

Blue Water LLC

5 Year Operating Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales:					
Food	\$ 1,706,484	\$ 1,774,743	\$ 1,845,733	\$ 1,919,562	\$ 1,996,345
Beverage	552,045	574,127	597,092	620,976	645,815
TOTAL SALES	2,258,529	2,348,870	2,442,825	2,540,538	2,642,159
Cost of Sales:					
Food	546,075	567,918	590,635	614,260	638,830
Beverage	150,155	156,162	162,409	168,905	175,662
TOTAL COST OF SALES	696,230	724,080	753,044	783,165	814,492
Gross Profit	1,562,299	1,624,790	1,689,781	1,757,373	1,827,668
Payroll:					
Salaries & Wages	584,311	607,684	631,991	657,271	683,561
Employee Benefits	133,043	138,264	143,899	149,655	155,641
TOTAL PAYROLL	717,354	746,048	775,890	806,926	839,203
PRIME COST	1,413,583	1,470,128	1,528,934	1,590,091	1,653,695
Other Controllable Expenses:					
Direct Operating Expenses	104,197	107,323	110,543	113,859	117,275
Music & Entertainment	3,000	3,090	3,183	3,278	3,377
Marketing	36,000	37,080	38,192	39,338	40,518
Utilities	51,000	52,530	54,106	55,729	57,401
General & Administrative Expenses	116,641	120,141	123,745	127,457	131,281
Repair & Maintenance	21,600	22,248	22,915	23,603	24,311
TOTAL OTHER CONTROLLABLE EXP.	232,438	242,412	252,684	263,265	274,163
CONTROLLABLE PROFIT	512,507	536,330	561,207	587,182	614,382
Occupancy Costs & Depreciation					
Occupancy Costs	196,712	200,646	204,659	208,752	212,927
Depreciation & Amortization	84,038	84,038	84,038	84,038	84,038
Other (Income) Expenses					
Other (Income)	(4,800)	(4,944)	(5,092)	(5,245)	(5,402)
Interest Expense	52,547	48,720	44,574	40,085	35,223
Other Expense	2,400	2,472	2,546	2,623	2,701
NET INCOME BEFORE INCOME TAXES	181,610	205,398	230,482	256,930	284,816
ADD BACK:					
Depreciation & Amortization	84,038	84,038	84,038	84,038	84,038
DEDUCT:					
Loan Principal Payments	(46,117)	(49,945)	(54,091)	(58,580)	(63,442)
CASH FLOW BEFORE INCOME TAXES	219,530	239,491	260,430	282,388	305,412

PROJECTED INVESTMENT RETURNS

Distributable Cash Flow Percent *	70%	80%	90%	90%	90%
Distributable Cash Flow	\$153,671	\$191,593	\$234,387	\$254,149	\$274,871
Cash Distribution:					
Investment Partner/Member (LLC)	\$115,253	\$143,695	\$145,921	\$127,075	\$137,435
Operating Partner/Member (LLC)	\$38,418	\$47,898	\$88,466	\$127,075	\$137,435
Investment Partner/Member (LLC) Returns:					
Net Investment After Cash Distributions - End of Year	\$259,747	\$116,052	\$0	\$0	\$0
Payback Period	2.5 yrs.				
Annual Return on Investment (before tax)	30.7%	38.3%	38.9%	33.9%	36.6%
Average Annual Return on Investment	35.7%				

* It may be advantageous to retain a portion of the cash flow in the business for working capital, capital improvement reserves or other reasons.

INVESTMENT ASSUMPTIONS

Total Equity Investment	\$400,000
Operating Partner/Member (LLC)	
Equity Contribution	\$25,000
Cash Distribution Ratio Before Investor Payback*	25%
Cash Distribution Ratio After Investor Payback	50%
Investment Partner/Member (LLC)	
Equity Contribution	\$375,000
Cash Distribution Ratio Before Investor Payback	75%
Cash Distribution Ratio After Investor Payback	50%

* Investor "Payback" is the point at which the investor recoups 100% of their Equity Contribution.