

Sacred Gift Holistic Wellness Center

Non-Profit Business Plan

By

Stephanie Smith

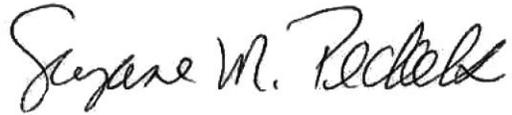
A capstone project

Presented in partial fulfillment of the requirements for the
Doctor of Acupuncture and Oriental Medicine Degree

Yo San University
Los Angeles, California

Approval Signatures Page

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Feb 16, 2016

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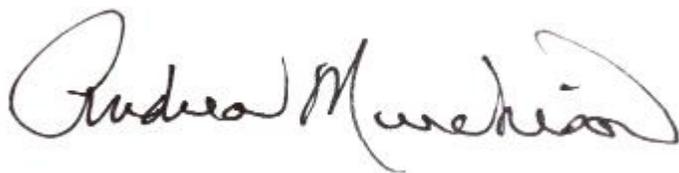
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MISSION STATEMENT

Sacred Gift Wellness Center is a nonprofit organization dedicated to providing free or low-cost holistic health care to anyone on the sacred path to improving one's health, mentally, physically, emotionally and spiritually.

Abstract

Research has shown that a little more than one-third of licensed acupuncturists in the Chinese medical field in California are not employed by someone or do not have their own Chinese Medicine practice. As it stands now 90% of acupuncturists that are in practice are working independently and 37% of licensed acupuncturists in California are not in practice at all (Thorfinnson, 2013). There are simply just not many jobs available for acupuncturists at this time in history. With increasing research and a growing demand and popularity for Chinese medicine as well as other CAM therapies, this trend is changing. Many acupuncturists are thinking out of the box and coming up with new and different ways of getting their medicine out to the masses. “Complementary and alternative medicine (CAM) is the popular term for health and wellness therapies that have typically not been part of conventional Western medicine. Complementary means treatments that are used along with conventional medicine. Alternative means treatments used in place of conventional medicine”. CAM focuses on the whole person and includes physical, emotional, mental and spiritual health. For example, CAM includes mind-body medicine (such as meditation, acupuncture and yoga), manipulative and body-based practices (such as massage therapy and spinal manipulation), and natural products (such as herbs and dietary supplements” (Complementary and alternative medicine. (2014, January 24). *Mayo Clinic*. Retrieved from <http://www.mayoclinic.org/tests-procedures/complementary-alternative-medicine/basics/definition/prc-20021745>).

The 501c non-profit business model poses many advantages for both the practitioner and those they will serve. The purpose of this research project was to devise a business plan for a non-profit Traditional Chinese medicine clinic in order to share the plan with other acupuncturists in the field to provide the groundwork for forming their own practice based upon the business model of 501c non-profit. The many benefits of a non-profit organization include eligibility for the Federal Debt Forgiveness Plan for student loans, a chance to give

back to underserved communities and a way to run a business that many acupuncturists will be drawn to by their own intrinsic giving nature. Primary and secondary exploratory research was conducted to deduce marketing trends and demographics necessary to determine the best possible outcomes for a viable plan. The current trends in acupuncture were analyzed and cross-referenced with the economic situation in San Francisco California (the proposed site of the center). This information was then used to create a unique value proposition for the non-profit plan. The intent of this researcher is to put this plan into action and create a center where those who are seeking healing on all levels will come to be relieved of physical and emotional pain and to connect with others in their community to support each other on their journey to optimal health and balance.

INTRODUCTION

There is a growing need for acupuncture and other CAM therapies due to demand and popularity trends on the rise. “Complementary and alternative medicine (CAM) is the popular term for health and wellness therapies that have typically not been part of conventional Western medicine. Complementary means treatments that are used along with conventional medicine. Alternative means treatments used in place of conventional medicine. CAM focuses on the whole person and includes physical, emotional, mental and spiritual health. For example, CAM includes mind-body medicine (such as meditation, acupuncture and yoga), manipulative and body-based practices (such as massage therapy and spinal manipulation), and natural products (such as herbs and dietary s (Complementary and alternative medicine. (2014, January 24). *Mayo Clinic*.

Retrieved from <http://www.mayoclinic.org/tests-procedures/complementary-alternative-medicine/basics/definition/prc-20021745>.” “The increasing use of non-conventional healthcare can, in large part, be a reflection of the growing relative cost of conventional therapies compared with the cost of CAM and the consequent lack of access to conventional healthcare. Cost concerns are particularly relevant for low-income uninsured adults with chronic conditions that require ongoing healthcare treatment. According to research published in *Health Affairs* a leading journal of health policy research, there are significant differences in CAM use comparing adults according to their reported ability to obtain medical care because of cost. For users of at least one non-conventional therapy, CAM use was 71.4% for those reporting difficulties in getting medical care.” (Alternative healthcare providers in the US. (2015). *IBIS World*.

Retrieved from <http://www.ibisworld.com/industry/default.aspx?indid=1565>.” Hospitals and conventional treatment centers are beginning to realize the importance and effectiveness of CAM therapies, and a cost effective and viable treatment such as acupuncture is in high demand by

consumers, yet the mainstream medical field seems to be a bit behind in providing consumers with options for high quality, professional, acupuncture treatment options.

Upon graduating from Chinese Medicine school and passing the board exams most every acupuncturist has big dreams of making a difference in people's lives and earning a substantial living by doing what they have been skillfully trained to do. Then the painful truth sets in. Without many business skills, not much experience and a lot of competition in most areas of California, they realize that there are very few jobs in the field of Traditional Chinese Medicine. In fact, "90% of acupuncturists that are in practice are working independently and 37% of licensed acupuncturists in California are not in practice at all (Thorfinnson, 2013)." In fact, half of all L.Acs that are working are unable to earn a gross income of \$50,000 a year (Stumpf, Hardy, Kendall, & Carr, 2010). Student debt is soaring and graduates are struggling to repay what they owe. A recent study shows that "11% percent of all higher-education students are enrolled receive 26% of federal student loans and account for 43% of defaulters (Department of Education, 2010)." The graduates of a prominent acupuncture-training program took a survey. They did this survey for the paper "The U.S Acupuncture Workforce: The economics of practice." They averaged \$86,979 in student loan debt in 2009. Student debts are looming over most L.Acs (Licensed Acupuncturists) and it is of huge concern to most in the profession.

The burden of student loans and the lack of jobs for acupuncturists in the state of CA prompted this researcher to create a non-profit business model for an acupuncture clinic. The non-profit model for Traditional Chinese medicine is not a common business model for practitioners to choose, possibly because they are unaware of how to form a non-profit or do not know it is a viable option. This researcher feels that if more practitioners were aware of the benefits of a non-profit model it would enable them to have another way to practice their medicine as well as earn a substantial living

and provide their communities with a great service. “In many respects, nonprofits and for-profits perform in ways that are indistinguishable from one another. However, this does not diminish the importance of the fundamental difference in their overall purposes. For-profits are legally and ethically responsible to their owners and/or stockholders, and are obligated to do well for the benefit of these owners; where markets function well, financial success will follow. Performance of for-profits can be measured most simply by profitability and return on equity for shareholders. Nonprofits, on the other hand, are directly responsible and accountable to the communities and populations they serve, and are legally and ethically bound to do “good” for the benefit of their communities. Therefore, non-profits must measure their performance in terms of their quantifiable contributions to the public good of the communities they serve (Metcalfe, 2002).” Many acupuncturists will indeed resonate with the ideals and morals inherent within the non-profit model instinctively. There is another important reason to choose a non-profit model for a business model in acupuncture. The Public Service Loan Forgiveness Plan offered by the Federal Government. The purpose of... ”the program, signed into law as part of the College Cost Reduction and Access Act of 2007, was to relieve the pressure of high student loan debt for borrowers who wanted to work in the public service arena, where pay is often lower than in the private sector. Eligible federal student loan borrowers would make monthly payments, based in most cases on their income, while working for an eligible employer. After 10 years of these monthly payments, any remaining balance would be forgiven. Unlike the income-driven plans such as income-based repayment and Pay As You Earn, this forgiveness amount is not taxed as income. The eligible loans for this program include the Federal Stafford and PLUS loans including Parent PLUS loans – made under the federal direct loan program. If the former student has loans made under the Federal Family Education Loan Program or Perkins loans, they can consolidate them under the direct loan program so they qualify. Defaulted loans are not eligible, but can regain their eligibility if the default is resolved (Mayotte, 2015).” With this

distinctive advantage that a non-profit model provides it is clear to see that there is an enormous benefit to forming one's own, or working for a non-profit organization. This student's goal was to research and develop a business plan for a non-profit holistic healthcare clinic with the main focuses being centered upon Traditional Chinese Medicine. By developing this plan this researcher hopes to change lives, earn a substantial living and give more choices to acupuncturists about how to form their business models and hopefully to expand this non-profit clinic to become nationwide one day.

A business plan is only one of the steps necessary to forming a non-profit organization. It is best that the business plan be started after initial research and planning for the non-profit and a needs assessment is conducted. Then a mission statement can be written.

There are about 10 steps to forming a non-profit that will be briefly outlined in this introduction to give an idea of how to begin the process of forming a business plan.

The 10 basic steps for starting a California nonprofit public benefit corporation according to California Association of non-profits (Chan & Tagagi, n.d.):

- 1.** Determine the name of the corporation.
- 2.** Draft and file the articles of incorporation.
- 3.** Appoint the board of directors.
- 4.** Draft the bylaws and conflict of interest policy.
- 5.** Take the initial board actions.
- 6.** Obtain an employer identification number (EIN).
- 7.** File the initial registration form with the California Attorney General's Registry of Charitable Trusts.
- 8.** File the Statement of Information with the California Secretary of State.
- 9.** Apply for federal tax exemption with the Internal Revenue Service (IRS).
- 10.** Apply for California tax exemption with the California Franchise Tax Board.

With the knowledge and awareness of these steps, the benefits of a 501c non-profit organization, and the example of this business plan, it is this researcher's hope that more acupuncturists will become inspired to choose this option as a viable way to build their business, practice the medicine that they love and make Chinese medicine a more accessible treatment option for all.

Special permission was granted for this capstone project to be designed as a working business plan, therefore the format of this paper differs from a traditional research paper. The main body of this paper starting from the Table of Contents through the Appendix was designed to be presented to prospective donors and banks for funding consideration. There are many artistic liberties that have been taken and applied to the main body, "Business Plan" section of this paper. This includes a different font size and there are footnotes at the bottom of the pages in the "Business Plan" portion of the paper. The citations that are included as footnotes are not enclosed with quotations, and they are also added to the references section, whereas in a traditional research paper there would not be such formatting. In contrast, the sections titled Abstract, Introduction, Methodology, Discussion and References are not traditionally included in a business plan, but were incorporated to create this "hybrid" Capstone project in order to satisfy the requirements for the paper.

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EXECUTIVE SUMMARY

Objective: Sacred Gift Holistic Wellness Center (also referred to as “the Organization”) is a holistic healthcare provider, which will provide quality treatment to needy patients at a low cost. The organization will provide holistic health care that includes acupuncture, yoga, qigong, massage therapy, nutrition consultation and Chinese herbal medicine. The organization has also planned to set up a Teahouse and retail shop to promote wellness, interest from passersby and a social space for the community to connect.

Opportunity: While relatively new in the U.S., complementary and alternative medicine (CAM) is a fully accepted and integrated form of health care in many areas of the world and has existed for ages. A larger number of people are turning to CAM because they feel the current healthcare system is failing them for many reasons. These include access to health insurance, cost prohibitive prescriptions, impersonal and dismissive physicians, a heavy reliance on drugs, misdiagnosis, and conflicting views regarding the maintenance of wellness. The recent increase in the interest and growth of complementary and alternative medicine can be also be attributed to current technological, economic, cultural and social trends.



CAM users are choosing alternative treatments because they are more personal, less invasive and often have lower costs. There is a growing movement away from disease management to a more holistic approach to healthcare awareness and preventative measures that include a shift from the emphasis on technology for healing to a focus on the natural healing ability of the body. CAM philosophies align with users’ personal value systems.¹

The emphasis on most CAM therapies is on the natural healing ability of the body versus the emphasis on conventional medicine. Some other commonalities with most CAM therapies include:

- The focus is treating the whole person.
- Prevention is a primary concern.
- Treatments are highly individualized.
- Treatments are aimed at the causes of illness rather than at the symptoms.
- Treatments are designed to support the natural healing processes of the body.

Some attribute the growth in CAM to the view that the combination of CAM with conventional medicine is better than conventional medicine alone. Additionally, CAM treatments fill gaps, such as the treatment of chronic pain and other debilitating conditions, in areas where conventional medical practices are not always successful. CAM is also being used with certain medical conditions that are without a cure or with conditions that have a cure but have significant side effects such as cancer.²

The Organization: Stephanie Ann Smith envisions providing alternative healthcare services that will be available to all, including needy persons in an economical pricing. The Organization will offer alternative healthcare that includes complete range of the following services:

- Acupuncture;
- Yoga;
- Qigong;
- Massage therapy;

¹ Passarelli, T. (2008). Alternative medicine in the United States. *Case Western Reserve University*, Retrieved from http://www.cwru.edu/med/epidbio/mph439/complimentary_meds.pdf

² Ibid

- Nutrition consultation; and
- Chinese herbal medicine.

Market Size: The Organization is entering the market at a time when the industry in which it operates is experiencing substantial growth. According to market research firm IBISWorld, the Alternative Healthcare Providers Industry has seen an average annual growth rate of 3.5% over the last five years, positioning industry revenue to be around \$13.3 billion in 2015. Growth has largely been the result of increasing per capita disposable income and increasing in a number of people with private health insurance. These trends are expected to continue over the next several years, as is the overall growth in the industry. The Alternative Healthcare Providers industry is projected to see an average annual growth rate of 3.6% over the next five years, placing industry revenue at \$15.9 billion in 2020.³ These trends bode extremely well for organizations such as Sacred Gift Holistic Wellness Center, as they show the long-term potential that the market and industry in general hold.

Marketing and Distribution: To reach these goals, marketing for Sacred Gift Holistic Wellness Center will be done through a variety of mediums with the Internet and networking being the primary drivers. The Organization will develop a user-friendly portal www.sgholisticwellnesscenter.com (anticipated) that will outline all of the services to be offered. Moving forward plans call for the Organization's website to be Search Engine Optimized (SEO) to give it more traction and traffic that will ultimately translate into increased revenues and profit margins. The Organization will also have a social media presence via Facebook, Instagram, and Twitter; having these social media partners will give the Organization the opportunity to drive a strong word of mouth, authentic marketing message. Other marketing activities will include trade show appearances throughout the city, which will give the Organization the opportunity to make valuable impressions in this rapidly expanding industry. Print advertising will round out the marketing model with print advertisements being placed in publications that are typically read by members of the targeted audience.

Target Market: Sacred Gift Holistic Wellness Center anticipates that the customers of its alternative healthcare services will be men and women aged 30 and over. Higher CAM usage rates for females (49%) compared to males (38%) is not surprising as females tend to be more health conscious and more likely to participate in preventative care. Additionally, women are often the head of healthcare for their families, which may result in increased family CAM usage as well.⁴

Competition and Competitive Advantages: Sacred Gift Holistic Wellness Center faces competition from several organizations, with the most notable being Chinese Hospital East West Health Services, Immune Enhancement Project, and Acupuncture & Herbal Clinic (A part of American College of Traditional Chinese Medicine). Despite a highly competitive field, Sacred Gift Holistic Wellness Center has a significant advantage over other Organizations in the market. These competitive advantages include:

- **Intellectual Property:** Sacred Gift Holistic Wellness Center owns its logos, websites, and marketing materials
- **Cost Leadership Strategy:** The Organization will offer its services at low prices compared to the competition within the Alternative Healthcare Providers industry.
- **Differentiation Strategy:** Sacred Gift Holistic Wellness Center will focus on quality services and deliver exceptional customer service.
- **Operational Effectiveness Strategy:** The Organization will operate with as little overhead as possible to meet revenue goals while maintaining positive cash flow and efficient business operations.

³Alternative healthcare providers in the US. (2015). *IBIS World*. Retrieved from <http://www.ibisworld.com/industry/default.aspx?indid=1565>.

⁴Eisenberg, F. M. (1998, November). Trends in alternative medicine use in the United States from 1990-1997: Results of a follow-up study. *Journal of the American Medical Association*, 280(18), 1569-1575.

Management: Stephanie Ann Smith is the founder of Sacred Gift Holistic Wellness Center. Stephanie is a Licensed Doctor of Acupuncture and Oriental Medicine. She has completed her doctorate in Acupuncture and Oriental Medicine from Yo San University, Los Angeles in the year 2016. She has also completed her Masters in Traditional Chinese Medicine from Five Branches University, Santa Cruz, CA. She has more than seven years of experience as a practicing acupuncturist. Her work ethic and business acumen will be the key drivers that propel this venture towards a position of lasting success.

Financial Overview: The pricing for Sacred Gift Holistic Wellness Center’s services will range from \$20 to \$100 per treatment. Direct costs of revenue will range from 45% to 55% of total revenue. The Organization expects steady growth over the first five years of operation and projects the following revenue to be generated:

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---------|-----------|-----------|-----------|-----------|-----------|
| Revenue | \$304,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |

OBJECTIVE

The purpose of this plan is to provide institutions with the information necessary to evaluate the scope and future growth of Sacred Gift Holistic Wellness Center in the marketplace. In addition to serving as a roadmap for management, the plan will show that: 1) a significant market opportunity exists when analyzing the current market demands and competitive landscape; 2) the management team set in place is qualified to execute on a well-thought out operational, marketing and sales strategy, and 3) the correct capital structure will allow for a long-lasting, profitable business.

