

**Financing Proposal for  
Finestkind Seafoods, Inc.**

**To be Submitted to  
The Great Bay Bank and Trust Co.**

**Mike Gosling  
Mike Swan  
Finestkind Seafoods, Inc.  
123 Main Street  
Anytown, ME 04112  
207/432-1111  
October 31, 19**

## **SECTION ONE: THE BUSINESS**

### *Statement of Purpose*

Finestkind Seafoods, Inc. seeks loans totaling \$120,000 to purchase equipment and inventory, purchase property and buildings at 123 Main Street. Anytown, Maine; perform necessary renovations and improvements; and maintain sufficient cash reserves to provide adequate working capital to successfully expand an existing wholesale/retail seafood market. This sum, together with an additional \$30,000 equity investment by the principals, will finance transition through the expansion phase so that our business can operate at a higher level of profitability.

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### *Description of Business*

Finestkind Seafoods, Inc. is a fish market specializing in selling extremely fresh (no more than one day from the boat) seafood to local retail and wholesale customers. At present, about 60 percent of sales are retail. Finestkind plans to concentrate more heavily on the wholesale trade (restaurants and grocery chains) in the future. Although margins are lower in the wholesale trade, profits are higher due to lower personnel costs and faster inventory turnover.

Finestkind began business in September 19--. The store is open seven days a week from 10:00 am to 8:30 pm (6:00 pm in the winter) for retail business and from 6:30 am to 8:30 pm year-round for wholesale.

The retail demand is seasonal and fluctuates according to weather (the store is located on a tourist route). The wholesale demand is constant and increasing. We feel that the latter can be improved by more direct selling efforts. Our customers agree (see letter from Nightlife Clambakes in Supporting Documents). The quality of our seafood is exceptional, and because Mr. Swan is a former fisherman with many personal friends in the fishing industry, we do not anticipate trouble maintaining good relations with our suppliers. We have made a policy of paying premium prices in cash at dockside for the best, freshest seafood.

### *Description of the Market*

Finestkind will continue to provide premium-quality seafoods to both wholesale and retail customers. We plan to switch the balance from 60 percent retail/40 percent wholesale to 40 percent retail/60 percent wholesale as we grow. Retail business should grow over the next few years, but the greatest growth will be in wholesale accounts.

Our goal is to provide the freshest seafood at competitive prices to customers within 25 miles of York. This market has a total population of over 100,000 people and a potential of over 300 commercial wholesale accounts.

Customers will be attracted by:

- o Direct approach to local restaurants, groceries, and other potential wholesale accounts
- o A local radio and newspaper advertising campaign
- o Word-of-mouth advertising from our present customer base
- o Our location and signs on Route 1, a heavily traveled tourist route

As a footnote: In the past month distributors from four countries (Turkey, Germany, Poland, and Belgium) have purchased significant amounts of fresh and frozen lobsters from us. This may represent a low-risk growth opportunity because these accounts pay in advance of shipment. While we came across these accounts by a fluke, we think they could be an entry into a wider market. We are currently exploring this opportunity with our advisers and exporters recommended by the SBA.

### *Description of the Location*

Finestkind is currently leasing a one-story, wooden frame building with cement floor (2,000 square feet) at 123 Main Street, Anytown, Maine, for \$550/month with an option (in writing) to buy for \$105,000. The area is zoned for commercial use. Main Street is part of U.S. Route 1, a heavily traveled tourist route with most nearby businesses catering to the tourist trade. Finestkind has performed major leasehold improvements, such as installing rough-sawed pine board walls and a walk-in freezer. The building is divided into (1) a sales/counter area (1,200 square feet); (2) a cutting area (100 square feet); (3) a multipurpose area, including toilet with separate entry, storage space, and room for some expansion of the freezer and processing areas (700 square feet in all). See the diagram in Support Documents.

### *Description of the Competition*

There are three seafood operations competing directly with Finestkind:

1. **Ferd's Fish**--a scattered operation with one truck making the rounds and a small counter leased from a supermarket in Anytown. We have cut into their sales by making promised deliveries on time and at the agreed price. As a result, their operation has become marginal.
2. **Kingfisher**--a clean, three-man operation in Rye specializing in cheaper fish. Kingfisher has trouble with their suppliers because they aren't willing to pay top dockside prices in cash--the owner likes to haggle over price. The operation is well financed and managed, has modern equipment, and sells directly to homes from a fleet of three trucks (very convenient). They have some wholesale business that they want to expand. Their sales are apparently growing because they have been serving the same routes for five years and have an excellent reputation. Rumor has it that Kingfisher is interested in buying Ferd's Fish or adding another delivery truck or two.
3. **Job's Seafoods**--currently rebuilding because of a disastrous fire but will be our most serious competitor when their new store opens. Job's has been in business for 25 years in Anytown and has a good location on a scenic bridge two miles south of Finestkind. Job's has good relations with suppliers and serves most of the supermarkets. Currently, they have no retail business but plan to open a retail store in their new building. However, the owner needs a major eye operation and may be willing to part with some of his wholesale business because he is getting on in years.

Indirect competition is from major processors in Portland (45 miles east) and Boston (60 miles south). Because we fall between their primary market areas we can purchase from both on consignment basis.

### *Description of Management*

Mr. Gosling was born in Anytown, Maine, and has lived there all his life. After graduating from local schools and serving in the U.S. Navy for three years, he became a self-employed carpenter, taking night courses in small business management and sales at the University of Maine, with the aim of owning and managing a retail store. He currently serves on the local zoning board. He and his wife (a medical secretary) live in Anytown with their two children.

Mr. Swan was born in Wisconsin, attended schools in Utah, Alaska, and Florida, and served four years in the Marines (rank upon separation: E-3). He test-drove motorcycles for a year, then served as parts manager for Wheely Cycles, Inc. before joining the Fatback Fish Division of Tasty Foods as a packer in March 1989 in their East Machias, Maine plant. In June 1991, he resigned as line foreman of the Frozen Food Filleting Department to join Mr. Gosling in Finestking. He is unmarried and lives in Anytown.

Both men are healthy and energetic. They believe their energies complement each other and will help them make Finestkind a success. In particular, Mr. Swan knows all of the fishermen, while Mr. Gosling is a well-known member of the community. Because Mr. Swan has had experience in cost control and line management, he will be responsible for the store and inventory control. Mr. Gosling will be primarily responsible for developing the wholesale business. They will set policies together. Personnel decisions will be made jointly.

Salaries will be \$950/month for the first year to enable the business to pay off startup costs. Mr. Gosling's wife earns enough to support their family; Mr. Swan's personal expenditures are low because he shares a house with five other men. In the second year, they will earn \$1,200/month; in the third year, \$1,500/month with any profits returned to the business.

In order to augment their skills, they have enlisted the help of Smith & Farley (CPAs), Dewey Cheatham & Howe (attorneys), and Halsey Johnson, a retired banker who will be on their first advisory board. Other advisory board members are Andrew O'Bangfo, business consultant; the University of Maine's Venture Incubator Division's Etienne LeBlanc; and Gene Brudleigh of FROG (Fish Retailers Organized for Growth). This board will provide ongoing management review.

### *Description of Personnel*

Finestkind will hire one part-time salesperson within six months to sell seafoods over the counter to the retail customers. He or she will be paid \$4.00/hour for weekend work; no fringe benefits or overtime are anticipated. We will also employ, on an as-needed basis, one cutter at \$6.75/hour to help process seafood for the wholesale trade. We think the counter help will be needed for 10 weeks during the summer and the cutter will be needed for about 20 hours/week for 16 weeks. (This should take care of the second summer as well. For the third year, we plan on two counter helpers [plus a full-time summer cutter.] in the second year

we'll add one full-time employee at \$850/month, with a raise to \$900/month in the third year.

