

CONCORDIA UNIVERSITY IRVINE

CAPSTONE BUSINESS PLAN

BUSINESS PLAN

BUSINESS NAME: [REDACTED]

STUDENT NAME(s): [REDACTED]

CAPSTONE MBA 696 - [REDACTED] Business Plan

LEAD INSTRUCTOR: [REDACTED]

VERSION #s / DATE(s) SUBMITTED: Version 1; [REDACTED]

DATE OF YOUR PRESENTATION: [REDACTED]



SW

SIMPLICITY WELLNESS

TABLE OF CONTENTS

Executive Summary	5
1. Industry Analysis	6
1.1. Industry Overview	6
1.2. Addressable Market Analysis	7
2. Competitive Analysis	9
2.1. Overview	9
2.2. Direct/Primary Competition	9
2.3. Indirect/Secondary Competition	10
2.4. Barriers to Entry	11
2.5. Weakness(es) among Competitors	11
3. Simplicity Wellness	12
3.1. Overview	12
3.2. Product/Service Features	12
3.3. Mission Statement	12
3.4. Vision	13
3.5. Company Values/Code of Conduct	13
3.6. Ethical Considerations	14
4. Management Team	15
4.1. Overview	15
4.2 Team Member Photos and Bios	15
5. Marketing and Sales Plan	16
5.1. Overview	16
5.2. Main Positioning/Message	16
5.3. Sales Funnel	16
5.4. Annual Advertising Plan	17
5.5. Key Performance Indicators	18
5.6. Product/Service Pricing Strategy	18
5.7. Ideal Customer Profile	20
5.8. Customer Acquisition Cost	21

5.9. Contingency Plan	21
6. Operations	24
6.1. Overview	24
6.2. Estimated Revenue	24
6.3. Direct Costs (COGS)	24
6.4. Capital Expenditure (CapEx)	25
6.5. Gross Profits & Operating Margins	25
6.6. General & Administrative Expenses & Payroll	26
6.7. Research, Product Development (R&D)	26
6.8. Legal Considerations & Expenses	26
6.9. Taxes - Net Operating Loss (NOL)	27
6.10. EBITDA/Margin Analysis	27
6.11. Balance Sheet Analysis	27
6.12. Summary Table of Financial Forecast/Growth	28
6.13. Summary of Key Assumptions	29
6.14. Summary of Risk Factors	29
6.15. Lifetime Value of a Customer	29
7. Financing	30
7.1. Overview	30
7.2. Total Capital Needed	30
7.3. Use of Capital	30
7.4. Company Valuation	30
7.5. Equity Offer	31
7.6. Exit and ROI	31
8. Appendices	A1
Appendix 1. Income Statement Three-Year Financial Summary	A1
Appendix 2. Balance Sheet Three-Year Financial Summary	A2
Appendix 3. Statement of Cash Flows Three-Year Financial Summary	A3
Appendix 4. Income Statement (Monthly, for years 1-3)	A4
Appendix 5. Balance Sheet (Monthly, for years 1-3)	A7
Appendix 6. Statement of Cash Flows (Monthly, for years 1-3)	A10

Appendix 7. Product-Level Economics & CAC/LTV Model	A13
Appendix 8. NPV/DCF Valuation Model	A14
Appendix 9. Marketing & Sales Funnel for a Typical Year	A15
Appendix 10. Annual Advertising Plan In A Typical Year	A15
Appendix 11. Monthly KPIs for Marketing	A15
Appendix 12. Competitor Pricing Comparison	A15
Appendix 13. Marketing & Sales Funnel for a Typical Year (Contingency)	A16
Appendix 14. Annual Advertising Plan In A Typical Year (Contingency)	A16
Appendix 15. Monthly KPIs for Marketing (Contingency)	A16
9. References	A17
10. Mentor Signatures Page	A20

Executive Summary

Simplicity Wellness is an eco-friendly e-commerce business that provides consumers with holistic wellness monthly subscription boxes that embody relaxation to nurture their mental, emotional, and physical needs. The company is founded by Vanessa Jimenez & Amanda Islas.

The wellness industry in the United States was worth \$53 billion in 2018, with the global figure reaching upward of \$4.5 trillion. The subscription box market is projected to increase to \$478 billion by 2025; 20% of that figure comprises niche boxes, such as wellness boxes.

Many companies send out “mini” items to customers, which is wasteful and doesn’t provide that luxury feel. We will offer full-size products and give access to our exclusive app platform that offers a wide range of benefits. These include weekly meditation sessions, bi-weekly yoga classes, a monthly journal prompt, and more. Simply Wellness creates a luxury environment at home for the consumer and minimizes waste.

The primary target market of Simplicity Wellness will consist of professionals, ages 20-55, in urban environments or people who are adjacent to that social and economic environment, with annual income ranging from \$55,000 - \$105,000 across the United States.

Simplicity Wellness uses digital marketing and advertising on Facebook and Google. Products are also sold through these digital platforms as an e-commerce business linking to the direct website. The total Sales, Advertising & Marketing (SAM) budget is \$379,200 for a typical year, which is 17% of annual revenue during a typical year.

In a typical year, which is expected to be our third year of business, we estimate Simplicity Wellness will generate revenue of \$2.3 million, a gross profit of \$1 million, and an EBITDA of \$306,000. The 5-year NPV is \$511,000. The terminal value in year 5 is \$988,000. The company will be launched with an initial investment from its founders of \$50,000 for 55% ownership. The founders are asking outside investors to make an additional investment of \$150,000 in equity for 45% ownership. The company will also obtain an SBA loan for \$100,000 in year 1. The estimated proceeds from the sale of the company in year 5 would be \$863,000 with a 332% total ROI. This would give the founders proceeds of \$475,000 with a 849% ROI and provide the shareholder’s proceeds of \$388,000 with a 159% ROI. Simplicity Wellness will be held as a privately owned company until the exit plan is set. The company’s plan is to sell to or merge with a competitor after 5 years of business.

1. Industry Analysis

1.1 Industry Overview

Simplicity Wellness will be a part of two major industries - the wellness and subscription box industries. The wellness industry has been successfully increasing over the course of the past several years. The global wellness industry was worth \$4.5 trillion as of the year 2018, with the US producing about \$53 billion of that in value (McGroarty, 2018). There is reason to believe that the trend of growth in this industry will continue over the course of the coming years. The main reason for this is that modern life is self-evidently stressful, which is not likely to change anytime soon. In this context, people who have the disposable income to invest in their wellness increasingly wish to do so. This trend is partly being driven by the rise of the internet and social media, which has provided adults of all ages, including young adults, with access to information that they could use in order to pursue improvements in their own wellness (Nelson, 2019).

Several discrete sectors characterize the wellness industry. For example, the physical activity sector includes activities such as yoga, and there is the personal care/beauty sector, which includes products such as skin creams (Stasha, 2021). The variety of sectors within the industry is reflective of the basic fact that there are many different aspects to wellness, with different modalities being particularly well-equipped for addressing different aspects. For example, a yoga class could help with physical fitness; a skin cream could help with physical beauty, a meditation session could help with emotional well-being, and so on. All of the various modalities are included under the umbrella of the wellness industry. It is clear that there is a great deal of potential for new entrants to offer either new individual products and services or new combinations of products and services in order to carve out a distinctive niche within the wellness industry.

The subscription box industry has also been successfully increasing over the course of the past several years, especially in the last year during the COVID-19 pandemic. With the coming changes of society and busy lifestyles, consumers are more willing to pay for a repeat delivery service for all the items they need, rather than doing the shopping themselves. According to a 2019-2025 industry analysis by Market Watch, there are over 2,000 subscription-based companies, with over 6 million customers across all sectors, including food & drink, entertainment, beauty, healthcare, and many more (MarketWatch, 2021). Although companies aim to gain new customers, the main focus is on customer retention to keep the subscriptions

active for as long as possible. Simplicity Wellness will attempt to offer a distinctive combination of high-end products and services that the consumer wants to receive on a repeat basis.

1.2 Addressable Market Analysis

The wellness industry is often seen as appealing to financially well-off people with substantial disposable income (Raphael, 2018). This is not necessarily true of the industry as a whole, but it is likely true for Simplicity Wellness, given the price point of what the company will be offering. The company will specifically seek to provide high-end products at a corresponding price, which means that the market will likely consist of people with substantial disposable income. The company's primary target market will likely consist of young adult professionals in urban environments or people who are adjacent to that social and economic environment.

According to research conducted by McKinsey & Company, 79% of all consumers indicated that they consider wellness to be essential, and 42% stated that they thought of it as the most important thing of all (Callaghan et al., 2021). As such, there is a substantial addressable market for wellness products and services. On the other hand, the wellness industry is so diverse that any given company would likely only be able to appeal to small segments of that addressable market. For example, any gym membership could be considered part of the wellness industry. But, whereas such membership is virtually universally accessible, the high-end products offered by Simplicity Wellness will likely only appeal to a select segment of the market. That segment will need to value wellness and have a relatively high level of discernment regarding product quality, and they must be willing to pay the price for the quality. The addressable market for Simplicity Wellness will thus necessarily be smaller than the addressable market for the entire wellness industry as a whole.

According to multiple reports, the subscription box industry has grown to be about a \$13 billion - \$15 billion industry in 2020, with projections to be valued at \$478 billion by 2025 (UnivDatos Market Insights, 2020 & MarketWatch, 2021). This industry is incredibly large and has a broad range of product types. As mentioned before, there are subscription boxes for food & drink, entertainment, beauty, healthcare, and more. Having this many different business models in a single market allows just about anything to be accepted but also creates difficulty to be different from all the companies and products currently offered in the market. In 2020, niche

products accounted for most of the US market at 20%, with hobby-related subscriptions coming in second at 15% of the market (Djordjevic, 2021). There are three types of subscription products that are accounted for in the market: access services (13%), replenishment services (32%), and curation services (55%) (Djordjevic, 2021). This means that the most successful products are ones that are niche/unique and personally curated to the consumer, which is part of what Simplicity Wellness strives to produce. We plan to capture about \$11 million of the industry's revenue within the first 5 years of business.

2. Competitive Analysis

2.1 Overview

There is a large and rising market demand for wellness products and services (Callaghan et al., 2021; Nelson, 2019). Moreover, there are several different distinct areas within the wellness industry and many different specific niches that may appeal to particular kinds of customers, which means that there is a great deal of room for new entrants into the market who have a unique product or service, a combination of such products and services, and/or value proposition to make to potential customers (Global Wellness Summit, 2018). Simplicity Wellness will follow a subscription-based business model with high competition and low barriers to entry. The biggest companies with this same business model are Therabox and Bombay & Cedar. The wellness industry will be an indirect competitor of the company as a whole. There are also several weaknesses among competitors that Simplicity Wellness aims to resolve.

2.2 Direct/Primary Competition

Primary competition against Simplicity Wellness will come from other companies offering a similar subscription-based service. Subscription-based companies have many variations and types of products offered, but they all follow similar business models. As mentioned in the Industry Analysis, there are three types of business models in the subscription box industry: curation, replenishment, and access (Djordjevic, 2021). Simplicity Wellness seeks to provide a combination of high-quality products to customers at a price point that is reflective of the quality of the products. As such, Simplicity Wellness could experience direct competition from companies that provide similar products at a lower price point. In that case, customers may believe that the marginal greater quality of Simplicity Wellness' products does not justify the higher price charged by the company, and on the basis of that judgment, they may decide to purchase rivals' cheaper products instead. In order to offset this challenge, Simplicity Wellness will need to engage in effective marketing in order to make a persuasive case that the products offered by the company are in fact of such high quality that premium pricing for the products is justified. Simplicity Wellness can also expect direct competition from other high-end product manufacturers and retailers within the wellness industry since they would be aiming at the same customer base as Simplicity Wellness.

Two direct competitors of our company are TheraBox and Bombay & Cedar. Therabox (<https://www.mytherabox.com/>) offers self care subscription boxes that are curated by therapists. They have several subscription and pricing options, with a 1, 3, 6, or 12 month plan starting from \$34.99/month for the month-to-month plan. The box comes with 6-8 full size products valued at \$120+. In Q2 2020, the company had estimated revenues of \$4.2 million (ZoomInfo 1, 2021).. While TheraBox provides both, we focus on providing wellness only. Bombay & Cedar (<https://bombayandcedar.com/>) offers three different types of subscription boxes - a monthly beauty box, a monthly lifestyle box, and a quarterly lifestyle box. We are focusing on the monthly lifestyle box, since this is most similar to ours. While they use the term “lifestyle”, their products are the same type and are also vegan & cruelty free. The monthly lifestyle boxes are \$45/month and are valued at \$100+. They come with 5-6 full size products including essential oils, books, diffusers and skin care. In Q3 of 2020, they had estimated revenues of \$5.2 million (ZoomInfo 2, 2021). One of the biggest differences between our products and our competitors’ is that we are more curated to wellness products only, and not beauty products. These competitors will be discussed further in section 5.

