841 | \$1,791,970 | \$2,079,161 | \$2,614,635 |
| Earnings | \$237,969 | \$1,116,587 | \$1,515,370 | \$1,811,749 | \$2,396,976 |
| Gross Profit Percentage | 95.3% | 95.5% | 95.5% | 95.5% | 95.5% |
| Operating Profit Percentage | 25.4% | 42.2% | 46.3% | 48.6% | 52.7% |
| EBIT Percentage | 24.0% | 41.2% | 45.5% | 47.9% | 52.1% |
| Earnings Percentage | 10.7% | 32.9% | 38.5% | 41.7% | 46.9% |
| Net Cash Flow | \$137,812 | \$1,008,279 | \$1,368,406 | \$1,695,569 | \$2,221,073 |
| Cash Balance | \$446,472 | \$1,454,751 | \$2,853,159 | \$4,538,758 | \$6,759,831 |

1 -

2.0 Company Summary

Infin8Skates Roller Rink will be a New York S-Corporation, operating an indoor skate and sports entertainment facility that will be open 7 days a week. Proposed hours of business are: Monday, Tuesday, Wednesday, and Thursday 1:00 P.M. through 1:00 A.M.; Friday and Saturday 12:00 P.M. through 2:00 A.M.; Sunday 12:00 P.M. through 12:00 A.M.

2.1 Company Ownership

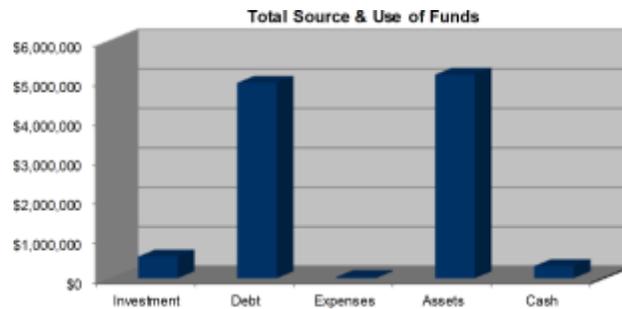
Infin8Skates Roller Rink, Inc. will be owned by Rasheeda Wallace and investors.

2.2 Pre-Operating Source and Use of Funds

| Pre-Operating Use of Funds | |
|-----------------------------------|--------------------|
| Expenses | |
| Utilities & Telephone | \$1,500 |
| Legal, Professional & Consulting | \$2,000 |
| Security System & Improvements | \$7,000 |
| Initial Entertainment | \$10,000 |
| Opening Advertisement & Promotion | \$7,000 |
| Miscellaneous | \$3,850 |
| Total Expenses | \$31,350 |
| Assets | |
| Inventory | \$0 |
| Property | \$5,000,000 |
| Equipment | \$125,000 |
| Massage Chairs | \$34,990 |
| Total Assets | \$5,159,990 |
| Total Use of Funds | \$5,191,340 |

| Pre-Operating Source of Funds | |
|--------------------------------------|--------------------|
| Investment | |
| Owner | \$0 |
| Investor | \$550,000 |
| Total Investment | \$550,000 |
| Debt | |
| Current Debt | \$0 |
| Long-Term Debt | \$4,950,000 |
| Total Debt | \$4,950,000 |
| Total Source of Funds | \$5,500,000 |

| Total Source & Use of Funds | |
|--|------------------|
| Total Source of Funds | \$5,500,000 |
| Total Use of Funds | \$5,191,340 |
| Month 1 Starting Cash | \$308,660 |



3.0 Market Needs and Value Proposition

Indoor sports and family fun centers are necessary components of every community, as well as tourist areas. They provide a secure, controlled environment in which to engage in positive activities. They are also a way for entire families to remain active, especially for the younger generation, getting them off the couch and engaged in productive and skill-building activities. This sports center will also cater to singles nightly and arcade gamer enthusiasts. Year-round indoor venues are particularly needed in regions like the New York City area, where hot summers and cold winters limit the window for outdoor fun. In addition, physical and brain-building games and activities help improve not only fitness but create a positive mindset.



Infin8Skates Roller Rink Sports Center's new indoor activities will be a multipurpose entertainment concept that will meet the growing demand for hi-tech recreation and entertainment. It will address this demand by providing the Upper Manhattan/ Harlem/South Bronx area of New York City with affordable, accessible fun for people of all ages and diverse backgrounds. The unique indoor facility will be a great option for skating fun. There will also be other games and recreation in a safe environment that can draw from throughout the area and become a marquee venue.

3.1 Products and Services

Infin8Skates Roller Rink will be a one-of-a-kind entertainment experience, on par with the best recreation, sports, and family-friendly destinations that people from throughout the region and even tourists will seek out. The facility will meet the demand for indoor recreation and entertainment as well as climate-controlled play and meeting space. It will appeal to all ages and demographics, making it very attractive to families with young kids, young adults, professionals, and large groups alike. There is nothing like this anywhere in the area, and the Company expects to draw customers from a wide radius of its location in a prime setting with easy access to the entire metro.

The new facility will be a fun and immersive space. Infin8Skates will be a full-service luxury roller rink and sports center combined with high-tech sound and lighting systems. Infin8Skates will promote an atmosphere that will remind many people of their childhood memories, mixed with a futuristic feel. This is a relatively new concept for a Roller Rink, and the Company will also offer several service components initially and as the facility grows, to generate continual year-round revenue, beginning with many programs for kids and ample rental space for private events such as birthday parties, school functions, church outings, or any other events. Activities, features, and revenue line items include:

- Largest roller rink in the area
 - First hi-tech luxury roller skating facility
 - Private Screenings
 - Skate-A-Robics classes
 - Recording artists listening sessions



- Best sound and lighting system in the area
- Outstanding central location with long hours
- Arcade hi-tech competition games
- Corporate events
- Community events
- Regular special events such as high-profile entertainment performances
- Security personnel for patrons' safety
- Retail area for selling skating accessories, apparel etc. More Amenities revealed upon first investment installment**

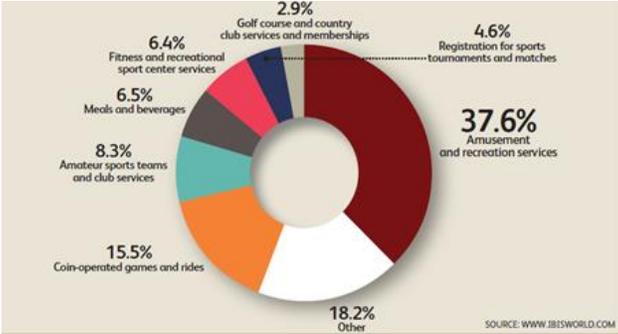
Infin8Skates will retain the services of industry-experienced vendors to design and install the skating rink and other features. There will be long regular hours 7 days a week (including until midnight Monday to Thursday and until 3 a.m. Friday and Saturday), and the facility will have many events and incentives to draw year-round traffic. There will be discounts offered for off-peak times, seasonal theme parties, and the facility will also host live performances, cultural events and fundraisers. The Company will be offering multiple kids' party packages as well, as the VIP rooms will be able to host several parties a day.

Additional features will include pool tables, new and retro video games, an elevated performance stage, DJ booth, and massage chairs with foot massagers. Infin8Skates will host different top-rated promoters from New York, collaborate with them for weekend promotions. Infin8Skates will also offer exclusive merchandise from hand painting artists from around New York.

These services and features will be offered in phases, based on budget and expected return on investment. However, the intention is to create a well-known attraction, continually adding products and services, and eventually expanding the concept to new locations. The future holds the promise for almost unlimited growth potential as the business matures and considers other markets and products. This can include additional video games, skate lessons, special skate classes such as Rollerobics, and instructional classes and an ever-growing slate of entertainers performing at the venue, based on feedback and customer surveys that keep Infin8Skates relevant to the target market. We will partner with professional skate groups/organizations to have skate events and tournaments monthly and/or quarterly.