No further employees are planned for unless business grows more rapidly than we have forecast.

*Application and Expected Effect of Loan or Investment*

The \$120,000 will be used as follows:

|                                                               |           |
|---------------------------------------------------------------|-----------|
| Purchase of Main Street property                              | \$75,000  |
| Equipment                                                     |           |
| Used Ford pickup with insulated body                          | 3,885     |
| Dayton-compressor (used, serial #45-cah-990)                  | 365       |
| Sharp slicer (used, Speedy model)                             | 400       |
| Renovations (see contractor's letter in Supporting Documents) | 12,500    |
| Working capital                                               | 12,000    |
| Inventory                                                     | 1,500     |
| Cash reserve                                                  | 14,350    |
| Total                                                         | \$120,000 |

Finestkind can purchase the 123 Main Street property at a substantial savings under the terms of a lease/purchase agreement. An independent appraiser has calculated the value of the property, including leasehold improvements already done by Finestkind at \$135,000. The monthly payment for a 15-year mortgage (\$75,000 at 11.5 percent interest) will be \$875/month, a net increase of \$325/month over the current rent. See the Financial Data section for the effect on the business.

The truck will be used to deliver merchandise to our wholesale customers, retard spoilage, and maintain the quality of the seafood.

The compressor will replace the one now used for the freezer and will lower electrical costs and provide a measure of insurance against loss of refrigeration. (We'll keep the old compressor as a spare.)

The slicer will save four man-hours of work daily. The time released will be used for soliciting more business and processing a greater volume of whole fish. With the slicer, relatively untrained help can fillet flounder with minimal waste.

The renovations are: a deep-water well-required by the state, a toilet and wash sink separate from the work area, and replacement of the current obsolete heating system to reduce fuel expenses.

The working capital will enable Finestkind to meet current expenses, offset negative seasonal cash flow as show in the Cash Flow Projection in the Financial Data section, and ensure the continued growth of the business.

The inventory is to take advantage of bulk rates on certain fresh-frozen packaged goods such as red snapper or South American spiny lobster.

The bank will hold the reserve as a line of credit. It will be used to take advantage of special opportunities or to meet emergencies.

### *Summary*

Finestkind Seafoods, Inc. is a fish market serving retail and wholesale markets in and around Anytown, Maine. Mike Gosling and Mike Swan, the owners, are seeking \$120,000 to purchase the 123 Main Street property, perform necessary renovations and improvements to the property, maintain a cash reserve, and provide adequate working capital for anticipated expansion of the business. This amount will be sufficient to finance transition through a planned expansion phase so the business can operate as an ongoing, profitable venture.

Careful analysis of the potential market shows an unfilled demand for exceptionally fresh seafood. Mr. Gosling's local reputation will help secure a sizable portion of the wholesale market, while Mr. Swan's managerial experience assures that the entire operation will be carefully controlled. Mr. Gosling's current studies at the University of Maine will provide even more control over the projected growth of Finestkind and complement the advice of a thoughtfully selected advisory board.

The funds sought will result in a greater increase in fixed assets than may be shown, as Mr. Gosling will be performing much additional renovation and improvements himself. The additional reserve and working capital will enable Finestkind to increase their sales substantially while maintaining profitability.

## SECTION TWO: FINANCIAL DATA

### *Description of Sources and Applications of Funding*

#### Finestkind Seafoods, Inc.

##### Sources

|                                         |                  |
|-----------------------------------------|------------------|
| 1. Mortgage Loan                        | \$ 75,000        |
| 2. Term loan                            | 30,000           |
| 3. Reserved loan                        | 15,000           |
| 4. New Investment from Gosling and Swan | 30,000           |
| <b>Total</b>                            | <b>\$150,000</b> |

##### Applications

|                                      |                  |
|--------------------------------------|------------------|
| 1. Purchase 123 Main Street property | \$105,000        |
| 2. Equipment                         | 4,650            |
| 3. Renovations                       | 12,500           |
| 4. Inventory                         | 1,500            |
| 5. Working capital                   | 12,000           |
| 6. Cash reserve for contingencies    | 14,350           |
| <b>Total</b>                         | <b>\$150,000</b> |

To be secured by the assets of the business and personal guarantees of the principals, Mike Gosling and Mike Swan.

## *Capital Equipment List*

Finestkind Seafoods, Inc.

| <b>Major Equipment and<br/>Normal Accessories</b>         | <b>Model</b> | <b>Cost or List Price<br/>(whichever is lower)</b> |
|-----------------------------------------------------------|--------------|----------------------------------------------------|
| Storequip, Inc. display case,<br>glass front, ice         | handmade     | \$ 600                                             |
| Storequip, Inc. display case<br>glass front, refrigerated | SST6-77K     | 1,700                                              |
| Dayton air compressor                                     | 45-cah-990   | 365                                                |
| Bendix standing freezer                                   | 3979-7584    | 350                                                |
| GE standard freezer                                       | --           | 50                                                 |
| Cleaning table, fibreglassed                              | handmade     | 200                                                |
| Freezing locker and compressor                            | handmade     | 4,500                                              |
| <b>Total</b>                                              |              | <b>\$ 7,765</b>                                    |

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### **Minor Shop Equipment**

|                                     |     |               |
|-------------------------------------|-----|---------------|
| Miscellaneous knives, scalers, etc. | --- | \$ 500        |
| Miscellaneous display trays, boxes  | --- | 350           |
| <b>Total</b>                        |     | <b>\$ 850</b> |

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### **Other Equipment**

|                                     |                     |                 |
|-------------------------------------|---------------------|-----------------|
| Pickup truck with<br>insulated body | 1983 Ford, Lo-bed   | \$ 4,000        |
| Safe                                | 1879 Diebold Mosler | 200             |
| Cash Register                       | 523 NCR             | 350             |
| Calculator                          | TI-120              | 65              |
| Computer and software               | Super Clone         | 2,100           |
| Light fixtures                      | custom              | 400             |
| <b>Total</b>                        |                     | <b>\$ 7,115</b> |

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**Capital Equipment Total** **\$15,730**

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**Finestkind Seafoods, Inc.**  
**October 1, 19--**  
**Balance Sheet**

| <b>Assets</b>             | <b>Liabilities</b>           |
|---------------------------|------------------------------|
| <b>CURRENT ASSETS</b>     | <b>CURRENT LIABILITIES</b>   |
| Cash                      | Accounts Payable             |
| \$ 2,150                  | \$ 8,077                     |
| Accounts Receivable (net) | Current Portion              |
| 1,700                     | Long-Term Debt               |
| Merchandise Inventory     | 1,440                        |
| 3,900                     | Total Current Liabilities    |
| Supplies                  | \$9,517                      |
| 450                       |                              |
| Prepaid Expenses          |                              |
| 320                       | <b>LONG-TERM LIABILITIES</b> |
| Total Current Assets      | Note Payable (a)             |
| \$ 8,520                  | \$ 535                       |
|                           | Bank Loan Payable (b)        |
| <b>FIXED ASSETS</b>       | 1,360                        |
| Fixtures and Leasehold    | Equity Loan Payable (c)      |
| Improvements (d)          | 9,250                        |
| \$13,265                  | Total Long-Term              |
| Building (freezer)        | Liabilities                  |
| 4,500                     | \$11,145                     |
| Equipment                 | Total Liabilities            |
| 3,115                     | \$20,662                     |
| Trucks                    | <b>NET WORTH</b>             |
| 6,500                     | Owners' Equity               |
| Total Fixed Assets        | \$15,238                     |
| \$27,380                  | Total Liabilities            |
| Total Assets              | and Net Worth                |
| \$35,900                  | \$35,900                     |

