



ReStored
THRIFT STORE

BUSINESS PLAN
Nov. 14, 2016

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EXECUTIVE SUMMARY

ReStored Thrift Store will be an innovative new faith-based retail thrift store addition, within the consistently growth-oriented thrift store industry, located in an underserved market area of the Twin Cities; that being the south metro suburbs.

ReStored Thrift Store will operate on a not for profit basis selling gently-used clothing, furniture and housewares which are donated. The financial projections for ReStored generate significant revenues that can be directed toward ministry. All excess revenue generated through ReStored will be used to support ministry efforts of ReStored and other community non-profit organizations.

Examples of those receiving support from ReStored might be:

- Crisis pregnancy organizations
- Community food shelves
- Kids to Families Adoption fund
- Restoration organizations that work with women and girls leaving the commercial sex industry
- Homeless shelters and ministries to the displaced

ReStored will incorporate within the store a Ministry Outreach Center which will serve as a resource for a variety of support groups and services designed to help those in need. Once stabilized, the ReStored Year 2 Financial Outlook (see Appendix) projects solid earnings to enable significant ongoing ministry support.

Our primary market will be shoppers from all economic levels. There is no typical thrift store shopper. Over 62% of thrift store shoppers are women with 90% of those ages 18 to 54. Men continue to represent a growing segment of thrift store shoppers contributing to the steady growth of the thrift store industry. The attention and focus on recycling and reuse throughout the American fabric adds a compelling factor to market growth.

While existing competitors in our Dakota County target market area also sell clothing, furniture and household goods, a key point of difference with ReStored will be our volunteers and their focus on customer service. ReStored will provide a training emphasis on building customer relationships and enhancing our customer's overall shopping experience in a faith-based environment.

In addition to our in-depth marketing plan utilizing traditional means such as direct mail, print, social media and digital marketing, ReStored will build a strong market position through

relationships with other faith-based organizations and churches. This is a natural marketing strategy given ReStored Thrift Store's mission and vision.

ReStored is being established with 90% of Year 1 reasonable operating expenses already covered through the generosity and gifts of the Trinity Church family. In addition, almost 100 individuals have volunteered their willingness to staff ReStored.

ReStored Thrift Store will be a separate and distinct ministry arm of Trinity Church in Lakeville, Minnesota, accountable to its Board of Directors, who will ultimately be accountable to the Elder Board of Trinity Church.

GENERAL COMPANY DESCRIPTION

ReStored Mission

ReStored is a ministry providing resources, meeting needs, and ultimately pointing others to a relationship with Jesus Christ by operating an outreach center built on a thrift store model.

ReStored Vision

To provide hope and restoration to our community through the love of Jesus Christ.

To accomplish this, ReStored will be comprised of two interrelated components:

1. Thrift Store
2. Ministry & Outreach Center

Thrift Store

The thrift store will operate like any other thrift store, accepting donated goods and reselling them to generate income. The income will first be used to fund operating expenses for the thrift store business, including the lease space and utilities. All income earned in excess of the operating expenses will be used to fund activities for the ReStored outreach ministry as well as other ministries and nonprofit organizations who are working to provide hope and restoration within our local community.

There are a number of distinct advantages with the ReStored thrift store model over other thrift stores. Standards for intake of donated merchandise will be high ensuring that donated items such as furniture in need of repair, out of date and out of season clothing items are not part of the retail mix on the sales floor. In addition to ensuring quality goods are on the sales floor, the store's design layout, staging and merchandising of items will be more professionally executed, versus a typical thrift store. Quality glass shelving and display racks, as opposed to more typical metal shelving, will be utilized to create a more pleasant ambiance to the ReStored shopping experience.

ReStored sales personnel will be comprised of a volunteer workforce primarily from the church. This strategy will help keep operating costs low.

ReStored management is making customer service sales training one of its biggest priorities to affect not only a superior shopping experience for our customers but with the additional goal of building relationships with these same customers. The result of these components in the ReStored thrift store model will make this a more pleasurable and sought-after destination for value driven discount shoppers who tend to be very loyal consumers.

Operating as a nonprofit entity, ReStored will offer a clear point of difference to thrift store shoppers within our target marketing area creating a partnership with our customers to invest back into their own communities. ReStored shoppers will know that all excess revenues generated by ReStored will be used to minister and meet community needs. The satisfaction of doing something good while shopping at ReStored will give the thrift store an edge over other thrift stores in the market.

Ministry & Outreach Center

The outreach ministry of ReStored is composed of three different components.

1. Resource Wall

This will be a wall within the store facing the retail sales floor consisting of resource materials and brochures for different types of practical assistance found within the community through churches, social service agencies and the counties.

2. Community Room

This multi-purpose space is where community events, classes and services can be held. Some of these may be offered through partnership with other community organizations, churches, and non-profit social service agencies who are also concerned with the welfare of people within our community. These activities will be conducted by qualified, licensed volunteers as appropriate. Many of these activities will be conducted during the hours the store is open. Some activities may also occur when the store is closed. An increase in outreach activities will be developed as evaluations are made of regular clientele's needs, as well as from information received from partnering organizations focused on community outreach in our area.

Types of activities held in this area may include:

- Hosting support groups such as:
 - Divorce Care
 - Grief Care
 - Adoption and foster care
 - Addiction recovery
 - Single parent
 - Health-related groups (Alzheimer's, Parkinson's, eating disorders, mental illness)
- Classes on a variety of topics, such as:
 - Financial help
 - Job search skills (e.g. resume writing, interviewing)
 - Home Care
 - Car Care
 - Parenting
 - College or life-skills training
- Bible Study groups
- Marriage Mentoring
- Pastoral coaching
- Small Groups
- Book Clubs
- Outreach events and meetings by non-profits, county/state social services organizations

3. Kids Corner

Kids Corner will provide Christian-based videos and a few safe toys. Occasionally, there will be story-time and presentations such as puppet shows or child craft projects. These child focused activities will be led by screened and trained volunteers from the church or other partnering ministries.

Ministry outreach activities will be continually assessed against the needs of our customers, as well as from information received through partnering outreach organizations in our area. Proposals for changes to outreach ministry support will be presented by the ReStored Board of Directors for final consideration and approval by Trinity Church's Elder Board.

