

Parlay Cafe

FRANCHISE ASSUMPTIONS						
Royalty on Gross Sales	6.0%					
Franchise Fee	\$35,000					
Local Advertising (Up To)	5.0%					
Corporate Marketing Fund	2.0%					
Food Cost w/ Paper	13.3%					
UNIT ASSUMPTIONS		1st Year	2nd Year	3rd Year	4th Year	5th Year
Franchisee Gross Sales		\$300,000	\$330,000	\$363,000	\$399,300	\$439,230
Growth Rate			10.0%	10.0%	10.0%	10.0%

VARIABLE EXPENSES		
Variable Labor + Mgmt	12.0%	of Gross Sales
Payroll Tax & Benefits	10.0%	on Variable Labor
Credit Card Charges	2.75%	of Gross Sales
Local Advertising	5.0%	of Gross Sales
Corporate Advertising	2.0%	of Gross Sales

OPERATING EXPENSES		
Rent	\$30,000	Annually
Utilities	\$8,000	Annually
Licenses/Permits	\$250	Annually
Operator / Manager	\$35,000	Annually
Payroll Tax & Benefits	10.0%	on Operator
General Insurance	\$4,000	Annually
Dues & Subscriptions	\$1,200	Annually
Telephone & Internet	\$1,800	Annually
Professional Fees	\$2,500	Annually
Office Expenses	\$600	Annually

Parlay Cafe Franchisee Investment

DESCRIPTION	LOW		HIGH
Real Estate/Rent	\$2,250		\$10,800
Utility	\$500		\$1,000
Leasehold Improvements	\$25,000		\$150,000
Market Introduction Program	\$1,250		\$2,500
Furniture, Fixtures, and Equipment	\$75,000		\$150,000
Computer Systems	\$1,500		\$3,000
Insurance	\$1,000		\$2,500
Signage	\$10,000		\$15,000
Office Expenses	\$1,000		\$2,000
Inventory	\$5,000		\$10,000
Licenses & Permits	\$500		\$1,500
Dues & Subscriptions	\$1,200		\$2,400
Professional Fees	\$1,250		\$2,500
Working Capital	\$25,000		\$50,000
TOTAL BEFORE FRANCHISE COSTS	\$150,450		\$403,200
AVERAGE		\$276,825	
Training	\$2,500	1-2 weeks	\$6,000
Franchise Fee	\$35,000		\$35,000
TOTAL WITH FRANCHISE COSTS	\$187,950		\$444,200
	=====		=====
AVERAGE		\$316,075	

NOTE: Projections shown here are forward-looking figures and cannot be guaranteed.

Parlay Cafe Unit Proforma

INVESTMENT SUMMARY	
Franchise Fee	\$35,000
Initial Investment	\$243,575
Working Capital	\$37,500
Total Investment	\$316,075

NOTE: Projections shown here are forward-looking figures and cannot be guaranteed.

REVENUE	Year 1	Year 2	Year 3	Year 4	Year 5
GROSS SALES	\$300,000	\$330,000	\$363,000	\$399,300	\$439,230
Food Cost w/ Paper	\$40,000	\$44,000	\$48,400	\$53,240	\$58,564
GROSS PROFIT	\$260,000	\$286,000	\$314,600	\$346,060	\$380,666

VARIABLE EXPENSES					
Variable Labor + Mgmt	\$36,000	\$39,600	\$43,560	\$47,916	\$52,708
Payroll Tax & Benefits	\$3,600	\$3,960	\$4,356	\$4,792	\$5,271
Credit Card Charges	\$8,250	\$9,075	\$9,983	\$10,981	\$12,079
Franchise Royalty	\$18,000	\$19,800	\$21,780	\$23,958	\$26,354
Corporate Advertising	\$6,000	\$6,600	\$7,260	\$7,986	\$8,785
Local Advertising	\$15,000	\$16,500	\$18,150	\$19,965	\$21,962
	=====	=====	=====	=====	=====
TOTAL VARIABLE	\$86,850	\$95,535	\$105,089	\$115,597	\$127,157