**ACCOUNTS PAYABLE DISPLAY**

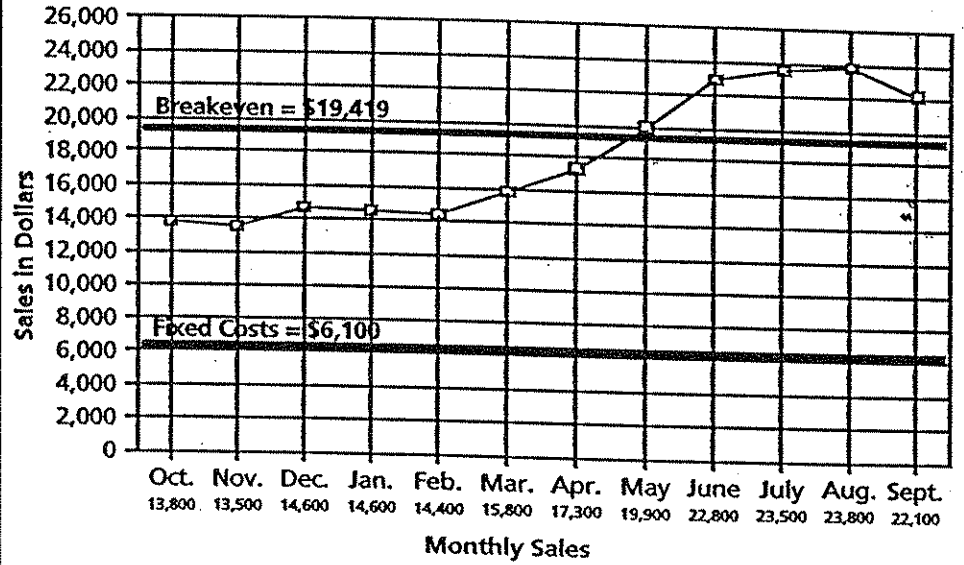
|                   |                |
|-------------------|----------------|
| Eldredge's, Inc.  | \$ 3,700       |
| Lesswing's        | 4,119          |
| Paxstone          | 180            |
| B&B Refrigeration | 78             |
|                   | <b>\$8,077</b> |

- (a) Dave N. Hall for electrical work.
- (b) Term loan secured by 1987 Jeep, 1992 Ford
- (c) S & C Finance Corp., Anytown, Maine.
- (d) Includes \$10,000 in improvements since June.

## Breakeven Analysis

Projected figures from Finestkind's  
Three-Year Income Projection

Fixed costs  $FC = \$62,220$   
 Gross margin  $GM = (57,680/216,000) = 26.7\%$   
 Thus, breakeven sales  $= S = FC / GM$   
 $= (\$62,220 / .267)$   
 $= \$233,033/\text{year}$   
 On a monthly basis,  $S = \$19,419/\text{month}$



**FINESTKIND SEAFOODS, INC.**  
**Income Projection: Three-Year Summary**

|    | A                                  | B         | C         | D         | E          |
|----|------------------------------------|-----------|-----------|-----------|------------|
| 1  |                                    | Year 1    | Year 2    | Year 3    | % of Sales |
| 2  |                                    |           |           |           | Year 1     |
| 3  | Sales                              |           |           |           |            |
| 4  | Wholesale                          | \$90,000  | \$265,000 | \$325,000 | 60.75%     |
| 5  | Retail                             | \$126,000 | \$180,000 | \$210,000 | 39.25%     |
| 6  | Total Sales                        | \$216,000 | \$445,000 | \$535,000 | 100.00%    |
| 7  |                                    |           |           |           |            |
| 8  | *V Cost of Materials               | \$155,520 | \$320,400 | \$385,200 | 72.00%     |
| 9  | V Variable Labor                   | \$2,800   | \$2,800   | \$7,520   | 1.41%      |
| 10 | Total Cost of Goods Sold           | \$158,320 | \$323,200 | \$392,720 | 73.41%     |
| 11 |                                    |           |           |           |            |
| 12 | Gross Margin                       | \$57,680  | \$121,800 | \$142,280 | 26.59%     |
| 13 |                                    |           |           |           |            |
| 14 | Operating Expenses                 |           |           |           |            |
| 15 | F Utilities                        | \$2,160   | \$2,640   | \$2,880   | 0.54%      |
| 16 | F Salaries                         | \$22,800  | \$39,000  | \$46,800  | 8.75%      |
| 17 | V/F Payroll Taxes and Benefits     | \$2,850   | \$4,875   | \$5,850   | 1.09%      |
| 18 | F Advertising                      | \$9,555   | \$11,125  | \$13,375  | 2.50%      |
| 19 | F Office Supplies                  | \$300     | \$360     | \$480     | 0.09%      |
| 20 | F Insurance                        | \$1,200   | \$3,800   | \$4,100   | 0.77%      |
| 21 | F Maintenance and Cleaning         | \$300     | \$360     | \$420     | 0.08%      |
| 22 | F Legal and Accounting             | \$1,500   | \$2,000   | \$2,500   | 0.47%      |
| 23 | V/F Delivery Expenses              | \$1,800   | \$8,900   | \$9,095   | 1.70%      |
| 24 | F Licenses                         | \$115     | \$115     | \$115     | 0.02%      |
| 25 | V/F Boxes, Paper, etc.             | \$400     | \$800     | \$1,200   | 0.22%      |
| 26 | F Telephone                        | \$1,020   | \$1,800   | \$2,400   | 0.45%      |
| 27 | F Depreciation                     | \$7,700   | \$12,500  | \$12,500  | 2.34%      |
| 28 | F Miscellaneous                    | \$480     | \$600     | \$720     | 0.13%      |
| 29 | F Rent                             | \$1,650   | \$0       | \$0       | 0.00%      |
| 30 | Total Operating Expenses           | \$53,830  | \$88,875  | \$102,435 | 19.15%     |
| 31 |                                    |           |           |           |            |
| 32 | Other Expenses                     |           |           |           |            |
| 33 | F Interest (Mortgage)              | \$6,258   | \$8,280   | \$8,052   | 1.51%      |
| 34 | F Interest (Term Loan)             | \$1,632   | \$3,189   | \$2,900   | 0.54%      |
| 35 | F Interest (Line of Credit)        | \$500     | \$500     | \$500     | 0.09%      |
| 36 | Total Other Expenses               | \$8,390   | \$11,969  | \$11,452  | 2.14%      |
| 37 |                                    |           |           |           |            |
| 38 | Total Expenses                     | \$62,220  | \$100,844 | \$113,887 | 21.29%     |
| 39 |                                    |           |           |           |            |
| 40 | Net Profit (Loss) Pretax           | (\$4,540) | \$20,956  | \$28,393  | 5.31%      |
| 41 |                                    |           |           |           |            |
| 42 | *V = Variable Cost, F = Fixed Cost |           |           |           |            |

FINESTKIND SEAFOODS, INC.

