

**Business Plan Prepared By**

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## Executive Summary

### History

DeWald's Carpe Diem, Inc. was formed in January 200A by Connor S. and J. Hunter DeWald for the purpose of publishing Carpe Diem, a bi-monthly, statewide magazine of Kansas people, issues and arts. In June of 200A Jake Hicks joined the partnership and added his magazine publishing experience to the team. The first issue was launched on January 29, 200B, Kansas Day. To date, two issues have been published.

### Description

Carpe Diem is a privately owned, general interest magazine committed to strong, accurate, non-ideological and unbiased reporting. It strives to provide the best thinking and writing available in the state on current issues, interesting and important people and contemporary and historical arts in Kansas. The magazine has 2 issues under its belt with 4 more in the works. Carpe Diem also has a presence on the World Wide Web.

### Organization

DeWald's Carpe Diem, Inc. is an S-corporation with three partners. J. Hunter DeWald is the president and treasurer. Daniel Hicks is the secretary and Connor S. DeWald is the vice president. In managing the magazine, Hicks serves as the publisher and art director, Connor DeWald as editor, and Hunter DeWald as chief financial officer and circulation manager.

The management team has over 50 years of combined experience in newspaper and magazine publishing and editing. Samantha Goodman, the advertising director, works on commission and contract basis. Outside support includes an accountant, attorney, list broker/manager and a consultant with magazine experience.

### Market

Broadly defined, Carpe Diem's market includes anyone who self-identifies as a Kansan or as interested in Kansas. More narrowly, the magazine targets self-identified Kansans who have shown an interest in public affairs, their local communities, and Kansas itself. This audience will most likely be age 35 and above, college educated, with an income of at least \$50,000 or more. They are often involved in their professional associations, academic communities, or volunteers on civic or private boards. The size of this target audience in Kansas is 295,253 households. Carpe Diem expects to acquire 10% of this market by the end of 200D.

### Operations

Currently the direct cost of producing the magazine is about \$35,000 an issue—a little over \$1 per magazine printed. Carpe Diem is hoping to grow from its current level of 1,000 subscriptions and 5 pages of advertising to approximately 25,000 subscribers and 16 pages of advertising by December 200D.

### Financing

The primary partners have each invested \$15,000 to date for a total of \$45,000 of capital. Carpe Diem also has a line of credit of \$100,000 with the First State Bank of Greenwood. In order to maintain current editorial output and sustain subscription and advertising growth over the next three years. Carpe Diem is requesting financing of \$200,000.

# Management and Organization Plan

## Management Team

The Carpe Diem management team is composed of the three partners and the Advertising Director.

### J. Hunter DeWald

J. Hunter DeWald was born in Wichita, graduated from Wichita High School Southeast and received a bachelor's degree in English from Midwest University. In 1984, she received a master of English degree from the University of Missouri and taught for two years at Springfield College in Springfield, Missouri, before moving to Brussels, Belgium, to work as an editor. She returned after two years abroad to earn a Ph.D. in Renaissance literature from the University of Missouri in 1995. She served on the Murdock University faculty in Wichita for four years before moving with her husband, Connor, to Lawrence in 1998.

She is currently the President of the company, the Circulation Manager—maintaining the subscriber list and acquiring new mailing lists—and chief financial officer—making payments, sending invoices, and maintaining the books. She also oversees the majority of the work done by the Advertising Director and assists in ad sales and decision-making. She also participates in the copy editing and proofreading stages of magazine production.

### Jake Hicks

Jake Hicks grew up in southeastern Illinois and graduated from Springfield High School. He received bachelor's and master's degrees from the University of Missouri. He then taught college journalism for four years before going to Lawrence to assume the editorship of Kansas Alumni periodicals for the KU Alumni Association. He also served during that time as a member of the graduate faculty of the KU School of Journalism, where he occasionally taught magazine writing and design courses. In 1985, he launched Hicks & Son, a creative communications firm whose specialties include custom publishing, magazine redesigns, and printed materials for colleges and universities. During his career, projects under his direction have received more than 300 awards for excellence.

He is currently the Secretary of the company and the Publisher, making contacts with key Kansas leaders, overseeing production operations, interacting with the printer, and giving input on advertising strategy. As Art Director, he works with the Editor to plan editorial content for each issue, designs the page layout and advertising placement, edits copy, proofreads galleys, makes artistic assignments, and oversees all aspects of the production of each issue.

### Connor S. DeWald

Connor S. DeWald grew up in a respected Kansas newspaper family as his father rose to executive ranks in Garden City, Greenwood and Burlington, Iowa. Connor graduated from Greenwood High School and then from the University of Kansas with a bachelor's degree in history and a master of religious studies degree. During the 1969-1970 academic year, he served as student body president of KU. In 1980, he received a Stanford Professional Journalism Fellowship. His career has taken him from Burlington, Iowa, to Annapolis, Maryland; Harrisburg, Pennsylvania, to Decatur, Illinois; Omaha to Tulsa. He served as the editorial page editor of The World Herald from 1991 to 1996. He left The Herald to write a book, published by Little Brown & Co. in 1999. DeWald now writes a column on

## Management and Organization Plan

state issues published in nearly 20 newspapers in Kansas. He also appears regularly on the public affairs program, Kansas Week. In spring 2000, he served as an adjunct professor of media ethics for the KU School of Journalism. He is a member of the William Allen White Foundation and the Kansas Press Association.

As Editor, Connor makes all the assignments for free-lance writing, gathers information about new story ideas, works with writers to develop new ideas, receives copy and determines acceptance or rejection. He edits most copy for ideas and accuracy, provides Wheat & Chaff copy, and often writes the cover story and interviews the sidebar candidates.

### Samantha (Sam) Goodman

Samantha (Sam) Goodman was born and raised in Lawrence, Kansas, where she graduated from Lawrence High School. She attended the University of Texas and Kansas University. She has extensive experience in public service, retail and arts sales, as well as advertising sales and service. She has provided comprehensive support services for community activities, retailers and private foundations. Her volunteer work extends from arts programs to the library board to Habitat for Humanity. She and her husband, Randall, have lived in Lawrence, Greenwood and in communities in Texas and Oregon.

Sam works with Hunter DeWald and Hicks to determine ad sales strategies. She makes contacts with potential advertisers, sets up meetings, stays in contact by phone and e-mail and follows-up with sales once they've been made. She works with the publisher and the president on establishing pricing schedules for various potential advertising categories and works within the rate structure to make deals with advertisers. Once the goals are established by Carpe Diem partners, Sam, a contract worker, sets her own hours and ultimately her own methods for securing advertising.

These assignments and relationships will be changing in the fall when additional funding is secured. See "Management and Infrastructure" under Operating and Control Systems for a description of this restructuring.

### Compensation and Ownership

Each partner is a one-third owner in the S-corp DeWald's Carpe Diem (dba CHESTNUT MARE Publishing) and currently holds one-third of the stock (15,000 shares each). Each is eligible for a salary and draws on the company (not awarded to date) and is liable for 1/3 of the loss. Health benefits are not yet provided.

The advertising manager works on a 15% commission for ads she sells. If someone else sells the ad, she receives a 5% commission for servicing that ad. She will receive a salary plus commission for this position as the company grows.

# Management and Organization Plan

## Board of Directors/Advisory Board

Carpe Diem has not yet compiled an advisory board, but has received input from several people who could make up that board, should one be deemed necessary in the future. Those people include the following:

Rob A	Magazine and list brokering experience
Jon B	List manager/ mailing specialist
Carol C	Magazine professor, KU
Sharon D	Magazine professor, KU
Dale E	Public affairs editor, KPTS-TV
John F	Free-lance writer, former news reporter for Harris News
Marci G	Director, Kansas Sampler Foundation
Jerry H	Accountant, CPA
Tom Q	Lawyer, set up incorporation papers
Ray I	First State Bank of Greenwood
Rich J	KTEC
Tom K	Writer in Residence, Washburn University
Don L	Arts consultant
Martha M	First Generation Video, Greenwood, KS
Lori N	Associate Dean, School of Journalism, KSU

## Infrastructure

Carpe Diem's key advisors include:

Rob A	Magazine and list brokering experience	5555 West 55th Street, Overland Park, KS 66207-3333 800.555.0193	For coverage of political news
Jon B	List manager/ mailing specialist	5555 Strong Avenue Kansas City, KS 66106 900.555.1988	\$1,000 per issue, plus 1/6 pg free ad
Jerry H	Accountant, CPA	555 N. Walnut, Suite 555 Wichita, KS 67202	\$60/hour 800.555.3121
Ray I	First State Bank of Greenwood	PO Box 555 Greenwood, KS 67501-0913 800.555.1521	No payment. Holds \$100,000 line of credit

## Management and Organization Plan

### Contracts and Franchise Agreements

The management team is bound by the agreements made in the company by-laws.

### Recruitment and Selection of Employees

#### Assistant Editor

This hire will be up to the Editor. Currently, Hicks uses the services of Brad Ohle for editorial work within Hicks & Son. Carpe Diem will add Ohle to its editorial staff on a contract basis for \$1500/month for 20 hours a week, effective August issue 200B.

#### Managing Editor

Jake Hicks will hire the Managing Editor position with approval from the other partners, by January 200C.

Multiple versions of the magazine within Kansas would require contracting with several more writers and editors. There is no shortage of freelance talent in the state so this would be easily accomplished.

Start-ups in other states would require experienced editors and publishers in each state who know the “lay of the land.” Entry into a new state would only be considered if persons matching this description were available as investors or for hire under two-to-three year contracts.

### Employee Reward and Incentive Plan

Ad sales are tied to commissions on sales/income. Partners are compensated through salary and draws on company profits. Most other work is free-lance or contract help and compensated on an as-needed basis.

### Communication and Change

#### Editorial

Editorial meetings will be held weekly for the purpose of verbal reporting and updating on stories and illustration progress. Editorial meetings will include the Editor, Managing Editor, Editorial Assistant and Associate Editor. They may hold additional meetings with writers and artists as necessary per each issue generated.

A written editorial calendar will be provided to all other members of the Carpe Diem staff so that everyone will know what the intentions of the editorial staff are, with the understanding that some stories won't work and others might be included later.

#### Circulation

The Promotions Coordinator and the Publisher will have weekly meetings to discuss circulation issues such as market penetration, marketing strategies, and circulation patterns as they emerge. They will report quarterly to the Editor and Advertising Director with updated information about market penetration and sales ideas.

# Management and Organization Plan

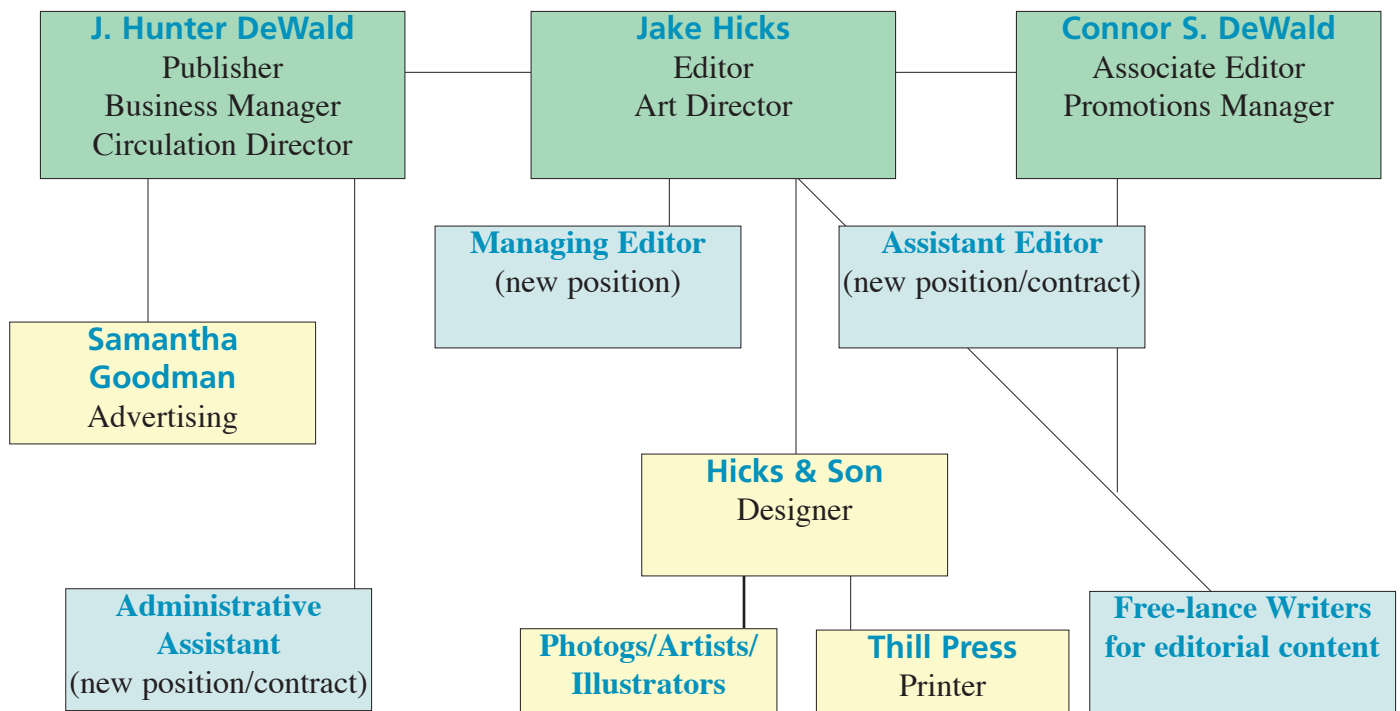
## Advertising

The Advertising Director and Publisher will meet weekly to establish advertising goals per issue of the magazine, discuss new prospects, stay updated on current prospects and track pricing and relationship issues.

Advertising will report as needed to Editorial on which advertisers can be expected in each upcoming issue, including size and frequency and other services the advertiser may request.

## Organization

In the chart below, current full-time staff (partners) appear in green. Only titles related to magazine functions are used. These titles reflect changes that will occur in the fall with additional funding. The current part-time help appear in yellow. Needed positions to be added in 200C appear in blue.



## Product/Service Plan

### Purpose of Product/Service

At a time when the state's three largest newspapers and all the state's commercial television stations are owned by out-of-state corporations, Carpe Diem provides independent, locally owned statewide coverage of issues of importance to all Kansans.

Carpe Diem is a general interest magazine intended to connect Kansans to one another and to the issues and people that affect their lives as citizens of this state. Two other goals include helping Kansans living outside the state keep in touch with their roots and enhancing the state's image nationwide by presenting Kansas issues, writers and artists in a thoroughly professional publication.

The coverage is not limited to public policy, but ranges across topics that relate to Kansas, including the arts, family life, the environment, sports, business and economics. The magazine strives to be non-ideological, non-partisan and edited according to the highest journalistic standards. It is not a tourist magazine; it is not a history magazine; it is not a wildlife magazine: It is a magazine that strengthens, deepens and promotes a larger sense of community in Kansas through solid reporting, careful analysis and memorable impressions.

Unlike most regional and city magazines, Carpe Diem treats its readers as active, involved citizens, rather than as passive, isolated consumers. It is content- and subscriber-driven, rather than advertising-driven. It avoids the blurring of ads and editorial.

