



# *GEORGE KATILUS PHOTO*

A Financial Business Plan prepared on April 21, 2020.



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## 1. Business Description

### a. Business Description and Financing Needs

George Katilus Photo is a semi-seasonal seller of photography highlighting the diverse and spiritual land of Martha’s Vineyard (MV). This business has extremely low operating costs and therefore, makes an extremely adaptable business to take advantage of seasonal tourism and then rely on online sales the rest of the year.

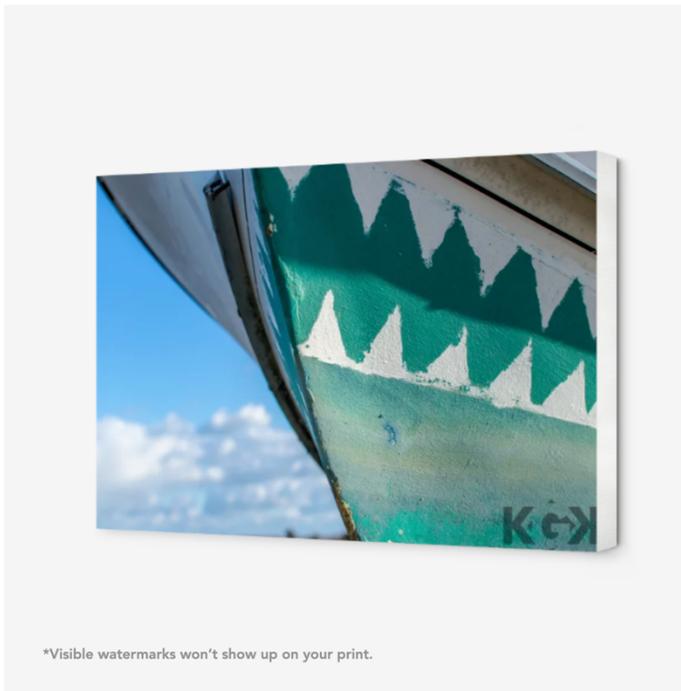
[GeorgeKatilus.com/Art](http://GeorgeKatilus.com/Art) is the home of George Katilus Photo and represents a steady stream of revenue from a print-on-demand service, Order a Print, that operates through Wix. Order a Print allows high quality, custom prints with no business overhead, meaning that the adjustable margin of each order is sent directly to me.

I will sell 3 sizes of prints, mounted canvas and photo paper. Canvas Prints average \$92 revenue and photo prints \$60. Together, I project I can achieve \$72 per sale in revenue.

Online sales have lower margins to account for shipping costs that customers incur, as well as the fact that my photos are best viewed at full size.

< Back

Shipping to United States [Change](#)



#### Canvas Wrap

This quality print with gallery wrapped edges is mounted ready to hang. Precision printed polyester canvas stretched around 1.25 inch bars creates a vivid 3D-like effect.

Fulfilled by Order a Print

#### Size

30 x 20 in ▼

Framed

[More Info](#)

Finish White Edges



\$82.00

Add to Cart



I am requesting an equity investment of \$10,000 of preferred stock in exchange for 30% of my business.

This equity investment will allow me to purchase a van that will function as my photo-shooting base, my flea market display, and storage. The remainder of equity will be used to purchase inventory and materials for June and July, after that, the business will have broken even and be self-sufficient.

**b. Market Problem**

George Katilus Photo addresses the bursting tourism/vacation situation of Martha’s Vineyard, a 12-mile-long island located off of the Massachusetts coast. MV is a quaint Summer retreat for celebrities, politicians, and the powerful. The small yearly community of 17,000 balloons to over 120,000 people on the Island around July/August.

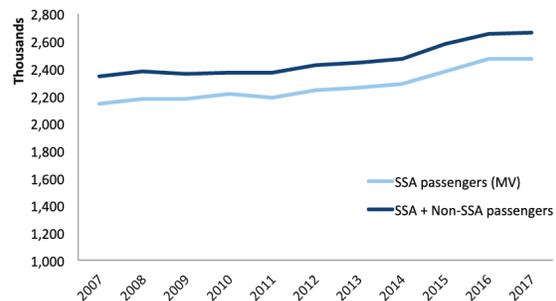
This small island is booming, with median earnings per household of \$140,000 in Chilmark (compared to \$90,000 statewide), construction of new houses near an all-time high, and ferry traffic increasing nearly 14% every year between 2013-2017.

Art and photography is an existing market on the Island, but the Chilmark Flea’s photographer representation has been lackluster – many great photographers have started at the Flea, but they move on to open photo studios. This movement is good for an artist, but not for business. Studios lead to rent, utilities, and high overhead costs that cannot compare to \$50/fair fee that I face. I plan to bring studio quality, beautifully displayed art to a place that will have higher traffic of interested and willing buyers than any photo-specific gallery.

**c. Market Sizing and Growth**

**Total ferry passengers (SSA and non-SSA), 2007-2017**  
 Source: Martha’s Vineyard Steamship Authority monthly business reports

	SSA	SSA and non-SSA
2007	2,143,160	2,343,376
2009	2,179,567	2,358,183
2011	2,189,530	2,370,324
2013	2,263,708	2,439,440
2015	2,378,303	2,584,648
2017	2,466,548	2,660,188



The focus of George Katilus Photo focuses on the Town of Chilmark, operating weekly at the Chilmark Flea, the Island's oldest open-air market. Each season, residents, vacationers, and tourists alike visit this special market of 80 rotating vendors.