4.0 Market Analysis

The market for family fun centers on a national level generated \$14.5 billion in 2018 and has grown at 5.1% annually since 2013. Industry growth has resulted because of the diverse, family friendly and affordable nature of the facilities. Market research firm IBISWorld states that the market “has experienced robust growth as more consumers have returned to work, resulting in rising levels of disposable income and consumer confidence. The result has been more consumers willing to spend a greater amount on leisure activities.” The market is projected to continue growing: “Operators are anticipated to continue specializing their product portfolios over the five years to 2024 to attract particular demographics,” states IBISWorld. “As a result, the industry is forecast to continue expanding over the next five years,” when revenue will reach an estimated \$16 billion. As shown below, “amusement and recreation services” account for the vast majority of revenue.[1]



| | Revenue (\$m) | Value Added (\$m) | Establishments | Enterprises | Employment (People) |
|------|---------------|-------------------|----------------|-------------|---------------------|
| 2010 | 9,005.2 | 3,743.9 | 45,346 | 44,893 | 123,362 |
| 2011 | 9,486.8 | 3,903.6 | 46,406 | 45,920 | 124,660 |
| 2012 | 10,082.1 | 4,439.8 | 49,910 | 49,258 | 134,918 |
| 2013 | 10,573.2 | 4,732.8 | 50,053 | 49,402 | 141,885 |
| 2014 | 11,327.0 | 4,959.6 | 51,863 | 51,236 | 150,018 |
| 2015 | 12,592.0 | 5,609.2 | 53,785 | 53,119 | 164,401 |
| 2016 | 13,309.7 | 6,257.1 | 55,742 | 55,012 | 176,530 |
| 2017 | 13,691.9 | 6,238.1 | 58,070 | 57,256 | 188,337 |
| 2018 | 14,207.8 | 6,532.4 | 60,020 | 59,189 | 196,217 |
| 2019 | 14,542.5 | 6,632.3 | 61,941 | 61,113 | 202,880 |
| 2020 | 14,869.6 | 6,838.1 | 63,665 | 62,836 | 209,190 |
| 2021 | 15,056.7 | 6,960.6 | 65,321 | 64,527 | 214,253 |
| 2022 | 15,369.6 | 7,094.9 | 67,178 | 66,394 | 220,393 |
| 2023 | 15,714.7 | 7,291.7 | 69,083 | 68,303 | 226,504 |
| 2024 | 16,001.7 | 7,490.8 | 70,878 | 70,116 | 231,810 |

Revenues at indoor sports facilities are also growing, and reached \$1.4 billion in 2018, with 7.2% annual growth since 2013. “Demand for indoor sports facilities has grown as consumers increasingly perceived

industry team sports services as a necessary health and social expense,” states IBISWorld. “Higher sports participation rates and growing public awareness of the link between physical activity and health combined with improving consumer conditions will bolster demand for services.”[2] The market for arcade, food and entertainment complexes is another \$2.1 billion market. IBISWorld notes that industry operators have begun to “adopt the strategies of successful restaurant-arcades and focus on food and beverage sales” to boost revenue.[3]

4.1 Market Segmentation

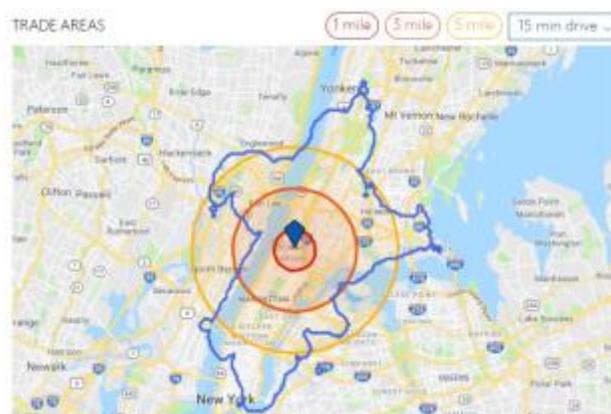
Infin8Skates will cater to these markets under one roof, with a one-of-a-kind venue in Harlem and the adjacent region. Customers will include a wide range of demographics, from families in the local area with kids, typically ages 5 to 18, as well as adults to age ~55. From grade school to young adults to adult gamers, community skate clubs, and other groups, there will be activities for people of all ages and interests. The Roller Skating Association (RSA) estimates that over 33 million people skate at skating centers each month. They have compiled the following statistics:

- 10% are children ages 10-15
- 20% are teen ages 16 to 23
- 70% are adults 23 & Up
- Over 55,000 birthday parties are held at skating centers each month
- 61% of all roller skaters are female
- 87% of all skating center are family-owned

As noted, it will be the only such facility within a several-mile radius, making indoor entertainment and year-round activities more accessible and enjoyable, and it can host many other activities, including parties and group events, which sets it apart in the area and can also draw from the nearby hotels, other tourism facilities and corporate customers.

4.2 Demographics and Economic Summary

Infin8Skates’ customers will typically be middle to upper income. The RSA estimates that 1.5% of the population within a five-mile radius will use a roller rink on a weekly basis. As shown below, there is a population of more than 2.6 million within a five-mile radius of Harlem.[5]



| | 1 MILE | 3 MILE | 5 MILE |
|---------------------------------|----------|-----------|-----------|
| Total Population | 204,373 | 1,267,511 | 2,685,964 |
| 2010 Population | 188,913 | 1,212,239 | 2,508,504 |
| 2024 Population | 208,598 | 1,289,567 | 2,746,102 |
| Employees | 58,855 | 348,317 | 1,459,614 |
| Total Businesses | 5,159 | 35,861 | 112,677 |
| Average Household Income | \$58,435 | \$75,034 | \$86,589 |
| Median Household Income | \$36,574 | \$44,091 | \$54,602 |
| Total Consumer Spending | \$1.4B | \$9.8B | \$23.7B |
| Median Age | 34.6 | 34.9 | 36.1 |
| Households | 82,287 | 486,714 | 1,078,943 |
| Percent College Degree or Above | 16% | 17% | 20% |

Applying the 1.5% rule of thumb, this would include over 40,200 people each month, though Infin8 Skates is using more conservative estimates in financial projections. That being said, the Company's Bronx location places within a short distance from the entire New York tri-state region. This includes multiple large markets for construction. Throughout the New York tri-state area, there is a population of more than 20 million. According to real estate analyst Marcus & Millichap, the New York city area has as "dynamic economy generating robust demand" for all products and services. "Announcements by tech giants set stage for next phase of growth in New York City," states the 2019 retail report from Marcus & Millichap. "Following the recent announcements by Google and Amazon to undertake vast expansions of their office footprint and workforce, the New York City metro has set the stage for robust growth stemming from the tech sector." The New York City region will an estimated 55,000 new jobs in 2019.[6] Harlem in particular is growing and is a great place be starting any kind of new business:

- The local economy is booming and virtually busting at the seams.
- This market is growing at an annual rate of 5% and will continue this rate.
- Many experts predict Harlem to become the second-fastest-growing city in the state between now and the year 2028.
- Harlem has become a magnet for restaurants and lounges. More than 70 restaurants are based in here. The largest has over 200 employees (especially women).
- The world-renowned W hotel will be on the Harlem's main commercial street, 125th St., next door to the legendary Apollo Theatre, attracting more tourists.
- The W will be setting record new-hire levels, hiring over 200 people.
- This will attract more new and recurring visitors/members for the roller rink.
- South Bronx is only 20 minutes away and is another good market for businesses.