Income Projection by Month, Year One

|    | A                          | B        | C        | D        | E        | F        | G         | H         | I         | J         | K         | L         | M         | N         | O                |
|----|----------------------------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|
|    |                            | October  | November | December | January  | February | March     | April     | May       | June      | July      | August    | September | Total     | % of Total Sales |
| 1  |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 2  |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 3  | Sales                      |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 4  | Wholesale                  | \$4,000  | \$4,000  | \$5,200  | \$5,600  | \$6,000  | \$7,000   | \$7,000   | \$8,400   | \$10,600  | \$11,300  | \$11,300  | \$9,600   | \$90,000  | 41.67%           |
| 5  | Retail                     | \$9,730  | \$9,500  | \$9,500  | \$9,000  | \$8,400  | \$8,250   | \$10,300  | \$11,540  | \$12,165  | \$12,165  | \$12,475  | \$12,475  | \$126,000 | 58.33%           |
| 6  | Total Sales                | \$13,730 | \$13,500 | \$14,700 | \$14,600 | \$14,400 | \$15,250  | \$17,300  | \$19,940  | \$22,765  | \$23,465  | \$23,775  | \$22,075  | \$216,000 | 100.00%          |
| 7  |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 8  | Cost of Materials          | \$9,886  | \$9,720  | \$10,584 | \$10,512 | \$10,368 | \$11,340  | \$12,456  | \$14,357  | \$16,391  | \$16,895  | \$17,118  | \$15,894  | \$155,520 | 72.00%           |
| 9  | Variable Labor             | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       | \$0       | \$0       | \$604     | \$796     | \$796     | \$604     | \$2,800   | 1.30%            |
| 10 | Cost of Goods Sold         | \$9,886  | \$9,720  | \$10,584 | \$10,512 | \$10,368 | \$11,340  | \$12,456  | \$14,357  | \$16,995  | \$17,691  | \$17,914  | \$16,498  | \$158,320 | 73.30%           |
| 11 | Gross Margin               | \$3,844  | \$3,780  | \$4,116  | \$4,088  | \$4,032  | \$4,410   | \$4,844   | \$5,583   | \$5,770   | \$5,774   | \$5,861   | \$5,577   | \$57,680  | 26.70%           |
| 12 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 13 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 14 | Operating Expenses         |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 15 | Utilities                  | \$160    | \$165    | \$180    | \$200    | \$200    | \$180     | \$170     | \$165     | \$185     | \$185     | \$185     | \$185     | \$2,160   | 1.00%            |
| 16 | Salaries                   | \$1,900  | \$1,900  | \$1,900  | \$1,900  | \$1,900  | \$1,900   | \$1,900   | \$1,900   | \$1,900   | \$1,900   | \$1,900   | \$1,900   | \$22,800  | 10.56%           |
| 17 | Payroll Taxes and Benefits | \$237    | \$238    | \$237    | \$238    | \$237    | \$238     | \$237     | \$238     | \$237     | \$238     | \$237     | \$238     | \$2,850   | 1.32%            |
| 18 | Advertising                | \$450    | \$450    | \$450    | \$450    | \$450    | \$450     | \$460     | \$450     | \$450     | \$450     | \$450     | \$450     | \$9,555   | 4.42%            |
| 19 | Office Supplies            | \$25     | \$25     | \$25     | \$25     | \$25     | \$25      | \$25      | \$25      | \$25      | \$25      | \$25      | \$25      | \$300     | 0.14%            |
| 20 | Insurance                  | \$70     | \$70     | \$70     | \$110    | \$110    | \$110     | \$110     | \$110     | \$110     | \$110     | \$110     | \$110     | \$1,200   | 0.56%            |
| 21 | Maintenance and Cleaning   | \$25     | \$25     | \$25     | \$25     | \$25     | \$25      | \$25      | \$25      | \$25      | \$25      | \$25      | \$25      | \$300     | 0.14%            |
| 22 | Legal and Accounting       | \$125    | \$125    | \$125    | \$125    | \$125    | \$125     | \$125     | \$125     | \$125     | \$125     | \$125     | \$125     | \$1,500   | 0.69%            |
| 23 | Delivery Expenses          | \$150    | \$150    | \$150    | \$150    | \$150    | \$150     | \$150     | \$150     | \$150     | \$150     | \$150     | \$150     | \$1,800   | 0.83%            |
| 24 | Licenses                   | \$9      | \$9      | \$9      | \$9      | \$9      | \$10      | \$10      | \$10      | \$10      | \$10      | \$10      | \$10      | \$115     | 0.05%            |
| 25 | Boxes, Paper, etc.         | \$15     | \$15     | \$15     | \$15     | \$20     | \$35      | \$40      | \$45      | \$50      | \$50      | \$50      | \$50      | \$400     | 0.19%            |
| 26 | Telephone                  | \$85     | \$85     | \$85     | \$85     | \$85     | \$85      | \$85      | \$85      | \$85      | \$85      | \$85      | \$85      | \$1,020   | 0.47%            |
| 27 | Depreciation               | \$0      | \$0      | \$0      | \$455    | \$460    | \$460     | \$1,050   | \$1,055   | \$1,055   | \$1,055   | \$1,055   | \$1,055   | \$7,700   | 3.56%            |
| 28 | Miscellaneous              | \$40     | \$40     | \$40     | \$40     | \$40     | \$40      | \$40      | \$40      | \$40      | \$40      | \$40      | \$40      | \$480     | 0.22%            |
| 29 | Rent                       | \$550    | \$550    | \$550    | \$0      | \$0      | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$0       | \$1,650   | 0.76%            |
| 30 | Total Operating Expenses   | \$3,841  | \$3,847  | \$3,861  | \$3,827  | \$3,836  | \$3,833   | \$4,872   | \$4,423   | \$4,447   | \$4,448   | \$4,447   | \$4,448   | \$53,830  | 24.92%           |
| 31 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 32 | Other Expenses             |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 33 | Interest (Mortgage)        | \$0      | \$0      | \$0      | \$695    | \$695    | \$695     | \$695     | \$695     | \$695     | \$695     | \$695     | \$695     | \$6,258   | 2.90%            |
| 34 | Interest (Term Loan)       | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       | \$272     | \$272     | \$272     | \$272     | \$272     | \$272     | \$1,632   | 0.76%            |
| 35 | Interest (Credit Line)     | \$0      | \$85     | \$85     | \$0      | \$0      | \$0       | \$0       | \$0       | \$165     | \$165     | \$0       | \$0       | \$500     | 0.23%            |
| 36 | Total Other Expenses       | \$0      | \$85     | \$85     | \$695    | \$695    | \$696     | \$967     | \$967     | \$1,133   | \$1,132   | \$967     | \$968     | \$8,390   | 3.88%            |
| 37 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 38 | Total Expenses             | \$3,841  | \$3,932  | \$3,946  | \$4,522  | \$4,531  | \$4,529   | \$5,839   | \$5,390   | \$5,580   | \$5,580   | \$5,414   | \$5,416   | \$62,220  | 28.81%           |
| 39 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 40 | Net Profit (Loss) Pretax   | \$3      | (\$152)  | \$170    | (\$434)  | (\$499)  | (\$119)   | (\$4,695) | \$193     | \$190     | \$194     | \$447     | \$161     | (\$4,540) |                  |
| 41 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |
| 42 | Cumulative Profit (Loss)   | \$3      | (\$149)  | \$21     | (\$413)  | (\$912)  | (\$1,031) | (\$6,726) | (\$5,533) | (\$5,343) | (\$5,149) | (\$4,702) | (\$4,540) |           |                  |
| 43 |                            |          |          |          |          |          |           |           |           |           |           |           |           |           |                  |