2.3 Indirect/Secondary Competition

Indirect competition can be expected from various areas of the wellness industry. Again, the wellness industry is highly diverse, such that people are at liberty to choose exactly what kinds of wellness they would like to pursue (Stasha, 2021). For example, people may decide to focus on yoga instead of the bundled package offered by Simplicity Wellness, which only includes biweekly sessions of yoga as one small part of the bundle rather than the central feature. Or, some people may prefer to meditate and get spiritual healing from a class in person, instead of conducting it themselves using the items from our box. In short, all areas of the wellness industry are indirect competition insofar as they present alternative routes through which people can pursue wellness. Likewise, the healthcare industry may also constitute indirect competition as people who wish to pursue therapy and pharmaceuticals in order to improve wellness may be less interested in the claims and offerings of the wellness industry itself.

2.4 Barriers to Entry

There are some barriers to entry in the subscription box industry, including branding. According to an article on Forbes, the subscription box market is so saturated that anyone can enter, but a company has to be able to provide a solution to the customer's needs in order to be successful (Schiffrin, 2016). Because the market is so saturated, Simplicity Wellness will need to have a great branding strategy, which will be very costly. We have extensive plans to get through these barriers and get into the saturated market; see section 5 below for further details.

2.5 Weaknesses Among Competitors

A key weakness among competitors is that most of them do not have curated sets of wellness products and services that are intended to mesh with each other and synergistically work together in order to enhance customers' wellness. Rather, most companies would seem to leave it to customers to mix and match products as they wish. Simplicity Wellness thus potentially has the advantage of delivering curated sets of products and services to customers. If customers value this effort, then it could turn into a competitive advantage for the company. It could also build brand loyalty over the long run as customers come to trust the company's judgment.

Upon looking into actual customer reviews, it seems there are a few recurring issues with Therabox and Bombay & Cedar. The top common weaknesses for both companies include: the products were not actually full size, the quality was bad, products did not actually provide "wellness" or "self-care" as they advertised, shipping delays, and auto-renewals after cancellations (MySubscriptionAddition, 2021 & Cratejoy 2021). Another weakness these companies have is that they specifically cater to women only. In today's society, people are in support of businesses who are inclusive of everyone and can be used by anyone. The current biggest weakness among our indirect competitors in the wellness industry is the COVID-19 pandemic itself. Businesses that offer wellness services were closed for more than a year. Some businesses have begun to open, but customers are still hesitant to get these services in person. Some of the biggest businesses that we see struggling to bring people back in are yoga studios, spas, and gyms. Simplicity Wellness will strive to solve all the above problems and fill the void in the wellness market that customers are facing.

3. Simplicity Wellness

3.1 Overview

Simplicity Wellness is the newest wellness subscription box in the industry. The company is based and established in Orange County, California. Simplicity Wellness' purpose is to bring curated wellness products for everyday life in a monthly subscription box to be sold nationwide. Yoga, meditation, self-care, feeling centered and stress-free is what Simplicity Wellness strives to center around.

3.2 Product/Service Features & Benefits

Simplicity Wellness offers monthly subscription boxes that are geared towards all-around holistic wellness and embody relaxation. The box will be distributed on a monthly basis and we will be sending very high-quality items to customers. The items, including the box packaging, will be as organic and eco-friendly as possible. We want to make sure that the items in the box have intention and purpose. So many companies today send out "mini items" to customers monthly, but that tends to get boring and wasteful. We are an all-inclusive company and we believe wellness has no gender. The products in the box will vary every month, to give the customer the chance to test out different products; if they don't like a certain product, they can rate and customize their box for the future. Varying products will be from a range of categories including essential oils, diffusers, vitamins, aromatherapy, yoga kits, candles, holistic personal care products, incense, and self-help journals.

Simplicity Wellness will also have a website and an app to use to customize user profiles and learn about products from the get-go. The subscription will also include access to a weekly meditation session, a bi-weekly yoga class, a monthly journal prompt, and more.

3.3 Mission Statement

Simplicity Wellness was established and created to uplift people, to make them shine from within, and to feel good inside and out. We strive to make the world better by allowing people to release anxiety and stress, and calm the mind with a holistic approach. Gratitude, simplicity, wellness, and most importantly love are what we strive to exude to our customers.

3.4 Our Vision

Our vision is to provide our customers with intentional and purposeful wellness products. As mentioned before, in the subscription industry, there are three types of business models - replenishment, access, and curation. Most businesses in the industry only follow one model, but what makes Simplicity Wellness different is that it will make a blended model, using all three types in the industry. The company will offer curated boxes to each customer that are gender-neutral. It will offer a replenishment service to refill the customer's items on a monthly basis, never too little, and never too much. And, it will offer access to many different things in addition to their box, as described above. There is no other business like this, offering all three types of products or services to the market. Our vision to provide customers with the most while doing it the best is what will make Simplicity Wellness have a competitive advantage against the industry.

3.5 Company Values/Code of Conduct

- **Customers Come First:**
 - Accommodate customers with high-quality products that we would want our loved ones to use
 - Commit to our customer's needs
- **Products with Integrity:**
 - Our products will always strive to be of the highest quality
 - Responsibly and safely sourced
- **Versatility:**
 - Enabling our employees to thrive in a safe, all-inclusive, fun environment.
 - Committed to empowering and encouraging our employees. We want to support them in their creativity.
- **Purpose:**
 - Innovation: We strive to always be improving our products and have continuous learning.
 - Intention: We encourage employees to show up with intention and purpose daily. Transparency and vulnerability are also encouraged and welcome.

3.6 Ethical Considerations

Simplicity Wellness is always committed to protecting all parties involved in the company from unlawful or damaging actions by individuals. Doing things right is one of our most important values. We work hard every day to provide products that enhance the lives of people in our community and our country.

We are clear about what we mean when we talk about doing things right. Not only does it mean that we provide products that are well made, fairly priced, and of exceptional quality, but it also means that every step we take in making those products is taken with ethics and integrity in mind. We source material only from suppliers who have impeccable human rights records, ensure our supply chain is of high integrity, and monitor our entire operation for compliance with our code of conduct.

Simplicity Wellness provides an equal opportunity for all its employees and will not tolerate unlawful discrimination or harassment. Being affiliated with the company means making a commitment to uphold our company values and following the code of conduct outlined in this document. Simplicity Wellness pledges to provide a safe, clean, and healthy work environment, all while creating a welcoming culture in the workplace.

4. Management Team

4.1 Overview

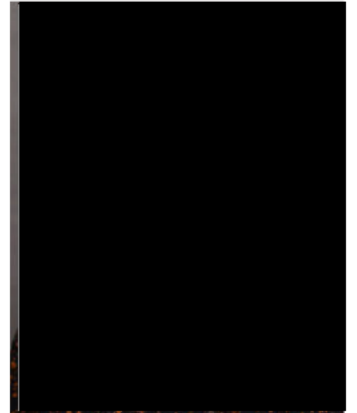
Our management team consists of the two co-founders, Vanessa Jimenez and Amanda Islas. Simplicity Wellness was an idea founded by the two colleagues during their time in the MBA program at Concordia University, Irvine. Both of them will be taking on executive roles that consist of Vanessa as Chief Executive Officer, and Amanda as Chief Financial Officer. They will run the process of starting this company and hope to have a successful business rolled out within the first 3 years.

4.2 Team Member Photos and Bios



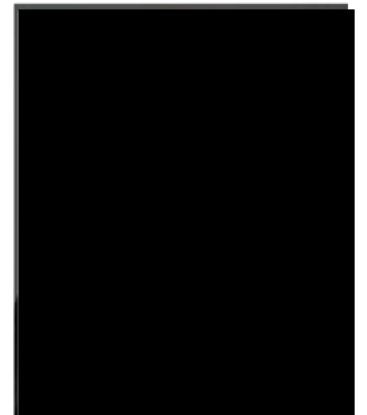
Co-Founder & CEO, Simplicity Wellness

██████████ was born and raised in Southern California. She grew up in Irvine, CA, where she also received her Bachelor's Degree in Business Administration and Leadership from Concordia University. ██████████ is currently a candidate at Concordia University to obtain a Master's Degree in Business Administration. She has 5 years of account management and inside sales experience. ██████████ has also been very involved in yoga for over a decade and overall holistic wellness. She has a passion for all things wellness and strives to practice gratitude daily.



Co-Founder & CFO, Simplicity Wellness

██████████ was born and raised in Southern California. She grew up in Orange, CA. She received her Bachelor's Degree in Business Administration from CSU, Fullerton. ██████████ is currently a candidate at Concordia University to obtain a Master's Degree in Business Administration. She has a background in Accounting & Finance. She herself is an avid subscription product consumer and an advocate for environmentally friendly and sustainable products.



5. Marketing and Sales Plan

5.1 Overview

The purpose of our marketing and sales plan is to build a strong brand to obtain faithful and committed customers. We will pursue digital marketing and advertising on Facebook and Google. We will also sell directly through these digital platforms as an e-commerce business linking to our direct website. As we continue to build a customer base, we will use an email list to elevate sales. If our initial marketing and sales plan does not succeed as we expect, we have built a contingency plan using magazine ads and email campaigns to reach customers.

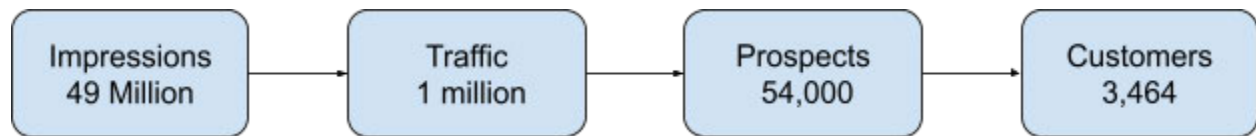
5.2 Main Positioning / Message

Simplicity Wellness has found a void in the subscription box market when it comes to wellness products. A few companies provide wellness solutions, but they are not providing the consumer with the *correct* wellness. We strive to provide the best wellness products to the market that consumers want and will use. Some companies already offer wellness subscription services monthly, but our founders have learned from personal experience that monthly is sometimes overwhelming. With current monthly subscriptions in the market, consumers are getting too many new items too quickly and not being able to use all their previous items in time. Therefore customers feel overloaded and sometimes give products away to friends and family. We strive to provide just enough items each month to be used and replenished by the next month's delivery. At the same time, we want to be known for our quality and footprint on the environment. We believe our customers deserve the best wellness, and we will do so by making sure we keep our planet clean.

5.3 Sales Funnel

Simplicity Wellness will operate as an e-commerce company and sell the boxes through our website. In addition, we will use two marketing and advertising channels - Facebook and Google. All channels will lead the digital traffic to our website as prospects in hopes of becoming customers. Below in figure 5.3, we show how we will turn our initial impressions into customers in a typical year.

Figure 5.3 - Marketing and Sales Funnel for a Typical Year



5.4 Annual Advertising Plan

Our total advertising budget in a typical year is \$300,000, which is 13% of our annual revenue. The budget will be distributed as follows: \$175,000 to Facebook and \$125,000 to Google. Below is a further breakdown of how we will utilize this advertising budget across the two platforms.

Facebook

According to WebFX, the 2021 rates for Facebook advertising are \$0.97 per click (CPC) and \$7.19 per 1,000 impressions (CPM) (WebFX, 2021). We will use \$175,000 of our budget during a typical year to gain impressions, getting about 24 million impressions in a year. An article on WordStream shows data for many industries' Facebook click-through rates (CTR) in 2020 and found the health industry to be around 1% (Irvine 1, 2020). Using this, we estimate we will receive about 240,000 annual leads creating traffic to our website. We took the average conversion rate (CVR) of the health industry of 11% to get an estimated 26,400 prospects a year from Facebook from the same article. Facebook's overall customer CVR is 9.21%, leading to roughly 2,433 of these prospects becoming customers annually.

Google

According to Automatad, linked niche ads on google can cost up to \$5 per 1,000 impressions (Automatad, 2020). Given our budget, we will spend \$125,000 on impressions, getting about 25 million impressions. A research article on Wordstream showed that the health industry has an average CTR of 3.27% on Google (Irvine 2, 2021). Using this rate, we would estimate a total of 817,500 clicks annually on our links. From the same article, we found that the health industry's CVR is 3.36%, turning our traffic into about 27,500 prospects a year. Google's average customer CVR is 3.75%, leaving us with an estimated 1,031 new customers a year from Google.

Table 5.4 - Annual Advertising Plan for a Typical Year

	Ad Spend	Impressions	Customers
Facebook	\$175,000	24 million	2,433
Google	\$125,000	25 million	1,031
TOTAL	\$300,000	49 million	3,464

5.5 Key Performance Indicators (KPIs)

We will monitor our advertising platform using key performance indicators (KPIs). These KPIs in the chart below will be utilized across our company to ensure we reach our monthly goals to obtain new customers each year.