PRODUCTS & SERVICES

The products for sale will be provided through charitable donations. The business will have a designated area for collection of goods from local donors. These goods will be inspected for resale potential. Items that can't be resold due to the type or quality of donation, will be recycled or disposed. Items that can be resold will be staged, priced, and placed into the retail portion of the store.

- Production techniques and costs – We will document instructions for greeting donors and guests, handling materials, pricing goods for resale, and engaging customers. We will define the accounting practices for the business and how we report the annual financial reports for the Board of Directors and the state.
- Quality control – An inspection procedure will be established for incoming donations to ensure placement of quality goods on the sales floor.
- Customer service – We will document store policies to guide our workers' interactions with store guests in specific areas such as customer questions, complaints, guests special needs, donor interactions, and general public relations. This will include all forms of communication (including social media).
- Communicating the ReStored ministry focus - The message of Christ's love will be communicated in multiple ways throughout both the exterior and interior of the store. Examples would include:
 - Logo and exterior signage
 - Advertising, promotional and marketing collateral materials
 - Interior signage
 - Christian videos, children's books and Bible posters in the Kids Corner
- Delivery and pickup -We will invest in a vehicle to enable us to pick up goods from donors and deliver goods for customers.
- Inventory control – We will not utilize an inventory tracking system during the launch of the store. This will be readdressed at a later time. Research on other thrift stores revealed that the use of an inventory tracking system is not common practice.

MARKETING PLAN

Thrift Store Industry Statistics and Trends

Resale stores continue to be one of the fastest growing segments of the retail sales market. The industry has experienced a 7% growth in the number of resale stores over the past two years as reported in 2016 by NARTS (The Association of Resale Professionals). There are currently over 25,000 resale, consignment and Not For Profit resale shops in the United States.

First Research estimates the Resale market size to have annual revenue of \$17 billion including revenue from antique stores which represent 13% of their statistics. Another source, IBIS World estimates Thrift Store growth from 2009 to 2014 at 2.3% annually with overall sales volume of \$9.2 billion.

Resale shopping attracts consumers from all economic levels. There is no typical resale shopper. According to America's Research Group, a consumer research firm, about 16-18% of Americans will shop at a thrift store during a given year. To help grasp the size of this market segment, consider that 11.4% of Americans shop at factory outlet malls, 19.6% in apparel stores and 21.3% in major department stores on an annual basis.

As reported by NARTS, "Resale has become destination shopping with the recent industry trend of clustering. Many areas are seeing resale stores opening in close proximity to each other, taking advantage of existing traffic. Antique shops have clustered for years and factory outlet stores are grouped together, proving that consumers will drive farther to reach a group of like stores. Resale shoppers love to make an event out of shopping in an area where they can visit a variety of resale stores with different merchandise lines."

The resale market also capitalizes on a growing trend in our society; focusing on taking care of our environment through reducing needless waste. Resale stores benefit from this trend of moving from a disposable society to a recycling society. This movement offers great momentum and opportunity for the resale market.

Goodwill Industries, the largest resale store operator generates in excess of \$4 billion in annual sales through approximately 3,000 stores averaging 7,500 square feet, averaging sales per square foot volume of \$175. Average sales per square foot industry wide is \$40-\$100.

First Research Industry Profile on Used Merchandise Stores of August 22, 2016, indicates similar impressive growth trends for this industry segment, breaking out sales by product category as follows:

- 50% Used clothing, footwear and accessories
- 15% Used Furniture* and home furnishings
- Remainder through miscellaneous items such as home entertainment and recreational items

*Boomerangs Resale Store in Madison WI, who ReStored has used as a business model, generates approximately 50% of total sales volume from used furniture.

Customer Demographics

The customer profile of the typical Thrift Store shopper has continued to evolve over recent years. In fall 2010, Marketing Management Journal conducted a survey of Thrift Store shoppers and their research indicated the following:

- Gender: 62% of shoppers were female and 38% male
- Marital status: 45% married
- Education: 80% high school graduate or more
- Age:
 - 17 and under: 1%
 - 18-34: 64%
 - 35-54: 26%
 - 55 and older: 8%

In similar Thrift Store shopper surveys conducted (Mitchell and Montgomery), respondents indicated the importance of Information Sources when looking for a place to purchase items. The following percentages included those who evaluated the Information Sources as Extremely Important or Somewhat Important:

- Visibility of store: 85%
- Past experience as a shopper: 83%
- Recommendations from family and friends: 82%
- Ministers and community leaders: 43%
- News media (Television, Radio, Newspaper, etc.): 37%
- Yellow Pages: 32%
- Internet: 29%

The relative attractiveness of the thrift store, quality and selection of merchandise available along with customer service are extremely important as exhibited by survey research. The following areas were rated by Thrift Store shoppers as Extremely Important or Somewhat Important:

- Cleanliness of store and surroundings: 89%
- Quality of merchandise: 89%
- Well-organized displays of merchandise: 88%
- Value (cost/benefit) of merchandise: 88%
- Convenience of store location: 84%
- Friendly store staff: 80%
- Uniqueness of merchandise: 68%
- Store staff attentive to my needs: 64%
- Quality of brand names present: 59%

Thrift Store shoppers have high expectations when selecting a thrift store to support with their purchases. Visibility of facilities is important. Thrift Store shoppers are also seeking value, wishing to extend their purchasing power by realizing the savings possible from gently used, pre-owned merchandise. Thrift Store shoppers enjoy a mutually beneficial relationship with the thrift stores they support and frequent.

ReStored will focus on key areas of importance like cleanliness, quality merchandise selections, well displayed merchandise, attentive employees well trained in customer service.

Donor Demographics

Income is an indicator of the quality of life residents enjoy. Median Household Income in Dakota County is currently \$73,475, ranking in the middle of the seven county metropolitan Twin City area. In the 2016 Dakota County Resident Survey asking residents “Do you feel you will be better off a year from now?”, 27% of residents surveyed felt they would be better off, 55% felt they would be the same, 18% felt they would be worse off. This data also indicated that “the sense of community” in Dakota County rated as one of the top two responses over a large list of others. A third and compelling result from the Dakota County survey showed that 54% of residents surveyed volunteered at least once a month in some way within their community.