### Features and Benefits

Carpe Diem aspires to play a special role—that of a primary, indispensable link among Kansans, a wellspring of writing and imagery that nurtures community and reinforces important Kansas values. In pursuit of that mission, the magazine offers these features:

- Accurate, fair and consistent reporting on issues of state concern that will educate the reader to make informed decisions in the public forum;
- Highlighting the accomplishments, challenges and experiences of Kansans to inspire other Kansans to stay involved in their own communities;
- Elevating coverage of the arts so that Kansans and non-Kansans alike will inspire other Kansans to stay involved in their own communities;
- Promoting an understanding of Kansas and Kansans, because the better we know ourselves, the more committed we will be to improving our own lives and the lives of our neighbors, and the better others know us, the greater the likelihood for interaction with them through commerce, tourism, or other exchanges beneficial to all;
- Exercising the highest journalistic, design and ethical standards to produce a publication that is not only informative and interesting, but also a source of pride for Kansans and attraction for non-Kansans.

## Product/Service Plan

### Stage of Development

Carpe Diem is the culmination of years of discussions among Kansas journalists and others on the need for an independent, statewide magazine that goes beyond the daily newspaper and evening newscast in helping Kansans understand themselves, their politics and their arts.

Connor and Hunter DeWald began researching and developing the idea of Carpe Diem. Two other similar magazines have been started in Kansas—one in the late 1800s and one by William Allen White in the 1930s. Both were discontinued because of recession.

The company, DeWald's Carpe Diem, Inc. was formed in January of 200A. In the spring of 200A, they encountered Jake Hicks, a communications specialist and former editor of KU alumni publications, who joined the company in the summer of 200A. By August of that year, a prototype was established and advertisers were contacted with a media kit and rate card. Samantha Goodman, advertising director, joined the staff in September. A Web site was completed in December 200A. The first issue was published in January 200B and distributed to 50,000 people. The large mailing of each issue is part of the marketing plan for the first year.

The company plans to publish six issues a year. Each magazine, then, would cover roughly a two-month period, but because of the in-depth nature of the stories, the shelf life of each issue would extend beyond two months.

### Intellectual Property

Carpe Diem has registered with the state of Kansas and has been issued an ISSN# by the National Serials Data Program (ISSN 5532-5555). No copyrights, patents, or licenses are needed at this time. In future, the company may want to trademark its logo for use with other types of activities as described in the section "Stage of Development."

### Governmental Approvals

DeWald's Carpe Diem, Inc., has registered with the State of Kansas, the State Department of Revenue, Kansas Employer's Withholding Tax office, and with the National Serials Data Program. No other registrations or approvals are needed at this time.

### Product/Service Limitations

Limitations are few for a bi-monthly magazine. A limited shelf life is a typical periodical drawback but the nature of Carpe Diem lends itself to a longer shelf life than most "news" magazines. The superior quality of writing, illustration and coverage of issues makes this magazine a "keeper" rather than a "read and toss."

The greatest obstruction to date is the limitation caused by the postal permit. Until circulation reaches 90 percent paid, Carpe Diem cannot apply for a periodicals rate; we must mail in bulk, which is a third class rate and not considered a priority by the post office.

## Product/Service Plan

### Product/Service Liability

Liabilities might include the possibility of libel suits or litigation by disgruntled writers or artists who were cut from publication for some reason. Liability insurance should cover the costs of these possibilities.

### Related Products/Services and Spin-Offs

The owners of Carpe Diem can envision spin-off regional magazines for Johnson County or the Northeast Corridor, Sedgwick County and possibly rural Kansas in the distant future.

With an increase in accessibility to the Internet, Carpe Diem may offer an on-line version of the magazine for subscription to those who prefer to read their information on a computer screen than off the printed page.

### Production

Currently, the majority of editorial work is done out-of-house. In the first two issues, the editor wrote the cover story, the editor, president and publisher all edited the copy as it came in, and the prototype and all the layout and design work were produced through Hicks & Son. All other stories and most of the illustration work was produced freelance. As the magazine subscription base grows, Carpe Diem intends to increase the editorial staff so that more stories might be generated in-house.

### Facilities

At this time, editorial, circulation and advertising work is accomplished from a home-based office setting. Design is generated from Hicks & Son.

### Suppliers

Suppliers to Carpe Diem include writers, artists, photographers, service bureaus and printers.

# Marketing Plan

## Industry Profile

### Current Size

Three years ago, Americans could choose from 18,606 commercial and business magazine titles, according to Standard & Poor’s Industry Survey.<sup>1</sup> The next year, 864 new magazines joined the racks, and in 200A, the industry saw 874 start-ups, according to “Mr. Magazine,” Samir A. Husni of the University of Mississippi, the self-appointed, industry-recognized watchdog of American magazines.

Although no hard numbers exist as to how many of these magazines are state magazines, the City and Regional Magazine Association (CRMA) claims 76 members, who qualify as either city or regional (state-sized or smaller) with a general readership and consumer focus (not business-to-business or niche marketed to a segment of the readership such as women or golfers). Not all state magazines belong to the CRMA, but Carpe Diem will consider membership in the near future.

Because all the city and regional magazines are owned privately, no real numbers are available concerning their revenues or market share. In 200A, however, according to Standard & Poor’s, the 10 largest commercial magazines (none of which were city or regional) had combined circulation and advertising revenue of \$7.3 billion, which represented 25% of the approximately \$29.0 billion in total revenues of the top 300 magazines.

### Growth Potential

From 1982 to the early 1990s, the number of periodical titles increased from 10,700 to about 11,000. During this same time, total industry sales rose from \$11.5 billion to \$23.1 billion, showing an annual growth rate of more than seven percent. The last decade saw turbulence in the industry as ad revenues fell and market share decreased with the advent of the Internet and technology-related competition.<sup>2</sup> Recent years saw a steady increase in the number of new magazines to its current level. Many of these titles have increased market share by expanded branding and media convergence.

As far as the percentage of magazines launched each year that are still alive, the following list shows the survival rates for the last 10 years, according to Mr. Magazine’s Website, [www.mrmagazine.com](http://www.mrmagazine.com).

#### Magazine survival rates in the last 10 years

Year 1	14.46%	Year 6	26.67%
Year 2	14.60%	Year 7	20.75%
Year 3	14.5%	Year 8	29.41%
Year 4	20.62%	Year 9	41.12%
Year 5	25.11%	Year 10	49.47%

State magazines seem to have a strong survival rate once they are established. According to the Standard Rate and Data Service’s listing of commercial magazines, Missouri Life was established in 1973 (was sold and rejuvenated about three years ago), Montana in 1970, the Iowan in 1952. These three magazines are similar in size and content to Carpe Diem. Texas Monthly, the gold standard for state magazines, began in the early 1970s and was sold a few years ago to a corporation in Indianapolis.

<sup>1</sup> October 26, 200A (the latest numbers available).

<sup>2</sup> Encyclopedia of American Industries, Vol 1: Manufacturing Industries, SIC 2721, pp. 404-405.

## Marketing Plan

### Industry Trends

Standard & Poor's predicts that magazines will have a smaller share of the total number of consumer hours spent on media because of the increased use of electronic media during leisure hours. Currently magazines hold 2.4% of the time spent on media. Standard & Poor's predicts this number will drop to 2.0% by 200E. They report that publishers are combating this decline in several ways so that magazines have "thrived despite the proliferation of other media."<sup>3</sup> Stronger sales efforts, better customer service, improved market research are just some avenues of attack. Larger publishers have extended their franchises with coordinated TV programming and marketing, such as the multi-media approach of Martha Stewart Living. Smaller magazine publishers have found success in using trade shows or events, face-to-face sales (by sales agents), or branding to include spin-off products, trade show or Web site sponsorship, tours, seminars and conferences. Carpe Diem will pursue some of these avenues as well, striving to become "must reading" for influencers and decision-makers across the state of Kansas.

### Other Characteristics

Because Carpe Diem's topic is Kansas and it is bi-monthly, season is not really a factor. However, industry tradition claims direct mail subscription appeals are most effective over the Fourth of July weekend and during the week between Christmas and New Year's. Carpe Diem plans to test this conventional wisdom but not necessarily be enslaved to it.

Traditional magazine publishers rely on two streams of revenue. One is generated by circulation, the other by advertising. The blend of these two streams is generally unique to each entity, and in analyzing the health of a publishing enterprise the reaction of each to current market conditions must be taken into account.

### *Circulation*

Circulation revenues come in the form of subscriptions and single copy sales. According to Standard & Poor's and the Encyclopedia of American Industries, single copy sales have been in decline for over a decade. Standard & Poor's attributes this decline to several factors—the proliferation of titles (too many choices on the newsstand), competition from other media, decreasing time for consumers to read, rising cover prices (the average rose from \$3.63 in the early 1990's to \$5.00 in 200A), and consolidation and upheavals among distributors. Subscriptions, however, "save the day." Subscriptions have been rising at a rate of 2% a year for almost 20 years. The gross profit on a renewed subscription is nearly three times that of a first-time subscription.<sup>4</sup>

According to the Web site of the magazine industry's magazine, Folio,<sup>5</sup> direct mail and newsstand sales were down in 200A. "Approximately 45% of consumer magazine marketers said that total direct mail performance was worse than the prior year, with two-thirds of the respondents losing money on every direct-mail-sold subscription." Better news, though, smaller circulation titles actually performed better than the previous year: "Magazines with circulation under 250,000 reported that their direct mail results were 60% better in 200A."<sup>6</sup> Carpe Diem falls in the latter category and will utilize direct mail as one aspect of a multi-layered marketing plan.

3 S & P, p. 14.

4 S & P, p. 16.

5 www.folio.com, August 200B.

6 S & P, p. 16

## Marketing Plan

### *Advertising*

A bright spot for Carpe Diem is an article in the April 23, 200B, Ad Age reporting the experience of one magazine that posted the largest increase in number of ad pages for the first quarter of 200B. Advertising in TIME-Media's Transworld Skateboarding was up 32.2%. TIME CEO Jason Klein says, "They've not been affected by any of the general market trends. [Their] business has been driven by endemic advertising, and the endemic field has been very strong." Carpe Diem will also rely on some "endemic" advertising—or advertising rising out of the culture. Therefore, national advertising trends may not have as large an impact on Carpe Diem as one might think otherwise.

Magazines are located all over the country. With technology, production and circulation can be accomplished from anywhere. Obviously, regional and local publications tend to at least have a presence in the community. Our location and focus is simple—Kansas.

### **Distribution Channels**

Commercial magazines are traditionally distributed through the mail or by single-copy on newsstands. Carpe Diem plans to distribute across the state primarily through the postal service.

By making its own arrangements for distribution, Carpe Diem avoid the headaches and costs of dealing with national distributors. Such distributors usually require a 50% return on the cover price, plus increasing power in determining what they will distribute, when and where. Anderson News, which currently distributes magazines to the Dillons stores across the state as well as other outlets, has decided to restrict its distribution of titles, according to an article on Folio's Web site. Smaller titles would be required to ship their product to LaVergne, Tenn., from which Anderson would determine the title's allocation and distribution based on a retailer's size and demographic profile. Transportation costs would shift to the publisher. Because a state magazine in a state the size of Kansas would have a low-profit, low-sale and low-profile status, it would not be high on the list of priorities for a national distributor such as Anderson.

The drawbacks to being our own distributor include

- having to pay postage or shipping for sending these titles to the stores (which we might have had to carry anyway using Anderson—see above),
- increasing our in-house paperwork by tracking invoices, payments and remainders, and
- being limited by time and personnel in our ability to make new contacts for additional outlets.

The advantages are that

- Carpe Diem controls where its title is seen and
- Carpe Diem can build relationships with people who run the distribution outlets, underscoring the magazine's stated commitment to building community in Kansas.

# Marketing Plan

## Competitive Analysis

As with every aspect of the magazine publishing business, Carpe Diem must be concerned about competition on two fronts, the circulation front and the advertising front.

Differentiators that Build Competitive Advantage	Carpe Diem	Kansas Heritage	Kansas	Midwest Living	Ingram's
<b>Core competencies</b>	Investigative reporting	Historical perspective	Tourism Promotion	Pictorials	Business reporting
<b>Products or services perceived by the customer as superior to others in the market or industry</b>	Too new	Archives/cultural tidbits	Detailed event calendars	Photography	"In the know"
<b>Target market or niche the company serves better than anyone else</b>	Kansans interested in politics/arts/culture	Historical Society	Tourists	Homeowners	Professionals
<b>Unique distribution channel or delivery method</b>	no	Membership	Dept. of Tourism	no	no
<b>Organizational efficiency</b>	Flexible use of free-lance experts	Knows its niche	no	Priced right	Staff highly respected
<b>Technology or innovative products or services unique in the market</b>	Yes—statewide/in-depth	no	Unique coverage of little known Kansas events	no	no
<b>Weaknesses</b>					
<b>Weaknesses in the product or service, marketing, or organization and other weaknesses</b>	New—still getting to know market	Limited audience	Not widely known	Stagnant format	Not regional—stories not in-depth

## Marketing Plan

### *Circulation Competition*

Competition for Carpe Diem includes any type of media that attracts readers' attention away from the magazine. Research indicates that the number of hours each person spends reading commercial magazines has slowly, but steadily, declined over the last decade in favor of time on the Internet and with video games.<sup>8</sup> In addition to these disparate distractions, other publications that may seem similar to Carpe Diem include:

- Kansas! published by the Department of Commerce & Housing, Travel & Tourism Division. Includes stories about events and places to visit, accepts no advertising. Cost: \$15/year for 4 issues; \$4.00 cover. Combined circulation: 48,250. Age: Over 50 years.
- Kansas Wildlife & Parks published by the Department of Wildlife and Parks (Editorial Creed: "to promote the conservation and wise use of our natural resources, to instill an understanding of our responsibilities to the land"). Cost: \$10/year for 6 issues, \$2.95 cover. Age: Over 50 years.
- Kansas Heritage published quarterly by the Kansas State Historical Society, "a non-profit organization committed to preserving and promoting the heritage and culture of Kansas." Cost: Distributed free to members of the Kansas State Historical Society. Membership is between \$15 and \$35/year. Cover: \$3.50.
- Kansas History: A Journal of the Central Plains published quarterly by the Kansas State Historical Society is a higher level, more academic publication of the Society. It is also distributed without charge to members of the Society. Its cover price is \$6.00. Age: Over 20 years.

These magazines have in common, support from state government or state-wide nonprofit organizations. They all have slick, four-color presentation with heavy emphasis on scenery and historical or traditional details. None carries advertising. Their coverage lacks the news edge and investigative reporting that Carpe Diem can offer. They all have the air of promoting Kansas as a place to visit with an interesting heritage to explore. Carpe Diem includes some historical and tourist interest pieces, but focuses more on the living people and changing policies that affect the current lives and culture of Kansans.

Other potential competitors include The Wichita Register, Ingrams, Kansas City, and Midwest Living. These magazines are advertising-driven publications designed to promote businesses and lifestyles in the areas they cover. With the possible exception of Ingrams, which is actually a business magazine (not a city or regional magazine according to CRMA), these titles also lack the investigative edge and in-depth analysis of how news affects lives that Carpe Diem offers.

<sup>8</sup> Veronis, Suhler & Associates Inc., New York, NY, Veronis, Suhler & Associates Communications Industry Forecast, annual, as quoted in The Moschovitis Group, Statistical Handbook on Consumption and Wealth in the US, ORYX Press, pp. 222-223.