Table 5.5 - Monthly Key Performance Indicators for Marketing

Platform	Impressions	Traffic	Prospects	Customers
Facebook	2 million	20,000	2,200	203
Google	2 million	68,000	2,300	86
TOTAL	4 million	88,000	4,500	289

5.6 Product Pricing Strategy

We considered three pricing strategies for our product - cost plus, competitor-based, and value-based. Below is a breakdown of our considerations of all three pricing models -

1. Cost Plus - In this pricing model, we take the products we include in the box and upcharge the items in order to make a profit. We would not charge the suggested MSRP per item to the customer, and we would only upcharge a slight % of our total cost in order to give the customer a value-added bundle.
2. Competitor Based - In this pricing model, we looked at our competitor's pricing and found a price for our product relatively similar to theirs. In this scenario, our competitors' prices are pretty low; see table 5.6 below, but their product quality is also low. If we

choose this method, we would not make any profit since our products are of higher quality.

3. Value-Based - In this pricing model, we would need to conduct research to find our ideal customers' opinions on how they value similar products and what they think the products are worth. This would have the most benefit to our company and the customer, but it would take a lot of time and research before we can set a price.

After doing research, we have decided to choose option 1, the cost-plus pricing model. First and foremost, we will be able to make a profit on the items in the box. We ran scenarios with certain items from our supplier and concluded that products we would include in the boxes would initially cost us \$25/box. Over the 3-year forecast, we project to pay as low as \$20/box by year 3 due to buying higher volumes of products and getting better deals with our supplier.

We could attempt to price our box higher since the products are of higher quality, but we decided against it because we want to build a strong, loyal relationship with our customers. If we price the final product at a lower price than what it is retailing for, we will earn their trust and build long-lasting relationships for the future. Given this pricing model, Simplicity Wellness will offer a monthly subscription box for \$55/month initially, which would be about a 45% markup on our cost of materials. Over the years, with increased material volumes, we will be distributing the savings we earn to our customers and decreasing the box price accordingly. Therefore, in year 2 our box will cost \$53/month and in year 3 our box will cost \$50/month. We will also offer a 10% discount to all first time customers for their first box. As mentioned before, two of our competitors, TheraBox and Bombay & Cedar, offer wellness products in their subscription boxes. A summary of their cost compared to ours is below in table 5.6. We believe we can price our monthly subscription box higher than both of these two companies for these reasons -

- Products included will be of the highest quality we can find, through our wholesale vendor Faire (<https://www.faire.com/>)
- The entirety of the box will be as natural and eco-friendly as possible (packaging, labels, products, etc.).
- There will always be five full size-types of items in the box, with a month's supply to eliminate wasted products and overwhelming amounts.

- The entire box will always be valued at \$100 or more, depending on the items picked each month since the customers can choose from a range of products.
- Customers will not only be getting a box of items, but they will also be given access to many perks mentioned in section 3.2 (yoga/meditation classes, journal prompts, and more).

Table 5.6 - Competitor Pricing Comparison

	TheraBox	Bombay & Cedar	Simplicity Wellness
Pricing	\$34.99	\$44.95	\$55
Frequency	Monthly	Monthly	Monthly

5.7 Ideal Customer Profile

Simplicity Wellness’ customer profile is an extensive range since we believe wellness has no limits. But, we understand not everyone will be interested in our product. Therefore we do have a set target of an ideal customer. We will target all genders from the ages 20 to 55, with annual income ranging from \$55,000 - \$105,000 across the United States. There is no required educational level that we expect from our customers. We plan to target customers who have busy lifestyles, as they would receive the most benefit from our product.

Customer lifestyles are vital to us because our products are made to support and benefit the consumer's lifestyle itself. We target those with spiritual and healing lifestyles who look for holistic and natural ways to relieve stress and better their lives. Since our brand focus is to be eco-friendly, our customers will mainly have the same mindset regarding the products they invest in. We are not looking for customers with a specific religious background; as mentioned before, our products are geared more towards holistic healing. Our customers will mainly have beliefs of healing from the earth and science. Culturally, we target customers who practice individualism and are ‘being’ instead of ‘doing.’ The Cultural Intelligence Center explains that individualism is when someone primarily sees themselves as an individual rather than mainly part of a group (Cultural Intelligence Center, 2021). In the same article, the center also explains that when

someone is ‘being,’ they value the quality of life over ‘doing,’ where they are constantly working towards a goal.

5.8 New Customer Acquisition Cost (CAC)

The *new* customer acquisition cost (CAC) of this product in a typical year is \$109.47. We calculated this by using the formula below. In year 3, our total advertising cost from above will be \$300,000, and our total marketing cost will be \$79,200. This gives a total cost of \$379,200 to earn 3,464 new customers in a typical year. In a typical year, our average normal CAC for all customers would be \$79.29. This is based on a total of \$379,200 spent on advertising & marketing, with a total of 4,782 customers in December of the third year. We used the number of customers in December of the third year because that would only count each customer once for the year instead of counting those signed up in previous months more than once. According to research done by DemandJump, the average CAC of the health industry in 2019 was \$78.09 (Ehrlich, 2019). Our metric is within the normal range for average CAC, but we have a fairly high CAC for *new* customers added.

$$\text{CAC} = \frac{\text{Total cost of marketing directed to acquiring new customers}}{\text{\# of new customers acquired in a typical year}}$$

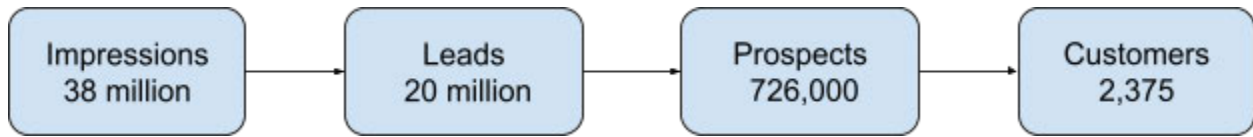
5.9 Contingency

If the above marketing & sales plan does not go accordingly, we have created a contingency plan to fall back on. Simplicity Wellness will advertise by magazine ads, print mailers, and email campaigns.

5.9.1 Sales Funnel

Simplicity Wellness will still operate as an e-commerce company and sell the boxes through our website. If the two media platforms above don’t work for us, we have decided to take a more direct marketing approach. We will buy magazine ad space in People Magazine, and we will begin email marketing campaigns. Below in figure 5.9.1, we show how we will turn our advertising dollars into impressions, impressions into traffic, traffic into prospects, and prospects into customers in a typical year.

Figure 5.9.1 - Marketing and Sales Funnel for a Typical Year (Contingency)



5.9.2 Annual Advertising Plan

Our total advertising budget will increase to \$450,000 for a typical year, which is about 20% of our annual revenue during a typical year. The breakdown per advertising channel is as follows - Magazine Ad (\$445,000) and Email Campaign (\$3,600). Below is a further breakdown of how we will utilize this advertising budget across each platform.

Magazine Ad

According to People Magazine’s 2020 rate card, a full-page advertisement cost was \$432,300 in a featured issue (People, 2020). Given this rate in 2020, we will estimate a 2021 rate of about \$445,000 for the advertisement. In the same rate card, they state their average audience size is 36 million. From this audience, they recorded 50% were from ages 25-54, and 59% were working women. We average our lead rate to be 55% given this mix, meaning we will have about 19.8 million leads from this advertisement. In an article on e-commerce companies by industry, we found that the lead conversion rate for the health & wellbeing industry is 3.62% (Chaffey, 2021). Using this, we expect to convert our leads into 717,000 prospects a year. In the same article, we found the customer conversion rate for display ads was 0.3%, which would give us about 2,150 customers a year.

Email Campaign

We will use the vendor, MailChimp (<https://mailchimp.com/>) to handle our email marketing campaigns. Based on their plans, we have decided to choose the premium plan, which costs \$300/month, or \$3,600 annually. This plan allows us to have 10,000 contacts, with storage up to 200,000 contacts at a higher price; we will give numbers based on 10,000 contacts for this purpose. This plan allows for 15 campaigns a month, giving us about 2 million impressions a year. According to MailChimp, the health industry has an open rate of 21.5% (MailChimp, 2021). This would give us about 430,000 leads per year. The same article stated the CTR for the industry was 2.1%, giving us about 9,000 prospects a year. In the article from Smart Insights, the

customer conversion rate for the email campaign type of advertising was 2.5% (Chaffey, 2021). This would give us about 225 customers a year.

Table 5.9.2 - Annual Advertising Plan for a Typical Year (Contingency)

	Ad Spend	Impressions	Customers
Magazine Ad	\$445,000	36 million	2,150
Email Campaign	\$3,600	2 million	225
TOTAL	\$448,600	38 million	2,375

5.9.3 Key Performance Indicators (KPIs)

We will monitor our two advertising platforms using KPIs. These KPIs will be utilized across our company to ensure we are reaching our monthly goals in order to obtain new customers each year.

Table 5.9.3 - Monthly Key Performance Indicators for Marketing (Contingency)

Platform	Impressions	Leads	Prospects	Customers
Magazine Ad	3 million	1.7 million	59,750	180
Email Campaign	167,000	36,000	750	19
TOTAL	3.3 million	1.8 million	60,500	200

6. Operations

6.1 Overview

Simplicity Wellness will build a strong operating strategy to grow the business over the next 3 to 5 years and be one of the best in the market. We expect our third year of financials to be our typical year in business. We will sell one type of box for now, with room to grow and sell many variations of boxes. We expect revenue to be \$2.3 million in a typical year.

6.2 Estimated Revenue For Typical Year (Year 3)

As previously mentioned, our boxes will be priced at \$55/unit initially and decrease down to \$50/unit by the beginning of year 3. We expect to sell about 46,000 units during a typical year. We will also offer a 10% discount to all first-time customers. With that being said, in year 3 we expect to gain 3,464 new customers, all priced at \$50 each. This gives us new customer revenue of \$173,200, which is a total discount in year 3 of \$17,320 (10% of new customer revenue). After discounts, our total estimated revenue for a typical year is \$2.3 million.

6.3 Direct Costs (COGS)

Our cost of goods sold (COGS) is broken into two categories - variable costs and fixed costs. We estimate our labor max utilization to be 500 boxes a day per employee. If they are paid minimum wage for an 8 hour day, including a 20% tax rate, we estimate labor cost per day per employee to be \$134.40. We plan to give these warehouse employees a 2% raise each year, so the labor cost per employee will increase to \$139.54 by year 3. Our labor cost per unit will constantly be changing based on units sold. As briefly mentioned in section 5, we will purchase all of our material from an outsourced supplier, Faire (<https://www.faire.com/>). Our materials cost, or products that go inside the boxes, will be \$25/box initially, going down to \$20/box by the beginning of year 3 due to higher volumes being purchased and discounts given by our supplier. We will stick to this strict product cost to follow our mission of providing the best products to our customers. Our packaging will be eco-friendly and purchased from EcoEnclose (<https://www.ecoenclose.com/>) with our branded label. Our boxes will be 12"x6"x4" and will cost \$1.70 per box if purchased by the thousand. We will ship all packages using USPS at about \$2.50 per box. Our total variable cost per unit produced at the end of year 3 is \$24.49.

Our fixed costs are those that do not change based on our units sold and are related to making our products. Our facilities cost will consist of a warehouse we rent to store products we purchase and assemble orders. We will rent a 4,000 square foot warehouse in the first 2 years, which costs \$15 per square foot a year. This will cost us \$60,000 a year to rent. In year 3, we expect to upsize our production and rent a bigger warehouse of 7,000 square feet, costing us \$105,000 for the year. Our basic utilities and warehouse internet will cost around \$3,600 a year. We will hire a warehouse manager in the first year to run the operations, and they will make \$31,200 annually in year 1 and earn a 5% raise each year after, earning about \$35,000/annually by year 3. Total fixed cost per unit produced at the end of year 3 is about \$3.12. This gives us a total COGS to be \$27.62 by the end of year 3.

6.4 Capital Expenditures (CapEx)

At the beginning of operations, we will make several capital expenditure purchases to increase our assets before getting into business. In January 2022, we will purchase four core items. The first will be four industrial computers at \$2,000 each. We want to invest in industrial computers to withstand the environment of a warehouse. The life span of these computers is expected to be 10 years. We will purchase a forklift for moving inventory around the warehouse. The cost is estimated to be \$20,000 for a standard forklift with a lifespan of 5 years. We will buy racks for the warehouse to store the inventory. We plan to purchase 50 double-pallet racks, to begin with, at \$200 each. These racks are estimated to have a lifespan of 15 years. Lastly, we plan to purchase 5 laptops for employees, at about \$1,000 each. During the second year of business, we will purchase another 2 laptops for new employees added. We will not make another big capital expenditure until we move into the bigger warehouse in year 3. At that time, we will purchase another forklift for \$20,000 and another 50 racks at \$200 each. The total gross cost of all these purchases is \$75,000, with 75% of it being paid with debt and 25% of it being paid with Cash (Equity). Our depreciation expense will be \$539/month in year 1, \$572/month in year 2, and \$961/month in year 3.