Dakota County offers a very optimistic picture of a population who have the means to donate and who will be inclined to support a charitable retail thrift store like ReStored. Household incomes are substantial, residents feel a strong sense of community coupled with a proven record of volunteerism, which includes the desire to serve others which is a core component of the ReStored mission and vision.

Competition

Major Thrift Store competitors within the southern metropolitan market are: Savers, Goodwill, ARC Value Village, Unique Thrift Store, CHAPS. These existing thrift stores offer the same basic product categories as ReStored: men’s, women’s and children’s clothing, furniture and home furnishings.

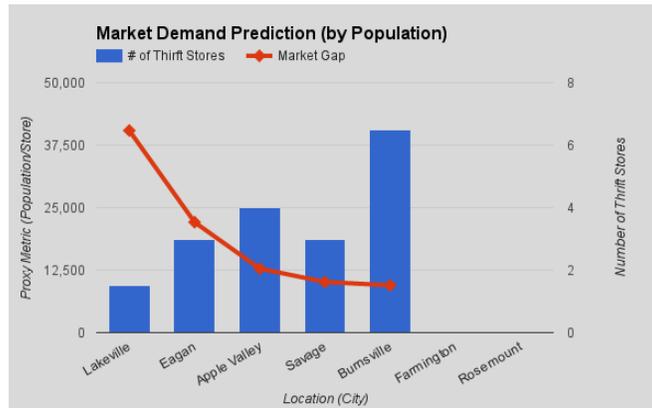
A key point of difference with our competitors will be a more personal level of customer service and interaction shoppers experience at ReStored. All sales personnel will be trained to take an invested approach to not only help the customers find the products they are looking for, but also show a genuine interest in the customer’s well being. This approach could lead to creating a bridge in meeting personal life needs for many customers shopping at ReStored.

Site Selection Factors

In comparing the counties that contain the Twin Cities and primary suburbs, Dakota County has one of the largest underserved thrift store markets. This underserved market is defined by taking the county population divided by the number of thrift stores within that county to achieve a proxy for market demand and supply.

Within Dakota County, there are a total of 18 thrift stores spread across several cities. Of these, Burnsville has the highest concentration with 9 stores, some located along the border with surrounding cities. Comparing the location of each store, along with the industry average

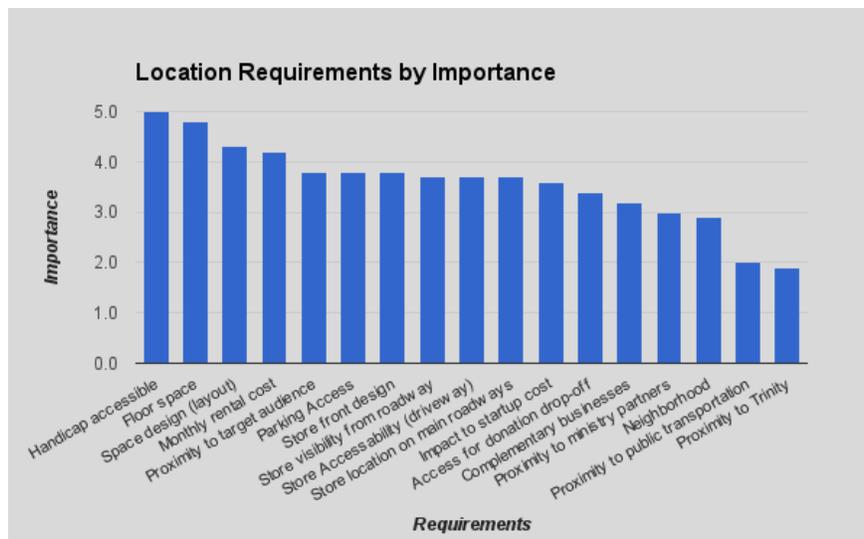
customer coverage area, the primary underserved thrift store market cities become Lakeville, Eagan, and Apple Valley. The following chart illustrates the thrift store market gap.



Based on the market demand analysis, an additional thrift store within this service area should be sustainable.

Additional research conducted on thrift store shoppers buying patterns indicates a willingness to drive an average of 17 minutes to shop at a thrift store. This provides additional flexibility in site location to incorporate local shopping and traffic patterns within the site selection criterion.

Seventeen different requirements were defined and ranked by the 10 member ReStored committee to aid with site selection. The requirements and their corresponding ranking of importance are illustrated in the following chart. The highest requirements were floor space and handicap accessibility. Many requirements (design, cost, proximity to customers, accessibility and visibility) were highlighted as important, but not mandatory for site location. Proximity to transportation and Trinity were identified as nice to have, but not required.



With floor space as a top requirement, the availability of real estate will become a dominate factor in site location. There are few options available that provide 7,000 - 10,000 square feet of

space, with good accessibility and visibility. Of those, the site with the lowest cost and best proximity to similar like stores will become our best candidate.

Dakota County Market Profile

Dakota County is the primary target market for the ReStored Thrift Store for a number of reasons. With a total population in 2010 of 398,552, Dakota County ranked 3rd highest in population in the state of Minnesota. This represents a 12% increase from 2000 to 2010 and growth in the county is not slowing. The Minnesota State Demographic Center is projecting an additional 12.1% growth rate in population between 2015 to 2030. Dakota County is projected to have the second largest growth in population during the next fifteen years across Minnesota.

This significant population base represents for ReStored both advantages and challenges. The advantage is a population with a broad income base from those struggling to make ends meet to those with incomes comfortably above the poverty line. Therefore, attracting donors of clothing, furniture and other merchandise to be sold at ReStored should be in good supply. On the lower end of this income spectrum there is also a growing demand to serve those residents of the county with economic needs and the social needs that all too often accompany those struggling financially.