[5] Loopnet. "Commercial Real Estate in 10027." <https://www.loopnet.com/zip/10027-commercial-real-estate/>

[6] Marcus & Millichap. "New York City Local Retail Market, Second Quarter 2019." <https://www.marcusmillichap.com/research/researchreports/reports/2019/05/13/new-york-city-local-retail-report>

4.3 Competitive Landscape

There are very few existing roller rinks cater to the local population, and none in Harlem or the South Bronx. The few rinks that exist are in outlying areas, not convenient to the local population. They also tend to be dark and dingy. Owners pay little attention to cleanliness, maintenance of premises, and security for their patrons. Infin8Skates Roller Rink and its ownership will embrace the inner-city community and try to become a focal point for them. Infin8Skates will promote the Millennial culture whenever possible, will implement a plan for young teens and college kids to work at other rinks all summer and also on weekends to keep them busy and off the streets. This will also help college kids pay their tuition and ease the burden on single parents raising teens. Furthermore, Infin8Skates will have modern lighting and sound systems, along with party rooms. The facility will also host local artists and will have high-profile events and performances.

4.4 Industry Summary

The Company will operate in this distinct industry: Fitness and Recreational Sports Centers (NAICS 71394).[7]

Fitness and Recreational Sports Centers

This industry comprises establishments primarily engaged in operating fitness and recreational sports facilities featuring exercise and other active physical fitness conditioning or recreational sports activities, such as swimming, skating, or racquet sports.

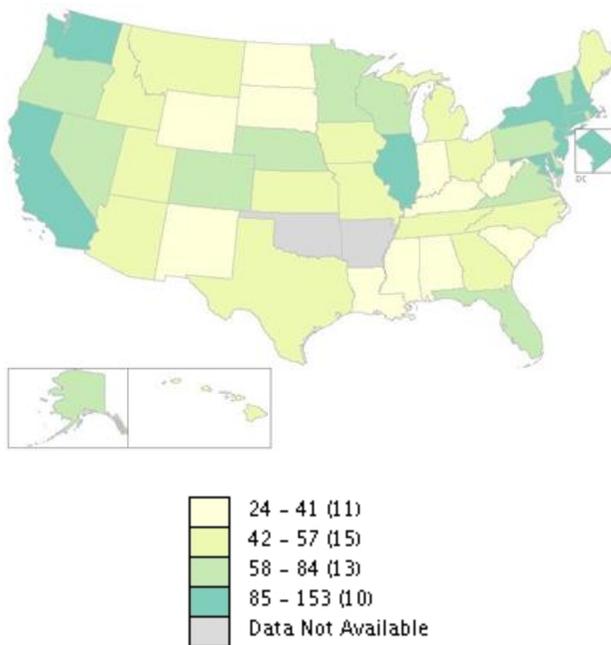
| USA Fitness and Recreational Sports Centers | | | |
|---|------------------|--------------------------------------|----------------|
| Establishments | Total Sales | Annual Payroll | Paid Employees |
| 29,789 | \$24,050,883,000 | \$7,930,805,000 | 610,177 |
| <u>Sales per Establishment</u> | | <u>Payroll per Establishment</u> | |
| \$807,375 | | \$266,233 | |
| <u>Employees per Establishment</u> | | <u>Payroll as a Percent of Sales</u> | |
| 20.5 | | 33.0% | |
| <u>Annual Payroll per Employee</u> | | <u>Sales Per Employee</u> | |
| \$12,998 | | \$39,416 | |

| New York State Fitness and Recreational Sports Centers | | | |
|--|-----------------|--------------------------------------|----------------|
| Establishments | Total Sales | Annual Payroll | Paid Employees |
| 2,144 | \$2,619,881,000 | \$830,668,000 | 52,132 |
| <u>Sales per Establishment</u> | | <u>Payroll per Establishment</u> | |
| \$1,221,959 | | \$367,438 | |
| <u>Employees per Establishment</u> | | <u>Payroll as a Percent of Sales</u> | |
| 24.3 | | 31.7% | |
| <u>Annual Payroll per Employee</u> | | <u>Sales Per Employee</u> | |
| \$15,934 | | \$50,255 | |

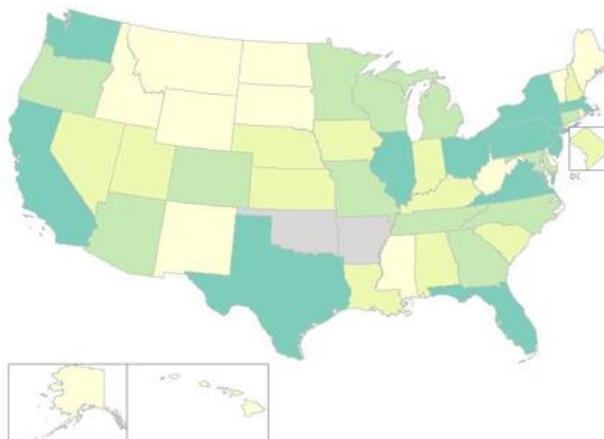
| New York City Fitness and Recreational Sports Centers | | | |
|---|--------------------|--------------------------------------|-----------------------|
| <u>Establishments</u> | <u>Total Sales</u> | <u>Annual Payroll</u> | <u>Paid Employees</u> |
| 785 | \$1,495,480,000 | \$457,706,000 | 22,865 |
| <u>Sales per Establishment</u> | | <u>Payroll per Establishment</u> | |
| \$1,905,070 | | \$583,065 | |
| <u>Employees per Establishment</u> | | <u>Payroll as a Percent of Sales</u> | |
| 29.1 | | 30.6% | |
| <u>Annual Payroll per Employee</u> | | <u>Sales Per Employee</u> | |
| \$20,018 | | \$65,405 | |

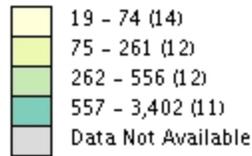
The following maps show pertinent information on trends and revenue history for the industry based on geographic location. The charts illustrate which areas of the country spend more per capita and in total within the industry.[8]

The map below shows sales per capital.



The map below shows sales per employee.



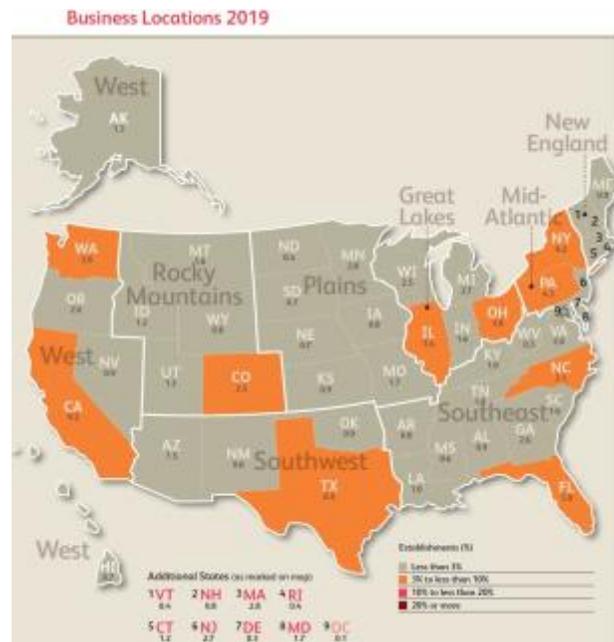


[7] U.S. Census Bureau. "2017 NAICS." <https://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2017>

[8] Census.gov

4.5 Industry Analysis

The Family Fun Centers industry is highly fragmented. In general, industry establishments follow the dispersion of the US population. The more highly populated regions typically attract a greater number of establishments because the travel time to amusement and recreational centers is reduced. However, this is not the case for specialist activities, such as fishing, hiking and whitewater rafting. Such amusement and recreational activities are typically based in regions where location and environmental factors are more suitable for those specific activities (e.g., the Great Lakes region and the states of Washington, Colorado and Alaska). As a result, the popularity of certain activities can be geographically determined.[9]



Other barriers to entry include restrictive zoning laws, lengthy permit processes and a shortage of appropriate real estate. However, leasing operations provide a relatively lower-cost alternative for entry. The high cost of developing consumer awareness can also be a barrier to entry. Most existing players have already established their brands and reputation, so new entrants often have to invest more in marketing expenses to persuade consumers to shift away from existing players with brand recognition. The largest entry costs arise in renting and upgrading a space; this is in addition to the initial feasibility study costs when considering entry.