6.5 Gross Profits & Operating Margins

After year 1, we expect total revenue after discounts to be \$387,000 and COGS to be \$300,000, giving us a gross profit of \$87,000 or a 22% profit margin. After year 2, we expect

total revenue after discounts to be \$1.3 million and COGS to be \$781,000, giving us a gross profit of \$526,000 or a 40% profit margin. After year 3, we expect total revenue after discounts to be \$2.3 million and COGS to be \$1.3 million, giving us a gross profit of \$1 million or a 44% profit margin. If we factor in overhead costs, we expect to grow our operating margin from -18% to 13% by the end of year 3.

6.6 General, Administrative & Payroll Expenses

Since our main operations are inside a warehouse, we will not be renting or purchasing a building for office space. Instead, we will rent a private office at WeWork starting smaller and increasing the size by year 3 for an annual cost of \$12,000 by year 3. We will be given all internet access, office supplies, etc., at WeWork and will only incur minimal costs for the warehouse items.

Payroll Expenses will be on the lower end in the first few years of operations, growing once we increase our revenues and demands. In the first year of business, our co-founders Vanessa (CEO) and Amanda (CFO), will not be taking a salary at the expense of their investors. They will begin to gradually take a salary at the beginning of year 2, both earning \$60,000 annually and increasing to \$66,000 annually by year 3. We will have a Marketing Director join us in the first year to create a strong brand from the start; they will be paid \$50,000 to start and earn a 5% raise each year after. In the lowest level, based on units sold, we will have 3 warehouse employees in the first year and increase to 10 by the end of year 3. Total payroll expenses will be around \$283,000 in a typical year, excluding the warehouse employees.

6.7 Research, Product Development (R&D)

Since an outside vendor will outsource our products and packaging, we will not have any R&D costs for the first 3 years of business.

6.8 Legal Considerations & Expenses

Simplicity Wellness will be created as a Limited Liability Corporation (LLC). This was decided solely because the co-founders did not want to assume personal liability and responsibility for the company's debts and losses. The company will file IRS tax returns as a corporation. We will be required to register with the state of California, and according to

LegalZoom, we must file Articles of Corporation for a one-time \$70 and pay \$800 in franchise tax annually (Haman, 2021). We will allocate \$1,000/month for legal and professional services throughout the first year, increasing it to \$2,000/month for year 3 to capture any unexpected legal costs that may arise.

6.9 Taxes - Net Operating Loss (NOL) carried forward

We will carry a net operating loss for the first 2 years of business. We will not start to earn profits and cover our losses until the third month of year 3. Before then, we will be operating at a loss and have negative retained earnings. In month 3 of year 3, we will begin to pay taxes, at a rate of 30% of our EBT. We will then see a steady increase in retained earnings for the rest of year 3, ending with retained earnings of \$176,000 by the end of year 3. This will show our current and future investors that we are profitable and will be able to payout any common stock dividends upon exit.

We will burn through cash in the first 9 months of business, at a rate of \$9,500/month. We then earn cash for months 10 through 12 of year 1. We will start to burn through cash again for the first 4 months of year 2, at a rate of \$2,500/month. From month 5 of year 2 through the end of year 3, we begin earning cash each month instead of burning anymore.

6.10 EBITDA/Margin Analysis

Over the 3-year forecast, our EBITDA grew from -\$65,000 in year 1, to \$64,000 in year 2, and \$306,000 in year 3. These figures gave us an EBITDA margin growth from -17% to 13% by the end of year 3, aligning with our operating margins from section 6.5. The main factor of this growth is our increased advertising & marketing spend that increased our revenues. At the same time, we were decreasing our COGS per unit, which helped us have higher profits margins.

6.11 Balance Sheet Analysis

We will always carry enough cash in our assets on our balance sheet to cover at least 2 times our operating expenses. We will also always carry 30% of our revenue in inventory. In year 1, we will end with \$162,000 in cash; \$14,000 in inventory; and \$37,000 in long term assets. In year 2, we will end with \$400,000 in cash; \$39,000 in inventory; and \$37,000 in long term assets. We increased our equipment by \$2,000 in year 2, but our accumulated depreciation also

increased, leading to an overall decrease in total assets. In year 3, we will end with \$361,000 in cash; \$65,000 in inventory; and \$50,000 in long term assets. We increased our equipment by \$30,000 in this year, causing our assets to increase.

For our liabilities on our balance sheet, we will estimate our accounts payables to be 30% of our COGS. We will end year 1 with \$127,000 in long-term debt, after paying down a portion of our Equipment loan. Our common stock remains the same at \$150,000, and our retained earnings are -\$74,000. In year 2, we will end with long-term debt of \$122,000 - we increased it by \$1,500 for the purchase of equipment but also continued to pay down our equipment loan from year 1. Common stock remained the same, and retained earnings are -\$19,000. We are not earning enough profits at this point to cover our losses. In year 3, we will end with long-term debt of \$131,000 - we increased it by \$22,500 for the purchase of equipment but continued to pay down previous years equipment loans, as well as started to pay off our SBA loan. We began to cover our operating losses in month 3 of year 3, where we had our first positive retained earnings and began to pay taxes. We will have \$176,000 in retained earnings after year 3.

6.12 Summary Table of Financial Forecast, Growth Rates

The annual growth rate for Simplicity Wellness is 234% from year 1 to year 2. After an initial extensive growth since opening the business, we will see a growth rate of 74% from year 2 to year 3. Since year 3 is our typical year of business, we do not expect our revenues to continue to grow at that high of a rate. We estimate we will grow in year 4 by 40%, and in year 5 by 30%. Our 5-year revenue compound annual growth rate (CAGR) is calculated to be 33%. According to MarketWatch, the health & wellness industry has an estimated CAGR of 5.29% for 2021-2025 (More, 2021). We have a much higher CAGR than the current industry because we are a startup and only have 5 years of forecasted data, whereas the industry as a whole has many companies who are older than 5 years and have already passed their startup phase.

Figure 6.12 - 5 Year Revenue & Growth Rate Forecast

	Year 1	Year 2	Year 3	Year 4	Year 5	5-Yr CAGR	
				<i>Extended Forecast</i>			
Revenue	\$ 394,625	\$ 1,319,104	\$ 2,289,334	\$ 3,205,068	\$ 4,166,589	33%	CAGR of 5.29% during 2020-2025 of Wellness Industry
% Growth Y/Y	na	234.3%	73.6%	40.0%	30.0%		

6.13 Summary of Key Assumptions

Simplicity Wellness will operate as normal with the assumption that wellness products will always be needed in the foreseeable future. We do not expect this industry demand to decline; we assume the industry will continue to grow as more and more people are made aware of the benefits of taking care of one's well-being. Another key assumption is that our company will continue to invest a steady 15-17% in SAM expenses to uphold and grow our brand image and development. Because of the continued investment in our brand, we assume we will have a steady growth of customers after 5 years and will touch on more of the available market than we previously assumed.

6.14 Summary of Risk Factors

One of the biggest risk factors for our company is the risk that a competitor or new company can enter the market with a similar business plan to ours. We are planning to be the only company that offers the three types of subscription boxes in one box - curation, access, and replenishment. If we are very successful early on, the risk that these companies can copy it and begin turning over our customers is high. Another risk factor we must consider is if the customers do not value the products/services we are providing at the current sale price. This could be a risk because the customers can cancel their subscription earlier than we assumed, hurting our brand and making us potentially lose other customers due to reviews.

6.15 Lifetime Value of a Customer (LTV) in a Typical Year

In a typical year, year 3, our product-level costs are \$35.90/unit, while our product-level revenue is \$49.62, leaving us with a product-level margin of \$13.72. Given this, times our repeat rate of 10 units, our LTV is calculated to be \$137.18. Comparing our LTV to our CAC in year 3, we are left with a ratio of 1.25. Although we are not at the average ratio of 3, we are still above 1, which means we are spending a little too much to acquire a new customer and this needs to be controlled in the future.

7. Financing

7.1 Overview

Simplicity Wellness will use their current 3 year financials to make future projections for 2 additional years. These financial forecasts will assist the founders in creating a financing plan for the company and the company's potential sale in year 5. Our founders will be investing \$50,000 themselves, and they are asking investors to provide an equity investment of \$150,000 for 45% ownership. After 5 years, our company will be operating with revenue of \$4.2 million and an EBITDA of \$542,000. The total 5-Year Terminal Value of the company is \$988,000.

7.2 Total capital needed

We are asking our investors to invest \$150,000 in our company as equity for 45% ownership of the company. Our founders will invest \$50,000 and own 55% of the company to remain the sole decision-makers, but they will allow the investors to be hands-on if they would like to. We will also be taking out an SBA loan for \$100,000 in year 1. This loan is needed to increase our cash at the beginning of operations since we are a start-up business.

7.3 Use of Capital

We will use both forms of capital as soon as day one. We will initially use it to make deposits for the warehouse and office space needed. We will then continue to use it to buy our initial stock of inventory and materials in case we get new orders as soon as month 1, although it is not expected. We will also use this capital to pay our employees, excluding our founders, in the first year. We need to hire in the warehouse as soon as possible to get boxes created and out the door in case of orders early on. In addition, we will also be paying 25% of our equipment purchased with equity, which is about \$19,000 of total capital expenditure.

7.4 Company Valuation

Given our first three years of revenue data, our company has a growth rate of 74% at the end of year 3. Given that we are a startup and year 3 is our typical year, we do not expect our next 2 years to grow at a high rate like year 3. In year 4 we expect a 40% growth rate and in year 5, 30%. As mentioned before, our EBITDA margin in year 3 was 13%, and we expect it to

remain the same for the next 2 years of our forecast. Our 5-Year CAGR for EBITDA is expected to be 71%.

We expect our normalized cash flow to be about \$417,000 and \$492,000 in years 4 and 5, respectively. Year 5 is not much higher than year 4 because we expect to take out another \$50,000 equipment loan for more capital expenditures as we grow. In year 5, we have an estimated discounted cash flow of \$198,000 using a 20% discount rate. Our 5-Year Net Present Value is calculated to be \$511,000, with a terminal value of \$988,000. We expect to have about \$125,000 in outstanding debt from our previous/new equipment loans and our SBA loan. Given this, we estimate the net proceeds from the sale of our company to be \$863,000. Please see appendix 8 for a detailed breakdown.

7.5 Equity Offer

Our founders are prepared to offer investors 45% ownership in our company for \$150,000 in an equity offer. The book value of this transaction would be 75% of shares, using the simple formula of (shareholder investment)/(total investment). But, upon negotiation, the founders are allowing the investor to have 45% ownership instead. The founders believe their personal knowledge and expertise of the creation of the brand is worth their extra 30% ownership. They will be driving this business startup and will ensure the brand mission and vision are withheld until the company's exit. As mentioned before, the founders will not take a salary in the first year and begin with a \$60,000 salary in year 2 once the business starts making more in revenue.

7.6 Exit and ROI

After 5 years in business, the founders intend to sell the company to a larger subscription box company that can include our wellness boxes as a new product line of theirs. They have also considered the possibility of merging with one of their competitors to create one company. Upon completion of the sale or merger of the company, the total return on investment for all investors is 332%. As mentioned in section 7.4, the net proceeds from the sale of the company would be \$863,000. At 55% ownership, our founders are expected to see net proceeds of \$475,000 from this transaction, which is a 849% ROI or 9.5 times their initial investment of \$50,000. At 45% ownership, the outside shareholder is expected to see net proceeds of \$388,000 from this

transaction, which is a 159% ROI or 2.6 times their initial investment of \$150,000. The investor should expect to receive their proceeds within the same quarter of the sale. Given the founder's willingness to negotiate, the ROI for all is subject to change.