## Marketing Plan

### *Advertising Competition*

One advantage Carpe Diem has in the magazine market is that none of the statewide titles mentioned above takes advertising. In fact, there are very few outlets in Kansas for an advertiser to reach the entire state without having to place multiple ads in a variety of publications. This situation is both good and bad for Carpe Diem. It is good because it can truthfully say it is the single best location for statewide advertising. It is a challenge for Carpe Diem because advertisers in this state have not been used to thinking about statewide exposure, nor are they educated about magazine placement. As the circulation base increases and steps up its marketing efforts, the obvious advantages of Carpe Diem as a statewide advertising tool will become more attractive to potential advertisers.

Carpe Diem has an additional challenge in marketing to advertisers because the state has not only large corporations and businesses to attract to the magazine, but also medium to small businesses that are more likely to be loyal to a state magazine. The difficulty at this level is not competition but pricing, which will be discussed elsewhere.

### Market Analysis

#### Target Market Profile

As with the Customer Profile, Carpe Diem must think in terms of two target markets, circulation and advertising.

#### *Circulation Markets*

According to Demographics USA County Edition, the total number of households in Kansas with Effective Buying Income of \$50,000 or above is 295,253. This number represents the universe of potential targeted subscribers within the state. Carpe Diem's goal is to have roughly 10% of this universe as subscribers by the end of the year 200D. This goal leaves 90% of the target market for future growth. The breakdown of the universe by the largest 8 counties appears in Figure 1 below.

These households can be penetrated through direct-mail campaigns, controlled circulation (sending free copies of the magazine), free media, events sponsorship, and newspaper advertising.

**Figure 1. Number of Households by Effective Buying Income (EBI)**

County	\$50,000– 74,999	\$75,000– 99,999	\$100,000 149,999	\$150,000 or more
Butler	4,994	1,618	514	228
Douglas	5,833	1,987	806	490
Johnson	43,990	24,242	12,426	8,450
Leavenworth	5,500	1,887	512	201
Reno	3,961	1,148	426	269
Sedgwick	36,300	13,659	4,976	3,068
Shawnee	12,666	4,121	1,402	779
Wyandotte	8,972	2,397	647	188
<b>Total top 8 Counties</b>	<b>122,216</b>	<b>51,059</b>	<b>21,709</b>	<b>13,673</b>
<b>Percent of state total</b>	<b>66.9%</b>	<b>75%</b>	<b>78%</b>	<b>79.6%</b>
<b>State Total</b>	<b>182,626</b>	<b>67,716</b>	<b>27,753</b>	<b>17,158</b>

## Marketing Plan

A secondary market for subscription revenue includes libraries, business offices with waiting rooms, and out-of-state subscribers and professional associations. Kansas boasts nearly 400 public libraries, (almost 20% of which are already subscribers), as well as at least 504 school libraries (at least one per district), plus libraries of colleges and universities, both public and private. The breakdown of the number of businesses or professionals likely to have a waiting room appears in Figure 2.

**Figure 2. Number of Waiting Room Businesses by Type of Business**

TYPE OF BUSINESS	SOURCE	NUMBER
Banks	Bankers' Association	375 (not including branches)
Beauty Salons	Board of Cosmetology	3,700
CPA Firms	Kansas Board of Accountancy	480
Resident Insurance Agencies	Kansas Insurance Department	3,838
Non Resident Insurance Agencies	Kansas Insurance Department	4,006
Lawyers	Kansas Bar Association	Over 4,000 members
Total Medical Licensees	Kansas Board of Healing Arts	12,353 <sup>9</sup>
Total Medical Registrants	Kansas Board of Healing Arts	4,196

Direct mail, controlled circulations and print advertising might also penetrate these markets, but making special offers through professional associations may be the quickest and most effective way to reach business owners for subscription income. A list of potential associations with which to partner appears in Figure 3.

9. This number represents all licensed medical personnel, not all available medical waiting rooms. The same applies for "Medical Registrants" below.

# Marketing Plan

**Figure 3. Professional Associations for Partnership**

Associations and Foundations	Boards of Healing Arts	Organizations for Charitable Contributions
Financial Fitness Foundation		
KS Quest KCCI KTEC Auto Dealers Bankers Association Beef Council Broadcasters Building Industry CPAs Insurance Agents KS Bar Lodging Motor Carriers Press Association Public Employees Realtors Association Restaurant/Hospitality Telecommunications Trial Lawyers Veterinary Medicine	Chiropractors Dentists Health Care Medical Nurses Opthamology Optometrics Osteopathic Med Pharmacists Physical Therapy Psychiatric Public Health	Arts Council Alumni Associations Arts Commission Gridiron Health Foundation Humanities Council KS Suepler KS State Hist. Society KU Endowment Public Broadcasters: KPTS Radio KS High Plains Radio KTWU

The third area of Carpe Diem’s secondary target market is the out-of-state subscriber. These people are probably relatives of Kansans or former Kansans who will have to hear of the magazine through word-of-mouth. Carpe Diem can help this process along by offering gift subscription specials to current subscribers suggesting that they include their out-of-state relatives and friends in the community of readers.

# Marketing Plan

## Advertising Markets

The current advertising strategy at Carpe Diem is to target a variety of markets whose interests seem to dovetail with the statewide demographics of Carpe Diem readers and subscribers. Figure 4 includes a list of these targeted advertisers by category.

**Figure 4. Advertising Strategy Chart (names in italics are current advertisers)**

<p><b>National</b>  <i>SW Bell</i>  <i>Delta Dental</i>  <i>Vanguard</i>            Dillard's            Hills Pet Food            Koch Ind            Midwest Express            Security Benefit            Simon Malls            Sprint            State Farm Ins.            SW Airlines</p> <p><b>KS Corps</b>  <i>Farm Bureau</i>            KS Lottery            KS Turnpike            AAA of Kansas            BCBS of Kansas            Braums Franchise            Feist            Great Plains Mall            KPL            KS Gas Service            PBJ (restaurants)            Utilicorp</p> <p><b>Small Businesses</b>  <i>Framewoods</i>            Birkenstock Footprints            Borderline            Dusty Bookshelf            Hereford House            Laird-Noller            Nel Hills            Plaza Realty            Sheplers            Star Lumber            Vanderbilts            Varney's            Watermark            Wichita Mid-Continent            Irene's Teas (Lindsborg)</p> <p><b>Hospitals and Care Centers</b>            Via Christi            Hunkeler Eye Clinic            KU Med (West)            Bert Nash            Heartspring School            St. Francis (Top)  <i>Stormont-Vail</i>            Wesley Hospital            Wesley Towers (Hutch)</p>	<p><b>Colleges and Universities</b>  <i>KU Relations</i>  <i>Baker</i>  <i>CC Consortium</i>            ESU            FHSU            Friends            KSU Cont Ed            KU Boostore            KU Cont Ed            PSU            Sterling            Univ. Press of KS            Washburn            WSU Relations</p> <p><b>Banks</b>  <i>FNB Hutch</i>            Capital Federal            Intrust            Bank of America            Commerce Bank (National)            Commerce Bank (Topeka)            Emprise            People's Bank            UMB Bank</p> <p><b>Ad Agencies</b>            ASA (AAA of Kansas)            Associated (Intrust)            Camelot Communications            (SW Airlines—Dallas)            Frye-Allen (Washburn)            Hughes Group (Via Christi)            Jones Seel Huyett (S-V, BCBS)            Media Source (Emprise, Feist)            Morning Star Comm.</p> <p><b>Museums &amp; Arts Centers</b>  <i>Lied Center of KS</i>            Cosmosphere            Exploration Place            KS State History            KU Natural History            Sedgwick Cty. Zoo            Spencer            Stage One            Sternberg            UnionStation/Science City            Wichita Ctr for the Arts            Wichita Museums on the River</p>	<p><b>Events</b>            Kansas Sampler Festival            Smoky Hill River Festival            Kansas State Fair</p> <p><b>CVBs</b>            Abilene            Arkansas City            Atchison            Coffeyville            Dodge City            Emporia            Garden City            Greenwood            Hays            Hutchinson            Kansas City, KS            KS Dept of Tourism            Lawrence            Lenexa            Liberal Tourist Info Ctr            Manhattan            Overland Park            Salina            Topeka            Wichita</p> <p><b>Dot-Coms</b>  <i>TiesThatBind</i></p> <p><b>Associations and Foundations</b>  <i>Financial Fitness Foundation</i>  <i>KS Quest</i>  <i>KCCI</i>  <i>KTEC</i>  <i>Arts Commission</i>            Auto Dealers            Bankers Association            Beef Council            Broadcasters            Building Industry            CPAs            Health Foundation            Insurance Agents            KS Bar            Lodging &amp; Restaurant            Motor Carriers            Press Association            Public Employees            Realtors Association            School Boards            Telecommunications            Trial Lawyers            Veterinary Medicine</p>
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## Marketing Plan

### Customer Profile

Carpe Diem must meet the needs of both subscribers and advertisers.

#### *Subscriber Profile*

Carpe Diem is targeted to self-defined Kansans and Kansas expatriates. As a group, they will bring the following characteristics to the magazine's pages:

- Involvement in their communities
- Interest in public affairs
- Curiosity about Kansas people, issues and arts
- Education
- Affluence
- Influence

The typical subscriber to Carpe Diem has a median household income greater than \$50,000. Beyond that, however, this group looks for reasons to travel, to engage and to spend. The magazine is attractive to Kansans who fit the descriptions above, regardless of age or gender.

#### *Advertiser Profile*

Carpe Diem will most likely attract advertisers who are interested in reaching Kansans as a demographic entity. This advertiser may be a large or small business or corporation, but it will be a business interested in getting its message to affluent and influential Kansans for economic or political reasons. Smaller businesses may be interested in increasing sales across the state either through tourism (walk-in traffic) or e-commerce. Larger corporations will be interested in institutional advertising in Carpe Diem to promote their image as concerned about state issues and people.

### Future Markets

While Carpe Diem's goal is to provide a magazine that unites Kansans, it is possible that in the future a more niche approach would be entertained. Different versions of the magazine could be developed for different sections of the state leaving some articles the same but focusing on more local issues for some stories.

Once Carpe Diem is well established in Kansas, the concept could be taken to other states that are not already served by a state magazine.

# Marketing Plan

## Pricing

### Pricing Structure

Carpe Diem must look at several pricing issues related both to circulation and advertising. Circulation pricing must be not only affordable, but also commensurate with the image the magazine projects or the expectation of that image by the reader. The magazine offers two levels of advertising, display and classified, so it must provide two pricing structures.

### Price List

#### Circulation Pricing

The cover price for a single issue of Carpe Diem is \$4.95. The base price for a subscription is 6 times the cover price or \$29.70. Some subscriptions are offered at \$23.95 (20% off cover) or \$21.95 (26% off cover).

#### Advertising Pricing

Magazine advertising is based on an advertiser’s cost per thousand or CPM. The CPM is determined by the full-page, one-time black and white rate divided by the number of thousands of copies of the magazine circulated. In Carpe Diem’s case, the CPM is \$72 (\$2150/30). Theoretically, for every \$72 the advertiser spends, he/she is reaching 1,000 sets of eyes.

Carpe Diem’s current Black and White (BW) rates are listed in Figure 5 by size.

**Figure 5. Carpe Diem’s B/W Ad Rates**

SIZE	1X	3X	6X	%	
2-page	4300	3999	3655	200%	
<b>FULL</b>	<b>2150</b>	<b>1999</b>	<b>1827</b>	<b>100%</b>	<b>\$72 CPM</b>
2/3	1612	1499	1370	26% off	CIRC:
1/2	1355	1260	1152	37% off	30,000
1/3	817	760	695	62% off	
1/6	600	560	512	72% off	

In addition to the BW rates in Figure 5, Carpe Diem also has four-color rates and special rates for the “Farmer’s Market” section of the magazine which is essentially for classifieds.

To establish what the market will bear for the Farmer’s Market (classified) section, Carpe Diem will conduct a survey of Kansas’s small business owners.

The survey will request information on the size of advertising budgets, spending habits, geography, and financial and emotional bases of decision-making for advertising a small business. Once this survey is complete, a price structure and marketing campaign can be developed to reach smaller businesses with the opportunity to advertise in Carpe Diem.

### Pricing Policies

Prices are based on size of ad and number of times the ad runs. Discounts apply as noted in the chart above. Further discounts are negotiable depending upon the circumstances and the client.

# Marketing Plan

## Market Penetration

### Distribution Channels

Most magazines are sold by direct mail. Carpe Diem plans to explore the use of both traditional channels (direct-mail) and some non-traditional channels (newspaper advertising, personal appearances, association partnerships).

### Location

The business will be located in Lawrence, Kansas. Lawrence is home to the largest university in Kansas and is an attractive site for writers and other creative people.

### Direct Sales Force

Reaching advertising purchasers will require a sales representative who makes contact with either an in-house marketing manager in a corporation or with an account executive in an advertising agency hired to handle a company's advertising purchases. Carpe Diem will need to consider adding sales representatives for advertising sales in the future.

Other than advertising sales representatives, Carpe Diem will not need any further sales force. The business manager or circulation manager will be in charge of taking and fulfilling subscription orders over the phone and through the mail.

### Sales Representatives

An external sales force is not contemplated at this time.

### Licensing or Distributors

Licensing is not being considered at this time.

### Brand Identity

All design decisions about the product itself and any advertising or promotional materials will be made by the Editor, Publisher and Designer. One goal is to make the Carpe Diem logo a recognizable brand name across the state.

### Customer Service

While Carpe Diem will strive to provide readers with a quality magazine, editorial content is not something one can guarantee—someone will always be in disagreement.

Our advertisers will be promised quality ads in size and placements according to their contracts. If for some reason an ad is unsatisfactory or omitted, the advertiser will be compensated with future ads.

## Marketing Plan

### Advertising and Promotion

Carpe Diem needs a multi-layered approach to promotion. People connected to their communities will be more likely to respond to the community-based journalism and state-level information that Carpe Diem provides, so the magazine must look for community-based ways in which to reach them.

### *Targeted Market Saturation*

Carpe Diem needs to develop a large-scale plan for penetrating one geographical region at a time. The plan should be focused on the 8-10 counties with the highest effective buying income (Figure 1). The magazine will pick one town in each county to saturate with newspaper ads, free magazines, direct mail, and Carpe Diem Now (see below). This approach will be most effective, however, outside the metropolitan areas of Johnson, Wyandotte and Sedgwick counties.

Although the financial costs of this approach will be minimal, the costs in terms of set-up time and Carpe Diem team participation will be high. The assumption is that the more times a potential subscriber hears about and sees Carpe Diem, the more likely he or she will be to subscribe. If at least one of these encounters is personal, as is possible with Carpe Diem Now, the probability is even higher.

### *Newspaper Advertising*

Several ads with subscription forms can be placed through the Kansas Press Association in strategic Kansas newspapers. This method has the potential of reaching more than 500,000 people who already read some form of media. The four-fold purpose of advertising in newspapers would be

- to generate a higher level of brand recognition among the reading public,
- to drive customers to the Web site for more information and subscription opportunities,
- to generate subscriptions from the form in the ad itself, and
- to show Carpe Diem’s support of Kansas journalism through the use of the Kansas Press Association’s ad placement service.