**FINESTKIND SEAFOODS, INC.**  
**Income Projection by Quarter, Year Two**

|    | A                          | B         | C        | D         | E         | F         |
|----|----------------------------|-----------|----------|-----------|-----------|-----------|
|    |                            | 1st Qtr   | 2nd Qtr  | 3rd Qtr   | 4th Qtr   | Total     |
| 1  |                            |           |          |           |           |           |
| 2  |                            |           |          |           |           |           |
| 3  | Sales                      |           |          |           |           |           |
| 4  | Wholesale                  | \$38,900  | \$54,800 | \$76,500  | \$94,800  | \$265,000 |
| 5  | Retail                     | \$41,000  | \$37,400 | \$48,600  | \$53,000  | \$180,000 |
| 6  | Total Sales                | \$79,900  | \$92,200 | \$125,100 | \$147,800 | \$445,000 |
| 7  |                            |           |          |           |           |           |
| 8  | Cost of Materials          | \$57,528  | \$66,384 | \$90,072  | \$106,416 | \$320,400 |
| 9  | Variable Labor             | \$0       | \$0      | \$604     | \$2,196   | \$2,800   |
| 10 | Total Cost of Goods Sold   | \$57,528  | \$66,384 | \$90,676  | \$108,612 | \$323,200 |
| 11 |                            |           |          |           |           |           |
| 12 | Gross Margin               | \$22,372  | \$25,816 | \$34,424  | \$39,188  | \$121,800 |
| 13 |                            |           |          |           |           |           |
| 14 | Operating Expenses         |           |          |           |           |           |
| 15 | Utilities                  | \$660     | \$660    | \$660     | \$660     | \$2,640   |
| 16 | Salaries                   | \$9,750   | \$9,750  | \$9,750   | \$9,750   | \$39,000  |
| 17 | Payroll Taxes and Benefits | \$1,219   | \$1,219  | \$1,219   | \$1,219   | \$4,875   |
| 18 | Advertising                | \$1,998   | \$2,305  | \$3,128   | \$3,695   | \$11,125  |
| 19 | Office Supplies            | \$90      | \$90     | \$90      | \$90      | \$360     |
| 20 | Insurance                  | \$950     | \$950    | \$950     | \$950     | \$3,800   |
| 21 | Maintenance and Cleaning   | \$90      | \$90     | \$90      | \$90      | \$360     |
| 22 | Legal and Accounting       | \$500     | \$500    | \$500     | \$500     | \$2,000   |
| 23 | Delivery Expenses          | \$1,598   | \$1,844  | \$2,502   | \$2,956   | \$8,900   |
| 24 | Licenses                   | \$25      | \$30     | \$30      | \$30      | \$115     |
| 25 | Boxes, Paper, etc.         | \$150     | \$175    | \$225     | \$250     | \$800     |
| 26 | Telephone                  | \$450     | \$450    | \$450     | \$450     | \$1,800   |
| 27 | Depreciation               | \$3,125   | \$3,125  | \$3,125   | \$3,125   | \$12,500  |
| 28 | Miscellaneous              | \$150     | \$150    | \$150     | \$150     | \$600     |
| 29 | Rent                       | \$0       | \$0      | \$0       | \$0       | \$0       |
| 30 | Total Operating Expenses   | \$20,754  | \$21,338 | \$22,868  | \$23,915  | \$88,875  |
| 31 |                            |           |          |           |           |           |
| 32 | Other Expenses             |           |          |           |           |           |
| 33 | Interest (Mortgage)        | \$2,070   | \$2,070  | \$2,070   | \$2,070   | \$8,280   |
| 34 | Interest (Term Loan)       | \$798     | \$798    | \$797     | \$796     | \$3,189   |
| 35 | Interest (Credit Line)     | \$0       | \$0      | \$140     | \$360     | \$500     |
| 36 | Total Other Expenses       | \$2,868   | \$2,868  | \$3,007   | \$3,226   | \$11,969  |
| 37 |                            |           |          |           |           |           |
| 38 | Total Expenses             | \$23,622  | \$24,206 | \$25,875  | \$27,141  | \$100,844 |
| 39 |                            |           |          |           |           |           |
| 40 | Net Profit (Loss) Pretax   | (\$1,250) | \$1,610  | \$8,549   | \$12,047  | \$20,956  |

**FINESTKIND SEAFOODS, INC**  
**Income Projection by Quarter, Year Three**

|    | A                               | B                | C               | D                | E                | F                |
|----|---------------------------------|------------------|-----------------|------------------|------------------|------------------|
|    |                                 | 1st Qtr          | 2nd Qtr         | 3rd Qtr          | 4th Qtr          | Total            |
| 1  |                                 |                  |                 |                  |                  |                  |
| 2  |                                 |                  |                 |                  |                  |                  |
| 3  | Sales                           |                  |                 |                  |                  |                  |
| 4  | Wholesale                       | \$58,750         | \$55,000        | \$97,500         | \$113,750        | \$325,000        |
| 5  | Retail                          | \$47,400         | \$43,600        | \$56,000         | \$63,000         | \$210,000        |
| 6  | <b>Total Sales</b>              | <b>\$106,150</b> | <b>\$98,600</b> | <b>\$153,500</b> | <b>\$176,750</b> | <b>\$535,000</b> |
| 7  |                                 |                  |                 |                  |                  |                  |
| 8  | Cost of Materials               | \$76,428         | \$70,992        | \$110,520        | \$127,260        | \$385,200        |
| 9  | Variable Labor                  | \$0              | \$0             | \$1,622          | \$5,898          | \$7,520          |
| 10 | <b>Total Cost of Goods Sold</b> | <b>\$76,428</b>  | <b>\$70,992</b> | <b>\$112,142</b> | <b>\$133,158</b> | <b>\$392,720</b> |
| 11 |                                 |                  |                 |                  |                  |                  |
| 12 | <b>Gross Margin</b>             | <b>\$29,722</b>  | <b>\$27,608</b> | <b>\$41,358</b>  | <b>\$43,592</b>  | <b>\$142,280</b> |
| 13 |                                 |                  |                 |                  |                  |                  |
| 14 | Operating Expenses              |                  |                 |                  |                  |                  |
| 15 | Utilities                       | \$720            | \$720           | \$720            | \$720            | \$2,880          |
| 16 | Salaries                        | \$11,700         | \$11,700        | \$11,700         | \$11,700         | \$46,800         |
| 17 | Payroll Taxes and Benefits      | \$1,463          | \$1,463         | \$1,463          | \$1,463          | \$5,850          |
| 18 | Advertising                     | \$2,654          | \$2,465         | \$3,838          | \$4,419          | \$13,375         |
| 19 | Office Supplies                 | \$120            | \$120           | \$120            | \$120            | \$480            |
| 20 | Insurance                       | \$1,025          | \$1,025         | \$1,025          | \$1,025          | \$4,100          |
| 21 | Maintenance and Cleaning        | \$105            | \$105           | \$105            | \$105            | \$420            |
| 22 | Legal and Accounting            | \$625            | \$625           | \$625            | \$625            | \$2,500          |
| 23 | Delivery Expenses               | \$1,805          | \$1,676         | \$2,610          | \$3,005          | \$9,095          |
| 24 | Licenses                        | \$25             | \$30            | \$30             | \$30             | \$115            |
| 25 | Boxes, Paper, etc.              | \$200            | \$200           | \$350            | \$450            | \$1,200          |
| 26 | Telephone                       | \$600            | \$600           | \$600            | \$600            | \$2,400          |
| 27 | Depreciation                    | \$3,125          | \$3,125         | \$3,125          | \$3,125          | \$12,500         |
| 28 | Miscellaneous                   | \$180            | \$180           | \$180            | \$180            | \$720            |
| 29 | Rent                            | \$0              | \$0             | \$0              | \$0              | \$0              |
| 30 | <b>Total Operating Expenses</b> | <b>\$24,346</b>  | <b>\$24,034</b> | <b>\$26,490</b>  | <b>\$27,566</b>  | <b>\$102,435</b> |
| 31 |                                 |                  |                 |                  |                  |                  |
| 32 | Other Expenses                  |                  |                 |                  |                  |                  |
| 33 | Interest (Mortgage)             | \$2,013          | \$2,013         | \$2,013          | \$2,013          | \$8,052          |
| 34 | Interest (Term Loan)            | \$725            | \$725           | \$725            | \$725            | \$2,900          |
| 35 | Interest (Credit Line)          | \$0              | \$0             | \$140            | \$360            | \$500            |
| 36 | <b>Total Other Expenses</b>     | <b>\$2,738</b>   | <b>\$2,738</b>  | <b>\$2,878</b>   | <b>\$3,098</b>   | <b>\$11,452</b>  |
| 37 |                                 |                  |                 |                  |                  |                  |
| 38 | <b>Total Expenses</b>           | <b>\$27,084</b>  | <b>\$26,772</b> | <b>\$29,368</b>  | <b>\$30,664</b>  | <b>\$113,887</b> |
| 39 |                                 |                  |                 |                  |                  |                  |
| 40 | <b>Net Profit Pretax</b>        | <b>\$2,638</b>   | <b>\$836</b>    | <b>\$11,991</b>  | <b>\$12,928</b>  | <b>\$28,393</b>  |

