

Sample Business Plan

NORMAN NATURAL HEALTH



Eli Camp, ND
Naturopathic Doctor

www.NormanNaturalHealth.com

Norman, Oklahoma

This sample business plan is for a multi-doctor clinically based practice. It can be used as a template for any type of practice you are considering but would need to be altered in some areas.

Contact Information

Eli Camp
NH License # 56
1804 Aiken Ct.
Norman, OK 73071

Office: 405-701-0935
Cell: 603-391-9820

Email: ecampnd@gmail.com

Table of Contents

<u>Section</u>	<u>Page</u>
1.0 Summary	4
2.0 Background	4
3.0 Business Description	4
4.0 Management	5
5.0 Financing	5-6
6.0 Competition	6-7
7.0 Marketing Plan	7-8
8.0 Appendices	
Costs	9-12
Revenue	13-14
Cash Flow	15-19
Assumptions	20

1.0 Executive Summary

- NORMAN NATURAL HEALTH, LLC is a business owned by four physicians dedicated to the practice of naturopathic medicine. As documented in the individual resumes, the members of our group bring a wide range of professional training and practical experience to the business.
- Our decision to locate in OK was influenced by independent market research showing that demographics of the population in central OK are similar to those of other regions where alternative healthcare has enjoyed rapid growth.
- Our plan is to open and staff a medical clinic to serve communities in the greater Oklahoma City Metro area. The attached business plan details our marketing strategy and envisions a pattern of steady growth. We are confident that these goals are attainable and that our clinic will be serving the needs of patients for many years.
- To achieve the financial and professional goals set forth in the following documents, we are seeking a loan of \$90,000. The conservative estimates in the plan provide for payback of the loan over a period of seven years at 9% interest. We expect to generate a positive cash flow by February 2007, i.e. the thirteenth month.
- The loan, plus the partners' cash investment of \$20,000 will be used to buy the medical equipment and supplies. In addition, it includes other expenses related to starting and operating the business.
- During the planning process we have sought advice from a number of successful professional and business people. Their input has been included in the plan supporting our application. Thank you for your consideration. We look forward to a favorable response.

2.0 Background

- Naturopathic doctors are board certified and licensed as primary care physicians with prescription rights in states offering licensure.
- All four physicians received their training at Southwest College of Naturopathic Medicine in Tempe, AZ, a four-year accredited medical school program. Admission to the program requires a bachelor's degree with premedical prerequisites.
- Naturopathic medicine employs natural therapeutics and a holistic approach to treatment. Modalities used include nutrition, homeopathy, botanical medicine, acupuncture, physical medicine and pharmaceuticals. Naturopathic medicine can be used to treat arthritis, diabetes, cancer, cardiovascular disease and many other common conditions.

3.0 Business description

- NORMAN NATURAL HEALTH will provide naturopathic medical care to Oklahoma City, OK and surrounding communities. NORMAN NATURAL HEALTH has been formed as a Limited Liability Company equally owned by the naturopathic physicians: Elizabeth Camp, Edwin Blast, Paul Knot and Patricia Sweeney.
- Mission statement: We will combine traditional healing wisdom with current scientific knowledge to offer a wide variety of modalities, work to accommodate the needs of our patients, and strive to improve the health and well-being of our community as a whole.

- Vision statement: Our vision is to provide accessible, effective, and gentle natural healthcare.

4.0 Management

- President: Eli Camp, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BS Botany/Zoology, University of Oklahoma, Norman, OK
- Vice President: Edwin, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BA Business Management, Dartmouth College, Hanover, NH
- Secretary: Paul Knot, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BS Biology, Ohio University, Athens, OH
- Treasurer: Patricia Sweeney, ND
 - Doctorate in Naturopathic Medicine, Southwest College of Naturopathic Medicine
 - BS Biochemistry, University of New Hampshire, Durham, NH
- The principals of NORMAN NATURAL HEALTH collectively have practical experience in public relations, sales, marketing, entrepreneurship, and teaching. Each physician has also completed a minimum of 1500 hours of clinical training.
- Resumes detailing each physician's experience are available on request.
- Advisory Council:
 - Stephen Messer, ND, DHANP: Naturopathic Physician, Professor at Southwest College of Naturopathic Medicine
 - James Sensenig, ND: Naturopathic Physician
 - Miki Finnin, PharmD., Professor of Pharmacological studies, Duluth, MN
 - Richard Millins, PhD, Professor of Finance, Harvard, MA

5.0 Financial Strategy

- The total amount needed, \$110,000, consists of the cost of opening the doors of NORMAN NATURAL HEALTH in January 2006, \$71,650 plus the next twelve months of operating costs, \$146,492 less the first 13 months of revenue, \$115,575
- The owners of NORMAN NATURAL HEALTH will contribute \$20,000 towards the total needed and will secure a loan for the remaining \$90,000.
- The plan provides for this \$90,000 loan to be paid back over 7 years at a 9% interest rate for a total repayment of \$121,633.68
- NORMAN NATURAL HEALTH reaches a break-even point in the 13th month, February 2007. The assumptions used to arrive at the break-even point were conservative projections obtained by researching the growth of other naturopathic practices in Oklahoma.
- All owners of NORMAN NATURAL HEALTH have part-time employment outside of the medical practice as well as spouses with full-time employment and salaries to cover all living expenses.

5.1 Costs (Please refer to the Cost spreadsheets in the Financial Appendix, p. 9-12)

- In month 1, NORMAN NATURAL HEALTH has fixed costs of \$71,086. Of that amount, \$32,696 will be used to purchase tangible assets such as medical, laboratory and office equipment and medicinary stock. An itemized list of these items will be provided on request.
- Variable costs are dependant on the number of patients seen and steadily increase as patient traffic increases. In month one, NORMAN NATURAL HEALTH variable costs are \$564
- Total costs (fixed plus variable) for year one = \$194,472 ; year two = \$229,669 year three = \$294,674

5.2 Revenue (Please refer to the Revenue spreadsheets in the Financial Appendix, p. 13-14)

- NORMAN NATURAL HEALTH has an initial investment of \$110,000 (\$90,000 loan plus \$20,000 cash).
- Revenue is from patient medical visits, room rental income, medicinary and laboratory sales. All assumptions are listed in the Assumptions Appendix (p. 23) and a copy of the room rental agreements will be supplied on request.
 - NORMAN NATURAL HEALTH has 1 room rental contracts, 3 years in duration, for a total of \$800 income per month. Lease agreement is available on request.
 - Becky White: monthly fee of \$800
- Total revenue for year one = \$97,409 ; year two = \$272,593 ; year three = \$452,212