Carpe Diem should target especially those newspapers that fall within the KPTS and KTWU broadcast areas to capitalize on DeWald’s name recognition from Kansas Week appearances, those newspapers that carry DeWald’s column “Kansas Dreams,” and the 8 strategic counties listed in the “Circulation Markets” under Target Market Profile above.

The cost of such a campaign is high, so \$10,000 has been included in the 200B budget for testing the response rate. In 200C and subsequent years the number is \$12,000 until effectiveness can be determined. If newspaper advertising is deemed ineffective for Carpe Diem’s purposes, this money can be reallocated to personnel or other needed areas.

### *E-mail*

Carpe Diem can mobilize the most effective force at its disposal—its already satisfied customers—by asking them to talk up the magazine to their friends. Carpe Diem might even consider making the offer that if someone subscribes because a current subscriber talked to him or her, Carpe Diem will lengthen the subscription by a specified amount. Details of reporting and record keeping would need to be worked out.

## Marketing Plan

### *Carpe Diem Now*

One potentially effective approach to promotion is for Carpe Diem to sponsor a city-by-city event called Carpe Diem Now. Members of the magazine team (Editor, Publisher, Ad Director, Writers) could visit one community at a time with an Carpe Diem media event complete with available local radio, newspaper, and TV coverage, give-aways, and “meet the publisher/editor/writer” appeals. The event would include visits to merchants, the mayor and Rotary or other civic organizations. See Appendix D for a sample plan of such an event in Emporia.

### Publicity

#### *Speaking Engagements*

Connor DeWald has often been asked to speak to civic and educational groups about Kansas issues. In addition to DeWald, Hunter DeWald and Jake Hicks also have competent speaking skills and have already been making personal appearances on behalf of the magazine. Several of the contributing writers to the magazine are available for public speaking.

### Telemarketing/Direct Mail

#### *Direct Mail to New Potential Subscribers*

Subscription sales for magazines are traditionally generated through direct mail solicitation. A two-sided, two-color postcard would cost \$0.25 ea. (x100,000 = \$25,000) to print and address and mail at the Daily News in Kansas City, KS. A mailing list of 100,000 current Kansas subscribers to a variety of national magazines from ListMart of Parkville, MO, costs \$9700 (\$95 per 1000 plus output fee of \$150). The cost of the list, plus printing and mailing to 100,000 Kansans, is \$34,700. If this list produces an expected 4% return, it will have generated 4,000 new subscribers at a cost of \$8.67 for each “yes” response.

#### *Direct-mail Piece in Advance or Follow-up to 10,000 Controlled Circulation Names*

Carpe Diem can send 10,000 reminder cards with subscription information to people who have recently received a copy of the magazine or are about to receive one.

The cost of this mailing for design, printing, handling and postage would be \$3,000. There would be no additional cost for lists, unless it included names from lists purchased with a one-time use restriction. If the expected rate of return of 4% is achieved, the cost per “yes” response is \$7.50.

#### *“Free” Mailings*

Carpe Diem is making arrangements to partner with non-profit organizations that do not usually sell or make available their mailing lists. In this partnership, Carpe Diem would produce a brochure, card or flyer to be sent in the association’s regular monthly mailing to members. In it, Carpe Diem would offer a subscription rate of \$23.95 to the members, with the additional offer that \$2 of each subscription will be returned to the association as a donation.

This offer has the advantage to the subscriber of receiving 20% off the cover price plus the opportunity to give a “painless” donation to the charity from which their name was derived. Carpe Diem would be able to post the \$23.95 to subscription income and then remit the \$2 as a charitable donation later. The cost of designing and reproducing the mailer would be about \$35 per 1,000 (based on the current cost of reproducing subscription cards), plus the \$2 donation per subscription. Postage

## Marketing Plan

costs would be assumed by the association. At a response rate of 2% (we have no history of this type offer, so the rate of return is an estimate), a mailing to the KPTS list of 16,000 names would cost \$3.75 per “yes” response.

The advantages of this scheme for Carpe Diem include

- eliminating postage costs and lowering cost per response,
- reaching mailing lists that are otherwise unavailable, but would likely be interested in Carpe Diem’s message, and
- developing relationships with Kansas’s organizations to increase their visibility and ours among Kansas’s readers.

### *Association Partnerships*

Carpe Diem will continue to acquire lists through associations in the manner of its arrangement with KCCI and the Wichita Area Chamber. These subscription offers are usually at \$21.95, not \$23.95. Usually the arrangement does not cost Carpe Diem circulation for the use of the list, but may cost Carpe Diem advertising because of a barter— exchanging the list for a free or discounted ad. That cost is difficult to calculate.

Future Association Partnership ideas include:

- The Kansas Farm Bureau Association, 20,000 names; Mike Magee, 800.587.6000
- Kansas State Historical Society; 4000 names; Robert Wilson, Don Downing 800.000.8681
- Dental Assoc., Jim Stevens, 800.000.7360
- Kansas Medical Society, Brad Poulter, 800.000.2383
- KS Mental Illness Awareness, 800.000.3866
- KS Psychiatric Society, 800.000.3619
- KS Psychological Assoc., 800.000.7435
- KS Realtors Association., 800.000.1234

### *List Acquisitions*

Carpe Diem may consider buying other magazines’ lists or barter for advertising in exchange for a list with the following publications:

- Kansas! list is not available.
- Ingrams. Circulation unknown.
- Capper’s. 243,398 .
- Kansas Country Living. (Ks Elec. Coop members) 80,957.
- KS Farmer. Paid 12,656; Unpaid 21,141.

### **Internet**

Carpe Diem will look to the Internet to increase future markets. According to a recent article in the New York Times, consumers are spending ever-increasing hours on the Internet and well over half of Kansans are wired to the Internet. Stories on the Web site unrelated to the stories in the magazine, would be a good way of increasing readership from a new avenue.

## Marketing Plan

Beyond the content of the magazine, Carpe Diem would also like to extend market share by developing state-wide commerce through its Web site and classified pages, sponsor seminars and workshops to develop issues of state and community concerns, and provide scholarships and sponsor student development in cooperation with Kansas high schools, colleges, universities and businesses.

Carpe Diem also plans to own a list-serv list for statewide interaction among Kansans on the Internet, and to break into public television by developing additional public affairs programming in partnership with Kansas State University.

### Trade Shows

Carpe Diem intends to enter and attend “fairs” and festivals across the states. Dates and locations can be identified through the Kansas 200B Getaway Guide. Carpe Diem has an 8-foot banner and two posters of covers for trade show display at a total cost of \$350. Examples of trade shows Carpe Diem will enter appear in Figure 6.

Figure 6. 2001 Trade Shows

Name of Show	Location	Dates	Entry Cost	Supplies Provided
“Buy Kansas First”	Topeka	May 4-6	\$250 entry Driving exp.	8’ booth, table, skirts & backdrop
Kauffman Foundation Exposition	Kansas City, MO	May 22	No cost Driving exp.	5’ table
Kansas State Fair	Hutchinson	September	\$650 entry; table skirt; Driving, lodging: 10 days, hired workers	8’ booth, table
Kansas Sampler Festival	Ottawa	October	\$100 Driving	8’ table provided

Trade shows Carpe Diem will attend but not exhibit in include the Kansas Press Association meeting in April, the Smoky Hill River Festival in Salina in June, and some county fairs in August.

### Market Activities Schedule

The schedule for implementing the marketing strategy as it relates specifically to direct mail, postcard reminders, “free” mailings, and other strategies included in the financials appears in the chart that follows (Figure 7).

### Market Penetration Effectiveness

Figure 8 reveals the current types of exposure certain markets have had to Carpe Diem to date. Note that no advertising has been utilized, except one small ad in the Gridiron program in Wichita during the 200A show (not noted on chart). The chart lists penetration since the launch of the first issue in January 200B. Circulation and marketing will keep penetration records.

Figure 7. Marketing Strategy Chart

Strategy	July 200B	Aug 200B	Sept 200B	Oct 200B	Nov 200B	Dec 200B	Jan 200C	Feb 200C	March 200C	Apr 200C	May 200C	June 200C	Total Return
Response with no marketing	100	100	100	100	100	100	100	100	100	100	100	100	1200
Postcard reminders to mag mail list	10,000 follow-up.	10,000 advance.	10,000 follow-up.	10,000 advance.	10,000 follow-up.	10,000 advance.	10,000 follow-up.	10,000 advance.	10,000 follow-up.	10,000 advance	10,000 follow-up.	10,000 advance.	
Cost	3000.	3000.	3000.	3000.	3000.	3000.	3000.	3000.	3000.	3000.	3000.	3000.	\$36,000
Return	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4% 400	4800
Cost per unit	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$7.50	\$110,400 in income
Direct Mail to NEW NAMES	100,000					100,000							
Cost	\$34,700					\$34,700							\$69,400
Return	4% 4000 @					4% 4000 @							8000
Cost per unit	\$8.67					\$8.67							\$184,000 in income
Magazine mailing	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Cost	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$48,311	\$289,866
Response	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1% 300	1800
Cost per unit	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$161	\$41,400 in income
"FREE" mailings through associations	KPTS; 16,000	KTWU <sup>10</sup> 16,000	FARM BUREAU 16,000	HUMANITIES COUNCIL 4000	RADIO KS 16,000	KS HEALTH FDTN 16,000	BANKER and CPA Assoc.s 900	MEDICAL LICENSEES 12,353	INSUR-ANCE AGENCY 3838	BAR ASSOC. 4000 @	HIGH PLAINS RADIO 16,000	KANU 16,000 names	
Cost	\$1200	\$1200	\$1200	\$300	\$1200	\$1200	\$71	\$703	\$294	\$300	\$1200	\$1200	\$10,068
Response	2% 320	2% 320	2% 320	2% 80	2% 320	2% 320	2% 18	2% 248	2% 77	2% 80	2% 320	2% 320	2743
Cost per unit	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.94	\$2.83	@\$3.81	\$3.75	\$3.75	\$3.75	\$60,346 in income

10. Public Radio and TV and KS Health Foundation total number of names on lists unknown. Using KPTS number for estimate. Farm Bureau list is over 200,000, so estimate is based on using 16,000 of those names. Other lists based on known numbers.



Figure 7. Marketing Strategy Chart (continued)

Strategy	July 200B	Aug 200B	Sept 200B	Oct 200B	Nov 200B	Dec 200B	Jan 200C	Feb 200C	March 200C	Apr 200C	May 200C	June 200C	Total Return
Newspaper Advertising	Week 1: 5col x 13"	Weeks 2-3: 2 X 2	Weeks 4-7: classifieds										Yearly
Cost	\$18,792	\$1,400	\$1,000										\$127,750
Response	Unknown	Unknown	Unknown										Unknown
Cost per unit	Unknown	Unknown	Unknown										Unknown
Carpe Diem Days			Emporia	Hutchinson					Atchison	Hays	Garden City	Salina	
Cost			\$3550	\$5550					\$3990	\$4020	\$3640	\$7175	\$27,925
Response			Unknown	Unknown					Unknown	Unknown	Unknown	Unknown	
Cost per unit			Unknown	Unknown					Unknown	Unknown	Unknown	Unknown	
Trade Shows			State Fair	KS Sampler							KSSuepler		
Cost			\$2260	\$520							\$770		\$3550
Response			Unknown	Unknown							Unknown		
Cost per unit			Unknown	Unknown							Unknown		
Subscriber e-mails													
Cost													
Response	Time												
Cost per unit	Unknown												
Appearances													
Cost	Time & Travel												
Response	Unknown												
Cost per unit	Unknown												
Free Media: Send news release regarding features in each issue.		Manhattan; Hutchinson		People profile, Main Street	People profile, Main Street	People profile, Main Street	People profile, Main Street		People profile, Main Street		People profile, Main Street		

Figure 8. State-wide Exposure Records

Town	Free Media— Print	Free Media— Radio/TV	Print Ads	Radio Ads	Personal Appearances	Coverage in Magazine	Chamber Lists
Atchison							1.2 Chamber List
Emporia		1.1 Cates Show				1.3 Wheat and Chaff	
Garden City		1.1 HPPR				1.1 Main street	
Hays	1.2 AP Story	1.1 HPPR				1.2 Wheat and Chaff	1.2 Chamber List
Hutchinson	1.1 Hutch News story	1.1 Cates Show				1.2 Main Street	1.2 Chamber List
Lawrence	Start-up 2 stories J-W	1.1 KLZR				1.1 sport; 1.2 profile; 1.3 cover	1.2 Chamber List
Leavenworth							1.2 Chamber List
Leawood					Rotary, May 24		
Manhattan		1.1 Cates Show				1.1 Wheat & Chaff	
Parsons	1.2 AP Story						
Salina		1.1 Cates Show			Kiwanis June?	1.1 Arts	
Topeka	1.1 Cap Journal story	1.1 Cates Show			Kansas Day Jan AIBC? Feb TPW Assoc. Mar	1.1, 1.2, 1.3 Reader; That's Life, Marshall features	
Wichita	1.1 Eagle story	1.1, 1.2 KPTS			Rotary June KPTS	1.1 profile; 1.2 arts	1.3 Chamber List
Winfield							

# Operations Plan

## Operational Systems

### Receiving Orders

#### *Circulation*

Most requests for subscriptions will arrive in the mail. The current process for receiving orders is for the Circulation Manager (Hunter DeWald) to collect the mail, open the envelopes, record the subscriber's name, address and other information in the Access Database, prepare the checks for deposit, and deposit them.

The subscriber list is currently being held on an MS Access database. The database is large enough and flexible enough to do what Carpe Diem needs while subscriptions are low (below 50,000).

#### *Advertising*

Advertising orders are usually received via e-mail or over the phone. Samantha Goodman, advertising director, receives these orders and records the size, frequency and amount agreed upon between her and the advertiser, on an ad request form (see Appendix for Subscription and Ad Request Forms). The Publisher or other partners may also receive advertising space orders, but they all must be confirmed through the Advertising Director who is responsible for record keeping.

Sam passes on the request to Hicks & Son, who then reserves space for the ad in the magazine layout. After the initial reservation contact, Sam usually acts as a liaison between the customer and production, but sometimes the advertiser is put in direct contact with Hicks & Son to facilitate communication concerning specifications of color, size, and computer software compatibility (see "Advertising" under Documents and Paper Flow following).

### Billing the Customers

#### *Single Copy Sales*

Bookstores who carry single copies of the magazine are billed at the time of shipment with a net-60 payment agreement. This arrangement is based on the understanding that in 60 days (2 months) from the receipt of an issue, they will pay \$2.50-\$3.50 each (depending on the arrangement) for sold copies and return the covers of the unsold portion. They have 60 days, rather than 30, because the next issue of the magazine will not arrive until 60 days later.

#### *Advertisers*

Advertisers are billed by invoice, generated by the Business Manager on consultation with the Advertising Director. The Business Manager receives the payments, posts them, deposits the funds and pays the Advertising Director her commission from the proceeds.

### Paying the Suppliers

Freelance artists and writers, as well as pre-press costs and Thill Press are paid by the Business Manager. Costs incurred or invoices received by Hicks & Son for artistic work, design, and pre-press are passed on to the Business Manager. The Editor provides a list of freelance writers for payment. Writers and artists are paid on acceptance of the work. Other bills are due on receipt.

## Operations Plan

### Collecting the Accounts Receivable

#### *Advertisers*

Advertisers who wait longer than 30 days to pay for each issue are reissued a statement of their overdue amount. The rate card states that they will be assessed a 1.5% late fee on all late payments.