In a 2012 Dakota County Employment and Economic Assistance Study, these needs are made very clear:

- 5.9% of Dakota County residents live below the poverty rate
- Caseload levels for Employment and Economic Assistance from the county totaled approximately 21,000 open cases. This caseload number had more than doubled since 2000
- Dakota County experiences more than 1,960 new walk-ins per month seeking EEA

In a similar Dakota County Socioeconomic Profile Study, additional indicators trend to the need and support which ReStored Thrift Store will provide:

- Median Household Income in 2010 was \$69,508, which had actually decreased 11% from 2000
- Median HH Income for minorities fared even more poorly in 2010
 - Asians 10% lower
 - Hispanics 36% lower
 - African Americans 39% lower

A third perspective from the Dakota County Socioeconomic Profile study illustrates how a thrift store like ReStored, with a dedicated goal of helping to meet community needs, will help this population of residents having to stretch their income in value-centered ways to provide for their families:

- Share of Dakota County Households that were “cost burdened*” in 2010
 - Renters 45% of the population
 - Homeowners 31% of the population

*Definition of “cost burdened” households are households who pay 30% or more of their gross income on housing expenses

Potential Site Location (Apple Valley)

A site of interest is a 9,500 square foot space located in the Times Square Shopping Center located at 7525 West 148th Street, Apple Valley, Minnesota. This location is in a very popular, densely populated retail and restaurant corridor in the heart of our Dakota County target marketing area. The traffic counts are significantly higher than any other location we have been considering: averaging 35,500 vehicles per day traveling County Road 42 and 46,500 vehicles per day traveling Cedar Avenue.

Population demographics range from 12,119 within 1 mile of Times Square to 183,984 within the 5 mile radius. Median Household Income ranges from \$63,686 within 1 mile up to \$80,140 within 5 miles. Median age in the same radius of area is 36.6 to 37.2. All three of these key population demographics strongly complement the profile of a thrift store shopper.

As indicated earlier in this business plan, clustering of thrift stores is a growing, popular trend. Directly across County Road 42 from Times Square is a Savers Thrift Store. There is also excellent visibility along Cedar Avenue.

A compelling factor to the Apple Valley location under consideration as with other locations researched within our Dakota County target market area is the ease and accessibility for thrift store shoppers choosing to shop the ReStored Thrift Store. Internet research conducted on thrift store shoppers buying patterns indicates a willingness to drive an average of 17 minutes to shop at a thrift store. This paradigm fits the ReStored location very well.

Marketing and Sales Promotion Strategy

ReStored will have a Year 1 advertising budget of \$7,000-\$8,000.

Internet Marketing & Social Media: ReStored will embrace and utilize multiple forms of digital marketing techniques including the use of social media via our company Facebook page, Restored company website as well as Craigslist used specifically for selling furniture and some household goods online. Boomerangs Resale Store in Madison, WI, generates approximately 80% of their annual furniture sales volume via their Craigslist listings.

A monthly ReStored eNewsletter will be sent to our entire customer database via a Constant Contact email program. This eNewsletter will update Special Events, Senior Day discounts, and offer additional savings using coupons offered each month.

Church Marketing Program: ReStored will implement a focused church marketing plan with multiple churches in the south suburban area of the Twin Cities. This will consist of a team of individuals developing relationships with local churches, sharing the purpose of ReStored Thrift Store and highlighting the variety of ministry efforts along with how excess revenues from ReStored are helping people and organizations throughout our local communities. This program will also encourage donations of clothing, furniture and household goods from the churches.

Customer Loyalty Program: ReStored will utilize a frequency marketing program to our customers through the use of a punch card. Upon achieving a specific number of punches based on their purchases, the customer will receive additional discounts. This type of program encourages repeat business and loyalty.

Customer Satisfaction Surveys: Restored will conduct quarterly Customer Satisfaction Surveys from our customer database to determine their level of satisfaction with their ReStored shopping experience. Those surveyed will have opportunity to make suggestions and provide input. In return they will receive a discount coupon in appreciation.

Print Advertising: ReStored will utilize targeted direct mail and traditional print advertising via local newspapers and Rack print Shoppers on a periodic basis. Newspaper advertising may be used more heavily during our Grand Opening period.

Marketing Collateral: A variety of marketing pieces promoting the store will be developed. These will include a ReStored marketing brochure, various themed handout flyers and testimonial pieces demonstrating how ReStored is benefitting the local community, impacting lives and meeting needs.

Pricing Strategy

Most thrift store operations set prices at 60-75% off retail to provide a competitive value compared to traditional retailers. This pricing model still allows for favorable margins since all goods are donated to ReStored.

Within the thrift store industry, competitive pricing is not the only important factor. Merchandise quality, inventory turnover, and store appearance also drive customer behaviors, which are covered in other sections of the business plan.

ReStored will strive to have average to competitive pricing with a strategy focused on merchandise movement. Competitive pricing will be achieved through monitoring our thrift store industry and competitors. ReStored will assess and price items as they come into the store with a color coded tagging system. To enable inventory movement, pricing will adjust with shelf life of merchandise. For example:

- Week 1 - Blue tag
- Week 2 - Green tag
- Week 3 - Orange tag
- Week 4 - Yellow tag
- Week 5 - Purple tag

By the time a Blue tag becomes 3 weeks old, all blue tags will be 30% off, at 4 weeks old they will become 50% off and then removed from the store room floor after that. The same thing happens with Green tags, at 3 weeks old they will be marked 50% off, etc.

Thrift store shoppers are always looking for good deals, and continued inventory turnover and special sales will keep buyers returning. At all times on the sales floor, there will be items that are 30% or 50% off. (ie, when blue tags are 50% off, Green tags will be 30% off) If at any time

during these sales we have a buildup of a certain area of merchandise, those items will become a special “day” sale. (example: Thursday - All furniture 30% off.) In addition, we will hold weekly “senior” day - everything 30% off.

ReStored will have a “sales are final, no returns” policy. This is common in the Thrift Store industry. In addition, we have no plans to establish a credit policy for customers, as the price points for our merchandise would not require such business overhead.