Appendix 1. Income Statement Three-Year Financial Summary

Company Name:	SIMPLICITY WELLNESS		
	3 Year Financial Summary		
	Year 1	Year 2	Year 3
<u>INCOME STATEMENT</u>			
Revenue	\$ 394,625	\$ 1,319,104	\$ 2,289,334
Less: Discounts	\$ (7,975)	\$ (12,455)	\$ (17,320)
Total Revenue	\$ 386,650	\$ 1,306,649	\$ 2,272,014
COGS	\$ 299,232	\$ 780,874	\$ 1,264,710
Gross Profit	\$ 87,418	\$ 525,775	\$ 1,007,304
Sales & Marketing	\$ 53,000	\$ 177,667	\$ 379,200
G&A	\$ 98,984	\$ 283,630	\$ 321,144
Depreciation expense	\$ 6,467	\$ 6,867	\$ 11,533
Other Expenses	\$ 600	\$ 600	\$ 600
Total Expenses	\$ 159,051	\$ 468,764	\$ 712,477
EBIT	\$ (71,633)	\$ 57,011	\$ 294,827
Interest expense	\$ 2,383	\$ 2,040	\$ 22,880
EBT	\$ (74,016)	\$ 54,971	\$ 271,946
Tax Expense	\$ -	\$ -	\$ 77,281
EAT	\$ (74,016)	\$ 54,971	\$ 194,665
Dividends			
EBITDA	\$ (65,166)	\$ 63,878	\$ 306,360

Appendix 2. Balance Sheet Three-Year Financial Summary

Company Name:	SIMPLICITY WELLNESS		
	3 Year Financial Summary		
<u>BALANCE SHEET</u>			
	FYE		
	Year 1	Year 2	Year 3
ASSETS			
Current Assets:			
Cash	\$ 161,574	\$ 212,804	\$ 360,940
Accounts Receivable	\$ -	\$ -	\$ -
Inventory	\$ 13,988	\$ 25,794	\$ 64,520
Total Current Assets	\$ 175,562	\$ 238,599	\$ 425,460
Long Term Assets:			
Gross Equipment	\$ 43,000	\$ 45,000	\$ 75,000
Accumulated Depreciation	\$ (6,467)	\$ (13,333)	\$ (24,867)
Net Property, Plant & Equip	\$ 36,533	\$ 31,667	\$ 50,133
Total Long Term Assets	\$ 36,533	\$ 31,667	\$ 50,133
TOTAL ASSETS	\$ 212,096	\$ 270,266	\$ 475,594
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 9,326	\$ 17,196	\$ 19,356
Total Current Liabilities	\$ 9,326	\$ 17,196	\$ 19,356
Long Term Liabilities			
Notes Payable - Equipment	\$ 26,786	\$ 22,113	\$ 34,117
Long term Debt	\$ 100,000	\$ 100,000	\$ 96,500
Total Long Term Liabilities	\$ 126,786	\$ 122,113	\$ 130,617
TOTAL LIABILITIES	\$ 136,111	\$ 139,310	\$ 149,973
OWNER'S EQUITY			
Common Stock	\$ 150,000	\$ 150,000	\$ 150,000
Retained Earnings	\$ (74,016)	\$ (19,044)	\$ 175,621
TOTAL O.E.	\$ 75,984	\$ 130,956	\$ 325,621
TOTAL LIABILITIES & O.E.	\$ 212,096	\$ 270,266	\$ 475,594
balance check	\$ -	\$ -	\$ -

Appendix 3. Statement of Cash Flows Three-Year Financial Summary

Company Name:	SIMPLICITY WELLNESS		
	3 Year Financial Summary		
	FYE		
	Year 1	Year 2	Year 3
<u>STATEMENT OF CASH FLOWS</u>			
BEGINNING CASH	\$ 150,555	\$ 192,301	\$ 331,391
OPERATING ACTIVITIES			
Net Income	\$ (74,016)	\$ 54,971	\$ 194,665
Depreciation & Amortization	\$ 6,467	\$ 6,867	\$ 11,533
<u>Decrease (increase) in Inventories</u>	<u>\$ (13,988)</u>	<u>\$ (11,806)</u>	<u>\$ (38,726)</u>
Increase (decrease) in Accounts Payable	\$ 9,326	\$ 7,871	\$ 2,160
INVESTMENT ACTIVITIES			
Equipment Purchases	\$ (43,000)	\$ (2,000)	\$ (30,000)
FINANCING ACTIVITIES			
Increase (decrease) NP Equipment	\$ 26,786	\$ (4,672)	\$ 12,003
Increase (decrease) in LT Debt	\$ 100,000	\$ -	\$ (3,500)
Issuance (Repurchase) of Stock	\$ 150,000	\$ -	\$ -
Dividends	\$ -	\$ -	\$ -
NET INCREASE (DECREASE) IN CASH	<u>\$ 161,574</u>	<u>\$ 51,231</u>	<u>\$ 148,136</u>
ENDING CASH	<u><u>\$ 161,574</u></u>	<u><u>\$ 212,804</u></u>	<u><u>\$ 360,940</u></u>
balance check	\$ -	\$ -	\$ -

Appendix 4. Income Statement (Monthly, Year 1)

Company Name:		SIMPLICITY WELLNESS Year												Total
		Month												
		YEAR ONE												
		1	2	3	4	5	6	7	8	9	10	11	12	Total
INCOME STATEMENT														
Revenue		\$ -	\$ 5,500	\$ 11,000	\$ 16,500	\$ 22,000	\$ 30,250	\$ 30,938	\$ 39,188	\$ 47,438	\$ 55,688	\$ 63,938	\$ 72,188	\$ 394,625
Less: Discounts for new customers 10% off		\$ -	\$ (550)	\$ (550)	\$ (550)	\$ (550)	\$ (825)	\$ (825)	\$ (825)	\$ (825)	\$ (825)	\$ (825)	\$ (825)	\$ (7,975)
Total Revenue		\$ -	\$ 4,950	\$ 10,450	\$ 15,950	\$ 21,450	\$ 29,425	\$ 30,113	\$ 38,363	\$ 46,613	\$ 54,863	\$ 63,113	\$ 71,363	\$ 386,650
COGS		\$ -	\$ 10,954	\$ 13,874	\$ 16,794	\$ 19,714	\$ 24,229	\$ 24,594	\$ 28,974	\$ 33,354	\$ 37,868	\$ 42,248	\$ 46,628	\$ 299,232
Gross Profit		\$ -	\$ (6,004)	\$ (3,424)	\$ (844)	\$ 1,736	\$ 5,196	\$ 5,519	\$ 9,389	\$ 13,259	\$ 16,994	\$ 20,864	\$ 24,734	\$ 87,418
Sales & Marketing		\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 4,417	\$ 53,000
G&A		\$ 9,107	\$ 8,157	\$ 8,157	\$ 8,157	\$ 8,157	\$ 8,307	\$ 8,157	\$ 8,157	\$ 8,157	\$ 8,157	\$ 8,157	\$ 8,157	\$ 98,984
Depreciation expense		\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 6,467
Other Expenses		\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Total Expenses		\$ 14,113	\$ 13,163	\$ 13,163	\$ 13,163	\$ 13,163	\$ 13,313	\$ 13,163	\$ 13,163	\$ 13,163	\$ 13,163	\$ 13,163	\$ 13,163	\$ 159,051
EBIT		\$ (14,113)	\$ (19,167)	\$ (16,587)	\$ (14,007)	\$ (11,427)	\$ (8,116)	\$ (7,644)	\$ (3,774)	\$ 96	\$ 3,832	\$ 7,702	\$ 11,572	\$ (71,633)
Interest expense	PPE 8% SBA 20%	\$ 215	\$ 212	\$ 209	\$ 206	\$ 203	\$ 200	\$ 197	\$ 194	\$ 191	\$ 188	\$ 185	\$ 182	\$ 2,383
EBT		\$ (14,328)	\$ (19,379)	\$ (16,796)	\$ (14,213)	\$ (11,630)	\$ (8,317)	\$ (7,841)	\$ (3,968)	\$ (95)	\$ 3,644	\$ 7,517	\$ 11,390	\$ (74,016)
Tax Expense	30%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EAT		\$ (14,328)	\$ (19,379)	\$ (16,796)	\$ (14,213)	\$ (11,630)	\$ (8,317)	\$ (7,841)	\$ (3,968)	\$ (95)	\$ 3,644	\$ 7,517	\$ 11,390	\$ (74,016)
Dividends		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBITDA		\$ (13,574)	\$ (18,628)	\$ (16,048)	\$ (13,468)	\$ (10,888)	\$ (7,577)	\$ (7,105)	\$ (3,235)	\$ 635	\$ 4,371	\$ 8,241	\$ 12,111	\$ (65,166)

-17%

Appendix 4. Income Statement (Monthly, Year 2)

Company Name		SIMPLICITY WELLNESS	Year	YEAR TWO												Total
				Month	1	2	3	4	5	6	7	8	9	10	11	
INCOME STATEMENT																
Revenue				\$ 77,513	\$ 85,63	\$ 93,13	\$ 10,013	\$ 11,613	\$ 125,213	\$ 91,988	\$ 102,588	\$ 113,188	\$ 123,788	\$ 137,038	\$ 150,288	\$ 1,319,10
Less Discounts for new customers	10% off			\$ (795)	\$ (795)	\$ (795)	\$ (1,060)	\$ (1,060)	\$ (1,060)	\$ (1,060)	\$ (1,060)	\$ (1,060)	\$ (1,060)	\$ (1,325)	\$ (1,325)	\$ (12,55)
Total Revenue				\$ 76,718	\$ 84,668	\$ 92,618	\$ 102,953	\$ 113,553	\$ 124,153	\$ 90,928	\$ 101,528	\$ 112,128	\$ 122,728	\$ 135,713	\$ 148,963	\$ 1,306,649
COGS				\$ 8,221	\$ 52,38	\$ 56,518	\$ 61,958	\$ 67,535	\$ 72,975	\$ 55,787	\$ 61,227	\$ 66,80	\$ 72,2	\$ 79,182	\$ 85,982	\$ 780,87
Gross Profit				\$ 28,496	\$ 32,229	\$ 36,099	\$ 40,994	\$ 46,017	\$ 51,177	\$ 35,141	\$ 40,301	\$ 45,324	\$ 50,484	\$ 56,532	\$ 62,982	\$ 525,775
Sales & Marketing				\$ 17,250	\$ 17,250	\$ 17,250	\$ 9,917	\$ 9,917	\$ 9,917	\$ 9,917	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 17,250	\$ 177,667
G&A				\$ 21,679	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 23,81	\$ 283,630
Depreciation expense				\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 6,867
Other expenses				\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Total Expenses				\$ 39,552	\$ 41,686	\$ 41,686	\$ 34,353	\$ 34,353	\$ 34,353	\$ 34,353	\$ 41,686	\$ 41,686	\$ 41,686	\$ 41,686	\$ 41,686	\$ 468,764
EBIT				\$ (11,055)	\$ (9,457)	\$ (5,587)	\$ 6,642	\$ 11,664	\$ 16,824	\$ 788	\$ (1,385)	\$ 3,638	\$ 8,798	\$ 14,846	\$ 21,296	\$ 57,011
Interest expense		PP 8% SBA 20%		\$ 189	\$ 185	\$ 182	\$ 179	\$ 175	\$ 172	\$ 168	\$ 165	\$ 162	\$ 158	\$ 155	\$ 151	\$ 2,00
EBT				\$ (11,244)	\$ (9,642)	\$ (5,769)	\$ 6,463	\$ 11,489	\$ 16,653	\$ 620	\$ (1,550)	\$ 3,476	\$ 8,640	\$ 14,691	\$ 21,145	\$ 54,971
Tax expense		30%		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EAT				\$ (11,244)	\$ (9,642)	\$ (5,769)	\$ 6,463	\$ 11,489	\$ 16,653	\$ 620	\$ (1,550)	\$ 3,476	\$ 8,640	\$ 14,691	\$ 21,145	\$ 54,971
Dividends																
EBITDA				\$ (10,83)	\$ (8,885)	\$ (5,015)	\$ 7,21	\$ 12,237	\$ 17,397	\$ 1,360	\$ (813)	\$.210	\$ 9,370	\$ 15,18	\$ 21,868	\$ 63,878

5%

Appendix 4. Income Statement (Monthly, Year 3)