- Through projections of ferry traffic and discussions with the Vendor Manager of the Flea, nearly 11,000 cars will park at the Chilmark Flea next year, bringing 26,000 potential customers past my stand.
- This projection is derived from a total market of 257,669 estimated cars driving on the Island next Summer, this number is extremely conservative as it ignores supplemental, passenger only ferries, airplane traffic, and personal watercraft traffic. With car traffic alone, this accounts for at least 650,000 people visiting the Island.
- I project that my business prospects will increase linearly with tourism, at ~14%. I project my online sales will increase in addition through word of mouth, customers, and my Instagram growth.

#### d. Go-To Market Strategy

My go-to market strategy market is simple, I already have a robust portfolio of Island photos that I am already in the middle of growing. I will offer a maximum of 20 different photos and have limited runs that I change according to customer interest. I will continually shoot and edit year-round so I have fresh inventory, and will only stock the most marketable, beautiful content.

I will be investing \$16,000 of my own money to buy a vintage Mitsubishi Delica Van and buy a new camera set and laptop for editing. I have already launched my website and have demonstrated 2 sales in 1 month (\$80 with \$8 in cost for web hosting).

In June I will arrive at the Flea Market with a van customized with an awning and photo racks on the side and will restock photos as sold.



My marketing will reflect the aesthetic and quality displayed across my logo, website, van, and Instagram.



I will offer fliers to any interested party and customer to help spread awareness of my Instagram and website. This will allow happy customers to vouch for me long after their stay on MV.

#### **e. Competitor Analysis**

Photography and art are deeply subjective craft, and while I do not have qualitative measures to analyze my competition, I can identify that photographers with studios do not attend the Chilmark Flea, but many photographers have gained their reputation from it.

My subject matter draws emotion where others do not, my age differentiates me, and how I display my work will outclass any photographer at the fair who relies on a drab white tent, no marketing materials, and a confusing array of work you have to dig through.

#### **f. Key Performance Indicators**

Again, we are dealing with a unique market that is not saturated with financial-savvy photographers. That being said, my business has several promising indicators. First, overhead cost are low and revenue per product is high, meaning that my breakeven point lands in the July of the first year, 2 months after business begins. Low costs and overhead also mean that this business is self-sustaining in the long run and keeps the lights on off-season through growing online sales. While the weather is cold, we can collect dividends, invest in other opportunities, and prepare my portfolio for the coming year. Dividends begin in year 1 and accelerate from \$5000 in YR1 to \$25000 in year 5 while keeping enough in the company to run for years.

#### **g. Management Team**

##### **George Katilus IV – Sole Proprietor**

I have 5 years of experience behind the lens and 8 years of expertise on Martha's Vineyard. I know enough to be a tour guide and have taken enough photos to open a gallery. I have worked on the Island and have a network of local in all industries to tap into, including realty which can help locate users needing new décor. I have training in corporate finance, entrepreneurship, and psychology. I have worked as a marketing consultant, business development representative, and can convert people to customers.

#### **h. Exit Opportunities and Valuation**



After 5 years of successful operation, \$75,000 of dividends will have been distributed, and over \$86,000 will be ready for distribution to equity holders. Only \$8,500 in assets will remain meaning that cash will be account for 90% of the liquidated value. This place the Terminal value of George Katilus Photo in year 5 at \$86,844.

At 30% equity, you will earn \$38,533 on your investment, a 70% IRR and a multiple of 3.86x.

### **i. Why Now?**

People want photos that tell a story, that ooze the feeling that our sacred island brings to so many. There is currently an unaddressed need for a high-quality vendor of photos at the Chilmark Flea. My business allows for greater capitalization of this bursting tourism economy by keeping operational costs at a minimum and has great growth potential. This gap in customer needs will not last forever, others will take advantage of this steady-growing location if someone doesn't seize this market opportunity.

I am the right person to grow a business in my favorite place in the world. I have the experience, the passion, the financial chops to run a photography business unlike anything this market has seen. All I need is a small sum of startup capital and we can enjoy this profit opportunity together.

### **j. Sources**

Martha's Vineyard Commission Statistical Profiles

[https://www.mvcommission.org/sites/default/files/docs/web03\\_MVSP%20FINAL%20PRINT%202019-03-21-3.pdf](https://www.mvcommission.org/sites/default/files/docs/web03_MVSP%20FINAL%20PRINT%202019-03-21-3.pdf)

[https://www.mvcommission.org/sites/default/files/docs/web06\\_MVSP%20FINAL%20PRINT%202019-03-21-3.pdf](https://www.mvcommission.org/sites/default/files/docs/web06_MVSP%20FINAL%20PRINT%202019-03-21-3.pdf)