OPERATIONAL PLAN

Facility & Location

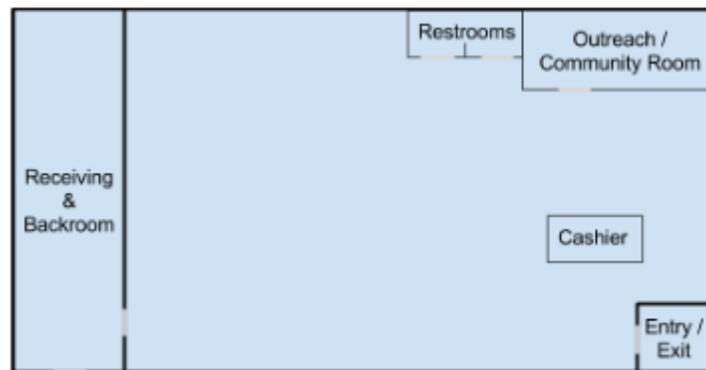
We are currently seeking a retail floor space between 7,000 to 10,000 square feet. This space will need to contain separate areas for receiving and warehouse, snack area, office area, bathrooms, and retail store space. The space will need access for parking and be handicap accessible. There is a strong desire for a rear entrance and access for easy donation drop-off. Physical store layout will depend on building identified. Structure with significant windows to improve store visibility is highly recommended.

Facility requirements include: electrical, water, sewer, garbage, phone, cable, internet.

Hours of operation: 52 hours per week, Monday – Saturday.

- Monday: 10 AM to 6 PM (8 hrs)
- Tuesday: 10 AM to 8 PM (10 hrs)
- Wednesday: 10 AM to 6 PM (8 hrs)
- Thursday: 10 AM to 8 PM (10 hrs)
- Friday: 10 AM to 6 PM (8 hrs)
- Saturday: 10 AM to 6 PM (8 hrs)

Below is a sketch of the proposed facility. Actual layout design will depend upon final store location and building structure.



The look and feel of the store will attract our customers through how we display merchandise within department store manner, rather than a traditional thrift store model with long metal shelving.

Cost estimates for business startup and first year of operation are highlighted in the ReStored Pro-Forma spreadsheets, see Appendix.

Legal Environment

ReStored will be initially setup as a Limited Liability Corporation within Minnesota and then file for Non-Profit corporation (501c3) status within the first year of operation. ReStored will be an independent organization. However, the Bylaws for ReStored will be structured to establish

Trinity's Elder Board as a governing party for business decisions. ReStored will have a separate Board of Directors to execute the business direction outlined by Trinity's Elder Board. A store manager/director will handle the daily operations, reporting to the ReStored Board of Directors.

First amendment and religious freedom protection will exist for business. Financial liability will be limited to contributions by Trinity to the business, plus any guarantees.

Specific Areas of Focus:

- Articles of Incorporation and ByLaws defined above.
- Human Resource Requirements: Eventually, ReStored will have paid employees. So, ReStored will file for an Employer Identification Number (EIN) and register for payroll taxes. ReStored will support its own HR requirements (workplace standards, policies, employee handbook, employee files, staffing, benefits, employee performance). We will partner with Trinity staff to assist in monitoring HR rule/law changes and in communicating changes to standards.
- Special Industry Regulations: ReStored will work with our legal representation firm to apply for merchant account, register for charitable solicitation allowance, file for resellers or sales privilege license, and file annual corporate registration.
- Zoning or building code requirements: Commercial zoning will be part of the site location requirements. Building permits will be filed as required by local requirements to ensure compliance with standards.
- Insurance coverage: ReStored will need to acquire basic business insurance, independent of Trinity, to cover the following areas:
 - Building property (damage, environmental...) and general liability
 - Employment – workers compensation, benefits
 - Business disruption
 - HR employment practice
 - Automobile/Transportation – use of personal vehicles? Liability and physical damage as well as non-owned/hired liability — Non-owned/hired covers employees & volunteers using their own vehicles during company business.

Personnel

Staffing plans are to cover most labor needs with volunteers. At some future point we do expect to have at least one paid position (store manager), as supported by business revenue. Job descriptions will be documented for all key positions. An employee manual will be established to provide guidance on work expectations. Cross-training various duties across positions will be critical for providing staffing flexibility. In addition, training procedures will be created for key business processes.

When ReStored considers hiring an employee, we will abide by Minnesota state rules and regulations; for example, minimum wage, hiring without discrimination, due process of discipline, etc. Depending on our financial success, we will consider living wage, health, life and disability insurance and retirement benefits for our employees. We will take our time, check references and do a background check for employees. Our employees are our visible presence of

ReStored. We will conduct performance reviews for our employees regularly to provide work feedback and identify areas for coaching and improvement.

We plan for a staff of 4-6 people during store hours of operation. The work shifts will be established in four hour intervals. Initial analysis identified the store requires 3,400 annual volunteer shifts, at four hours each. We will acquire our initial staffing needs through seeking volunteers from Trinity Church. The business has defined a requirement to achieve a commitment of at least 90% of our staffing needs prior to Trinity Elder Board approval to engage in a lease agreement. Once fully operational, fulfilling staffing needs may extend beyond the church, but they will act in accordance with the mission of ReStored.

- Achievable if 65 people work 1 shift per week, or 280 people work 1 shift per month. The bulk of these hours are work-day hours.

We plan for five different job roles to operate ReStored. These roles are Store Manager, Assistant Store Manager, Cashier, Storefront attendant and Backroom attendant. The skill sets are variable by position and are defined within the Job Description document.

ReStored may utilize exempt and non-exempt pay structures. All volunteer positions will not be compensated. Pay structures will follow local requirements.

ReStored will partner with Trinity staff (operations director) for monitoring changes in HR legal needs and communication of HR guidelines to employees (employment posters). ReStored will be required to handle their own HR business processes (employee information management, staffing, training, benefits, employee handbook, etc.). The store manager/director will be responsible for this function.

Inventory

Store inventory will consist of goods for sale and materials to support store operations. The majority of the materials for store operations support are related to startup costs and activities (display racks and counters, hangers, cash registers, tables, chairs, shelving, etc.). These will be highlights in the startup cost projections.

ReStored will not be manufacturing anything. Our goods for sale will be donated materials, thus they will be considered the same as finished goods.

ReStored will **NOT** utilize an inventory tracking system to assist with measuring turnover, calculating inventory value, and identifying purchasing trends to support special sales events.

Items that remain in the store beyond a designated duration will be reduced in price to encourage sales, donated to other venues or services, recycled, or disposed. Items that are donated which are not designated for resale will be recycled or disposed.

