

**WILD SAGE**  
*Resort*

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**BUSINESS PLAN**

## TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>3</b>
Company Ownership.....	5
Company Location.....	5
Use of Funds.....	6
Financial Highlights.....	7
Investor Proposition.....	8
<b>Company Name: An Overview</b> .....	<b>9</b>
<b>Market Analysis Summary</b> .....	<b>12</b>
Market Segmentation.....	14
Industry Analysis.....	15
Competitors.....	16
Competitive Edge.....	17
<b>Strategy &amp; Implementation Summary</b> .....	<b>18</b>
Objectives.....	19
Marketing Strategy.....	20
<b>Management Summary</b> .....	<b>24</b>
<b>Financial Projections</b> .....	<b>26</b>
<b>Appendix: Year 1 Financials by Month</b> .....	<b>35</b>



## **EXECUTIVE SUMMARY**

For the fifth consecutive year, the state of Florida witnessed record breaking tourist statistics in 2016. A major reason for the recent surge in visitor statistics is the fact Clearwater Beach, on Florida's Gulf Coast, was ranked by TripAdvisor as the top beach in the U.S. on its 2016 list of the 25 best beaches in the U.S. In 2016, Clearwater and neighboring St. Petersburg's visitor rates increased by 2.5% reaching 6,197,500 overnight hotel guests.

To fit a glaring need in Clearwater Beach's hotel market, Wild Sage Resort (also referred to as "the Company") will cut through the saturation of chain hotels in the area, offering a unique, creative boutique resort ambiance and atmosphere that better matches the locational appeal than its competitors. Eschewing the cookie-cutter operational structure and atmosphere of the traditional hotel and resort market, the Boutique Hotel industry is poised to see a surging and annualized growth rate of 3.2% over the next five years. By 2022 the Boutique Hotel market is expected to see revenues surpass \$8.7 billion.

Wild Sage Resorts will offer a prime location just steps from top-ranking Clearwater Beach. The prospective mid-century resort property, that owners Mary Smith and David Smith are targeting

to acquire, will be fully renovated and redesigned. Renovation plans of Wild Sage Resort will strategically incorporate contemporary and retro elements mixed into its design, layout, and amenity features. The Company will include 45 upgraded and updated rooms (a common amount for a boutique hotel), in-ground pool, hot tub, wellness spa, courtyard, shuffleboard area, poolside bar, and direct beach access. Acute attention to detail will be noticeable in rooms, suites, and throughout the interior and exterior of the resort. This deliberate design approach will provide an intimate, cushy atmosphere of ultimate relaxation.

Wild Sage Resort will be an attractive resort destination for both domestic and international visitors. In 2016, Clearwater's national and international visitor rates increased to 4 million and 1.1 million respectively. The Company will create a cohesive brand identity as the only boutique hotel in the Clearwater Beach and surrounding areas by leveraging a memorable logo and utilizing direct and indirect marketing approaches.

The Company will leverage a robust web presence, including the use of social media, SEO-friendly blogging, and a mobile-friendly website. Additional marketing channels will include on-site event

hosting, email marketing, online advertising, and hotel booking site listings. The Company has a short-term goal of maintaining an annual occupancy rate of 90% and long-term goals of constructing and establishing an on-site restaurant.

Mary Smith and David Smith will own and operate Wild Sage Resort. Mary Smith brings a background that includes nearly 20 years of professional resort and hospitality experience. She is currently

a co-owner of Clearwater Beach's Squid Ink Inn. Through utilization of Smith's management and marketing strategies, Squid Ink Inn was named "Best of Pinellas County" in the resort category and earned a 4 ½ stars ranking on Yelp.com. Mr. Smith, also a co-owner of Squid Ink Inn, has proven financial and resort management experience. He was a successful Subway franchise owner from 2004 to 2010 and a financial analyst at Merrill Lynch prior to that.

***To achieve the Company's objectives, Wild Sage Resort is seeking \$2 million in direct investment to compliment \$1.25 million in owner investment and an \$800,000 line of credit.***

## Ownership

*Wild Sage Resort is a Limited Liability Company registered in the state of Florida.*

*The Company is owned by Mary Smith (51%) & David Smith (49%).*

## Location

*The Company is located at:*

*316 S. Gulfview Blvd.  
Clearwater Beach, FL 33767*

**WILD SAGE**  
Resort

## Use of Funds

The table below outlines the sources and uses of funding:

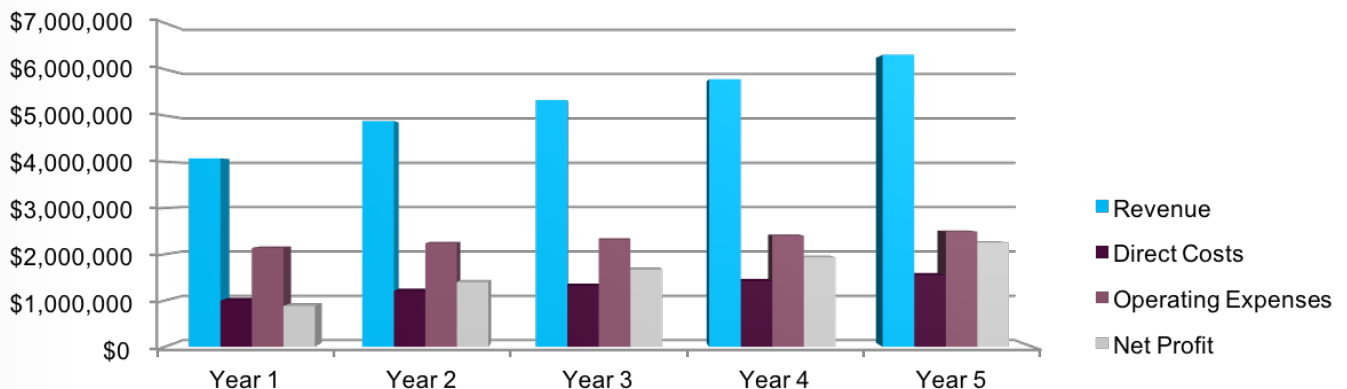
<b>Sources &amp; Uses</b>	
<b>Sources Of Funds</b>	
Loan	\$800,000
Owner Investment	\$1,250,000
Investor	\$2,000,000
<b>Total Sources</b>	<b>\$4,050,000</b>
<b>Uses Of Funds</b>	
<u>Start-up Expenses</u>	
Legal	\$2,000
Webiste Development	\$15,000
Consultants	\$5,000
Utility & Insurance Deposits	\$5,000
<b>Total Start-up Expenses</b>	<b>\$27,000</b>
<u>Start-up Assets</u>	
Working Capital	\$237,000
Inventory	\$25,000
Equipment	\$100,000
Structures	\$2,500,000
Furniture	\$276,000
Fixtures	\$200,000
Software	\$35,000
Property	\$650,000
<b>Total Start-up Assets</b>	<b>\$4,023,000</b>
<b>Total Uses</b>	<b>\$4,050,000</b>

## Financial Highlights

The following table and graph illustrate the financial goals of the Company during the next five years:

Financial Highlights					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	\$4,072,355	\$4,882,468	\$5,336,741	\$5,785,748	\$6,314,928
Gross Margin	\$3,072,482	\$3,680,104	\$4,022,091	\$4,366,203	\$4,765,671
Operating Expenses	\$2,137,448	\$2,236,907	\$2,317,200	\$2,399,692	\$2,490,443
EBITDA*	\$1,185,768	\$1,693,931	\$1,955,625	\$2,217,244	\$2,525,962
Net Profit	\$881,943	\$1,396,742	\$1,665,551	\$1,934,801	\$2,251,700
<i>*Earnings before interest, taxes, depreciation &amp; amortization</i>					
<b>Profitability Ratios</b>					
Gross Margin/Revenue	75%	75%	75%	75%	75%
EBITDA/Revenue	29%	35%	37%	38%	40%
Net Profit %	22%	29%	31%	33%	36%
<b>Debt Ratios</b>					
Debt Ratio (Total Debt/Total Assets)	18.81%	13.59%	9.72%	6.86%	4.71%
Interest Coverage Ratio	22.33	36.46	49.71	69.92	107.36
Debt Service Coverage Ratio	8.18	11.69	13.50	15.30	17.43
<b>Days on Hand</b>					
Receivables	0	0	0	0	0
Inventory	32	31	31	31	30
Payables	30	30	30	30	30
Net Cash Flow	\$1,180,198	\$1,552,072	\$1,813,662	\$2,075,438	\$2,384,124
Cash Balance - Ending	\$1,417,198	\$2,969,270	\$4,782,932	\$6,858,369	\$9,242,493

## Financial Highlights



## Investor Proposition

The Company proposing a 43% equity share in the Company in exchange for \$2 million in direct investment. This results in an Internal Rate of Return of 64% over five years based on a company valuation of 14 times profit in Year 5. It should be noted that the target rate of return is dependent on subjective measurements of risk and reward, and valuations are subject to market conditions.

### Projected Investor IRR

	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
Investment	\$2,000,000					
Investor Share	43%					
Pre-Money Valuation	\$2,656,917					
Post-Money Valuation	\$4,656,917					
Net Profit		\$881,943	\$1,396,742	\$1,665,551	\$1,934,801	\$2,251,700
Year 5 Valuation Multiple						14
Company Valuation						\$31,523,805
Investor Share of Profits		\$378,767	\$599,857	\$715,302	\$830,936	\$967,035
Investor Share of Valuation						\$13,538,486
Investor Cash Flow	(\$2,000,000)	\$378,767	\$599,857	\$715,302	\$830,936	\$14,505,521
Investor IRR	63%					





## **WILD SAGE RESORT : AN OVERVIEW**

Wild Sage Resort is poised to match the appealing paradise atmosphere of its Clearwater Beach, Florida location. Already owning an established boutique hotel in Clearwater Beach, Wild Sage Resort owners, Mary Smith and David Smith, have a successful and tangible understanding of the region's hotel, tourism, and hospitality market, including the needs and expectations of visitors to the premier beach community.