Barriers to Entry checklist

| | |
|-----------------------|--------|
| Competition | Medium |
| Concentration | Low |
| Life Cycle Stage | Growth |
| Capital Intensity | Medium |
| Technology Change | Medium |
| Regulation and Policy | Light |
| Industry Assistance | Low |

Another barrier to entry is a potential shortage of seasonal workers. When full-time employment levels are down, operators generally experience an inflow of workers willing to be either part-time or seasonal; however, a strengthening economy causes workers to either demand higher wages and full-time positions or leave the industry for an opportunity that will provide these needs. The implementation of new laws could also heighten barriers to entry. For example, mandates requiring employers to provide health insurance could potentially prevent new operators from entering the industry. Although tax credits for businesses that are smaller than 25 employees are provided, potential entrants may experience uncertainty with how these legal provisions will particularly affect their business and choose not to enter.

Capital Intensity

The Family Fun Centers industry experiences a moderate level of capital intensity. The industry is labor-intensive in most areas, including administration, ticket selling, food and beverage sales and the operation and maintenance of games and equipment. Despite this, operators rely on machinery to generate revenue, so a significant amount is spent on capital goods. Capital requirements include sporting goods and equipment needed to furnish the establishment. Other general amusement equipment includes games and racetrack asphalt; merchandise for resale; and other miscellaneous items, such as tickets, prizes and operating materials.

In 2019, for every dollar spent on wages, industry operators are expected to incur \$0.22 in capital expenditures. This represents an increase from 2014, when the average industry operator allocated \$0.19 to capital expenditures for every dollar spent on wages. To maintain a competitive edge in a highly fragmented market, many industry operators have incurred capital expenses from updating their equipment. For example, some operators incur capital expenses such as modernizing their facilities as well as expanding their gaming business segment.

[9] IBISWorld. "Family Fun Centers in the U.S." Feb. 2019. <http://www.ibisworld.com/industry/default.aspx?indid=1647>

[1] IBISWorld. "Family Fun Centers in the U.S." Feb. 2019.
<http://www.ibisworld.com/industry/default.aspx?indid=1647>

[2] IBISWorld. "Indoor Sports Facilities Management Market Report." Feb. 2018.
<http://www.ibisworld.com/industry/indoor-sports-facilities-management.html>

[3] IBISWorld "Arcade, Food & Entertainment Complexes." May 2018.
<http://www.ibisworld.com/industry/default.aspx?indid=1647>

5.0 Marketing Strategy/Implementation

Infin8Skates will be promoted with a well-targeted marketing program throughout the construction period and beyond. The Company will most aggressively market to the young professionals with families in the highly populated area around its facility that have young children, which presents an enormous opportunity to capture new customers that can be retained for several years. Infin8Skates will also market to a diverse demographic base, with promotions and packages including, but not limited to:

- Reserving certain hours for unique groups such as children, adults, senior citizens, etc.
- Conducting special theme nights such as buddy skate, cheap skate, family night, and adult night
Special events: Celebrity performance night, charity promotion night, game night, contest night
- Cultivating groups skates with local churches, schools and roller-skating competition clubs
- Promoting birthday parties
- Offering reduced price or one free training session when buying monthly unlimited pass
- Merchant discounts
- Holiday discounts
- Packages for:
 - Kids age 6 and under with parents are free
 - Discounts for larger groups over 8 people
 - Frequent skater discounts
 - Special party rates

Infin8Skates will open with a major launch party. The Company will send out an introductory press kit to all media and place announcements in key print and online publications. The Company will leverage personal contacts, as well as seek a new base of clientele through cultivating a broad base of community, church, school, and sports contacts.

Infin8Skates will strive to make the facility a destination of choice for group entertainment experiences for schools and organizations. The Company will emphasize the variety of activities offered, and that the facility is a great place for groups all year long to have fun, relax and interact with each other at a

reasonable price. Infin8Skates will also produce printed literature for key locations around the region, such as at schools, sports venues, corporate lobbies, hotels, tourist booths, and other places, including at various community events.

Awareness will also be driven by using traditional marketing channels such as direct mail, flyers, radio, online pay-per-click, and newspaper advertising, when feasible. These and other methods are further outlined below:

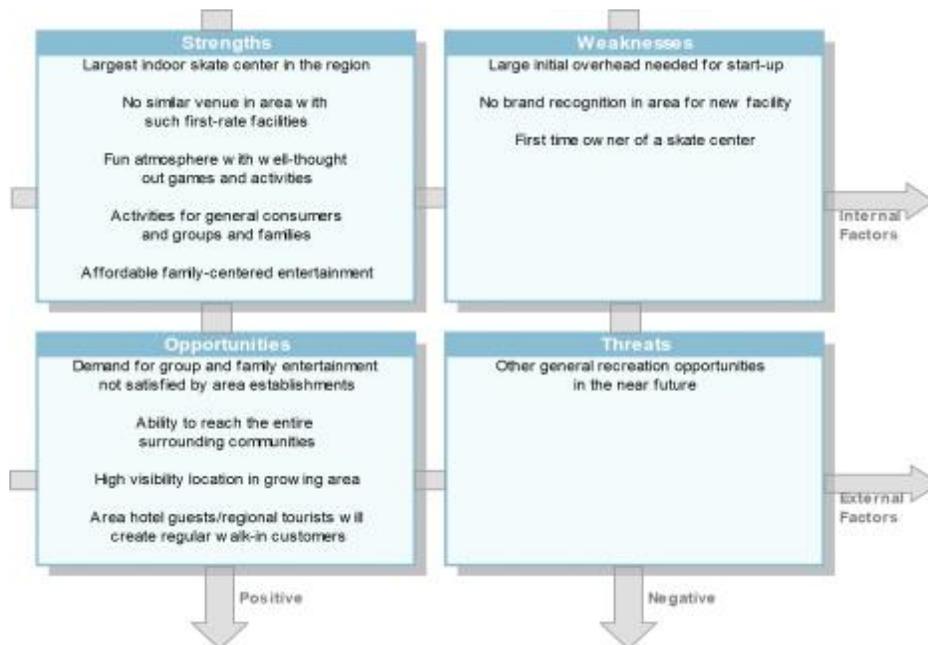
- **Outdoor marketing:** The signage on the building will be prominently placed for maximum visibility to both foot and vehicular traffic. The facility will also be visible from high-traffic roads, alerting passersby as to the facility's amenities. Billboards in the region, especially along major interstates, will be explored as well, as will placed-based media such as posters on buses and trains.
- **Internet Advertising:** Infin8Skates will allot portions of its marketing budget for strategic internet marketing, including search engine optimization (SEO). This tactic involves organically improving the quality and volume of traffic to its website through search engines.
- **Social media:** A social media presence will be created before the facility's launch. The Company will then communicate with potential and current customers via this online forum, while also monitoring ratings and review sites and blogs to assess the facility's brand recognition, as well as trends that need to be addressed. The Company will maintain Facebook and Twitter sites, and use services such as Instagram, Pinterest, FourSquare, and Groupon, etc. Yelp is another way for customers to find Infin8Skates.
- **E-mail:** Infin8Skates will have a continually growing contact list and will use it for targeting customers and their network of friends. An opted-in email list will be provided monthly newsletters with special offers and updates on new services or special events.
- **Publicity:** Press releases will be created and sent to a variety of media outlets, including local newspapers, TV stations, radio stations, and websites. This is a free way to potentially get publicity in the media, which often lends more credibility than paid advertisements. Publicity about the facility is then expected to create exposure on all media platforms.
- **Traditional marketing:** Infin8Skates will also potentially use the reach of traditional media in the area:
 - **Spot Cable** – If and when feasible, Infin8Skates will use the reach of cable providers in the NYC region, buying spots that air on the shows and time slots aimed at the exact market the Company is targeting but for a fraction of broadcast pricing.
 - **Local Radio** – Area radio stations that hit target customers including families, individuals, schools, churches, and other groups.
 - **Print Advertising** – This is a cost-effective way of placing ads that will reach consumers all across the target demo in greater New York City. This can include ads in various newspaper groups and in lifestyle publications and alternative media outlets.