Suppliers

As a thrift store the primary suppliers will be our donors. These donations can come from individuals, estate sales, other retail stores, recycling partners, internet sites, etc. Since items will be donations, we do not see a need for credit services.

Primary delivery of goods will be through physical drop-offs at the store. Occasionally, special events may occur at defined locations to assist with donations. At times, we may send store representatives to select locations to collect donations. The store will plan for the acquisition of a vehicle to enable pickup and delivery of goods for sale.

Management and Organization

ReStored will have a store manager to manage the business on a day-to-day basis. A job description for this position can be found in the Job Description document. We intend to have the store manager or assistant store manager on site during all store operation hours.

Position descriptions for all roles have been defined within the Job Description document. An Employee Policy Handbook will be established to communicate ReStored policies and guidelines. All training materials will also be included within the Employee Policy Handbook.

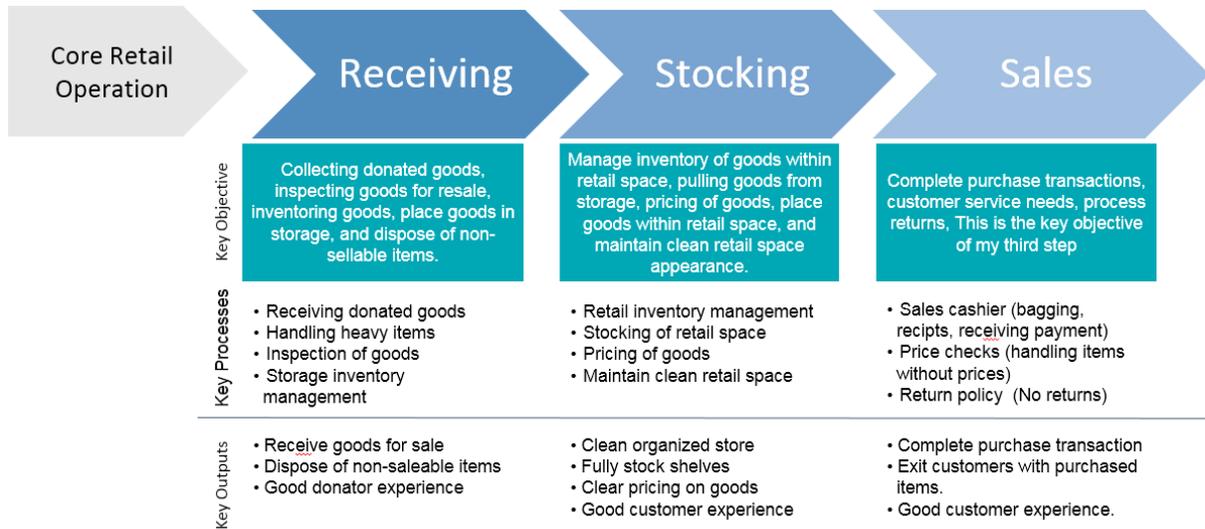
Professional and Advisory Support

- Board of Directors: 3 to 5 members from the ReStored interim startup board
- Business Governance and Advisory Board: Trinity Elder Board
- Attorney: Will use the same attorney that supports Trinity
- Accountant: To be determined - Outsource contractor or Trinity staff
- Insurance: Plan to use same agent that manages Trinity's account
- Banker: Plan to use same bank that manages Trinity's account
- Contractor or consultants: The ReStored board is investigating options. Two main areas of focus are Human Resources and Accounting. The options to cover these functions include: training for our store manager and assistant manager, partner with Trinity staff, and outsource to contractor.

General Business Processes

See the General Business Process – ReStored chart for the initial business process documentation. The top row is the core retail operation flow. Below that is the key objective for each of the core process steps. Under the objective is listed the Key Processes that will be documented for employee training. On the bottom of the diagram is the Key Output expected from the process steps.

General Business Process - ReStored



Financial Practices

ReStored will support cash and credit card payments for the purchase of goods. We do not plan to extend special credit plans for individuals.

Most purchase will be made onsite at the ReStored location. However, ReStored will sell/market more valuable donations online via eBay and Craigslist. Items bought on eBay will require a Paypal order which will include the cost of shipping. Items marketed on Craigslist will be to a more local market and will require in-store pick up and purchase at the time of sale.

Gift Card & Vouchers

ReStored will have gift cards available for purchase by customers, churches or any other organization. Gift cards will be purchased and used at face value with no stipulations.

ReStored does not plan to use/accept vouchers.

Accounting System

ReStored will also utilize its own Point of Sale (POS) system as well as a separate accounting software package (i.e. Quickbooks) or an outsource firm for bookkeeping purposes.

FINANCIAL PLAN

Sales Forecast

Thrift stores range between \$40 and \$100 per square foot of sales on an annual basis. With unknown factors yet regarding location, build out costs and timeframe, being new and unknown in the community, as well as little anticipated income the first three months after the commencement of a lease agreement, it was decided to use a very conservative estimate of \$20 per square foot for the first year of operations, and \$40 for the second year using a base of a 10,000 square foot facility.

Facility's total square footage = 10,000
Sales floor (80% of total sq ft) = 8,000

	<u>Year 1</u>	<u>Year 2</u>
Sales floor sq ft	8,000	8,000
Amt per sq ft	<u>\$20</u>	<u>\$40</u>
Estimated sales	\$160,000	\$320,000

Expense Projections

The basis of the expense projection started with an actual current year budget from a similar thrift store in Madison, WI, called Boomerangs, a well established thrift store that has been in business for 8 years. The purpose of starting with an actual thrift store budget was to capture all expenses an active thrift store incurs; however, all material expenses were removed and replaced by market estimates in the southern metro, such as rent, common area maintenance fees, utilities and insurance.

The above was used as a proxy to establish a pro-forma income statement, balance sheet, break even analysis, and cash flow statement as well as establishing the congregationally approved 90% net loss for the first year of operation. Approximately \$175,000 will need to be raised to cover startup expenses as well as cover the anticipated net loss for the first year of operation. In addition, Trinity will need to subsidize the remaining 10% (roughly \$20,000) of the net operating loss to meet cash flow needs.