After purchase and a full renovation of an existing mid-century motel, Wild Sage Resorts will mingle a funky retro feel with all of the modern design layout, color scheme, and technology elements that are expected in our contemporary age of travel. The hotel will exude a boutique feel, similar to the Ace Hotel chain located in numerous cities throughout the U.S. Acute attention to detail of design and style will be prominent throughout the resort and each room and suite. This deliberate design approach will provide an intimate, cushy atmosphere of ultimate relaxation.

The L-shaped architectural design will be fitted with an in-ground swimming pool, hot tub, and shuffleboard area in its center courtyard. As location is key in this notable hospitality market, the gates from Wild Sage Resort's center courtyard will lead guests to exclusive beach access of

Clearwater Beach, a consistently top-ranking beach in the U.S.

The Company will offer complimentary umbrellas and luxury lounge chairs for guests at the pool or on the beach. Extending from the resort, room service will be offered to guests at the beach. Wild Sage Resort will serve food and non-alcoholic drinks to guests on the beach (alcohol is prohibited on Clearwater Beach). Daily beach rentals, for a nominal fee, will be available to guests. Rentals include: innertubes, floaties, boogie boards, and beach toys. A retail store will also be located on the premises selling beach supplies and souvenirs like T-shirts, beach toys, and local art.

On weekends the Company will offer surfing lessons through a partnership with a local surfing instructor. The instructor will provide the surf boards and wet suits.

Renovations will also include the consolidation and transformation of select neighboring rooms into space for a Wellness Spa. The Wellness Spa will feature:

- On-site massage
- Waxing
- Pedicure/Manicure

The resort will have 45 guest rooms on the first and second floors. The guest rooms and room amenities inventory plan is as follows:

**Second Floor: 25 rooms**

- 12 rooms with king-sized beds with bathroom/tub
- 10 rooms with two queen-sized beds with bathroom/tub
- 3 suites with two queen-sized beds, bathroom with tub, and a sitting room/small kitchenette. Sitting room has pull-out sleeper sofa

**Ground Floor: 20 rooms**

- 10 rooms with king-sized bed with bathroom/tub
- 10 rooms with queen-sized bed with bathroom/tub

The ground floor will also feature a small bar with indoor and outdoor seating. Occupancy seating will be 50 persons in the small bar and minors will be prohibited. The bar will offer specialty cocktails with artisanal liquors, seasonal and craft beer, and carefully procured wine selections.

A full-service kitchen will be constructed for all room service food orders. Snacks and meals from the kitchen will also be available for bar patrons and guests on the beach. Meals and snacks will be prepared with mostly organic ingredients. The kitchen menu is as follows:

**Breakfast**

- Cooked to order eggs
- Omelets
- Baked goods (croissants, muffins)
- Fresh fruit

**Lunch**

- Sandwiches (all sandwiches served with bag of potato chip and cup of fruit)
  - » Turkey and cheddar
  - » Ham and swiss
  - » Cuban
  - » BLT
- Wraps
  - » Curried chicken salad
  - » Tuna salad
  - » Turkey
  - » Ham

**Dinner**

- Sandwiches (from above)
- Pizza
  - » Veggie
  - » Peperoni
  - » Mac and cheese

**Drinks**

- » Coffee
- » Juice
- » Soda



## **MARKET ANALYSIS SUMMARY**

There are few places in the U.S. that can be defined as a paradise. With powdery sand beaches that stretch for miles, clear gulf waters lapping its shores, and days filled with endless sun (361 average days of sunshine per year), Clearwater Beach, Florida is continuously on the top of that shortlist. After sorting and tallying millions of reviews on its website, TripAdvisor – the Massachusetts-based travel booking site – ranked Clearwater Beach the top beach in the U.S. on its 2016 list of the 25 best beaches in the U.S.<sup>1</sup>

Florida as a state has been attracting visitors and tourists for decades, and its appeal is steadily growing. 2016 saw the fifth consecutive record year for tourism in Florida, with visitor rates topping the previous high of 98.5 million (2014) by 6.6%. That surge in statewide annual visitors directly relates to the healthy tourism market in Clearwater Beach and neighboring Clearwater. In 2016, Clearwater/St. Petersburg's overnight visitor rates increased 2.5% from 6,197,500 in 2015 to 6,349,500 in 2016. The hotel, motel, and resort industry has been able to capitalize on the surge of overnight visitors to the area. ADR

(average daily rate) increased 5.8% and RevPAR (revenue per available room) increased 5.3% from 2015 to 2016.<sup>2</sup>

The overall economic impact of the increase in overnight visitors positively affected the local economy by 5.2%. The demographic of visitors to Clearwater Beach and Clearwater have become broad and continually expanding. Domestic overnight visitors topped 4 million in 2016. Also in 2016, international visitors traveling from Europe to St. Petersburg/Clearwater surpassed 1.1 million visitors, and 200,000 visited from Latin America<sup>3</sup>.

Contributing to the rise in national and international visitors has been collective and collaborative initiatives by the visitor and transportation bureaus of Clearwater Beach, St. Petersburg, and Clearwater. Growths in airport passenger traffic and an expansion of more direct flights to Tampa International Airport and Hillsborough County Aviation Authority have helped increase national and international overnight visitors to the area. TIA reported the airport recorded a 19 percent increase in international passengers from 2014 to

<sup>1</sup>McMorris, Frances. Tampa Bay Business Journal. How Clearwater Beach Helped Break State Tourism Records. February 2016. Source: <http://www.bizjournals.com/tampabay/news/2016/02/18/how-clearwater-beach-helped-break-state-tourism.html>

<sup>2</sup>St. Petersburg/Clearwater Area Convention & Visitors Bureau. 2016 Visitors Profile. Source: <http://www.pinellascvb.com/area-info-statistics>

<sup>3</sup>St. Petersburg/Clearwater Area Convention & Visitors Bureau. 2016 Visitors Profile. Source: <http://www.pinellascvb.com/area-info-statistics>

2015. Strategic regional marketing campaigns in cities such as Dallas, Boston, London, and Chicago, and in countries including Germany and Canada, also have helped contribute to the region's strong tourism numbers the past few years.

Aside from the attraction to its natural landscape, visitors vacation in Clearwater Beach for its outdoor and watersport recreation, family-friendly

activities, shopping, dining, and entertainment. A few specifically recognizable attractions include: Clearwater Marine Aquarium, "Sunsets at Pier 60" – hosting music, sunset views, magic, and more, Clearwater Jazz Festival – typically hosted in October. Other annual large-scale events that occur in the region are the National Superboat Championships, Ironman competition, and Philadelphia Phillies spring training.

## Market Segmentation

Wild Sage Resort will primarily target and attract visitors 25 to 55 years-old. A percentage of that occupancy will be families traveling with children. These travelers will be in middle, upper middle, and lower upper class income and socioeconomic brackets. Guests of Wild Sage Resort will be seeking a more refined, stylish, and detailed-oriented vacation stay. The Company will target both domestic and international visitors to Clearwater Beach.

Clearwater Beach became an epi-center for travel and tourism because it is one of America's true small beach towns. What is sorely lacking presently are accommodations, hotels, and resorts that match Clearwater Beach's laidback, personable demeanor. In a market becoming saturated by corporate chain hotels and resorts, Wild Sage Resort will properly match Clearwater Beach's stylishly easy-going traits.

## Industry Analysis

The Company offers a specialized service that will closely overlap the \$7.4 billion *Boutique Hotel* industry. Outperforming the more formal and broader *Hotels and Motels* industry, experts predict the *Boutique Hotel* industry will grow at a stable, annualized rate of 3.2%, reaching 8.7 billion by 2022<sup>4</sup>. The following image provided by IBISWorld illustrates key industry statistics and projections.