## 2. Investor Return Analysis

Investor Return Analysis					
	Year				
	yr 1	yr 1	yr 2	yr 3	yr 4 + Liquidation
Base Case:					
Revenue	\$43,400.00	\$49,649.79	\$56,564.64	\$64,363.29	\$73,255.47
Expenses	(\$24,074.33)	(\$26,814.86)	(\$29,869.04)	(\$33,338.17)	(\$37,293.22)
Net Income	\$19,325.67	\$22,834.92	\$26,695.59	\$31,025.12	\$35,962.24
+ Depreciation	\$2,200.00	\$2,200.00	\$2,200.00	\$2,200.00	\$2,200.00
-Changes in Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
-CAPEX	(\$19,500.00)	\$ -	\$ -	\$ -	\$ -
Annual Cash Flow Before Financing	\$2,025.67	\$25,034.92	\$28,895.59	\$33,225.12	\$38,162.24
+Equity Raised/(Paid Off)	\$26,000.00	\$ -	\$ -	\$ -	\$ -
+Debt Raised/(Paid Off)	\$ -	\$ -	\$ -	\$ -	\$ -
-Dividends	(\$5,000.00)	(\$10,000.00)	(\$15,000.00)	(\$20,000.00)	(\$25,000.00)
Total Cash Flow before Liquidation	\$23,025.67	\$15,034.92	\$13,895.59	\$13,225.12	\$13,162.24
Net Terminal Value available for Distribution		\$ -	\$ -	\$ -	\$86,844.00
Investor Ownership	30.00%				
Investor Cash Flow	(\$8,500.00)	\$3,000.00	\$4,500.00	\$6,000.00	\$33,553.20
Investor IRR and Multiple	70%	3.86	X		
Post Money Valuation	33333.3333	EBITA MULT =	N/A	X	
Pre Money Valuation	23,333.33	SALES MULT =	N/A	X	



### 3. Financial Assumptions

KEY ASSUMPTIONS	YR1	YR2	YR3	YR4	YR5	Total
Web Sales from fair attendees @ 5% of Non-						
Sale Interactions	65.00	74.00	85.00	96.00	110.00	
Web Sales	27.00	32.00	35.00	38.00	40.00	
Customers @ 2% Conversion	519	593	676	771	879	
Yearly Car Traffic (SSA Ferry)	420,000	478,800	545,832	622,248	709,363	
Seasonal Vehicle ratio	1.63	1.63	1.63	1.63	1.63	
Summer Vehicles	257669	293742	334866	381748	435192	
Parking Spots Filled at Fair/Season	10409	11866	13528	15421	17580	
Foot Traffic (Cars x 2.5)	26023	29666	33819	38553	43951	
Non-Sale Interactions ~5%	520	593	676	771	879	
Average Price/Sale	\$ 76.00	\$ 76.00	\$ 76.00	\$ 76.00	\$ 76.00	
G&A Hour/Year						
	132	132	132	132	132	
Average Overhead Cost/Hour	\$20	\$20	\$20	\$20	\$20	
G&A Supplies	\$528	\$602	\$687	\$783	\$892	
Tax Rate (Sole Prop. In MA)	15.00%	15.00%	15.00%	15.00%	15.00%	
Yearly Fair Fee	\$900	\$900	\$900	\$900	\$900	
Credit Card Fee	(527.84)	(602.21)	(686.52)	(782.64)	(892.20)	
Days Sales Outstanding						
	0	0	0	0	0	
Days Wages Payable Outstanding						
	0	0	0	0	0	
Inventory Available EOY						
	\$0	\$0	\$0	\$0	\$0	
<b>Annual CAPEX</b>						
Delica	17000	0	0	0	0	\$17,000
Camera + Lenses	1500	0	0	0	0	\$1,500
Laptop	1000	0	0	0	0	\$1,000
<b>Total</b>	<b>19500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$19,500</b>
<b>Annual Depreciation</b>						
93 Delica @ 10YR Flat Rate	1700	1700	1700	1700	1700	\$8,500
Camera + Lenses @ 5YR Flat Rate	300	300	300	300	300	\$1,500
Laptop @ 5YR Flat Rate	200	200	200	200	200	\$1,000
<b>Total</b>	<b>2200</b>	<b>2200</b>	<b>2200</b>	<b>2200</b>	<b>2200</b>	<b>\$11,000</b>
Common Stock Outstanding						
	\$0	\$0	\$0	\$0	\$0	
Debt Outstanding @ EOY						
	\$0	\$0	\$0	\$0	\$0	
Average Debt Outstanding						
	\$0	\$0	\$0	\$0	\$0	
Interest						
	\$0	\$0	\$0	\$0	\$0	
%GM Fair Sale						
	51%	51%	51%	51%	51%	
%GM Online Sale						
	56%	56%	56%	56%	56%	
EBITDA %						
	63.22%	64.46%	65.38%	66.04%	66.62%	
Return on Sales						
	49.00%	50.64%	51.93%	52.94%	53.83%	
Return On Assets						
	47.92%	42.95%	41.16%	40.89%	41.41%	
Return on Equity						
	47.92%	42.95%	41.16%	40.89%	41.41%	
current ratio						
	N/A	N/A	N/A	N/A	N/A	
quick ratio						
	N/A	N/A	N/A	N/A	N/A	
Inventory Turn						
	1	1	1	1	1	
Net Income + Depreciation						
	\$ 21,525.67	\$ 25,034.92	\$ 28,895.59	\$ 33,225.12	\$ 38,162.24	
Cash flow From Operations						
	21,526	25,035	28,896	33,225	38,162	
Total Cash Flow						
	23,026	38,061	51,956	65,181	78,344	
Debt/Equity						
	N/A	N/A	N/A	N/A	N/A	
Debt/Total Assets						
	N/A	N/A	N/A	N/A	N/A	
Interest Coverage						
	N/A	N/A	N/A	N/A	N/A	
DSC						
	N/A	N/A	N/A	N/A	N/A	
Dividends Distributed						
	5,000.00	10,000.00	15,000.00	20,000.00	25,000.00	