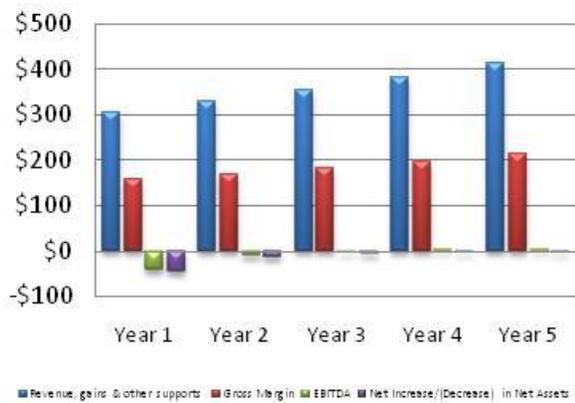
To achieve the Organization’s objectives, Sacred Gift Holistic Wellness Center is seeking **\$100,000** in total funding. The funding will be allocated in a variety of ways including staffing, operations, and marketing initiatives. The investment risk is minimal based on the management experience and industry growth rates. Sacred Gift Holistic Wellness Center’s financial model shows consistent growth over the next five years. By year five, plans call for the Organization to achieve **\$419K** in annual gross revenue with a subsidy of consultation of **\$59K**.

FINANCIAL OBJECTIVES

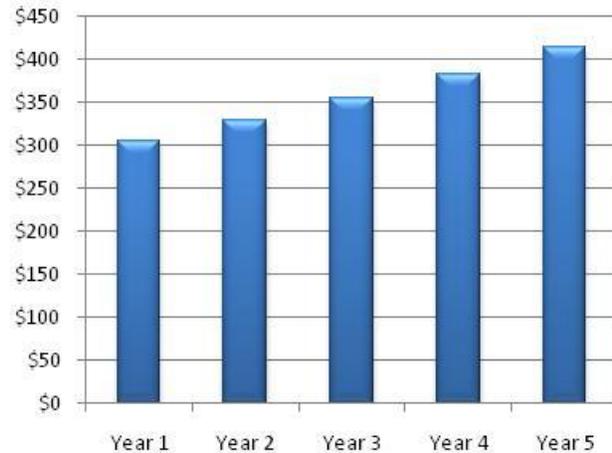
The following table and graphs illustrate the financial goals of Sacred Gift Holistic Wellness Center during the next five years. The financials are explained in detail throughout the duration of the plan.

| Financial Highlights (\$1,000's) | | | | | | | | | | | | | | | | | |
|---|-------|------|------|------|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|
| | M1 | M2 | M3 | M4 | M5 | M6 | M7 | M8 | M9 | M10 | M11 | M12 | Y1 | Y2 | Y3 | Y4 | Y5 |
| Revenue, gains & other supports | 9 | 15 | 18 | 24 | 27 | 27 | 27 | 27 | 30 | 30 | 34 | 34 | 305 | 329 | 355 | 384 | 414 |
| Gross Margin | 5 | 8 | 9 | 13 | 14 | 14 | 14 | 14 | 16 | 16 | 17 | 17 | 156 | 169 | 182 | 197 | 213 |
| Operating Expenses | 37 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 201 | 184 | 189 | 196 | 212 |
| EBITDA | -32 | -7 | -5 | -2 | 0 | 0 | 0 | 0 | 1 | 1 | 3 | 3 | -41 | -11 | -3 | 4 | 4 |
| Net Increase/(Decrease) in Net Assets | -32 | -7 | -5 | -2 | -1 | -1 | -1 | -1 | 1 | 1 | 2 | 2 | -44 | -15 | -6 | 1 | 0 |
| Gross Margin/Revenue | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% | 51% |
| EBITDA/Revenue | -349% | -44% | -28% | -8% | -2% | -2% | -2% | -2% | 3% | 3% | 8% | 8% | -13% | -3% | -1% | 1% | 1% |
| Net increase/(decrease) in Net Assets % | -352% | -46% | -30% | -10% | -3% | -3% | -3% | -3% | 2% | 2% | 7% | 7% | -15% | -4% | -2% | 0% | 0% |
| Net Cash Flow | 66 | -4 | -4 | 1 | 1 | 0 | 0 | 0 | 3 | 1 | 4 | 3 | 69 | -13 | -2 | 6 | 6 |
| Cash Balance - Ending | 66 | 62 | 59 | 60 | 61 | 60 | 60 | 59 | 62 | 63 | 67 | 69 | 69 | 57 | 55 | 60 | 67 |

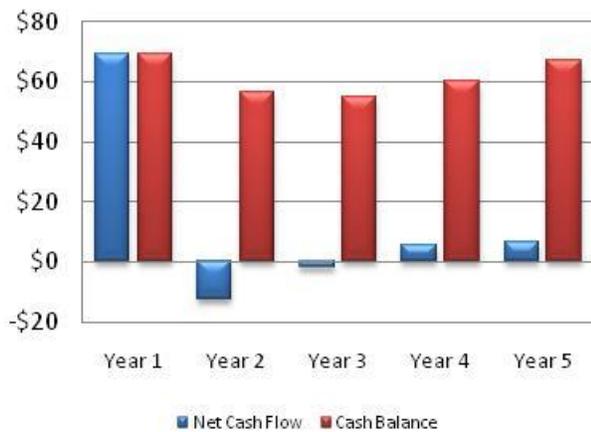
Projected Operating Highlights By Year (\$1,000's)



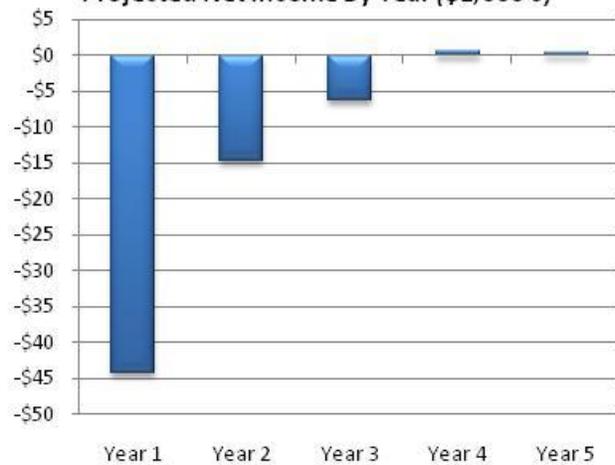
Projected Revenue By Year (\$1,000's)



Projected Cash Flow By Year (\$1,000's)



Projected Net Income By Year (\$1,000's)



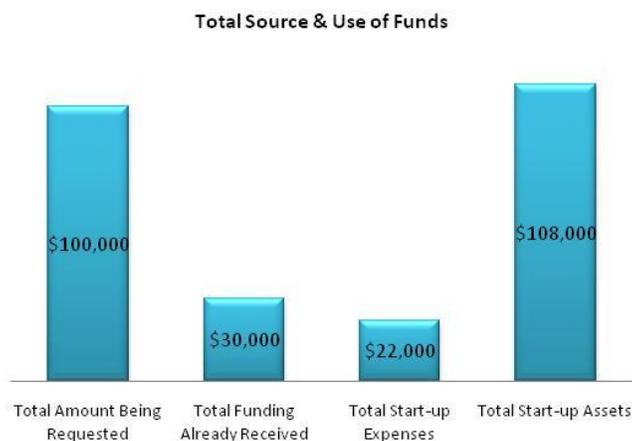
START-UP SUMMARY

The following tables and graphs detail the funding the business will need to bring the vision to reality. Start-up funding includes all the expenditures, both start-up assets and start-up expenses, incurred before the Organization starts earning revenue. The working capital element of the asset table represents the balance of cash at the beginning of Month 1 of the financial projections.

| Use of Start-up Funding | | | |
|------------------------------------|------------------|---|------------------|
| Expenses | | | |
| Legal Fees | \$1,500 | | |
| Grand Opening Advertising | \$5,000 | | |
| Website Development | \$2,500 | | |
| Initial Office Supplies | \$3,000 | | |
| Leasehold Improvements | \$10,000 | | |
| Total Start-up Expenses | \$22,000 | | |
| Long-term Assets | | | |
| Furniture & Fixtures | \$24,000 | | |
| Computer & Accessories | \$5,000 | | |
| Office Equipment | \$8,000 | | |
| Total Long-Term Assets | \$37,000 | | |
| Short-Term Assets | | | |
| Working Capital | \$66,000 | | |
| Inventory | \$5,000 | | |
| Total Short-Term Assets | \$71,000 | | |
| Total Expenses & Assets | | | |
| Total Start-up Expenses | \$22,000 | | |
| Total Start-up Assets | \$108,000 | | |
| Total Funding Requirements | \$130,000 | | |
| | | Total Start-up Funding | |
| | | Total Amount Being Requested | \$100,000 |
| | | Total Funds Already Received | \$30,000 |
| | | Total Funding | \$130,000 |
| | | New Start-up Funding Being Requested | |
| | | Grant Amount Being Requested | \$100,000 |
| | | Total Amount Being Requested | \$100,000 |
| | | Start-up Funding Already Received | |
| | | Managing Trustee Contribution | \$30,000 |
| | | Total Funding Already Received | \$30,000 |
| | | Start-up Capital and Liabilities | |
| | | Loss at Start-up (Start-up Expenses) | (\$22,000) |
| | | Total Funds Received & Requested | \$130,000 |
| | | Cash Balance on Starting Date | \$71,000 |

As shown in the charts above and the graph below, the total start-up funding needed to successfully implement this venture is **\$130K**. The founder will contribute **\$30K** in personal funds to incorporate the organization. As depicted above, **\$22K** will be used for start-up expenses; **\$37K** will be used to purchase long-term assets, and **\$5K** will be used for purchasing inventory. The remaining balance of **\$66K** will be used for working capital.

TOTAL FUNDS ALLOCATED



PRODUCTS AND SERVICES

Sacred Gift Holistic Wellness Center will provide alternative holistic health care services. The following is a listing of the types of products that are available through Sacred Gift Holistic Wellness Center.

| Products/Service | Benefits | Description |
|---|---|---|
| <i>Acupuncture</i> | The practice takes a holistic approach in trying to eliminate the root cause of the malady. Reduce pain, increase immunity, improve sleep, relieve stress, balance hormones, and improve memory are some of the benefits of acupuncture. | Acupuncture helps the body achieve health and balance by stimulating one or more of 361 acupuncture points. This stimulation moves and builds Qi (circulating life energy) and blood. Acupuncture can help treat numerous conditions and diseases including colds and flu, arthritis, insomnia, anxiety, depression, stress, pain, allergies, women's health, and gastrointestinal disorders. |
| <i>Yoga</i> | Helps detoxify the body, Calms the mind through restoring mental agility, helps reduce stress and mental fatigue and increases flexibility and physical effort. | Yoga is a complex system that focuses on harmony between body and mind. The ultimate aim of this philosophy is to strike a balance between mind and body and attain self-enlightenment. Yoga uses movement, breath, posture, relaxation and meditation to establish a healthy balanced approach to living. |
| <i>Qigong</i> | Practicing Qigong strengthens the organs, improves cardiopulmonary function, strengthens the nerves, improves vascular function, eases stress and balances the emotions. | Qigong is an ancient Chinese practice that combines intentional, controlled breathing with slow, graceful movements that are said to encourage the flow of qi or chi (vital energy) in the body. Promoting chi throughout the body is thought to aid in healing, endurance, and spiritual balance. |
| <i>Massage</i> | Regular massage therapy helps reducing or eliminating pain, Improving joint mobility, Improving circulation, Improving lymphatic drainage, and reducing muscular tension. | The act and art of treating the body by rubbing, kneading, patting, and the like to stimulate circulation, increase suppleness, and relieve tension; Massage therapy can be used for the treatment of both acute and chronic conditions. |
| <i>Chinese Herbal Medicine</i> | Chinese herbal medicine can be used to treat many different issues including but not limited to, insomnia, fatigue, chronic headache, fluid retention, allergies, anxiety, skin disorders, excessive menstrual, infertility, common cold and influenza, constipation and diarrhea | Chinese herbal medicine takes a holistic approach to understanding normal function and disease processes and focuses as much on the prevention of illness as on the treatment. A highly complex system of diagnosis and treatment using medicinal herbs, which is one of the branches of traditional Chinese medicine. |
| <i>Nutrition Consultation</i> | Learning about and practicing good nutrition can help improve such conditions as tiredness and fatigue, mood swings, weight problems, skin conditions, digestion problems, arthritis, menopause, high blood pressure, and migraines and headaches. | Nutrition counseling is a type of assessment or counseling that analyzes various health needs regarding diet and exercise. Nutrition consultants specialize in understanding the relationship between diet and health. Practitioners will evaluate patients' diets, make recommendations for change and teach them to adopt new nutritional habits. |
| <i>Tea House & Retail Shop</i> | Providing delicious and healthy teas and herbal elixirs to promote wellness and space for connection to our community. | Tea House & Retail Shop includes herbal teas, herbal elixirs, healthy snacks, and a wellness-focused retail shop. |

PRICING & DISCOUNTS

Sacred Gift Holistic Wellness Center is committed to providing ongoing treatment within a reasonable cost threshold. The Organization will charge a flat fee of \$20 per person registration. This registration fee may be waived for marketing purposes such as issuing coupons and as an incentive to prospective clients. Pricing for the services mentioned above will be offered on an income-based sliding scale in the following manner.

| Individual Income | Discount on Consultancy Changes | Discount on Medicine |
|--|--|-----------------------------|
| Greater than \$35,000 | 0% | 0% |
| Greater than \$25,000 but less than \$35,000 | 50% | 30% |
| Less than \$25,000 | 90% | 30% |

MARKET ANALYSIS SUMMARY: ALTERNATIVE HEALTHCARE PROVIDERS

Key Statistics Snapshot

Revenue
\$13.3bn

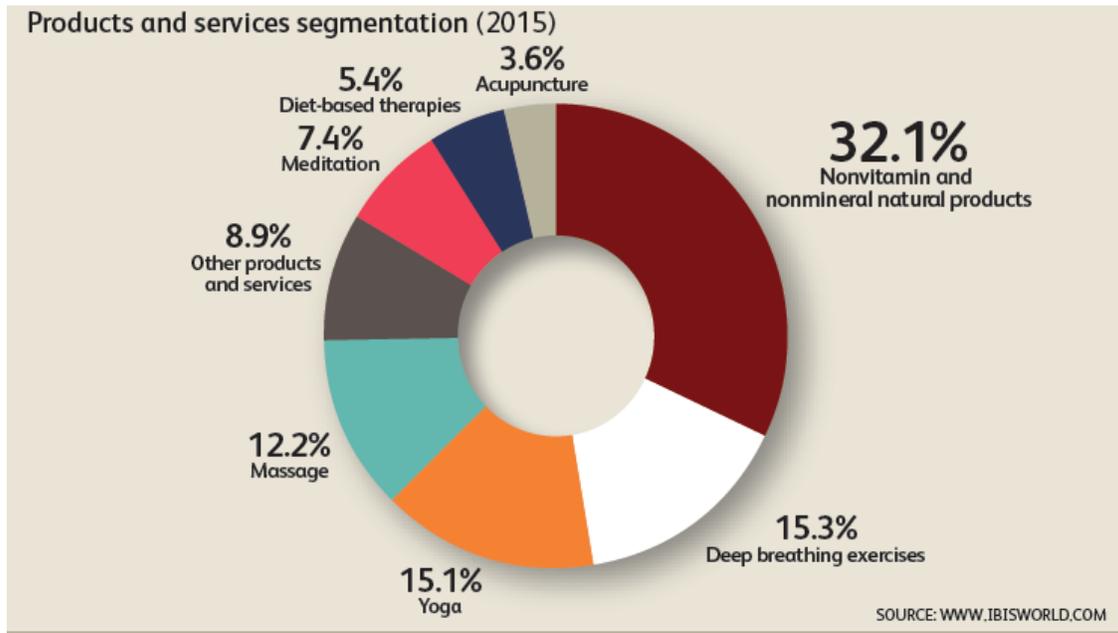
Annual Growth 10-15
3.5%

Annual Growth 15-20
3.6%

Profit
\$1.6bn

Wages
\$6.6bn

Businesses
210,706



According to IBISWorld, This industry provides health services that are not classified in any other industry, such as meditation, yoga or massage. These practitioners operate private or group practices in their own offices or in the facilities of others, such as hospitals, medical centers or patient homes. The industry does not include chiropractors; mental health specialists; physical, occupational and speech therapists; audiologists; or podiatrists.

The Alternative Healthcare Providers industry is becoming more mainstream and less alternative. Consistent demand for alternative care is partly attributable to the essential nature of industry services, as patients are less likely to cut spending on healthcare than they are to reduce spending on more discretionary goods. Moreover, as the number of people with disabilities increases in the United States, more insurance companies and employers are recognizing the benefit of covering alternative healthcare. Consequently, industry revenue is expected to increase at an annualized rate of 3.5% to \$13.3 billion over the five years to 2015.

Demand for alternative healthcare is expected to rise during the next five years as a result of increasingly favorable attitudes toward industry services and favorable demographic trends. In particular, the aging population, along with the increased possibilities of disability that accompanies old age, will bolster demand for the industry. More importantly, the growing acceptance and greater coverage of industry services fostered by the PPACA will drive more patients to experiment with alternative medicine, resulting in revenue growth. From 2015 to 2020, industry revenue is projected to rise 3.6% to \$15.9 billion. With profit margins expected to soar above previous highs during the period, the highly fragmented industry landscape is also expected to expand. During the next five years, the number of industry enterprises is expected to increase at an annualized

rate of 3.6% to 251,714, more than 90.0% of which are expected to be non-employers. These growth trends bode extremely well for Sacred Gift Holistic Wellness Center as it establishes its brand in the marketplace.⁵

MARKET SIZE

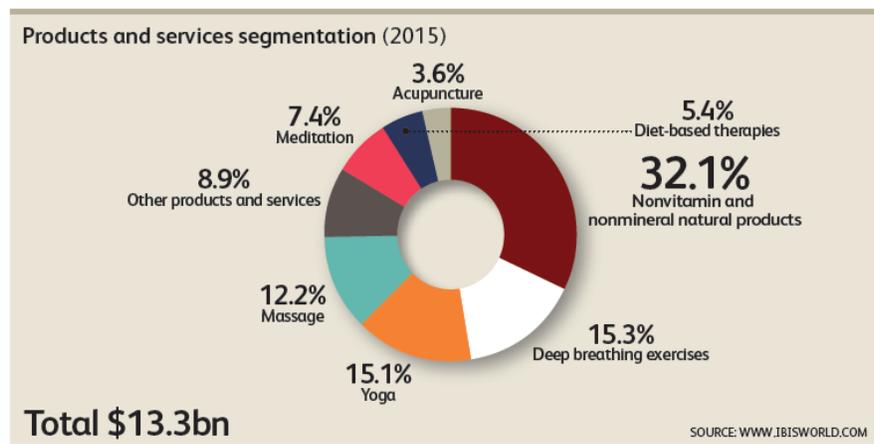
The Alternative Healthcare Providers industry is highly fragmented due to the diverse nature and culture of individualism prevalent among providers. Following a brief slowdown in establishment and enterprise growth during the economic recession, the industry has returned to robust growth despite conditions that ripe for consolidation. These factors include escalating healthcare costs, the rising incidence of obesity, diabetes and disabilities, and a new administration with goals to change the nation’s healthcare landscape. Over the five years to 2015, the number of industry operators is expected to increase 3.7% per year on average to 210,706, which represents faster growth in the number of operators compared with the previous five-year period. Meanwhile, employment is estimated to grow at an annualized rate of 4.2% to 265,282 workers.