OPERATING MARGIN	\$173,150	\$190,465	\$209,512	\$230,463	\$253,509
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OPERATING EXPENSES	Year 1	Year 2	Year 3	Year 4	Year 5
Rent	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Utilities	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004
Licenses/Permits	\$250	\$258	\$266	\$274	\$282
Operator / Manager	\$35,000	\$36,050	\$37,132	\$38,245	\$39,393
Payroll Tax & Benefits	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939
General Insurance	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502
Dues & Subscriptions	\$1,200	\$1,236	\$1,273	\$1,311	\$1,351
Telephone & Internet	\$1,800	\$1,854	\$1,910	\$1,967	\$2,026
Professional Fees	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Office Expenses	\$600	\$618	\$637	\$656	\$675
	=====	=====	=====	=====	=====
TOTAL OPERATING	\$86,850	\$88,556	\$90,313	\$92,122	\$93,986

TOTAL EXPENSES	\$173,700	\$184,091	\$195,401	\$207,720	\$221,143
EBITDA*	\$86,300	\$101,909	\$119,199	\$138,340	\$159,523

*(Earnings Before Interest, Taxes, Depreciation & Amortization)

ANNUAL RETURN ON INVESTMENT	27.3%	32.2%	37.7%	43.8%	50.5%
TOTAL RETURN ON INVESTMENT	27.3%	59.5%	97.3%	141.0%	191.5%

Franchisor Training and Support Cost		
Description of Service	Time	Cost
Initial Training at Headquarters	14 days	\$5,000
Onsite Training (Franchisee's Location)	7 days	\$4,000
Sales Commission	1 Time	\$8,750
Support Time Needed Until Franchisor is Profitable	3 Months	\$2,000
Total		\$19,750
Franchise Fee		<u>\$35,000</u>
Free Cash Flow From Franchise Fee		\$15,250

NOTE: Projections shown here are forward-looking figures and cannot be guaranteed.

Parlay Cafe Franchisor Assumptions

NOTE: Projections shown here are forward-looking figures and cannot be guaranteed.

ASSUMPTIONS			YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Franchise marketing	\$3,000	/First 10	\$2,000	/Franchises the	\$500	Initial Brochure Printing	\$50 per month
Monthly travel per unit open	\$800	at opening +	\$200	\$150	\$125	\$100	\$100 per month
Legal -- per sale			\$50	per start-up			
Acct/Audit -- ongoing	\$25	per unit open	\$0.8	\$1.7	\$0.7	\$0.7	\$0.6 annual audit cost
Acct/Audit -- per sale			\$100	per start-up			
Incremental overhead allocated *	\$75	/unit open +	\$0.5	\$0.4	\$0.3	\$0.2	\$0.2 per month
* Rent, utilities, phone, ongoing legal, etc.							

FRANCHISOR STAFFING	SALARY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Director of Franchising	\$90,000	1	1	1	1	1
Franchise Sales People	\$12,000	1	1	1	1	1
Director of Marketing	\$60,000	0	0	0.5	1	2
Field Support	\$45,000	0	1	2.5	5	7.5
Director of Training	\$50,000	0	1	2	2	3
Accountant/Controller	\$80,000	0	0	0	0	1
Administrative Person	\$35,000	0	0.5	1	1.5	2
		=====	=====	=====	=====	=====
Total Incremental Staff		2	4.5	8	11.5	17.5
Benefits	15.0%					
Salaries Increase	3.0%	Annually				

WEIGHTED AVERAGES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Avg. Monthly Gross Sales	\$25,000	\$27,500	\$30,250	\$33,275	\$36,603
Weighted Av g. Monthly Gross Sales	\$25,000	\$25,395	\$26,052	\$27,019	\$28,021

DEVELOPMENT SUMMARY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Start-up Franchisees	9	26	36	52	52
Cumulative Franchises Sold	9	35	71	123	175
Franchised Units Open	3	16	34	43	54
Cumulative Franchises Open	3	19	53	96	150
Incremental Staff Added to Franchisor	2.0	4.5	8.0	11.5	17.5
Ratio of Franchises to Incremental Staff	1.5	4.2	6.6	8.3	8.6