## 4. Key financial Metrics

Ratios	YR1	YR2	YR3	YR4	YR5
Current Ratio	N/A	N/A	N/A	N/A	
Quick Ratio	N/A	N/A	N/A	N/A	
DSO	-	-	-	-	
Inventory Turn	N/A	N/A	N/A	N/A	
ROA	47.92%	42.95%	41.16%	40.89%	41.41%
ROE	47.92%	42.95%	41.16%	40.89%	41.41%
ROS	49%	51%	52%	53%	54%
EBITDA Margin	63%	64%	65%	66%	67%
Gross Margin	\$26,209.50	\$29,962.31	\$34,157.03	\$38,939.01	\$44,390.48
%GM	66%	66%	66%	66%	66%
%GM (Online)	100%	100%	100%	100%	100%
Debt to Equity	N/A	N/A	N/A	N/A	
Debt to Tot. As	N/A	N/A	N/A	N/A	
Interest Covera	N/A	N/A	N/A	N/A	
DSC	N/A	N/A	N/A	N/A	



## 5. Pro Forma Statements

### a. Income Statement

Income Statement	YR1	YR2	YR3	YR4	YR5
<b>Online Gross Margin</b>	\$3,956.00	\$4,558.00	\$5,160.00	\$5,762.00	\$6,450.00
<b>Fair Revenue</b>	\$39,444.00	\$45,091.79	\$51,404.64	\$58,601.29	\$66,805.47
<b>COGS</b>	(\$13,234.50)	(\$15,129.48)	(\$17,247.61)	(\$19,662.27)	(\$22,414.99)
Credit Card Fees	(\$1,064.99)	(\$1,217.48)	(\$1,387.93)	(\$1,582.23)	(\$1,803.75)
Fair Fee	(\$900.00)	(\$900.00)	(\$900.00)	(\$900.00)	(\$900.00)
<b>Gross Margin</b>	\$28,200.51	\$32,402.83	\$37,029.10	\$42,218.78	\$48,136.73
<b>G&amp;A</b>	(\$3,263.84)	(\$3,338.21)	(\$3,422.52)	(\$3,518.64)	(\$3,628.20)
Overhead Cost/hr	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Hours	\$132.00	\$132.00	\$132.00	\$132.00	\$132.00
Web Hosting	\$96.00	\$96.00	\$96.00	\$96.00	\$96.00
Supplies	\$527.84	\$602.21	\$686.52	\$782.64	\$892.20
<b>EBITDA</b>	\$24,936.68	\$29,064.62	\$33,606.58	\$38,700.14	\$44,508.52
Depreciation	(\$2,200.00)	(\$2,200.00)	(\$2,200.00)	(\$2,200.00)	(\$2,200.00)
<b>EBT</b>	\$22,736.68	\$26,864.62	\$31,406.58	\$36,500.14	\$42,308.52
Taxes	(\$3,411.00)	(\$4,029.69)	(\$4,710.99)	(\$5,475.02)	(\$6,346.28)
Tax Rate	15%	15%	15%	15%	15%
<b>Net Income</b>	\$19,325.67	\$22,834.92	\$26,695.59	\$31,025.12	\$35,962.24

### b. Balance Sheet

Balance Sheet	YR0	YR1	YR2	YR3	YR4	YR5
<b>Assets:</b>						
Cash	-	\$23,026.00	\$38,060.92	\$51,956.52	\$65,181.64	\$78,343.88
Inventory	-	\$-	\$-	\$-	\$-	\$-
<b>Current Assets</b>	-	\$23,026.00	\$38,060.92	\$51,956.52	\$65,181.64	\$78,343.88
Investments						
Gross Value Van	-	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00
Gross Value Camera Gear	-	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Gross Value Laptop	-	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Cumulative Depreciation	-	(\$2,200.00)	(\$4,400.00)	(\$6,600.00)	(\$8,800.00)	(\$11,000.00)
<b>Net Book Value Investments</b>	-	\$17,300.00	\$15,100.00	\$12,900.00	\$10,700.00	\$8,500.00
<b>Total Assets</b>	-	\$40,326.00	\$53,160.92	\$64,856.52	\$75,881.64	\$86,843.88
<b>Liability + OE:</b>						
Common Stock	-	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00
Preferred Stock	-	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Retained Earnings	-	\$14,326.00	\$27,160.92	\$38,856.52	\$49,881.64	\$60,843.88
<b>Total OE</b>	-	\$40,326.00	\$53,160.92	\$64,856.52	\$75,881.64	\$86,843.88
<b>Total Liabilities + OE</b>	-	\$40,326.00	\$53,160.92	\$64,856.52	\$75,881.64	\$86,843.88