#### *Single Copy Sales*

Late payments on single-copy sales will be handled the same as late payments on advertising. A second statement will be issued and the outstanding amount will be included on subsequent invoices. Should payment continue to be withheld, Carpe Diem will cease to send copies to that entity.

### Reporting to Management

#### *Editorial*

Editorial meetings will be held weekly for the purpose of verbal reporting and updating on stories and illustration progress. Editorial meetings will include the Editor, Managing Editor, Editorial Assistant and Associate Editor. They may hold additional meetings with writers and artists as necessary per each issue generated.

A written editorial calendar will be provided to all other members of the Carpe Diem staff so that everyone will know what the intentions of the editorial staff are, with the understanding that some stories won't work and others might be included later.

#### *Circulation*

The Promotions Coordinator and the Publisher will have weekly meetings to discuss circulation issues such as market penetration, marketing strategies, and circulation patterns as they emerge. They will report quarterly to the Editor and Advertising Director with updated information about market penetration and sales ideas.

#### *Advertising*

The Advertising Director and Publisher will meet weekly to establish advertising goals per issue of the magazine, discuss new prospects, stay updated on current prospects and track pricing and relationship issues.

Advertising will report as needed to Editorial on which advertisers can be expected in each upcoming issue, including size and frequency and other services the advertiser may request.

### Staff Development

Staff development will include opportunities to attend (at the magazine's expense) conferences and seminars related to the staff member's area of expertise. Editorial staff members may want to attend Press Association conferences, writing seminars or other related events. The Advertising Director will be encouraged to attend the seminars and conferences available through the City and Regional Magazine Association and Folio magazine. The Publisher, Editor and Promotions Coordinator will also be expanding their knowledge base in this way.

# Operations Plan

## Inventory Control

Since the magazine is Carpe Diem’s only “inventory,” the back issues will be held in storage at the office or at the home of the DeWalds’ until a better system can be devised. Back issues will be available at half the cover price when asked for until the magazine is down to its last 50 copies, which will be held for archival purposes.

## Handling Warranties and Returns

A subscriber may cancel his subscription at any time, but no refund will be made available in such cases. If the subscriber would like to donate his subscription to another person or entity (school library, for example), this can be accomplished at no extra charge.

An advertiser may not receive a refund on paid advertising because the payment is usually not required until after the ad has already appeared in the magazine.

## Monitoring the Company Budgets

Budgets for Editorial, Advertising, Circulation and General Expenses will be generated by the Editor, Advertising Director, and Business Manager respectively. The Business Manager is responsible for generating budget reports and comparisons.

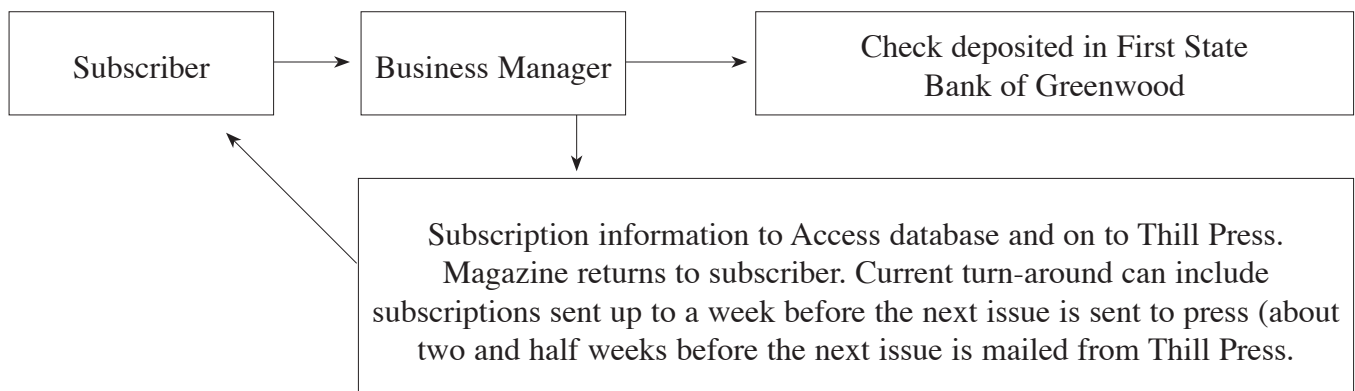
Carpe Diem team members will keep receipts of expenses for travel and hospitality. These line items are listed separately under each category in the cash flow statement.

## Security Systems

Hicks & Son’s office is a secure site with deadbolt locks. The Access Database for subscriber lists and the QuickBooksPro program are both updated after each use and backed up on floppy stored in the fireproof safe in Jake Hick’s office. Hard copies of the subscriber list are generated after each input cycle. These are stored in an unlocked, non-fire-safe file cabinet.

## Documents and Paper Flow

### Circulation



# Operations Plan

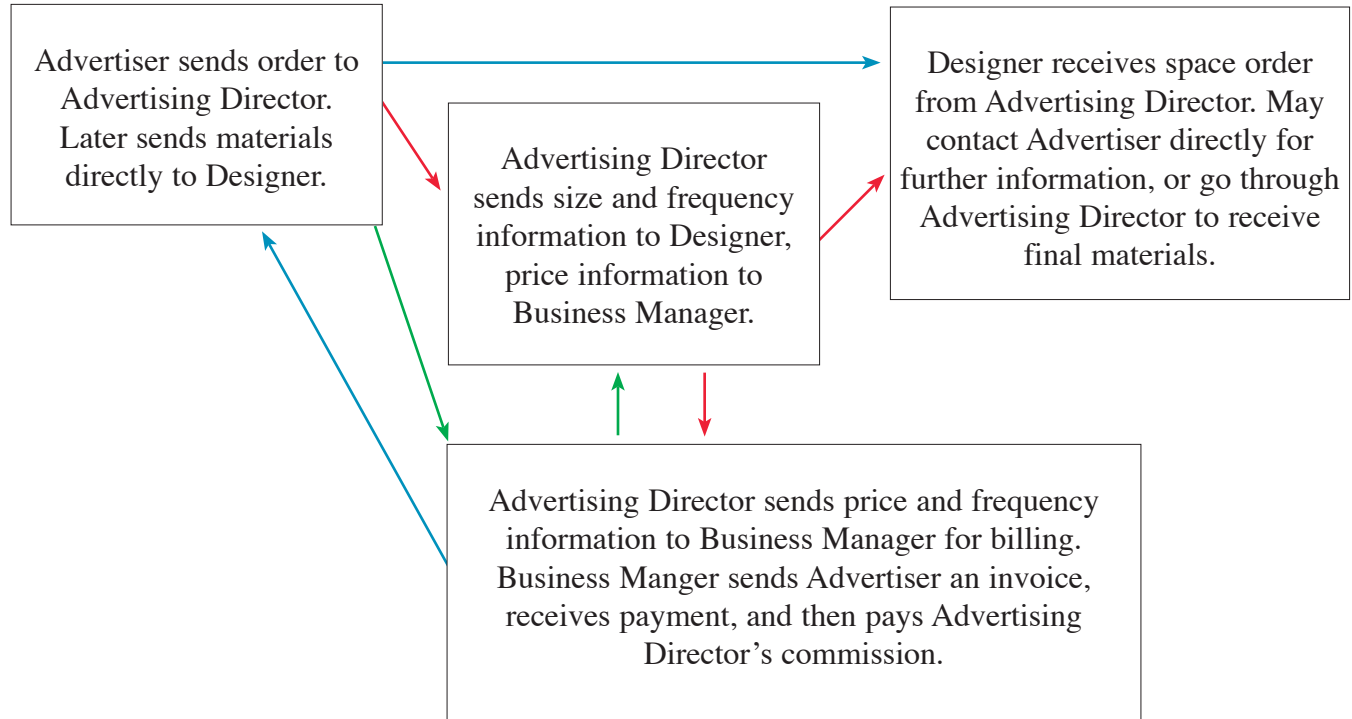
## Operations System Workflow

### Advertising

**Red:** First step — Orders sent through Ad Director.

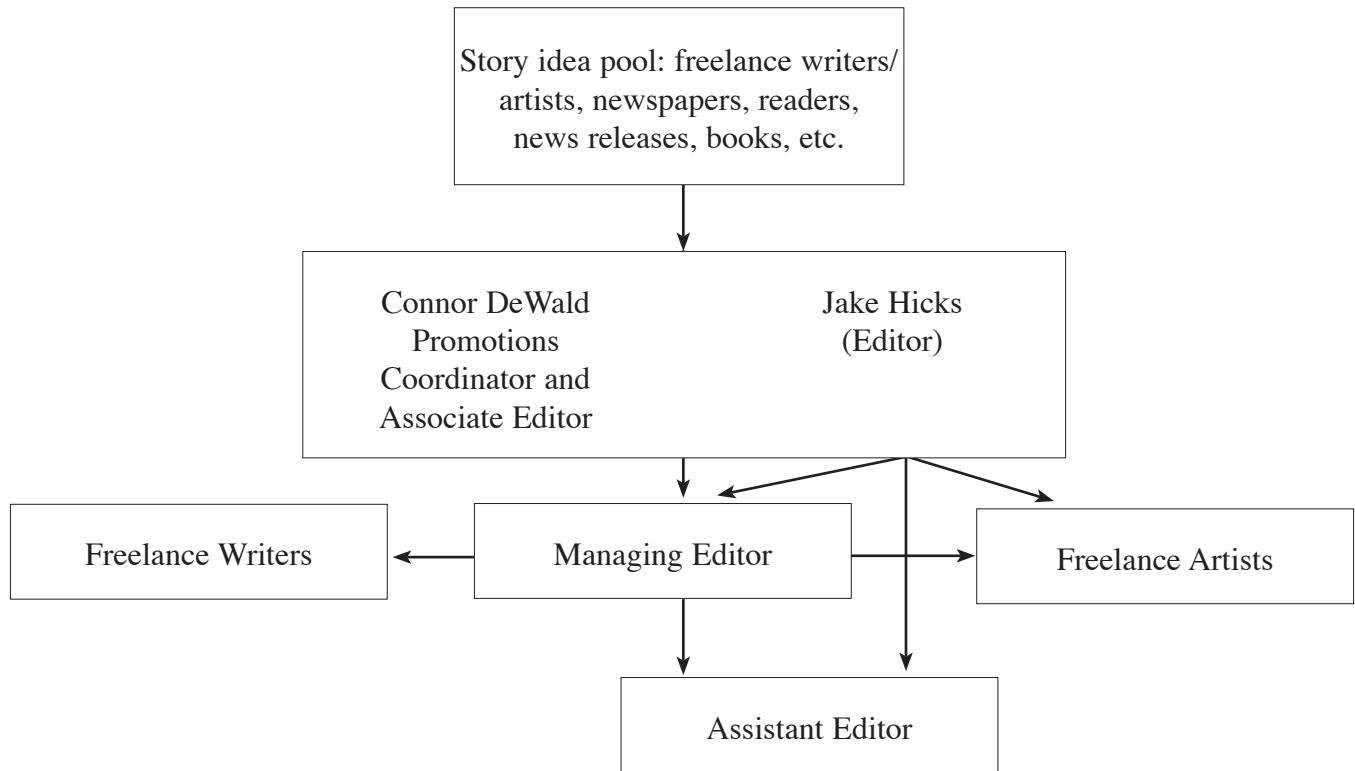
**Blue:** Second step — Materials sent directly to Designer; invoice sent directly to Advertiser.

**Green:** Third step — Payment sent directly to Business Manager. Business Manager pays Advertising Director.



# Operations Plan

## Editorial



## Operational Improvements

The systems outlined in the plan are sufficient to grow the magazine in one state. Expansion to other states would require local and regional partners and suppliers.

## Financial Plan

### Start-Up Costs (if applicable)

Start up costs have already been incurred.

### Sales Projections

Sales projections for the next three years are:

200B:	\$355,260
200C:	\$795,823
200D:	\$926,349

Assumptions:

#### 200B:

**Subscriptions—New.** New subscription sales for 200B are based on actual sales for January through May of 1,050 subscriptions at an average of \$23. June through December subscriptions are estimated at 10,771 subscriptions at an average of \$22 per subscription. These estimates are tied to the direct mail and special event promotions outlined in the marketing section.

**Subscriptions—Renewal.** None in 200B.

**Single Copy Sales.** Carpe Diem has contracted with a few bookstores across the state to carry single copies. They pay 50-60% of the cover price and return the unsold covers. March and May numbers are based on actual sales. June through December projections are based on the number we know will be placed in the current locations. The jump in September and October is credited to a marketing effort at the State Fair and the Kansas Sampler Festival where single copies may be sold for half price.

**Advertising Revenue.** January through May entries represent actual figures. June is projected based on issue three advertising already committed. In July through December, the \$15,000 entry is an estimate based on experience with prior issues and relationships that are being cultivated with new advertisers.

#### 200C and 200D:

**Subscriptions—New.** Projected new subscriptions are 19,152 subscriptions at an average of \$22.71 based on the predicted responses to the ongoing marketing efforts.

**Subscriptions—Renewal.** Renewals are calculated at a rate of 45% renewal (industry standard, according to Sharon Dole of the KU School of Journalism, is 40%; regional magazines may achieve slightly higher rates of renewal). Each renewal is calculated at \$23, whether the original subscription was \$23 or \$21.

**Single Copy Sales.** This number has not been adjusted for years 200C and 200D for two reasons. First, the number of locations that might be interested in carrying single copies is unknown. Secondly, single copy sales are not typically a significant source of revenue.

## Financial Plan

**Advertising Revenue.** Advertising in years 2 and 3 are figured at the rate of 16 full-page equivalents selling at \$2,500 per page. This number has always been the goal of Carpe Diem. Sixteen pages of ads in a 48-page magazine is 25:75 ad to editorial ratio. As paid circulation increases, so might the number of ads, but the rate of increase is not known right now, so the number for advertising is not adjusted from year 2 to year 3.

The sales projections seem reasonable given the planned marketing strategy.

### Income Projections

Carpe Diem is not currently profitable, but is projected to become so in Year 3 of the plan.

Carpe Diem's net income projections are: 200B, \$(147,216); 200C, \$(32,494); 200D, \$43,889.

### Cash Requirements

Carpe Diem's primary partners have each invested \$15,000 for a total of \$45,000 of capital. In addition, Carpe Diem has a line of credit in the amount of \$100,000. In order to maintain the editorial output and facilitate advertising growth over the next three years, financing in the amount of \$200,000 will be required.

### Sources of Financing

As mentioned earlier, Carpe Diem has already obtained some debt and equity financing. The additional \$200,000 requirement is being sought in the form of a traditional 10-year loan bearing an interest rate of 9.5%.

### Exit Strategy

The ideal for the future would be to have built a network of state magazines that would attract a large publishing firm as a buyer.

