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## Executive Summary

Little Ones Day Care is a startup childcare facility in Metropolitan. The owner, Gadda Mooga, started the childcare service in May and has an open date of June 1st, 2001.

The facility is a freestanding location in the growing suburb of Metropolitan. The facility can accommodate 30-35 children comfortably. It contains classrooms, an office, playground, and outside exercise area. The facility is away from any major streets and offers ample parking for parents.

Little Ones Day Care will provide daily childcare services for toddlers and school age children. Services will include games, activities, and learning programs in a structured environment. Snacks and lunches will be provided daily Monday through Friday. The hours of operations are Monday through Friday 6:30am to 6pm.

Little Ones immediate area is a growing suburban setting with many new homes being built. This is the fastest growing segment in the entire Metropolitan area, and has the highest percentage of young families compared to any other area of Metropolitan. Upscale and medium size homes are under construction ranging from \$160,000 to \$350,000.

Gadda Mooga has \$45,000 to begin the childcare facility. Startup cost are approximately \$16,000, including deposits, advertising, etc., which leaves over \$29,000 for working capital. No external funds will be required to start the business. The company is projected to break-even by the sixth month with first year net profitability of \$3,000 on \$135,000 in gross revenue.

Mrs. Mooga has spent the last 12-years with an insurance company in accounting and finance. After the birth of her second child she decided to open the day care facility in order to spend more time with her own children. After many hours of research and investigation, she chose the location and determined the amount of startup costs. Mrs. Mooga is confident in the location and prospects for a very successful childcare facility.

Little Ones will be managed by Mrs. Mooga, with Jeff Minor as Assistant Manager. Mr. Minor has over six years at a national childcare provider and is excellent with children. Mr. Minor supervised Mrs. Mooga's first child at his prior employer. Additional staff will include part-time employees trained in child management and first aid.

This business plan is meant to address the business model of a childcare facility. Mrs. Mooga needed to have a strategic plan before she ventured into the business. She plans on updating the plan every six months to evaluate progress and make adjustments.

Ones is the only single facility childcare business in the area, many parents are currently using providers closer to their employment. Maintaining the 30-child threshold is important for the profitability of the business and providing the quality of services anticipated.

A long-term goal is to expand into offering preschool and kindergarten programs. Although preschool activities will be provided, the owner's would like to upgrade the curriculum to match local Montessori offerings. These offerings can be implemented within the first three years of operation.

Eventually, Little Ones will offer kindergarten classes and advanced programs. These programs could include field trips, visitors, etc.

### ***Legal Form of Ownership***

Little Ones Day Care is an S-Corporation owned 100 percent by Gadda Mooga. The S-Corporation was chosen to limit personal liability. All state and federal business licenses have been acquired and applied for. Little Ones has registered the business name with the State and is protected as a Trade Name.

An advisory board includes Mrs. Mooga's husband, her accountant, and friend who is a school teacher.

### ***Profile of the Management team***

Gadda Mooga has spent the last 12 years in insurance operations. At Medium Insurance, she was responsible for accounting and finance and managed a staff of five. She has a Bachelors Degree in Education from State University but never taught. Mrs. Mooga has been paying child care providers since her first child was born two years ago. Mrs. Mooga has the business experience and patience to make Little Ones a successful business.

Jeff Minor the Assistant Manager has worked at a national day care provider for the last six years. He has an Associates Degree in History. Mr. Minor will be responsible for the curriculum and activities.

In addition to Mrs. Mooga and Mr. Minor, Little Ones will hire three part-time employees to work during the peak times, mornings and afternoons. Part-time employees will be college students or individuals looking for part-time employment. These individuals will be responsible for making sure the facility is clean, children are accounted for and supervise interaction.

### ***Insurance***

Proper insurance coverage is essential to cover the costs of lawsuits, liabilities, and unexpected expenses. Even though precautions may be taken, accidents can happen. Therefore, the Little Ones Day Care is covered with liability insurance in case of an accident resulting in injury. Little Ones' insurance agent advises them as to what types of coverage is needed and prepared a plan specifically designed for their particular needs.

Example of first months estimated revenue.

	Children per Day	Cost per day	Days/month	Total Monthly Revenue
Toddlers < 3 PT	2	\$20	15	\$600
Toddlers < 3 FT	5	\$18	21	\$1,890
Children > 3 PT	4	\$20	15	\$1,200
Children > 3 FT	10	\$15	21	\$3,150
SRS food program (25% of children)	5.25	\$5	21	\$551

Little Ones will be open on average 21 days per month. Part-time children are estimated at attending Little Ones 15 days per month. Only 25 percent of the children are expected to participate in the reimbursement food program.

Example of the sixth month estimate revenue.

	Children per Day	Cost per day	Days/month	Total Monthly Revenue
Toddlers < 3 PT	2	\$20	15	\$600
Toddlers < 3 FT	8	\$18	21	\$3,024
Children PT	4	\$20	15	\$1,200
Children FT	18	\$15	21	\$5,670
SRS food program (25% of children)	8	\$5	21	\$840

### ***Distribution***

All childcare services will be available at the company's location at 1st and Main. Information can be acquired from the company's website [www.littleones.com](http://www.littleones.com). The site has company information, hours, rates, and program topics. Many of the current clients researched Little Ones using the Internet.