5.3 Cash Flow (Please refer to the Cash Flow spreadsheets in the Financial Appendix, p. 15-19)

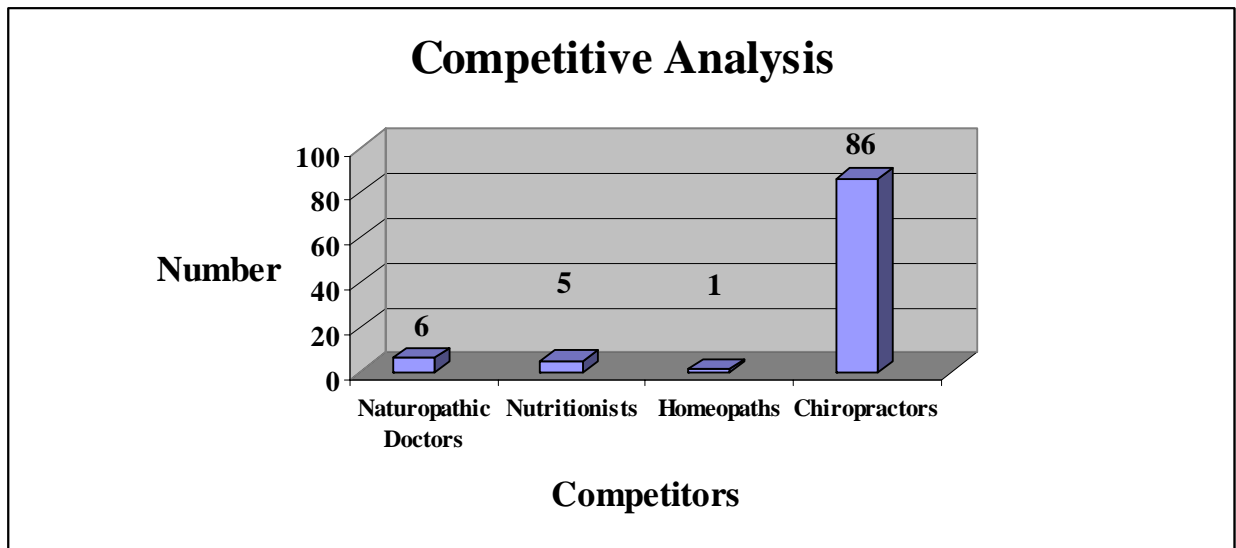
- NORMAN NATURAL HEALTH monthly cash flow remains in deficit until February of 2007, but we have provided for this deficit in our start-up cost estimation.
- Our monthly cash position in December of 2006 = \$(548); December 2007 = \$5,806 ; December 2008 = \$16,309
- Our net cash position in December of 2006 = \$12,937 ; December 2007 = \$55,861 ; December 2008 = \$213,399 .
- Cash flow position is also shown with practitioner shares paid out monthly after NORMAN NATURAL HEALTH has reached the breakeven point. These pay outs are hypothetical and the decision to do this will depend on our cash position at this time. If we have met and/or exceeded our projections, payouts will be made. If we have not we will refrain from taking money out of the business until such time it is clear these payouts are supported.

5.4 Assumptions: (Please refer to the Assumptions spreadsheet in the Financial Appendix, p. 20)

6.0 Competition

- Our target area includes Oklahoma City and a surrounding 50-mile radius. We also expect to draw patients from Norman, Noble, Purcell, Yukon, Edmond, Shawnee and various other communities within this radius.
- In our target area, there is currently 1 other naturopathic physician in practice. This practice is successful and currently has a 5 month waiting lists. Approximately 8 naturopathic physicians currently practice in the state of Oklahoma.

- We included nutritionists, homeopaths, chiropractors and nurse practitioners in our competitive analysis because each of these professions utilizes at least one modality in common with naturopathic physicians.
- Chiropractors form the bulk of our competition (86 practitioners in our target area). However, the education of chiropractors differs greatly from that of naturopathic doctors: 3 years primarily focused on chiropractic manipulation. Chiropractors are not formally trained in other modalities besides chiropractic manipulation unless they seek post-graduate training.
- Because naturopathic practice is highly specialized, naturopathic doctors generally form cooperative relationships with medical doctors, with a mutual system of referral being extremely common.
- In the state of Oklahoma, the highest concentration of naturopathic doctors is around Tulsa (approximately 5 physicians). Other physicians are scattered throughout the state in smaller communities. Most practices are located in close proximity to commercial/retail areas or other medical facilities.



7.0 Marketing Plan

- **Marketing strategy**
 - Our marketing strategy involves building a strong community presence, educating potential clients, and detecting and filling the unique demands of patients.
- **Pricing strategy**
 - Prices set out by the plan are comparable to those charged by naturopathic doctors throughout the state. Prices reflect the time spent with patients (typically 1.5 to 2 hours for a new visit and 30-45 minutes for a follow-up), the education and skills of the physicians, and the quality of the service provided.
 - NORMAN NATURAL HEALTH is a private pay, cash-based practice. Insurance coverage may be possible in the future.
- **Promotion strategy**

Promotion strategies include the following:

- newspaper advertising and column writing
- advertising in yellow pages
- distribution of brochures and flyers to health food stores, yoga studios, book stores, and similar establishments
- setting up a referral network with other physicians and healthcare practitioners
- weekly speaking engagements
- circulation of print and e-newsletters
- maintenance of website with linking to popular internet search engines (we have had a working website for 12 months at www.NORMAN NATURAL HEALTH.com)
- calendar of community events at which we will conduct blood pressure screenings, scoliosis checks, etc.
- hold regular open houses at office
- **Target Market analysis**
 - Our target market is adults ages 40-60. Women slightly outnumber men in most areas, including Oklahoma. The largest groups by percent in the areas we surveyed were those ages 35-50. By percentage, individuals ages 40-60 make up 37% of the area population. Women are assumed to compromise 50% or more of this group. The average age for all areas surveyed is 36.3 years old. Having a large number of individuals in the 30-40 age group also ensures that we will continue to be able to target the 40-60 year old demographic in future years.
 - Although our target market is adults age 40-60, we treat all age groups from pediatric to geriatric patients.
- A full marketing plan has been completed and will be supplied upon request.