**START-UP FUNDING & EXPENDITURES**

**Carpe Diem**

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**Start-Up Cash**

Equity Investments	45,000
Loan Proceeds	-
Real-Estate Loans	-
<b>Total Start-Up Cash</b>	<b>45,000</b>

**Start-Up Expenditures**

**Security Deposits**

Rent (last month's)	-
Telephone Deposit	-
Utilities Deposit	-
Other Deposits	-
<b>Total Security Deposits</b>	<b>-</b>

**Other Costs**

Opening Inventory	-
-------------------	---

**Capital Expenditures**

Computer Equipment	-
Equipment & Machinery	-
Furniture & Fixtures	-
Vehicles	-
Leasehold Improvements	-
Building	-
Land	-
<b>Total Start-Up Capital Expenditures</b>	<b>-</b>

**Start-Up Expenses**

Accounting Fees	-
Activation Fee	-
Corporate Fees & Taxes	-
Federal Tax ID	-
Fictitious Name Costs	-
Insurance	-
Legal & Consulting Fees	-
Marketing	-
Meals & Entertainment	-
Office Expense	-
Office Supplies	-
Payroll Expenses (training/setup)	-
Salaries & Wages	-
Payroll Taxes	-
Benefits	-
Pre-opening Advertising	-
Printing (cards, stationery, brochures)	-
Rent	-
Sales Tax Permit	-
Other Start-Up Expenses	-
<b>Total Start-Up Expenses</b>	<b>-</b>

**Total Start-Up Expenditures**

-
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**Carpe Diem  
Cash Flow Report (Projected)**

200B	Pre Start-Up	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Cash In</b>														
Cash Sales		5,732	35,560	5,707	2,142	7,747	11,850	122,320	18,363	34,463	22,953	18,213	70,190	355,260
Collections from Accounts Receivables		-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Received	45,000	-	-	-	-	-	-	-	-	-	-	-	-	45,000
Loans Received	-	-	-	-	-	-	-	-	-	200,000	-	-	-	200,000
Other Cash In (receipts from other assets)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash In (for example, interest, royalties)	-	136	240	72	32	133	-	-	-	-	-	-	-	613
<b>Total Cash In</b>	45,000	5,868	35,820	5,779	2,174	7,880	11,850	122,320	18,363	234,463	22,953	18,213	70,190	600,873
<b>Total Cash Available</b>	45,000	50,868	59,108	39,614	32,234	27,289	6,354	115,709	60,682	249,765	205,124	174,871	182,933	645,873
<b>Cash Out</b>														
Inventory Expenditures		-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory/Raw Material (Cash)		-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory/Raw Material (Paid on Account)		-	-	-	-	-	-	-	-	-	-	-	-	-
Production Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising		50	66	200	267	2,200	3,000	38,900	4,200	5,200	5,500	6,400	38,900	104,817
Bank Charges		5	109	130	20	30	30	30	30	30	30	30	30	461
Dues & Subscriptions		303	-	170	300	-	-	1,000	50	100	-	-	-	2,032
Insurance		-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & Fees		31	395	586	351	148	187	794	7,605	1,243	1,243	514	1,243	14,340
Marketing & Promotion		398	-	-	-	758	1,500	135	35	5,435	5,485	35	35	13,816
Meals & Entertainment		-	41	-	-	-	-	50	50	50	50	50	50	341
Miscellaneous		114	-	-	-	-	-	-	-	-	-	-	-	114
Office Expense		236	130	130	550	130	130	130	130	130	130	130	130	2,086
Office Supplies		80	47	81	84	43	800	85	45	800	150	150	150	2,515
Outside Services		1,100	-	-	-	-	-	150	150	50	50	50	50	1,450
Payroll Expenses		-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries & Wages		-	455	2,138	455	1,113	-	2,700	2,750	19,475	19,475	16,100	19,475	84,136
Payroll Taxes		-	-	-	-	-	-	-	385	2,235	2,235	2,235	2,235	9,325
Benefits		-	-	-	-	-	-	-	-	515	515	515	515	2,060
Professional Fees		-	-	-	1,320	-	-	1,000	-	-	-	-	-	2,320
Property Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-
Rent		-	-	-	-	-	-	-	-	1,040	1,040	1,040	1,040	4,160
Repairs & Maintenance		-	-	-	-	-	-	-	-	125	125	125	125	500
Shipping & Delivery		-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone		123	66	130	108	77	150	150	150	150	150	150	150	1,554
Training & Development		-	-	-	-	-	-	-	-	-	-	-	-	-
Travel		-	67	-	-	-	50	100	100	100	100	100	100	717
Utilities		-	-	-	-	-	-	-	-	100	100	100	100	400
Vehicle		-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Help (Subcontractors)		12,442	-	4,710	7,500	-	5,000	-	6,500	2,500	7,500	2,500	7,500	56,152
Other Sales & Marketing		30	168	29	-	-	168	50	50	50	50	50	4,000	4,477
Other Production Expenses		12,668	23,897	1,250	1,890	28,266	1,950	28,266	1,950	28,266	1,950	29,266	29,116	188,735
Paid on Account		-	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating Costs		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases		-	-	-	-	-	-	-	21,200	-	-	-	-	21,200
Estimated Income Tax Payments		-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments		-	-	-	-	-	-	-	-	-	1,583	1,575	1,567	4,725
Loan Principal Payments		-	-	-	-	-	-	-	-	-	1,005	1,013	1,021	3,039
Owner's Draw		-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Out		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Out</b>	-	27,680	25,273	9,554	12,845	32,765	12,965	73,390	45,380	67,594	48,466	62,128	107,532	525,472
<b>Monthly Cash Flow (Cash In - Cash Out)</b>	45,000	(21,712)	10,547	(3,775)	(10,671)	(24,885)	(1,115)	48,930	(27,017)	166,869	(25,513)	(43,915)	(37,342)	75,401
<b>Beginning Cash Balance</b>	-	45,000	23,288	33,835	30,060	19,389	(5,496)	(6,611)	42,319	15,302	182,171	156,658	112,743	-
<b>Ending Cash Balance</b>	45,000	23,288	33,835	30,060	19,389	(5,496)	(6,611)	42,319	15,302	182,171	156,658	112,743	75,401	75,401



**Carpe Diem  
Cash Flow Report (Projected)**

200C	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Cash In</b>	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,435	66,438	66,295	66,295	795,823
Cash Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections from Accounts Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Received	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans Received	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash In (receipts from other assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash In (for example, interest, royalties)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash In</b>	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,435	66,438	66,295	66,295	795,823
<b>Total Cash Available</b>	141,696	165,183	151,657	171,451	141,333	159,800	144,313	133,641	120,958	140,461	122,179	146,206	871,224
<b>Cash Out</b>													
Inventory Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory/Raw Material (Cash)	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory/Raw Material (Paid on Account)	-	-	-	-	-	-	-	-	-	-	-	-	-
Production Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	4,071	4,703	4,294	4,300	5,200	5,200	38,700	4,000	4,000	4,000	4,000	38,700	121,168
Advertising	50	50	50	50	50	50	50	50	50	50	50	50	600
Bank Charges	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Dues & Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,204	3,204	3,194	3,194	38,352
Licenses & Fees	400	50	3,990	4,020	4,410	7,175	50	50	5,500	5,500	50	50	31,245
Marketing & Promotion	50	50	50	50	50	50	50	50	50	50	50	50	600
Meals & Entertainment	120	-	-	-	-	-	-	-	-	-	-	-	120
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Office Expense	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Office Supplies	50	50	50	50	50	50	50	50	50	50	50	50	600
Outside Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Expenses	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	287,580
Salaries & Wages	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	31,860
Payroll Taxes	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Benefits	-	-	-	-	-	1,000	-	-	-	-	-	-	2,500
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Taxes	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,480
Rent	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Shipping & Delivery	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	-
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	100	100	100	100	100	100	100	100	100	100	100	100	3,200
Utilities	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Help (Subcontractors)	2,500	7,500	2,500	7,500	2,500	7,500	2,500	7,500	2,500	7,500	2,500	7,500	60,000
Other Sales & Marketing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Other Production Expenses	150	32,000	150	32,000	150	32,000	150	32,000	150	32,000	150	32,000	192,900
Paid on Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Income Tax Payments	-	-	-	9,526	-	(6,660)	-	-	(791)	-	-	-	2,074
Interest Payments	1,559	1,551	1,543	1,526	1,526	1,518	1,509	1,501	1,492	1,484	1,475	1,466	18,159
Loan Principal Payments	1,029	1,037	1,045	1,062	1,062	1,070	1,079	1,087	1,096	1,104	1,113	1,122	12,897
Owner's Draw	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Out</b>	42,808	79,820	46,501	96,413	47,827	81,782	76,967	79,117	46,936	84,577	42,267	113,817	838,835
<b>Monthly Cash Flow (Cash In - Cash Out)</b>	23,487	(13,625)	19,794	(30,118)	18,468	(15,487)	(10,672)	(12,822)	19,499	(18,139)	24,028	(47,522)	(43,012)
<b>Beginning Cash Balance</b>	75,401	98,888	85,362	105,156	75,038	93,505	78,018	67,346	54,523	74,023	55,884	79,911	75,401
<b>Ending Cash Balance</b>	98,888	85,362	105,156	75,038	93,505	78,018	67,346	54,523	74,023	55,884	79,911	32,389	32,389



**Carpe Diem  
Cash Flow Report (Projected)**

200D	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Cash In</b>	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,336	77,313	77,170	77,170	926,349
Cash Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Collections from Accounts Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Received	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans Received	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash In (receipts from other assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash In (for example, interest, royalties)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash In</b>	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,336	77,313	77,170	77,170	926,349
<b>Total Cash Available</b>	109,559	141,701	131,664	160,426	127,286	155,548	139,093	137,855	127,984	149,794	134,746	167,008	958,738
<b>Cash Out</b>													
Inventory Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory/Raw Material (Cash)	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory/Raw Material (Paid on Account)	-	-	-	-	-	-	-	-	-	-	-	-	-
Production Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	5,200	5,200	5,200	5,200	5,200	5,200	38,700	5,200	5,200	5,200	5,200	38,700	129,400
Bank Charges	50	50	50	50	50	50	50	50	50	50	50	50	600
Dues & Subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & Fees	3,945	3,945	3,945	3,945	3,945	3,945	3,945	3,945	3,956	3,955	3,945	3,945	47,358
Marketing & Promotion	500	500	4,000	4,000	4,500	7,200	500	500	5,500	5,500	500	500	33,700
Meals & Entertainment	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Miscellaneous	120	-	-	-	-	-	-	-	-	-	-	-	120
Office Expense	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Office Supplies	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Outside Services	50	50	50	50	50	50	50	50	50	50	50	50	600
Payroll Expenses													
Salaries & Wages	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	287,580
Payroll Taxes	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	31,860
Benefits	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Professional Fees	-	-	-	1,500	-	-	-	-	-	-	-	-	2,500
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	13,740
Repairs & Maintenance	135	135	135	135	135	135	135	135	135	135	135	135	1,620
Shipping & Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	165	165	165	165	165	165	165	165	165	165	165	165	1,980
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	150	150	150	150	150	150	150	150	150	150	150	150	3,950
Utilities	110	110	110	110	110	110	110	110	110	110	110	110	1,320
Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Help (Subcontractors)	2,500	8,250	2,500	8,250	2,500	8,250	2,500	8,250	2,500	8,250	2,500	8,250	64,500
Other Sales & Marketing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Other Production Expenses	150	36,700	150	36,700	150	36,700	150	36,700	150	36,700	150	36,700	221,100
Paid on Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated Income Tax Payments	1,457	1,448	1,439	1,421	1,421	1,412	1,402	1,393	5,584	-	-	(7,087)	13,167
Interest Payments	1,131	1,140	1,149	1,167	1,167	1,176	1,186	1,195	1,204	1,214	1,224	1,233	16,879
Loan Principal Payments	-	-	-	-	-	-	-	-	-	-	-	-	14,177
Owner's Draw	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Out</b>	45,028	87,208	48,408	110,310	48,908	93,625	78,408	87,208	55,503	92,218	44,908	113,621	905,351
<b>Monthly Cash Flow (Cash In - Cash Out)</b>	32,142	(10,038)	28,762	(33,140)	28,262	(16,455)	(1,238)	(10,038)	21,833	(14,905)	32,262	(36,451)	20,998
<b>Beginning Cash Balance</b>	32,389	64,531	54,494	83,256	50,116	78,378	61,923	60,685	50,648	72,481	57,576	89,638	32,389
<b>Ending Cash Balance</b>	64,531	54,494	83,256	50,116	78,378	61,923	60,685	50,648	72,481	57,576	89,638	53,387	53,387



**Carpe Diem  
Year-End  
Income Statement (Projected)**

	200B		200C		200D	
Net Sales (less returns & allowances)	355,260	100.0%	795,823	100.0%	926,349	100.0%
Cost of Goods Sold	-	0.0%	-	0.0%	-	0.0%
<b>Gross Margin</b>	<b>\$ 355,260</b>	<b>100.0%</b>	<b>\$ 795,823</b>	<b>100.0%</b>	<b>\$ 926,349</b>	<b>100.0%</b>
Operating Expenses						
Advertising	104,817	29.5%	121,168	15.2%	129,400	14.0%
Bad Debt Expense	-	0.0%	-	0.0%	-	0.0%
Bank Charges	461	0.1%	600	0.1%	600	0.1%
Depreciation & Amortization	1,856	0.5%	4,453	0.6%	4,453	0.5%
Dues & Subscriptions	2,032	0.6%	2,400	0.3%	2,400	0.3%
Insurance	-	0.0%	-	0.0%	-	0.0%
Licenses & Fees	14,340	4.0%	38,352	4.8%	47,358	5.1%
Marketing & Promotion	13,816	3.9%	31,245	3.9%	33,700	3.6%
Meals & Entertainment	341	0.1%	600	0.1%	1,200	0.1%
Miscellaneous	114	0.0%	120	0.0%	120	0.0%
Office Expense	2,086	0.6%	3,000	0.4%	3,000	0.3%
Office Supplies	2,515	0.7%	1,800	0.2%	1,800	0.2%
Outside Services	1,450	0.4%	600	0.1%	600	0.1%
Payroll Expenses		0.0%		0.0%		0.0%
Salaries & Wages	84,136	23.7%	287,580	36.1%	287,580	31.0%
Payroll Taxes	9,325	2.6%	31,860	4.0%	31,860	3.4%
Benefits	2,060	0.6%	9,000	1.1%	9,000	1.0%
Professional Fees	2,320	0.7%	2,500	0.3%	2,500	0.3%
Property Taxes	-	0.0%	-	0.0%	-	0.0%
Rent	4,160	1.2%	12,480	1.6%	13,740	1.5%
Repairs & Maintenance	500	0.1%	1,500	0.2%	1,620	0.2%
Shipping & Delivery	-	0.0%	-	0.0%	-	0.0%
Telephone	1,554	0.4%	1,800	0.2%	1,980	0.2%
Training & Development	-	0.0%	-	0.0%	-	0.0%
Travel	717	0.2%	3,200	0.4%	3,950	0.4%
Utilities	400	0.1%	1,200	0.2%	1,320	0.1%
Vehicle	-	0.0%	-	0.0%	-	0.0%
Contract Help (Subcontractors)	56,152	15.8%	60,000	7.5%	64,500	7.0%
Other Sales & Marketing	4,477	1.3%	1,800	0.2%	1,800	0.2%
Other Production Expenses	188,735	53.1%	192,900	24.2%	221,100	23.9%
<b>Total Operating Expenses</b>	<b>\$ 498,364</b>	<b>140.3%</b>	<b>\$ 810,158</b>	<b>101.8%</b>	<b>\$ 865,581</b>	<b>93.4%</b>
<b>Operating Income</b>	<b>\$ (143,104)</b>	<b>-40.3%</b>	<b>\$ (14,335)</b>	<b>-1.8%</b>	<b>\$ 60,768</b>	<b>6.6%</b>
Interest Expense	4,725	1.3%	18,159	2.3%	16,879	1.8%
Other Income (for example, interest)	613	0.2%	-	0.0%	-	0.0%
<b>Income Before Taxes</b>	<b>\$ (147,216)</b>	<b>-41.4%</b>	<b>\$ (32,494)</b>	<b>-4.1%</b>	<b>\$ 43,889</b>	<b>4.7%</b>
Income Taxes (if C Corp)	-	0.0%	-	0.0%	-	0.0%
<b>Net Income</b>	<b>\$ (147,216)</b>	<b>-41.4%</b>	<b>\$ (32,494)</b>	<b>-4.1%</b>	<b>\$ 43,889</b>	<b>4.7%</b>