### Key Statistics Snapshot

Revenue  
**\$7.4bn**

Profit  
**\$1.2bn**

Annual Growth 12-17  
**4.8%**

Wages  
**\$2.0bn**

Annual Growth 17-22  
**3.2%**

Businesses  
**1,650**

#### Market Share

Marriott International Inc.  
**20.4%**

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InterContinental Hotels Group PLC  
**14.4%**

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Two Roads Hospitality  
**7.2%**

#### Key External Drivers

Domestic trips by US residents

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Inbound trips by non-US residents

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Consumer spending

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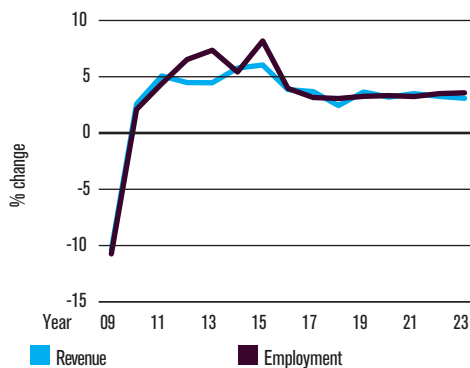
Consumer Confidence Index

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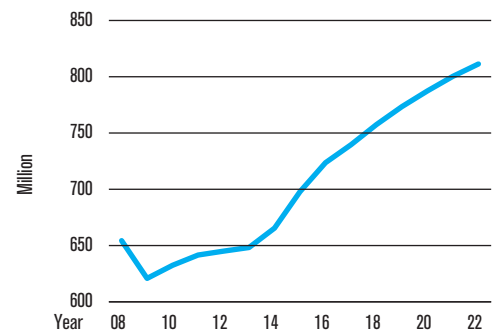
Households earning more than \$100,000

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Revenue vs. employment growth

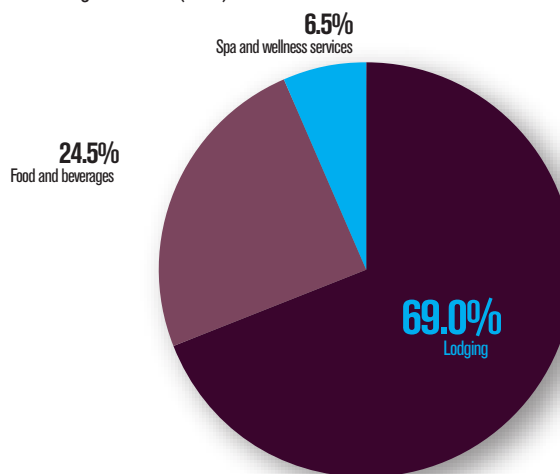


Domestic trips by us residents



SOURCE: WWW.IBISWORLD.COM

Products and services segmentation (2017)



SOURCE: WWW.IBISWORLD.COM

<sup>4</sup>IBISWorld. Boutique Hotels. June 2017. Source: <http://www.ibisworld.com>

Travelers have grown increasingly wary of staying at chain hotels geared toward a mass audience. Travelers, in the demographic as the Company's, are migrating toward boutique hotels. Inspired retreats that showcase the personality and culture of its location in a stylish and intimate manner. Boutique hotels have successfully capitalized on their target market's willingness to pay for a unique accommodation experience while benefiting from the lower capital costs associated with these types of hotels. This gives them a competitive advantage over luxury and upscale hotel products<sup>5</sup>.

## Competitors

The Company will face direct competition from established hotel chains in close proximity to the Company's location. Corresponding with the competition's luxury features and amenities, Wild Sage Resort will offer an exclusive boutique hotel atmosphere, characterized by responsive guest service, stylish layout and design, and a general ambiance that directly correlates to Clearwater Beach as a beach town. Steps from Clearwater beach, Wild Sage Resort will be a luxury alternative to the corporate, chain hotels in the area.

### **SANDPEARL RESORT** | 500 Mandalay Ave, Clearwater Beach, FL 33767

[www.sandpearl.com](http://www.sandpearl.com)

Sandpearl Resort is a 25,000 square-foot, high-tech function hotel. A member of the Opal Collection, Sandpearl Resort has accrued AAA Four-Diamond status, offering coastal-inspired décor in guest rooms and suites and Clearwater Beach's only four-diamond restaurant (Caretta on the Gulf).

### **OPAL SANDS RESORT** | 430 S. Gulfview Blvd, Clearwater Beach, FL 33767

[www.opalsands.com](http://www.opalsands.com)

Self-titled, "a beacon of modern design," Opal Sands Resort provides guests with a contemporary retreat. The resort offers "generously-sized" guest rooms and suites, plush beds, flat-screen TVs, and large balconies opening to views of the Gulf of Mexico. Opal Sands is 17,000 square-feet, with indoor and outdoor event spaces for meetings, gatherings and weddings. The resort has a zero-entry outdoor pool and hot tub and offers a full-service spa.

<sup>5</sup>IBISWorld. Boutique Hotels. June 2017. Source: <http://www.ibisworld.com>



**OPAL SANDS RESORT** | 301 S. Gulfview Blvd., Clearwater Beach, FL 33767

<https://clearwaterbeach.regency.hyatt.com/en/hotel/home.html>

150 feet from the Gulf of Mexico's waters, the four-star Hyatt Regency Clearwater Beach Resort & Spa features rooms and suites with deluxe bedding, a kitchenette or kitchen, flat-screen cable TV with yoga workout program and iPod docking station. The resort has a full-service spa, outdoor pool, 24-hour complimentary access to fitness center and weight equipment.

## Competitive Edge

The Company will capitalize on the trending favoritism of domestic and international travelers who seek the cushy comforts of a boutique-style resort over corporate, chain hotel lodgings. Resort amenities, like the wellness center and spa, and beach activities, like surf lessons, will heighten the overall guest experience.

Wild Sage Resorts will also benefit from the following advantages:

- Onsite pool and hot tub
- Courtyard and shuffleboard court
- Proximity to gulf shore beach
- Proximity to dining and entertainment in Clearwater Beach
- Food and drink services
- An intimate, aesthetically-pleasing property with design and décor characteristics that mirror the beach atmosphere of Clearwater Beach.



## **STRATEGY AND IMPLEMENTATION SUMMARY**

Wild Sage Resort will develop a brand that communicates its core values of boutique luxury accommodations in the heart of Clearwater Beach's scenic beach destination.

A cohesive brand identity, including a memorable logo and all necessary marketing collateral, will transmit a clear message of these values to the Company's customers and guide the development

of marketing campaigns. Wild Sage Resorts plans to utilize a direct and indirect marketing approach leveraging an online presence, industry outreach, and word of mouth. This strategy is specifically designed to reach the resort's target guests, those 25 to 55 years-old, who are seeking a contrasting option to the chain travel accommodations that have saturated the Clearwater Beach market.

## Objectives

The Company has identified the following objectives and benchmarks as it begins operations:

### SHORT-TERM

- Establish Wild Sage Resort as a trusted overnight luxury boutique resort
- Build a base of customers that is large enough to sustain business

### LONG-TERM

- Expand the client base to sustain the business and support its growth objectives: average a 90% annual occupancy rate in year 3.
- Generate enough revenue to construct an on-site restaurant

## Marketing Strategy

Wild Sage Resort will use a direct sales approach and a variety of advertising channels to increase its exposure among prospective customers. Specific channels will include:

**Website:** The Company will create a website to generate interest in its services. This website will be search engine optimized and mobile compatible, and will include service information, retreat description, photo gallery, company profile, location, and contact information.

**Blogging:** Wild Sage Resort will operate a regularly updated blog on its website that features information about current Company initiatives, boutique hotel culture, current events, and locational trends. The Company will place special emphasis on creating search engine optimized, sharable, and engaging content that spurs engagement from readers while also communicating Wild Sage Resort's core values.

**Internet advertising:** Wild Sage Resort will use a combination of internet advertising methods including Pay-per-Click, Google AdWords, Tags, and banner ads as well as search engine optimization of its website. This effort will help generate interest

in the Company from the online community and general public.

**Media kit:** Wild Sage Resort will submit a media kit to appropriate media outlets announcing the launch of the Company's resort. This kit will include postcards or flyers with the Company's mission statement and website address, a brochure, a press release, and a business card.

**Social networking:** Wild Sage Resort will develop a distinctive and authentic presence on social networking sites including Facebook, Instagram, and Twitter, and may also place advertisements on these sites. Customers can "like" Wild Sage Resort on Facebook or "follow" the Company's Twitter or Instagram feed in order to gain access to special discounts or promotions, and the Company will regularly monitor and interact with consumers through social networking sites. About 72% of all internet users are active on social networks, while 89% of all Millennial consumers are active social network users. Almost half of all Americans report that Facebook is their primary influencer of purchase, while 63% of Millennials report using social media to stay updated on the activity of their favorite brands.<sup>6</sup>

<sup>6</sup>Pick, Tom. "104 fascinating social media and marketing statistics for 2014 (and 2015)." B2C. 2014. Source: <http://www.business-2community.com/social-media/104-fascinating-social-media-marketing-statistics-2014-2015-01084935>

**“Influencer” Marketing** - The Company will apply a marketing initiative partnership with Instagram “influencers.” Each quarter, the Company will invite 2 to 3 “Influencers” – who have a large following on Instagram –to stay at the resort for a select number of days in exchange for positive publicity and recognition via their social media accounts.

**Hotel Booking Site Marketing** - Wild Sage Resort will register with a number of top ranking hotel booking sites to reach the millions of customers who utilize their services on a daily basis. Site registrations will include: Tablethotel.com (specializing in boutique hotel listings), TripAdvisor.com, Kayak.com, Hotels.com, Trivago.com, Expedia.com, and more.

**Print media:** Wild Sage Resort will place ads in demographically-appropriate print publications. These advertisements will communicate key value propositions of the business.

**Word of mouth:** The advent of social media means that word travels faster than ever before between family members, peers, and colleagues who are pleased with their experiences with a particular

business. The Company will actively cultivate this effective and inexpensive resource to generate interest in its resort. According to research conducted by Nielsen’s Harris Poll Online, word of mouth remains among the most trusted forms of advertising: 82% of consumers around the world say they trust earned advertising, such as word of mouth or recommendations from friends and family, above all other forms of advertising.<sup>7</sup>

**Event Hosting:** The Company will host events relevant to the company brand, in industry areas of fashion, charity, music, film, and community interest. This marketing strategy is intended to generate local, national, and international brand promotion through engaging, interactive, and lively engagements.