Parents will drop-off and pick-up their children at the facility between the hours of 6:30am and 6pm. No after hours services will be available.

### ***Promotion/Advertising***

Once the training, business plan, and financing are complete, the owners will attract potential customers through their effective marketing program.

The minimal marketing program includes:

#### **Logo:**

Little Ones Day Care is working on a logo that includes small hands and an outline of a ball. The logo will be used on all marketing materials consistently with same colors and fonts. Parents and prospective customers will recognize the logo and its bright colors.

### **Target Market and Customer Base/ Customer Identification**

The target market is any parent or legal guardian who has children between the ages of newborn to school age within the three miles surrounding Little Ones. The following chart includes estimates based upon the 2000 census unless otherwise noted.

2000 Total Population in State	1,711,263
2000 Children 0-4 years old:	117,919
2000 Children 5-9 years old:	121,936
Children under 5 as percent of population:	6.9%
Licensed Child Care Centers in the State	746
Source: 2000 Child Care Licensing Study The Children's Foundation	
Licensed/Regulated Family Child Care - Total:	3,375
Licensed/Regulated Family Child Care - Small:	3,076
Licensed/Regulated Family Child Care - Group:	399
Source: 1999 Family Child Care Licesning Study The Children's Foundation	
Percent of Children under 6 with working parents:	75.0%
Percent of Children ages 6-12 living with working parents:	58.0%
Percent of Children under age 13 living in low-income families with working parents:	23.0%
1995 Estimates (data shown above reflects 5-year averages of U.S. Census Bureau data from 1993 to 1997) Source: 1998 Kids Count Data Book The Annie E. Casey Foundation	

An estimated 27 percent of all the state's children under the age of five are in Little Ones' county or 31,987. Of these, only 10 percent (3,198) are in Little Ones specific target market. This was calculated based upon Little Ones geographic location within the county and surrounding area. Little Ones is located on the western edge of the county in a suburban area.

Going forward, Little Ones has a target market of 3,198, which is excellent. They will only need to penetrate the market by 1.5 percent to fill the center. Little Ones estimates that 48 children on a part-time and full-time basis will rotate through the center on any given day. With the current statistics and continued home building in the area, Little Ones is very confident this is attainable.

### **Barriers to Entry/Government's Role in the Industry**

Childcare needs have recently attracted national attention with the U.S. Congress debating whether to establish a national program and regulatory standards. However, individual states already regulate childcare providers. State laws are extremely diverse, ranging from strict licensing requirements to almost no regulation at all. Each state has its