IBISWorld projects that by 2020, the average operating profit margin is forecast to reach 13.0% of revenue, up from 11.8% in 2015. As a result, the number of operators is forecast to increase at an average annual rate of 3.6% to 251,714 over the five years to 2020. Over this period, employment is projected to increase 3.7% per year on average to 317,750 workers.⁶

PRODUCTS & SERVICES SEGMENTATION

Deep breathing exercises.

Deep breathing involves slow and deep inhalation through the nose, usually to a count of 10, followed by slow and complete exhalation for a similar count. Industry providers are increasingly offering this technique after several studies have illustrated its benefits. The method can be effective in reducing anxiety and helping people relax, including in some stressful dental and medical settings. These advantages contribute to deep breathing’s rising popularity because stress levels are tending to increase in society and the technique can be integrated into conventional healthcare.⁷



Qigong Meditation

Qigong translates from Chinese to mean, roughly, to cultivate or enhance the inherent functional (energetic) essence of the human being. It is considered to be the contemporary offspring of some of the most ancient (before recorded history) healing and medical practices of Asia. Earliest forms of Qigong make up one of the historic roots of contemporary Traditional Chinese Medicine (TCM) theory and practice. Many branches of Qigong have a health and medical focus and have been refined for well over 5000 years. Qigong purportedly allows individuals to cultivate the natural force or energy (“Qi”) in TCM that is associated with physiological and psychological functionality. Qi is the conceptual foundation of TCM in acupuncture, herbal medicine, and Chinese physical therapy. It is considered to be a ubiquitous resource of nature that sustains human well being and assists in healing disease as well as (according to TCM theory) having a fundamental influence on all life and even the orderly function of celestial mechanics and the laws of physics. Qigong exercises consist of a

⁵ Alternative healthcare providers in the US. (2015). *IBIS World*. Retrieved from <http://www.ibisworld.com/industry/default.aspx?indid=1565>.

⁶ Ibid.

⁷ Ibid.

series of orchestrated practices including body posture/movement, breath practice, and meditation, all designed to enhance Qi function (that is, drawing upon natural forces to optimize and balance energy within) through the attainment of deeply focused and relaxed states. From the perspective of Western thought and science, Qigong practices activate naturally occurring physiological and psychological mechanisms of self-repair and health recovery.⁸

Massage

Massage is also claimed to have more global effects on health. Practitioners and patients report that massage improves self-image in conditions such as physical disabilities and terminal illnesses. This may result in part from the feelings of general wellbeing that are commonly reported after the massage. Touch itself is likely to be therapeutic, particularly in those with limited opportunities for physical contacts, such as patients without intimate friends or family or with painful physical conditions. Massage has also been said to help patients feel cared for. Patients may be more ready to discuss and deal with difficult psychological issues once they are less anxious, feel better about themselves and have come to trust their care providers. Practitioners say that this is one of the reasons why massage can be an important stepping-stone to effective counseling, for example, in managing mental health problems or addiction.⁹

Yoga

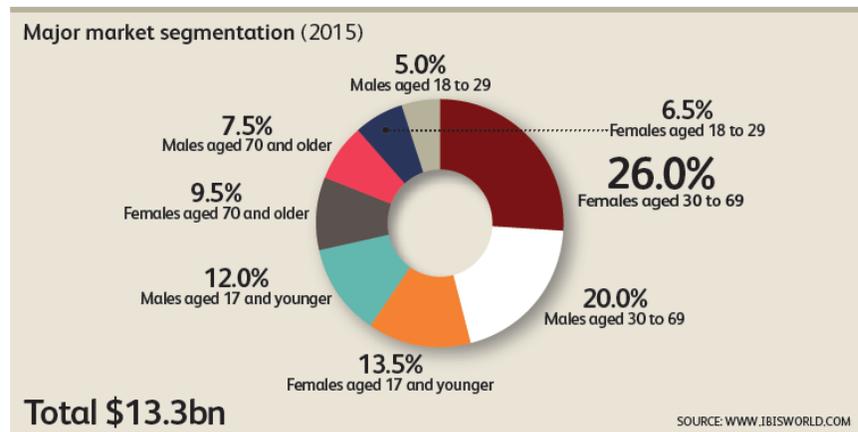
Yoga is a mind-body practice with origins in ancient Indian philosophy. The various styles of yoga that people use for health purposes typically combine physical postures, breathing techniques and meditation or relaxation. More than 13 million adults have used yoga in the previous year, according to data from the National Health Interview Survey, and the percentage of adults that use yoga is increasing. Industry providers offer yoga therapy for a variety of health conditions, including anxiety disorders or stress, asthma, high blood pressure, and depression.

MARKET SEGMENTATION

About 38.0% of adults in the United States aged 18 and older and nearly 12.0% of US children aged 17 and younger use some form of complementary and alternative medicine (CAM), according to the most recent data from the US National Center for Complementary and Alternative Medicine. The trend in demographics for the use of industry services has not changed significantly during the five years to 2015.

Adults

Alternative health care use among adults is greatest among women, people aged 30 to 69, individuals with higher levels of education, people living in the West and individuals who have quit smoking. Adults use CAM most often to treat a variety of musculoskeletal problems, including back pain or problems, neck pain or problems, joint pain or stiffness or other joint condition, arthritis, and other musculoskeletal conditions. The prevalence of CAM use for back pain or problems, neck pain or problems, joint pain or stiffness, and arthritis and fibromyalgia has been relatively unchanged over the past five years. The use of CAM therapies for head or chest colds, however, has been decreasing significantly. A smaller decrease in use has occurred for stomach or



⁸ Jahnke, R., Larkey, L., Rogers, C., Etnier, J., & Lin, F. (2010). A comprehensive review of health benefits of Qigong and Tai Chi. *American Journal of Health Promotion*, 24(6), e1–e25. doi: <http://doi.org/10.4278/ajhp.081013-LIT-248>

⁹ Vickers, A., & Zollman, C. (1999). Massage therapies. *British Medical Journal*, 319(7219), 1254–1257. doi: <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1117024/>

intestinal illness. In contrast, there has been a small increase in alternative methods for treating cholesterol problems.

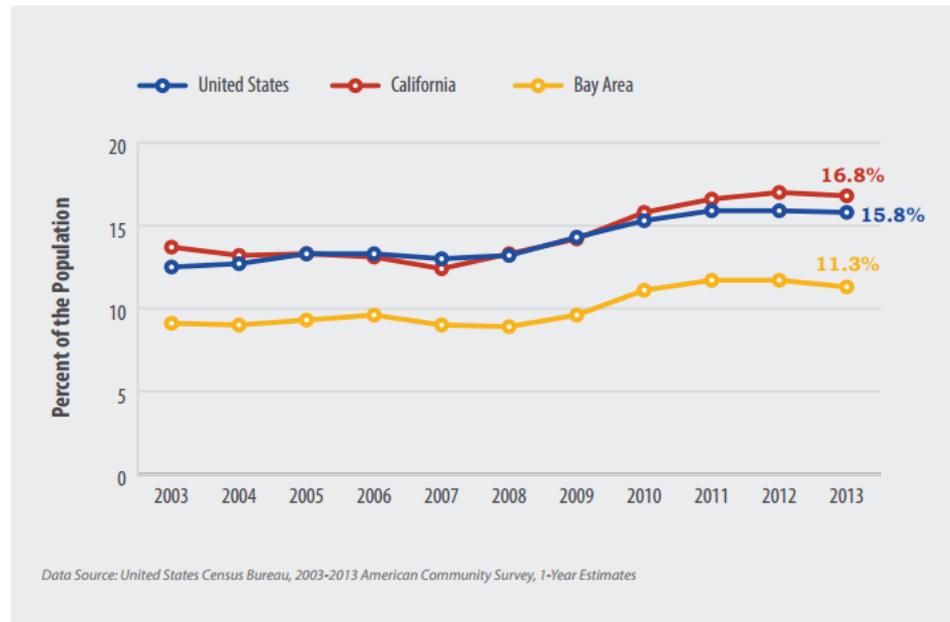
Payment sources

The majority of industry services are paid for out of pocket by patients because most alternative health care services are not reimbursable by insurance. The predominance of patient self-pay limits access to only those with insurance coverage or relatively high disposable income. According to the National Institutes of Health, most coverage for alternative health care is available to patients is through higher deductibles, health insurance policy riders, and contracted network providers. Under high deductible policies, alternative medicine coverage is offered, but the consumer pays a higher deductible. With policy riders, the patient can purchase a rider that increases or expands coverage in alternative healthcare. With a network of providers, some insurers work with a group of alternative medicine providers who agree to offer services to group members at a rate lower than that offered to non-members. Patients still pay out of pocket, but at a discounted rate. Workers’ compensation in many states covers chiropractic care. In California, for example, injured workers can get up to 24 chiropractic visits for their injury. Except for certain chiropractic services, the federal Medicare program does not currently offer coverage for alternative therapies under Part A or Part B.

LOCATION: SAN FRANCISCO, CALIFORNIA

San Francisco is the cultural, commercial, and financial center of Northern California and the only consolidated city-county in California. It has a density of about 18,187 people per square mile, making it the most densely settled large city (population greater than 200,000) in the state of California and the second-most densely populated major city in the United States after New York City. San Francisco is the 13th-most populous city in the United States—with a Census-estimated 2014 population of 852,469.¹⁰

Poverty Rates in the Bay Area, California and the United States, 2003-2013



In comparison to the rest of California and the United States, poverty in the Bay Area is quite low. But although low relative to other geographies, the Bay Area poverty rate is high in comparison to historical averages in the region (during the early part of the last decade, poverty in the Bay Area hovered at around 9%). Despite being one of the world’s wealthiest regions, there were 829,547 people living in poverty in the Bay Area in 2013. This is just over 11.3% of the region’s total population. During the Great Recession, poverty levels reached a peak of just under 12% and had been declining over the last two years.

¹⁰ San Francisco, California Facts. U.S. Census Bureau. 2015. Retrieved at <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>.

LOCATION: DEMOGRAPHICS

| DEMOGRAPHICS | San Francisco, California |
|-------------------------|---|
| Total Households | 345.8K Households. |
| Age range | 56% are between the ages of 25 to 34. |
| Gender | 50.7% Male 49.3% Female |
| Race | 48.5% of the total population is white; 6.1% is Black or African American; 33.3% is Asian, and the remaining 12.1% is other races. |
| Family Structure | Of the HHs that have at least one child under the age of 6, roughly 109.4K (31.6%) are married-couple family HHs, 12.7K (7%) are male only family HH and 28.8K (8.3%) are female only family HHs. |
| Income | Median HH income for this segment is \$78,378. 26.8% of population is earning less than \$35,000 annually. |
| Occupation | 69.3% of 24-64 year-olds are employed. |
| Education | 86.7% of 24-64 year-olds have a college degree or higher. |

TARGET MARKET

Sacred Gift Holistic Wellness Center anticipates that the customers of its alternative healthcare services will be men and women aged 30 and older. Higher CAM usage rates for females (49%) compared to males (38%) is not surprising as females tend to be more health conscious and more likely to participate in preventative care. Additionally, women are often the head of healthcare for their families, which may result in increased family CAM usage as well.¹¹

While CAM users are not confined to any one particular group, CAM users, compared to non-users, are more likely to be prevalent among Americans who are: White - women - age 35 to 55 - from western states - have a higher socioeconomic position.¹²

The majority of CAM users tend to be age 35 or older, but usage is reported across all age groups. As reported by Eisenberg (2008), 10% were between 18-24 years, 22% between 25- 34, 33% between 35-49 and 35% were 50 years or older. A recent study by Ronald Kessler, Harvard Medical school professor, does show a trend towards increasing use among younger respondents. By age 33, 70% of post-baby boomers had used a CAM therapy, compared to 50% of baby boomers and 30% of pre-baby boomers.

MARKET NEEDS

The market is in need of the service line that is being offered by Sacred Gift Holistic Wellness Center. The current landscape is filled with businesses that provide a costly service with a relatively limited scope. According to the San Francisco Department of Public Health San Francisco Community Health Assessment, September, 2012, the demand determinants such as:

- An increasing percentage of the population is likely to suffer from chronic health conditions due to both an aging of the population and changes in lifestyle choices.
- Obesity can put people at risk of long-term chronic health problems, including type-2 diabetes and high blood pressure.
- Diabetes can, among other things, lead to damage to blood vessels and nerves, reduced blood flow to the feet and increased risk of developing foot ulcers and infection.

With this industry projected to have the strong effect that will show growth trends over the course of the next several years, a portion of the population with chronic health conditions will use alternative health care that keeps the consumer satisfied will rise exponentially. Market demand is precisely the area that Sacred Gift Holistic Wellness Center will address and one that will allow the Organization to remain relevant well into the future.

¹¹ Eisenberg, F. M. (1998, November). Trends in alternative medicine use in the United States from 1990-1997: Results of a follow-up study. *Journal of the American Medical Association*, 280(18), 1569-1575.

¹² Institute of medicine of the national academies, complementary and alternative medicine in the United States. (2005). *The National Academies Press*, 41.

COMPLEMENTARY AND ALTERNATIVE MEDICINE (CAM)

Complementary and alternative medicine (CAM) has a reputation for good value for health conscious consumers. In the United States consumers spend over \$34 billion per year on CAM therapies, dollars spent outside the conventional health care financing system. Such evidence on out-of-pocket expenditures is a testament to the widely held belief that CAM therapies have benefits that outweigh their costs. Regardless of public opinion, there is often little more than anecdotal evidence on the health and economic implications of CAM therapies.

The paucity of outcomes research in CAM has likely depressed access to CAM therapies by impeding their integration into financial mechanisms commonly found in conventional health care. Most US consumers, who have health insurance coverage, either through public or private institutions, bear the entire cost of CAM therapies out-of-pocket. Theoretically, CAM therapies seem effective and a good candidate for cost savings because they avoid high technology, offer inexpensive remedies, and harness the power of *vis medicatrix naturae* (the body's natural ability to heal itself). As such, a thorough and external review of economic and health outcomes of CAM is necessary for evidence-based consideration of CAM therapies as a covered expense. That being said, it is also known that affirmative evidence on economic and health outcomes is a necessary, but not sufficient step toward CAM coverage, and not the decision itself. Other factors such as historical demand, political expediency, consumer demand, and practitioner enthusiasm may also be considered in the decision to incorporate CAM into a health insurance policy.¹³

¹³ Herman, P.M., Craig, B.M., & Caspi, O. (2005). Is complementary and alternative medicine (CAM) cost effective? Retrieved from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1182346/pdf/1472-6882-5-11.pdf>

Summary of the results of Complementary and Alternative Medicines (CAM) economic evaluations:

| | CAM Therapy Compared to Usual Care* | Patient Population | Form of Economic Evaluation | Health Effects of CAM Compared to Usual Care† | Cost of CAM Compared to Usual Care‡ |
|--|--|---|-----------------------------|---|-------------------------------------|
| Liguori et al, 2000 [32] | Acupuncture | Patients with migraine | CEA | Better | Lower ‡ |
| Wonderling et al, 2004 [35] | Acupuncture | Patients with chronic headache | CUA | Better | Higher‡ |
| Paterson et al, 2003 [34] | Acupuncture | Patients with dyspepsia | CEA | Similar | Similar |
| Korhals-de Bos et al, 2003 [27] | Homeopathy | Patients with neck pain | CEA | Similar | Similar |
| Brefel-Courbon et al, 2003 [50] | Manual therapy | Patients with Parkinson's disease | CEA CUA | Better | Lower ¶ |
| Van Tubergen et al, 2002 [51] | Spa therapy | Patients with ankylosing spondylitis | CEA | Similar | Lower |
| Tusek et al, 1999 [53] | Combined spa-exercise therapy | Cardiac surgery patients | CEA CUA | Better | Higher¶ |
| van Dijkhoorn and Duivemoores, 1999 [54] | Complementary guided imagery | Patients with previous myocardial infarction | CEA | Better | Lower |
| Jacobsen et al, 2002 [55] | Complementary relaxation therapy | Cancer patients undergoing chemotherapy | CEA | Similar | Higher‡ |
| | Complementary professionally-administered stress management training | | CEA | Better | Lower ‡ |
| | Complementary self-administered stress management training | | CEA | Better | Lower ‡ |
| Franzosi et al, 2001 [25] | Complementary omega-3 polyunsaturated fatty acids | Patients with recent myocardial infarction | CEA | Better | Higher |
| Smedley et al, 2004 [68] | Complementary preoperative and post-operative oral nutritional supplementation | Patients undergoing lower gastrointestinal tract surgery | CEA | Better | Similar |
| Norris et al, 2004 [56] | Potassium-rich diet | Postoperative cardiac patients | CEA | Similar | Lower |
| Ryan and Gevirtz, 2004 [76] | Biofeedback-based psychophysiological treatment | Patients with "functional" disorders (e.g., irritable bowel syndrome) | CEA | Better | Lower |
| Larsen et al, 2002 [82] | Complementary custom-made biomechanical shoe orthoses | Recent military conscripts | CEA | Better | Higher |

Bold entries indicate that the CAM therapy was shown to be clearly superior to (dominate) usual care.
 CEA = cost-effectiveness analysis; CUA = cost-utility analysis
 * The use of the term "complementary" in this column indicates CAM therapies used in addition to usual care.
 † If tests of statistical significance were performed, costs must be significantly higher or lower (and health effects significantly better or worse), or they were considered "similar."
 ‡ This study used both a societal and an institutional perspective, and the results were in the same direction.
 ¶ This study used a societal perspective only. All other studies used an institutional perspective only.