**Search engine optimization:** The Company will allot portions of its marketing budget for strategic internet marketing, including search engine optimization. This tactic involves organically improving the quality and volume of traffic to a website through user searches on search engines such as Google and Bing. Search engine optimization strategy will include:

<sup>7</sup>Ambassador. “How Are Consumers Influenced by Referral Marketing” March 9, 2016. Source: <https://www.getambassador.com/blog/how-are-consumers-influenced-by-referral-marketing>

- **Keywords:** Boutique Hotel, Clearwater Beach Hotel, hotel in Clearwater Beach, boutique hotel Clearwater Beach, things to do Clearwater Beach, Bar Clearwater Beach
- **Coding Standards:** The Company will optimize its web pages for search engines defined by its software developers and will use all basic HTML code elements that search engines expect.
- **Link-backs:** Wild Sage Resort will develop a plan to get linkbacks to the Company's site from other relevant sites and directories.
- **Blog:** The Company's regularly updated, quality content blogs will play a key role in its search strategy with aggressive linking to industry sites and links from key vendor support companies.

**Email marketing:** Current and prospective clients will benefit from receiving strategic email updates and newsletters on a regular basis. This will provide the Company's database of clients and opt-in members with information regarding promotional specials, upcoming events, and relevant business news. All emails will be optimized for desktop and mobile viewing. Email marketing delivers the

highest ROI of any digital marketing tactic: an average of \$44 per dollar spent.<sup>8</sup>

**Banner ads:** The Company will create a series of banner ads to appear on relevant and relatable websites and partner URLs. These ads will feature the Company's brand name, and may include information about its services and products. The primary purpose of these banner ads will be to drive traffic to the Company's website.

**Social networking sites (ads):** The Company will create a series of banner ads and/or applications to attract attention from members on social media. Social networking sites are an effective way to benefit from word of mouth on the web, and generate interest in the Company from the general public. Advertising on social networking sites is considered one of the most lucrative ways to generate return on investment (ROI) because, according to a BI Intelligence report, "Social is now the top internet activity: Americans spend more time on social media than any other major internet activity, including email."<sup>9</sup>

**Location-based advertising:** The proliferation

<sup>8</sup>Adler, Emily. "Social Media Engagement" Business Insider. 2014. Source: <http://www.businessinsider.com/social-media-engagement-statistics-2013-12>

of mobile devices, beacons, and GPS technologies has led to new growth in location-based advertising. The Company will use opt-in location-based advertising to push promotions, information, and other marketing materials to consumers' mobile devices when they are within a specified range of Wild Sage Resort's location. The highly targeted nature of location-based advertising, as well as its ability to facilitate limited-time promotions, can generate strong conversion rates.

**Mobile marketing:** Wild Sage Resort will strongly emphasize mobile compatibility in

all marketing campaigns, including a mobile-optimized website and email marketing, the development of mobile apps, tight integration with social media platforms, opt-in push advertising, and streamlined mobile purchasing capabilities. According to Forbes, "mobile is the channel of choice to keep relationships with existing customers alive because it cuts through the clutter of email and social. That's because phones and tablets are consumers preferred platform to browse for products, contact customer service, participate in social communities, watch videos, sign up for alerts, and download branded apps."<sup>10</sup>

<sup>10</sup>Crandell, Christine. "2014 State of Marketing." Forbes. 2014. Source: <http://www.forbes.com/sites/christinecrandell/2014/01/07/2014-state-of-marketing-email-flood-despite-rise-of-mobile-and-social/>

## MANAGEMENT SUMMARY

### **Mary Smith**

#### *Co-Owner*

Mary Smith is a seasoned hotel/resort and hospitality executive. With nearly 20 years of industry experience, Smith has managed and lead teams in a variety of sectors of the resort industry. As co-owner of Clearwater Beach's Squid Ink Inn, Smith's management of their web presence and marketing efforts earned Squid Ink Inn a 4 ½ star rating on Yelp.com. She also aided the inn's achievement of "Best of Pinnellas County" in the resort category.

From 2010 to present, Smith has been a co-owner and manager of Squid Ink Inn. She has a demonstrated a watchful eye over the tracking and overseeing of all hotel finances. Using that data, she sets and properly adjusts strategic sales goals. Also at Squid Ink Inn, Smith's daily contributions consist of scheduling employees in the front desk, housekeeping, and valet departments. Receiving dozens of monthly reviews from guests it's obvious Smith goes out of her way to handle guest complaints personally and to ensure each guest is satisfied and happy with their accommodations and overall stay.

Prior to Squid Ink Inn, Smith was a manager at La Quinta Inn in near-by St. Petersburg. Her duties in that position included: scheduling staff members, monitoring and tracking financing, and helping to address guest complaints or concerns. Receiving her professional start in hospitality, from 2002 to 2005, she was an Assistant Property Manager at Sunny Days Property Management. In that role Smith was responsible for filling the company's Florida coast vacation rental properties and supplying renters with keys. She also managed the scheduling of renter check-outs, scheduled cleaners, and handled billing. Smith attended the University of South Florida where she received a Bachelor's degree in Business Administration.

Combining Smith's exceptional hotel management experience, her knowledge of Clearwater Beach as a sought-out beach destination, and her progressive concepts in boutique resort accommodations, it's clear Wild Sage Resort will be in the hands of a natural leader who will guide the Company toward successfully establishing itself in the Clearwater Beach resort market.



**David Smith***Co-Owner*

Working side-by-side with Mary Smith, David Smith has been a co-owner of Squid Ink Inn since 2010. In his management role at Squid Ink Inn, Smith has been responsible for a number of integral company-wide responsibilities. He has helped monitor finances and paying bills for both the on-site restaurant and hotel. He also manages Mario's – the on-site restaurant. As a manager of Mario's he oversees the hiring, training, and promotional advancements of staff. He also works with the chef to create seasonal menus, and helps to promote the restaurant through website management.

Savvy in entrepreneurship, from 2004 to 2010, as franchise owner of a Subway restaurant in Clearwater Beach, Smith raised the generation of revenue to \$2 million. Within his franchise he also managed and oversaw the daily operations of the restaurant, hired, trained and scheduled employees, and worked diligently to maintain corporate quality standards of his Subway franchise.

After earning a Bachelor's degree in Business Administration from Fordham University in New York City, Smith worked from 1995 to 2000 as a Financial Analyst and Investor for Merrill Lynch. His primary duties included trading stocks and managing investment portfolios for clients.

## FINANCIAL FORECAST

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

<b>Revenue Forecast</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenue</b>					
King Bed	\$1,594,951	\$1,877,813	\$2,009,697	\$2,141,570	\$2,321,814
Two Queen Beds	\$1,449,956	\$1,707,103	\$1,826,997	\$1,946,882	\$2,110,740
Suites	\$368,066	\$433,342	\$463,776	\$499,719	\$543,967
Spa Services	\$209,382	\$233,742	\$250,158	\$267,475	\$290,345
Bar	\$300,000	\$420,312	\$524,075	\$620,068	\$698,708
Room Service	\$150,000	\$210,156	\$262,037	\$310,034	\$349,354
<b>Total Revenue</b>	<b>\$4,072,355</b>	<b>\$4,882,468</b>	<b>\$5,336,741</b>	<b>\$5,785,748</b>	<b>\$6,314,928</b>
<b>Direct Cost of Revenue</b>					
King Bed	\$414,687	\$488,231	\$522,521	\$556,808	\$603,672
Two Queen Beds	\$376,989	\$443,847	\$475,019	\$506,189	\$548,792
Suites	\$95,697	\$112,669	\$120,582	\$129,927	\$141,432
Bar	\$60,000	\$84,062	\$104,815	\$118,108	\$133,087
Room Service	\$52,500	\$73,555	\$91,713	\$108,512	\$122,274
Subtotal Cost of Revenue	\$999,873	\$1,202,364	\$1,314,650	\$1,419,545	\$1,549,257
Other Direct Cost	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Costs</b>	<b>\$999,873</b>	<b>\$1,202,364</b>	<b>\$1,314,650</b>	<b>\$1,419,545</b>	<b>\$1,549,257</b>
Gross Margin	\$3,072,482	\$3,680,104	\$4,022,091	\$4,366,203	\$4,765,671
Gross Margin/Revenue	75%	75%	75%	75%	75%

The table below shows the units and pricing assumptions underlying the revenue forecast:

<b>Unit Assumptions</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Percent Occupancy</b>					
King Bed	75%	75%	80%	82%	90%
Queen Beds	75%	75%	80%	82%	90%
Suites	75%	75%	80%	85%	95%
<b>Units</b>					
King Bed	4,908	5,503	5,609	5,692	5,877
Two Queen Beds	4,461	5,003	5,099	5,175	5,343
Suites	669	750	765	785	814
Spa Services	2,094	2,226	2,269	2,311	2,389
Bar	37,500	50,037	59,419	66,955	75,446
Room Service	8,333	11,119	13,204	14,879	16,766
<b>Total Units</b>	<b>57,965</b>	<b>74,638</b>	<b>86,365</b>	<b>95,796</b>	<b>106,635</b>
<b>Unit Price</b>					
King Bed	\$325	\$341	\$358	\$376	\$395
Two Queen Beds	\$325	\$341	\$358	\$376	\$395
Suites	\$550	\$578	\$606	\$637	\$669
Spa Services	\$100	\$105	\$110	\$116	\$122
Bar	\$8	\$8	\$9	\$9	\$9
Room Service	\$18	\$19	\$20	\$21	\$21
<b>Direct Unit Cost</b>					
King Bed	\$85	\$89	\$93	\$98	\$103
Two Queen Beds	\$85	\$89	\$93	\$98	\$103
Suites	\$143	\$150	\$158	\$166	\$174
Bar	\$2	\$2	\$2	\$2	\$2
Room Service	\$6	\$7	\$7	\$7	\$7