8.0 Financial Appendix: Cost Spreadsheet

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Total
Fixed Costs													
Loan: 90K at 9% over 7 years	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 17,376
Rent	\$ 7,752	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 2,584	\$ 36,176
Utilities (Gas and Electric)	\$ 800	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,400
Salaries: Personnel	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
Additional employment costs (20%)	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 4,800
Advertising	\$ 5,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 10,500
Web page	\$ 450	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 1,000
Telephone	\$ 1,000	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,750
Telephone: Toll free line	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
Internet	\$ 400	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,500
Travel Funds (Housecalls, Lectures)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Petty Cash	\$ 500	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,600
Office Supplies	\$ 933	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 1,758
Water service	\$ 200	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 750
Cleaning service	\$ -	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 4,400
Security Service	\$ 150	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 700
Licensing Fees (annual)	\$ 2,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400
Professional Fees (annual)	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Malpractice (annual)	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Liability (annual)	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Office Décor (initial expense)	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500
Medical Equipment (initial expense)	\$ 8,525	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,525
Lab Equipment (initial expense)	\$ 816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 816
Medicinary Equipment (initial expense)	\$ 5,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,335
Office Equipment (initial expense)	\$ 9,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,083
Medical Supplies (initial expense)	\$ 592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 592
Lab Supplies (initial expense)	\$ 937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 937
Medicinary Supplies (initial expense)	\$ 6,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,474
NHState Incorporation Fee (initial expense)	\$ 145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145
Business Name Registration (initial expense)	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50
Credit Card Set Up (initial expense)	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95
Total Fixed Costs	\$ 71,086	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 171,263
Variable Costs													
Medical Supplies (\$3/patient)	\$ 24	\$ 53	\$ 63	\$ 65	\$ 68	\$ 82	\$ 93	\$ 97	\$ 100	\$ 115	\$ 127	\$ 131	\$ 1,017
Lab Supplies (50% markup & \$5 misc.)	\$ 143	\$ 315	\$ 375	\$ 390	\$ 405	\$ 492	\$ 557	\$ 576	\$ 596	\$ 687	\$ 757	\$ 781	\$ 6,076
Medicinary Supplies (100% markup)	\$ 364	\$ 931	\$ 1,042	\$ 1,069	\$ 1,097	\$ 1,256	\$ 1,375	\$ 1,412	\$ 1,448	\$ 1,616	\$ 1,744	\$ 1,789	\$ 15,142
Reinvestment (5%)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Cards (1% of sales)	\$ 33	\$ 60	\$ 66	\$ 67	\$ 68	\$ 81	\$ 88	\$ 90	\$ 91	\$ 105	\$ 112	\$ 114	\$ 974
Total Variable Costs	\$ 564	\$ 1,359	\$ 1,546	\$ 1,592	\$ 1,638	\$ 1,911	\$ 2,113	\$ 2,174	\$ 2,235	\$ 2,523	\$ 2,739	\$ 2,815	\$ 23,209
Fixed & Variable Costs	\$ 71,650	\$ 10,466	\$ 10,653	\$ 10,699	\$ 10,745	\$ 11,018	\$ 11,220	\$ 11,281	\$ 11,342	\$ 11,630	\$ 11,846	\$ 11,922	\$ 194,472

8.0 Financial Appendix: Cost Spreadsheet

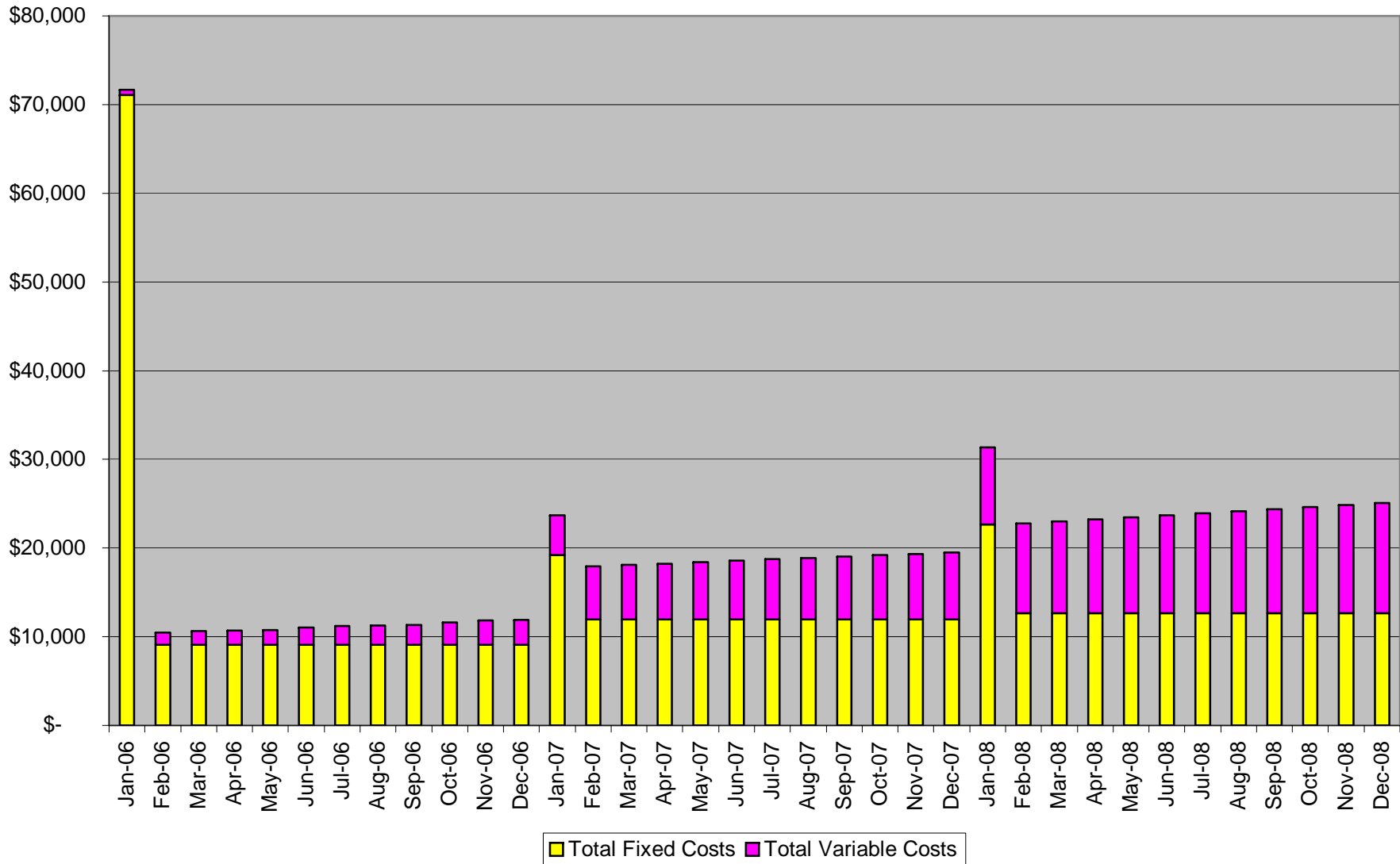
	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
Fixed Costs													
Loan: 90K at 9% over 7 years	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 17,376
Rent	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 2,713	\$ 32,558
Utilities (Gas and Electric)	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
Salaries: Personnel	\$ 2,000	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 4,250	\$ 48,750
Additional employment costs (20%)	\$ 400	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 850	\$ 9,750
Advertising	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Web page	\$ 450	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 1,000
Telephone	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Telephone: Toll free line	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
Internet	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Travel Funds (Housecalls, Lectures)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Petty Cash	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Office Supplies	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 900
Water service	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Cleaning service	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 4,800
Security Service	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Licensing Fees (annual)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees (annual)	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Malpractice (annual)	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Liability (annual)	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Total Fixed Costs	\$ 19,236	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 11,936	\$ 150,534
Variable Costs													
Medical Supplies (\$3/patient)	\$ 195	\$ 241	\$ 249	\$ 257	\$ 265	\$ 274	\$ 282	\$ 290	\$ 298	\$ 306	\$ 314	\$ 322	\$ 3,291
Lab Supplies (50% markup & \$5 misc.)	\$ 1,164	\$ 1,439	\$ 1,488	\$ 1,537	\$ 1,585	\$ 1,634	\$ 1,682	\$ 1,730	\$ 1,778	\$ 1,825	\$ 1,873	\$ 1,920	\$ 19,654
Medicinary Supplies (100% markup)	\$ 2,894	\$ 3,400	\$ 3,490	\$ 3,580	\$ 3,670	\$ 3,759	\$ 3,848	\$ 3,936	\$ 4,024	\$ 4,112	\$ 4,200	\$ 4,287	\$ 45,201
Reinvestment (5%)	\$ -	\$ 714	\$ 721	\$ 729	\$ 736	\$ 744	\$ 751	\$ 759	\$ 766	\$ 774	\$ 781	\$ 788	\$ 8,263
Credit Cards (1% of sales)	\$ 182	\$ 209	\$ 214	\$ 218	\$ 223	\$ 227	\$ 231	\$ 236	\$ 240	\$ 244	\$ 249	\$ 253	\$ 2,726
Total Variable Costs	\$ 4,434	\$ 6,003	\$ 6,162	\$ 6,321	\$ 6,480	\$ 6,637	\$ 6,794	\$ 6,951	\$ 7,106	\$ 7,261	\$ 7,416	\$ 7,570	\$ 79,135
Fixed & Variable Costs	\$ 23,670	\$ 17,939	\$ 18,098	\$ 18,257	\$ 18,416	\$ 18,573	\$ 18,730	\$ 18,887	\$ 19,043	\$ 19,198	\$ 19,352	\$ 19,506	\$ 229,669