## *Explanation for Income Statement Projections*

(4) Wholesale and (5) Retail. Due to a major marketing effort (see (18) Advertising below), wholesale sales should increase to 60 percent of gross sales within two years. Retail sales are expected to be more volatile than the wholesale business, leveling off around \$20,000/month due to space restrictions. Volatility is seasonal, building from late March to a late summer peak. The increases shown in (4) Wholesale are based both on the greater number of restaurants open in the summer and the intense marketing efforts, planned for the winter months, to sell directly to the many restaurants that don't yet know Finestkind.

(4) Wholesale in Years Two and Three follow the same pattern as Year One (seasonally) but start at \$10,000/October Year Two as the result of advertising and marketing efforts, longer experience with the wholesale market, and greater exposure to the market. Year Three is a bit more seasonal, reflecting a flattening out of the sales curve.

(8) Cost of Materials: Finestkind's Inventory has an average cost of 68 percent of sales (including a startup spoilage rate of 5 percent that has been reduced to under 1 percent of sales), and has been calculated as 72 percent of sales to allow for the fluctuation of dockside prices during the winter.

(9) Variable Labor. In Years One and Two, two part-time summer helpers will be needed: a counter person at \$4/hour for 16 hours/week for 10 weeks, and a fish cutter at \$6.75/hour for 20 hours/week for 16 weeks. In Year Three, two full-time counter helpers and a full-time cutter will be needed for 10 and 16 weeks, respectively.

(15) Utilities. Prorated by agreement with the utility companies. Goes from \$165/month (Year One) to \$220 to \$240 in Year Three.

(16) Salaries.

Year One: \$950/month for Gosling and Swan

Year Two: \$1,200/month for Gosling and Swan  
\$850/month for a full-time employee

Year Three: \$1,500/month for Gosling and Swan  
\$900/month (50/month raise) for employee

(18) Advertising. Local newspaper and radio spots. The advertising budget is 4.4 percent of (6) Total Sales. In Year One, a large one-time promotional blitz will be made in April to build off-season wholesale business.

(23) Delivery Expenses. Delivery of merchandise to restaurants and other markets. Year Two: 2 percent of total sales; Year Three: 1.7 percent. As the wholesale business increases, route efficiency should also increase, causing delivery expenses as a percentage of sales to decrease.

(27) Depreciation. Five-year, straight-line on equipment (beginning April, Year One); straight-line 19 years on building (beginning January, Year One).

(29) Rent. Applicable for three months in Year One; will be replaced by (33) Interest (Mortgage) on the income statement.

(33) Interest (Mortgage). \$75,000 mortgage for 15 years at 11.5 percent.

(34) Interest (Term Loan). \$30,000 loan for seven years at 12.25 percent.

**(35) Interest (Credit Line). Estimated use of line: average of \$7,500 outstanding for six months a year at 13.5 percent.**

FINESTKIND SEAFOODS, INC.