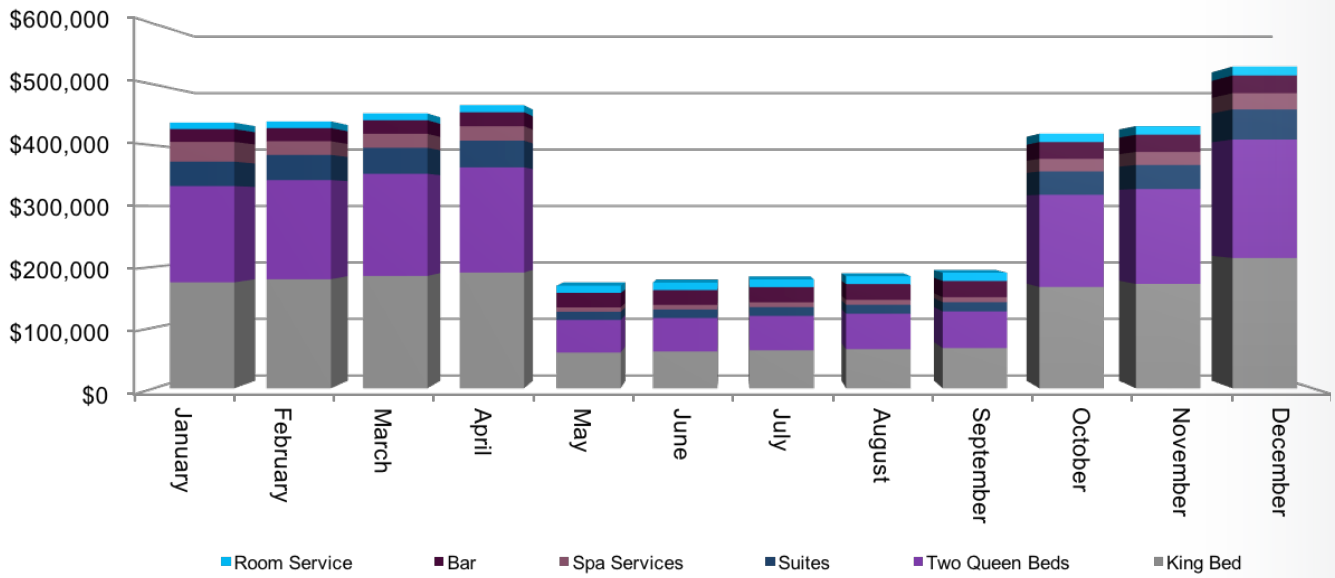
### Seasonality

Season	Months	Percent of Average
Busy Season	December - April	150%
Off Season	May - September	45%
Mid Season	October - November	110%

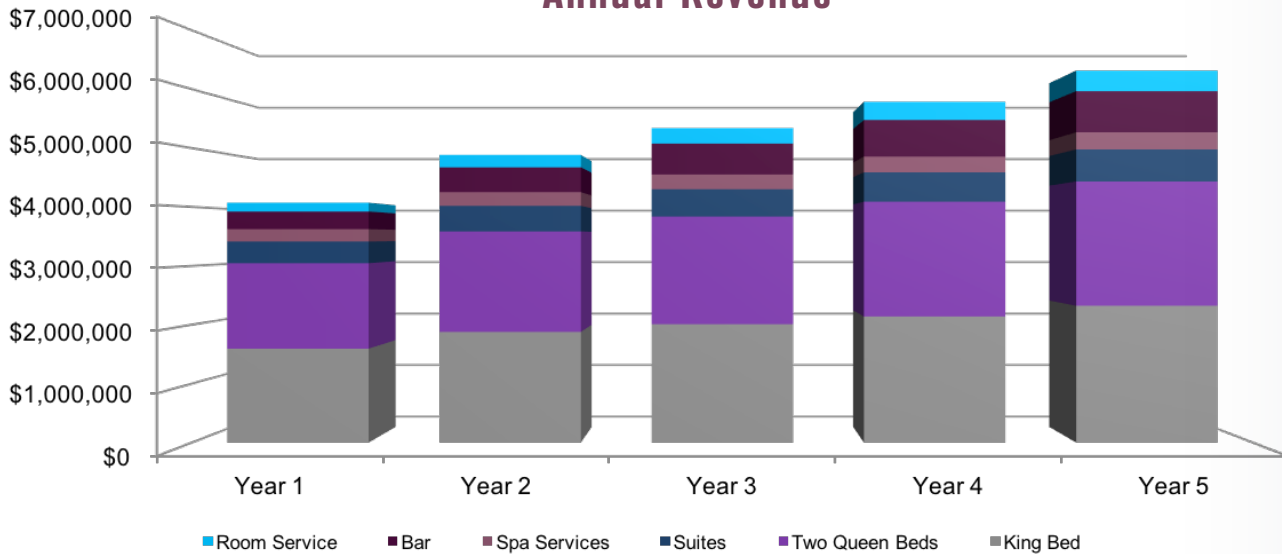
### Spa Services Assumptions

Percent of Guests Who Will Use the Spa	
King Guests	10%
King Guests	20%
Suites Guests	90%

### Year 1 Revenue Monthly



### Annual Revenue



The Company's personnel forecast is outlined below.

<b>Personnel Forecast</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Staff Count Per Position</b>					
Manager/Owner	1	1	1	1	1
Desk Clerk	3	3	3	3	3
Night Clerk	2	2	2	2	2
Cleaning Staff	6	6	6	6	6
Mechanic	2	2	2	2	2
Bar Staff	3	3	3	3	3
Kitchen Staff	6	6	6	6	6
Room Service Staff	4	4	4	4	4
<b>Total Personnel</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Salary Per Position</b>					
Manager/Owner	\$65,000	\$68,250	\$71,663	\$75,246	\$79,008
Desk Clerk	\$27,500	\$28,875	\$30,319	\$31,835	\$33,426
Night Clerk	\$30,000	\$31,500	\$33,075	\$34,729	\$36,465
Cleaning Staff	\$19,760	\$20,748	\$21,785	\$22,875	\$24,018
Mechanic	\$37,440	\$39,312	\$41,278	\$43,341	\$45,509
Bar Staff	\$20,800	\$21,840	\$22,932	\$24,079	\$25,283
Kitchen Staff	\$20,800	\$21,840	\$22,932	\$24,079	\$25,283
Room Service Staff	\$8,320	\$8,736	\$9,173	\$9,631	\$10,113
<b>Payroll Per Position (Count x Salary)</b>					
Manager/Owner	\$65,000	\$68,250	\$71,663	\$75,246	\$79,008
Desk Clerk	\$82,500	\$86,625	\$90,956	\$95,504	\$100,279
Night Clerk	\$45,000	\$47,250	\$49,613	\$52,093	\$54,698
Cleaning Staff	\$118,560	\$124,488	\$130,712	\$137,248	\$144,110
Mechanic	\$74,880	\$78,624	\$82,555	\$86,683	\$91,017
Bar Staff	\$62,400	\$65,520	\$68,796	\$72,236	\$75,848
Kitchen Staff	\$124,800	\$131,040	\$137,592	\$144,472	\$151,695
Room Service Staff	\$33,280	\$34,944	\$36,691	\$38,526	\$40,452
<b>Total Payroll</b>	<b>\$606,420</b>	<b>\$636,741</b>	<b>\$668,578</b>	<b>\$702,007</b>	<b>\$737,107</b>
<b>Payroll/Revenue</b>	<b>14.89%</b>	<b>13.04%</b>	<b>12.53%</b>	<b>12.13%</b>	<b>11.67%</b>

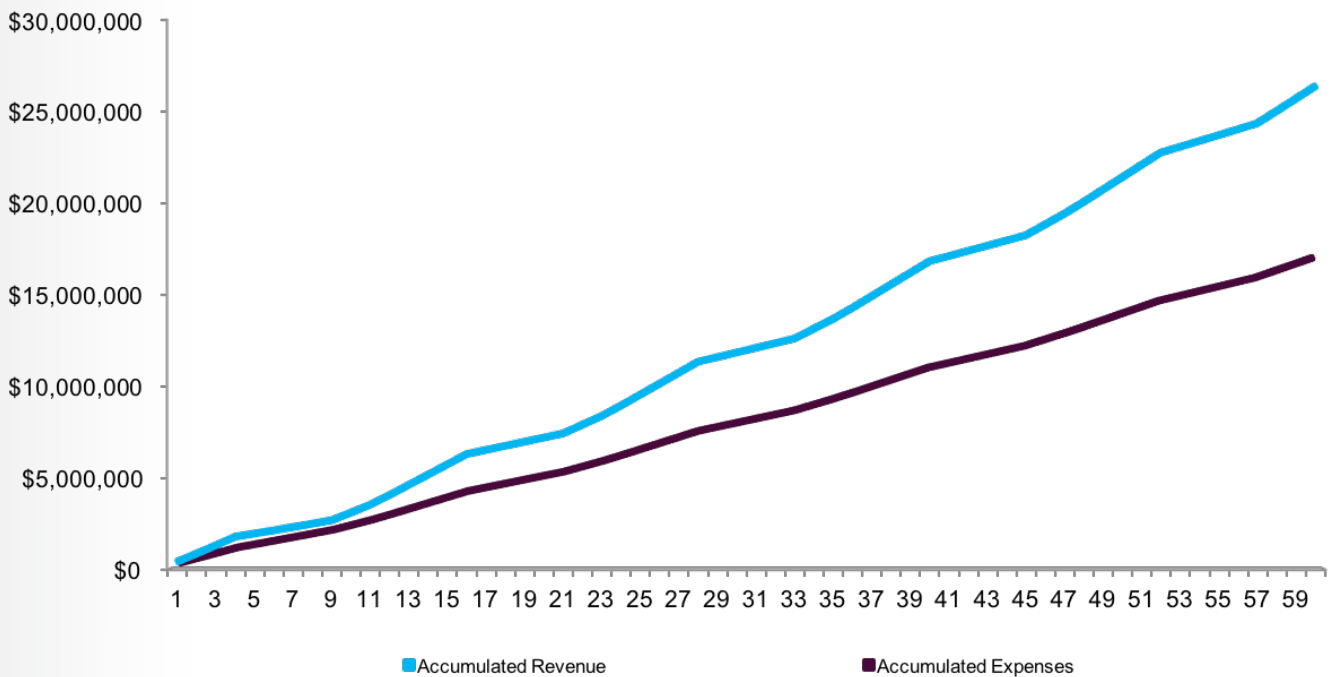
The Company intends to deploy its funding to maximize growth and profitability. In the Profit and Loss table below, gross margin equals revenue minus direct costs. The “bottom line” or profit (as measured before and after interest, taxes, depreciation, and amortization) equals gross margin minus operating expenses.