## c. Cash Flow Statements

Cash Flow	YR1	YR2	YR3	YR4	YR5
Net Income	\$19,325.67	\$22,834.92	\$26,695.59	\$31,025.12	\$35,962.24
Depreciation	\$2,200.00	\$2,200.00	\$2,200.00	\$2,200.00	\$2,200.00
<b>Tot. Cash Flow Ops</b>	<b>\$21,525.67</b>	<b>\$25,034.92</b>	<b>\$28,895.59</b>	<b>\$33,225.12</b>	<b>\$38,162.24</b>
Property, Plant & Equipment	(\$19,500.00)	\$ -	\$ -	\$ -	\$ -
<b>Tot. Cash Flow Investments</b>	<b>(\$19,500.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Chg Common Stock	\$16,000.00	\$ -	\$ -	\$ -	\$ -
Chg. Preferred Stock	\$10,000.00	\$ -	\$ -	\$ -	\$ -
Dividends Paid	(\$5,000.00)	(\$10,000.00)	(\$15,000.00)	(\$20,000.00)	(\$25,000.00)
<b>Tot. Cash Flow Financing</b>	<b>\$21,000.00</b>	<b>(\$10,000.00)</b>	<b>(\$15,000.00)</b>	<b>(\$20,000.00)</b>	<b>(\$25,000.00)</b>
<b>Tot Cash Flow</b>	<b>\$23,025.67</b>	<b>\$15,034.92</b>	<b>\$13,895.59</b>	<b>\$13,225.12</b>	<b>\$13,162.24</b>
<b>Beginning Cash Balance</b>	<b>\$0.00</b>	<b>\$23,025.67</b>	<b>\$38,060.60</b>	<b>\$51,956.19</b>	<b>\$65,181.31</b>
<b>Ending Cash Balance</b>	<b>\$23,025.67</b>	<b>\$38,060.60</b>	<b>\$51,956.19</b>	<b>\$65,181.31</b>	<b>\$78,343.56</b>

## 6. Appendix

## a. Monthly Pro Forma Statements YR1

## i. Monthly Income Statements

Income Statement   Year 1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Online Revenue	\$ -	\$ -	\$43.00	\$43.00	\$43.00	\$86.00	\$602.00	\$645.00	\$602.00	\$559.00	\$602.00	\$731.00	\$3,956.00
Fair Revenue	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$7,448.00	\$12,499.72	\$12,499.72	\$6,995.04	\$ -	\$ -	\$ -	\$39,442.48
													0
COGS	\$ -	\$ -	\$ -	\$ -	\$ -	(\$2,499.00)	(\$4,193.99)	(\$4,193.99)	(\$2,347.02)	\$ -	\$ -	\$ -	(\$13,233.99)
Credit Card Fees	\$ -	\$ -	\$ -	\$ -	\$ -	(\$201.10)	(\$337.49)	(\$337.49)	(\$188.87)	\$ -	\$ -	\$ -	(\$1,064.95)
Fair Fee	\$ -	\$ -	\$ -	\$ -	\$ -	(\$225.00)	(\$225.00)	(\$225.00)	(\$225.00)	\$ -	\$ -	\$ -	(\$900.00)
													0
Gross Margin	\$ -	\$ -	\$43.00	\$43.00	\$43.00	\$4,608.90	\$8,345.24	\$8,388.24	\$4,836.15	\$559.00	\$602.00	\$731.00	\$28,199.54
G&A	(\$88.00)	(\$88.00)	(\$88.00)	(\$88.00)	(\$88.00)	(\$607.47)	(\$675.25)	(\$675.25)	(\$601.93)	(\$88.00)	(\$88.00)	(\$88.00)	(\$3,263.90)
Overhead Cost/hr	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$240.00
Hours	4.00	4.00	4.00	4.00	4.00	25.00	25.00	25.00	25.00	4.00	4.00	4.00	\$132.00
Web Hosting	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$96.00
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$99.47	\$167.25	\$167.25	\$93.93	\$ -	\$ -	\$ -	\$527.90
													0
EBITDA	(\$88.00)	(\$88.00)	(\$45.00)	(\$45.00)	(\$45.00)	\$4,001.43	\$7,669.99	\$7,712.99	\$4,234.23	\$471.00	\$514.00	\$643.00	\$24,935.65
Depreciation	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$183.30)	(\$2,199.60)
EBT	(\$271.30)	(\$271.30)	(\$228.30)	(\$228.30)	(\$228.30)	\$3,818.13	\$7,486.69	\$7,529.69	\$4,050.93	\$287.70	\$330.70	\$459.70	\$22,736.05
Taxes	\$40.70	\$40.70	\$34.25	\$34.25	\$34.25	(\$572.72)	(\$1,123.00)	(\$1,129.45)	(\$607.64)	(\$43.16)	(\$49.61)	(\$68.96)	(\$3,410.41)
													0
Tax Rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	
Net Income	(\$230.61)	(\$230.61)	(\$194.06)	(\$194.06)	(\$194.06)	\$3,245.41	\$6,363.69	\$6,400.24	\$3,443.29	\$244.55	\$281.10	\$390.75	\$19,325.64