8.0 Financial Appendix: Cost Spreadsheet

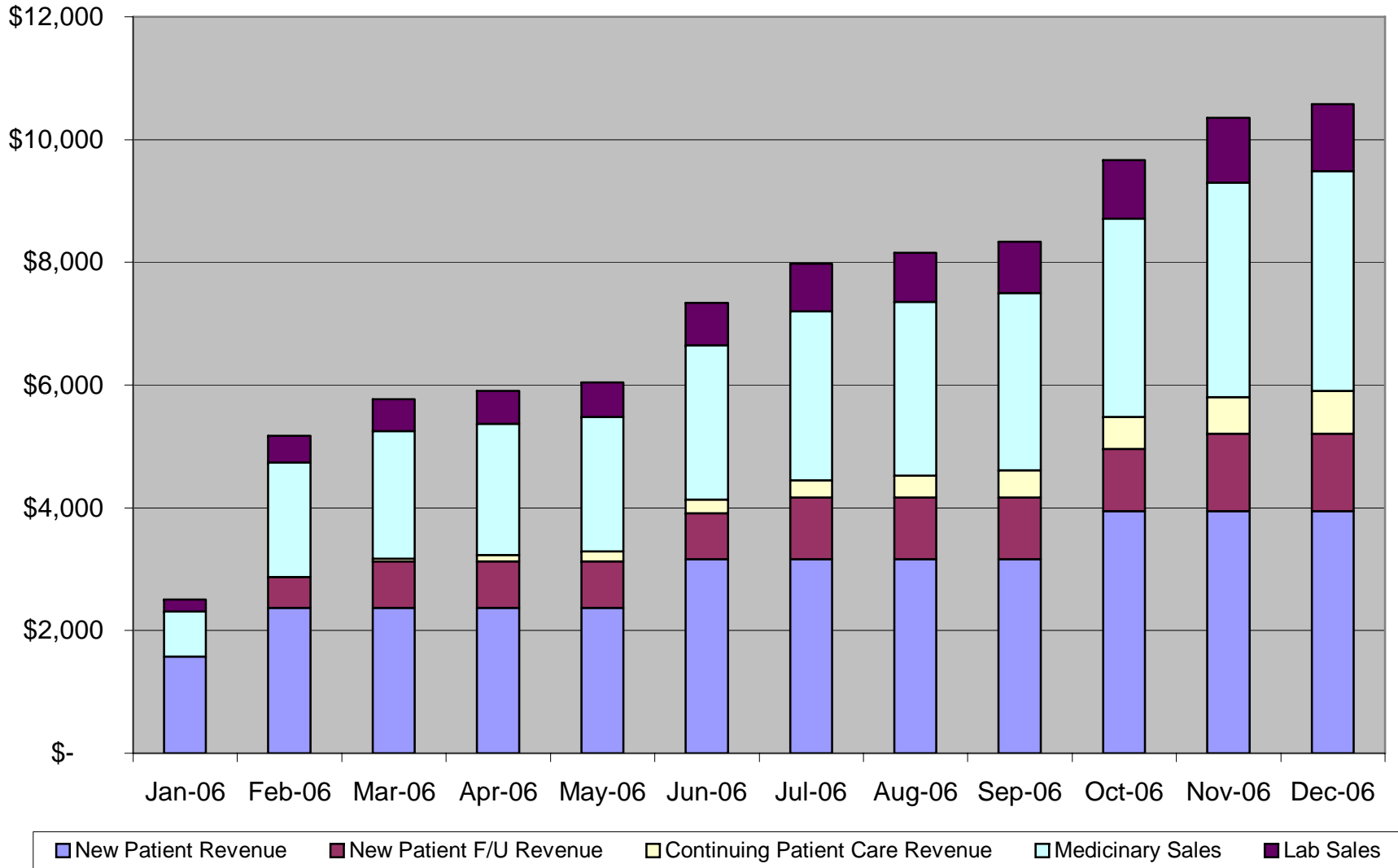
	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Total
Fixed Costs													
Loan: 90K at 9% over 7 years	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 1,448	\$ 17,376
Rent	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 2,849	\$ 34,186
Utilities (Gas and Electric)	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 7,200
Salaries: Personnel	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 4,750	\$ 57,000
Additional employment costs (20%)	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 950	\$ 11,400
Advertising	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Web page	\$ 450	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 1,000
Telephone	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 3,000
Telephone: Toll free line	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,400
Internet	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Travel Funds (Housecalls, Lectures)	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
Petty Cash	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200
Office Supplies	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 900
Water service	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Cleaning service	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 4,800
Security Service	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 600
Licensing Fees (annual)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees (annual)	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Malpractice (annual)	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Liability (annual)	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Total Fixed Costs	\$ 22,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 162,062
Variable Costs													
Medical Supplies (\$3/patient)	\$ 389	\$ 439	\$ 451	\$ 463	\$ 475	\$ 487	\$ 499	\$ 510	\$ 522	\$ 534	\$ 545	\$ 557	\$ 5,872
Lab Supplies (50% markup & \$5 misc.)	\$ 2,325	\$ 2,623	\$ 2,695	\$ 2,766	\$ 2,837	\$ 2,908	\$ 2,978	\$ 3,048	\$ 3,118	\$ 3,188	\$ 3,257	\$ 3,326	\$ 35,070
Medicinary Supplies (100% markup)	\$ 5,283	\$ 5,831	\$ 5,963	\$ 6,095	\$ 6,226	\$ 6,356	\$ 6,486	\$ 6,615	\$ 6,743	\$ 6,872	\$ 6,999	\$ 7,126	\$ 76,595
Reinvestment (5%)	\$ 328	\$ 875	\$ 886	\$ 897	\$ 908	\$ 919	\$ 930	\$ 941	\$ 951	\$ 962	\$ 973	\$ 984	\$ 10,552
Credit Cards (1% of sales)	\$ 320	\$ 350	\$ 356	\$ 363	\$ 369	\$ 376	\$ 382	\$ 389	\$ 395	\$ 401	\$ 408	\$ 414	\$ 4,522
Total Variable Costs	\$ 8,646	\$ 10,118	\$ 10,351	\$ 10,583	\$ 10,815	\$ 11,045	\$ 11,274	\$ 11,503	\$ 11,730	\$ 11,957	\$ 12,182	\$ 12,407	\$ 132,611
Fixed & Variable Costs	\$ 31,318	\$ 22,790	\$ 23,023	\$ 23,255	\$ 23,487	\$ 23,717	\$ 23,946	\$ 24,175	\$ 24,402	\$ 24,628	\$ 24,854	\$ 25,078	\$ 294,674