Parlay Cafe Development Schedule

UNIT SALES AND OPENINGS	Y E A R 1											
	1	2	3	4	5	6	7	8	9	10	11	12
Months	1	2	3	4	5	6	7	8	9	10	11	12
Cumulative Months	1	2	3	4	5	6	7	8	9	10	11	12
Start-up Franchises												
Individual Fs Sales	0	0	0	1	1	1	1	1	1	1	1	1
Unit Openings	6 mos lag	0	0	0	0	0	0	0	0	1	1	1
Total Fs Sold/Month	0	0	0	1	1	1	1	1	1	1	1	1
Franchises Open/Month	0	0	0	0	0	0	0	0	0	1	1	1
Cumulative Franchises Open	0	0	0	0	0	0	0	0	0	1	2	3
Fse System Revenue (000)	\$0	\$25	\$50	\$75								

Parlay Cafe Development Schedule

UNIT SALES AND OPENINGS					Y E A R 2									
Months	1	2	3	4	5	6	7	8	9	10	11	12		
Cumulative Months	13	14	15	16	17	18	19	20	21	22	23	24		
Start-up Franchises														
Individual Fs Sales	1	2	1	2	2	2	3	3	2	3	2	3		
Unit Openings	6 mos lag	1	1	1	1	1	1	2	1	2	2	2		
Total Fs Sold/Month	1	2	1	2	2	2	3	3	2	3	2	3		
Franchises Open/Month	1	1	1	1	1	1	1	2	1	2	2	2		
Cumulative Franchises Open	4	5	6	7	8	9	10	12	13	15	17	19		
Fse System Revenue (000)	\$102	\$127	\$152	\$178	\$203	\$229	\$254	\$305	\$330	\$381	\$432	\$483		

Parlay Cafe Development Schedule

UNIT SALES AND OPENINGS						Y E A R 3						
Months	1	2	3	4	5	6	7	8	9	10	11	12
Cumulative Months	25	26	27	28	29	30	31	32	33	34	35	36
Start-up Franchises												
Individual Fs Sales	3	3	3	3	3	3	3	3	3	3	3	3
Unit Openings	6 mos lag	3	3	2	3	2	3	3	3	3	3	3
Total Fs Sold/Month		3	3	3	3	3	3	3	3	3	3	3
Franchises Open/Month		3	3	2	3	2	3	3	3	3	3	3
Cumulative Franchises Open		22	25	27	30	32	35	38	41	44	47	50
Fse System Revenue (000)	\$573	\$651	\$703	\$782	\$834	\$912	\$990	\$1,068	\$1,146	\$1,224	\$1,303	\$1,381

Parlay Cafe Development Schedule

UNIT SALES AND OPENINGS						Y E A R 4							
Months		1	2	3	4	5	6	7	8	9	10	11	12
Cumulative Months		37	38	39	40	41	42	43	44	45	46	47	48
Start-up Franchises													
Individual Fs Sales		4	4	4	4	4	5	4	5	4	5	4	5
Unit Openings	6 mos lag	3	3	3	3	3	3	4	4	4	4	4	5
Total Fs Sold/Month		4	4	4	4	4	5	4	5	4	5	4	5
Franchises Open/Month		3	3	3	3	3	3	4	4	4	4	4	5
Cumulative Franchises Open		56	59	62	65	68	71	75	79	83	87	91	96
Fse System Revenue (000)		\$1,513	\$1,594	\$1,675	\$1,756	\$1,837	\$1,918	\$2,026	\$2,135	\$2,243	\$2,351	\$2,459	\$2,594

Parlay Cafe Development Schedule

UNIT SALES AND OPENINGS						Y E A R 5							
Months		1	2	3	4	5	6	7	8	9	10	11	12
Cumulative Months		49	50	51	52	53	54	55	56	57	58	59	60
Start-up Franchises													
Individual Fs Sales		5	4	5	4	5	4	4	4	4	4	4	5
Unit Openings	6 mos lag	4	5	4	5	4	5	5	4	5	4	5	4
Total Fs Sold/Month		5	4	5	4	5	4	4	4	4	4	4	5
Franchises Open/Month													
Cumulative Franchises Open		4	5	4	5	4	5	5	4	5	4	5	4
		100	105	109	114	118	123	128	132	137	141	146	150
Fse System Revenue (000)		\$2,802	\$2,942	\$3,054	\$3,194	\$3,307	\$3,447	\$3,587	\$3,699	\$3,839	\$3,951	\$4,091	\$4,203