As health care costs continue to rise, decision-makers must allocate their increasingly scarce resources toward therapies, which offer the most benefit per unit of cost. Economic evaluations inform evidence-based clinical practice and health policy. To be considered by these decision makers, CAM therapies and their outcomes must be known and compared to conventional approaches. However, CAM practitioners must themselves decide whether the cost of performing these studies is worth the potential impacts to their profession of being considered in managed care. Nevertheless, these evaluations will be done, and they will be better done with practitioner involvement. Whereas the number and quality of these studies have increased in recent years and more CAM therapies have been shown to be good value, there are still not enough studies to measure the cost effectiveness of the majority of CAM. If CAM providers wish to increase the provision of therapies to improve population health, they must report the potential outcomes of CAM therapies widely and well.

BRANDING AND MARKETING

Sacred Gift Holistic Wellness Center recognizes that maintaining a well-regarded brand that provides quality services at low cost to needy persons is essential for propagating a strong standing in the alternative healthcare providers industry. To raise brand awareness among its intended audiences, the Organization will emphasize a logo and Organization colors on all marketing materials. The Organization’s branding, values, and the mission will aid in fueling word-of-mouth buzz and building a loyal customer following.

By upholding a positive corporate image in addition to providing its top-quality services, Sacred Gift Holistic Wellness Center will increase its market share, stand out among its competitors, and become a dominant player in the market. The Organization will also fervently track any direct or indirect competition in the marketplace to ensure it stays on top of cutting-edge industry trends and opportunities. Moving forward, Sacred Gift Holistic Wellness Center will strive to meet the following objectives as it accomplishes specific keys to success:

OBJECTIVES

- Become a recognized non-profit organization in the alternative healthcare provider industry
- Develop a strong customer service model
- Remain flexible in service offerings
- Remain attuned to the marketplace and integrate products into the business mix that meet the needs of the targeted audience

KEYS TO SUCCESS¹⁴

- **Development of a symbiotic relationship with other healthcare providers:** Association or co-location with physicians, sports clinics, paramedical groups or other health care providers can lead to patient referrals.
- **Having a loyal customer base:** Consistent and quality results are more likely to be achieved if patients are dedicated to returning to an alternative healthcare provider.
- **Having a good reputation:** Establishing a positive reputation with the patient community and allied health professionals is important for success. This is particularly true for alternative care providers, which offer more elective care than conventional healthcare providers.
- **Proximity to key markets:** Patients are more likely to visit a healthcare office if it is located in proximity to their home or place of work.
- **Ability to educate the wider community:** Industry providers can benefit from a culture that is aware of and accepts the benefits of alternative healthcare, which requires educating the public on its safety and efficacy.

Sacred Gift Holistic Wellness Center is keenly aware that it must consistently analyze the local competitive landscape to accelerate its position in the marketplace. As the Organization builds its position and competitive advantages, it will continue to execute a marketing plan that highlights the benefits of its services. Any business that operates with a similar model serves as a direct or indirect competitor. The identified competitors are described below:

| | Chinese Hospital East West Health Services | Immune Enhancement Project | Acupuncture & Herbal Clinic (a part of American College of Traditional Chinese Medicine) |
|-------------------------|---|--|---|
| Year Founded | 1925 | 1983 | 1981 |
| Chairman | Brenda Yee | Frank Strona | Lixing Huang |
| Headquarters | 632 Commercial Street, Suite 100 San Francisco, CA 94111 | 3450 16th Street San Francisco, CA 94114 | 455 Arkansas Street San Francisco 94107 |
| Website | https://www.chinesehospital-sf.org/ | www.iepclinic.com | www.actcm.edu |
| Contact Info | (415) 795-8100 | (415) 252-8711 | (415) 282-7600 |
| Entity Type | 501(c)(3) – Non Profit Organization | 501(c)(3) – Non Profit Organization | Info not available |
| Services Offered | Acupuncture, Cardiopulmonary, Health Program, Laboratory, Nursing Care, Optometry, Pharmacy, Radiology/Imaging, and Surgery | Traditional Chinese Medicine, Acupuncture, Nutritional Counseling, Craniosacral Therapy, Massage Therapy & Reiki | Mainly provide acupuncture, herbal, and massage treatments. |
| Strengths | - More than 100 years in existence. - New hospital being develop at 100,000 square feet | - More than 30 years of experience - Online appointment | - More than 35 years in existence. - Clinic is a subsidiary of |

¹⁴Alternative healthcare providers in the US. (2015). *IBIS World*. Retrieved from <http://www.ibisworld.com/industry/default.aspx?indid=1565>.

| | | | |
|-------------------|---|---|---|
| Weaknesses | - | - | - |
|-------------------|---|---|---|

MAJOR INDUSTRY PLAYERS¹⁵

| Company | Market Share | Description |
|------------------------------------|--------------|--|
| Whitaker Wellness Institute | <1.0% | The Whitaker Wellness Institute was founded in 1979 by alternative medicine pioneer Julian Whitaker, MD. It is now the largest alternative medicine clinic in the United States, with more than 45,000 patients treated at the Institute during the past 30 years. Whitaker provides preventative alternative care in addition to care for specific health issues, such as heart disease, diabetes, hypertension or Parkinson’s disease. The company tries to help patients avoid surgery or reduce reliance on prescription drugs. The company specializes in therapies that are not typically offered in other single clinics. These therapies include intravenous treatments for heart disease and circulatory problems, vitamins and minerals for immune enhancement and specialized formulas for the treatment of chronic fatigue, vision problems, and Parkinson’s disease. Whitaker also offers enhanced external counterpulsation (EECP), a noninvasive treatment that improves circulation and relieves angina; hyperbaric oxygen therapy (HBOT), which facilitates wound healing, stroke recovery and other serious medical conditions; and infrared light therapy, microcurrent therapy, prolotherapy and acupuncture for pain control and many other health concerns. In 2015, the company is expected to have generated \$7.8 million in revenue. |

Retrieved from <http://www.drwhitaker.com/about-dr-whitaker/>

COMPETITIVE ADVANTAGES

The following is a listing of the primary competitive advantages of the Organization upon entering the market.

- Customer service
- Niche industry with amazing growth potential
- Convenience of service
- Non-profit organization
- Range of alternative healthcare services at discounted prices for low-income earner
- Minimal employees required
- High clinical quality for patient retention
- Efficient and effective process system

BARRIERS TO ENTRY

There are a large and growing number of firms in this industry, indicating that barriers to entry are low. Sole practitioners can establish operations in rented offices with the minimal capital requirement. Some areas of alternative care also have minimal training, licensing or educational requirements, making it easy for new participants to enter the industry.

Licensing and certification

Many of the specialties in this industry require a license or certification, though, and these requirements usually stipulate levels of training. Each alternative therapy segment has different licensure requirements and is regulated to varying degrees. Nonetheless, many industry services, such as, Reiki, reflexology, and Ayurveda are provided by practitioners apart from a licensed professional group.

| Barriers to Entry checklist | |
|-----------------------------|--------|
| Competition | High |
| Concentration | Low |
| Life Cycle Stage | Growth |
| Capital Intensity | Low |
| Technology Change | Low |
| Regulation & Policy | Heavy |
| Industry Assistance | High |

SOURCE: WWW.IBISWORLD.COM

¹⁵ Ibid.

Some states have crafted legislation for integrative practitioners to protect the public while preserving the freedom of choice for consumers. These so-called health freedom bills, which allow unlicensed practitioners to treat patients as long as disclosure of their training is provided in writing, have been enacted in Minnesota, California, and Rhode Island and have been proposed in at least eight other states.

Limited benefits from scale

There are limited benefits to being a large company in this industry; so new entrants are not forced to compete with appreciably large operators. Further, companies can be successful without needing considerable resources to devote to technology, equipment, building or marketing expenses. However, group practices are more likely to be able to afford and adopt state-of-the-art technology systems that can provide a competitive advantage. Also, larger practices are more likely to employ administrative and management staff, giving practitioners more time and energy to devote to patient care and, thus, enhancing the level of patient satisfaction.¹⁶

SWOT ANALYSIS

The following is a listing of the key strengths and weaknesses of Sacred Gift Holistic Wellness Center as well as the opportunities and threats that exist within the marketplace.

| Strengths | Weaknesses |
|--|---|
| <ul style="list-style-type: none"> • Knowledge and expertise of the founder in the field of Traditional Chinese Medicine • Exceedingly high customer service standards and personal commitment • Non-Profit Organization status registered under 501(c)(3). • Broad scope and quality of services • Range of holistic healthcare services with discounted prices for low-income individuals • Low cost of supplies and equipment | <ul style="list-style-type: none"> • Organization needs grants and working capital for a successful launch • As a new Organization, Sacred Gift Holistic Wellness Center must build its credibility • Organization needs strong employees and cannot pay them too much in the beginning. • Lack of experience fundraising |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • Increasing popularity of the industry • Growth among demographic segments • Add more service segments within alternative healthcare services | <ul style="list-style-type: none"> • Strength of competition in the market • Instability of the US economy leads to unpredictable market activity • Lack of relationships with the local business and civic community |

RISK ANALYSIS:

Risk Analysis: The anticipated risks involved are few with Sacred Gift Holistic Wellness Center, but will be well taken into account to minimize impact. The business operates with little overhead; a vital factor that predicts favorably for long-term sustainability and the creation of a durable business model. However, relatively low barriers to entry have fostered a competitive landscape with a vast range of available products and services. In order to face the risks as a new business in the marketplace, the Organization will implement a highly effective marketing campaign, build industry connections with appropriate funding sources, establish a base of passionate and dedicated volunteers and communicate its value to potential customers while focusing on how

¹⁶ Ibid.

it uniquely fills a market need. With that being said, the Organization stands as a viable business opportunity that has the potential to make a significant contribution to the development of quality of life.

OPERATIONAL STRATEGY

Integrative Model: The Organization will execute integrative model through the use of clinical protocols. The monthly clinical staff meetings will be held to discuss complex cases that help the practitioners to understand the integration process. Daily encounter forms and schedules can be tracked to monitor each practitioner's level of participation in the integrative model.

Client base: Goals will be set for the number of new patients per week by modality and practitioner, and the total number of new patients can be tracked to expand client base. Referrals from area hospitals and providers for case management are a useful source for new patients. Internal and external marketing activities will be tracked and recorded for each new patient as well as for current patients. Reasons for attrition will be identified, and corrective action plans will be developed.

Partnerships: The partnership strategy that can have the most immediate impact on revenue is entering into a partnership with solo practitioners who have an existing holistic practice in the community. Solo practitioners often are willing to relieve themselves of administrative burdens—such as answering phones, scheduling appointments, sending and paying bills—and financial burdens, such as paying monthly rent. Through partnership strategy, Organization will provide administrative services to solo practitioners for which Organization will charge 40% from practitioners.

MARKETING CAMPAIGN

Marketing for Sacred Gift Holistic Wellness Center will be done through a variety of channels including the Internet, print, social media, trade shows/seminars and word of mouth. Internet efforts will be driven through a user-friendly website, which will feature SEO (Search Engine Optimization) that allows it to rank higher in popular search engines like Google and Yahoo. In addition to the website, plans also call for developing an extremely strong social media presence through Facebook, Instagram, and Twitter, the world's premier social media platforms with over 1.5 billion persons in their combined user community. Print marketing will consist of flyers and posters being passed out and placed in destinations that are known to attract a high volume of the targeted audience. Word of mouth will round out the marketing model and has the potential of providing the most marketing push as it will allow the organization to deliver an authentic, trusted marketing message.

NETWORKING:

Networking will be a low-cost means for Sacred Gift Holistic Wellness Center to generate partnerships and growth while bolstering personal commitments to the Organization. Networking is also a way to build credibility for businesses operating in the alternative healthcare provider industry. To grow the practice volume, the Organization will build partnerships with outside allopathic providers to establish a steady stream of referrals for modalities treating specific diseases or ailments. Establishing networks of compatible organizations such as fitness centers and health food stores will create opportunities.

FREE COMMUNITY TALKS:

Sacred Gift Holistic Wellness Center will also provide free community talks and onsite demonstrations at targeted venues. These community talks will return benefits to the organization as well as to the consultants associated with the Organization.

According to the marketing plan, these activities result in an average of 3 visits to the clinic. Given the average net receipt of \$56, the clinic generates \$168 in net revenue from a 1-hour talk. This amount does not include the revenue generated by retention of these clients and the long-term return on investment. In many cases, a practitioner will volunteer time to present on his or her area of expertise as an opportunity to grow the practice.

SOCIAL MEDIA:

The Organization will manage its brand on social media sites, such as Facebook, Instagram, Twitter and Yelp. Social media has the potential to reach millions of potential customers.

TRADE SHOWS:

Through trade shows and conventions, Sacred Gift Holistic Wellness Center will generate integrity and connections within the alternative healthcare providers industry. Trade Shows will allow the Organization to showcase its latest products or services as well as study the activities of its rivals and learn about recent market trends and opportunities. Through the attendance of conventions and trade shows, Sacred Gift Holistic Wellness Center will remain knowledgeable about modern advancements and issues of concern in the field.

WEBSITE:

A well-optimized website with proper site structure, page layout, and clear and easy navigation, along with targeted keywords embedded throughout the site will be constructed and will ensure proper search engine placement and saturation. The Organization's website www.sgholisticwellnesscenter.com is an important marketing asset. Along with SEO, it will be highly informative and will serve as a platform to generate new business.

SEARCH ENGINE OPTIMIZATION (SEO):

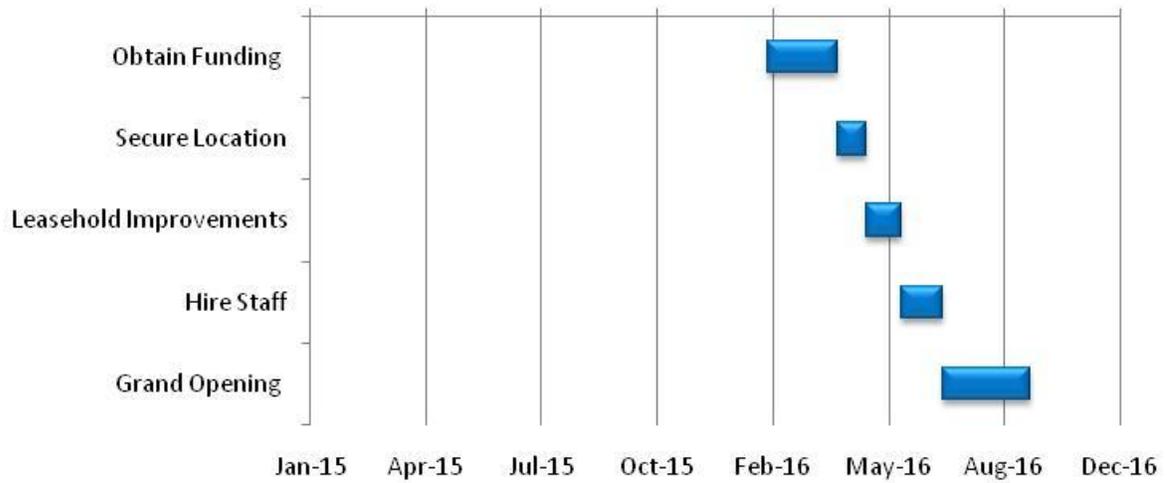
SEO is considered by most online marketers to be the cornerstone of any successful search engine marketing campaign. Websites that appear on the first page of Google are considered trusted authoritative sites. SEO is a long-term strategy and has the potential to be the most lucrative marketing channel for most businesses. This form of marketing uses unpaid tactics to improve a site's search engine results ranking. Search engine optimization is broken up into the following main areas: onsite optimization, offsite optimization, and local SEO.

- **Onsite optimization** is the process of making the website search engine friendly by placing relevant keywords throughout the website, using internal linking, optimizing Meta Tags and adding additional content in order to rank for more search terms that potentially would bring in more customers from the target market.
- **Offsite optimization** involves SEO work that does not occur on the Organization's website. This includes article marketing, natural white hat link building, guest posts, press releases, posting and interacting in forums, answer websites and more. The goal here is to link to the Organization's website from others websites in order to drive more traffic.
- **Local SEO** is the process of creating Organization profiles on local directories such as Google My Business, Yahoo Local, Bing Local, Yelp, Yellow pages, Insider pages, Merchant Circle and more. There is a specific process that is followed in order for the Organization to show up in local search results that are a very powerful method of getting customers to call the Organization or visit the website.

MILESTONES

The tentative milestones are shown below. Management reserves the right to make changes to this schedule as needed.

| Milestones | | | |
|------------------------|------------|-----------------|---------|
| | Start Date | Duration (days) | Manager |
| Obtain Funding | 2/1/2016 | 60.00 | Founder |
| Secure Location | 4/1/2016 | 25.00 | Founder |
| Leasehold Improvements | 4/26/2016 | 30.00 | Founder |
| Hire Staff | 5/26/2016 | 36.00 | Founder |
| Grand Opening | 7/1/2016 | 75.00 | Founder |



MANAGEMENT

ABOUT THE FOUNDER

Stephanie Ann Smith is the founder of Sacred Gift Holistic Wellness Center. Stephanie is a Licensed Doctor of Acupuncture and Oriental Medicine. She has specialized in healthy aging & longevity, chronic pain, digestive disorders, dermatology, Chinese herbal medicine, and Western and Chinese nutrition and supplementation. She has completed her doctorate in Acupuncture and Oriental Medicine from Yo San University, Los Angeles in the year 2011. In 2016, she has also completed her Masters in Traditional Chinese Medicine from Five Branches University, Santa Cruz, CA. She has more than seven years of experience as a practicing acupuncturist. She was also the 1st Acupuncturist onboard for Disney Fantasy Cruise Ship on Disney Cruise Lines launched by Steiner Leisure, LLC. Also, she has excellent communication skills, time-management skills, and overall organizational skills. Stephanie is a highly passionate individual who puts her all into whatever she does. She has been preparing and researching for this venture for the past few years. Her strategic planning and execution make her well suited to lead the Organization.