8.0 Financial Appendix: Cost Spreadsheet

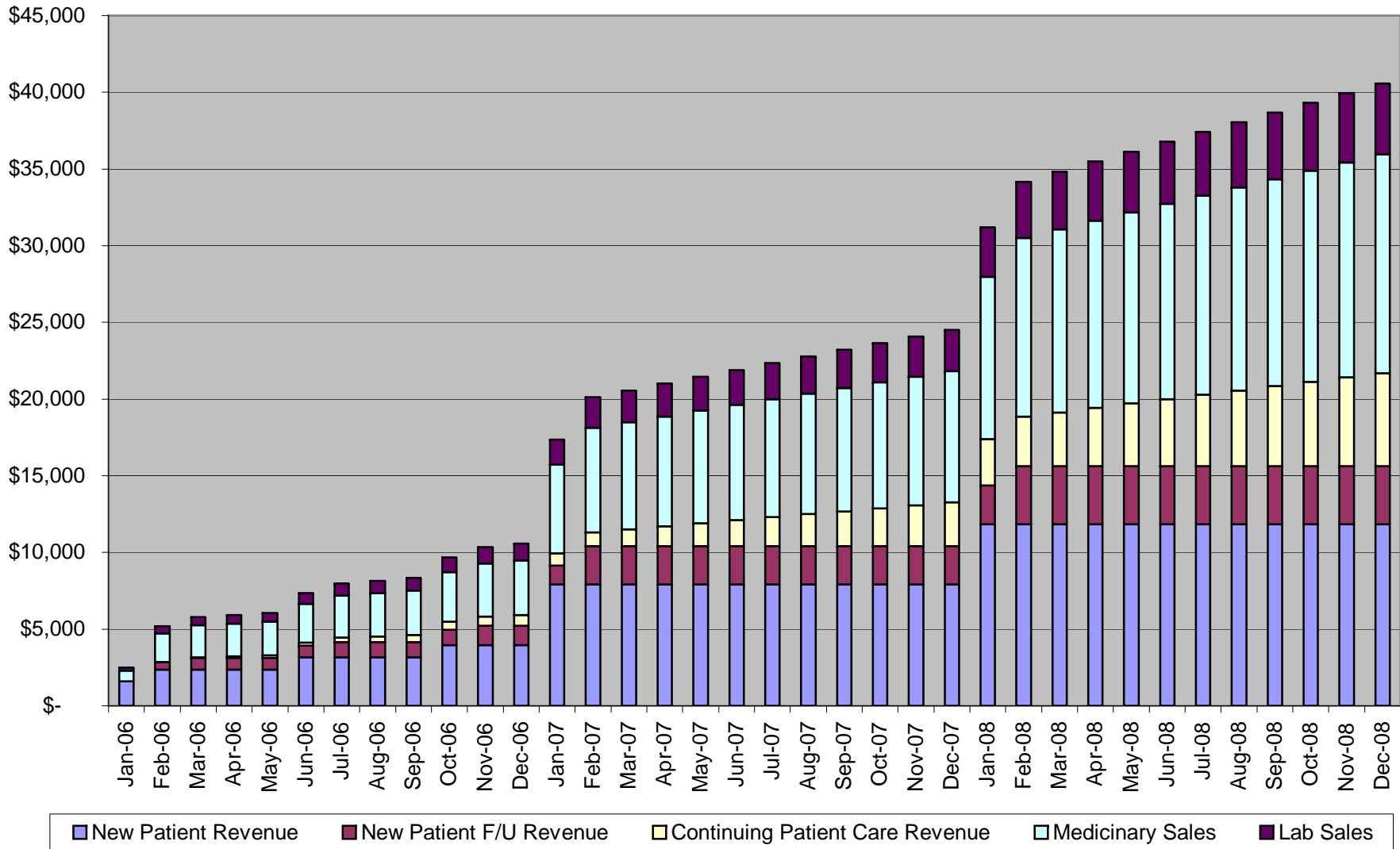
Cost Summary



Year 1 Revenue Summary



3 Year Revenue Projection



8.0 Financial Appendix: Cash Flow Spreadsheet

	<i>Jan-06</i>	<i>Feb-06</i>	<i>Mar-06</i>	<i>Apr-06</i>	<i>May-06</i>	<i>Jun-06</i>	<i>Jul-06</i>	<i>Aug-06</i>	<i>Sep-06</i>	<i>Oct-06</i>	<i>Nov-06</i>	<i>Dec-06</i>
Loan	\$ 90,000											
Owner Investment	\$ 20,000	(5,500 each practitioner)										
Starting Cash	\$ 110,000											
New Patient Revenue	\$ 1,580	\$ 2,370	\$ 2,370	\$ 2,370	\$ 2,370	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,160	\$ 3,950	\$ 3,950	\$ 3,950
New Patient F/U Revenue	\$ -	\$ 504	\$ 756	\$ 756	\$ 756	\$ 756	\$ 1,008	\$ 1,008	\$ 1,008	\$ 1,008	\$ 1,260	\$ 1,260
Continuing Patient Care Revenue	\$ -	\$ -	\$ 40	\$ 101	\$ 161	\$ 221	\$ 281	\$ 361	\$ 440	\$ 519	\$ 598	\$ 696
Medicinary Sales	\$ 728	\$ 1,862	\$ 2,083	\$ 2,138	\$ 2,193	\$ 2,512	\$ 2,751	\$ 2,823	\$ 2,896	\$ 3,232	\$ 3,488	\$ 3,578
Lab Sales	\$ 200	\$ 440	\$ 524	\$ 545	\$ 566	\$ 686	\$ 777	\$ 804	\$ 832	\$ 959	\$ 1,056	\$ 1,090
Room Rental	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Total Revenue	\$ 3,308	\$ 5,976	\$ 6,574	\$ 6,710	\$ 6,846	\$ 8,135	\$ 8,777	\$ 8,956	\$ 9,135	\$ 10,467	\$ 11,152	\$ 11,374
Total Fixed Costs	\$ 71,086	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107	\$ 9,107
Total Variable Costs	\$ 564	\$ 1,359	\$ 1,546	\$ 1,592	\$ 1,638	\$ 1,911	\$ 2,113	\$ 2,174	\$ 2,235	\$ 2,523	\$ 2,739	\$ 2,815
Total Costs	\$ 71,650	\$ 10,466	\$ 10,653	\$ 10,699	\$ 10,745	\$ 11,018	\$ 11,220	\$ 11,281	\$ 11,342	\$ 11,630	\$ 11,846	\$ 11,922
Monthly Cash Position	\$ 41,658	\$ (4,490)	\$ (4,079)	\$ (3,989)	\$ (3,899)	\$ (2,883)	\$ (2,444)	\$ (2,325)	\$ (2,207)	\$ (1,162)	\$ (694)	\$ (548)
Net Cash Position	\$ 41,658	\$ 37,168	\$ 33,089	\$ 29,100	\$ 25,200	\$ 22,317	\$ 19,873	\$ 17,548	\$ 15,341	\$ 14,179	\$ 13,485	\$ 12,937
Cash Positions after Practitioner's Share												
Practitioner's Share (each gets 1/4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Cash Position	\$ 41,658	\$ (4,490)	\$ (4,079)	\$ (3,989)	\$ (3,899)	\$ (2,883)	\$ (2,444)	\$ (2,325)	\$ (2,207)	\$ (1,162)	\$ (694)	\$ (548)
Net Cash Position	\$ 41,658	\$ 37,168	\$ 33,089	\$ 29,100	\$ 25,200	\$ 22,317	\$ 19,873	\$ 17,548	\$ 15,341	\$ 14,179	\$ 13,485	\$ 12,937

