



Business Plan

To Your Taste For Wine, LLC

Heidi L. McLain, Founder & CEO
6921 Mayfair Terrace, Laurel, Maryland 20707
301-498-7340 heidi@toyourtastekit.com



Watch out, Martha Stewart!

Do any wines go with Chinese carryout?

Table of Contents

- 1.0 EXECUTIVE DISCUSSION 4**
- 2.0 COMPANY 5**
- 3.0 PRODUCT 5**
- 4.0 MARKET..... 6**
 - 4.1 *Target Market Segment Strategy* 8
 - 4.2 *Industry Analysis* 9
- 5.0 WEB PLAN SUMMARY 10**
 - 5.1 *Web Site Marketing Strategy* 10
 - 5.2 *Development Requirements* 10
- 6.0 STRATEGY AND IMPLEMENTATION SUMMARY 10**
 - 6.1 *SWOT Analysis* 11
 - 6.2 *Competitive Edge*..... 12
 - 6.3 *Marketing Strategy*..... 13
 - 6.4 *Sales Strategy* 13
 - 6.5 *Sales Forecast*..... 14
- 7.0 MANAGEMENT SUMMARY..... 15**
 - 7.1 *Personnel Plan*..... 16
- 8.0 FINANCIAL PLAN 17**
 - 8.1 *Break Even Analysis* 17
 - 8.2 *Projected Profit and Loss*..... 18
 - 8.3 *Projected Cash Flow*..... 19
 - 8.4 *Projected Balance Sheet*..... 20
 - 8.5 *Ratios*..... 21
- APPENDIX 22**



1.0 Executive Discussion

“Knowledge of wine is an important social asset.”

— Elliott Mackey, founding member of the Society of Wine Educators

To Your Taste For Wine LLC is a company that is passionate about helping wine consumers to learn the skills they need to feel confident about buying wine, ordering wine in a restaurant, drinking wine or just talking about wine. **To Your Taste For Wine** has created an innovative, market-making product for consumers to learn about wine. Our primary market is wine consumers in the US, with a secondary market of wine educators in the US.

Our product is the **To Your Taste!® Wine Party Kit**. The **TYT Kit** has everything wine consumers need to know and do to throw great wine-tasting parties, and it includes three games that help hosts and their guests learn how to taste wine, evaluate wine, and review wine just like the professionals do.

TYT was created by a woman who is passionate about wine and is passionate about this product and what it can do for wine consumers. Heidi McLain is the “face” of **To Your Taste!** and will become a “celebrity brand” like Paula Deen or Martha Stewart.

Our competitive edge comes from the advantage of our founder’s seven years of research and experience with helping consumers buy wine and her personal passion for the product. Ours is a superior product offering because of our use of the patented wine faults aromas, our unique format and innovative approach, and the overall high quality of our product.

The keys to our success are:

- Finding the best price-quality ratio for production of our party kits.
- Maintaining sole-source contractual agreements with the producer of the wine faults aromas that are the keystone of our product.
- Effectively communicating to wine consumers and wine educators our position as a provider of the best and most innovative tools for learning about wine.

Our objectives:

- Launch the **TYT Kit** in Year 1 with 2,500 units.
- Increase production and sales to 6,000 in Year 2 and 13,000 in Year 3.
- Establish distribution in Canada, UK and Australia by Year 3.

Heidi L. McLain, founder and CEO, leads our management team. A team of consultants in graphic design, accounting, legal, and business advisory services support her passion and vision. We believe this team has the skills needed to execute and sustain this plan.



2.0 Company

TYT's primary market is wine consumers in the US, with a secondary market of wine educators in the US. **TYT** is a privately owned limited liability company with a sole proprietor, Heidi L. McLain. The company is a legal entity in the State of Maryland.

Our kit production will be executed by *Shree Gajanan Prints* in Hyderabad, India; the wine faults aromas are produced by *AROMABAR* in Karlsruhe, Germany and all of our sales operations will be conducted on the *Amazon.com* supply chain platform, from customer interface through to fulfillment and returns.