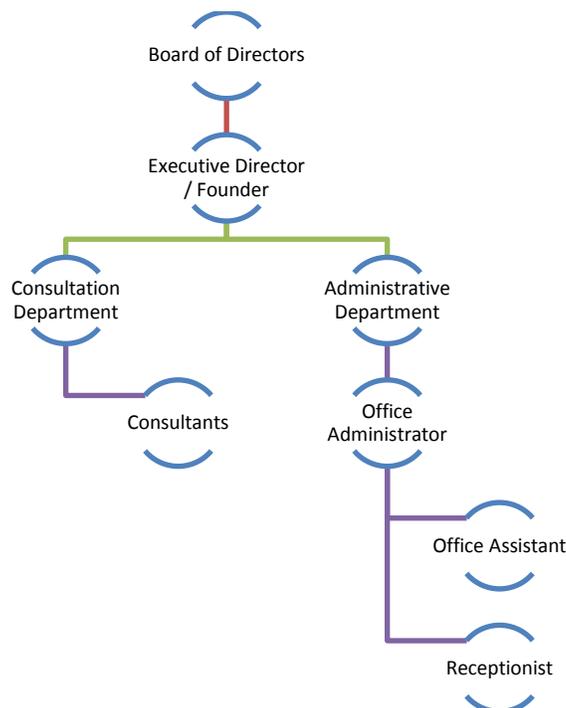
MANAGEMENT TEAM GAPS

Every organization utilizes diverse human resources to accomplish Organization goals and objectives. To accomplish organization goals and objectives, Sacred Gift Holistic Wellness Center may need to add more positions in the future, such as CFO, COO, Finance Manager, Accountant, Sales Manager and Marketing Manager.

BOARD MEMBERS ADVISORS

Besides the Organization’s devoted and experienced management team, Sacred Gift Holistic Wellness Center will consult with a board of directors or advisors to aid in the process of goal setting, accomplishing objectives and overall business development in their pursuit of success.

ORGANIZATIONAL CHART



PERSONNEL FORECAST

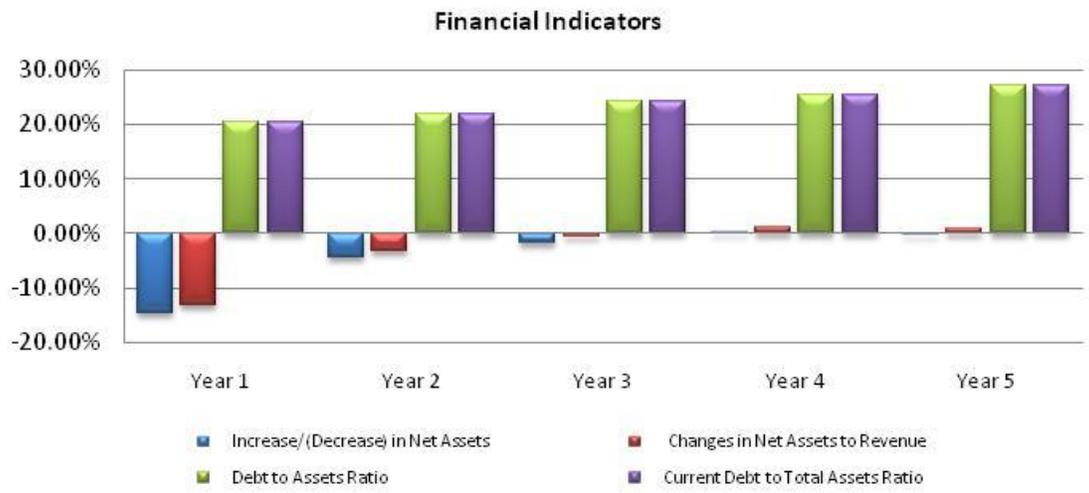
The personnel forecast below shows the staffing needs for the next five years.

| Personnel Forecast | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Staff Count | | | | | |
| Office Administrator | 1 | 1 | 1 | 1 | 1 |
| Office Assistant | 2 | 2 | 2 | 2 | 2 |
| Reception | 1 | 1 | 1 | 1 | 1 |
| Total Personnel | 4 | 4 | 4 | 4 | 5 |
| Staff Salary | | | | | |
| Office Administrator | \$32,000 | \$32,960 | \$33,949 | \$34,967 | \$36,016 |
| Office Assistant | \$25,000 | \$25,750 | \$26,523 | \$27,318 | \$28,138 |
| Reception | \$26,000 | \$26,780 | \$27,583 | \$28,411 | \$29,263 |
| Staff Salaries - Total | | | | | |
| Office Administrator | \$32,000 | \$32,960 | \$33,949 | \$34,967 | \$36,016 |
| Office Assistant | \$50,000 | \$51,500 | \$53,045 | \$54,636 | \$56,275 |
| Reception | \$26,000 | \$26,780 | \$27,583 | \$28,411 | \$29,263 |
| Total Payroll | \$108,000 | \$111,240 | \$114,577 | \$118,015 | \$121,555 |
| Personnel Assumptions: (1) Costs are based on average wages. | | | | | |

FINANCIAL INDICATORS

The following table summarizes Sacred Gift holistic Wellness Center’s projected financial performance with standardized measurement indicators used to evaluate the profitability, leverage, asset turnover and liquidity. As with any long-range projection, accuracy is based on reasonable estimates of return on investment and past performance. The Organization believes the following numbers are attainable and reasonable. However, actual results will vary.

| Financial Indicators | | | | | |
|---|---------|---------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Profitability %'s: | | | | | |
| Gross Revenue, Gains & Other Supports % | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% |
| Increase/(Decrease) in Net Assets | -14.51% | -4.46% | -1.77% | 0.14% | 0.10% |
| Changes in Net Assets to Revenue | -13.30% | -3.33% | -0.73% | 1.11% | 0.99% |
| Return on Assets | -41.06% | -16.08% | -7.34% | 0.63% | 0.44% |
| Return on Equity | -51.53% | -20.63% | -9.68% | 0.84% | 0.60% |
| Activity Ratios: | | | | | |
| Accounts Payable Turnover | 6.78 | 7.96 | 8.37 | 8.41 | 8.23 |
| Asset Turnover | 2.83 | 3.61 | 4.16 | 4.38 | 4.59 |
| Leverage Ratios: | | | | | |
| Debt to Restricted Assets | 0.26 | 0.28 | 0.32 | 0.34 | 0.37 |
| Debt to Assets Ratio | 20.32% | 22.06% | 24.17% | 25.35% | 27.16% |
| Interest Coverage Ratio | N/A | N/A | N/A | N/A | N/A |
| Liquidity Ratios: | | | | | |
| Current Ratio | 3.40 | 3.06 | 2.88 | 2.94 | 2.93 |
| Current Debt to Total Assets Ratio | 20.32% | 22.06% | 24.17% | 25.35% | 27.16% |
| Additional Indicators: | | | | | |
| Revenue to Equity Ratio | 3.55 | 4.63 | 5.48 | 5.87 | 6.30 |



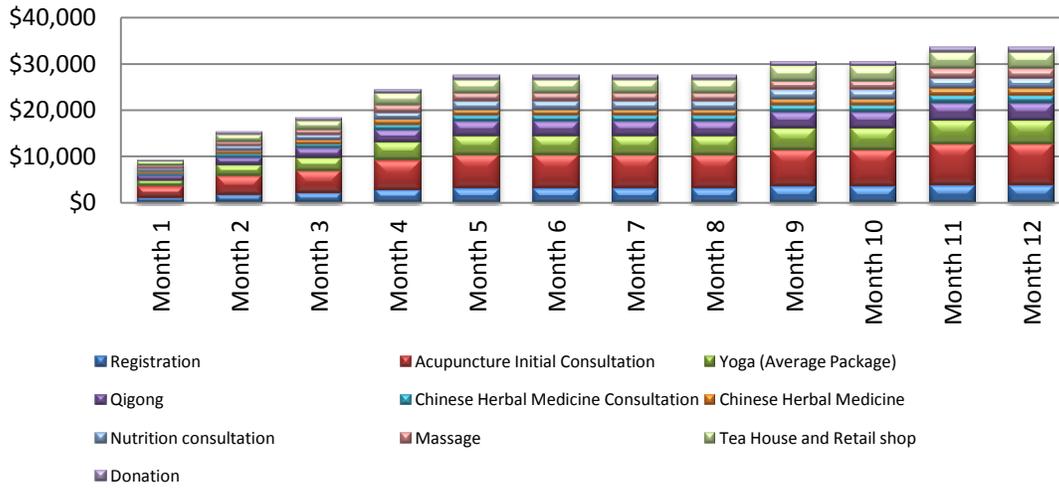
REVENUE FORECAST

The following is a five-year revenue forecast. Direct costs include all costs that can be directly tied to revenue and include “cost of goods/services.”

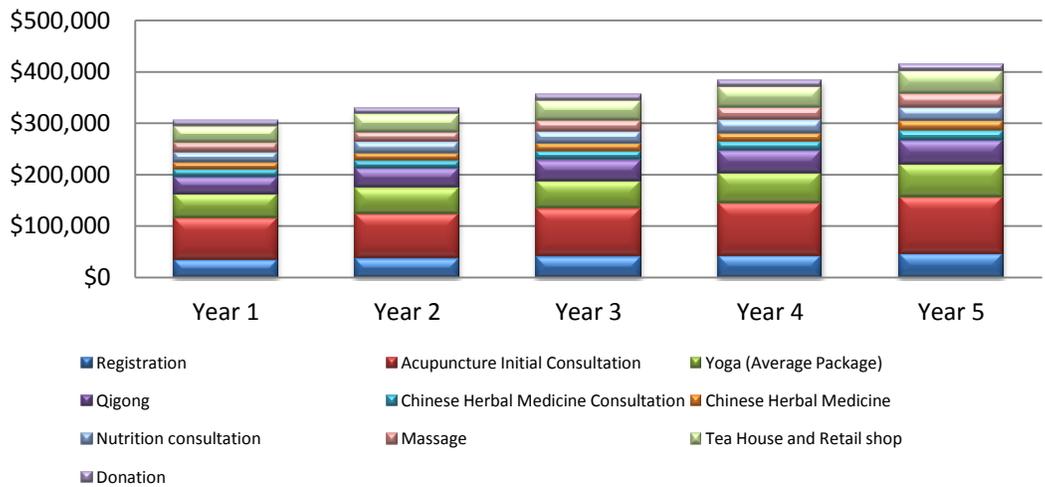
| Revenue, Gains & Other Supports Forecast | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total | | | | | |
| Registration | 1,739 | 1,878 | 2,028 | 2,190 | 2,365 |
| Acupuncture Initial Consultation | 1,277 | 1,379 | 1,489 | 1,608 | 1,737 |
| Yoga (Average Package) | 748 | 808 | 873 | 943 | 1,018 |
| Qigong | 734 | 792 | 856 | 924 | 998 |
| Chinese Herbal Medicine Consultation | 220 | 238 | 257 | 277 | 299 |
| Chinese Herbal Medicine | 293 | 317 | 342 | 370 | 399 |
| Nutrition consultation | 440 | 475 | 513 | 554 | 599 |
| Massage | 587 | 634 | 684 | 739 | 798 |
| Tea House and Retail shop | 2,149 | 2,321 | 2,507 | 2,708 | 2,924 |
| Donation | 100 | 108 | 117 | 126 | 136 |
| Price | | | | | |
| Registration | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| Acupuncture Initial Consultation | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Yoga (Average Package) | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Qigong | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 |
| Chinese Herbal Medicine Consultation | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Chinese Herbal Medicine | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 |
| Nutrition consultation | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 |
| Massage | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 |
| Tea House and Retail shop | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 |
| Donation | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 |
| Revenue | | | | | |
| Registration | \$34,773 | \$37,555 | \$40,559 | \$43,804 | \$47,308 |
| Acupuncture Initial Consultation | \$80,086 | \$86,492 | \$93,412 | \$100,885 | \$108,956 |
| Yoga (Average Package) | \$46,947 | \$50,702 | \$54,759 | \$59,139 | \$63,870 |
| Qigong | \$34,520 | \$37,282 | \$40,264 | \$43,485 | \$46,964 |
| Chinese Herbal Medicine Consultation | \$13,805 | \$14,909 | \$16,102 | \$17,390 | \$18,781 |
| Chinese Herbal Medicine | \$13,647 | \$14,739 | \$15,918 | \$17,192 | \$18,567 |
| Nutrition consultation | \$20,227 | \$21,845 | \$23,592 | \$25,480 | \$27,518 |
| Massage | \$18,406 | \$19,878 | \$21,469 | \$23,186 | \$25,041 |
| Tea House and Retail shop | \$32,242 | \$34,822 | \$37,608 | \$40,616 | \$43,865 |
| Donation | \$10,000 | \$10,800 | \$11,664 | \$12,597 | \$13,605 |
| Total Revenue | \$304,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |
| Direct Cost | | | | | |
| Acupuncture Initial Consultation | \$37.64 | \$37.64 | \$37.64 | \$37.64 | \$37.64 |
| Yoga (Average Package) | \$37.64 | \$37.64 | \$37.64 | \$37.64 | \$37.64 |
| Qigong | \$28.23 | \$28.23 | \$28.23 | \$28.23 | \$28.23 |
| Chinese Herbal Medicine Consultation | \$37.64 | \$37.64 | \$37.64 | \$37.64 | \$37.64 |
| Chinese Herbal Medicine | \$34.89 | \$34.89 | \$34.89 | \$34.89 | \$34.89 |
| Nutrition consultation | \$27.58 | \$27.58 | \$27.58 | \$27.58 | \$27.58 |
| Massage | \$18.82 | \$18.82 | \$18.82 | \$18.82 | \$18.82 |
| Tea House and Retail shop | \$4.50 | \$4.50 | \$4.50 | \$4.50 | \$4.50 |
| Direct Cost of Revenue | | | | | |
| Acupuncture Initial Consultation | \$48,051 | \$51,895 | \$56,047 | \$60,531 | \$65,373 |
| Yoga (Average Package) | \$28,168 | \$30,421 | \$32,855 | \$35,484 | \$38,322 |
| Qigong | \$20,712 | \$22,369 | \$24,159 | \$26,091 | \$28,179 |
| Chinese Herbal Medicine Consultation | \$8,283 | \$8,945 | \$9,661 | \$10,434 | \$11,269 |
| Chinese Herbal Medicine | \$10,236 | \$11,054 | \$11,939 | \$12,894 | \$13,925 |
| Nutrition consultation | \$12,136 | \$13,107 | \$14,155 | \$15,288 | \$16,511 |
| Massage | \$11,044 | \$11,927 | \$12,881 | \$13,912 | \$15,025 |
| Tea House and Retail shop | \$9,673 | \$10,447 | \$11,282 | \$12,185 | \$13,160 |
| Subtotal Cost of Revenue | \$148,302 | \$160,166 | \$172,979 | \$186,818 | \$201,763 |

Revenue Forecast Assumptions: (1) Revenue and costs are based on averages.