## ii. Monthly Balance Sheet

Balance Sheet	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec/Total
<b>Assets:</b>												
Cash	\$6,452.70	\$6,405.39	\$6,394.64	\$6,383.88	\$3,874.13	\$5,607.85	\$12,154.84	\$20,585.35	\$26,558.96	\$26,986.80	\$27,451.20	\$23,025.24
Inventory	\$ -	\$ -	\$ -	\$ -	\$2,499.00	\$4,193.99	\$4,193.99	\$2,347.02	\$ -	\$ -	\$ -	\$ -
<b>Current Assets</b>	<b>\$6,452.70</b>	<b>\$6,405.39</b>	<b>\$6,394.64</b>	<b>\$6,383.88</b>	<b>\$6,373.13</b>	<b>\$9,801.84</b>	<b>\$16,348.83</b>	<b>\$22,932.37</b>	<b>\$26,558.96</b>	<b>\$26,986.80</b>	<b>\$27,451.20</b>	<b>\$23,025.24</b>
<b>Investments</b>												
Gross Value Van	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00
Gross Value Camera Gear	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Gross Value Laptop	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Cumulative Depreciation	(\$183.30)	(\$366.60)	(\$549.90)	(\$733.20)	(\$916.50)	(\$1,099.80)	(\$1,283.10)	(\$1,466.40)	(\$1,649.70)	(\$1,833.00)	(\$2,016.30)	(\$2,199.60)
<b>Net Book Value Investments</b>	<b>\$19,316.70</b>	<b>\$19,133.40</b>	<b>\$18,950.10</b>	<b>\$18,766.80</b>	<b>\$18,583.50</b>	<b>\$18,400.20</b>	<b>\$18,216.90</b>	<b>\$18,033.60</b>	<b>\$17,850.30</b>	<b>\$17,667.00</b>	<b>\$17,483.70</b>	<b>\$17,300.40</b>
<b>Total Assets</b>	<b>\$25,769.40</b>	<b>\$25,538.79</b>	<b>\$25,344.74</b>	<b>\$25,150.68</b>	<b>\$24,956.63</b>	<b>\$28,202.04</b>	<b>\$34,565.73</b>	<b>\$40,965.97</b>	<b>\$44,409.26</b>	<b>\$44,653.80</b>	<b>\$44,934.90</b>	<b>\$40,325.64</b>
<b>Liability + OE:</b>												
Common Stock	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00
Preferred Stock	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Retained Earnings	(\$230.61)	(\$461.21)	(\$655.27)	(\$849.32)	(\$1,043.38)	\$2,202.04	\$8,565.73	\$14,965.97	\$18,409.26	\$18,653.80	\$18,934.90	\$14,325.64
<b>Total Liabilities + OE</b>	<b>\$25,769.40</b>	<b>\$25,538.79</b>	<b>\$25,344.74</b>	<b>\$25,150.68</b>	<b>\$24,956.63</b>	<b>\$28,202.04</b>	<b>\$34,565.73</b>	<b>\$40,965.97</b>	<b>\$44,409.26</b>	<b>\$44,653.80</b>	<b>\$44,934.90</b>	<b>\$40,325.64</b>

## iii. Monthly Cash Flow Statements

Cash Flow YR1	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Net Income	(\$230.61)	(\$230.61)	(\$194.06)	(\$194.06)	(\$194.06)	\$3,245.41	\$6,363.69	\$6,400.24	\$3,443.29	\$244.55	\$281.10	\$390.75	\$19,325.64
Depreciation	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$183.30	\$2,199.60
<b>Tot. Cash Flow Ops</b>	<b>(\$47.31)</b>	<b>(\$47.31)</b>	<b>(\$10.76)</b>	<b>(\$10.76)</b>	<b>(\$10.76)</b>	<b>\$3,428.71</b>	<b>\$6,546.99</b>	<b>\$6,583.54</b>	<b>\$3,626.59</b>	<b>\$427.85</b>	<b>\$464.40</b>	<b>\$574.05</b>	<b>\$21,525.24</b>
Property, Plant & Equipmen	(\$19,500.00)	-	-	-	-	-	-	-	-	-	-	-	(\$19,500.00)
<b>Tot. Cash Flow Investments</b>	<b>(\$19,500.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$19,500.00)</b>				
Chg Common Stock	\$16,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$16,000.00
Chg. Preferred Stock	\$10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,000.00
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(\$5,000.00)	(\$5,000.00)
<b>Tot. Cash Flow Financing</b>	<b>\$26,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$5,000.00)</b>	<b>\$21,000.00</b>				
<b>Tot Cash Flow</b>	<b>\$6,452.70</b>	<b>(\$47.31)</b>	<b>(\$10.76)</b>	<b>(\$10.76)</b>	<b>(\$10.76)</b>	<b>\$3,428.71</b>	<b>\$6,546.99</b>	<b>\$6,583.54</b>	<b>\$3,626.59</b>	<b>\$427.85</b>	<b>\$464.40</b>	<b>(\$4,425.96)</b>	<b>\$23,025.24</b>
Beginning Cash Balance	\$0.00	\$6,452.70	\$6,405.39	\$6,394.64	\$6,383.88	\$6,373.13	\$9,801.84	\$16,348.83	\$22,932.37	\$26,558.96	\$26,986.80	\$27,451.20	
Ending Cash Balance	\$6,452.70	\$6,405.39	\$6,394.64	\$6,383.88	\$6,373.13	\$9,801.84	\$16,348.83	\$22,932.37	\$26,558.96	\$26,986.80	\$27,451.20	\$23,025.24	