3.0 Product

The **To Your Taste!® Wine Party Kit** has everything wine consumers need to know and do to throw great wine-tasting parties, and includes three games that help them and their guests learn how to taste wine, evaluate wine, and review wine...just like the professionals do. Consumers play **Taste It!** and learn how to use the five steps to taste wine (See, Swirl, Smell, Sip and Swallow/Spit) and how to recognize a defective or flawed bottle of wine. They **Evaluate It!**—learning how to use the five steps to evaluate wine using the industry-standard 100-point scale. And they learn how to write hilarious, outrageous wine reviews using phrases from actual wine reviews in consumer wine magazines, when they play **Review It!**



The **TYT Kit** includes a comprehensive scrapbook that guides the host before, during and after the parties; plate clips for guests to use during the party; and an instructional DVD for learning how to play the three games.

Production cost, including assembly in India, shipping/warehousing/fulfillment and US customs, is \$66 per unit. The suggested retail price is \$195.

Customers also get membership in the **To Your Taste! Party Space** official online community for TYT partygoers, and features Forums, Galleries, Calendars, and our Blog. Our social networking site will become the most popular of its kind for wine consumers.

Future editions of **TYT** will include calibrating one's palate, wine/cheese pairing, red wine tasting, and white wine tasting.

4.0 Market

In 2006 wine consumers outnumbered beer consumers in the US. By 2010, the US will be the world's largest market for wine, by volume. Wine consumers under the age of 30 is the fastest-growing segment of this market, and this segment tends to buy premium wines priced over \$20/btl. retail.

There were 39M regular wine drinkers in the US in 2007. Of these, 23% are "Overwhelmed" by choices, and 12% are "Enthusiasts" willing to try new wines. **This equals 14 million people in our target market, with a very conservative estimate of 2.33 million customers—that's just 1 out of 6 of our target market.**

The following table from the "Project Genome" study by Nielson Co. and commissioned by ConstellationWines US shows that a large segment of the US consumer population is "overwhelmed" by wine. This segment can be characterized as follows:

Overwhelmed (23% of consumers)

- Overwhelmed by sheer volume of choices on store shelves.
- Like to drink wine, but don't know what kind to buy and may select by label.
- Looking for wine information in retail settings that's easy to understand.
- Very open to advice, but frustrated when there's no one in the wine section to help.
- If information is confusing, they won't buy anything at all.



Fiasco is the name of the traditional straw-wrapped bottle of Chianti

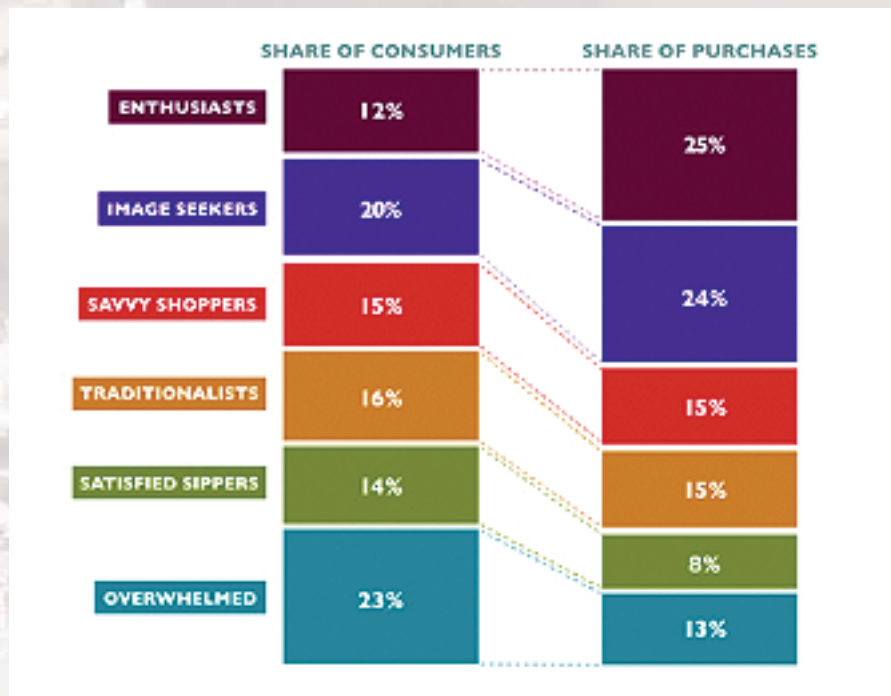


An additional segment of “Enthusiasts” comprises 12% of consumers, and can be characterized as follows:

Enthusiasts (12% of consumers)

- Entertain at home with friends, and consider themselves knowledgeable about wine.
- Live in cosmopolitan centers, affluent suburban spreads or comfortable country settings.
- Like to browse the wine section, publications, and are influenced by wine ratings and reviews.
- 47% buy wine in 1.5L size as “everyday wine” to supplement their “weekend wine.”
- 98% buy wine over \$6 per bottle, which accounts for 56% of what they buy on a volume basis.