Year 1 Revenue Monthly



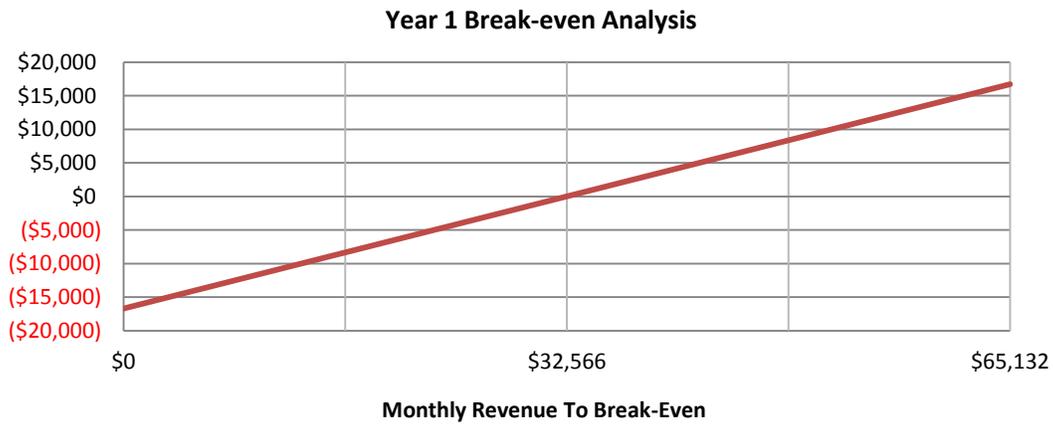
Revenue By Year



BREAK-EVEN ANALYSIS

The following break-even analysis shows the revenue necessary to break-even in the first year of operation. Break-even is where revenue equals expenses. As shown below, the Organization is expected to incur average monthly fixed costs of **\$32,566** in Year 1. To cover fixed costs and variable costs, which rise and fall with revenue, the Organization must, on average, achieve revenue of **\$16,713** per month to break-even.

| Year 1 Break-even Analysis | |
|-------------------------------|----------|
| Monthly Revenue Break-even | \$32,566 |
| Assumptions: | |
| Average Monthly Revenue | \$25,388 |
| Average Monthly Variable Cost | \$12,358 |
| Estimated Monthly Fixed Cost | \$16,713 |

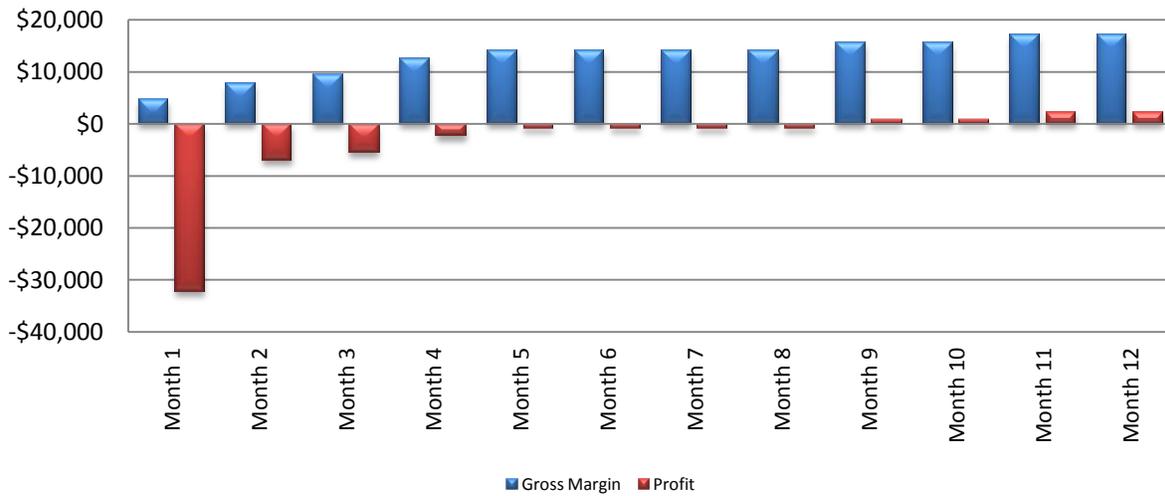


PROJECTED INCOME STATEMENT

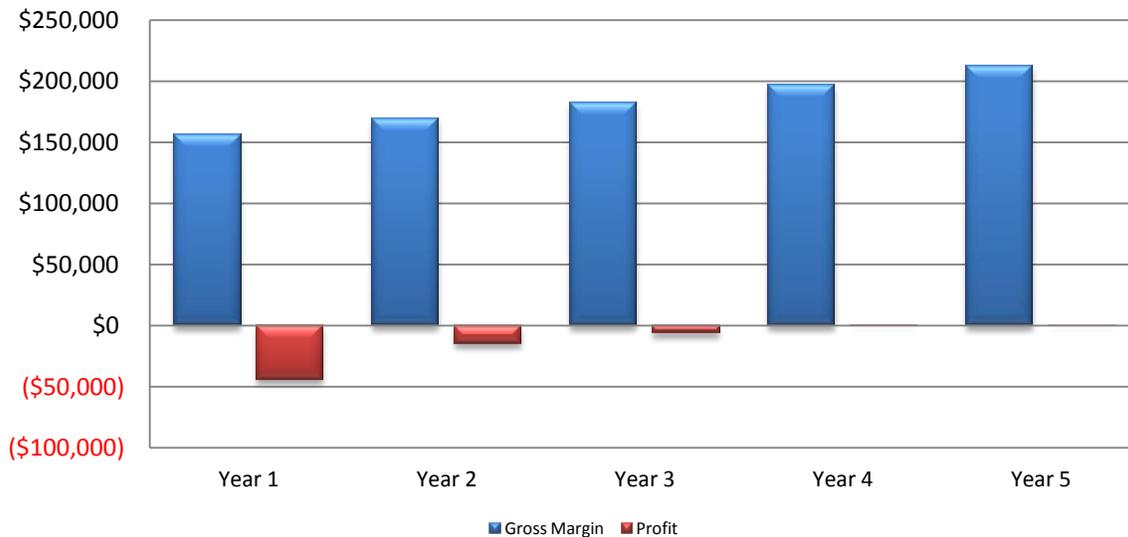
Sacred Gift Holistic Wellness Center intends to deploy its funding to maximize growth and profitability. In the Income Statement table below, gross margin equals sales minus direct costs. The “bottom line” or profit (as measured before and after interest, taxes, depreciation and amortization) equals gross margin minus operating expenses.

The charts below represent the total revenue monthly and for the next five years. The charts illustrate the percentage of revenue allocated to cost of goods (COG), operating expenses, taxes and interest. The net income piece represents revenue less the aforementioned expenditures.

Gross Margin & Profit Monthly



Gross Margin & Profit Yearly



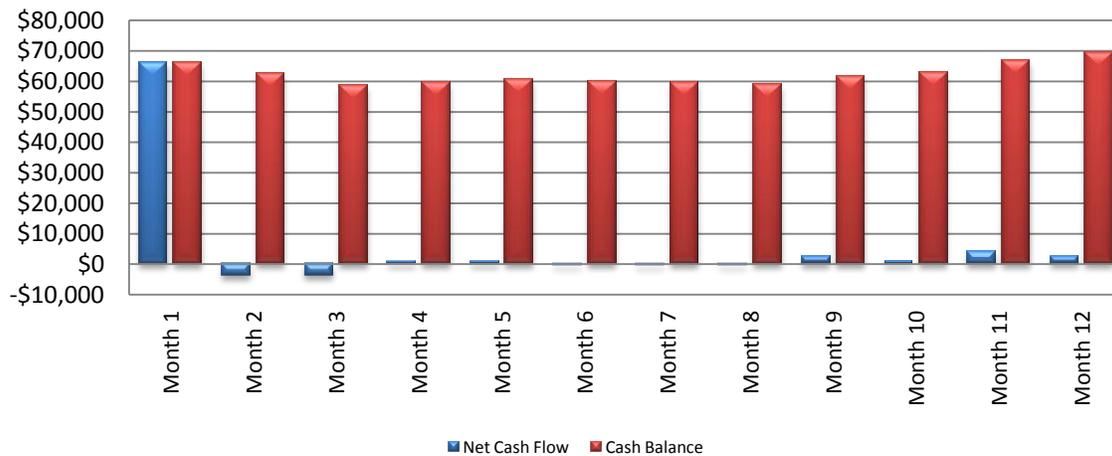
PROJECTED CASH FLOW

The following depictions of Sacred Gift Holistic Wellness Center’s projected cash flow show that the Organization expects to maintain sufficient cash balances over the five years of this plan. The “pro forma cash flow” table differs from the “pro forma income statement” table. Pro forma cash flow is intended to represent the actual flow of cash in and out of Sacred Gift Holistic Wellness Center. In comparison, the revenue and expense projections on the income statement include “non-cash” items and exclude funding and investment illustrations.

| Pro Forma Cash Flow | | | | | |
|-------------------------------------|------------------|-------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Cash Received | | | | | |
| Revenue, Gains & Other Supports | \$304,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |
| Owner Contribution | \$30,000 | \$0 | \$0 | \$0 | \$0 |
| Proceeds from Investor | \$100,000 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Cash Received | \$434,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |
| Expenditures | | | | | |
| Expenditures from Operations | | | | | |
| Total Personnel | \$108,000 | \$111,240 | \$114,577 | \$118,015 | \$121,555 |
| Bill Payments | \$193,275 | \$230,510 | \$242,809 | \$259,965 | \$286,503 |
| Subtotal Spent on Operations | \$301,275 | \$341,750 | \$357,386 | \$377,979 | \$408,058 |
| Additional Cash Spent | | | | | |
| Start-up Costs | \$22,000 | \$0 | \$0 | \$0 | \$0 |
| Purchase Inventory | \$5,000 | \$0 | \$0 | \$0 | \$0 |
| Purchase Long-term Assets | \$37,000 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Cash Spent | \$365,275 | \$341,750 | \$357,386 | \$377,979 | \$408,058 |
| Net Cash Flow | \$69,377 | (\$12,725) | (\$2,040) | \$5,795 | \$6,418 |
| Cash Balance | \$69,377 | \$56,651 | \$54,612 | \$60,406 | \$66,824 |

Cash Flow Assumptions: (1) Proceeds from Grant assume funds were received in the amount of \$100K.

Year 1 Cash



PROJECTED BALANCE SHEET

A balance sheet is a snapshot of Sacred Gift Holistic Wellness Center's financial condition. The balance sheet has three parts: assets, liabilities and ownership equity.

| Pro Forma Balance Sheet | | | | | |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash | \$69,377 | \$56,651 | \$54,612 | \$60,406 | \$66,824 |
| Inventory | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Total Current Assets | \$74,377 | \$61,651 | \$59,612 | \$65,406 | \$71,824 |
| Long-term Assets | | | | | |
| Long-term Assets | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 |
| Accumulated Depreciation | \$3,700 | \$7,400 | \$11,100 | \$14,800 | \$18,500 |
| Total Long-term Assets | \$33,300 | \$29,600 | \$25,900 | \$22,200 | \$18,500 |
| Total Assets | \$107,677 | \$91,251 | \$85,512 | \$87,606 | \$90,324 |
| Liabilities and Capital | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$21,885 | \$20,131 | \$20,668 | \$22,210 | \$24,530 |
| Subtotal Current Liabilities | \$21,885 | \$20,131 | \$20,668 | \$22,210 | \$24,530 |
| Total Liabilities | \$21,885 | \$20,131 | \$20,668 | \$22,210 | \$24,530 |
| Net Assets | | | | | |
| Permanently Restricted Assets | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 |
| Unrestricted | \$0 | (\$44,208) | (\$58,879) | (\$65,156) | (\$64,604) |
| Undesignated Unrestricted | (\$44,208) | (\$14,671) | (\$6,277) | \$552 | \$398 |
| Total Net Assets | \$85,792 | \$71,121 | \$64,844 | \$65,396 | \$65,794 |
| Total Liabilities and Net Assets | \$107,677 | \$91,251 | \$85,512 | \$87,606 | \$90,324 |
| Net Worth | \$85,792 | \$71,121 | \$64,844 | \$65,396 | \$65,794 |

FINANCIAL ASSUMPTIONS

The assumptions below provide growth rates, cash on hand, and the terms of funding based on an initial grant amount of **\$100,000**.

| Financial Assumptions | | | | | |
|---------------------------------|--------|--------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Growth Assumptions | | | | | |
| Total Revenue Growth | | 8% | 8% | 8% | 8% |
| Total Expense Growth | | -8% | 3% | 4% | 8% |
| Personnel Assumptions | | | | | |
| Average Salary Growth | | 3% | 3% | 3% | 3% |
| Payroll Growth | | 3% | 3% | 3% | 3% |
| Cash Assumptions | | | | | |
| Months of Cash on Hand | 2 | 4 | 3 | 4 | 4 |
| Bill Payment Term (Days) | 32 | 32 | 32 | 32 | 32 |
| Loan Assumptions | | | | | |
| LOC Loan (Interest Only) | | | | | |
| Line-of-Credit Monthly Payment | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fixed Rate Loan | | | | | |
| Loan Term | 0 | | | | |
| Loan Rate | 0.0% | | | | |
| Monthly Loan Payment | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average Monthly Interest | \$0 | \$0 | \$0 | \$0 | \$0 |
| Average Monthly Principle | \$0 | \$0 | \$0 | \$0 | \$0 |

APPENDIX: YEAR ONE FINANCIALS

| Year 1 Revenue, Gains & Other Supports Forecast | | | | | | | | | | | | |
|---|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Total | | | | | | | | | | | | |
| Registration | 52 | 87 | 104 | 139 | 156 | 156 | 156 | 156 | 174 | 174 | 191 | 191 |
| Acupuncture Initial Consultation | 38 | 64 | 77 | 102 | 115 | 115 | 115 | 115 | 128 | 128 | 140 | 140 |
| Yoga (Average Package) | 22 | 37 | 45 | 60 | 67 | 67 | 67 | 67 | 75 | 75 | 82 | 82 |
| Qigong | 22 | 37 | 44 | 59 | 66 | 66 | 66 | 66 | 73 | 73 | 81 | 81 |
| Chinese Herbal Medicine Consultation | 7 | 11 | 13 | 18 | 20 | 20 | 20 | 20 | 22 | 22 | 24 | 24 |
| Chinese Herbal Medicine | 9 | 15 | 18 | 23 | 26 | 26 | 26 | 26 | 29 | 29 | 32 | 32 |
| Nutrition consultation | 13 | 22 | 26 | 35 | 40 | 40 | 40 | 40 | 44 | 44 | 48 | 48 |
| Massage | 18 | 29 | 35 | 47 | 53 | 53 | 53 | 53 | 59 | 59 | 65 | 65 |
| Tea House and Retail shop | 64 | 107 | 129 | 172 | 193 | 193 | 193 | 193 | 215 | 215 | 236 | 236 |
| Donation | 3 | 5 | 6 | 8 | 9 | 9 | 9 | 9 | 10 | 10 | 11 | 11 |
| Price | | | | | | | | | | | | |
| Registration | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| Acupuncture Initial Consultation | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Yoga (Average Package) | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Qigong | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 |
| Chinese Herbal Medicine Consultation | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Chinese Herbal Medicine | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 |
| Nutrition consultation | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 |
| Massage | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 |
| Tea House and Retail shop | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 |
| Donation | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 |
| Revenue | | | | | | | | | | | | |
| Registration | \$1,043 | \$1,739 | \$2,086 | \$2,782 | \$3,130 | \$3,130 | \$3,130 | \$3,130 | \$3,477 | \$3,477 | \$3,825 | \$3,825 |
| Acupuncture Initial Consultation | \$2,403 | \$4,004 | \$4,805 | \$6,407 | \$7,208 | \$7,208 | \$7,208 | \$7,208 | \$8,009 | \$8,009 | \$8,809 | \$8,809 |
| Yoga (Average Package) | \$1,408 | \$2,347 | \$2,817 | \$3,756 | \$4,225 | \$4,225 | \$4,225 | \$4,225 | \$4,695 | \$4,695 | \$5,164 | \$5,164 |
| Qigong | \$1,036 | \$1,726 | \$2,071 | \$2,762 | \$3,107 | \$3,107 | \$3,107 | \$3,107 | \$3,452 | \$3,452 | \$3,797 | \$3,797 |
| Chinese Herbal Medicine Consultation | \$414 | \$690 | \$828 | \$1,104 | \$1,242 | \$1,242 | \$1,242 | \$1,242 | \$1,380 | \$1,380 | \$1,518 | \$1,518 |
| Chinese Herbal Medicine | \$409 | \$682 | \$819 | \$1,092 | \$1,228 | \$1,228 | \$1,228 | \$1,228 | \$1,365 | \$1,365 | \$1,501 | \$1,501 |
| Nutrition consultation | \$607 | \$1,011 | \$1,214 | \$1,618 | \$1,820 | \$1,820 | \$1,820 | \$1,820 | \$2,023 | \$2,023 | \$2,225 | \$2,225 |
| Massage | \$552 | \$920 | \$1,104 | \$1,472 | \$1,657 | \$1,657 | \$1,657 | \$1,657 | \$1,841 | \$1,841 | \$2,025 | \$2,025 |
| Tea House and Retail shop | \$967 | \$1,612 | \$1,935 | \$2,579 | \$2,902 | \$2,902 | \$2,902 | \$2,902 | \$3,224 | \$3,224 | \$3,547 | \$3,547 |
| Donation | \$300 | \$500 | \$600 | \$800 | \$900 | \$900 | \$900 | \$900 | \$1,000 | \$1,000 | \$1,100 | \$1,100 |
| Total Revenue | \$9,140 | \$15,233 | \$18,279 | \$24,372 | \$27,419 | \$27,419 | \$27,419 | \$27,419 | \$30,465 | \$30,465 | \$33,512 | \$33,512 |

Year 1 Personnel Forecast

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Staff Count | | | | | | | | | | | | |
| Office Administrator | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Office Assistant | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Reception | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Personnel | 4 |
| Staff Salary | | | | | | | | | | | | |
| Office Administrator | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 |
| Office Assistant | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 | \$2,083 |
| Reception | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 |
| Staff Salaries - Total | | | | | | | | | | | | |
| Office Administrator | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 | \$2,667 |
| Office Assistant | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 | \$4,167 |
| Reception | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 | \$2,167 |
| Total Payroll | \$9,000 |

Year 1 Statement of Activities

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|--|-------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue, gains & other supports | \$9,140 | \$15,233 | \$18,279 | \$24,372 | \$27,419 | \$27,419 | \$27,419 | \$27,419 | \$30,465 | \$30,465 | \$33,512 | \$33,512 |
| Total Cost of Revenue | \$4,449 | \$7,415 | \$8,898 | \$11,864 | \$13,347 | \$13,347 | \$13,347 | \$13,347 | \$14,830 | \$14,830 | \$16,313 | \$16,313 |
| Gross Revenue, Gains & Other Supports | \$4,691 | \$7,818 | \$9,381 | \$12,508 | \$14,072 | \$14,072 | \$14,072 | \$14,072 | \$15,635 | \$15,635 | \$17,199 | \$17,199 |
| Gross Margin/Revenue | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% |
| Expenses | | | | | | | | | | | | |
| Rent | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |
| General Insurance Liability | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 | \$134 |
| Business License/Permits | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 |
| Telephone/Internet | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 |
| Website Hosting/Updates | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 | \$34 |
| Marketing & Advertising | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 |
| Supplies | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 | \$400 |
| Utilities | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 |
| Professional Services | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 |
| Startup Cost | \$22,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Facility Maintenance | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 |
| Depreciation | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 | \$308 |
| Payroll Taxes & Benefits | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 | \$1,004 |
| Total Personnel | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 |
| Total Operating Expenses | \$36,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 | \$14,880 |
| Changes in Net Assets Before Interest and Taxes | (\$32,189) | (\$7,062) | (\$5,499) | (\$2,372) | (\$808) | (\$808) | (\$808) | (\$808) | \$755 | \$755 | \$2,319 | \$2,319 |
| Net Increase/(Decrease) in Net Assets | (\$32,189) | (\$7,062) | (\$5,499) | (\$2,372) | (\$808) | (\$808) | (\$808) | (\$808) | \$755 | \$755 | \$2,319 | \$2,319 |
| Net increase/(decrease) in Net Assets % | -352.20% | -46.36% | -30.08% | -9.73% | -2.95% | -2.95% | -2.95% | -2.95% | 2.48% | 2.48% | 6.92% | 6.92% |