## b. Quarterly Pro Forma Statements YR2

## i. Quarterly Income Statements

Income Statement   Year 2	Q1	Q2	Q3	Q4	Total
Online Revenue	\$172.00	\$172.00	\$2,150.00	\$2,064.00	\$4,558.00
Fair Revenue	\$ -	\$8,489.25	\$36,602.54	\$ -	\$45,091.79
<b>COGS</b>	\$ -	(\$2,848.37)	(\$12,281.11)	\$ -	(\$15,129.48)
Credit Card Fees	\$ -	(\$229.21)	(\$988.27)	\$ -	(\$1,217.48)
Fair Fee	\$ -	(\$225.00)	(\$675.00)	\$ -	(\$900.00)
<b>Gross Margin</b>	\$172.00	\$5,358.67	\$24,808.15	\$2,064.00	\$32,402.83
<b>G&amp;A</b>	(\$264.00)	(\$797.38)	(\$2,012.84)	(\$264.00)	(\$3,338.21)
Overhead Cost/hr	\$20.00	\$20.00	\$20.00	\$20.00	\$80.00
Hours	\$12.00	\$33.00	\$75.00	\$12.00	\$132.00
Web Hosting	(\$24.00)	(\$24.00)	(\$24.00)	(\$24.00)	(\$96.00)
Supplies	\$ -	(\$113.38)	(\$488.84)	\$ -	(\$602.21)
<b>EBITDA</b>	(\$92.00)	\$4,561.30	\$22,795.32	\$1,800.00	\$29,064.62
Depreciation	(\$549.90)	(\$549.90)	(\$549.90)	(\$549.90)	(\$2,199.60)
<b>EBT</b>	(\$641.90)	\$4,011.40	\$22,245.42	\$1,250.10	\$26,865.02
Taxes	\$96.29	(\$601.71)	(\$3,336.81)	(\$187.52)	(\$4,029.75)
Tax Rate	15%	15%	15%	15%	\$0.15
<b>Net Income</b>	(\$545.62)	\$3,409.69	\$18,908.60	\$1,062.59	\$22,835.26

## ii. Quarterly Balance Sheets

Balance Sheet	Q1	Q2	Q3	Q4/Total
<b>Assets:</b>				
Cash	\$23,648.39	\$22,815.26	\$34,785.56	\$38,679.26
Inventory	\$ -	\$4,792.81	\$12,281.11	\$ -
<b>Current Assets</b>	<b>\$23,648.39</b>	<b>\$27,608.07</b>	<b>\$47,066.68</b>	<b>\$38,679.26</b>
<b>Investments</b>				
Gross Value Van	\$17,000.00	\$17,000.00	\$17,000.00	\$17,000.00
Gross Value Camera Gear	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
Gross Value Laptop	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Cumulative Depreciation	(\$2,750.00)	(\$3,300.00)	(\$3,850.00)	(\$4,400.00)
<b>Net Book Value Investments</b>	<b>\$16,750.00</b>	<b>\$16,200.00</b>	<b>\$15,650.00</b>	<b>\$15,100.00</b>
<b>Total Assets</b>	<b>\$40,398.39</b>	<b>\$43,808.07</b>	<b>\$62,716.68</b>	<b>\$53,779.26</b>
<b>Liability + OE:</b>				
Common Stock	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00
Preferred Stock	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Retained Earnings	\$14,398.39	\$17,808.07	\$36,716.68	\$27,779.26
<b>Total Liabilities + OE</b>	<b>\$40,398.39</b>	<b>\$43,808.07</b>	<b>\$62,716.68</b>	<b>\$53,779.26</b>



## iii. Quarterly Cash Flow Statements

Cash Flow YR2	Q1	Q2	Q3	Q4	Total
Net Income	(\$545.62)	\$3,409.69	\$18,908.60	\$1,062.59	\$22,835.26
Depreciation	\$550.00	\$550.00	\$550.00	\$550.00	\$2,200.00
<b>Tot. Cash Flow Ops</b>	<b>\$4.38</b>	<b>\$3,959.69</b>	<b>\$19,458.60</b>	<b>\$1,612.59</b>	<b>\$25,035.26</b>
Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Tot. Cash Flow Investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Chg Common Stock	\$ -	\$ -	\$ -	\$ -	\$ -
Chg. Preferred Stock	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends Paid	\$ -	\$ -	\$ -	(\$10,000.00)	(\$10,000.00)
<b>Tot. Cash Flow Financing</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$10,000.00)</b>	<b>(\$10,000.00)</b>
<b>Tot Cash Flow</b>	<b>\$4.38</b>	<b>\$3,959.69</b>	<b>\$19,458.60</b>	<b>(\$8,387.42)</b>	<b>\$15,035.26</b>
<b>Beginning Cash Balance</b>	<b>\$23,025.67</b>	<b>\$23,030.06</b>	<b>\$26,989.75</b>	<b>\$46,448.35</b>	
<b>Ending Cash Balance</b>	<b>\$23,030.06</b>	<b>\$26,989.75</b>	<b>\$46,448.35</b>	<b>\$38,060.94</b>	