Cash Flow Projection by Month, Year One

| A  | B                               | C          | D          | E          | F           | G          | H          | I          | J          | K          | L          | M          | N           |
|----|---------------------------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|-------------|
|    | October                         | November   | December   | January    | February    | March      | April      | May        | June       | July       | August     | September  | Total       |
| 1  |                                 |            |            |            |             |            |            |            |            |            |            |            |             |
| 2  | Cash Receipts                   |            |            |            |             |            |            |            |            |            |            |            |             |
| 3  | Sales Receivables               | \$2,000    | \$1,333    | \$1,733    | \$1,867     | \$2,000    | \$2,333    | \$2,333    | \$2,800    | \$3,533    | \$3,767    | \$3,767    | \$28,800    |
| 4  | Wholesale                       | \$2,667    | \$3,467    | \$3,733    | \$4,000     | \$4,667    | \$4,667    | \$5,600    | \$7,067    | \$7,533    | \$7,533    | \$6,400    | \$60,000    |
| 5  | Retail                          | \$9,730    | \$9,500    | \$9,000    | \$8,400     | \$8,750    | \$10,300   | \$11,540   | \$12,165   | \$12,165   | \$12,475   | \$12,475   | \$126,000   |
| 6  | Other Sources (see notes)       | \$7,500    | \$7,500    | \$0        | \$105,000   | \$0        | \$30,000   | \$0        | \$15,000   | \$0        | \$0        | \$0        | \$165,000   |
| 7  | Total Cash Receipts             | \$21,897   | \$21,000   | \$14,300   | \$119,467   | \$14,267   | \$47,300   | \$19,473   | \$37,032   | \$23,232   | \$23,775   | \$22,642   | \$379,800   |
| 8  | Cash Disbursements              |            |            |            |             |            |            |            |            |            |            |            |             |
| 9  | Cost of Goods                   | \$9,886    | \$9,720    | \$10,584   | \$10,512    | \$11,340   | \$12,456   | \$14,357   | \$16,391   | \$16,895   | \$17,118   | \$15,894   | \$155,520   |
| 10 | Variable Labor                  | \$0        | \$0        | \$0        | \$0         | \$0        | \$0        | \$0        | \$604      | \$796      | \$796      | \$604      | \$2,800     |
| 11 | Advertising                     | \$1,000    | \$400      | \$400      | \$400       | \$400      | \$4,555    | \$400      | \$400      | \$400      | \$400      | \$400      | \$9,555     |
| 12 | Insurance                       | \$0        | \$300      | \$0        | \$0         | \$0        | \$0        | \$300      | \$0        | \$0        | \$300      | \$0        | \$1,200     |
| 13 | Legal and Accounting            | \$0        | \$0        | \$375      | \$0         | \$0        | \$0        | \$0        | \$375      | \$0        | \$0        | \$0        | \$1,500     |
| 14 | Delivery Expenses               | \$75       | \$75       | \$75       | \$100       | \$100      | \$150      | \$200      | \$200      | \$250      | \$250      | \$250      | \$1,800     |
| 15 | *Fixed Cash Disbursements       | \$2,535    | \$2,535    | \$2,535    | \$2,535     | \$2,535    | \$2,535    | \$2,535    | \$2,535    | \$2,535    | \$2,535    | \$2,535    | \$30,425    |
| 16 | Mortgage (rent)                 | \$550      | \$550      | \$550      | \$876       | \$876      | \$876      | \$876      | \$876      | \$876      | \$876      | \$876      | \$9,535     |
| 17 | Term Loan                       | \$0        | \$0        | \$0        | \$0         | \$0        | \$534      | \$534      | \$534      | \$534      | \$534      | \$534      | \$3,202     |
| 18 | Line of Credit                  | \$0        | \$85       | \$15,085   | \$0         | \$0        | \$0        | \$0        | \$165      | \$165      | \$15,000   | \$0        | \$30,500    |
| 19 | Other Disbursements             | \$0        | \$0        | \$0        | \$105,000   | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$0        | \$135,000   |
| 20 | Total Cash Disbursements        | \$14,046   | \$13,665   | \$29,604   | \$119,424   | \$14,555   | \$21,106   | \$19,202   | \$22,080   | \$22,451   | \$37,809   | \$24,468   | \$281,037   |
| 21 |                                 |            |            |            |             |            |            |            |            |            |            |            |             |
| 22 | Net Cash Flow                   | \$7,851    | \$7,335    | (\$15,304) | \$43        | (\$288)    | (\$30,210) | \$26,194   | \$271      | \$14,952   | \$781      | (\$14,034) | (\$1,237)   |
| 23 |                                 |            |            |            |             |            |            |            |            |            |            |            |             |
| 24 | Cumulative Cash Flow            | \$7,851    | \$15,185   | (\$119)    | (\$76)      | (\$364)    | (\$30,574) | (\$4,380)  | \$10,843   | \$11,624   | (\$2,410)  | (\$1,237)  |             |
| 25 |                                 |            |            |            |             |            |            |            |            |            |            |            |             |
| 26 | *Fixed Cash Disbursements (FCD) |            |            |            |             |            |            |            |            |            |            |            |             |
| 27 | Utilities                       | \$2,160    |            |            |             |            |            |            |            |            |            |            |             |
| 28 | Salaries                        | \$22,800   |            |            |             |            |            |            |            |            |            |            |             |
| 29 | Payroll Taxes and Benefits      | \$2,850    |            |            |             |            |            |            |            |            |            |            |             |
| 30 | Office Supplies                 | \$300      |            |            |             |            |            |            |            |            |            |            |             |
| 31 | Maintenance and Cleaning        | \$300      |            |            |             |            |            |            |            |            |            |            |             |
| 32 | Licenses                        | \$115      |            |            |             |            |            |            |            |            |            |            |             |
| 33 | Boxes, Paper, etc.              | \$400      |            |            |             |            |            |            |            |            |            |            |             |
| 34 | Telephone                       | \$1,020    |            |            |             |            |            |            |            |            |            |            |             |
| 35 | Miscellaneous                   | \$480      |            |            |             |            |            |            |            |            |            |            |             |
| 36 | Total FCD/yr                    | \$30,425   |            |            |             |            |            |            |            |            |            |            |             |
| 37 | Avg FCD per month               | \$2,535    |            |            |             |            |            |            |            |            |            |            |             |
| 38 |                                 |            |            |            |             |            |            |            |            |            |            |            |             |
| 39 | Cash on Hand                    |            |            |            |             |            |            |            |            |            |            |            |             |
| 40 | Opening Balance                 | \$2,150    | \$17,335   | \$2,031    | \$2,074     | \$1,786    | (\$28,424) | (\$2,230)  | (\$1,959)  | \$12,993   | \$13,774   | (\$260)    |             |
| 41 | +Cash Receipts                  | \$21,897   | \$21,000   | \$14,300   | \$119,467   | \$14,267   | \$47,300   | \$19,473   | \$37,032   | \$23,232   | \$23,775   | \$22,642   | \$379,793   |
| 42 | -Cash Disbursements             | (\$14,046) | (\$13,665) | (\$29,604) | (\$119,424) | (\$14,555) | (\$21,106) | (\$19,202) | (\$22,080) | (\$22,451) | (\$37,809) | (\$24,468) | (\$381,037) |
| 43 | Total = New Cash Balance        | \$10,001   | \$17,335   | \$2,031    | \$2,074     | \$1,786    | (\$28,424) | (\$2,230)  | (\$1,959)  | \$12,993   | \$13,774   | (\$260)    | \$913       |

**FINESTKIND SEAFOODS, INC**  
**Cash Flow Projection by Quarter, Year Two**

|    | A                                                                                             | B               | C               | D                | E                | F                |
|----|-----------------------------------------------------------------------------------------------|-----------------|-----------------|------------------|------------------|------------------|
|    |                                                                                               | 1st Qtr         | 2nd Qtr         | 3rd Qtr          | 4th Qtr          | Total            |
| 1  |                                                                                               |                 |                 |                  |                  |                  |
| 2  | Cash Receipts                                                                                 |                 |                 |                  |                  |                  |
| 3  | Sales Receivables                                                                             | \$3,200         | \$0             | \$0              | \$0              | \$3,200          |
| 4  | Wholesale                                                                                     | \$38,900        | \$54,800        | \$76,500         | \$94,800         | \$265,000        |
| 5  | Retail                                                                                        | \$41,000        | \$37,400        | \$48,600         | \$53,000         | \$180,000        |
| 6  | Other Sources                                                                                 | \$0             | \$0             | \$12,000         | \$15,000         | \$27,000         |
| 7  | <b>Total Cash Receipts</b>                                                                    | <b>\$83,100</b> | <b>\$92,200</b> | <b>\$137,100</b> | <b>\$162,800</b> | <b>\$475,200</b> |
| 8  | Cash Disbursements                                                                            |                 |                 |                  |                  |                  |
| 9  | Cost of Goods                                                                                 | \$57,528        | \$66,384        | \$90,072         | \$106,416        | \$320,400        |
| 10 | Variable Labor                                                                                | \$0             | \$0             | \$604            | \$2,196          | \$2,800          |
| 11 | Advertising                                                                                   | \$1,998         | \$2,305         | \$3,125          | \$3,695          | \$11,125         |
| 12 | Insurance                                                                                     | \$950           | \$950           | \$950            | \$950            | \$3,800          |
| 13 | Legal and Accounting                                                                          | \$500           | \$500           | \$500            | \$500            | \$2,000          |
| 14 | Delivery Expenses                                                                             | \$1,600         | \$1,844         | \$2,500          | \$2,956          | \$8,900          |
| 15 | * Fixed Cash Disbursements                                                                    | \$12,630        | \$12,640        | \$12,640         | \$12,640         | \$50,550         |
| 16 | Mortgage (rent)                                                                               | \$2,628         | \$2,628         | \$2,628          | \$2,628          | \$10,512         |
| 17 | Term Loan                                                                                     | \$1,602         | \$1,602         | \$1,602          | \$1,602          | \$6,408          |
| 18 | Line of Credit                                                                                | \$0             | \$0             | \$12,140         | \$15,360         | \$27,500         |
| 19 | Other Disbursements (see notes)                                                               | \$0             | \$0             | \$0              | \$0              | \$0              |
| 20 | <b>Total Cash Disbursements</b>                                                               | <b>\$79,440</b> | <b>\$88,850</b> | <b>\$126,762</b> | <b>\$148,940</b> | <b>\$443,992</b> |
| 21 |                                                                                               |                 |                 |                  |                  |                  |
| 22 | <b>Net Cash Flow</b>                                                                          | <b>\$3,660</b>  | <b>\$3,350</b>  | <b>\$10,338</b>  | <b>\$13,860</b>  | <b>\$31,208</b>  |
| 23 |                                                                                               |                 |                 |                  |                  |                  |
| 24 | <b>Cumulative Cash Flow</b>                                                                   | <b>\$3,662</b>  | <b>\$7,012</b>  | <b>\$17,350</b>  | <b>\$31,210</b>  |                  |
| 25 |                                                                                               |                 |                 |                  |                  |                  |
| 26 | <b>*Fixed Cash Disbursements (FCD)</b>                                                        | <b>Year Two</b> |                 |                  |                  |                  |
| 27 | Utilities                                                                                     | \$2,640         |                 |                  |                  |                  |
| 28 | Salaries                                                                                      | \$39,000        |                 |                  |                  |                  |
| 29 | Payroll Taxes and Benefits                                                                    | \$4,875         |                 |                  |                  |                  |
| 30 | Office Supplies                                                                               | \$360           |                 |                  |                  |                  |
| 31 | Maintenance and Cleaning                                                                      | \$360           |                 |                  |                  |                  |
| 32 | Licenses                                                                                      | \$115           |                 |                  |                  |                  |
| 33 | Boxes, Paper, etc.                                                                            | \$800           |                 |                  |                  |                  |
| 34 | Telephone                                                                                     | \$1,800         |                 |                  |                  |                  |
| 35 | Miscellaneous                                                                                 | \$600           |                 |                  |                  |                  |
| 36 | <b>Total FCD/yr</b>                                                                           | <b>\$50,550</b> |                 |                  |                  |                  |
| 37 | <b>Avg FCD per quarter</b>                                                                    | <b>\$12,638</b> |                 |                  |                  |                  |
| 38 |                                                                                               |                 |                 |                  |                  |                  |
| 39 | Note: Minor rounding errors have occurred. These are not sufficiently serious to cause alarm. |                 |                 |                  |                  |                  |