5.1 Web Summary

Infin8Skates' website will outline its amenities, products and services. It will be launched before the facility opens to begin SEO activities and establish a base of early customers. The website will feature a calendar of monthly and weekly special events, encouraging return visitors to the website. Customers will be able to prepay and book membership and group skate times in advance, as well as sign the required waiver to further speed up the entry process. They will also be able to book party rooms for birthdays. The website will also sell gift certificates, apparel and accessories, and offer printable discount coupons, etc. It will also link to all social media.

5.2 SWOT Analysis

The following is a summary of the Company's strengths, weaknesses, opportunities, and threats.



6.0 Management Summary

Rasheeda Wallace

Rasheeda is a highly skilled, entrepreneurial-minded leader who is an accomplished professional with a track record of results driven success in her career. She brings with her exceptional business acumen, coupled with an in-depth knowledge and understanding of marketing and management. At Infin8 Skates, she will be responsible for sales, public relations, advertising, office management, personnel, operations, planning, purchasing, equipment, and outside labor. Rasheeda is currently a Brand Strategist and Public Relations consultant at Clear Storm Media Group Inc. She has over seven years' experience in Marketing and Public Relations. She will continue to maintain her job and its separate income for at least the first phase of operations.

To date, she has led the Company through the concept-development phases and is positioned to take the business through the implementation phase. She will continue to provide astute product-

development oversight, while attending to sales and day-to-day operations of Infin8Skates. She will also be responsible for overseeing staffing, vendor coordination, quality control, and more.

6.1 Management Gaps

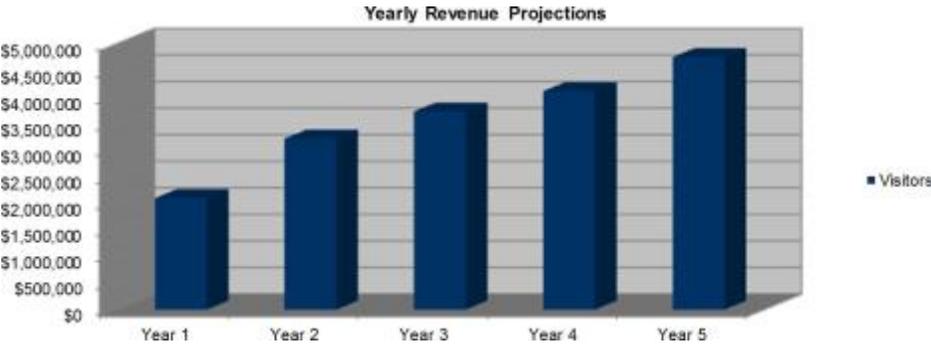
Rasheeda Wallace will supplement her skills by using outside consultants in areas such as legal work and advisory, income tax preparation, insurance, and general business advising. Infin8Skates will need to hire a general manager upon funding to ensure that all operations run smoothly.

7.0 Financial Summary

7.1 Revenue Forecast

The Revenue Forecast section details the revenue that the Company projects to receive. This section also details the direct costs. The following graphs illustrate the amount of revenue each line item contributes.

| Yearly Revenue | | | | | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Units | | | | | |
| Visitors | 46,667 | 71,557 | 82,902 | 91,448 | 105,700 |
| Unit Price | | | | | |
| Visitors | \$45.00 | \$45.00 | \$45.00 | \$45.00 | \$45.00 |
| Revenue | | | | | |
| Visitors | \$2,100,000 | \$3,220,080 | \$3,730,568 | \$4,115,150 | \$4,756,500 |
| Gross Revenue | \$2,216,667 | \$3,398,973 | \$3,937,822 | \$4,343,769 | \$5,020,750 |
| Unit Cost | | | | | |
| Visitors | \$2.25 | \$2.14 | \$2.14 | \$2.14 | \$2.14 |
| Direct Costs | | | | | |
| Visitors | \$105,000 | \$152,954 | \$177,202 | \$195,470 | \$225,934 |
| Direct Cost of Revenue | \$105,000 | \$152,954 | \$177,202 | \$195,470 | \$225,934 |





7.2 Personnel Forecast

The Personnel section breaks down the payroll expense line on the Income Statement. It provides total headcount, average salary per category and total pay per category.

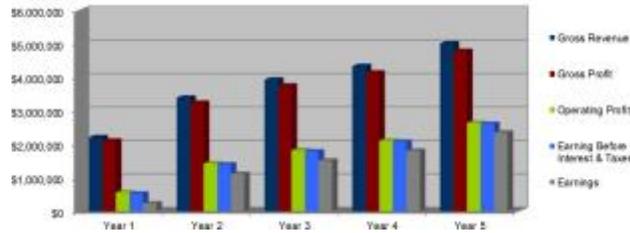
| Yearly Personnel | | | | | |
|-----------------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Headcount | | | | | |
| Officers | 1 | 1 | 1 | 1 | 1 |
| Managers | 2 | 2 | 2 | 2 | 2 |
| Assistant Managers | 4 | 5 | 5 | 5 | 5 |
| Office Staff | 4 | 5 | 5 | 5 | 5 |
| Roller Rink Attendants | 15 | 19 | 21 | 22 | 23 |
| HR Management | 1 | 1 | 1 | 1 | 1 |
| PR Assistant | 1 | 1 | 1 | 1 | 1 |
| Recreation Facility Manager | 1 | 1 | 1 | 1 | 1 |
| Events Coordinator | 1 | 1 | 1 | 1 | 1 |
| Restaurant Manager | 1 | 1 | 1 | 1 | 1 |
| Security | 1 | 1 | 1 | 1 | 1 |
| Total Headcount | 32 | 38 | 40 | 41 | 42 |
| Compensation | | | | | |
| Officers | \$75,000 | \$82,500 | \$90,750 | \$99,825 | \$109,808 |
| Managers | \$40,000 | \$42,000 | \$44,100 | \$46,305 | \$48,620 |
| Assistant Managers | \$36,000 | \$37,080 | \$38,192 | \$39,338 | \$40,518 |
| Office Staff | \$30,000 | \$30,900 | \$31,827 | \$32,782 | \$33,765 |
| Roller Rink Attendants | \$20,000 | \$20,200 | \$20,402 | \$20,606 | \$20,812 |
| HR Management | \$55,000 | \$57,750 | \$60,638 | \$63,669 | \$66,853 |
| PR Assistant | \$37,000 | \$38,110 | \$39,253 | \$40,431 | \$41,644 |
| Recreation Facility Manager | \$50,000 | \$52,500 | \$55,125 | \$57,881 | \$60,775 |
| Events Coordinator | \$42,000 | \$43,260 | \$44,558 | \$45,895 | \$47,271 |
| Restaurant Manager | \$48,690 | \$51,125 | \$53,681 | \$56,365 | \$59,183 |
| Security | \$30,000 | \$30,900 | \$31,827 | \$32,782 | \$33,765 |
| Payroll | | | | | |
| Officers | \$75,000 | \$82,500 | \$90,750 | \$99,825 | \$109,808 |
| Managers | \$80,000 | \$84,000 | \$88,200 | \$92,610 | \$97,241 |
| Assistant Managers | \$144,000 | \$185,400 | \$190,962 | \$196,691 | \$202,592 |
| Office Staff | \$120,000 | \$154,500 | \$159,135 | \$163,909 | \$168,826 |
| Roller Rink Attendants | \$300,000 | \$383,800 | \$428,442 | \$453,332 | \$478,678 |
| HR Management | \$55,000 | \$57,750 | \$60,638 | \$63,669 | \$66,853 |
| PR Assistant | \$37,000 | \$38,110 | \$39,253 | \$40,431 | \$41,644 |
| Recreation Facility Manager | \$50,000 | \$52,500 | \$55,125 | \$57,881 | \$60,775 |
| Events Coordinator | \$42,000 | \$43,260 | \$44,558 | \$45,895 | \$47,271 |
| Restaurant Manager | \$48,690 | \$51,125 | \$53,681 | \$56,365 | \$59,183 |
| Security | \$30,000 | \$30,900 | \$31,827 | \$32,782 | \$33,765 |
| Total Payroll | \$981,690 | \$1,163,845 | \$1,242,570 | \$1,303,390 | \$1,366,635 |