**Carpe Diem  
Year-End  
Balance Sheet (Projected)**

	200B	200C	200D
<b>Assets</b>			
Current Assets			
Cash & Equivalents	75,401	32,389	53,387
Accounts Receivable	-	-	-
Inventory	-	-	-
Security Deposits	-	-	-
Other Current Assets	-	-	-
<b>Total Current Assets</b>	<b>\$ 75,401</b>	<b>\$ 32,389</b>	<b>\$ 53,387</b>
Fixed Assets			
Property, Plant & Equipment	21,200	21,200	21,200
Less: Accumulated Depreciation	(1,856)	(6,309)	(10,762)
Net Fixed Assets	19,344	14,891	10,438
Other Non-Current Assets	-	-	-
<b>Total Non-Current Assets</b>	<b>\$ 19,344</b>	<b>\$ 14,891</b>	<b>\$ 10,438</b>
<b>Total Assets</b>	<b>\$ 94,745</b>	<b>\$ 47,280</b>	<b>\$ 63,825</b>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	-	-	-
Line of Credit	-	-	-
Other Current Liabilities	-	-	-
<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Long-term Liabilities			
Loans	196,961	184,064	169,887
Mortgages	-	-	-
Other Non-Current Liabilities	-	-	-
<b>Total Non-Current Liabilities</b>	<b>\$ 196,961</b>	<b>\$ 184,064</b>	<b>\$ 169,887</b>
<b>Total Liabilities</b>	<b>\$ 196,961</b>	<b>\$ 184,064</b>	<b>\$ 169,887</b>
<b>Equity</b>			
Equity Investments	45,000	45,000	45,000
Retained Earnings	(147,216)	(179,710)	(137,895)
Less: Owner's & Investor's Draws	-	(2,074)	(13,167)
<b>Total Equity</b>	<b>\$ (102,216)</b>	<b>\$ (136,784)</b>	<b>\$ (106,062)</b>
<b>Total Liabilities and Equity</b>	<b>\$ 94,745</b>	<b>\$ 47,280</b>	<b>\$ 63,825</b>

**Carpe Diem  
Financial Ratios**

		200B	200C	200D
<b>Profitability Ratios</b>				
Net Margin	$\frac{\text{Net Income}}{\text{Net Sales}}$	-41.44%	-4.08%	4.74%
Gross Margin	$\frac{\text{Gross Margin}}{\text{Net Sales}}$	100.00%	100.00%	100.00%
Expense Analysis	$\frac{\text{Operating Expenses}}{\text{Net Sales}}$	140.28%	101.80%	93.44%
Return on Assets (ROA)	$\frac{\text{Net Income}}{\text{Total Assets}}$	-155.38%	-68.73%	68.76%
Return on Equity (ROE)	$\frac{\text{Net Income}}{\text{Total Equity}}$	144.02%	23.76%	-41.38%
<b>Efficiency Ratios</b>				
Inventory Turnover	$\frac{\text{Cost of Goods Sold}}{\text{Inventory}}$	-	-	-
Accounts Receivable Turnover	$\frac{\text{Yearly Credit Sales}}{\text{Accounts Receivable}}$	-	-	-
<b>Liquidity Ratios</b>				
Current Ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	-	-	-
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$	-	-	-
<b>Risk Ratios</b>				
Debt Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	2.08	3.89	2.66
Debt to Equity	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	-1.93	-1.35	-1.60
<b>Cash Cycle</b>				
Days Receivable	$\frac{\text{Accounts Receivable} \times 365}{\text{Sales per year}}$	-	-	-
Days Inventory	$\frac{\text{Inventory} \times 365}{\text{COGS per year}}$	-	-	-
Days Payable	$\frac{\text{Accounts Payable} \times 365}{\text{COGS per year}}$	-	-	-
Days Payroll Accrual	Nuner of Days Between Pay Periods	-	-	-
Cash Cycle	Days Receivable + Days Inventory - Days Payable - Days Payroll Accrual	-	-	-



# Appendix



**SALES PROJECTIONS**  
Carpe Diem

Year 1	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Sales Budget</b>													
Product/Service Category A	5,732	8,494	5,087	2,142	2,708	11,500	110,220	18,013	18,013	7,453	18,013	54,790	262,165
Product/Service Category B	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category C	-	-	20	-	93	350	100	350	1,450	500	200	400	3,463
Product/Service Category D	-	27,086	600	-	4,946	-	12,000	-	15,000	15,000	-	15,000	89,632
Product/Service Category E	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category F	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category G	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Sales</b>	5,732	35,580	5,707	2,142	7,747	11,850	122,320	18,363	34,463	22,953	18,213	70,190	355,260
Less: Returns & Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Sales</b>	5,732	35,580	5,707	2,142	7,747	11,850	122,320	18,363	34,463	22,953	18,213	70,190	355,260
Other Income	136	240	72	32	133	-	-	-	-	-	-	-	613
<b>Total Income</b>	5,868	35,820	5,779	2,174	7,880	11,850	122,320	18,363	34,463	22,953	18,213	70,190	355,873
<b>Credit Management</b>													
Sales (cash)	5,732	35,580	5,707	2,142	7,747	11,850	122,320	18,363	34,463	22,953	18,213	70,190	355,260
Sales (credit)	-	-	-	-	-	-	-	-	-	-	-	-	-
Received on Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 1 Assumptions</b>													
Product/Service Category A	Actual sales Jan - May of 1050 subs @ avg of \$23 ea. June-Dec. est @ 10,771 subs @ \$22 ea.												
Product/Service Category B	None												
Product/Service Category C	Actual sales Jan - May, June - Dec. est based on current location sales. Sept and Oct increase due to participation in Fair/Festival												
Product/Service Category D	Actual revenues Jan - May, June based on current commitments. July - Dec. estimates based on prior experience.												
Product/Service Category E													
Product/Service Category F													
Product/Service Category G													
Less: Returns & Allowances													
Other Income													
Sales (cash)													
Sales (credit)													
Received on Account													
Bad Debt Expense													



**SALES PROJECTIONS**  
Carpe Diem

Year 2	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Sales Budget</b>													
Product/Service Category A	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	434,940
Product/Service Category B	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Product/Service Category C	50	50	50	50	50	50	50	50	190	193	50	50	883
Product/Service Category D	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Product/Service Category E	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category F	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category G	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Sales</b>	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,435	66,438	66,295	66,295	795,823
Less: Returns & Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Sales</b>	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,435	66,438	66,295	66,295	795,823
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,435	66,438	66,295	66,295	795,823
<b>Credit Management</b>													
Sales (cash)	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,295	66,435	66,438	66,295	66,295	795,823
Sales (credit)	-	-	-	-	-	-	-	-	-	-	-	-	-
Received on Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 2 Assumptions</b>													
Product/Service Category A	19,152 new subscriptions at an average price of \$22.71 ea based on predicted responses to marketing efforts.												
Product/Service Category B	Based on a rate of 44% renewal. Industry standard is 40%; regional magazines may achieve a higher rate.												
Product/Service Category C	Not budgeted to have a significant effect on profits.												
Product/Service Category D	Rate of 16 full-page equivalents at \$2,500 per page. Six issues each year.												
Product/Service Category E													
Product/Service Category F													
Product/Service Category G													
Less: Returns & Allowances													
Other Income													
Sales (cash)													
Sales (credit)													
Received on Account													
Bad Debt Expense													



**SALES PROJECTIONS**  
Carpe Diem

Year 3	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Sales Budget</b>													
Product/Service Category A	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	36,245	434,940
Product/Service Category B	20,875	20,875	20,875	20,875	20,875	20,875	20,875	20,875	20,875	20,875	20,875	20,875	250,500
Product/Service Category C	50	50	50	50	50	50	50	50	216	193	50	50	909
Product/Service Category D	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Product/Service Category E	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category F	-	-	-	-	-	-	-	-	-	-	-	-	-
Product/Service Category G	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Sales</b>	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,336	77,313	77,170	77,170	926,349
Less: Returns & Allowances	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Sales</b>	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,336	77,313	77,170	77,170	926,349
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,336	77,313	77,170	77,170	926,349
<b>Credit Management</b>													
Sales (cash)	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,170	77,336	77,313	77,170	77,170	926,349
Sales (credit)	-	-	-	-	-	-	-	-	-	-	-	-	-
Received on Account	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 3 Assumptions</b>													
Product/Service Category A	19,152 new subscriptions at an average price of \$22.71 ea based on predicted responses to marketing efforts.												
Product/Service Category B	Based on a rate of 45% renewal. Industry standard is 40%; regional magazines may achieve a higher rate.												
Product/Service Category C	Not budgeted to have a significant effect on profits.												
Product/Service Category D	Rate of 16 full-page equivalents at \$2,500 per page. Six issues each year.												
Product/Service Category E													
Product/Service Category F													
Product/Service Category G													
Less: Returns & Allowances													
Other Income													
Sales (cash)													
Sales (credit)													
Received on Account													
Bad Debt Expense													



OPERATING EXPENSE PROJECTIONS  
Carpe Diem

Year 1	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Operating Expenses</b>													
Advertising	50	-	200	267	2,200	3,000	38,900	4,200	5,200	5,500	6,400	38,900	104,817
Bank Charges	5	66	130	20	30	30	30	30	30	30	30	30	461
Dues & Subscriptions	303	109	170	300	-	-	1,000	50	100	-	-	-	2,032
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & Fees	31	395	586	351	148	187	794	7,605	1,243	1,243	514	1,243	14,340
Marketing & Promotion	388	-	-	-	758	1,500	135	5,435	5,485	35	35	35	13,816
Meals & Entertainment	-	41	-	-	-	-	50	50	50	50	50	50	341
Miscellaneous	114	-	-	-	-	-	-	-	-	-	-	-	114
Office Expense	236	130	130	550	130	130	130	130	130	130	130	130	2,086
Office Supplies	80	47	81	84	43	800	85	45	800	150	150	150	2,515
Outside Services	1,100	-	-	-	-	-	-	150	50	50	50	50	1,450
Payroll Expenses	-	455	2,138	455	1,113	-	2,700	2,750	19,475	19,475	16,100	19,475	84,136
Salaries & Wages	-	-	-	-	-	-	-	385	2,235	2,235	2,235	2,235	9,325
Payroll Taxes	-	-	-	-	-	-	-	-	515	515	515	515	2,060
Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	-	-	-	1,320	-	-	1,000	-	-	-	-	-	2,320
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	1,040	1,040	1,040	1,040	4,160
Repairs & Maintenance	-	-	-	-	-	-	-	-	125	125	125	125	500
Shipping & Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	123	66	130	108	77	150	150	150	150	150	150	150	1,554
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	67	-	-	-	50	100	100	100	100	100	100	717
Utilities	-	-	-	-	-	-	-	-	100	100	100	100	400
Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Help (Subcontractors)	12,442	-	4,710	7,500	-	5,000	-	6,500	2,500	7,500	2,500	7,500	56,152
Other Sales & Marketing	30	-	29	-	-	168	50	50	50	50	50	50	4,477
Other Production Expenses	12,668	23,897	1,250	1,890	28,266	1,950	28,266	1,950	28,266	1,950	29,266	29,116	188,735
<b>Total Operating Expenses</b>	27,580	25,273	9,554	12,845	32,765	12,965	73,390	24,180	67,594	45,878	59,540	104,944	496,508
<b>Assumptions - Year 1</b>													
Advertising	Print-\$1K in Sept.; Direct Mail - Postcards 10K @ .30 ea mo., New Prospects 100K @ .25 ea in July & Dec, Mail List purch 11K names-May @ \$2,200 total												
Bank Charges	Jan - May based on actual expenditures; July - Dec. are estimates.												
Dues & Subscriptions	KS Press Assoc \$150 (+\$170 for conf), Wm Allen White Found \$100, Spencer Museum of Art \$300, KS State Hist Soc \$50, City & Reg Mag Assoc \$1,000												
Insurance	Yrly Franchise fee of \$31. Sales tax is 6.9% of total subscription revenue.												
Licenses & Fees	Cost to participate in Carpe Diem Days, Buy Kansas First Trade Show, Sampler Festival, and State Fair												
Marketing & Promotion	Jan - May based on actual expenditure; July - Dec are estimates based on minimal travel costs.												
Meals & Entertainment	Daily postage costs plus cost to send magazines to potential advertisers for review.												
Miscellaneous	Estimates based on past history. \$800 in June and September reflect cost of printing business cards.												
Office Expense	Website development of \$1,100. \$150 cable installation in Aug. Recurring \$50 monthly fee.												
Office Supplies	Designer @ \$1750/mo beg in Aug.; Editor @ \$600/yr beg Sept. Promotions Mgr @ \$30K, Ad Director \$1K/mo + 15% comm, Publisher @ \$60K/yr.												
Outside Services	Estimated @ 14% of payroll expense												
Payroll Expenses	Promotions Manager and Publisher benefits - for health dental and prescription insurance through BCBS of KS Blue Select												
Salaries & Wages	\$1320 tax prep, \$1000 write up additional agreements should Venture Capital become available												
Payroll Taxes	1/2 rent to share Hicks & Co. office												
Benefits	1/2 cost of cleaning office												
Professional Fees	Jan - May based on actual expenditures; Jun - Dec estimates based on numbers supplied by Hicks & Co.												
Property Taxes	Jan - May based on actual expenditures; Jun - Dec are estimates based on minimal travel costs.												
Rent	1/2 cost of utilities at Hicks & Co. office.												
Repairs & Maintenance	Asst Editor @ \$1500/mo. Freelance writing @ \$5K per issue, Admin assistant \$1,000 per mo												
Shipping & Delivery	Includes \$100 supplies, \$50 per issue kill fees, \$800 per issue pre-press, \$9566 printing per issue, \$18,600 postage per issue, \$1000 per issue list mgmt												
Telephone													
Training & Development													
Travel													
Utilities													
Vehicle													
Contract Help (Subcontractors)													
Other Sales & Marketing													
Other Production Expenses													