## c. Cost Models

Breakeven Analysis	Activity YR1	Tot. Dollars	% Fixed	Gross \$ Fixed	Gross \$ Variable
Total Units Sold		611.00			
Revenue		\$43,400.00	0%		\$43,400.00
COGS					
Printing		(\$13,234.50)	0%		(\$13,234.50)
Credit Card Fees		(\$1,064.99)	0%		(\$1,064.99)
Fair Fee		(\$900.00)	0%		(\$900.00)
Total COGS		(\$15,199.49)			(\$15,199.49)
General Overhead		(\$2,640.00)	36%	(\$950.40)	(\$1,689.60)
Supplies		(\$527.84)	0%		(\$527.84)
Web Hosting		(\$96.00)	100%	(\$96.00)	0
Depreciation Expense		(\$2,200.00)	100%	(\$2,200.00)	0
Total Expense		(\$20,663.32)		(\$3,246.40)	(\$17,416.92)
Cash Portion				(\$1,046.40)	(\$17,416.92)
Pre-Tax Net Income		\$22,736.68			
Rev/Unit		\$71.03		0	\$71.03
Expense/Unit		(\$33.82)		(\$5.31)	(\$28.51)
Variable Contribution/Unit					\$71.03
Break Even Cash Flow Basis			30.94 units		
Break Even Net Income Basis			95.99 units		
Variable Contribution Margin			59.87%		
Net Income at Sales of			126.94 units		\$5,422.52



d. CAPEX and Depreciation Projections

Annual CAPEX	YR1	YR2	YR3	YR4	YR5	Total
Delica	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$17,000
Camera + Lenses	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$1,500
Laptop	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$1,000
<b>Total</b>	<b>\$ 19,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$19,500</b>

Annual Depreciation	YR1	YR2	YR3	YR4	YR5	Total
93 Delica @ 10YR Flat Rate	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$8,500
Camera + Lenses @ 5YR Flat Rate	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$1,500
Laptop @ 5YR Flat Rate	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$1,000
<b>Total</b>	<b>\$ 2,200</b>	<b>\$11,000</b>				

e. Debt and equity financing and any payoffs by year

George Katilus Photo will not require debt financing. Equity financing is shown in the figure below.

Property, Plant & Equipment	(\$19,500.00)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Tot. Cash Flow Investments</b>	<b>(\$19,500.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Chg Common Stock	\$16,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Chg. Preferred Stock	\$10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -
Dividends Paid	(\$5,000.00)	(\$10,000.00)	(\$15,000.00)	(\$20,000.00)	(\$25,000.00)	
<b>Tot. Cash Flow Financing</b>	<b>\$21,000.00</b>	<b>(\$10,000.00)</b>	<b>(\$15,000.00)</b>	<b>(\$20,000.00)</b>	<b>(\$25,000.00)</b>	

f. Labor staffing plan

George Katilus Photo is a sole proprietorship and has no employees. My wages are reflected in overhead costs.



### g. Industry Financial Metrics

Due to the wide range of photography businesses, and the even wider range of how to maintain a photography business, I was unable to locate reliable sources of industry data for my competition. Photographers may survive through photo shoots, commissions, stock photo sales, partnership/sponsorship, physical sales, digital sales, merchandising, and can either print their own photos or order prints of their work to sell.

### h. Investment Schedule

		YR1	YR2	YR3	YR4	YR5
Owner Equity	\$	16,000.00				
Investor Equity	\$	10,000.00				
Investor Ownership		30.00%				
Investor Cash Flow		(\$8,500.00)	\$3,000.00	\$4,500.00	\$6,000.00	\$33,553.20
Investor IRR and Multiple		70%	3.86	X		
Post Money Valuation		33333.33	EBITA MULT = N/A		X	
Pre Money Valuation		23,333.33	SALES MULT = N/A		X	

### i. Liquidation Value

YR5	Liquidation Value
Cash	\$78,344.00
Net Book Value Investments	\$8,500.00
Terminal Value	\$86,844.00



j. Implementation Schedule YR1

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Buy Van		First Online Sale		Order June Inventory	Order July Inventory	Order August Inventory	Order September Inventory				
Launch Webstore		Shoot and Edit Photos		Order June Materials	Order July Materials	Order August Materials	Order September Materials				
Shoot and Edit Photos	Shoot and Edit Photos		Shoot and Edit Photos	Shoot and Edit Photos	Shoot and Edit Photos	Shoot and Edit Photos	Shoot and Edit Photos	Shoot and Edit Photos			
					Summer Flea Markets	Summer Flea Markets	Summer Flea Markets	Summer Flea Markets			