These two segments comprise over 1/3 of the consumer market. Our product is ideally suited for both of these segments and we see these consumers as our core market.

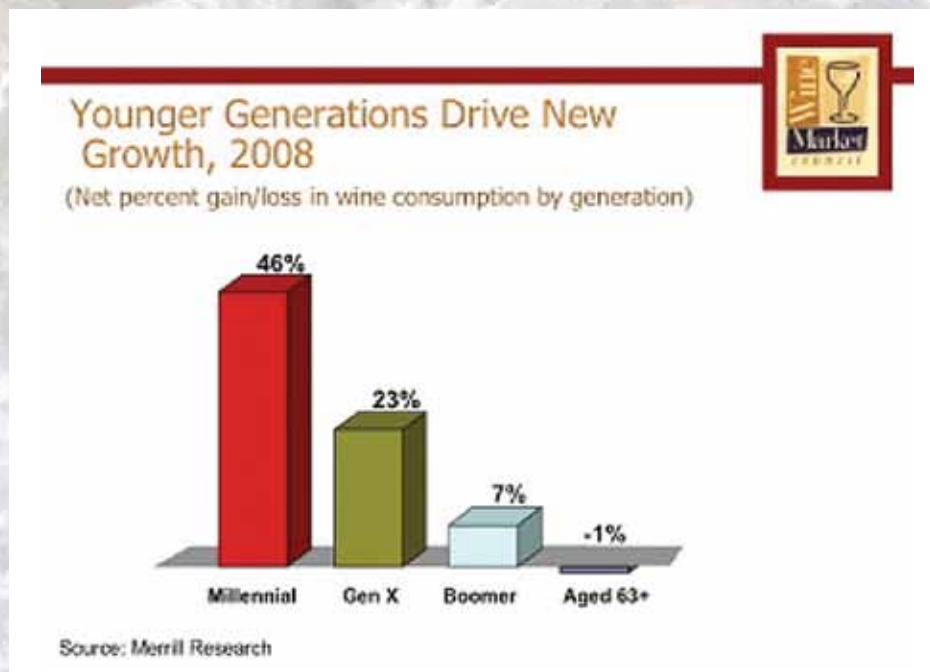


4.1 Target Market Segment Strategy

Given our Target Market of Overwhelmed and Enthusiast consumers, we further segment this market into the following demographic and socio-economic characteristics that we feel are the best and most likely customers for our products. According to the Wine Market Council:

“Generation X adults, now mostly in their 30s, are taking to wine in significant numbers. Moreover, the Millennial generation, now entering young adulthood, is exhibiting the same receptivity to wine that leading edge Baby Boomers did more than 30 years ago. Like the Baby Boom generation, their numbers are so great as to make their dominance in the market inevitable, and they offer the wine industry the kind of growth potential not seen in more than thirty years.

There are 77 million Baby Boomers (ages 43 to 61 in 2007), compared to a 44 million Generation X population (ages 31 to 42 in 2007). But the Millennial generation is a group of some 70 million. The eldest among this group turned 30 in 2007. They add, on average, 5 percent more new adults to the U.S. population per year than did Generation X, and their taste and lifestyle choices will drive the beverage alcohol market for many years to come.”



Within these demographics, we target the segments that are most likely to entertain at home and buy our product:

- Women, and Gay men, age 25-50.
- Upwardly mobile status seekers with high disposable income.
- Urban dwellers with access to specialty wine stores and fine-dining restaurants.



Our strategy is to focus on these segments to build our core customer base. It is our belief that as our brand becomes popular with consumers, it will gain the attention of our secondary market, wine educators. This market is comprised of three main segments:

- **Wine educators, direct to consumers:** These include educators who present to consumer wine appreciation groups, and to any other group seeking to develop the “status skill” of being knowledgeable about wine.
- **Educators for the trade:** These include professional wine-trade organizations and those that educate retail and wholesale sales staff, servers, and wine buyers.
- **Academia:** Schools of oenology, culinary schools, and students in certification programs such as WSET and the Court of Master Sommeliers.

4.2 Industry Analysis

Just as our Target Market falls into two different groups, with the primary group being wine consumers and the secondary group being wine educators, our business falls into two different industries. The first is the **games industry**, specifically wine-party games. The second industry is **wine education**, specifically products that are tools to help in educating about wine.