Parlay Cafe Franchise System Proforma

YEARS		1	1	1	1	1	1	1	1	1	1	1	
MONTHS		1	2	3	4	5	6	7	8	9	10	11	12
CUMULATIVE MONTHS		1	2	3	4	5	6	7	8	9	10	11	12
REVENUES (000)													
Franchise Fee		\$0	\$0	\$0	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Royalties	6.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$3	\$5
System advertising	2.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$2
TOTAL REVENUE (000)		\$0	\$0	\$0	\$35	\$35	\$35	\$35	\$35	\$35	\$37	\$39	\$41
DIRECT EXPENSES (000)													
Director of Franchising		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Franchise Sales People		\$1	\$1	\$1	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Director of Marketing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Field Support		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Director of Training		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accountant/Controller		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Person		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	15.0%	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Sys advertising (escrow)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$2
SUB-TOTAL AMT		\$10	\$10	\$10	\$18	\$18	\$18	\$18	\$18	\$18	\$19	\$19	\$20
INDIRECT EXPENSES (000)													
Franchise consul. fees		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise marketing	10	\$0.0	\$3.0	\$3.5	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$6.0
Travel		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.0	\$1.2	\$1.4
Legal		\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2
Accounting/audit		\$0.0	\$0.8	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.2
Other G & A		\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.6	\$0.7	\$0.7
SUB-TOTAL AMT		\$1	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$5	\$5	\$9
TOTAL EXPENSES (000)		\$10	\$14	\$14	\$22	\$22	\$22	\$22	\$22	\$22	\$24	\$25	\$28
NET CASH FLOW (000)		(\$10)	(\$14)	(\$14)	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$14	\$13
CUM CASH FLOW (000)	\$0	(\$10)	(\$24)	(\$38)	(\$25)	(\$12)	\$1	\$14	\$27	\$40	\$54	\$68	\$81

Parlay Cafe Franchise System Proforma

YEARS		2	2	2	2	2	2	2	2	2	2	2	
MONTHS		1	2	3	4	5	6	7	8	9	10	11	12
CUMULATIVE MONTHS		13	14	15	16	17	18	19	20	21	22	23	24
REVENUES (000)													
Franchise Fee		\$35	\$70	\$35	\$70	\$70	\$70	\$105	\$105	\$70	\$105	\$70	\$105
Royalties	6.0%	\$6	\$8	\$9	\$11	\$12	\$14	\$15	\$18	\$20	\$23	\$26	\$29
System advertising	2.0%	\$2	\$3	\$3	\$4	\$4	\$5	\$5	\$6	\$7	\$8	\$9	\$10
TOTAL REVENUE (000)		\$43	\$80	\$47	\$84	\$86	\$88	\$125	\$129	\$96	\$135	\$105	\$144
DIRECT EXPENSES (000)													
Director of Franchising		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Franchise Sales People		\$10	\$19	\$10	\$19	\$19	\$19	\$27	\$27	\$19	\$27	\$19	\$27
Director of Marketing		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Field Support		\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Director of Training		\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Accountant/Controller		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Person		\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Benefits	15.0%	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Sys advertising (escrow)		\$2	\$3	\$3	\$4	\$4	\$5	\$5	\$6	\$7	\$8	\$9	\$10
SUB-TOTAL AMT		\$32	\$41	\$33	\$42	\$43	\$43	\$52	\$53	\$45	\$55	\$47	\$57
INDIRECT EXPENSES (000)													
Franchise consul. fees		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise marketing	10	\$3.1	\$4.1	\$4.1	\$4.1	\$6.1	\$6.1	\$4.1	\$6.1	\$4.1	\$6.1	\$6.1	\$6.1
Travel		\$1.4	\$1.6	\$1.7	\$1.9	\$2.0	\$2.2	\$2.3	\$3.4	\$2.8	\$3.9	\$4.2	\$4.5
Legal		\$0.3	\$0.4	\$0.4	\$0.5	\$0.5	\$0.6	\$0.7	\$0.8	\$0.8	\$0.9	\$1.0	\$1.1
Accounting/audit		\$0.2	\$2.1	\$0.3	\$0.4	\$0.4	\$0.4	\$0.6	\$0.6	\$0.5	\$0.7	\$0.6	\$0.8
Other G & A		\$0.7	\$0.8	\$0.9	\$0.9	\$1.0	\$1.1	\$1.2	\$1.3	\$1.4	\$1.5	\$1.7	\$1.8
SUB-TOTAL AMT		\$6	\$9	\$7	\$8	\$10	\$10	\$9	\$12	\$9	\$13	\$13	\$14
TOTAL EXPENSES (000)		\$37	\$50	\$40	\$50	\$53	\$53	\$61	\$65	\$55	\$68	\$61	\$71
NET CASH FLOW (000)		\$6	\$30	\$7	\$34	\$34	\$35	\$64	\$64	\$42	\$68	\$44	\$72
CUM CASH FLOW (000)	\$0	\$86	\$117	\$124	\$158	\$192	\$227	\$291	\$355	\$397	\$465	\$509	\$581