8.0 Financial Appendix: Cash Flow Spreadsheet

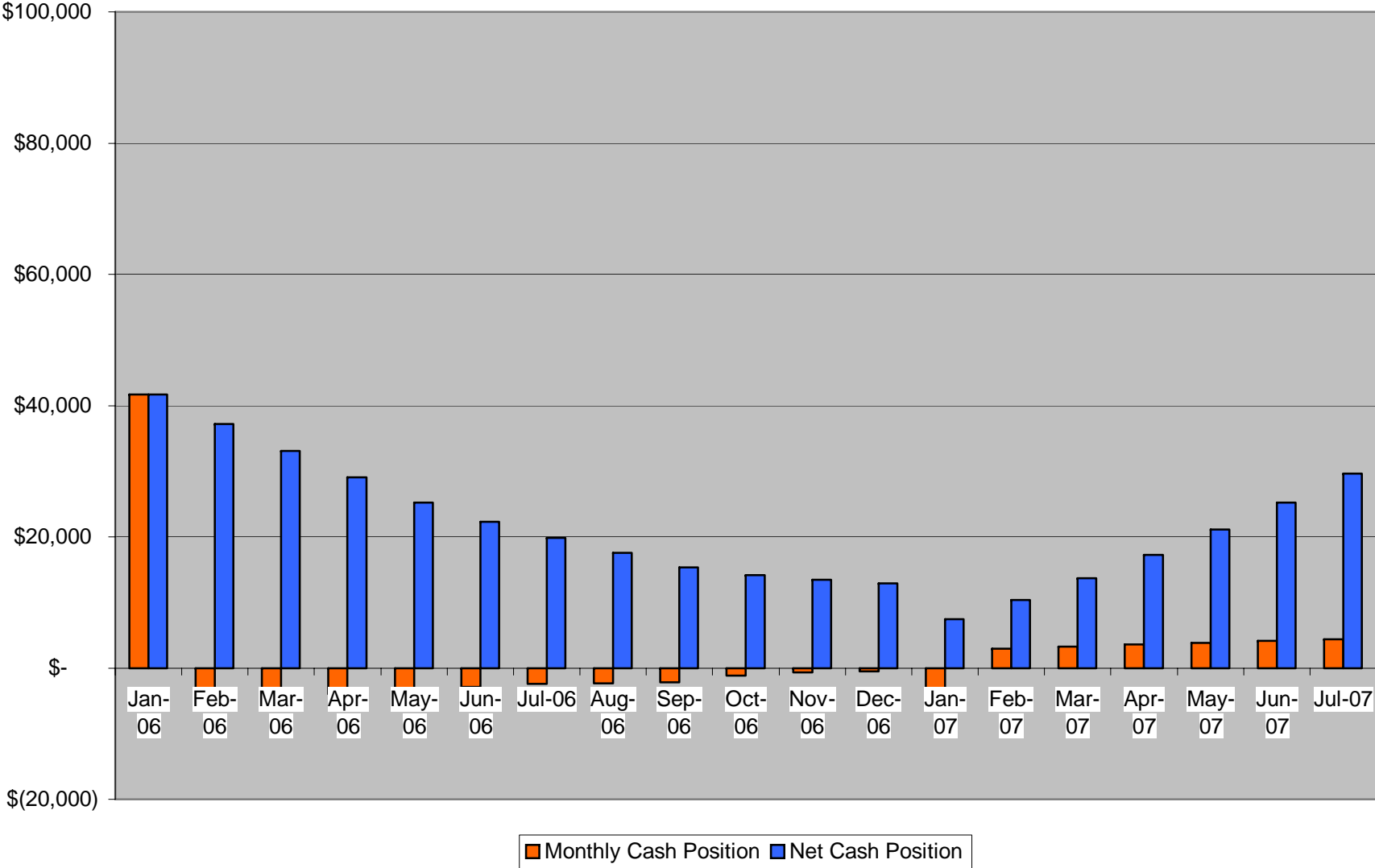
	<i>Jan-07</i>	<i>Feb-07</i>	<i>Mar-07</i>	<i>Apr-07</i>	<i>May-07</i>	<i>Jun-07</i>	<i>Jul-07</i>	<i>Aug-07</i>	<i>Sep-07</i>	<i>Oct-07</i>	<i>Nov-07</i>	<i>Dec-07</i>
New Patient Revenue	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900
New Patient F/U Revenue	\$ 1,260	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520
Continuing Patient Care Revenue	\$ 794	\$ 892	\$ 1,091	\$ 1,288	\$ 1,485	\$ 1,681	\$ 1,876	\$ 2,070	\$ 2,264	\$ 2,457	\$ 2,649	\$ 2,840
Medicinary Sales	\$ 5,787	\$ 6,800	\$ 6,981	\$ 7,161	\$ 7,340	\$ 7,518	\$ 7,696	\$ 7,873	\$ 8,049	\$ 8,224	\$ 8,399	\$ 8,573
Lab Sales	\$ 1,624	\$ 2,008	\$ 2,076	\$ 2,144	\$ 2,212	\$ 2,280	\$ 2,347	\$ 2,414	\$ 2,481	\$ 2,547	\$ 2,613	\$ 2,679
Room Rental	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Total Revenue	\$18,165	\$20,920	\$21,367	\$21,813	\$22,257	\$22,699	\$23,139	\$23,577	\$24,014	\$24,448	\$24,881	\$25,312
Total Fixed Costs	\$19,236	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936	\$11,936
Total Variable Costs	\$ 4,434	\$ 6,003	\$ 6,162	\$ 6,321	\$ 6,480	\$ 6,637	\$ 6,794	\$ 6,951	\$ 7,106	\$ 7,261	\$ 7,416	\$ 7,570
Total Costs	\$23,670	\$17,939	\$18,098	\$18,257	\$18,416	\$18,573	\$18,730	\$18,887	\$19,043	\$19,198	\$19,352	\$19,506
Monthly Cash Position	\$ (5,505)	\$ 2,981	\$ 3,269	\$ 3,556	\$ 3,841	\$ 4,125	\$ 4,408	\$ 4,690	\$ 4,971	\$ 5,251	\$ 5,529	\$ 5,806
Net Cash Position	\$ 7,433	\$10,414	\$13,683	\$17,238	\$21,079	\$25,205	\$29,613	\$34,303	\$39,275	\$44,525	\$50,054	\$55,861
Cash Positions after Practitioner's Share												
Practitioner's Share (each gets 1/4)	\$ -	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Monthly Cash Position	\$ (5,505)	\$ 981	\$ 1,269	\$ 1,556	\$ 1,841	\$ 2,125	\$ 2,408	\$ 2,690	\$ 2,971	\$ 3,251	\$ 3,529	\$ 3,806
Net Cash Position	\$ 7,433	\$ 8,414	\$ 9,683	\$11,238	\$13,079	\$15,205	\$17,613	\$20,303	\$23,275	\$26,525	\$30,054	\$33,861

8.0 Financial Appendix: Cash Flow Spreadsheet