There is no direct competition to **TYT** and no similar products exist today. Our party kit includes patented wine faults aromas, and it helps wine consumers understand how wines are marketed through ratings and reviews. Our customers learn the industry-standard criteria used for evaluating and rating wines, and they learn how wine reviews and marketing material are written.

Other wine-party games “dumb down” the wine evaluation process and none teach consumers how to **understand** and **interpret** wine reviews. And no competitor uses wine faults aromas in a fun and educational way to teach consumers how to detect a flawed or defective bottle of wine.

There are six major producers of wine aroma kits in the world. None of them offer such a comprehensive approach to learning how to be a better wine consumer. Rather, each stresses the very esoteric skill of identifying discrete aromas in wine. Their markets are mostly academia and wine professionals.

Our distribution channels and customer buying patterns are also different from the competition.

Our channels are three-fold:

1. Direct retail through Internet sales.
2. Wholesale to high-end retailers, wineries, and wine accessories retailers.
3. Direct retail to wine clubs, wine-tasting groups, wine educators, professional organizations and academia.



5.0 Web Plan Summary

The **To Your Taste! Wine Party Kit** Web site is a dynamic marketing tool for the company. The site provides information about our product and an e-commerce component, where the product can be purchased online at retail, or through a password-protected page for wholesale customers. The **To Your Taste! Party Space**, our social networking Web site, is the official online community for **TYT** partygoers. The site features Forums, Galleries, Calendars, and our Blog. Customers share opinions and “epiphanies” about wine, and post photos from parties. This site will be created and managed in-house; it is easy to maintain and update.

5.1 Web Site Marketing Strategy

We will leverage the marketing power of Amazon.com for search-engine optimization (SEO) to market our site, **To Your Taste! Wine Party Kit**. Additionally, our **To Your Taste! Party Space** site will have links to other wine-related sites and blogs, and we will post replies and comments on wine-related forums, blogs, and Web sites to draw attention to our sites.

5.2 Development Requirements

For the foreseeable future, the **To Your Taste! Party Space** will be maintained and updated in-house. We will host our Web Store on **Amazon.com**, which has many robust online tools to aid in the maintenance and enhancement of the site, and the reliability and support of **Amazon** exceeds industry standards.

6.0 Strategy and Implementation Summary

We focus on a special kind of customer, the person who is an upwardly mobile status seeker going beyond consumerism to show off his/her “STATUS SKILLS” as defined by TrendWatching.com:

“In economies that increasingly depend on (and thus value) creative thinking and acting, well-known status symbols tied to owning and consuming goods and services will find worthy competition from ‘STATUS SKILLS’: those skills that consumers are mastering to make the most of those same goods and services, bringing them status by being good at something, and the story telling that comes with it.”

In our case, the mastery of buying, consuming, and talking about wine.

Our marketing strategy assumes that we need to go into specialty channels to address our target customer’s needs. The tie-in with the high-end quality wine retailers is ideal, because these retailers cater to our kind of customers. We position our product as the highest quality, offering status and prestige. Our most important competitive edge is our innovative format, our unique approach to wine party games, and the high value of the status skills our games teach.



I did not know wine could be so interesting and fun!



6.1 SWOT Analysis

This SWOT analysis provides us with an opportunity to examine the internal strengths and weaknesses **TYT** must address. It also allows us to examine the opportunities presented to **TYT** as well as potential threats.

6.1.1 Strengths

TYT takes an innovative, unique approach to wine-tasting parties and learning about wine. Our strengths include the following:

1. **Patented technology:** The wine faults aromas included as part of Game 1: **Taste It!** are examples of the six major wine faults that can occur in a bottle of wine. No other wine game or wine party kit has these wine faults aromas and none use this unique approach to teach how to detect a bad bottle.
2. **Innovative format and approach:** From our unique scrapbook format to our innovative approach to learning about wine and gaining confidence as a wine consumer.
3. **Understanding of the market need:** Based on seven years of research and experience with helping consumers buy wine.
4. **"Affordable Luxury" niche:** Designed to appeal to status seekers with high disposable income, yet affordable to most wine consumers.
5. **Potential celebrity status of creator:** Unlike competitor's products, **To Your Taste!** was created by a woman who is passionate about wine and is passionate about this product and what it can do for wine consumers. Heidi McLain is the "face" of **To Your Taste!** and will become a "celebrity brand" like Paula Deen or Martha Stewart.