Parlay Cafe Franchise System Proforma

YEARS		3	3	3	3	3	3	3	3	3	3	3	
MONTHS		1	2	3	4	5	6	7	8	9	10	11	12
CUMULATIVE MONTHS		25	26	27	28	29	30	31	32	33	34	35	36
REVENUES (000)													
Franchise Fee		\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105
Royalties	6.0%	\$34	\$39	\$42	\$47	\$50	\$55	\$59	\$64	\$69	\$73	\$78	\$83
System advertising	2.0%	\$11	\$13	\$14	\$16	\$17	\$18	\$20	\$21	\$23	\$24	\$26	\$28
TOTAL REVENUE (000)		\$151	\$157	\$161	\$168	\$172	\$178	\$184	\$190	\$197	\$203	\$209	\$215
DIRECT EXPENSES (000)													
Director of Franchising		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Franchise Sales People		\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27
Director of Marketing		\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Field Support		\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
Director of Training		\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9
Accountant/Controller		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Person		\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Benefits	15.0%	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Sys advertising (escrow)		\$11	\$13	\$14	\$16	\$17	\$18	\$20	\$21	\$23	\$24	\$26	\$28
SUB-TOTAL AMT		\$76	\$78	\$79	\$80	\$81	\$83	\$84	\$86	\$88	\$89	\$91	\$92
INDIRECT EXPENSES (000)													
Franchise consul. fees		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise marketing	10	\$6.1	\$6.1	\$6.1	\$6.1	\$6.1	\$6.1	\$6.1	\$6.1	\$6.1	\$6.1	\$8.1	\$8.1
Travel		\$5.2	\$5.5	\$5.0	\$6.2	\$5.6	\$6.8	\$7.2	\$7.5	\$7.9	\$8.3	\$8.7	\$9.0
Legal		\$1.3	\$1.4	\$1.5	\$1.7	\$1.8	\$1.9	\$2.1	\$2.2	\$2.4	\$2.5	\$2.7	\$2.8
Accounting/audit		\$0.9	\$1.6	\$1.0	\$1.1	\$1.1	\$1.2	\$1.3	\$1.3	\$1.4	\$1.5	\$1.6	\$1.6
Other G & A		\$2.0	\$2.2	\$2.3	\$2.6	\$2.7	\$2.9	\$3.2	\$3.4	\$3.6	\$3.8	\$4.1	\$4.3
SUB-TOTAL AMT		\$15	\$17	\$16	\$17	\$17	\$19	\$20	\$20	\$21	\$22	\$25	\$26
TOTAL EXPENSES (000)		\$91	\$94	\$95	\$98	\$99	\$102	\$104	\$107	\$109	\$111	\$116	\$118
NET CASH FLOW (000)		\$59	\$63	\$67	\$70	\$73	\$76	\$80	\$84	\$88	\$92	\$94	\$97
CUM CASH FLOW (000)	\$0	\$641	\$703	\$770	\$840	\$913	\$989	\$1,069	\$1,153	\$1,241	\$1,332	\$1,426	\$1,523