**FINESTKIND SEAFOODS, INC**  
**Cash Flow Projection by Quarter, Year Three**

|    | A                                                 | B.               | C               | D                | E                | F                |
|----|---------------------------------------------------|------------------|-----------------|------------------|------------------|------------------|
|    |                                                   | 1st Qtr          | 2nd Qtr         | 3rd Qtr          | 4th Qtr          | Total            |
| 1  |                                                   |                  |                 |                  |                  |                  |
| 2  | Cash Receipts                                     |                  |                 |                  |                  |                  |
| 3  | Sales Receivables                                 | \$0              | \$0             | \$0              | \$0              | \$0              |
| 4  | Wholesale                                         | \$58,750         | \$55,000        | \$97,500         | \$113,750        | \$325,000        |
| 5  | Retail                                            | \$47,400         | \$43,600        | \$56,000         | \$63,000         | \$210,000        |
| 6  | Other Sources                                     | \$0              | \$0             | \$12,000         | \$15,000         | \$27,000         |
| 7  | <b>Total Cash Receipts</b>                        | <b>\$106,150</b> | <b>\$98,600</b> | <b>\$165,500</b> | <b>\$191,750</b> | <b>\$562,000</b> |
| 8  | Cash Disbursements                                |                  |                 |                  |                  |                  |
| 9  | Cost of Goods                                     | \$76,428         | \$70,992        | \$110,520        | \$127,260        | \$385,200        |
| 10 | Variable Labor                                    | \$0              | \$0             | \$1,622          | \$5,898          | \$7,520          |
| 11 | Advertising                                       | \$2,655          | \$2,465         | \$3,835          | \$4,420          | \$13,375         |
| 12 | Insurance                                         | \$1,025          | \$1,025         | \$1,025          | \$1,025          | \$4,100          |
| 13 | Legal and Accounting                              | \$625            | \$625           | \$625            | \$625            | \$2,500          |
| 14 | Delivery Expenses                                 | \$1,805          | \$1,675         | \$2,610          | \$3,010          | \$9,100          |
| 15 | *Fixed Cash Disbursements                         | \$15,216         | \$15,216        | \$15,216         | \$15,216         | \$60,865         |
| 16 | Mortgage (rent)                                   | \$2,628          | \$2,628         | \$2,628          | \$2,628          | \$10,512         |
| 17 | Term Loan                                         | \$1,602          | \$1,602         | \$1,602          | \$1,602          | \$6,408          |
| 18 | Line of Credit                                    | \$0              | \$0             | \$12,140         | \$15,360         | \$27,500         |
| 19 | Other Disbursements (see notes)                   | \$0              | \$0             | \$0              | \$0              | \$0              |
| 20 | <b>Total Cash Disbursements</b>                   | <b>\$101,984</b> | <b>\$96,228</b> | <b>\$151,823</b> | <b>\$177,044</b> | <b>\$527,080</b> |
| 21 |                                                   |                  |                 |                  |                  |                  |
| 22 | <b>Net Cash Flow</b>                              | <b>\$4,166</b>   | <b>\$2,372</b>  | <b>\$13,677</b>  | <b>\$14,706</b>  | <b>\$34,920</b>  |
| 23 |                                                   |                  |                 |                  |                  |                  |
| 24 | <b>Cumulative Cash Flow</b>                       | <b>\$4,166</b>   | <b>\$6,538</b>  | <b>\$20,215</b>  | <b>\$34,920</b>  |                  |
| 25 |                                                   |                  |                 |                  |                  |                  |
| 26 | <b>*Fixed Cash Disbursements (FCD) Year Three</b> |                  |                 |                  |                  |                  |
| 27 | Utilities                                         | \$2,880          |                 |                  |                  |                  |
| 28 | Salaries                                          | \$46,800         |                 |                  |                  |                  |
| 29 | Payroll Taxes and Benefits                        | \$5,850          |                 |                  |                  |                  |
| 30 | Office Supplies                                   | \$480            |                 |                  |                  |                  |
| 31 | Maintenance and Cleaning                          | \$420            |                 |                  |                  |                  |
| 32 | Licenses                                          | \$115            |                 |                  |                  |                  |
| 33 | Boxes, Paper, etc.                                | \$1,200          |                 |                  |                  |                  |
| 34 | Telephone                                         | \$2,400          |                 |                  |                  |                  |
| 35 | Miscellaneous                                     | \$720            |                 |                  |                  |                  |
| 36 | <b>Total FCD/yr</b>                               | <b>\$60,865</b>  |                 |                  |                  |                  |
| 37 | <b>Avg FCD per quarter</b>                        | <b>\$15,216</b>  |                 |                  |                  |                  |

## *Explanation for Cash Flow Projections*

### *Cash Flow Projection by Month, Year One*

(3) **Sales Receivables.** Our terms are cash retail, net 10 for wholesale accounts. Assumes 1/3 wholesale will turn to cash in the following month.

(6) **Other Sources.** October, November credit line, \$7,500; January \$75,000 mortgage and \$30,000 new equity from Swan and Gosling; April term loan for improvements and equipment, \$30,000; June Inventory buildup, \$15,000 from credit line.

(9) **Cost of Goods.** 72 percent of current month sales (line (6) of income projections).

(11) **Advertising.** \$1,000 initial burst, \$400/month thereafter. Add \$4,155 to April for wholesale marketing program.

(16) **Mortgage (rent).** \$550/month rent to December, mortgage payments January on. Terms: \$75,000, 15 year, 11.5 percent.

(17) **Term Loan.** \$534/month payments scheduled for term loan. Terms: \$30,000, 7 year, 12.25 percent.

### *Cash Flow Projection by Quarters for Years Two and Three*

(3) **Sales Receivables.** Turn from September, Year One. Because this is a quarterly summary, no further allowance will be made for receivables turn.

(6) **Other Sources.** \$12,000 for one month on line of credit third quarter, \$15,000 for nine weeks on line of credit fourth quarter to meet inventory needs.

(24) **Cumulative Cash Flow.** Subtract \$1,237 from net cash flow, first quarter Year Two, to reflect the total cumulative cash flow of Year One: (\$1,237).