OPERATING EXPENSE PROJECTIONS  
Carpe Diem

Year 2	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Operating Expenses</b>													
Advertising	4,071	4,703	4,294	4,300	5,200	5,200	38,700	4,000	4,000	4,000	4,000	38,700	121,168
Bank Charges	50	50	50	50	50	50	50	50	50	50	50	50	600
Dues & Subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & Fees	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,194	3,204	3,204	3,194	3,194	38,352
Marketing & Promotion	400	50	3,990	4,020	4,410	7,175	50	50	5,500	5,500	50	50	31,245
Meals & Entertainment	50	50	50	50	50	50	50	50	50	50	50	50	600
Miscellaneous	120	-	-	-	-	-	-	-	-	-	-	-	120
Office Expense	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Office Supplies	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Outside Services	50	50	50	50	50	50	50	50	50	50	50	50	600
Payroll Expenses													
Salaries & Wages	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	287,580
Payroll Taxes	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	31,860
Benefits	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Professional Fees	-	-	1,500	-	1,000	-	-	-	-	-	-	-	2,500
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	12,480
Repairs & Maintenance	125	125	125	125	125	125	125	125	125	125	125	125	1,500
Shipping & Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	100	100	100	2,100	100	100	100	100	100	100	100	100	3,200
Utilities	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Help (Subcontractors)	2,500	7,500	2,500	7,500	2,500	7,500	2,500	7,500	2,500	7,500	2,500	7,500	60,000
Other Sales & Marketing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Other Production Expenses	150	32,000	150	32,000	150	32,000	150	32,000	150	32,000	150	32,000	192,900
<b>Total Operating Expenses</b>	<b>40,220</b>	<b>77,232</b>	<b>43,913</b>	<b>84,299</b>	<b>46,239</b>	<b>85,854</b>	<b>74,379</b>	<b>76,529</b>	<b>45,139</b>	<b>81,989</b>	<b>39,679</b>	<b>111,229</b>	<b>805,705</b>
<b>Assumptions - Year 2</b>													
Advertising	Direct Mail - Postcards 10K @ .30 ea mo., New Prospects 100K @ .25 ea in July & Dec, Newspaper Ads @ \$1K/mo.												
Bank Charges	Estimates based on historical averages												
Dues & Subscriptions	KS Press Assoc \$150 (= \$170 for conf), Wm Allen White Found \$100, Spencer Museum of Art \$300, KS State Hist Soc \$50, City & Reg Mag Assoc \$1,000												
Insurance	Yrly Franchise fee of \$31. Sales tax is 6.9% of total subscription revenue.												
Licenses & Fees	Cost to participate in Carpe Diem Days, Buy Kansas First Trade Show, Sampler Festival, and State Fair												
Marketing & Promotion	Estimates based on minimal travel costs.												
Meals & Entertainment	Cost for PO Box												
Miscellaneous	Daily postage costs plus cost to send magazines to potential advertisers for review.												
Office Expense	Estimates based on past history.												
Office Supplies	Recurring \$50 monthly fee for website.												
Outside Services	Designer @ \$1750/mo., Editor @ \$60K/yr., Managing Editor @ \$36K/yr., Promotions Mgr @ \$30K, Ad Director \$1K/mo + 20% comm, Publisher @ \$60K/yr.												
Payroll Expenses	Estimated @ 14% of payroll expense												
Salaries & Wages	Managing Editor, Promotions Manager and Publisher benefits - for health dental and prescription insurance through BCBS of KS Blue Select												
Payroll Taxes	\$1320 tax prep, \$1000 write up additional agreements should Venture Capital become available												
Benefits	1/2 rent to share Hicks & Co. office												
Professional Fees	1/2 cost of cleaning office												
Property Taxes	Estimates based on numbers supplied by Hicks & Co.												
Rent	Based on minimal monthly travel costs. Two to attend CRMA national convention in April												
Repairs & Maintenance	1/2 cost of utilities at Hicks & Co. office.												
Shipping & Delivery	Asst Editor @ \$1500/mo., Freelance writing @ \$5K per issue, Admin assistant \$1,000 per mo												
Telephone	Includes \$150 supplies, \$50 per issue kill fees, \$800 per issue pre-press, \$10,000 printing per issue, \$20,000 postage per issue, \$1000 per issue list mgmt												
Training & Development													
Travel													
Utilities													
Vehicle													
Contract Help (Subcontractors)													
Other Sales & Marketing													
Other Production Expenses													

**OPERATING EXPENSE PROJECTIONS**  
Carpe Diem

Year 3	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Operating Expenses</b>													
Advertising	5,200	5,200	5,200	5,200	5,200	5,200	38,700	5,200	5,200	5,200	5,200	38,700	129,400
Bank Charges	50	50	50	50	50	50	50	50	50	50	50	50	600
Dues & Subscriptions	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses & Fees	3,945	3,945	3,945	3,945	3,945	3,945	3,945	3,945	3,956	3,955	3,945	3,945	47,358
Marketing & Promotion	500	500	4,000	4,000	4,500	7,200	500	500	5,500	5,500	5,500	500	33,700
Meals & Entertainment	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Miscellaneous	120	-	-	-	-	-	-	-	-	-	-	-	120
Office Expense	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Office Supplies	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Outside Services	50	50	50	50	50	50	50	50	50	50	50	50	600
Payroll Expenses													
Salaries & Wages	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	23,965	287,580
Payroll Taxes	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	31,860
Benefits	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Professional Fees	-	-	1,500	-	-	1,000	-	-	-	-	-	-	2,500
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	1,145	13,740
Repairs & Maintenance	135	135	135	135	135	135	135	135	135	135	135	135	1,620
Shipping & Delivery	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	165	165	165	165	165	165	165	165	165	165	165	165	1,980
Training & Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	150	150	150	2,300	150	150	150	150	150	150	150	150	3,950
Utilities	110	110	110	110	110	110	110	110	110	110	110	110	1,320
Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Help (Subcontractors)	2,500	8,250	2,500	8,250	2,500	8,250	2,500	8,250	2,500	8,250	2,500	8,250	64,500
Other Sales & Marketing	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Other Production Expenses	150	36,700	150	36,700	150	36,700	150	36,700	150	36,700	150	36,700	221,100
<b>Total Operating Expenses</b>	<b>42,440</b>	<b>84,620</b>	<b>45,820</b>	<b>91,770</b>	<b>46,320</b>	<b>92,320</b>	<b>75,820</b>	<b>84,620</b>	<b>47,331</b>	<b>89,630</b>	<b>42,320</b>	<b>118,120</b>	<b>861,128</b>
<b>Assumptions - Year 3</b>													
Advertising	Direct Mail - Postcards 10K @ .30 ea mo, New Prospects 100K @ .25 ea in July & Dec, Newspaper Ads @ \$1K/mo.												
Bank Charges	Estimates based on historical averages												
Dues & Subscriptions	KS Press Assoc \$150 (+\$170 for conf), Wm Allen White Found \$100, Spenceer Museum of Art \$300, KS State Hist Soc \$50, City & Reg Mag Assoc \$1,000												
Insurance	Yrly Franchise fee of \$31. Sales tax is 6.9% of total subscription revenue.												
Licenses & Fees	Cost to participate in Carpe Diem Days, Buy Kansas First Trade Show, Sampler Festival, and State Fair												
Marketing & Promotion	Estimates based on minimal travel costs.												
Meals & Entertainment	Cost for PO Box												
Miscellaneous	Daily postage costs plus cost to send magazines to potential advertisers for review.												
Office Expense	Estimates based on past history.												
Office Supplies	Recurring \$50 monthly fee for website.												
Outside Services	Designer @ \$1750/mo, Editor @ \$60K/yr, Managing Editor @ \$36K/yr, Promotions Mgr @ \$30K, Ad Director \$1K/mo + 20% comm, Publisher @ \$60K/yr.												
Payroll Expenses	Estimated @ 14% of payroll expense												
Salaries & Wages	Managing Editor, Promotions Manager and Publisher benefits - for health dental and prescription insurance through BCBS of KS Blue Select												
Payroll Taxes	\$1320 tax prep, \$1000 write up additional agreements should Venture Capital become available												
Benefits	10% rate increase budgeted												
Professional Fees	10% rate increase budgeted												
Property Taxes	Based on minimal monthly travel costs. Two to attend CRMA national convention in April												
Rent	10% rate increase budgeted												
Repairs & Maintenance													
Shipping & Delivery													
Telephone													
Training & Development													
Travel													
Utilities													
Vehicle													
Contract Help (Subcontractors)	Asst Editor @ \$1500/mo, Freelance writing @ \$750 per issue, Admin assistant \$1,000 per mo												
Other Sales & Marketing	Includes \$150 supplies, \$50 per issue kill fees, \$1000 per issue pre-press, \$11,500 printing per issue, \$23,000 postage per issue, \$1000 per issue list mgmt												
Other Production Expenses													

DEPRECIATION SCHEDULES

Carpe Diem

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Year 1 Existing Assets</b>													
Set-Up Assets (no detail entered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Set-Up Assets (detail entered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Start-Up Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 2 Existing Assets</b>													
Set-Up Assets (no detail entered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Set-Up Assets (detail entered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Start-Up Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 3 Existing Assets</b>													
Set-Up Assets (no detail entered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Set-Up Assets (detail entered)	-	-	-	-	-	-	-	-	-	-	-	-	-
Start-Up Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Year 1 New Purchases</b>													
Computer Equipment	-	-	-	-	-	-	-	10,000	-	-	-	-	10,000
Computer Equipment Depreciation	278	278	278	278	278	278	278	278	278	278	278	278	3,333
Equipment & Machinery	-	-	-	-	-	-	-	11,200	-	-	-	-	11,200
Equipment Depreciation	93	93	93	93	93	93	93	93	93	93	93	93	1,120
Furniture	-	-	-	-	-	-	-	-	-	-	-	-	467
Furniture Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 2 New Purchases</b>													
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment Depreciation	278	278	278	278	278	278	278	278	278	278	278	278	3,333
Equipment & Machinery	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Depreciation	93	93	93	93	93	93	93	93	93	93	93	93	1,120
Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Year 3 New Purchases</b>													
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment Depreciation	278	278	278	278	278	278	278	278	278	278	278	278	3,333
Equipment & Machinery	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment Depreciation	93	93	93	93	93	93	93	93	93	93	93	93	1,120
Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicle Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-







**CAPITAL BUDGET PROJECTIONS**

Carpe Diem

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Year 3</b>													
<b>Capital Budget</b>													
Owner's Draw	-	-	-	-	-	-	-	-	-	-	-	-	-
Investor's Draw	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation (existing assets)	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Asset Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation (new purchases)	371	371	371	371	371	371	371	371	371	371	371	371	4,453
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Assumptions - Year 3</b>													
Owner's Draw													
Investor's Draw													
Dividends Paid													
Security Deposits													
Amortization													
Equipment & Machinery													
Equipment Depreciation													
Furniture													
Furniture Depreciation													
Vehicles													
Vehicle Depreciation													
Leasehold Improvements													
Leasehold Depreciation													
Building													
Building Depreciation													
Land													
													Year 3 Total Depreciation
													4,453



**Equity Investment**

**Carpe Diem**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3	-	-	-	-	-	-	-	-	-	-	-	-	-

**Real Estate Loans**

**Carpe Diem**

**Existing Balance**

-

**New Borrowing**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-

**Repayment**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 1 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-

**Traditional Business Loan and/or Other Long-Term Loans**

**Carpe Diem**

**Loan 1 (existing loan or first new loan)**

**Existing Balance**

-

**New Borrowing**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1	-	-	-	-	-	-	-	-	200,000	-	-	-	200,000
Outstanding balance	-	-	-	-	-	-	-	-	200,000	198,995	197,982	196,961	-
Year 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	195,932	194,895	193,850	192,797	191,735	190,665	189,586	188,499	187,403	186,299	185,186	184,064	-
Year 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	182,933	181,793	180,644	179,486	178,319	177,143	175,957	174,762	173,558	172,344	171,120	169,887	-

**Repayment**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1 - principal	-	-	-	-	-	-	-	-	-	1,005	1,013	1,021	3,039
Year 1 - interest	-	-	-	-	-	-	-	-	-	1,583	1,575	1,567	4,725
Year 2 - principal	1,029	1,037	1,045	1,053	1,062	1,070	1,079	1,087	1,096	1,104	1,113	1,122	12,897
Year 2 - interest	1,559	1,551	1,543	1,535	1,526	1,518	1,509	1,501	1,492	1,484	1,475	1,466	18,159
Year 3 - principal	1,131	1,140	1,149	1,158	1,167	1,176	1,186	1,195	1,204	1,214	1,224	1,233	14,177
Year 3 - interest	1,457	1,448	1,439	1,430	1,421	1,412	1,402	1,393	1,384	1,374	1,364	1,355	16,879

**Loan 2**

**Borrowing**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-

**Repayment**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 1 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-

**Line of Credit**

**Carpe Diem**

**Existing Balance**

-

**Borrowing**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balance	-	-	-	-	-	-	-	-	-	-	-	-	-

**Repayment**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Year 1 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 1 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 2 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3 - principal	-	-	-	-	-	-	-	-	-	-	-	-	-
Year 3 - interest	-	-	-	-	-	-	-	-	-	-	-	-	-

Year 1 - total principal paid

3,039

Year 1 - total interest paid

4,725

Year 2 - total principal paid

12,897

Year 2 - total interest paid

18,159

Year 3 - total principal paid

14,177

Year 3 - total interest paid

16,879

Amount of Loan	200,000
Annual Interest Rate	9.5%
Term of Loan (in months)	120

Month	Monthly Payment	Principal	Interest	Outstanding Balance
				200,000.00
1	\$2,587.95	1,004.62	1,583.33	198,995.38
2	2,587.95	1,012.57	1,575.38	197,982.81
3	2,587.95	1,020.59	1,567.36	196,962.22
4	2,587.95	1,028.67	1,559.28	195,933.56
5	2,587.95	1,036.81	1,551.14	194,896.75
6	2,587.95	1,045.02	1,542.93	193,851.73
7	2,587.95	1,053.29	1,534.66	192,798.44
8	2,587.95	1,061.63	1,526.32	191,736.81
9	2,587.95	1,070.03	1,517.92	190,666.77
10	2,587.95	1,078.51	1,509.45	189,588.27
11	2,587.95	1,087.04	1,500.91	188,501.22
12	2,587.95	1,095.65	1,492.30	187,405.57
13	2,587.95	1,104.32	1,483.63	186,301.25
14	2,587.95	1,113.07	1,474.88	185,188.18
15	2,587.95	1,121.88	1,466.07	184,066.30
16	2,587.95	1,130.76	1,457.19	182,935.54
17	2,587.95	1,139.71	1,448.24	181,795.83
18	2,587.95	1,148.73	1,439.22	180,647.10
19	2,587.95	1,157.83	1,430.12	179,489.27
20	2,587.95	1,166.99	1,420.96	178,322.28
21	2,587.95	1,176.23	1,411.72	177,146.04
22	2,587.95	1,185.54	1,402.41	175,960.50
23	2,587.95	1,194.93	1,393.02	174,765.57
24	2,587.95	1,204.39	1,383.56	173,561.18
25	2,587.95	1,213.93	1,374.03	172,347.25
26	2,587.95	1,223.54	1,364.42	171,123.72
27	2,587.95	1,233.22	1,354.73	169,890.49
28	2,587.95	1,242.98	1,344.97	168,647.51
29	2,587.95	1,252.83	1,335.13	167,394.68
30	2,587.95	1,262.74	1,325.21	166,131.94
31	2,587.95	1,272.74	1,315.21	164,859.20
32	2,587.95	1,282.82	1,305.14	163,576.39
33	2,587.95	1,292.97	1,294.98	162,283.41
34	2,587.95	1,303.21	1,284.74	160,980.21
35	2,587.95	1,313.52	1,274.43	159,666.68
36	2,587.95	1,323.92	1,264.03	158,342.76