Parlay Cafe Franchise System Proforma

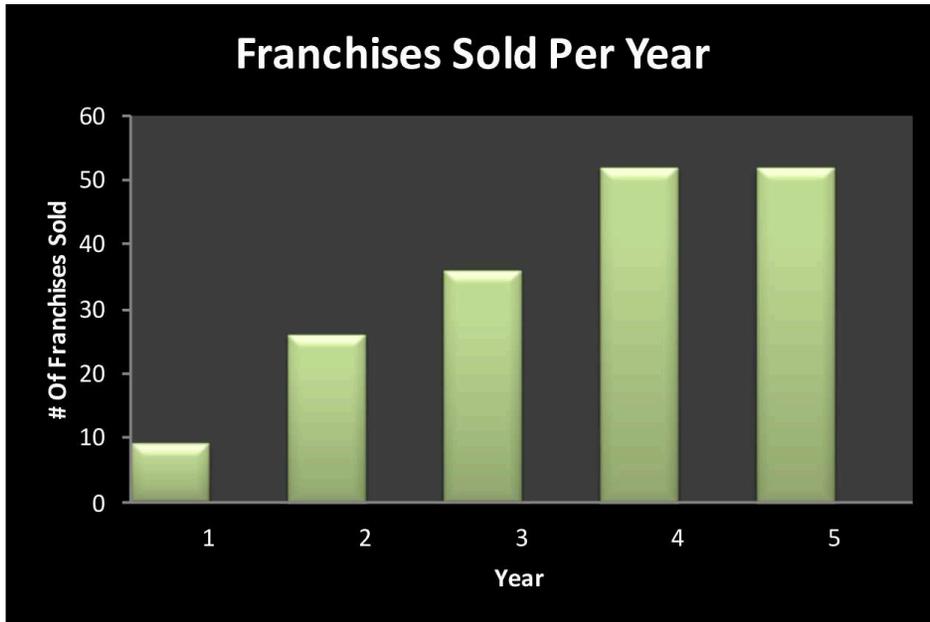
YEARS		4	4	4	4	4	4	4	4	4	4	4	
MONTHS		1	2	3	4	5	6	7	8	9	10	11	12
CUMULATIVE MONTHS		37	38	39	40	41	42	43	44	45	46	47	48
REVENUES (000)													
Franchise Fee		\$140	\$140	\$140	\$140	\$140	\$175	\$140	\$175	\$140	\$175	\$140	\$175
Royalties	6.0%	\$91	\$96	\$101	\$105	\$110	\$115	\$122	\$128	\$135	\$141	\$148	\$156
System advertising	2.0%	\$30	\$32	\$34	\$35	\$37	\$38	\$41	\$43	\$45	\$47	\$49	\$52
TOTAL REVENUE (000)		\$261	\$268	\$274	\$280	\$287	\$328	\$302	\$346	\$319	\$363	\$337	\$383
DIRECT EXPENSES (000)													
Director of Franchising		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Franchise Sales People		\$36	\$36	\$36	\$36	\$36	\$45	\$36	\$45	\$36	\$45	\$36	\$45
Director of Marketing		\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Field Support		\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Director of Training		\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9
Accountant/Controller		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative Person		\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5
Benefits	15.0%	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7
Sys advertising (escrow)		\$30	\$32	\$34	\$35	\$37	\$38	\$41	\$43	\$45	\$47	\$49	\$52
SUB-TOTAL AMT		\$122	\$123	\$125	\$126	\$128	\$138	\$132	\$143	\$136	\$147	\$141	\$152
INDIRECT EXPENSES (000)													
Franchise consul. fees		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise marketing	10	\$8.1	\$8.1	\$8.1	\$10.1	\$8.1	\$10.1	\$8.1	\$10.1	\$8.1	\$10.1	\$10.1	\$8.1
Travel		\$8.0	\$8.3	\$8.6	\$8.9	\$9.2	\$9.5	\$10.7	\$11.1	\$11.5	\$11.9	\$12.3	\$13.6
Legal		\$3.0	\$3.2	\$3.3	\$3.5	\$3.6	\$3.8	\$4.0	\$4.2	\$4.4	\$4.6	\$4.8	\$5.1
Accounting/audit		\$1.8	\$2.6	\$2.0	\$2.0	\$2.1	\$2.3	\$2.3	\$2.5	\$2.5	\$2.7	\$2.7	\$2.9
Other G & A		\$4.4	\$4.6	\$4.9	\$5.1	\$5.3	\$5.5	\$5.8	\$6.1	\$6.4	\$6.7	\$7.0	\$7.4
SUB-TOTAL AMT		\$25	\$27	\$27	\$30	\$28	\$31	\$31	\$34	\$33	\$36	\$37	\$37
TOTAL EXPENSES (000)		\$147	\$150	\$152	\$156	\$156	\$170	\$163	\$177	\$169	\$183	\$177	\$189
NET CASH FLOW (000)		\$114	\$118	\$122	\$125	\$131	\$159	\$139	\$169	\$150	\$180	\$159	\$194
CUM CASH FLOW (000)	\$0	\$1,638	\$1,755	\$1,878	\$2,002	\$2,133	\$2,292	\$2,431	\$2,600	\$2,751	\$2,931	\$3,090	\$3,284