Year 1 Cash Flow

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|---------------------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Additional Cash Received | | | | | | | | | | | | |
| Revenue, Gains & Other Supports | \$9,140 | \$15,233 | \$18,279 | \$24,372 | \$27,419 | \$27,419 | \$27,419 | \$27,419 | \$30,465 | \$30,465 | \$33,512 | \$33,512 |
| Owner Contribution | \$30,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Proceeds from Investor | \$100,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Cash Received | \$139,140 | \$15,233 | \$18,279 | \$24,372 | \$27,419 | \$27,419 | \$27,419 | \$27,419 | \$30,465 | \$30,465 | \$33,512 | \$33,512 |
| Total Personnel | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 | \$9,000 |
| Bill Payments | \$0 | \$10,021 | \$12,987 | \$14,470 | \$17,436 | \$18,919 | \$18,919 | \$18,919 | \$18,919 | \$20,402 | \$20,402 | \$21,885 |
| Additional Cash Spent | | | | | | | | | | | | |
| Start-up Costs | \$22,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Purchase Inventory | \$5,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Purchase Long-term Assets | \$37,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Cash Spent | \$73,000 | \$19,021 | \$21,987 | \$23,470 | \$26,436 | \$27,919 | \$27,919 | \$27,919 | \$27,919 | \$29,402 | \$29,402 | \$30,885 |
| Net Cash Flow | \$66,140 | (\$3,788) | (\$3,707) | \$903 | \$983 | (\$500) | (\$500) | (\$500) | \$2,547 | \$1,064 | \$4,110 | \$2,627 |
| Cash Balance | \$66,140 | \$62,352 | \$58,644 | \$59,547 | \$60,530 | \$60,030 | \$59,530 | \$59,030 | \$61,576 | \$62,640 | \$66,750 | \$69,377 |

Year 1 Balance Sheet

| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|---|------------------|------------------|-----------------|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Current Assets | | | | | | | | | | | | |
| Cash | \$66,140 | \$62,352 | \$58,644 | \$59,547 | \$60,530 | \$60,030 | \$59,530 | \$59,030 | \$61,576 | \$62,640 | \$66,750 | \$69,377 |
| Inventory | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Total Current Assets | \$71,140 | \$67,352 | \$63,644 | \$64,547 | \$65,530 | \$65,030 | \$64,530 | \$64,030 | \$66,576 | \$67,640 | \$71,750 | \$74,377 |
| Long-term Assets | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 |
| Accumulated Depreciation | \$308 | \$617 | \$925 | \$1,233 | \$1,542 | \$1,850 | \$2,158 | \$2,467 | \$2,775 | \$3,083 | \$3,392 | \$3,700 |
| Total Long-term Assets | \$36,692 | \$36,383 | \$36,075 | \$35,767 | \$35,458 | \$35,150 | \$34,842 | \$34,533 | \$34,225 | \$33,917 | \$33,608 | \$33,300 |
| Total Assets | \$107,831 | \$103,735 | \$99,719 | \$100,313 | \$100,988 | \$100,180 | \$99,371 | \$98,563 | \$100,801 | \$101,556 | \$105,358 | \$107,677 |
| Current Liabilities | | | | | | | | | | | | |
| Accounts Payable | \$10,021 | \$12,987 | \$14,470 | \$17,436 | \$18,919 | \$18,919 | \$18,919 | \$18,919 | \$20,402 | \$20,402 | \$21,885 | \$21,885 |
| Subtotal Current Liabilities | \$10,021 | \$12,987 | \$14,470 | \$17,436 | \$18,919 | \$18,919 | \$18,919 | \$18,919 | \$20,402 | \$20,402 | \$21,885 | \$21,885 |
| Total Liabilities | \$10,021 | \$12,987 | \$14,470 | \$17,436 | \$18,919 | \$18,919 | \$18,919 | \$18,919 | \$20,402 | \$20,402 | \$21,885 | \$21,885 |
| Net Assets | | | | | | | | | | | | |
| Permanently Restricted Assets | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 |
| Undesignated Unrestricted | (\$32,189) | (\$39,252) | (\$44,750) | (\$47,122) | (\$47,931) | (\$48,739) | (\$49,547) | (\$50,356) | (\$49,600) | (\$48,845) | (\$46,527) | (\$44,208) |
| Net Assets | \$97,811 | \$90,748 | \$85,250 | \$82,878 | \$82,069 | \$81,261 | \$80,453 | \$79,644 | \$80,400 | \$81,155 | \$83,473 | \$85,792 |
| Total Liabilities and Net Assets | \$107,831 | \$103,735 | \$99,719 | \$100,313 | \$100,988 | \$100,180 | \$99,371 | \$98,563 | \$100,801 | \$101,556 | \$105,358 | \$107,677 |
| Net Worth | \$97,811 | \$90,748 | \$85,250 | \$82,878 | \$82,069 | \$81,261 | \$80,453 | \$79,644 | \$80,400 | \$81,155 | \$83,473 | \$85,792 |

METHODOLOGY

Research was conducted online using a MacBook pro and at ULCA Louise M. Darling Biomedical Library, the Yo San University Library, the UCLA Rosenfield Library at the Anderson School of Management. Databases used to access Medical Journals: PubMed, Google Scholar and IBISworld.

Key words used in searches include: viability of non-profit acupuncture clinic. Non-profit, holistic, alternative medicine, how to write a business plan, how to start a non-profit, marketing strategies, demographics, financial forecasting, acupuncture consumer reports, acupuncture business model, marketing research, CAM therapies, viability of acupuncture, viability non-profit business, complementary medicine, viability of non-profit holistic clinic, incorporating a 501c non-profit organization, mission statements, trends in alternative medicine, massage therapies, yoga, public health, student loan forgiveness.

Primary research involved calling ads on craigslist for office space rentals, calling lawyers and finding out legal fees, internet searches for local competitors, office supplies, acupuncture websites, furniture and massage bed estimates, visiting competition sites, speaking with managers and practitioners, consulting with finance experts, internet searches for other non-profit acupuncture clinics in other states.

Secondary research was pursued by an environmental scan. Which is the research and use of information about events, trends and relationships. The environmental scan was conducted to take a critical look at the trends facing the organization in its field of work, in its community, and in the area of future funding. The results of the environmental scan provided information about potential future scenarios and options available to the organization for its growth and development. An objective scan of the marketplace provides a tool to help the organization to be as quick to respond as possible when external trends in the marketplace change. The research in the plan is meant to account for the possibility of priority shifts among funding sources, or the amount of nonprofit organizations operating in the community.

An environmental scan included researching demographic information about the target population groups served by the nonprofit. Place-based

data including information about where other nonprofits are providing similar services and programs in the same geographic area; information about the funding landscape, including trends among potential individual, corporate and foundation donors and specific information about the organizations particular cause, including what is happening in other areas of the country that may be applicable to the non-profit. This research helped to provide the foundation to build upon for the market analysis, marketing plan, and to later form the financials.

To determine the market analysis, the customer base needed to be identified. These questions were used to determine outcomes.

1. Who will be your customers?
2. What services will they utilize?
3. Who is the market (Geographic, Demographic and Psychographic characteristics)?
4. What was the size of the market? Was it growing?
Were there portions of users who are under-served by competition?
5. Did any of these under-served segments present opportunities?

Marketing Plan

To determine the strategy of the marketing plan these questions were posed.

1. What are we offering? (What benefits will the organization provide and what image does it have?)
2. Who wants the services the organization offers? (Identify Target Markets)
3. How will the organization reach its Target Markets and motivate them to use the services? (Price, and Promotional Strategies)

Pricing Strategies

1. What will be the organizations pricing strategies (For example, Premium, Low Price, Frequent Sale Prices, Match Competitor Price, etc.)
2. How will the organization compare with competition and how will it compensate?
3. Why will clients pay the organizations asking price?
4. What will be the credit policies?
5. What is the competition?

6. Can the organization add value and compete on issues other than price?

Promotional Strategies

1. Who are the Target Markets?
2. How will the organization reach its Target Markets? (What Media will be utilized)?
3. What is the cost and timetable for implementation of the marketing plan?

Location

In this case the location was not yet determined. When determining a location one needs to consider that locations with greater customer traffic usually cost more to buy or rent, but it is essential to choose a good location because foot traffic and accessibility are critical.

Competition

- 1) Who will be your largest competitors? List them.
- 2) How will your operation be better (and worse) than your competitors?
- 3) How are competitors doing? What are their sales and profits?

Management and Operations.

Because management problems are the leading cause of business failures, it was important to plan for management qualifications and structure. The founder's resume was included in the plan because it was key to emphasize qualifications.

These questions were posed when researching data for the operations.

- 1) What is the business management experience of the management team? 2) What are the functional areas of the business?
- 2) Who will be responsible for each functional area?
- 3) Who reports to whom?
- 4) What will salaries be?

Application and effect of loan or Investment.

In order to determine this part, the financial data needed to be completed. Which will be explained in the next section. The questions posed to determine the loan and investments were:

- 1) What was the total investment required?
- 2) How will the loan or investment used?
- 3) How will the loan or investment make the business more profitable?
- 4) When will the loan be repaid?

Financial projections

For the financial projections this data was needed:

- 1) To establish the profit potential of the business, given reasonable assumptions
- 2) To determine how much capital the company needs and how it will be used
- 3) To demonstrate how the business can generate the cash to operate and re-pay loans

The quality of the projections depended on the accuracy of the assumptions. The non-profit was a start-up, so it had greater challenges. Extensive research was conducted to determine the logic of the numbers. Industry data from public sources and trade associations was collected and competitive observation and analysis was deciphered as shown in the plan.

- 1) Fixed asset essentials for the first year needed to be estimated including Buildings, Leasehold Improvements and Equipment.
- 2) Each individual “unit” of the organization’s service was estimated. The cost of sales was calculated and the Gross Profit is shown as a percentage of the selling price.
- 3) Estimates of any start-up costs or one-time expenses. Licenses, legal fees and initial marketing costs were expenses that were included to start operations.

4) Sales were estimated by month for 5 years which is, unit sales price times the number of units. Start-up, marketing, and seasonal factors that have an affect on sales were part of the consideration.

5) Monthly Cost of Sales and Gross Profit based was estimated on the percentages of sales calculated in #2 above.

6) Fixed expenses by month for 5 years was itemized Including things like rent, insurance, utilities, salaries, marketing, legal/accounting, etc. All categories were determined, which apply to the organization but, expenses that were in “cost of goods (services) sold.” were not included.

8) Credit, sales, and collections policies for sales on credit, were estimated with the number of days after the sale before the average customer pays.

9) How fast the organization must pay it’s vendors for any items it will buy was calculated.

10) The estimated obligations for Income Taxes was calculated

(Va.gov. (2016). Retrieved from <http://www.va.gov/osdbu/docs/vepbusinessplanoutline.pdf>)

FINANCIAL EXPLANATION

Financial statements are based on reports and the following reports are essential to present to the third party:

1. Balance Sheet
2. Profit & Loss Accounts, “Statement of activities”
3. Cash Flow Statements
4. Other Notes to the Financial Statements (Such as payroll, Revenue summary, etc.)

These reports tell the user about the company’s financial abilities. In the case of projected financial statements, these projections are prepared on the basis of various assumptions.

Revenue Gains & Other Supports

| Revenue, Gains & Other Supports Forecast | | | | | |
|--|--------|--------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Total | | | | | |
| Registration | 1,739 | 1,878 | 2,028 | 2,190 | 2,365 |
| Acupuncture Initial Consultation | 1,277 | 1,379 | 1,489 | 1,608 | 1,737 |
| Yoga (Average Package) | 748 | 808 | 873 | 943 | 1,018 |

| | | | | | |
|----------------------------------|---------|---------|---------|---------|---------|
| Qigong | 734 | 792 | 856 | 924 | 998 |
| Chinese Herbal Medicine | | | | | |
| Consultation | 220 | 238 | 257 | 277 | 299 |
| Chinese Herbal Medicine | 293 | 317 | 342 | 370 | 399 |
| Nutrition consultation | 440 | 475 | 513 | 554 | 599 |
| Massage | 587 | 634 | 684 | 739 | 798 |
| Tea House and Retail shop | 2,149 | 2,321 | 2,507 | 2,708 | 2,924 |
| Donation | 100 | 108 | 117 | 126 | 136 |
| Price | | | | | |
| Registration | \$20.00 | \$20.00 | \$20.00 | \$20.00 | \$20.00 |
| Acupuncture Initial Consultation | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Yoga (Average Package) | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Qigong | \$47.05 | \$47.05 | \$47.05 | \$47.05 | \$47.05 |
| Chinese Herbal Medicine | | | | | |
| Consultation | \$62.73 | \$62.73 | \$62.73 | \$62.73 | \$62.73 |
| Chinese Herbal Medicine | \$46.51 | \$46.51 | \$46.51 | \$46.51 | \$46.51 |
| Nutrition consultation | \$45.96 | \$45.96 | \$45.96 | \$45.96 | \$45.96 |
| Massage | \$31.37 | \$31.37 | \$31.37 | \$31.37 | \$31.37 |
| Tea House and Retail shop | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 |
| Donation | \$100.0 | \$100.0 | \$100.0 | \$100.0 | \$100.0 |
| | 0 | 0 | 0 | 0 | 0 |
| Revenue | | | | | |
| | \$34,77 | \$37,55 | \$40,55 | \$43,80 | \$47,30 |
| Registration | 3 | 5 | 9 | 4 | 8 |
| | \$80,08 | \$86,49 | \$93,41 | \$100,8 | \$108,9 |
| Acupuncture Initial Consultation | 6 | 2 | 2 | 85 | 56 |
| | \$46,94 | \$50,70 | \$54,75 | \$59,13 | \$63,87 |
| Yoga (Average Package) | 7 | 2 | 9 | 9 | 0 |
| | \$34,52 | \$37,28 | \$40,26 | \$43,48 | \$46,96 |
| Qigong | 0 | 2 | 4 | 5 | 4 |
| Chinese Herbal Medicine | \$13,80 | \$14,90 | \$16,10 | \$17,39 | \$18,78 |
| Consultation | 5 | 9 | 2 | 0 | 1 |
| | \$13,64 | \$14,73 | \$15,91 | \$17,19 | \$18,56 |
| Chinese Herbal Medicine | 7 | 9 | 8 | 2 | 7 |

| | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | \$20,22 | \$21,84 | \$23,59 | \$25,48 | \$27,51 |
| Nutrition consultation | 7 | 5 | 2 | 0 | 8 |
| | \$18,40 | \$19,87 | \$21,46 | \$23,18 | \$25,04 |
| Massage | 6 | 8 | 9 | 6 | 1 |
| | \$32,24 | \$34,82 | \$37,60 | \$40,61 | \$43,86 |
| Tea House and Retail shop | 2 | 2 | 8 | 6 | 5 |
| | \$10,00 | \$10,80 | \$11,66 | \$12,59 | \$13,60 |
| Donation | 0 | 0 | 4 | 7 | 5 |
| | \$304,6 | \$329,0 | \$355,3 | \$383,7 | \$414,4 |
| Total Revenue | 52 | 24 | 46 | 74 | 76 |
| Direct Cost | | | | | |
| Registration | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Acupuncture Initial Consultation | \$37.64 | \$37.64 | \$37.64 | \$37.64 | \$37.64 |
| Yoga (Average Package) | \$37.64 | \$37.64 | \$37.64 | \$37.64 | \$37.64 |
| Qigong | \$28.23 | \$28.23 | \$28.23 | \$28.23 | \$28.23 |
| Chinese Herbal Medicine | | | | | |
| Consultation | \$37.64 | \$37.64 | \$37.64 | \$37.64 | \$37.64 |
| Chinese Herbal Medicine | \$34.89 | \$34.89 | \$34.89 | \$34.89 | \$34.89 |
| Nutrition consultation | \$27.58 | \$27.58 | \$27.58 | \$27.58 | \$27.58 |
| Massage | \$18.82 | \$18.82 | \$18.82 | \$18.82 | \$18.82 |
| Tea House and Retail shop | \$4.50 | \$4.50 | \$4.50 | \$4.50 | \$4.50 |
| Donation | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Direct Cost of Revenue | | | | | |
| Registration | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$48,05 | \$51,89 | \$56,04 | \$60,53 | \$65,37 |
| Acupuncture Initial Consultation | 1 | 5 | 7 | 1 | 3 |
| | \$28,16 | \$30,42 | \$32,85 | \$35,48 | \$38,32 |
| Yoga (Average Package) | 8 | 1 | 5 | 4 | 2 |
| | \$20,71 | \$22,36 | \$24,15 | \$26,09 | \$28,17 |
| Qigong | 2 | 9 | 9 | 1 | 9 |
| Chinese Herbal Medicine | | | | \$10,43 | \$11,26 |
| Consultation | \$8,283 | \$8,945 | \$9,661 | 4 | 9 |
| | \$10,23 | \$11,05 | \$11,93 | \$12,89 | \$13,92 |
| Chinese Herbal Medicine | 6 | 4 | 9 | 4 | 5 |

| | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| | \$12,13 | \$13,10 | \$14,15 | \$15,28 | \$16,51 |
| Nutrition consultation | 6 | 7 | 5 | 8 | 1 |
| | \$11,04 | \$11,92 | \$12,88 | \$13,91 | \$15,02 |
| Massage | 4 | 7 | 1 | 2 | 5 |
| | | \$10,44 | \$11,28 | \$12,18 | \$13,16 |
| Tea House and Retail shop | \$9,673 | 7 | 2 | 5 | 0 |
| Donation | \$0 | \$0 | \$0 | \$0 | \$0 |
| | \$148,3 | \$160,1 | \$172,9 | \$186,8 | \$201,7 |
| Subtotal Cost of Revenue | 02 | 66 | 79 | 18 | 63 |

In the chart titled Revenue, Gains, and Other Supports, the projections were computed on the basis of the following assumptions. The customers were divided into three types. Customer Type 1 have an average salary of more than \$35K, Type two have a salary between \$25K to \$35K, and type 3 have less than \$25K. According to demographics Type 1 customers are 73%, Type 2 are 7% and Type 3 are 20%.