Company Name	SIMPLICITY WELLNESS	Year Month	YEAR THREE												Total
			1	2	3	4	5	6	7	8	9	10	11	12	
INCOME STATEMENT															
Revenue			\$ 15,281	\$ 166,781	\$ 179,281	\$ 191,781	\$ 20,281	\$ 216,781	\$ 155,908	\$ 170,908	\$ 185,908	\$ 203,08	\$ 220,908	\$ 239,108	\$ 2,289,33
Less Discounts for new customers	10% off		\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ (1,750)	\$ (1,750)	\$ (1,820)	\$ (17,320)
Total Revenue			\$ 153,031	\$ 165,531	\$ 178,031	\$ 190,531	\$ 203,031	\$ 215,531	\$ 154,408	\$ 169,408	\$ 184,408	\$ 201,658	\$ 219,158	\$ 237,288	\$ 2,272,014
COGS			\$ 87,565	\$ 93,615	\$ 99,805	\$ 105,855	\$ 112,0	\$ 118,09	\$ 88,353	\$ 95,613	\$ 103,012	\$ 111,622	\$ 120,092	\$ 129,00	\$ 1,267,710
Gross Profit			\$ 65,466	\$ 71,916	\$ 78,226	\$ 84,676	\$ 90,987	\$ 97,437	\$ 66,055	\$ 73,795	\$ 81,396	\$ 90,036	\$ 99,066	\$ 108,248	\$ 1,007,304
Sales & Marketing			\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 31,600	\$ 379,200
G&A			\$ 27,17	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 26,72	\$ 321,1
Depreciation expense			\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 11,533
Other expenses			\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Total Expenses			\$ 59,786	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 59,336	\$ 712,477
EBIT			\$ 5,680	\$ 12,580	\$ 18,891	\$ 25,341	\$ 31,651	\$ 38,101	\$ 6,720	\$ 14,460	\$ 22,060	\$ 30,701	\$ 39,731	\$ 48,912	\$ 294,827
Interest expense		PP 8% SBA 20%	\$ 1,96	\$ 1,95	\$ 1,9	\$ 1,93	\$ 1,923	\$ 1,913	\$ 1,902	\$ 1,891	\$ 1,880	\$ 1,869	\$ 1,858	\$ 1,87	\$ 22,880
EBT			\$ 3,716	\$ 10,626	\$ 16,947	\$ 23,407	\$ 29,728	\$ 36,189	\$ 4,818	\$ 12,568	\$ 20,180	\$ 28,831	\$ 37,872	\$ 47,065	\$ 271,946
Tax expense		30%	\$ -	\$ -	\$ 5,08	\$ 7,022	\$ 8,918	\$ 10,857	\$ 1,5	\$ 3,770	\$ 6,05	\$ 8,69	\$ 11,362	\$ 1,120	\$ 77,281
EAT			\$ 3,716	\$ 10,626	\$ 11,863	\$ 16,385	\$ 20,810	\$ 25,332	\$ 3,372	\$ 8,798	\$ 14,126	\$ 20,182	\$ 26,510	\$ 32,946	\$ 194,665
Dividends															
EBITDA			\$ 6,61	\$ 13,51	\$ 19,852	\$ 26,302	\$ 32,612	\$ 39,062	\$ 7,681	\$ 15,21	\$ 23,021	\$ 31,662	\$ 0,692	\$ 9,873	\$ 306,360

13%

Appendix 4. Balance Sheet (Monthly, Year 1)

Company Name:		SIMPLICITY WELLNESS												Year
		YEAR ONE												Month
		1	2	3	4	5	6	7	8	9	10	11	12	Tota
BALANCE SHEET														
Balance Check		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ASSETS														
Current Assets:														
Cash		\$ 225,461	\$ 204,645	\$ 187,651	\$ 173,237	\$ 161,403	\$ 152,720	\$ 144,925	\$ 140,598	\$ 140,141	\$ 143,406	\$ 150,555	\$ 161,574	\$ 161,574
Accounts Receivable	reimbursements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory		\$ -	\$ 3,286	\$ 4,162	\$ 5,038	\$ 5,914	\$ 7,269	\$ 7,378	\$ 8,692	\$ 10,006	\$ 11,360	\$ 12,674	\$ 13,988	\$ 13,988
Total Current Assets		\$ 225,461	\$ 207,931	\$ 191,813	\$ 178,275	\$ 167,317	\$ 159,989	\$ 152,303	\$ 149,290	\$ 150,147	\$ 154,767	\$ 163,230	\$ 175,562	\$ 175,562
Long Term Assets:														
Gross Equipment		\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000
Accumulated Depreciation		\$ (539)	\$ (1,078)	\$ (1,617)	\$ (2,156)	\$ (2,694)	\$ (3,233)	\$ (3,772)	\$ (4,311)	\$ (4,850)	\$ (5,389)	\$ (5,928)	\$ (6,467)	\$ (6,467)
Net Property, Plant & Equipment		\$ 42,461	\$ 41,922	\$ 41,383	\$ 40,844	\$ 40,306	\$ 39,767	\$ 39,228	\$ 38,689	\$ 38,150	\$ 37,611	\$ 37,072	\$ 36,533	\$ 36,533
Total Long Term Assets		\$ 42,461	\$ 41,922	\$ 41,383	\$ 40,844	\$ 40,306	\$ 39,767	\$ 39,228	\$ 38,689	\$ 38,150	\$ 37,611	\$ 37,072	\$ 36,533	\$ 36,533
TOTAL ASSETS		\$ 267,922	\$ 249,854	\$ 233,197	\$ 219,120	\$ 207,623	\$ 199,756	\$ 191,531	\$ 187,979	\$ 188,297	\$ 192,378	\$ 200,302	\$ 212,096	\$ 212,096
LIABILITIES														
Current Liabilities:														
Accounts Payable		\$ -	\$ 2,191	\$ 2,775	\$ 3,359	\$ 3,943	\$ 4,846	\$ 4,919	\$ 5,795	\$ 6,671	\$ 7,574	\$ 8,450	\$ 9,326	\$ 9,326
Total Current Liabilities		\$ -	\$ 2,191	\$ 2,775	\$ 3,359	\$ 3,943	\$ 4,846	\$ 4,919	\$ 5,795	\$ 6,671	\$ 7,574	\$ 8,450	\$ 9,326	\$ 9,326
Long Term Liabilities:														
Notes Payable - Equipment		\$ 32,250	\$ 31,369	\$ 30,924	\$ 30,477	\$ 30,026	\$ 29,572	\$ 29,115	\$ 28,656	\$ 28,193	\$ 27,727	\$ 27,258	\$ 26,786	\$ 26,786
Long-term Debt		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total Long Term Liabilities		\$ 132,250	\$ 131,369	\$ 130,924	\$ 130,477	\$ 130,026	\$ 129,572	\$ 129,115	\$ 128,656	\$ 128,193	\$ 127,727	\$ 127,258	\$ 126,786	\$ 126,786
TOTAL LIABILITIES		\$ 132,250	\$ 133,560	\$ 133,699	\$ 133,836	\$ 133,969	\$ 134,418	\$ 134,034	\$ 134,450	\$ 134,864	\$ 135,300	\$ 135,707	\$ 136,111	\$ 136,111
OWNER'S EQUITY														
Common Stock		\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Retained Earnings		\$ (14,328)	\$ (33,707)	\$ (50,503)	\$ (64,716)	\$ (76,346)	\$ (84,662)	\$ (92,503)	\$ (96,471)	\$ (96,566)	\$ (92,923)	\$ (85,406)	\$ (74,016)	\$ (74,016)
TOTAL O.E.		\$ 135,672	\$ 116,293	\$ 99,497	\$ 85,284	\$ 73,654	\$ 65,338	\$ 57,497	\$ 53,529	\$ 53,434	\$ 57,077	\$ 64,594	\$ 75,984	\$ 75,984
TOTAL LIABILITIES & O.E.		\$ 267,922	\$ 249,854	\$ 233,197	\$ 219,120	\$ 207,623	\$ 199,756	\$ 191,531	\$ 187,979	\$ 188,297	\$ 192,378	\$ 200,302	\$ 212,096	\$ 212,096
Balance Check		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Appendix 4. Balance Sheet (Monthly, Year 2)

Company Name		YEAR TWO												Total	
SIMPLICITY WELLNESS		1	2	3	4	5	6	7	8	9	10	11	12		
BALANCE SHEET		Month													
Balance Check		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
ASSETS															
Current Assets															
Cash		\$ 1,977	\$ 139,756	\$ 133,650	\$ 139,635	\$ 150,630	\$ 166,798	\$ 169,193	\$ 167,151	\$ 170,119	\$ 178,261	\$ 192,301	\$ 212,80	\$	212,80
Accounts Receivable	e-pmts taken	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory		\$ 1,66	\$ 15,732	\$ 16,956	\$ 18,588	\$ 20,261	\$ 21,893	\$ 16,736	\$ 18,368	\$ 20,01	\$ 21,673	\$ 23,75	\$ 25,79	\$	25,79
Total Current Assets		\$ 164,213	\$ 155,488	\$ 150,605	\$ 158,222	\$ 170,890	\$ 188,691	\$ 185,929	\$ 185,520	\$ 190,161	\$ 199,934	\$ 216,055	\$ 238,599	\$	238,599
Long Term Assets															
Gross equipment		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$	5,000
Accumulated Depreciation		\$ (7,039)	\$ (7,611)	\$ (8,183)	\$ (8,756)	\$ (9,328)	\$ (9,900)	\$ (10,72)	\$ (11,0)	\$ (11,617)	\$ (12,189)	\$ (12,761)	\$ (13,333)	\$	(13,333)
Net Property, Plant & Equip		\$ 37,961	\$ 37,389	\$ 36,817	\$ 36,2	\$ 35,672	\$ 35,100	\$ 34,528	\$ 33,956	\$ 33,383	\$ 32,811	\$ 32,239	\$ 31,667	\$	31,667
Total Long Term Assets		\$ 37,961	\$ 37,389	\$ 36,817	\$ 36,244	\$ 35,672	\$ 35,100	\$ 34,528	\$ 33,956	\$ 33,383	\$ 32,811	\$ 32,239	\$ 31,667	\$	31,667
TOTAL ASSETS		\$ 202,175	\$ 192,877	\$ 187,422	\$ 194,467	\$ 206,562	\$ 223,791	\$ 220,457	\$ 219,475	\$ 223,544	\$ 232,745	\$ 248,294	\$ 270,266	\$	270,266
LIABILITIES															
Current Liabilities															
Accounts Payable		\$ 9,6	\$ 10,88	\$ 11,30	\$ 12,392	\$ 13,507	\$ 14,595	\$ 11,157	\$ 12,25	\$ 13,361	\$ 14,49	\$ 15,836	\$ 17,196	\$	17,196
Total Current Liabilities		\$ 9,644	\$ 10,488	\$ 11,304	\$ 12,392	\$ 13,507	\$ 14,595	\$ 11,157	\$ 12,245	\$ 13,361	\$ 14,449	\$ 15,836	\$ 17,196	\$	17,196
Long Term Liabilities															
Notes Payable - equipment		\$ 27,790	\$ 27,291	\$ 26,788	\$ 26,283	\$ 25,773	\$ 25,261	\$ 24,75	\$ 24,226	\$ 23,703	\$ 23,177	\$ 22,67	\$ 22,113	\$	22,113
Long term Debt		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$	100,000
Total Long Term Liabilities		\$ 127,790	\$ 127,291	\$ 126,788	\$ 126,283	\$ 125,773	\$ 125,261	\$ 124,745	\$ 124,226	\$ 123,703	\$ 123,177	\$ 122,647	\$ 122,113	\$	122,113
TOTAL LIABILITIES		\$ 137,434	\$ 137,778	\$ 138,092	\$ 138,674	\$ 139,281	\$ 139,856	\$ 135,903	\$ 136,471	\$ 137,064	\$ 137,625	\$ 138,483	\$ 139,310	\$	139,310
OWNER'S EQUITY															
Common Stock		\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$	150,000
Retained earnings		\$ (85,259)	\$ (9,902)	\$ (100,670)	\$ (9,207)	\$ (82,718)	\$ (66,066)	\$ (65,6)	\$ (66,996)	\$ (63,520)	\$ (5,880)	\$ (0,189)	\$ (19,0)	\$	(19,0)
TOTAL O.E.		\$ 64,741	\$ 55,098	\$ 49,330	\$ 55,793	\$ 67,282	\$ 83,934	\$ 84,554	\$ 83,004	\$ 86,480	\$ 95,120	\$ 109,811	\$ 130,956	\$	130,956
TOTAL LIABILITIES & O.E.		\$ 202,175	\$ 192,877	\$ 187,422	\$ 194,467	\$ 206,562	\$ 223,791	\$ 220,457	\$ 219,475	\$ 223,544	\$ 232,745	\$ 248,294	\$ 270,266	\$	270,266
Balance Check		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Appendix 4. Balance Sheet (Monthly, Year 3)