	<i>Jan-08</i>	<i>Feb-08</i>	<i>Mar-08</i>	<i>Apr-08</i>	<i>May-08</i>	<i>Jun-08</i>	<i>Jul-08</i>	<i>Aug-08</i>	<i>Sep-08</i>	<i>Oct-08</i>	<i>Nov-08</i>	<i>Dec-08</i>
New Patient Revenue	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850	\$ 11,850
New Patient F/U Revenue	\$ 2,520	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780	\$ 3,780
Continuing Patient Care Revenue	\$ 3,030	\$ 3,220	\$ 3,509	\$ 3,798	\$ 4,085	\$ 4,372	\$ 4,657	\$ 4,940	\$ 5,223	\$ 5,505	\$ 5,785	\$ 6,064
Medicinary Sales	\$ 10,566	\$ 11,663	\$ 11,927	\$ 12,189	\$ 12,451	\$ 12,712	\$ 12,971	\$ 13,230	\$ 13,487	\$ 13,743	\$ 13,998	\$ 14,252
Lab Sales	\$ 3,245	\$ 3,660	\$ 3,760	\$ 3,860	\$ 3,959	\$ 4,057	\$ 4,156	\$ 4,254	\$ 4,351	\$ 4,448	\$ 4,545	\$ 4,641
Room Rental	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800	\$ 800
Total Revenue	\$32,011	\$34,973	\$35,626	\$36,277	\$ 36,925	\$ 37,571	\$ 38,213	\$ 38,854	\$ 39,491	\$ 40,126	\$ 40,758	\$ 41,387
Total Fixed Costs	\$22,672	\$12,672	\$12,672	\$12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672	\$ 12,672
Total Variable Costs	\$ 8,646	\$10,118	\$10,351	\$10,583	\$ 10,815	\$ 11,045	\$ 11,274	\$ 11,503	\$ 11,730	\$ 11,957	\$ 12,182	\$ 12,407
Total Costs	\$31,318	\$22,790	\$23,023	\$23,255	\$ 23,487	\$ 23,717	\$ 23,946	\$ 24,175	\$ 24,402	\$ 24,628	\$ 24,854	\$ 25,078
Monthly Cash Position	\$ 693	\$12,183	\$12,603	\$13,022	\$ 13,439	\$ 13,854	\$ 14,267	\$ 14,679	\$ 15,089	\$ 15,497	\$ 15,904	\$ 16,309
Net Cash Position	\$56,554	\$68,736	\$81,339	\$94,361	\$107,800	\$121,654	\$135,921	\$150,600	\$165,689	\$181,186	\$197,090	\$213,399
Cash Positions after Practitioner's Share												
Practitioner's Share (each gets 1/4)	\$ 2,000	\$12,000	\$12,000	\$12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Monthly Cash Position	\$ (1,307)	\$ 183	\$ 603	\$ 1,022	\$ 1,439	\$ 1,854	\$ 2,267	\$ 2,679	\$ 3,089	\$ 3,497	\$ 3,904	\$ 4,309
Net Cash Position	\$32,554	\$32,736	\$33,339	\$34,361	\$ 35,800	\$ 37,654	\$ 39,921	\$ 42,600	\$ 45,689	\$ 49,186	\$ 53,090	\$ 57,399