Parlay Cafe Franchise System Proforma

YEARS		5	5	5	5	5	5	5	5	5	5	5	
MONTHS		1	2	3	4	5	6	7	8	9	10	11	12
CUMULATIVE MONTHS		49	50	51	52	53	54	55	56	57	58	59	60
REVENUES (000)													
Franchise Fee		\$175	\$140	\$175	\$140	\$175	\$140	\$140	\$140	\$140	\$140	\$140	\$175
Royalties	6.0%	\$168	\$177	\$183	\$192	\$198	\$207	\$215	\$222	\$230	\$237	\$245	\$252
System advertising	2.0%	\$56	\$59	\$61	\$64	\$66	\$69	\$72	\$74	\$77	\$79	\$82	\$84
TOTAL REVENUE (000)		\$399	\$375	\$419	\$396	\$440	\$416	\$427	\$436	\$447	\$456	\$467	\$511
DIRECT EXPENSES (000)													
Director of Franchising		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Franchise Sales People		\$45	\$36	\$45	\$36	\$45	\$36	\$36	\$36	\$36	\$36	\$36	\$45
Director of Marketing		\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11
Field Support		\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32
Director of Training		\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14
Accountant/Controller		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Administrative Person		\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7
Benefits	15.0%	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12
Sys advertising (escrow)		\$56	\$59	\$61	\$64	\$66	\$69	\$72	\$74	\$77	\$79	\$82	\$84
SUB-TOTAL AMT		\$192	\$186	\$197	\$191	\$202	\$196	\$199	\$202	\$204	\$207	\$209	\$220
INDIRECT EXPENSES (000)													
Franchise consul. fees		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise marketing	10	\$10.1	\$8.1	\$10.1	\$8.1	\$8.1	\$8.1	\$8.1	\$8.1	\$8.1	\$10.1	\$0.1	\$0.1
Travel		\$13.2	\$14.5	\$14.1	\$15.4	\$15.0	\$16.3	\$16.8	\$16.4	\$17.7	\$17.3	\$18.6	\$18.2
Legal		\$5.3	\$5.5	\$5.7	\$5.9	\$6.2	\$6.4	\$6.6	\$6.8	\$7.1	\$7.3	\$7.5	\$7.8
Accounting/audit		\$3.0	\$3.6	\$3.2	\$3.3	\$3.5	\$3.5	\$3.6	\$3.7	\$3.8	\$3.9	\$4.1	\$4.3
Other G & A		\$7.7	\$8.1	\$8.4	\$8.8	\$9.1	\$9.4	\$9.8	\$10.1	\$10.5	\$10.8	\$11.2	\$11.5
SUB-TOTAL AMT		\$39	\$40	\$41	\$41	\$42	\$44	\$45	\$45	\$47	\$49	\$41	\$42
TOTAL EXPENSES (000)		\$232	\$226	\$239	\$233	\$244	\$240	\$244	\$247	\$251	\$256	\$251	\$262
NET CASH FLOW (000)		\$168	\$149	\$181	\$163	\$195	\$176	\$183	\$189	\$196	\$200	\$217	\$249
CUM CASH FLOW (000)	\$0	\$3,451	\$3,600	\$3,781	\$3,944	\$4,139	\$4,315	\$4,498	\$4,687	\$4,883	\$5,083	\$5,299	\$5,549