The second year of operation was developed using \$40/sq foot of sales, the low end of the industry standard. With the same operational expenses applied as Year 1, the entity easily sustains itself and starts to generate a healthy return as well as capacity to repay its debt to Trinity.

Break-even sales per the pro forma financial statement for the first year of operation are \$353,419 or \$44 per square foot. Anticipated expenses for the first year include \$264,019 of operational expenses and \$89,400 of start up costs offset with \$160,000 in sales and \$175,000 in donations. Year 2 operational expenses are anticipated to be similar to Year 1 resulting with a \$33 per square foot break-even point. See the Appendix for more detail.

APPENDIX

The following spreadsheets are included:

- ReStored Thrift Store's Year 1 Financial Outlook
- ReStored Thrift Store's Year 2 Financial Outlook
- ReStored Thrift Store's Year 1 - Cash Flow
- ReStored Thrift Store's Year 2 - Cash Flow
- Balance Sheet - Year 1 Operations
- Balance Sheet - Year 2 Operations
- ReStored Thrift Store's Year 1 - Startup Expenses

ReStored Thrift Store's Year 1 Financial Outlook

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Operations													
Revenues:													
Product Sales	-	-	-	13,000	13,995	15,066	16,219	17,460	18,796	20,234	21,782	23,449	160,000
Direct Cash Donations	175,000	-	-	-	-	-	-	-	-	-	-	-	175,000
Total	175,000	-	-	13,000	13,995	15,066	16,219	17,460	18,796	20,234	21,782	23,449	335,000
Cost of Goods Sold:													
Product Costs	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Uncollectable Accounts	10	10	10	10	10	10	10	10	10	10	10	10	120
Receiving & Back Room Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	110	110	110	110	110	110	110	110	110	110	110	110	1,320
Fixed Overhead:													
Store Rent 10000 sq ft@\$12	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
CAM & Prop Taxes@\$ 8 /sq ft	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
Utilities	1,664	1,250	1,250	1,664	1,250	1,250	1,664	1,250	1,250	1,664	1,250	1,250	16,656
Property & Liability Insurance*	500	-	-	-	-	-	-	-	-	-	-	-	500
Ahern - HVAC Contract	-	-	375	-	-	375	-	-	375	-	-	-	1,500
Bookkeeping Services	667	667	667	667	667	667	667	667	667	667	667	667	8,000
Warehouse space	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Total	19,698	18,784	19,159	19,198	18,784	19,159	19,198	18,784	19,159	19,198	18,784	19,155	229,056
Gross Profit:	155,192	(18,894)	(19,269)	(6,308)	(4,899)	(4,203)	(3,089)	(1,434)	(473)	926	2,889	4,184	104,624
Selling:													
Printing & Advertising	667	667	667	667	667	667	667	667	667	667	667	667	8,000
Credit Card & Banking Fees	15	15	15	537	577	620	667	716	770	828	890	957	6,608
Total	682	682	682	1,204	1,244	1,287	1,333	1,383	1,437	1,495	1,557	1,624	14,608
Administrative:													
Supplies & Equipment	555	555	555	555	555	555	555	555	555	555	555	555	6,660
Hospitality Supplies	75	75	75	75	75	75	75	75	75	75	75	75	900
Background Checks	63	63	63	63	63	63	63	63	63	63	63	63	750
Vehicle Expense	1,400	400	400	400	400	400	400	400	400	400	400	400	5,800
Miscellaneous	785	365	365	365	365	365	365	490	365	365	365	365	4,925
Total	2,878	1,458	1,458	1,458	1,458	1,458	1,458	1,583	1,458	1,458	1,458	1,458	19,035
Total Expenses from Operations	23,367	21,033	21,408	21,969	21,595	22,013	22,098	21,859	22,163	22,260	21,908	22,346	264,019
Net Income (Loss) from Operations	151,633	(21,033)	(21,408)	(8,969)	(7,600)	(6,947)	(5,880)	(4,400)	(3,367)	(2,026)	(126)	1,103	70,981

ReStored Thrift Store's Year 2 Financial Outlook

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Operations													
Revenues:													
Product Sales	24,000	24,455	24,918	25,391	25,872	26,362	26,862	27,371	27,890	28,418	28,957	29,505	320,000
Direct Cash Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	24,000	24,455	24,918	25,391	25,872	26,362	26,862	27,371	27,890	28,418	28,957	29,505	320,000
Cost of Goods Sold:													
Product Costs	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Uncollectable Accounts	10	10	10	10	10	10	10	10	10	10	10	10	120
Receiving & Back Room Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	110	1,320											
Fixed Overhead:													
Rent 10,000sq ft@\$12/sq ft	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
CAM & Prop Taxes@\$8 / sq ft	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
Utilities	1,664	1,250	1,250	1,664	1,250	1,250	1,664	1,250	1,250	1,664	1,250	1,250	16,656
Property & Liability Insurance*	500	-	-	-	-	-	-	-	-	-	-	-	500
Ahern - HVAC Contract	-	-	375	-	-	375	-	-	375	-	-	-	1,500
Bookkeeping Services	667	667	667	667	667	667	667	667	667	667	667	667	8,000
Warehouse space	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Total	19,698	18,784	19,159	19,198	18,784	19,159	19,198	18,784	19,159	19,198	18,784	19,155	229,056
Gross Profit:	4,192	5,561	5,650	6,083	6,978	7,093	7,554	8,477	8,621	9,110	10,063	10,241	89,624
Selling:													
Printing & Advertising	667	667	667	667	667	667	667	667	667	667	667	667	8,000
Credit Card & Banking Fees	15	15	15	537	577	620	667	716	770	828	890	957	6,608
Total	682	682	682	1,204	1,244	1,287	1,333	1,383	1,437	1,495	1,557	1,624	14,608
Administrative:													
Supplies & Equipment	555	555	555	555	555	555	555	555	555	555	555	555	6,660
Hospitality Supplies	75	75	75	75	75	75	75	75	75	75	75	75	900
Background Checks	63	63	63	63	63	63	63	63	63	63	63	63	750
Vehicle Expense	1,400	400	400	400	400	400	400	400	400	400	400	400	5,800
Miscellaneous	785	365	365	365	365	365	365	490	365	365	365	365	4,925
Total	2,878	1,458	1,458	1,458	1,458	1,458	1,458	1,583	1,458	1,458	1,458	1,458	19,035
Total Expenses from Operations	23,367	21,033	21,408	21,969	21,595	22,013	22,098	21,859	22,163	22,260	21,908	22,346	264,019
Net Income (Loss) from Operations	633	3,422	3,510	3,421	4,277	4,349	4,763	5,512	5,727	6,158	7,049	7,160	55,981