7.3 Income Statement

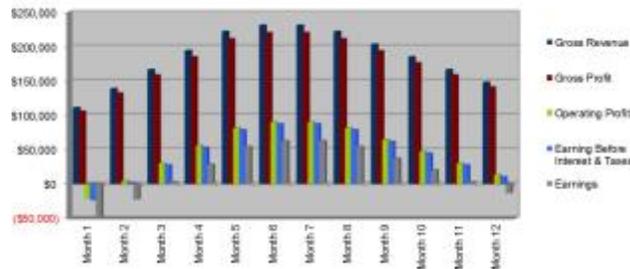
The Income Statement is also known as a Profit & Loss Statement. This table breaks down Revenue, Cost of Revenue, Operating Expenses, Depreciation, Interest, Taxes, and bottom line Earnings for the first five years.

| Yearly Income Statement | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Gross Revenue | \$2,216,867 | \$3,296,873 | \$3,937,822 | \$4,243,768 | \$5,020,780 |
| Direct Cost of Revenue | \$105,000 | \$152,954 | \$177,202 | \$195,470 | \$225,934 |
| Other Direct Costs | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Cost of Revenue | \$105,000 | \$152,954 | \$177,202 | \$195,470 | \$225,934 |
| Gross Profit | \$2,111,867 | \$3,246,020 | \$3,760,620 | \$4,148,300 | \$4,794,818 |
| Gross Profit Percentage | 95.3% | 95.5% | 95.5% | 95.5% | 95.5% |
| Operating Expenses | | | | | |
| Marketing & Advertising | \$100,000 | \$105,000 | \$110,250 | \$115,763 | \$121,551 |
| Merchant Fees | \$55,417 | \$84,974 | \$98,446 | \$108,594 | \$125,519 |
| Utilities | \$26,250 | \$27,563 | \$28,941 | \$30,398 | \$31,907 |
| Insurance | \$42,000 | \$44,100 | \$46,305 | \$48,620 | \$51,051 |
| Professional Fees | \$6,000 | \$6,300 | \$6,615 | \$6,946 | \$7,293 |
| Office Supplies | \$21,000 | \$22,050 | \$23,153 | \$24,310 | \$25,526 |
| Dues & Subscriptions | \$900 | \$945 | \$992 | \$1,042 | \$1,094 |
| Cleaning & Janitorial | \$5,400 | \$5,670 | \$5,954 | \$6,251 | \$6,564 |
| Web Hosting/Internet | \$300 | \$315 | \$331 | \$347 | \$365 |
| Repair & Maintenance | \$63,000 | \$66,150 | \$69,458 | \$72,930 | \$76,577 |
| Other | \$50,000 | \$52,500 | \$55,125 | \$57,881 | \$60,775 |
| Total Payroll | \$981,690 | \$1,183,845 | \$1,242,570 | \$1,303,390 | \$1,366,635 |
| Payroll Taxes | \$147,254 | \$174,577 | \$186,366 | \$195,508 | \$204,595 |
| Payroll Benefits | \$49,085 | \$58,192 | \$62,129 | \$65,160 | \$68,332 |
| Total Operating Expenses | \$1,548,296 | \$1,812,190 | \$1,936,462 | \$2,037,140 | \$2,149,182 |
| Operating Profit | \$563,572 | \$1,433,830 | \$1,823,968 | \$2,111,159 | \$2,646,633 |
| Operating Profit Percentage | 25.4% | 42.2% | 46.3% | 48.8% | 52.7% |
| Depreciation | \$31,998 | \$31,998 | \$31,998 | \$31,998 | \$31,998 |
| Earning Before Interest & Taxes | \$531,574 | \$1,401,841 | \$1,791,970 | \$2,079,161 | \$2,614,635 |
| EBIT Percentage | 24.0% | 41.2% | 45.5% | 47.9% | 52.1% |
| Interest Expense | \$293,405 | \$285,254 | \$278,600 | \$267,413 | \$257,659 |
| Taxes Accrued | \$0 | \$0 | \$0 | \$0 | \$0 |
| Earnings | \$237,969 | \$1,116,587 | \$1,513,370 | \$1,811,748 | \$2,356,976 |
| Earnings Percentage | 10.7% | 32.9% | 38.5% | 41.7% | 46.9% |