6.1.2 Weaknesses

TYT has strengths that are also potential weaknesses:

1. **Patented technology:** Lack of direct ownership of the technology that is the cornerstone of **TYT**.
2. **Innovative format and approach:** Risk of not gaining market acceptance of the unique format and innovative approach.
3. **Potential celebrity status of creator:** As a new product, our lack of brand awareness is a weakness.

Other weaknesses that must be considered are as follows:

1. **Financial:** Access to operating capital and availability of cash flow.
2. **Seasonality of the product:** As a luxury gift item, its seasonal appeal is a weakness.

This wine smells like it was stomped with dirty feet on a wet Sunday in September



6.1.3 Opportunities

The opportunities for **To Your Taste!** are as follows:

1. **Struggling economy:** Consumers are staying home more and entertaining at home more because of high gas prices and the struggling economy.
2. **Growing market for food-and-wine lifestyle:** Wine is becoming an important part of the upper- and middle-class lifestyle.
3. **Online communities:** **TYT** has the opportunity to benefit from the growth of niche online communities through its **To Your Taste! Party Space** social networking site.
4. **Lifelong learning:** Consumers are increasingly seeking to learn new skills throughout their lives; knowing about wine is a “status skill” and the **TYT Kit** is the best way to learn.
5. **Popularity of celebrity chefs and fine dining:** Lead consumers to want to be able to order wine in a restaurant or buy wine for home consumption with confidence.

6.1.4 Threats

The threats to **TYT** include the following:

1. **Intolerable price increases or unavailability:** By supplier(s) of wine faults aromas.
2. **Copycat competitors:** While the wine faults aromas are patented, our product is not eligible for patent; there is a threat that copycat competitors will create a similar, cheaper product with inferior and unstable wine faults aromas and copy our innovative format and unique approach.
3. **Drunk driving legislation:** There is an effort by Mothers Against Drunk Driving (MADD) to get legislation passed to make interlock devices mandatory on all vehicles in the US, and to get the maximum blood-alcohol concentration (BAC) set between .02 and .04 on these devices. This means that if you have a glass of wine at a restaurant with dinner or at a friend’s party, you will not be able to drive home because the interlock will prevent your car from starting.

6.2 Competitive Edge

TYT’s competitive edge is derived from its founder’s many years of research and experience helping wine consumers in selecting and buying wine. Her passion for all things ‘wine’ is renowned for its infectious nature and interpersonal qualities. Gatherings small and large invariably become exciting events when Heidi McLain is present to blend the universal affection for social convocation with the adventure of wine insights and tastes. With patented wine faults aromas, the **TYT Kit** is unique in format, design and innovation. The result is a very high quality product that stands alone as the ‘reference store’ for others who may attempt to compete in the marketplace, in the future. As the timeline for product development is necessarily measured in years, we anticipate that any competitive product will arrive in the marketplace, if at all, long after the **TYT Kit** has established a singular recognition as the market standard.



6.3 Marketing Strategy

Our marketing strategy is three-fold:

1. Heidi McLain, founder and creator of **To Your Taste!**, will be the personality and “face” of the brand. She will present the product in hands-on seminars at consumer and trade-focused gourmet food and wine festivals, conferences, and educational events; at gourmet and wine retailers; and to private groups. She will make personal appearances on wine- and food-related radio, television, and Internet programs. She has informally marketed and promoted **To Your Taste!** at numerous wine dinners, wine festivals, and wine club events throughout the country. Regular appearances on a variety of home/personal interest television talk shows is anticipated together with providing complementary kits to the one hundred prime movers in the wine world.
2. We will use technology-based marketing strategies. We will market and promote the product using e-mail marketing (i.e., Constant Contact) and through the **To Your Taste! Party Space** Web site and blog. We will leverage the marketing power of Amazon.com for search-engine optimization (SEO) to market our sites. Additionally, we will use pay-per-click Internet advertising and SEO software to drive traffic to the **TYT** Web sites.
3. We will utilize “viral marketing” and “guerrilla marketing” strategies to build brand awareness. Heidi McLain has been building a large network of friends and family who will have **TYT** wine-tasting parties, with many guests as potential customers. She initially became a familiar face in the Washington metro area to influential members of the wine community, and then to leaders of wine-tasting organizations, wine educators, major wine retailers, and major media wine reviewers/editorialists across the country. She will market to her established network of customers, sommeliers, restaurateurs, wineries, and wine retailers and distributors.