ReStored Thrift Store's 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	Totals
Cash Flow Analysis													
Cash	-	62,233	41,200	19,793	10,823	3,223	-	-	-	-	-	-	-
Projected Sales / Donations	175,000	-	-	13,000	13,995	15,066	16,219	17,460	18,796	20,234	21,782	23,449	335,000
Projected Expenses	112,767	21,033	21,408	21,969	21,595	22,013	22,098	21,859	22,163	22,260	21,908	22,346	(353,419)
Cash Balance Year	62,233	41,200	19,793	10,823	3,223	(3,724)	(5,880)	(4,400)	(3,367)	(2,026)	(126)	1,103	
Potential Subsidization by Trinity	-	-	-	-	-	3,724	5,880	4,400	3,367	2,026	126	-	19,522

ReStored Thrift Store's Year 2 - 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	Totals
Operations													
Cash Flow Analysis													
Cash	1,103	1,736	5,158	5,669	6,090	7,367	8,716	10,479	12,991	17,196	23,354	30,403	
Projected Sales	24,000	24,455	24,918	25,391	25,872	26,362	26,862	27,371	27,890	28,418	28,957	29,505	
Projected Expenses	23,367	21,033	21,408	21,969	21,595	22,013	22,098	21,859	22,163	22,260	21,908	22,346	
Cash Balance Year	1,736	5,158	8,669	9,090	10,367	11,716	13,479	15,991	18,718	23,354	30,403	37,562	
Potential Subsidization	-	-	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(1,522)				(19,522)

Balance Sheet - Year 1 Operations

	Opening Day	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Balance Sheet													
Current Assets													
Cash	175,000	62,233	41,200	19,793	10,823	3,223	-	-	-	-	-	0	1,103
Total Current Assets	175,000	62,233	41,200	19,793	10,823	3,223	-	-	-	-	-	0	1,103
Construction Costs	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Equipment Costs	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400
Total Fixed Assets	-	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400
Total Assets	175,000	151,633	130,600	109,193	100,223	92,623	89,400	89,400	89,400	89,400	89,400	89,400	90,503
Current Liabilities													
Accts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Liabilities													
Notes Payable	-	-	-	-	-	-	3,724	9,604	14,004	17,371	19,397	19,522	19,522
Total Long Term Liabilities	-	-	-	-	-	-	3,724	9,604	14,004	17,371	19,397	19,522	19,522
Total Liabilities	-	-	-	-	-	-	3,724	9,604	14,004	17,371	19,397	19,522	19,522
Equity													
Building Equity	-	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400
Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income/(Loss)	175,000	62,233	41,200	19,793	10,823	3,223	(3,724)	(9,604)	(14,004)	(17,371)	(19,397)	(19,522)	(18,419)
Total Equity	175,000	151,633	130,600	109,193	100,223	92,623	85,676	79,796	75,396	72,029	70,003	69,878	70,981

Balance Sheet - Year 2 Operations

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Balance Sheet												
Current Assets												
Cash	1,736	5,158	5,669	6,090	7,367	8,716	10,479	12,991	17,196	23,354	30,403	37,562
Total Current Assets	1,736	5,158	5,669	6,090	7,367	8,716	10,479	12,991	17,196	23,354	30,403	37,562
Fixed Assets												
Construction Costs	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Equipment Costs	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400
Total Fixed Assets	89,400	89,400	89,400	89,400	89,400							
Total Assets	91,136	94,558	95,069	95,490	96,767	98,116	99,879	102,391	106,596	112,754	119,803	126,962
Current Liabilities												
Accts Payable	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-							
Long Term Liabilities												
Notes Payable	19,522	19,522	16,522	13,522	10,522	7,522	4,522	1,522	0	0	0	0
Total Long Term Liabilities	19,522	19,522	16,522	13,522	10,522	7,522	4,522	1,522	0	0	0	0
Total Liabilities	19,522	19,522	16,522	13,522	10,522	7,522	4,522	1,522	0	0	0	0
Equity												
Building Equity	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400	89,400
Retained Earnings	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)	(18,419)
Net Income/(Loss)	633	4,055	7,566	10,987	15,264	19,613	24,376	29,888	35,614	41,773	48,821	55,981
Total Equity	71,614	75,036	78,547	81,968	86,245	90,594	95,357	100,869	106,595	112,754	119,802	126,962

ReStored Thrift Store's Year 1 - Startup Expenses

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Net Income (Loss) from Operations	151,633	(21,033)	(21,408)	(8,969)	(7,600)	(6,947)	(5,880)	(4,400)	(3,367)	(2,026)	(126)	1,103	70,981
Extraordinary (Start up) Expenses													
Racking	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Computer(s) & Software	3,000	-	-	-	-	-	-	-	-	-	-	-	3,000
Safe	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Counter/Checkout Display	400	-	-	-	-	-	-	-	-	-	-	-	400
Tables & Chairs	500	-	-	-	-	-	-	-	-	-	-	-	500
Shopping Carts	500	-	-	-	-	-	-	-	-	-	-	-	500
POS Equipment (2 registers)	5,000	-	-	-	-	-	-	-	-	-	-	-	5,000
Security Deposit?	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000
Graphic/Logo	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000
Legal Work?	7,000	-	-	-	-	-	-	-	-	-	-	-	7,000
Build out Costs	50,000	-	-	-	-	-	-	-	-	-	-	-	50,000
Other (Contingency)	7,000	-	-	-	-	-	-	-	-	-	-	-	7,000
Total Extraordinary Expenses	89,400	-	-	-	-	-	-	-	-	-	-	-	89,400
1st Year Projected Income/(Loss)	62,233	(21,033)	(21,408)	(8,969)	(7,600)	(6,947)	(5,880)	(4,400)	(3,367)	(2,026)	(126)	1,103	(18,419)