Yearly Income Statement



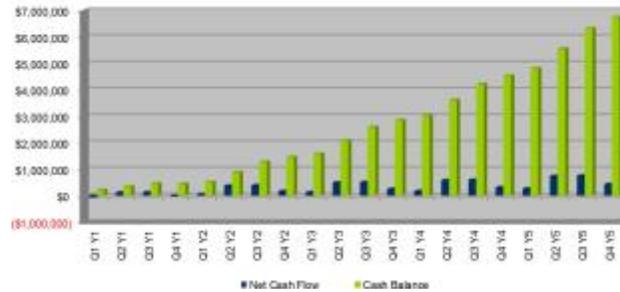
Year 1 Income Statement



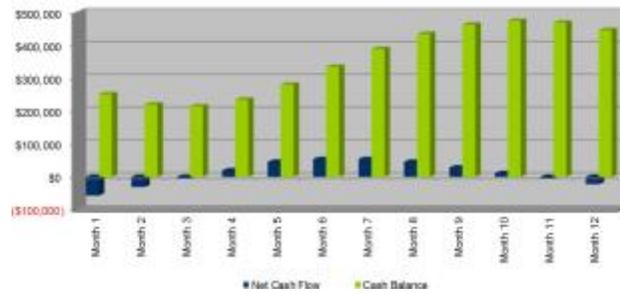
7.4 Statement of Cash Flow

| Yearly Statement of Cash Flow | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Operating Activities | | | | | |
| Cash Received | | | | | |
| Gross Revenue | \$2,216,667 | \$3,399,973 | \$3,937,822 | \$4,343,769 | \$5,020,790 |
| Total Cash Received | \$2,216,667 | \$3,399,973 | \$3,937,822 | \$4,343,769 | \$5,020,790 |
| Cash Used | | | | | |
| Cost of Revenue | \$105,000 | \$152,954 | \$177,292 | \$195,470 | \$225,934 |
| Payroll/Taxes/Benefits | \$1,178,028 | \$1,309,813 | \$1,491,084 | \$1,564,068 | \$1,639,962 |
| Other Operating Expenses | \$370,267 | \$415,567 | \$445,968 | \$473,072 | \$506,221 |
| Additional Inventory | \$0 | \$0 | \$0 | \$0 | \$0 |
| Interest Expense | \$293,405 | \$295,254 | \$278,600 | \$267,413 | \$257,689 |
| Taxes Accrued | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Cash Used | \$1,846,700 | \$2,260,388 | \$2,390,464 | \$2,650,823 | \$2,631,778 |
| Net Cash From/(Used By) Operating | \$369,967 | \$1,139,585 | \$1,547,358 | \$1,692,946 | \$2,389,012 |
| Investing Activities | | | | | |
| Cash Received | | | | | |
| Proceeds from Property/Land | \$0 | \$0 | \$0 | \$0 | \$0 |
| Proceeds from Equipment | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Cash Received | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cash Used | | | | | |
| Purchase of Property/Land | \$0 | \$0 | \$0 | \$0 | \$0 |
| Purchase of Equipment | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Cash Used | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Cash From/(Used By) Investing | \$0 | \$0 | \$0 | \$0 | \$0 |
| Financing Activities | | | | | |
| Cash Received | | | | | |
| Proceeds from Investors | \$0 | \$0 | \$0 | \$0 | \$0 |
| Proceeds from Long-Term Debt | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Cash Received | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cash Used | | | | | |
| Dividends Paid | \$0 | \$0 | \$0 | \$0 | \$0 |
| Repayment of Long-Term Debt | \$132,155 | \$140,308 | \$148,960 | \$158,147 | \$167,902 |
| Total Cash Used | \$132,155 | \$140,308 | \$148,960 | \$158,147 | \$167,902 |
| Net Cash From/(Used By) Financing | (\$132,155) | (\$140,308) | (\$148,960) | (\$158,147) | (\$167,902) |
| Net Cash Flow | \$137,812 | \$1,008,279 | \$1,398,406 | \$1,685,599 | \$2,221,073 |
| Cash Balance | \$446,472 | \$1,454,751 | \$2,853,150 | \$4,538,750 | \$6,759,823 |

Quarterly Statement of Cash Flow



Year 1 Statement of Cash Flow



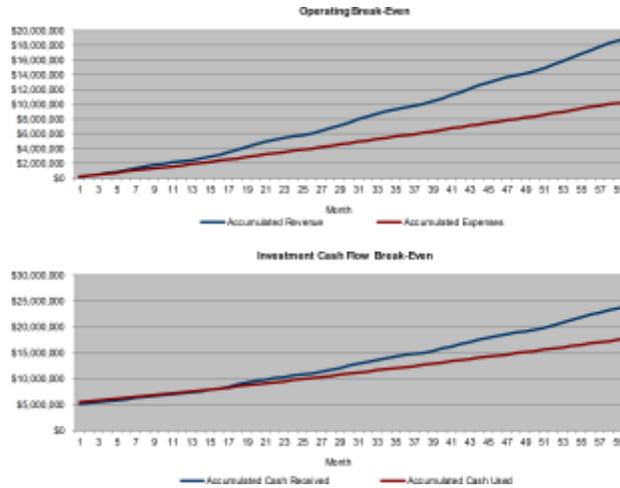
7.5 Balance Sheet

| Yearly Balance Sheet | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash | \$446,472 | \$1,454,751 | \$2,853,159 | \$4,538,758 | \$6,759,831 |
| Inventory | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Current Assets | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Current Assets | \$446,472 | \$1,454,751 | \$2,853,159 | \$4,538,758 | \$6,759,831 |
| Long-Term Assets | | | | | |
| Property | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$5,000,000 |
| Equipment | \$125,000 | \$125,000 | \$125,000 | \$125,000 | \$125,000 |
| Massage Chairs | \$34,990 | \$34,990 | \$34,990 | \$34,990 | \$34,990 |
| Accumulated Depreciation | (\$31,998) | (\$63,996) | (\$95,994) | (\$127,992) | (\$159,990) |
| Total Long-Term Assets | \$5,127,992 | \$5,095,994 | \$5,063,996 | \$5,031,998 | \$5,000,000 |
| Total Assets | \$5,574,464 | \$6,550,745 | \$7,917,155 | \$9,570,756 | \$11,759,831 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Current Debt | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Current Liabilities | \$0 | \$0 | \$0 | \$0 | \$0 |
| Long-Term Liabilities | | | | | |
| Long-Term Debt | \$4,817,845 | \$4,677,539 | \$4,528,579 | \$4,370,432 | \$4,202,530 |
| New Long-Term Debt | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Long-Term Liabilities | \$4,817,845 | \$4,677,539 | \$4,528,579 | \$4,370,432 | \$4,202,530 |
| Total Liabilities | \$4,817,845 | \$4,677,539 | \$4,528,579 | \$4,370,432 | \$4,202,530 |
| Shareholders' Equity | | | | | |
| Paid-in Capital | | | | | |
| Owner | \$0 | \$0 | \$0 | \$0 | \$0 |
| Investor | \$550,000 | \$550,000 | \$550,000 | \$550,000 | \$550,000 |
| New Paid-in Capital | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Paid-in Capital | \$550,000 | \$550,000 | \$550,000 | \$550,000 | \$550,000 |
| Retained Earnings | | | | | |
| Previous Retained Earnings | (\$31,350) | \$206,619 | \$1,323,206 | \$2,838,576 | \$4,650,325 |
| Current Earnings | \$237,969 | \$1,116,587 | \$1,515,370 | \$1,811,749 | \$2,356,976 |
| Total Retained Earnings | \$206,619 | \$1,323,206 | \$2,838,576 | \$4,650,325 | \$7,007,301 |
| Total Shareholders' Equity | \$756,619 | \$1,873,206 | \$3,388,576 | \$5,200,325 | \$7,557,301 |
| Total Liabilities & Equity | \$5,574,464 | \$6,550,745 | \$7,917,155 | \$9,570,756 | \$11,759,831 |

7.6 Break-Even Analysis

The Break-Even Analysis details two different break-even points. The Operating Break-Even accounts for the Company's revenue and expenses on the Income Statement. The Investment Cash Flow Break-Even takes the Operating Break-Even one step further by including the inflow and outflows of the Cash Flow. The Investment Cash Flow Break-Even looks at all transfers of money except investments.

| Break-Even | |
|---------------------------------|-------|
| Analysis | Month |
| Operating Break-Even | 4 |
| Investment Cash Flow Break-Even | 16 |



7.7 Best & Worst Case

The Best and Worst Case analysis illustrates what the Company's financial statements might look like with an increase or decrease in Revenue.