Parlay Cafe Franchise System Proforma

YEARS		1st Year	2nd Year	3rd Year	4th Year	5th Year
MONTHS		1-12	1-12	1-12	1-12	1-12
CUMULATIVE MONTHS		1-12	13-24	25-36	37-48	49-60
REVENUES (000)						
Franchise Fee		\$315.0	\$910.0	\$1,260.0	\$1,820.0	\$1,820.0
Royalties	6.0%	\$9.0	\$190.5	\$694.0	\$1,446.1	\$2,527.0
System advertising	2.0%	\$3.0	\$63.5	\$231.3	\$482.0	\$842.3
TOTAL REVENUE (000)		\$327.0	\$1,163.9	\$2,185.4	\$3,748.1	\$5,189.3
DIRECT EXPENSES (000)						
Director of Franchising		\$90.0	\$92.7	\$95.5	\$98.3	\$101.3
Franchise Sales People		\$90.8	\$239.9	\$327.7	\$468.1	\$468.5
Director of Marketing		\$0.0	\$0.0	\$31.8	\$65.6	\$135.1
Field Support		\$0.0	\$46.4	\$119.4	\$245.9	\$379.9
Director of Training		\$0.0	\$51.5	\$106.1	\$109.3	\$168.8
Accountant/Controller		\$0.0	\$0.0	\$0.0	\$0.0	\$90.0
Administrative Person		\$0.0	\$18.0	\$37.1	\$57.4	\$78.8
Benefits	15.0%	\$13.5	\$31.3	\$58.5	\$86.5	\$143.1
Sys advertising (escrow)		\$3.0	\$63.5	\$231.3	\$482.0	\$842.3
		-	-	-	-	-
SUB-TOTAL AMT		\$197.3	\$543.2	\$1,007.4	\$1,613.0	\$2,407.8
INDIRECT EXPENSES (000)						
Franchise consul. fees		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Franchise marketing	10	\$36.5	\$59.6	\$76.6	\$106.6	\$86.6
Travel		\$3.6	\$31.6	\$82.7	\$123.6	\$193.5
Legal		\$0.8	\$7.6	\$24.0	\$47.2	\$77.8
Accounting/audit		\$1.8	\$7.5	\$15.4	\$28.2	\$43.4
Other G & A		\$6.5	\$14.2	\$36.9	\$69.3	\$115.1
		-	-	-	-	-
SUB-TOTAL AMT		\$49.10	\$120.35	\$235.60	\$374.90	\$516.35
TOTAL EXPENSES (000)		\$246.4	\$663.6	\$1,243.0	\$1,987.9	\$2,924.1
NET CASH FLOW (000)		\$80.7	\$500.4	\$942.3	\$1,760.2	\$2,265.2
		=	=	=	=	=
CUM CASH FLOW (000)	\$0	\$80.7	\$581.0	\$1,523.4	\$3,283.5	\$5,548.7
		=	=	=	=	=



NOTE: Projections shown here are forward-looking figures and cannot be guaranteed.

Company	Inv. Low (000)	Inv. Hi (000)	Franchise Fee	Royalty	# of Units	Year Est.
Bad Ass Coffee	\$227	\$326	\$35,000	6.00%	37	1991
Biggby Coffee	\$186	\$369	\$20,000	6.00%	237	1994
Caffebene	\$414	\$899	\$35,000	6.90%	1433	2008
Cocoa Grinder	\$178	\$265	\$20,000	6.00%	6	2013
Coffee Beanery	\$185	\$466	\$15,000	4.00%	60	1976
DRNK	\$253	\$693	\$40,000	6.00%	14	2013
Duck Donuts	\$348	\$568	\$30,000	5.00%	69	2006
Dunkin' Donuts	\$228	\$1,717	\$40,000	5.90%	12878	1950
Dunn Brothers Coffee	\$406	\$608	\$37,500	5.00%	79	1987
Gloria Jean's	\$173	\$473	\$15,000	6.00%	854	1979
Human Bean	\$211	\$688	\$30,000	n/a	79	1998
It's A Grind	\$173	\$473	\$15,000	6.00%	25	1995
Maui Wowi	\$76	\$569	\$42,500	n/a	144	1982
Scooter's Coffee & Yogurt	\$331	\$648	\$20,000	6.00%	207	1998
Averages	\$242	\$626	\$28,214	5.73%	1152	1992

NOTE: Projections shown here are forward-looking figures and cannot be guaranteed.