Company Name:		YEAR THREE												Total	
SIMPLICITY WELLNESS		1	2	3	4	5	6	7	8	9	10	11	12		
BALANCE SHEET															
Balance Check		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
ASSETS															
Current Assets:															
Cash		\$ 20,336	\$ 213,897	\$ 22,663	\$ 239,962	\$ 259,655	\$ 260,261	\$ 273,833	\$ 279,869	\$ 291,173	\$ 308,099	\$ 331,391	\$ 360,900	\$ 360,900	
Accounts Receivable	e-pmts taken	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory		\$ 26,270	\$ 28,085	\$ 29,911	\$ 31,756	\$ 33,613	\$ 59,077	\$ 176	\$ 7,806	\$ 51,506	\$ 55,811	\$ 60,066	\$ 6,520	\$ 6,520	
Total Current Assets		\$ 230,606	\$ 241,981	\$ 254,605	\$ 271,719	\$ 293,268	\$ 319,308	\$ 318,009	\$ 327,675	\$ 342,679	\$ 363,910	\$ 391,437	\$ 425,460	\$ 425,460	
Long Term Assets:															
Gross equipment		\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Accumulated Depreciation		\$ (1,291)	\$ (15,256)	\$ (16,217)	\$ (17,178)	\$ (18,139)	\$ (19,100)	\$ (20,061)	\$ (21,022)	\$ (21,983)	\$ (22,944)	\$ (23,906)	\$ (2,867)	\$ (2,867)	
Net Property, Plant & Equipment		\$ 60,706	\$ 59,744	\$ 58,783	\$ 57,822	\$ 56,861	\$ 55,900	\$ 54,939	\$ 53,978	\$ 53,017	\$ 52,056	\$ 51,094	\$ 50,133	\$ 50,133	
Total Long Term Assets		\$ 60,706	\$ 59,744	\$ 58,783	\$ 57,822	\$ 56,861	\$ 55,900	\$ 54,939	\$ 53,978	\$ 53,017	\$ 52,056	\$ 51,094	\$ 50,133	\$ 50,133	
TOTAL ASSETS		\$ 291,311	\$ 301,726	\$ 313,388	\$ 329,541	\$ 350,129	\$ 375,208	\$ 372,948	\$ 381,653	\$ 395,696	\$ 415,966	\$ 442,532	\$ 475,594	\$ 75,59	
LIABILITIES															
Current Liabilities:															
Accounts Payable		\$ 13,135	\$ 14,042	\$ 14,971	\$ 15,878	\$ 16,807	\$ 17,714	\$ 13,253	\$ 14,342	\$ 15,452	\$ 16,743	\$ 18,014	\$ 19,356	\$ 19,356	
Total Current Liabilities		\$ 13,135	\$ 14,042	\$ 14,971	\$ 15,878	\$ 16,807	\$ 17,714	\$ 13,253	\$ 14,342	\$ 15,452	\$ 16,743	\$ 18,014	\$ 19,356	\$ 19,356	
Long Term Liabilities															
Notes Payable - equipment		\$ 3,770	\$ 2,922	\$ 2,067	\$ 1,207	\$ 0,311	\$ 39,700	\$ 38,592	\$ 37,709	\$ 36,820	\$ 35,925	\$ 35,020	\$ 3,117	\$ 3,117	
Long term Debt		\$ 99,730	\$ 99,600	\$ 99,189	\$ 98,910	\$ 98,625	\$ 98,337	\$ 98,030	\$ 97,715	\$ 97,380	\$ 97,045	\$ 96,710	\$ 96,500	\$ 96,500	
Total Long Term Liabilities		\$ 143,504	\$ 142,385	\$ 141,256	\$ 140,117	\$ 138,967	\$ 137,806	\$ 136,635	\$ 135,453	\$ 134,261	\$ 133,057	\$ 131,843	\$ 130,617	\$ 130,617	
TOTAL LIABILITIES		\$ 156,639	\$ 156,428	\$ 156,227	\$ 155,995	\$ 155,773	\$ 155,520	\$ 149,888	\$ 149,795	\$ 149,713	\$ 149,800	\$ 149,856	\$ 149,973	\$ 19,973	
OWNER'S EQUITY															
Common Stock		\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	
Retained earnings		\$ (15,328)	\$ (7,702)	\$ 7,161	\$ 23,546	\$ 35,629	\$ 69,688	\$ 73,060	\$ 81,858	\$ 95,983	\$ 116,165	\$ 126,676	\$ 175,621	\$ 175,621	
TOTAL O.E.		\$ 134,672	\$ 142,298	\$ 157,161	\$ 173,546	\$ 194,356	\$ 219,688	\$ 223,060	\$ 231,858	\$ 245,983	\$ 266,165	\$ 292,676	\$ 325,621	\$ 325,621	
TOTAL LIABILITIES & O.E.		\$ 291,311	\$ 301,726	\$ 313,388	\$ 329,541	\$ 350,129	\$ 375,208	\$ 372,948	\$ 381,653	\$ 395,696	\$ 415,966	\$ 442,532	\$ 475,594	\$ 75,59	
Balance Check		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	

Appendix 6. Statement of Cash Flows (Monthly, Year 1)

Company Name:	SIMPLICITY WELLNESS	Year	YEAR ONE												Total
			1	2	3	4	5	6	7	8	9	10	11	12	
STATEMENT OF CASH FLOWS															
BEGINNING CASH	\$	-	\$ 225,461	\$ 204,645	\$ 187,651	\$ 173,237	\$ 161,403	\$ 152,720	\$ 144,925	\$ 140,598	\$ 140,141	\$ 143,406	\$ 150,555	\$ 150,555	
OPERATING ACTIVITIES															
Net Income	\$	(14,328)	\$ (19,379)	\$ (16,796)	\$ (14,213)	\$ (11,630)	\$ (8,317)	\$ (7,841)	\$ (3,968)	\$ (95)	\$ 3,644	\$ 7,517	\$ 11,390	\$ (74,016)	
Depreciation & Amortization	\$	539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 539	\$ 6,467	
Decrease (increase) in Inventories	\$	-	\$ (3,286)	\$ (876)	\$ (876)	\$ (876)	\$ (1,354)	\$ (109)	\$ (1,314)	\$ (1,314)	\$ (1,354)	\$ (1,314)	\$ (1,314)	\$ (13,988)	
Increase (decrease) in Accounts Payable	\$	-	\$ 2,191	\$ 584	\$ 584	\$ 584	\$ 903	\$ 73	\$ 876	\$ 876	\$ 903	\$ 876	\$ 876	\$ 9,326	
INVESTMENT ACTIVITIES															
Equipment Purchases	\$	(43,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43,000)	
FINANCING ACTIVITIES															
Increase (decrease) NP Equipment	\$	32,250	\$ (881)	\$ (445)	\$ (448)	\$ (451)	\$ (454)	\$ (457)	\$ (460)	\$ (463)	\$ (466)	\$ (469)	\$ (472)	\$ 26,786	
Increase (decrease) in LT Debt	\$	100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	
Issuance (Repurchase) of Stock	\$	150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	
Dividends	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCREASE (DECREASE) IN CASH	\$	225,461	\$ (20,816)	\$ (16,994)	\$ (14,414)	\$ (11,834)	\$ (8,683)	\$ (7,795)	\$ (4,327)	\$ (457)	\$ 3,265	\$ 7,149	\$ 11,019	\$ 161,574	
ENDING CASH	\$	225,461	\$ 204,645	\$ 187,651	\$ 173,237	\$ 161,403	\$ 152,720	\$ 144,925	\$ 140,598	\$ 140,141	\$ 143,406	\$ 150,555	\$ 161,574	\$ 161,574	
Balance Check	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Appendix 6. Statement of Cash Flows (Monthly, Year 2)

Company Name:	SIMPLICITY WELLNESS	Year Month	YEAR TWO												Total	
			1	2	3	4	5	6	7	8	9	10	11	12		
STATEMENT OF CASH FLOWS																
BEGINNING CASH			\$ 161,574	\$ 149,747	\$ 139,756	\$ 133,650	\$ 139,635	\$ 150,630	\$ 166,798	\$ 169,193	\$ 167,151	\$ 170,119	\$ 178,261	\$ 192,301	\$ 192,301	
OPERATING ACTIVITIES																
Net Income			\$ (11,244)	\$ (9,642)	\$ (5,769)	\$ 6,463	\$ 11,489	\$ 16,653	\$ 620	\$ (1,550)	\$ 3,476	\$ 8,640	\$ 14,691	\$ 21,145	\$ 54,971	
Depreciation & Amortization			\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 572	\$ 6,867	
Decrease (increase) in Inventories			\$ (478)	\$ (1,265)	\$ (1,224)	\$ (1,632)	\$ (1,673)	\$ (1,632)	\$ 5,156	\$ (1,632)	\$ (1,673)	\$ (1,632)	\$ (2,081)	\$ (2,040)	\$ (11,806)	
Increase (decrease) in Accounts Payable			\$ 319	\$ 843	\$ 816	\$ 1,088	\$ 1,115	\$ 1,088	\$ (3,438)	\$ 1,088	\$ 1,115	\$ 1,088	\$ 1,387	\$ 1,360	\$ 7,871	
INVESTMENT ACTIVITIES																
Equipment Purchases			\$ (2,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,000)	
FINANCING ACTIVITIES																
Increase (decrease) NP Equipment			\$ 1,004	\$ (499)	\$ (502)	\$ (506)	\$ (509)	\$ (513)	\$ (516)	\$ (519)	\$ (523)	\$ (526)	\$ (530)	\$ (533)	\$ (4,672)	
Increase (decrease) in LT Debt			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Issuance (Repurchase) of Stock			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Dividends			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCREASE (DECREASE) IN CASH			\$ (11,827)	\$ (9,991)	\$ (6,107)	\$ 5,985	\$ 10,995	\$ 16,168	\$ 2,395	\$ (2,041)	\$ 2,968	\$ 8,142	\$ 14,040	\$ 20,504	\$ 51,231	
ENDING CASH			\$ 149,747	\$ 139,756	\$ 133,650	\$ 139,635	\$ 150,630	\$ 166,798	\$ 169,193	\$ 167,151	\$ 170,119	\$ 178,261	\$ 192,301	\$ 212,804	\$ 212,804	
Balance Check			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Appendix 6. Statement of Cash Flows (Monthly, Year 3)

Company Name:	SIMPLICITY WELLNESS	Year Month	YEAR THREE												Total	
			1	2	3	4	5	6	7	8	9	10	11	12		
STATEMENT OF CASH FLOWS																
BEGINNING CASH			\$ 212,804	\$ 204,336	\$ 213,897	\$ 224,663	\$ 239,962	\$ 259,655	\$ 260,261	\$ 273,833	\$ 279,869	\$ 291,173	\$ 308,099	\$ 331,391	\$ 331,391	
OPERATING ACTIVITIES																
Net Income			\$ 3,716	\$ 10,626	\$ 11,863	\$ 16,385	\$ 20,810	\$ 25,332	\$ 3,372	\$ 8,798	\$ 14,126	\$ 20,182	\$ 26,510	\$ 32,946	\$ 194,665	
Depreciation & Amortization			\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 961	\$ 11,533	
Decrease (increase) in Inventories			\$ (475)	\$ (1,815)	\$ (1,857)	\$ (1,815)	\$ (1,857)	\$ (25,434)	\$ 14,871	\$ (3,630)	\$ (3,700)	\$ (4,305)	\$ (4,235)	\$ (4,474)	\$ (38,726)	
Increase (decrease) in Accounts Payable			\$ (4,061)	\$ 907	\$ 928	\$ 908	\$ 928	\$ 908	\$ (4,461)	\$ 1,089	\$ 1,110	\$ 1,291	\$ 1,271	\$ 1,342	\$ 2,160	
INVESTMENT ACTIVITIES																
Equipment Purchases			\$ (30,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	
FINANCING ACTIVITIES																
Increase (decrease) NP Equipment			\$ 21,657	\$ (849)	\$ (854)	\$ (860)	\$ (866)	\$ (872)	\$ (877)	\$ (883)	\$ (889)	\$ (895)	\$ (901)	\$ (907)	\$ 12,003	
Increase (decrease) in LT Debt			\$ (266)	\$ (270)	\$ (275)	\$ (279)	\$ (284)	\$ (289)	\$ (294)	\$ (299)	\$ (303)	\$ (309)	\$ (314)	\$ (319)	\$ (3,500)	
Issuance (Repurchase) of Stock			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Dividends			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCREASE (DECREASE) IN CASH			\$ (8,468)	\$ 9,561	\$ 10,766	\$ 15,299	\$ 19,692	\$ 606	\$ 13,572	\$ 6,036	\$ 11,304	\$ 16,926	\$ 23,292	\$ 29,549	\$ 148,136	
ENDING CASH			\$ 204,336	\$ 213,897	\$ 224,663	\$ 239,962	\$ 259,655	\$ 260,261	\$ 273,833	\$ 279,869	\$ 291,173	\$ 308,099	\$ 331,391	\$ 360,940	\$ 360,940	
Balance Check			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Appendix 7. Product-Level Economics CAC/LTV Model

Company name:

SIMPLICITY WELLNESS

ANNUAL NUMBERS

	Y1	Y2	Y3
<i>CUSTOMER ACQUISITION COSTS</i>			
Total Advertising + Marketing Costs	\$ 53,000	\$ 177,667	\$ 379,200
Annual New Customers Acquired	1,450	2,350	3,464
Average CAC per Unit of Sales	\$ 36.55	\$ 75.60	\$ 109.47