## **Financial Analysis**

### ***Inventory***

Appendix A-1, Office Inventory

Appendix A-2, Equipment Inventory

### ***Start-up Cost Estimates***

Appendix B-1

### ***Budgets***

Appendix C

Appendix C-02, Year Ending May 31, 2002

Appendix C-03, Year Ending May 31, 2003

Appendix C-04, Year Ending May 31, 2004

### ***Income Statement***

Appendix D-02, Year Ending May 31, 2002

Appendix D-03, Year Ending May 31, 2003

Appendix D-04, Year Ending May 31, 2004

### ***Balance Sheet***

Appendix E, Starting Balance Sheet

Appendix E-02, May 31, 2002

Appendix E-03, May 31, 2003

Appendix E-04, May 31, 2004

### ***Break-even analysis***

Appendix F

### ***Financial Ratios***

Appendix G

### ***Intellectual Property***

Appendix H

### ***Company Documents***

Appendix I

### ***Conservative & Aggressive Financials***

Conservative Income Statement

Appendix J-02, Year Ending May 31, 2002

Appendix J-03, Year Ending May 31, 2003

Appendix J-04, Year Ending May 31, 2004

Conservative Balance Sheet

Appendix K-02, Year Ending May 31, 2002

Appendix K-03, Year Ending May 31, 2003

Appendix K-04, Year Ending May 31, 2004

Aggressive Income Statement

Appendix L-02, Year Ending May 31, 2002

Appendix L-03, Year Ending May 31, 2003

Appendix L-04, Year Ending May 31, 2004

Aggressive Balance Sheet

Appendix M-02, Year Ending May 31, 2002

Appendix M-03, Year Ending May 31, 2003

Appendix M-04, Year Ending May 31, 2004

Appendix N, Financial Statement Comparison

***Legal Documents***

Appendix O

C-04

Little Ones Day Care, Inc.  
Cash Budget Statement  
May 31, 2004

	June	July	August	September	October	November	December	January	February	March	April	May
Beginning Cash Balance	\$ 67,298	\$ 69,845	\$ 72,451	\$ 75,115	\$ 77,840	\$ 80,624	\$ 83,468	\$ 86,372	\$ 89,336	\$ 92,361	\$ 95,447	\$ 98,595
Add receipts: Customer collections	\$ 14,140	\$ 14,199	\$ 14,258	\$ 14,317	\$ 14,377	\$ 14,437	\$ 14,497	\$ 14,557	\$ 14,618	\$ 14,679	\$ 14,740	\$ 14,801
Cash available before disbursements	\$ 81,438	\$ 84,043	\$ 86,708	\$ 89,433	\$ 92,217	\$ 95,061	\$ 97,965	\$ 100,929	\$ 103,954	\$ 107,040	\$ 110,187	\$ 113,396
<b>Less Disbursements</b>												
Rent	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323	\$ 1,323
Utilities	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882
Custodian	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221
Custodial supplies	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55
Play and art supplies	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
Advertising/Marketing	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221	\$ 221
Kitchen supplies	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22
Lunches/Snacks	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426	\$ 2,426
Building Maintenance	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110
Equipment Repair	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28
Office Supplies	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28	\$ 28
Employee training	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22	\$ 22
Insurance	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83	\$ 83
Owner	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756	\$ 2,756
Assistant Manager	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654
Part-time staff	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654	\$ 1,654
<b>Total Disbursements</b>	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593	\$ 11,593
Cash excess(deficiency) before financing	\$ 69,845	\$ 72,451	\$ 75,115	\$ 77,840	\$ 80,624	\$ 83,468	\$ 86,372	\$ 89,336	\$ 92,361	\$ 95,447	\$ 98,595	\$ 101,803
Borrow to maintain \$10,000 minimum balance (at beginning of period)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment (at end of period)												
Interest at 8% per annum												
Ending cash balance	\$ 69,845	\$ 72,451	\$ 75,115	\$ 77,840	\$ 80,624	\$ 83,468	\$ 86,372	\$ 89,336	\$ 92,361	\$ 95,447	\$ 98,595	\$ 101,803

## Appendix D-03

Little Ones Day Care, Inc.  
ProForma Income Statement  
March 31, 2003

		June	July	August	September	October	November	December	January	February	March	April	May	Total
<b>Sales Revenue</b>														
Revenue		\$ 13,508	\$ 13,564	\$ 13,620	\$ 13,677	\$ 13,734	\$ 13,791	\$ 13,849	\$ 13,906	\$ 13,964	\$ 14,023	\$ 14,081	\$ 14,140	\$ 165,857
Total Revenue		\$ 13,508	\$ 13,564	\$ 13,620	\$ 13,677	\$ 13,734	\$ 13,791	\$ 13,849	\$ 13,906	\$ 13,964	\$ 14,023	\$ 14,081	\$ 14,140	\$ 165,857
<b>Expenses</b>														
Cost of Sales	0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Sales		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Profit		\$ 13,508	\$ 13,564	\$ 13,620	\$ 13,677	\$ 13,734	\$ 13,791	\$ 13,849	\$ 13,906	\$ 13,964	\$ 14,023	\$ 14,081	\$ 14,140	\$ 165,857
Operating expenses		\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 11,041	\$ 132,489
All other expenses	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EBIT		\$ 2,467	\$ 2,523	\$ 2,580	\$ 2,636	\$ 2,693	\$ 2,751	\$ 2,808	\$ 2,866	\$ 2,924	\$ 2,982	\$ 3,040	\$ 3,099	\$ 33,368
Interest	10%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	34%	\$ 839	\$ 858	\$ 877	\$ 896	\$ 916	\$ 935	\$ 955	\$ 974	\$ 994	\$ 1,014	\$ 1,034	\$ 1,054	\$ 11,345
After tax profit		\$ 1,628	\$ 1,665	\$ 1,703	\$ 1,740	\$ 1,778	\$ 1,815	\$ 1,853	\$ 1,891	\$ 1,930	\$ 1,968	\$ 2,007	\$ 2,045	\$ 22,023

## Appendix M-02

Little Ones Day Care, Inc.  
ProForma Balance Sheet  
May 31, 2002

Cash & Equivalents	86.2%	97,774		Notes Payable	0.6%	700
Accounts Receivable	2.1%	2,364		Accounts Payable	0.0%	-
Inventory/Office	2.0%	2,273		Income Taxes Payable	3.9%	4,462
Equipment	6.2%	7,000		Current Maturity of Long-term debt	0.0%	-
				All other Current Liabilities	0.0%	-
<b>Total Current Assets</b>	<b>96.5%</b>	<b>109,410</b>		<b>Total Current Liabilities</b>	<b>4.6%</b>	<b>5,162</b>
Net Fixed Assets	3.5%	4,000		Long-term Debt	0.0%	-
		-		Deferred Taxes	0.0%	-
All other Non-Current & Intangibles	0.0%	-		All other Non-Current	0.0%	-
<b>Total Long-term Assets</b>	<b>3.5%</b>	<b>4,000</b>		<b>Total Long-term Liabilities</b>	<b>0.0%</b>	<b>-</b>
				Net worth	95.4%	108,249
<b>Total Assets</b>	<b>100.0%</b>	<b>\$ 113,410</b>		<b>Total Liabilities &amp; Net Worth</b>	<b>100.0%</b>	<b>\$ 113,410</b>