## Pro Forma Profit & Loss

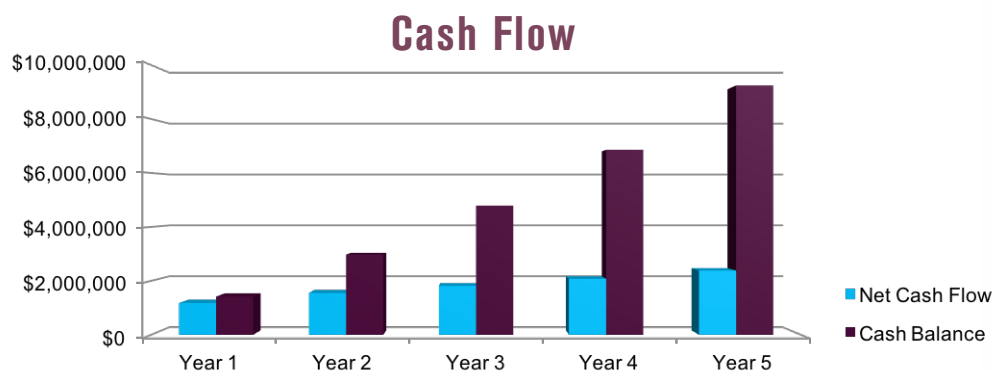
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Revenue</b>	<b>\$4,072,355</b>	<b>\$4,882,468</b>	<b>\$5,336,741</b>	<b>\$5,785,748</b>	<b>\$6,314,928</b>
Total Direct Cost of Revenue	\$999,873	\$1,202,364	\$1,314,650	\$1,419,545	\$1,549,257
Gross Margin	\$3,072,482	\$3,680,104	\$4,022,091	\$4,366,203	\$4,765,671
Gross Margin/Revenue	75%	75%	75%	75%	75%
<b>Expenses</b>					
Misc	\$156,000	\$159,120	\$162,302	\$165,548	\$168,859
Telephone	\$223,600	\$228,072	\$232,633	\$237,286	\$242,032
Utilities	\$154,130	\$160,183	\$163,005	\$165,882	\$169,765
Merchant Fees	\$61,085	\$73,237	\$80,051	\$86,786	\$94,724
Supplies	\$180,000	\$183,600	\$187,272	\$191,017	\$194,838
Marketing	\$240,000	\$244,800	\$249,696	\$254,690	\$259,784
Food & Beverage	\$122,171	\$146,474	\$160,102	\$173,572	\$189,448
Massage Therapist	\$52,346	\$58,435	\$62,540	\$66,869	\$72,586
Depreciation	\$250,733	\$250,733	\$250,733	\$250,733	\$250,733
Payroll Taxes & Benefits	\$90,963	\$95,511	\$100,287	\$105,301	\$110,566
Total Personnel	\$606,420	\$636,741	\$668,578	\$702,007	\$737,107
<b>Total Op. Expenses</b>	<b>\$2,137,448</b>	<b>\$2,236,907</b>	<b>\$2,317,200</b>	<b>\$2,399,692</b>	<b>\$2,490,443</b>
Profit Before Int. & Tax	\$935,035	\$1,443,198	\$1,704,891	\$1,966,511	\$2,275,228
EBITDA	\$1,185,768	\$1,693,931	\$1,955,625	\$2,217,244	\$2,525,962
Interest Expense	\$53,092	\$46,456	\$39,340	\$31,710	\$23,528
Taxes Incurred	\$0	\$0	\$0	\$0	\$0
<b>Net Profit</b>	<b>\$881,943</b>	<b>\$1,396,742</b>	<b>\$1,665,551</b>	<b>\$1,934,801</b>	<b>\$2,251,700</b>
<b>Net Profit %</b>	<b>21.7%</b>	<b>28.6%</b>	<b>31.2%</b>	<b>33.4%</b>	<b>35.7%</b>

The table and chart below demonstrate when the Company is expected to become profitable. Break-even occurs when accumulated revenue equals accumulated expenses. According to the forecasted financials, month 5 will be the point at which break-even will occur.

<b>Break-Even Analysis</b>	
Break-Even Month	1
Accumulated Gross Revenue	\$437,298



The following depictions of the Company’s projected cash flow show that the Company expects to maintain sufficient cash balances over the five years of this plan. The “pro forma cash flow” table differs from the “pro forma profit and loss” (P&L) table. Pro forma cash flow is intended to represent the actual flow of cash in and out of the Company. In comparison, the revenue and expense projections on the P&L table include “non-cash” items and exclude funding and investment illustrations.



Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>OPERATING</b>					
Net Profit	\$881,943	\$1,396,742	\$1,665,551	\$1,934,801	\$2,251,700
<b>Adjustments to Net Profit</b>					
Depreciation & Amortization	\$250,733	\$250,733	\$250,733	\$250,733	\$250,733
(Increases)/Decreases in Accounts Receivable	\$0	\$0	\$0	\$0	\$0
(Additions)/Depletions of Inventory	(\$103,528)	(\$9,475)	(\$8,819)	(\$9,099)	(\$9,307)
Increases/(Decreases) in Accounts Payable	\$242,847	\$12,505	\$11,746	\$12,183	\$12,359
Net Cash From Operating Activities	\$1,271,995	\$1,650,506	\$1,919,212	\$2,188,617	\$2,505,486
<b>INVESTING</b>					
Purchase of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sale of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase of Land	\$0	\$0	\$0	\$0	\$0
Sale of Land	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Sale of Long-term Assets	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0
<b>FINANCING</b>					
Investment	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
Current Borrowing Repay.	\$0	\$0	\$0	\$0	\$0
New Long Term Liabilities	\$0	\$0	\$0	\$0	\$0
Long Term Liability Repay	(\$91,798)	(\$98,434)	(\$105,550)	(\$113,180)	(\$121,362)
Net Cash From Financing Activities	(\$91,798)	(\$98,434)	(\$105,550)	(\$113,180)	(\$121,362)
<b>NET CASH FLOW</b>	<b>\$1,180,198</b>	<b>\$1,552,072</b>	<b>\$1,813,662</b>	<b>\$2,075,438</b>	<b>\$2,384,124</b>
<b>Beginning Cash</b>	<b>\$237,000</b>	<b>\$1,417,198</b>	<b>\$2,969,270</b>	<b>\$4,782,932</b>	<b>\$6,858,369</b>
<b>Ending Cash</b>	<b>\$1,417,198</b>	<b>\$2,969,270</b>	<b>\$4,782,932</b>	<b>\$6,858,369</b>	<b>\$9,242,493</b>



The balance sheet below highlights the Company's projected assets, liabilities, and capital:

<b>Balance Sheet</b>					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
Current Assets					
Cash	\$1,417,198	\$2,969,270	\$4,782,932	\$6,858,369	\$9,242,493
Accounts Receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$128,528	\$138,002	\$146,822	\$155,921	\$165,228
Other Current Assets	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$1,545,725</b>	<b>\$3,107,272</b>	<b>\$4,929,753</b>	<b>\$7,014,290</b>	<b>\$9,407,721</b>
Fixed Assets					
Long-term Assets	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000
Accum. Depreciation	\$250,733	\$501,467	\$752,200	\$1,002,933	\$1,253,667
Land	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$3,510,267</b>	<b>\$3,259,533</b>	<b>\$3,008,800</b>	<b>\$2,758,067</b>	<b>\$2,507,333</b>
<b>Total Assets</b>	<b>\$5,055,992</b>	<b>\$6,366,805</b>	<b>\$7,938,553</b>	<b>\$9,772,357</b>	<b>\$11,915,054</b>
<b>Liabilities and Capital</b>					
Current Liabilities					
Accounts Payable	\$242,847	\$255,353	\$267,099	\$279,281	\$291,640
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$242,847</b>	<b>\$255,353</b>	<b>\$267,099</b>	<b>\$279,281</b>	<b>\$291,640</b>
Long-term Liabilities	\$708,202	\$609,768	\$504,219	\$391,039	\$269,677
<b>Total Liabilities</b>	<b>\$951,049</b>	<b>\$865,121</b>	<b>\$771,318</b>	<b>\$670,320</b>	<b>\$561,317</b>
Paid-in Capital					
Paid-in Capital	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000
Retained Earnings	(\$27,000)	\$854,943	\$2,251,684	\$3,917,236	\$5,852,037
Earnings	\$881,943	\$1,396,742	\$1,665,551	\$1,934,801	\$2,251,700
<b>Total Capital</b>	<b>\$4,104,943</b>	<b>\$5,501,684</b>	<b>\$7,167,236</b>	<b>\$9,102,037</b>	<b>\$11,353,737</b>
<b>Total Liabilities and Capital</b>	<b>\$5,055,992</b>	<b>\$6,366,805</b>	<b>\$7,938,553</b>	<b>\$9,772,357</b>	<b>\$11,915,054</b>