Net Annual Revenue	\$ 386,650	\$ 1,306,649	\$ 2,272,014
Total Annual Units Sold (all customers)	7,175	24,889	45,787
Net Revenue per Unit	\$ 53.89	\$ 52.50	\$ 49.62

PRODUCT LEVEL ECONOMICS (\$ per unit)

Direct Variable COGS	\$ 29.59	\$ 27.50	\$ 24.50
Direct Fixed COGS	\$ 13.21	\$ 3.87	\$ 3.12
Marketing & Advertising Costs	\$ 7.39	\$ 7.14	\$ 8.28
Product-Level Costs	\$ 50.19	\$ 38.51	\$ 35.90
Product-Level Revenue	\$ 53.89	\$ 52.50	\$ 49.62
Product-Level Profit Margin	\$ 3.70	\$ 13.99	\$ 13.72

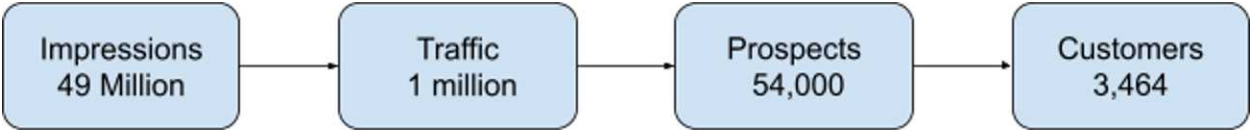
LTV- Lifetime Value of a Customer

Repeat Rate (of Units)	6	8	10
Product-Level Margin per Unit (above)	\$ 3.70	\$ 13.99	\$ 13.72
LTV	\$ 22.17	\$ 111.89	\$ 137.18
LTV/CAC	0.61	1.48	1.25

Appendix 8. NPV/DCF Valuation Model

Company Name:		SIMPLICITY WELLNESS							
		Year 1	Year 2	Year 3	Year 4	Year 5	5-Yr CAGR		
		<i>Extended Forecast</i>							
Revenue	\$	394,625	\$ 39,040	\$ 2,289,334	\$ 3,205,068	\$ 4,666,589	33%	CAGR of 5.29% during 2020-2025 of Wellness Industry	
% Growth Y/Y		na	234.3%	73.6%	40.0%	30.0%			
Cash Flow from Operations (EBITDA)	\$	(65,660)	\$ 63,878	\$ 306,360	\$ 466,659	\$ 546,657	71%		
EBITDA Margin		-7%	5%	3%	3%	3%	23%		
Adjust for: Non-Recurring Items				\$ -	\$ -	\$ -			
Subtract: Cap Expenditure	\$	(43,000)	\$ (2,000)	\$ (30,000)	\$ -	\$ (50,000)			
"Normalized" Cash Flow	\$	(108,166)	\$ 61,878	\$ 276,360	\$ 416,659	\$ 491,657			
				347%	5%	8%	138%	Three year average	
DISCOUNTED CASH FLOW VALUATION (DCF)									
Normalized Cash Flow	\$	(108,166)	\$ 61,878	\$ 276,360	\$ 416,659	\$ 491,657			
Years		000	2000	3000	4000	5000			
Discount Rate/Multiplier		0.833	0.694	0.579	0.482	0.402			
Discounted Cash Flow (DCF)	\$	(90,139)	\$ 42,971	\$ 159,931	\$ 200,935	\$ 197,586			
5-Year Net Present Value (NPV)	\$	511,283							
Terminal Value (in Year 5)	\$	987,929							
LESS Outstanding Debt in Year 5	\$	24,908							
Net Proceeds from SALE of company	\$	863,020							
Initial Equity Invested	\$	200,000							
TOTAL ROI FOR ALL INVESTORS		332%							
								Multiple Analysis	
								TV/Year 5 Revenue	0.2
								TV/Year 5 CF	2.0
	Equity Capital	Initial Investment	Book Value % of shares	Negotiated % of shares	Net Proceeds Shareholders	ROI for Each Investor	Multiple times their investment		
Founders	\$	50,000	25%	55%	\$ 474,660	849%	9.5		
Outside investors shares	\$	50,000	75%	45%	\$ 388,359	159%	2.6		
	\$	200,000			\$ 863,020	332%	4.3		

Appendix 9. Marketing & Sales Funnel for a Typical Year



Appendix 10. Annual Advertising Plan for a Typical Year

	Ad Spend	Impressions	Customers
Facebook	\$175,000	24 million	2,433
Google	\$125,000	25 million	1,031
TOTAL	\$300,000	49 million	3,464

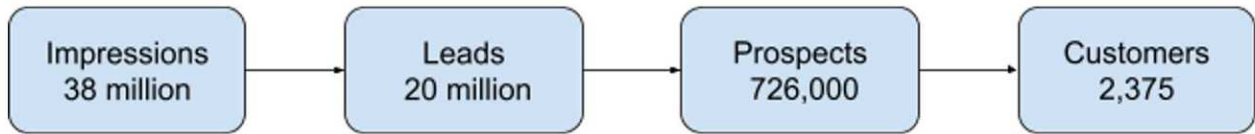
Appendix 11. Monthly Key Performance Indicators for Marketing

Platform	Impressions	Traffic	Prospects	Customers
Facebook	2 million	20,000	2,200	203
Google	2 million	68,000	2,300	86
TOTAL	4 million	88,000	4,500	289

Appendix 12. Competitor Pricing Comparison

	TheraBox	Bombay & Cedar	Simplicity Wellness
Pricing	\$34.99	\$44.95	\$55
Frequency	Monthly	Monthly	Monthly

Appendix 13. Marketing and Sales Funnel for a Typical Year (Contingency)



Appendix 14. Annual Advertising Plan for a Typical Year (Contingency)

	Ad Spend	Impressions	Customers
Magazine Ad	\$445,000	36 million	2,150
Email Campaign	\$3,600	2 million	225
TOTAL	\$448,600	38 million	2,375

Appendix 15. Monthly Key Performance Indicators for Marketing (Contingency)

Platform	Impressions	Leads	Prospects	Customers
Magazine Ad	3 million	1.7 million	59,750	180
Email Campaign	167,000	36,000	750	19
TOTAL	3.3 million	1.8 million	60,500	200

9. References

- Callaghan, S., Losch, M., Pione, A., & Teichner, W. (2021, April 8). *Feeling good: The future of the \$1.5 trillion wellness market*. McKinsey & Company.
<https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/feeling-good-the-future-of-the-1-5-trillion-wellness-market>
- Chaffey, Dave. (2021, February 23). *E-commerce conversion rates 2021 - how do yours compare?* Smart Insights.
<https://www.smartinsights.com/ecommerce/ecommerce-analytics/ecommerce-conversion-rates/>
- CrateJoy. (2021). *TheraBox reviews*. CrateJoy.
<https://www.cratejoy.com/subscription-box/therabox/reviews/?rating=1>
- Cultural Intelligence Center. (2021). *Cultural Values Profile*. Cultural Intelligence Center. <https://culturalq.com/products-services/assessments/cultural-values-profile/>
- Djordjevic, M. (2021, February 21). *17 Special Subscription Box Statistics for 2021*. SaveMyCent. <https://savemycent.com/subscription-box-statistics/>.
- Ehrlich, Jordan (2019, April 19). *Customer Acquisition Costs by Industry: What's a Good CAC?* DemandJump. <https://www.demandjump.com/blog/customer-acquisition-cost-by-industry>
- Haman, Edward. (2021, June 8). *The Cost of Forming an LLC in California*. LegalZoom.
<https://www.legalzoom.com/articles/the-cost-of-forming-an-llc-in-california>
- Insights, U. D. M. (2020, August 20). *Global Subscription E-Commerce Market is expected to reach US\$ 478 Bn by 2025: CAGR: 68%: UnivDatos Market Insights*. Global Subscription E-Commerce Market is expected to reach US\$ 478 Bn by 2025|CAGR: 68%| UnivDatos Market Insights.
<https://www.prnewswire.com/news-releases/global-subscription-e-commerce-market-is-expected-to-reach-us-478-bn-by-2025cagr-68-univdatos-market-insights-301115593.html>.
- Irvine, Mark I. (2020, August 5). *Facebook Ad Benchmarks for YOUR Industry [Data]*. WordStream.
<https://www.wordstream.com/blog/ws/2017/02/28/facebook-advertising-benchmarks>
- MailChimp. (2021). *Email Marketing Benchmarks and Statistics by Industry*. MailChimp.
<https://mailchimp.com/resources/email-marketing-benchmarks/>
- MarketWatch. (2021, March 3). *Global Subscription E-Commerce Market Outlook, Industry Analysis and Prospect 2019-2025*. MarketWatch.
<https://www.marketwatch.com/press-release/global-subscription-e-commerce-market-outlook-industry-analysis-and-prospect-2019-2025-2021-03-03?tesla=y>

- McGroarty, B. (2018, October 6). *Wellness Now a \$4.2 trillion global industry*. Global Media Summit.
<https://www.globalwellnesssummit.com/press/press-releases/wellness-multi-trillion-global-economy/>
- McGroarty, B. (2018). *Wellness Industry Statistics and Facts*. Global Wellness Institute.
<https://globalwellnessinstitute.org/press-room/statistics-and-facts/#:~:text=The%20industry%20grew%20by%206.4,percent%20of%20global%20economic%20output.>
- More, Ajay. (2021, June 1). *Health and Wellness Market 2021-2025, Worldwide Industry Growing at a CAGR of 5.29% and will reach 6033196 Million USD in 2140*. MarketWatch.
<https://www.marketwatch.com/press-release/health-and-wellness-market-2021-2025-worldwide-industry-growing-at-a-cagr-of-529-and-will-reach-6033196-million-usd-in-2140-2021-06-01?siteid=bigcharts&dist=bigcharts&tesla=y>
- MySubscriptionAddiction. (2021). *Bombay & Cedar Reviews*. MySubscriptionAddiction.
<https://boxes.mysubscriptionaddiction.com/box/bombay-cedar>
- Nelson, S. (2019, October 14). *Why the wellness industry is booming (and how to succeed in the industry)*. Forbes.
<https://www.forbes.com/sites/forbesbusinessdevelopmentcouncil/2019/10/14/why-the-wellness-business-is-booming-and-how-to-succeed-in-the-industry/?sh=4b0e588b41aa>
- People. (2020). *People 2020 Media Kits*. People.
https://static.people.com/media-kit/assets/people_ratecard_2020-final-11.6.19.pdf
- Raphael, R. (2018, October 8). *These 10 market trends turned wellness into a \$4.2 trillion global industry*. Fast Company. <https://www.fastcompany.com/90247896/these-10-market-trends-turned-wellness-into-a-4-2-trillion-global-industry>
- Richards, Julie. (2021). *What is the Average Rate of Return on a Direct Mail Campaign?* Chron.
<https://smallbusiness.chron.com/develop-marketing-plan-budget-39809.html>
- Schifrin, M. (2016, November 3). *Has the Subscription Box Boom Turned Into a Bubble?* Forbes.
<https://www.forbes.com/sites/schifrin/2016/11/03/has-the-subscription-box-boom-turned-into-a-bubble/?sh=2687e17349a9>
- Smith, Brad. (2020, July 27). *How Much Does Google Ads Cost? Here's How To Create Your Budget*. AdEspresso. <https://adespresso.com/blog/google-ads-cost/>
- Stasha, S. (2021, February 26). *21+ statistics about the health and wellness industry (2021)*. PolicyAdvice. <https://policyadvice.net/insurance/insights/health-wellness-industry/>

StratoServe. (2021, January 4). *Why are impressions free in Google AdWords advertising?* StratoServe.
<https://stratoserve.com/2021/01/why-are-impressions-free-in-google-adwords-advertising.html>

WebFX. (2021, January 7). *How Much Does Facebook Advertising Cost in 2021?* WebFX.
<https://www.webfx.com/social-media/how-much-does-facebook-advertising-cost.html>

WebFX. (2021). *Email Marketing vs. SMS Marketing: Which Drives Real Results.* WebFX.
<https://www.webfx.com/internet-marketing/email-marketing-vs-sms-marketing.html>

ZoomInfo 1. (2021). *TheraBox.* ZoomInfo.
<https://www.zoominfo.com/c/therabox-inc/437645825>

ZoomInfo 2. (2021). *Bombay & Cedar.* ZoomInfo.
<https://www.zoominfo.com/c/bombay-cedar/450864257>



The undersigned mentors / readers acknowledge that:

1. This plan is prepared to satisfy the coursework at Concordia University Irvine, and
2. The information provided in this business plan is confidential & review readers agree not to disclose the information without permission.
3. The plan is a work in progress, and may not be fully complete at the time signatures are requested. You are encouraged to include written comments / suggestions about content that needs to be added or revised in order to consider the plan final.