| Best Case – Revenue Increase By: 20% | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|--------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Gross Revenue | \$2,660,000 | \$4,078,768 | \$4,725,386 | \$5,212,523 | \$6,024,800 |
| Total Cost of Revenue | \$126,000 | \$183,545 | \$212,642 | \$234,564 | \$271,121 |
| Gross Profit | \$2,534,000 | \$3,895,223 | \$4,512,744 | \$4,977,960 | \$5,753,780 |
| Gross Profit Percentage | 95.3% | 95.5% | 95.5% | 95.5% | 95.5% |
| Total Operating Expenses | \$1,548,295 | \$1,812,180 | \$1,938,652 | \$2,037,140 | \$2,148,183 |
| Operating Profit | \$885,705 | \$2,083,043 | \$2,574,092 | \$2,940,819 | \$3,605,696 |
| Operating Profit Percentage | 37.1% | 51.1% | 54.5% | 56.4% | 59.8% |
| Earning Before Interest & Taxes | \$953,707 | \$2,051,045 | \$2,544,094 | \$2,808,821 | \$3,573,598 |
| EBIT Percentage | 35.9% | 50.3% | 53.8% | 55.8% | 59.3% |
| Interest Expense | \$293,405 | \$285,254 | \$276,600 | \$267,413 | \$257,659 |
| Taxes Accrued | \$0 | \$0 | \$0 | \$0 | \$0 |
| Earnings | \$660,302 | \$1,765,791 | \$2,267,493 | \$2,541,409 | \$3,315,940 |
| Earnings Percentage | 24.8% | 43.3% | 48.0% | 50.7% | 55.0% |
| Net Cash Flow | \$560,145 | \$1,657,483 | \$2,150,532 | \$2,515,299 | \$3,180,036 |
| Cash Balance | \$668,805 | \$2,526,288 | \$4,676,820 | \$7,192,079 | \$10,372,116 |

| Worst Case – Revenue Decrease By: 20% | | | | | |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Gross Revenue | \$1,773,333 | \$2,719,179 | \$3,150,257 | \$3,475,016 | \$4,016,800 |
| Total Cost of Revenue | \$84,000 | \$122,363 | \$141,762 | \$158,376 | \$180,747 |
| Gross Profit | \$1,689,333 | \$2,596,816 | \$3,008,496 | \$3,316,640 | \$3,835,853 |
| Gross Profit Percentage | 95.3% | 95.5% | 95.5% | 95.5% | 95.5% |
| Total Operating Expenses | \$1,548,295 | \$1,812,180 | \$1,938,652 | \$2,037,140 | \$2,148,183 |
| Operating Profit | \$141,038 | \$784,635 | \$1,071,844 | \$1,281,499 | \$1,687,670 |
| Operating Profit Percentage | 8.0% | 28.9% | 34.0% | 36.9% | 42.0% |
| Earning Before Interest & Taxes | \$109,041 | \$752,637 | \$1,039,846 | \$1,249,501 | \$1,655,672 |
| EBIT Percentage | 6.1% | 27.7% | 33.0% | 36.0% | 41.2% |
| Interest Expense | \$293,405 | \$285,254 | \$276,600 | \$267,413 | \$257,659 |
| Taxes Accrued | \$0 | \$0 | \$0 | \$0 | \$0 |
| Earnings | (\$184,364) | \$467,383 | \$763,246 | \$982,089 | \$1,398,013 |
| Earnings Percentage | -10.4% | 17.2% | 24.2% | 28.3% | 34.8% |
| Net Cash Flow | (\$284,521) | \$359,079 | \$646,284 | \$885,939 | \$1,262,110 |
| Cash Balance | \$24,139 | \$383,214 | \$1,029,498 | \$1,885,437 | \$3,147,547 |

Appendix A – Year 1 Financials

Year 1 Monthly Forecast illustrates the Company's first 12 months after the Pre-Operating stage.

| Year 1 Revenue | | | | | | | | | | | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Units | 3,700 | 3,700 | 3,700 | 4,000 | 4,000 | 4,300 | 4,300 | 4,300 | 4,300 | 4,700 | 5,000 | 5,000 |
| Unit Price | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 | \$47.00 |
| Revenue | \$173,900 | \$173,900 | \$173,900 | \$188,000 | \$188,000 | \$202,100 | \$202,100 | \$202,100 | \$202,100 | \$220,900 | \$235,000 | \$235,000 |
| Unit Cost | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 | \$1.25 |
| Direct Costs | \$4,625 | \$4,625 | \$4,625 | \$5,000 | \$5,000 | \$5,425 | \$5,425 | \$5,425 | \$5,425 | \$5,975 | \$6,375 | \$6,375 |
| Gross Cash at Revenue | \$169,275 | \$169,275 | \$169,275 | \$183,000 | \$183,000 | \$196,675 | \$196,675 | \$196,675 | \$196,675 | \$214,925 | \$228,625 | \$228,625 |

| Year 1 Personnel | | | | | | | | | | | | |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Officers | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Managers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assistant Managers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Officer Staff | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Risk Assessments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IT Management | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| IT Support | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recruitment Facility Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recruitment Specialist | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recruitment Manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Security | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Headcount | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 |

| Compensation | | | | | | | | | | | | |
|-------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Officers | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 | \$4,200 |
| Managers | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 | \$3,500 |
| Assistant Managers | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |
| Officer Staff | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 |
| Risk Assessments | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| IT Management | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 | \$4,500 |
| IT Support | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| Recruitment Facility Manager | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 | \$1,800 |
| Recruitment Specialist | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| Recruitment Manager | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 | \$4,000 |
| Security | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |
| Total Payroll | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 |

| Year 1 Income Statement | | | | | | | | | | | | |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Gross Revenue | \$173,900 | \$173,900 | \$173,900 | \$188,000 | \$188,000 | \$202,100 | \$202,100 | \$202,100 | \$202,100 | \$220,900 | \$235,000 | \$235,000 |
| Direct Costs | \$4,625 | \$4,625 | \$4,625 | \$5,000 | \$5,000 | \$5,425 | \$5,425 | \$5,425 | \$5,425 | \$5,975 | \$6,375 | \$6,375 |
| Gross Profit | \$169,275 | \$169,275 | \$169,275 | \$183,000 | \$183,000 | \$196,675 | \$196,675 | \$196,675 | \$196,675 | \$214,925 | \$228,625 | \$228,625 |
| Operating Expenses | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 | \$41,000 |
| Operating Profit | \$128,275 | \$128,275 | \$128,275 | \$142,000 | \$142,000 | \$155,675 | \$155,675 | \$155,675 | \$155,675 | \$173,925 | \$187,625 | \$187,625 |
| Other Income | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Income | \$128,275 | \$128,275 | \$128,275 | \$142,000 | \$142,000 | \$155,675 | \$155,675 | \$155,675 | \$155,675 | \$173,925 | \$187,625 | \$187,625 |

| Year 1 Statement of Cash Flow | | | | | | | | | | | | |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Operating Activities | | | | | | | | | | | | |
| Cash Received | \$173,900 | \$173,900 | \$173,900 | \$188,000 | \$188,000 | \$202,100 | \$202,100 | \$202,100 | \$202,100 | \$220,900 | \$235,000 | \$235,000 |
| Cash Paid | \$46,725 | \$46,725 | \$46,725 | \$46,000 | \$46,000 | \$49,425 | \$49,425 | \$49,425 | \$49,425 | \$55,975 | \$59,625 | \$59,625 |
| Net Cash from Operating | \$127,175 | \$127,175 | \$127,175 | \$142,000 | \$142,000 | \$152,675 | \$152,675 | \$152,675 | \$152,675 | \$164,925 | \$175,375 | \$175,375 |
| Investing Activities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Financing Activities | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Change in Cash | \$127,175 | \$127,175 | \$127,175 | \$142,000 | \$142,000 | \$152,675 | \$152,675 | \$152,675 | \$152,675 | \$164,925 | \$175,375 | \$175,375 |
| Free Cash Flow | \$127,175 | \$127,175 | \$127,175 | \$142,000 | \$142,000 | \$152,675 | \$152,675 | \$152,675 | \$152,675 | \$164,925 | \$175,375 | \$175,375 |