6.4 Sales Strategy

Our sales strategy for direct retail sales is via the Web. Through **Amazon.com**, we have an established direct-to-consumer Web site, toyourtastekit.com that will be responsible for order processing, fulfillment and returns.

For wholesale, our strategy has two aspects. The first is to secure large-volume orders from major wine retail chains, including **Total Wine & More**, **BevMo**, and **ABC Wine & Spirits**, and from independent retailers, specifically those that do a large volume of business via Internet sales. These retailers include **MacArthur Beverages** in Washington, DC, **Sherry-Lehmann** in Manhattan, and **Zachy's** in Scarsdale, NY. Ms. McLain will directly solicit and secure the product orders from the foregoing retailers. The second is to sell wholesale to wine accessories retailers, wineries, wine clubs, professional organizations and academia. Ms. McLain will personally and directly secure these product orders. Wholesale fulfillment will also be done by **Amazon.com's** FBA program.



6.5 Sales Forecast

Our sales forecast conservatively assures that a sound, growing market will develop promptly. Our product line will create a whole new category for wine party games. Our product is original, innovative and of the highest quality. Once our marketing builds brand awareness, our sales will increase exponentially. The established need for this product will drive our sales. Our market analysis supports this, and our main target segments have the disposable income ready to support this sales forecast.

Our sales forecast is based on the current economy. With the economy in recession, consumers are focusing on ways to save money. The retail wine industry is resistant to recession (people buy alcohol regardless of the economy). Wine retailers are reaping the benefits of the weak economy. Rather than dining out, consumers are staying home and entertaining at home. The **TYT Kit** is ideal for home entertaining.

Regardless of the economy, consumers are changing their driving habits and are driving less often and over shorter distances. Entertaining at home, with neighbors and friends who live close by, is becoming more popular. With the Internet, it is now possible (in most states) to buy wine, and our product, without ever leaving home. These two factors will drive sales.

Sales Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
Unit Sales					
TYT Party Kit @ Retail	680	1,200	3,250	6,250	8,750
TYT Party Kit @ Wholesale	1,820	4,800	9,750	18,750	26,250
Total Unit Sales	2,500	6,000	13,000	25,000	35,000
Unit Prices					
TYT Party Kit @ Retail	\$195.00	\$195.00	\$195.00	\$195.00	\$195.00
TYT Party Kit @ Wholesale	\$130.00	\$130.00	\$130.00	\$130.00	\$130.00
Sales					
TYT Party Kit @ Retail	\$132,600	\$234,000	\$633,750	\$1,218,750	\$1,706,250
TYT Party Kit @ Wholesale	\$236,600	\$624,000	\$1,267,500	\$2,437,500	\$3,412,500
Total Sales	\$369,200	\$858,000	\$1,901,250	\$3,656,250	\$5,118,750
Direct Unit Costs					
TYT Party Kit @ Retail	\$75.00	\$68.00	\$66.00	\$66.00	\$66.00
TYT Party Kit @ Wholesale	\$75.00	\$68.00	\$66.00	\$66.00	\$66.00
Direct Cost of Sales					
TYT Party Kit @ Retail	\$51,000	\$81,600	\$214,500	\$412,500	\$577,500
TYT Party Kit @ Wholesale	\$136,500	\$326,400	\$643,500	\$1,237,500	\$1,732,500
Subtotal Direct Cost of Sales	\$187,500	\$408,000	\$858,000	\$1,650,000	\$2,310,000



7.0 Management Summary

Heidi L. McLain, founder and owner of **To Your Taste For Wine, LLC**, has seven years' experience in wine sales and customer service with *Total Wine & More*, the largest independent wine retailer in the US. Concurrently, she owns and manages *For Love Of Wine, LLC*, the first and only wine-catering company in the US. Prior to working in the wine industry, Ms. McLain had a 15-year career in IT training and management with *Coopers & Lybrand* and *PricewaterhouseCoopers*.

The **TYT** rollout team:

Graphic Ventures is an award-winning Columbia, Maryland design firm with clients ranging from commercial banks and small start-up businesses to national associations. For over 25 years we have provided custom design products to complement each clients' image, objective, budget and schedule. An award-winning designer, Terri Moore has produced collateral for a variety of campaigns and events including conferences, membership campaigns, fundraising events, annual reports, logos, brochures, newsletters, and packaging design. Terri Moore, Owner, 410-740-5394.