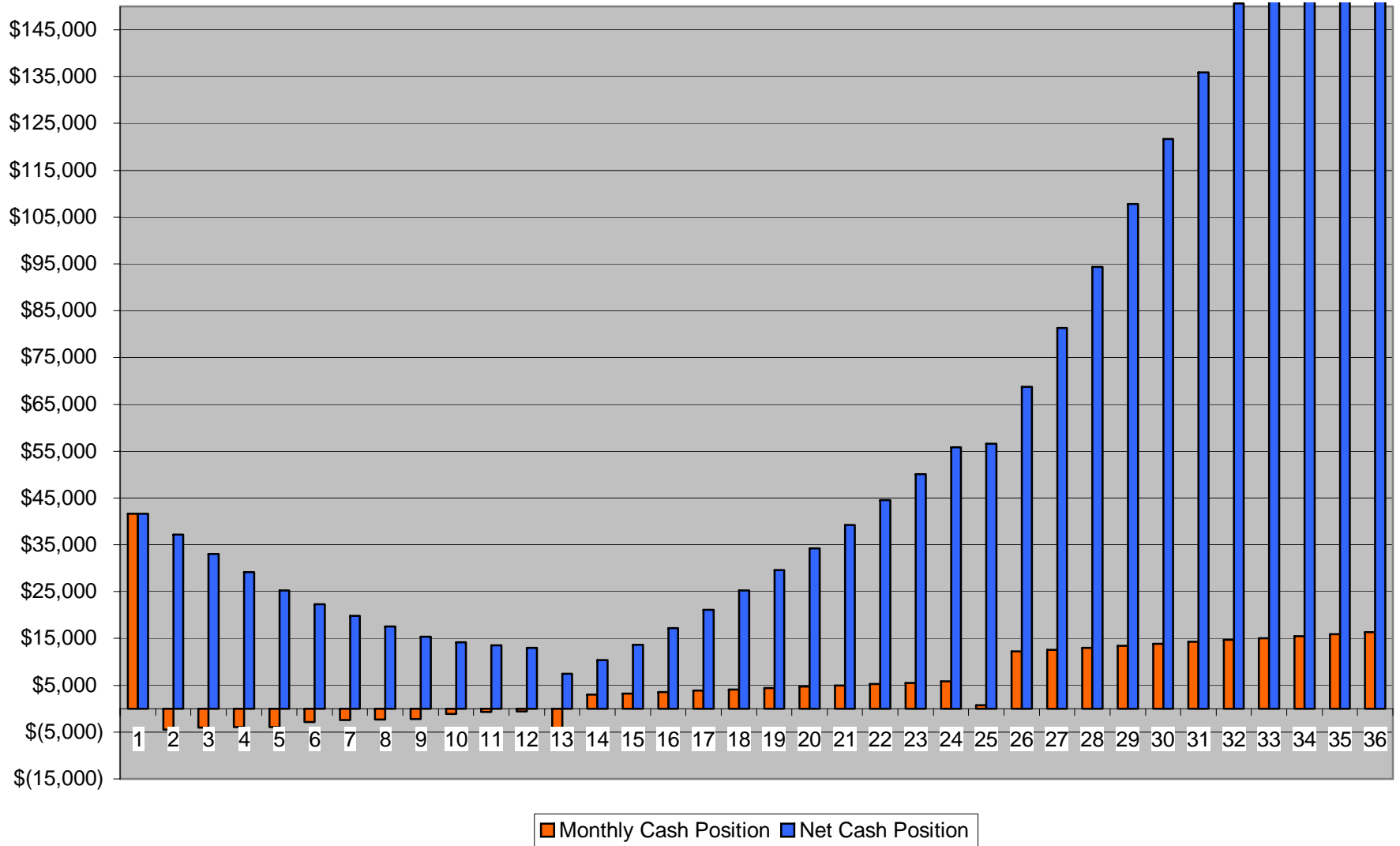
8.0 Financial Appendix: Cash Flow Spreadsheet

Cash Position



8.0 Financial Appendix: Cash Flow Spreadsheet

Cash Position - 3 years



8.0 Financial Appendix: Assumptions

Assumptions	<i>Group</i>
New Patients	
New patients (month 1)	8
Additional new patients per month (2-5)	12
Additional new patients per month (6-9)	16
Additional new patients per month (10-12)	20
New patients per month (year 2)	40
New patients per month (year 3)	60
% new patients homopathic	25%
New patient visit (non-homeopathic)	\$ 180
Homeopathic Visit	\$ 250
Return Patients	
% New patients returning for f/u	70%
\$ F/U patient visit	\$ 90
Continuing Care	
% New patient retention	70%
% Patient base returning (each month)	10%
% "Established patient visit" (long)	25%
% "Established patient visit" (short)	25%
% Homeopathic follow-up (long)	25%
% Homeopathic follow-up (short)	25%
\$ "Established patient visit" (long)	\$ 90
\$ "Established patient visit" (short)	\$ 55
\$ Homeopathic follow-up (long)	\$ 90
\$ Homeopathic follow-up (short)	\$ 55
Annual attrition	5%
Medicinary	
% of patients visiting medicinary	66%
\$ average medicinary sale	\$ 100
New walk-ins (month 1)	2
Walk-ins per month (2-12)	7
Walk-ins per month (year 2)	15
Walk-ins per month (year 3)	20
\$ average walk-in sale	\$ 100
Lab	
% of patients visiting lab	25%
\$ average lab sale	\$ 100