In the example of Acupuncture, the demographics were searched within 3 miles of the San Francisco zip code 94123 as the likely location that meets the target market demographics for alternative medicine (non-profit organization). The total population within 3 miles was determined to be 420,872. In which the age group 20-59 comprised 293,475 people. Based on the preliminary research, the location has an average household income ranging from \$73K to \$79K (as opposed to 104K for San Fran as a whole). Therefore the non-profit status with discounted prices offering more options in alternative healthcare services is a likely scenario that can be applied to other locations of similar circumstances within the above mentioned demographical and income level parameters.

Below are the calculations:

The demographics are of San Francisco (San Francisco, CA 94123)

| Income | 1-mi. | 3-mi. | 5-mi. |
|---|-----------|-----------|-----------|
| 2015 Household Income: Median | \$97,810 | \$73,742 | \$79,972 |
| 2015 Household Income: Average | \$136,021 | \$112,544 | \$117,411 |
| 2015 Per Capita Income | \$76,286 | \$57,480 | \$53,570 |
| 2015 Household income: Less than \$10,000 | 2,291 | 16,958 | 21,058 |
| 2015 Household income: \$10,000 to \$14,999 | 1,859 | 15,230 | 18,932 |
| 2015 Household income: \$15,000 to \$19,999 | 1,055 | 7,634 | 10,831 |

| | | | | | |
|---|-------|--------|--------|---------|-----|
| 2015 Household income: \$20,000 to \$24,999 | 1,582 | 8,709 | 12,170 | 62,991 | 20% |
| 2015 Household income: \$25,000 to \$29,999 | 1,214 | 6,822 | 9,998 | | |
| 2015 Household income: \$30,000 to \$34,999 | 1,206 | 7,068 | 10,666 | 20,664 | 7% |
| 2015 Household income: \$35,000 to \$39,999 | 863 | 5,762 | 8,613 | | |
| 2015 Household income: \$40,000 to \$44,999 | 852 | 5,934 | 9,189 | | |
| 2015 Household income: \$45,000 to \$49,999 | 909 | 5,599 | 8,690 | | |
| 2015 Household income: \$50,000 to \$59,999 | 1,997 | 10,786 | 16,568 | | |
| 2015 Household income: \$60,000 to \$74,999 | 2,860 | 14,016 | 21,851 | | |
| 2015 Household income: \$75,000 to \$99,999 | 4,710 | 20,930 | 33,695 | | |
| 2015 Household income: \$100,000 to \$124,999 | 4,491 | 18,898 | 28,874 | | |
| 2015 Household income: \$125,000 to \$149,999 | 2,920 | 11,896 | 19,566 | | |
| 2015 Household income: \$150,000 to \$199,999 | 4,529 | 18,759 | 30,336 | | |
| 2015 Household income: \$200,000 or more | 8,633 | 31,685 | 49,501 | 226,883 | 73% |

Summary of Type of Customers

| | | Ratio | Payment Term |
|-----------------|------------------------------|-------|------------------------|
| Customer Type 1 | (Income Greater Than 35,000) | 73% | Customer will pay 100% |
| Customer Type 2 | Between 25K to 35K | 7% | Customer will pay 50% |
| Customer Type 3 | Less Than 25K | 20% | Customer will pay 10% |

Example of Yoga:

| | | |
|-----------------------------------|---|--------------|
| Population within 3 miles | | 420,872 |
| Age within 20 to 59 | | 293,475 |
| % of population doing Yoga | http://www.yogajournal.com/uncategorized/new-study-finds-20-million-yogis-u-s/ | 8.70% |
| | | 25,532 |
| Market Capture Rate (Factor Rate) | | 5.00% |
| | | 1,277 |

Split of Yoga customers into Customer Types

| | Customer Type 1 (73%) | Customer Type 2 (7%) | Customer Type 3 (20%) | Total |
|--------------|--------------------------|-------------------------|--------------------------|--------------|
| Customer | 933 | 85 | 259 | 1,277 |
| Price | 80 | 40 | 8 | 63 |
| Revenue (\$) | 74,616 | 3,398 | 2,072 | 80,086 |

Based on Customer Split, total revenue in Yoga segment will be 80,086 after discounting/subsidy.

For example, if 100% customer are of Type 1 then no discount will be given and in case the revenue in Yoga will be (\$80 x 1277 customer) = \$102,160.

The difference between \$102,160 and \$80,096 is \$22,064. The amount \$22,064 is actually the subsidy/discount given to needy customers.

Pro Forma Statement of Activities

| Pro Forma Statement of Activities | | | | | |
|---|-------------------|-------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Unrestricted Net Assets | | | | | |
| Revenue, gains & other supports | \$304,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |
| Total Cost of Revenue | \$148,302 | \$160,166 | \$172,979 | \$186,818 | \$201,763 |
| Gross Revenue, Gains & Other Supports | \$156,350 | \$168,858 | \$182,367 | \$196,956 | \$212,713 |
| Gross Margin/Revenue | 51.32% | 51.32% | 51.32% | 51.32% | 51.32% |
| Expenses | | | | | |
| Rent | \$30,000 | \$30,750 | \$31,519 | \$32,307 | \$33,114 |
| General Insurance Liability | \$1,608 | \$1,648 | \$1,689 | \$1,732 | \$1,775 |
| Business License/Permits | \$1,200 | \$1,230 | \$1,261 | \$1,292 | \$1,325 |
| Telephone/Internet | \$3,000 | \$3,075 | \$3,152 | \$3,231 | \$3,311 |
| Website Hosting/Updates | \$408 | \$418 | \$429 | \$439 | \$450 |
| Marketing & Advertising | \$7,200 | \$7,380 | \$7,565 | \$7,754 | \$7,947 |
| Supplies | \$4,800 | \$4,920 | \$5,043 | \$5,169 | \$5,298 |
| Utilities | \$3,000 | \$3,075 | \$3,152 | \$3,231 | \$3,311 |
| Professional Services | \$2,400 | \$2,460 | \$2,522 | \$2,585 | \$2,649 |
| Health & Educational Donation | \$0 | \$0 | \$0 | \$2,500 | \$13,000 |
| Startup Cost | \$22,000 | \$0 | \$0 | \$0 | \$0 |
| Facility Maintenance | \$1,200 | \$1,230 | \$1,261 | \$1,292 | \$1,325 |
| Depreciation | \$3,700 | \$3,700 | \$3,700 | \$3,700 | \$3,700 |
| Payroll Taxes & Benefits | \$12,042 | \$12,403 | \$12,775 | \$13,159 | \$13,553 |
| Total Personnel | \$108,000 | \$111,240 | \$114,577 | \$118,015 | \$121,555 |
| Total Operating Expenses | \$200,558 | \$183,530 | \$188,644 | \$196,404 | \$212,315 |
| Changes in Net Assets Before Interest and Taxes | (\$44,208) | (\$14,671) | (\$6,277) | \$552 | \$398 |
| Surplus Before Interest & Depreciation | (\$40,508) | (\$10,971) | (\$2,577) | \$4,252 | \$4,098 |
| Increase/(Decrease) in Net Assets | (\$44,208) | (\$14,671) | (\$6,277) | \$552 | \$398 |
| Net increase/(decrease) in Net Assets % | -14.51% | -4.46% | -1.77% | 0.14% | 0.10% |
| Income Statement Assumptions: (1) Depreciation is based on 10 years; (2) Total payroll taxes are 11.15%. | | | | | |

The Income Statement describes what has been earned or loss during the year.

Expenses

Increases/Decreases in Net Assets

Both types of reports provide the same results in profit concern organization income statements provides Net Profit or Net Loss and in non-profit concerns, the report provides Increase/Decrease in net assets.

Expenses shown in reports are annual figures i.e. the accumulated expenses from starting fiscal year to end fiscal years. Normally, a fiscal year starts in January and ends in December for financial purposes.

Since non-profit organizations purposes are other than making a profit and is often dedicated to furthering a particular social cause or advocating for a particular point of view. Therefore, whatever net profit is accumulated at years end transferred to reserve funds while in profit concern companies, net profit distributed to the shareholder or reserved for future use. In a non-profit organization, no founder/managing director/board of director is allowed to distribute net profit.

Cash flow statements

The Cash flow statement is a reconciliation of net profit and bank account. Net profit at year-end and bank amount at year-end differs from each other, and cash flow statement reconciles this difference by showing computation. The main reason for a difference is that the financial statements are prepared on an accrual basis.

Cash basis accounting: Under the cash basis of accounting, revenues are reported on the income statement when the cash is received. For example, if ABC Company received a bill of electricity for the month of January but the company paid bill in March. In cash basis accounting, ABC Company will record electricity expense in March (month of payment) regardless of consumption month (January)

Accrual basis accounting: Under the accrual basis of accounting, expenses are matched with the related revenues and are reported when the expense occurs, not when the cash is paid. For example, if ABC company received a bill of electricity in January but paying in March. In this case, the company will record expense in January and treat this expense as "Account Payable".

In the cash flow statement, there are four main line items. 1. Cash Received, 2. Cash Paid, 3. Net Cash Flow and 4. Cash Balance

1. Cash Received

Cash received may be from any sources. For example Revenue, owner's contribution, grant received from institution, borrowings from bank/financial institution, sale of assets or other income

2. Cash Paid

Cash paid to include payroll, rent, subscription, previous payable, and loan repayment, fixed assets acquisition, dividends, or purchase inventory or any other outflow of cash

3. Net Cash Flow

Net cash flow is the total inflow less outflow

4. Cash Balance

Cash balance will arrive by adding net cash flow plus opening balance of cash. This amount must be equal to year-end cash balance as appeared in cash balance line under balance sheet.

Cash Flow Assumptions: (1) Proceeds from Grant assume funds were received= \$100K.

Pro Forma Cash Flow

| Pro Forma Cash Flow | | | | | |
|-------------------------------------|------------------|-------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Cash Received | | | | | |
| Revenue, Gains & Other Supports | \$304,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |
| Founder's Contribution | \$30,000 | \$0 | \$0 | \$0 | \$0 |
| Proceeds from Investor | \$100,000 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Cash Received | \$434,652 | \$329,024 | \$355,346 | \$383,774 | \$414,476 |
| Expenditures | | | | | |
| Expenditures from Operations | | | | | |
| Total Personnel | \$108,000 | \$111,240 | \$114,577 | \$118,015 | \$121,555 |
| Bill Payments | \$193,275 | \$230,510 | \$242,809 | \$259,965 | \$286,503 |
| Subtotal Spent on Operations | \$301,275 | \$341,750 | \$357,386 | \$377,979 | \$408,058 |
| Additional Cash Spent | | | | | |
| Start-up Costs | \$22,000 | \$0 | \$0 | \$0 | \$0 |
| Purchase Inventory | \$5,000 | \$0 | \$0 | \$0 | \$0 |
| Purchase Long-term Assets | \$37,000 | \$0 | \$0 | \$0 | \$0 |
| Subtotal Cash Spent | \$365,275 | \$341,750 | \$357,386 | \$377,979 | \$408,058 |
| Net Cash Flow | \$69,377 | (\$12,725) | (\$2,040) | \$5,795 | \$6,418 |
| Cash Balance | \$69,377 | \$56,651 | \$54,612 | \$60,406 | \$66,824 |

Balance Sheet

| Pro Forma Balance Sheet | | | | | |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Assets | | | | | |
| Current Assets | | | | | |
| Cash | \$69,377 | \$56,651 | \$54,612 | \$60,406 | \$66,824 |
| Inventory | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Total Current Assets | \$74,377 | \$61,651 | \$59,612 | \$65,406 | \$71,824 |
| Long-term Assets | | | | | |
| Long-term Assets | \$37,000 | \$37,000 | \$37,000 | \$37,000 | \$37,000 |
| Accumulated Depreciation | \$3,700 | \$7,400 | \$11,100 | \$14,800 | \$18,500 |
| Total Long-term Assets | \$33,300 | \$29,600 | \$25,900 | \$22,200 | \$18,500 |
| Total Assets | \$107,677 | \$91,251 | \$85,512 | \$87,606 | \$90,324 |
| Liabilities and Capital | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | \$21,885 | \$20,131 | \$20,668 | \$22,210 | \$24,530 |
| Subtotal Current Liabilities | \$21,885 | \$20,131 | \$20,668 | \$22,210 | \$24,530 |
| Total Liabilities | \$21,885 | \$20,131 | \$20,668 | \$22,210 | \$24,530 |
| Net Assets | | | | | |
| Permanently Restricted Assets | \$130,000 | \$130,000 | \$130,000 | \$130,000 | \$130,000 |
| Unrestricted | \$0 | (\$44,208) | (\$58,879) | (\$65,156) | (\$64,604) |
| Undesignated Unrestricted | (\$44,208) | (\$14,671) | (\$6,277) | \$552 | \$398 |
| Total Net Assets | \$85,792 | \$71,121 | \$64,844 | \$65,396 | \$65,794 |
| Total Liabilities and Net Assets | \$107,677 | \$91,251 | \$85,512 | \$87,606 | \$90,324 |
| Net Worth | \$85,792 | \$71,121 | \$64,844 | \$65,396 | \$65,794 |

The balance sheet shows the balances as at year-end date. Balance sheet describes the financial position of company/organization. There are following heads of account in balance sheet:

1. Assets
 - a. Fixed Assets (assets which are purchased for long-term use and are not likely to be converted quickly into cash, such as land, buildings, and equipment.) Fixed assets are depreciated (a reduction in the value of an asset over time, due in particular to wear and tear.) and accumulated depreciation shows how much the assets are depreciated from the date of purchase as at year end)
 - b. Current Assets (cash and other assets that are expected to be converted to cash within a year.)
2. Liabilities
 - a. Non-current liabilities (A business's long-term financial obligations that are not due within the present accounting year. Examples of noncurrent liabilities include long-term borrowing, bonds payable and long-term lease obligations.)
 - b. Current liabilities (A company's debts or obligations that are due within one year)
3. Owner's Equity
 - a. Share capital (the part of the capital of a company that comes from the issue of shares.)
 - b. Retained earnings and Reserves (Retained earnings or reserves are accumulated of retained earnings or losses)
 - c. Net profit/loss (Net profit/loss transferred from income statement for the year)

In a non-profit organization, no money is received against share so here the non-profit organization's balance sheet shows "Net Assets". This net asset represents the reserves showing types such as Restricted, Unrestricted, and Undesignated. The non-profit organization usually transfers the surplus amount earned from operations to Reserve funds. For example, if any organization provides education and they have decided to maintain a fund in which the organization will transfer x% of surplus to that fund.

| Financial Ratio | How to Calculate it | What it Tells You |
|--------------------------------------|--|--|
| Working Capital | = Current Assets - Current Liabilities = \$89,000 - \$61,000 = \$28,000 | An indicator of whether the company will be able to meet its current obligations (pay its bills, meet its payroll, make a loan payment, etc.) If a company has current assets exactly equal to current liabilities, it has no working capital. The greater the amount of working capital the more likely it will be able to make its payments on time. |
| Current Ratio | = Current Assets / Current Liabilities = \$89,000 / \$61,000 = 1.46 | This tells you the relationship of current assets to current liabilities. A ratio of 3:1 is better than 2:1. A 1:1 ratio means there is no working capital. |
| Quick Ratio (Acid Test Ratio) | = [(Cash + Temp. Investments + Accounts Receivable) / Current Liabilities] : 1 = [(\$2,100 + \$100 + \$10,000 + \$40,500) / \$61,000] : 1 = [\$52,700 / \$61,000] : 1 = 0.86 : 1 | This ratio is similar to the current ratio except that Inventory, Supplies, and Prepaid Expenses are excluded. This indicates the relationship between the amount of assets that can quickly be turned into cash versus the amount of current liabilities. |

Please refer to the chart above for the explanation of ratio analysis.

(Financial Ratios Explanation. AccountingCoach (n.d.). Retrieved February 18, 2016, from <http://www.accountingcoach.com/financial-ratios/explanation/2>).

Discussion

This researcher's writing of a non-profit business plan for a Chinese Medicine clinic is hopefully a step in the right direction to being able to bridge part of the gap for acupuncturists whom are interested in finding a new way to structure their practice.

The statistics prove that there are a large number of acupuncturists that are not in practice. This could be because of the common knowledge that many acupuncturists start their practices with no business plan, no direction and no business experience whatsoever. This project aimed to pave the way for those who need an example of a viable way to structure a 501c non-profit acupuncture clinic and also to validate the importance of having a plan to follow. This researcher believes that if more acupuncturists in the field will consider this option and use a non-profit model, that the amount of acupuncturists in practice will rise significantly and the satisfaction of those in practice will also flourish.

Some of the limitations that this researcher came across while devising this plan were that it was difficult to construct the financial portion of this project without having a background of accounting and/or business. Consulting with a finance expert is useful to planning for this business and it is recommended that those interested in writing their own plans should consult with a professional to help devise the financial portion. It is also advisable if the founder does not possess financial skills when devising one's own plan that they hire a competent CFO into their organization to insure proper planning and stability. Other limitations are that a non-profit must always be in compliance with government regulations and rules to keep their non-profit status. The financial records of the non-profit are public domain and could be scrutinized. As well as, "Limited liability: Under the law, creditors and courts are limited to the assets of the nonprofit organization. The founders, directors, members, and employees are not personally liable for the nonprofit's debts. There are exceptions. A person cannot use the corporation to shield illegal or irresponsible acts on

his/her part. Also, directors have a fiduciary responsibility; if they do not perform their jobs in the nonprofit's best interests, and the nonprofit is harmed, they can be held liable.” (Retrieved from

Knowledge Base. (n.d.). <http://grantspace.org/tools/knowledge-base/Nonprofit-Management/Establishment/pros-and-cons>).

Further research is recommended to those interested in starting their own non- profits about grant writing and fundraising. The details of these important factors were not a part of this project, but are highly vital to a successful non-profit organization. The implementation of this plan will provide further investigation for the researchers own exploration of its effectiveness.

Conclusion

The value of devising a business plan for a non-profit clinic is of utmost importance to insure the success of the organization and as a guide and exploration into the world of business for the acupuncturist. Many important factors were learned by this researcher when devising the plan and it has been determined that the more details that are thought out ahead of time, the more insurance for a successful business.

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