The sensitivity analysis below assumes that revenues are 15% higher or lower than figures projected earlier in this business plan:

## Best Case Scenario

### REVENUE IS 15% GREATER THAN PROJECTED

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$4,683,208	\$5,614,839	\$6,137,252	\$6,653,610	\$7,262,167
Cost of Goods	\$1,149,854	\$1,382,719	\$1,511,848	\$1,632,476	\$1,781,645
Gross Margin	\$3,533,355	\$4,232,120	\$4,625,404	\$5,021,134	\$5,480,522
Gross Margin/Revenue	75%	75%	75%	75%	75%
Operating Expenses	\$2,137,448	\$2,236,907	\$2,317,200	\$2,399,692	\$2,490,443
Net Profit	\$1,342,815	\$1,948,757	\$2,268,865	\$2,589,731	\$2,966,551
Net Profit/Revenue	29%	35%	37%	39%	41%
Cash Flow	\$1,641,070	\$2,104,088	\$2,416,976	\$2,730,368	\$3,098,975
Cash Balance	\$1,878,070	\$3,982,158	\$6,399,133	\$9,129,501	\$12,228,476

## Worst Case Scenario

### REVENUE IS 15% LESS THAN PROJECTED

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$3,461,502	\$4,150,098	\$4,536,230	\$4,917,886	\$5,367,689
Cost of Goods	\$849,892	\$1,022,010	\$1,117,453	\$1,206,613	\$1,316,868
Gross Margin	\$2,611,610	\$3,128,089	\$3,418,777	\$3,711,273	\$4,050,820
Gross Margin/Revenue	75%	75%	75%	75%	75%
Operating Expenses	\$2,137,448	\$2,236,907	\$2,317,200	\$2,399,692	\$2,490,443
Net Profit	\$421,070	\$844,726	\$1,062,238	\$1,279,871	\$1,536,850
Net Profit/Revenue	12%	20%	23%	26%	29%
Cash Flow	\$719,325	\$1,000,056	\$1,210,348	\$1,420,507	\$1,669,273
Cash Balance	\$956,325	\$1,956,382	\$3,166,730	\$4,587,237	\$6,256,511

**APPENDIX**

**Revenue Forecast**

Revenue	January	February	March	April	May	June	July	August	September	October	November	December
King Bed	\$174,329	\$179,559	\$184,946	\$190,494	\$58,863	\$60,629	\$62,447	\$64,321	\$66,251	\$166,804	\$171,808	\$214,500
Two Queen Beds	\$158,481	\$163,236	\$168,133	\$173,177	\$53,512	\$55,117	\$56,770	\$58,474	\$60,228	\$151,640	\$156,189	\$195,000
Suites	\$40,230	\$41,437	\$42,680	\$43,960	\$13,584	\$13,991	\$14,411	\$14,843	\$15,289	\$38,493	\$39,648	\$49,500
Spa Services	\$32,550	\$22,351	\$23,021	\$23,712	\$7,327	\$7,547	\$7,773	\$8,006	\$8,247	\$20,763	\$21,386	\$26,700
Bar	\$21,139	\$21,773	\$22,426	\$23,099	\$23,792	\$24,505	\$25,241	\$25,998	\$26,778	\$27,581	\$28,409	\$29,261
Room Service	\$10,569	\$10,886	\$11,213	\$11,549	\$11,896	\$12,253	\$12,620	\$12,999	\$13,389	\$13,791	\$14,204	\$14,630
Total Revenue	\$437,298	\$439,241	\$452,419	\$465,991	\$168,973	\$174,042	\$179,263	\$184,641	\$190,180	\$419,072	\$431,644	\$529,591
<hr/>												
Direct Cost of Revenue												
King Bed	\$45,326	\$46,685	\$48,086	\$49,529	\$15,304	\$15,763	\$16,236	\$16,723	\$17,225	\$43,369	\$44,670	\$55,770
Two Queen Beds	\$41,205	\$42,441	\$43,714	\$45,026	\$13,913	\$14,330	\$14,760	\$15,203	\$15,659	\$39,426	\$40,609	\$50,700
Suites	\$10,460	\$10,774	\$11,097	\$11,430	\$3,532	\$3,638	\$3,747	\$3,859	\$3,975	\$10,008	\$10,308	\$12,870
Bar	\$4,228	\$4,355	\$4,485	\$4,620	\$4,758	\$4,901	\$5,048	\$5,200	\$5,356	\$5,516	\$5,682	\$5,852
Room Service	\$3,699	\$3,810	\$3,925	\$4,042	\$4,164	\$4,288	\$4,417	\$4,550	\$4,686	\$4,827	\$4,971	\$5,121
Subtotal Cost of Revenue	\$104,917	\$108,065	\$111,307	\$114,646	\$41,671	\$42,921	\$44,209	\$45,535	\$46,901	\$103,147	\$106,241	\$130,313
Other Direct Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Direct Costs	\$104,917	\$108,065	\$111,307	\$114,646	\$41,671	\$42,921	\$44,209	\$45,535	\$46,901	\$103,147	\$106,241	\$130,313
<hr/>												
Gross Margin	\$332,380	\$331,176	\$341,112	\$351,345	\$127,302	\$131,121	\$135,054	\$139,106	\$143,279	\$315,926	\$325,403	\$399,278
Gross Margin/Revenue	76%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%

## Unit Assumptions

Units	January	February	March	April	May	June	July	August	September	October	November	December
King Bed	536	552	569	586	181	187	192	198	204	513	529	660
Two Queen Beds	488	502	517	533	165	170	175	180	185	467	481	600
Suites	73	75	78	80	25	25	26	27	28	70	72	90
Spa Services	325	224	230	237	73	75	78	80	82	208	214	267
Bar	2,642	2,722	2,803	2,887	2,974	3,063	3,155	3,250	3,347	3,448	3,551	3,658
Room Service	587	605	623	642	661	681	701	722	744	766	789	813
<b>Total Units</b>	<b>4,652</b>	<b>4,680</b>	<b>4,820</b>	<b>4,965</b>	<b>4,079</b>	<b>4,201</b>	<b>4,327</b>	<b>4,457</b>	<b>4,590</b>	<b>5,471</b>	<b>5,635</b>	<b>6,087</b>
<b>Unit Price</b>												
King Bed	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325
Two Queen Beds	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325
Suites	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$550
Spa Services	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Bar	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8
Room Service	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18
<b>Direct Unit Cost</b>												
King Bed	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85
Two Queen Beds	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85	\$85
Suites	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143	\$143
Bar	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
Room Service	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6

# Personnel Forecast

Staff Count Per Position	January	February	March	April	May	June	July	August	September	October	November	December
Manager/Owner	1	1	1	1	1	1	1	1	1	1	1	1
Desk Clerk	3	3	3	3	3	3	3	3	3	3	3	3
Night Clerk	2	2	2	2	2	2	2	2	2	2	2	2
Cleaning Staff	6	6	6	6	6	6	6	6	6	6	6	6
Mechanic	2	2	2	2	2	2	2	2	2	2	2	2
Bar Staff	3	3	3	3	3	3	3	3	3	3	3	3
Kitchen Staff	6	6	6	6	6	6	6	6	6	6	6	6
Room Service Staff	4	4	4	4	4	4	4	4	4	4	4	4
<b>Total Personnel</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>
<b>Salary Per Position</b>												
Manager/Owner	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417
Desk Clerk	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292	\$2,292
Night Clerk	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Cleaning Staff	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647	\$1,647
Mechanic	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120
Bar Staff	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733
Kitchen Staff	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733	\$1,733
Room Service Staff	\$693	\$693	\$693	\$693	\$693	\$693	\$693	\$693	\$693	\$693	\$693	\$693
<b>Payroll Per Position (Count x Salary)</b>												
Manager/Owner	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417	\$5,417
Desk Clerk	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875	\$6,875
Night Clerk	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Cleaning Staff	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880	\$9,880
Mechanic	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240	\$6,240
Bar Staff	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200
Kitchen Staff	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400
Room Service Staff	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773	\$2,773
<b>Total Payroll</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>	<b>\$50,535</b>
<b>Payroll/Revenue</b>	<b>11.56%</b>	<b>11.51%</b>	<b>11.17%</b>	<b>10.84%</b>	<b>29.91%</b>	<b>29.04%</b>	<b>28.19%</b>	<b>27.37%</b>	<b>26.57%</b>	<b>12.06%</b>	<b>11.71%</b>	<b>9.54%</b>

# Pro Forma Profit & Loss

	January	February	March	April	May	June	July	August	September	October	November	December
Total Revenue	\$437,298	\$439,241	\$452,419	\$465,991	\$168,973	\$174,042	\$179,263	\$184,641	\$190,180	\$419,072	\$431,644	\$529,591
Total Direct Cost of Revenue	\$104,917	\$108,065	\$111,307	\$114,646	\$41,671	\$42,921	\$44,209	\$45,535	\$46,901	\$103,147	\$106,241	\$130,313
Gross Margin	\$332,380	\$331,176	\$341,112	\$351,345	\$127,302	\$131,121	\$135,054	\$139,106	\$143,279	\$315,926	\$325,403	\$399,278
Gross Margin/Revenue	76%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
<b>Expenses</b>												
Misc	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Telephone	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633	\$18,633
Utilities	\$13,730	\$13,842	\$13,958	\$14,076	\$11,260	\$11,297	\$11,336	\$11,376	\$11,418	\$13,569	\$13,676	\$14,590
Merchant Fees	\$6,559	\$6,589	\$6,786	\$6,990	\$2,535	\$2,611	\$2,689	\$2,770	\$2,853	\$6,286	\$6,475	\$7,944
Supplies	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Marketing	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Food & Beverage	\$13,119	\$13,177	\$13,573	\$13,980	\$5,069	\$5,221	\$5,378	\$5,539	\$5,705	\$12,572	\$12,949	\$15,888
Massage Therapist	\$8,137	\$5,588	\$5,755	\$5,928	\$1,832	\$1,887	\$1,943	\$2,002	\$2,062	\$5,191	\$5,346	\$6,675
Depreciation	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894
Payroll Taxes & Benefits	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580	\$7,580
Total Personnel	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535	\$50,535
Total Op. Expenses	\$187,189	\$184,839	\$185,715	\$186,617	\$166,338	\$166,659	\$166,989	\$167,330	\$167,680	\$183,261	\$184,090	\$190,740
Profit Before Int. & Tax	\$145,191	\$146,338	\$155,397	\$164,728	(\$39,037)	(\$35,538)	(\$31,935)	(\$28,224)	(\$24,401)	\$132,664	\$141,313	\$208,539
EBITDA	\$166,086	\$167,232	\$176,291	\$185,623	(\$18,142)	(\$14,644)	(\$11,041)	(\$7,330)	(\$3,507)	\$153,559	\$162,208	\$229,433
Interest Expense	\$4,667	\$4,623	\$4,580	\$4,536	\$4,492	\$4,448	\$4,404	\$4,359	\$4,314	\$4,269	\$4,223	\$4,177
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	\$140,524	\$141,714	\$150,817	\$160,192	(\$43,529)	(\$39,986)	(\$36,339)	(\$32,583)	(\$28,715)	\$128,396	\$137,090	\$204,362
Net Profit %	32.1%	32.3%	33.3%	34.4%	-25.8%	-23.0%	-20.3%	-17.6%	-15.1%	30.6%	31.8%	38.6%

# Cash Flow

	January	February	March	April	May	June	July	August	September	October	November	December
<b>OPERATING</b>												
Net Profit	\$140,524	\$141,714	\$150,817	\$160,192	(\$43,529)	(\$39,986)	(\$36,339)	(\$32,583)	(\$28,715)	\$128,396	\$137,090	\$204,362
<b>Adjustments to Net Profit</b>												
Depreciation & Amortization	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894	\$20,894
(Increases)/Decreases in Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Additions)/Depletions of Inventory	(\$78,480)	(\$3,104)	(\$3,198)	(\$3,293)	\$41,671	\$29,072	(\$1,270)	(\$1,308)	(\$1,347)	(\$55,475)	(\$3,052)	(\$23,742)
Increases/(Decreases) in Accounts Payable	\$214,781	\$744	\$4,019	\$4,140	(\$92,020)	\$1,506	\$1,552	\$1,600	\$1,649	\$70,798	\$3,824	\$30,255
Net Cash From Operating Activities	\$297,719	\$160,248	\$172,532	\$181,933	(\$72,983)	\$11,485	(\$15,162)	(\$11,397)	(\$7,519)	\$164,613	\$158,757	\$231,769
<b>INVESTING</b>												
Purchase of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase of Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>FINANCING</b>												
Investment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Borrowing Repay.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long Term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Liability Repay	(\$7,407)	(\$7,451)	(\$7,494)	(\$7,538)	(\$7,582)	(\$7,626)	(\$7,671)	(\$7,715)	(\$7,760)	(\$7,806)	(\$7,851)	(\$7,897)
Net Cash From Financing Activities	(\$7,407)	(\$7,451)	(\$7,494)	(\$7,538)	(\$7,582)	(\$7,626)	(\$7,671)	(\$7,715)	(\$7,760)	(\$7,806)	(\$7,851)	(\$7,897)
<b>NET CASH FLOW</b>	\$290,312	\$152,797	\$165,038	\$174,395	(\$80,565)	\$3,859	(\$22,833)	(\$19,112)	(\$15,280)	\$156,807	\$150,906	\$223,872
<b>Beginning Cash</b>	\$237,000	\$527,312	\$680,109	\$845,147	\$1,019,542	\$938,977	\$942,836	\$920,004	\$900,892	\$885,612	\$1,042,419	\$1,193,325
<b>Ending Cash</b>	\$527,312	\$680,109	\$845,147	\$1,019,542	\$938,977	\$942,836	\$920,004	\$900,892	\$885,612	\$1,042,419	\$1,193,325	\$1,417,198

# Balance Sheet

	January	February	March	April	May	June	July	August	September	October	November	December
<b>Assets</b>												
<b>Current Assets</b>												
Cash	\$627,312	\$680,109	\$845,147	\$1,019,542	\$938,977	\$942,836	\$920,004	\$900,892	\$885,612	\$1,042,419	\$1,193,325	\$1,417,198
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$103,480	\$106,585	\$109,782	\$113,076	\$71,405	\$42,333	\$43,603	\$44,911	\$46,259	\$101,734	\$104,786	\$128,528
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$630,792</b>	<b>\$786,693</b>	<b>\$954,929</b>	<b>\$1,132,618</b>	<b>\$1,010,382</b>	<b>\$985,170</b>	<b>\$963,607</b>	<b>\$945,803</b>	<b>\$931,870</b>	<b>\$1,144,153</b>	<b>\$1,298,111</b>	<b>\$1,545,725</b>
<b>Fixed Assets</b>												
Long-term Assets	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000	\$3,761,000
Accum. Depreciation	\$20,894	\$41,789	\$62,683	\$83,578	\$104,472	\$125,367	\$146,261	\$167,156	\$188,050	\$208,944	\$229,839	\$250,733
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$3,740,106</b>	<b>\$3,719,211</b>	<b>\$3,698,317</b>	<b>\$3,677,422</b>	<b>\$3,656,528</b>	<b>\$3,635,633</b>	<b>\$3,614,739</b>	<b>\$3,593,844</b>	<b>\$3,572,950</b>	<b>\$3,552,056</b>	<b>\$3,531,161</b>	<b>\$3,510,267</b>
<b>Total Assets</b>	<b>\$4,370,898</b>	<b>\$4,505,905</b>	<b>\$4,653,246</b>	<b>\$4,810,040</b>	<b>\$4,666,910</b>	<b>\$4,620,803</b>	<b>\$4,578,346</b>	<b>\$4,539,647</b>	<b>\$4,504,820</b>	<b>\$4,696,208</b>	<b>\$4,829,272</b>	<b>\$5,055,992</b>
<b>Liabilities and Capital</b>												
<b>Current Liabilities</b>												
Accounts Payable	\$214,781	\$215,524	\$219,543	\$223,683	\$131,663	\$133,169	\$134,721	\$136,321	\$137,969	\$208,767	\$212,592	\$242,847
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$214,781</b>	<b>\$215,524</b>	<b>\$219,543</b>	<b>\$223,683</b>	<b>\$131,663</b>	<b>\$133,169</b>	<b>\$134,721</b>	<b>\$136,321</b>	<b>\$137,969</b>	<b>\$208,767</b>	<b>\$212,592</b>	<b>\$242,847</b>
Long-term Liabilities	\$792,593	\$785,142	\$777,648	\$770,110	\$762,528	\$754,902	\$747,231	\$739,516	\$731,756	\$723,950	\$716,099	\$708,202
<b>Total Liabilities</b>	<b>\$1,007,373</b>	<b>\$1,000,666</b>	<b>\$997,190</b>	<b>\$993,793</b>	<b>\$894,191</b>	<b>\$888,071</b>	<b>\$881,952</b>	<b>\$875,837</b>	<b>\$869,725</b>	<b>\$932,718</b>	<b>\$928,691</b>	<b>\$951,049</b>
<b>Equity</b>												
Paid-in Capital	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000	\$3,250,000
Retained Earnings	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)	(\$27,000)
Earnings	\$140,524	\$282,239	\$433,055	\$593,247	\$549,719	\$509,732	\$473,393	\$440,811	\$412,095	\$540,491	\$677,581	\$881,943
<b>Total Capital</b>	<b>\$3,363,524</b>	<b>\$3,505,239</b>	<b>\$3,656,055</b>	<b>\$3,816,247</b>	<b>\$3,772,719</b>	<b>\$3,732,732</b>	<b>\$3,696,393</b>	<b>\$3,663,811</b>	<b>\$3,635,095</b>	<b>\$3,763,491</b>	<b>\$3,900,581</b>	<b>\$4,104,943</b>
<b>Total Liabilities and Capital</b>	<b>\$4,370,898</b>	<b>\$4,505,905</b>	<b>\$4,653,246</b>	<b>\$4,810,040</b>	<b>\$4,666,910</b>	<b>\$4,620,803</b>	<b>\$4,578,346</b>	<b>\$4,539,647</b>	<b>\$4,504,820</b>	<b>\$4,696,208</b>	<b>\$4,829,272</b>	<b>\$5,055,992</b>



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