Harry Ross and Associates, PC. Our clients range in size from small sole owners to larger companies with revenues between \$10 and \$50 million. This McLean, Virginia accountancy provides services that include financial statements, payrolls, income tax planning and preparation for individuals and businesses, bookkeeping. Our firm has been peer reviewed under the AICPA (American Institute of Certified Public Accountants) and Virginia Board of Accountancy peer review program and received a clean opinion. Harry Ross, CPA, Owner 703-356-8808.



7.1 Personnel Plan

This personnel plan reflects our use of contractors and consultants, with only one fulltime employee. In future years, we may require additional employees for administration, clerical, sales, marketing and promotion, but we anticipate that we will continue to outsource most of the work to existing contractors.

Personnel Plan	Year 1	Year 2	Year 3	Year 4	Year 5
Employees					
Management (Salaried)	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000
Professional Services					
Graphic Design	\$2,100	\$30,000	\$30,000	\$30,000	\$30,000
Online Sales, Distribution, Fulfillment, Returns	\$0	\$30,000	\$40,000	\$50,000	\$60,000
Accounting Services	\$2,400	\$5,000	\$5,000	\$6,250	\$7,812
Business Consulting Services	\$10,000	\$6,000	\$6,000	\$6,000	\$6,000
Legal Services	\$2,160	\$5,000	\$5,000	\$5,000	\$5,000
Total Payroll/Professional Services Fees	\$64,660	\$124,000	\$134,000	\$145,250	\$156,812



8.0 Financial Plan

The initial capital investment of \$500,000 gives **TYT** the capital needed to fund projected production through Year 5, while providing a **positive cash balance** every year.

As mentioned previously in the Sales Forecast, our **sales projections are conservative**. The financial plan provides for sufficient funding to meet our operating and inventory expenses. Should actual sales be greater than projections, the increased **revenue from sales** could be used for additional inventory or dividend distributions to investors.

8.1 Break Even Analysis

The **TYT** break-even analysis illustrates a necessary **minimum of 189 units in sales per month**. Our sales forecast projects sufficient sales of 208 units per month in Year 1, 500 per month in Year 2, 1083 per month in Year 3, 2083 per month in Year 4, and 2916 per month in Year 5.

Break-even Analysis	
Monthly Units Break-even	189
Monthly Revenue Break-even	\$27,955
Assumptions:	
Average Per-Unit Revenue	\$147.68
Average Per-Unit Variable Cost	\$75.00
Estimated Monthly Fixed Cost	\$13,758

8.2 Projected Profit & Loss

As illustrated, we expect a **healthy gross margin of 46.17%** in Year 1, and **gross margin near or in excess of 50%** for every year thereafter. Our **net profit** is expected to be **1.45% in Year 1**, increasing to **48.47% by Year 5**.

Pro Forma Profit and Loss					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$369,200	\$858,000	\$1,901,250	\$3,656,250	\$5,118,750
Direct Cost of Sales	\$187,500	\$408,000	\$858,000	\$1,650,000	\$2,310,000
Other Costs of Sales	\$11,250	\$24,480	\$51,480	\$51,480	\$51,480
Total Cost of Sales	\$198,750	\$432,480	\$909,480	\$1,701,480	\$2,361,480
Gross Margin	\$170,450	\$425,520	\$991,770	\$1,954,770	\$2,757,270
Gross Margin %	46.17%	49.59%	52.16%	53.46%	53.87%
Expenses					
Payroll	\$64,660	\$124,000	\$134,000	\$145,250	\$156,812
Marketing/Promotion	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Depreciation	\$23,458	\$23,458	\$23,458	\$23,458	\$23,458
Office Rent	\$1,404	\$1,500	\$1,500	\$1,500	\$1,500
Utilities & Insurance	\$3,500	\$4,000	\$4,500	\$6,000	\$7,500
Dues and Subscriptions	\$1,188	\$1,200	\$1,200	\$1,200	\$1,200
Meals & Entertainment	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Business Travel	\$26,400	\$26,400	\$26,400	\$26,400	\$26,400
Employee Benefits	\$7,800	\$8,280	\$8,808	\$12,000	\$15,000
Auto Expenses	\$684	\$8,400	\$8,400	\$8,400	\$8,400
Total Operating Expenses	\$165,094	\$233,238	\$244,266	\$260,208	\$276,270
Net Profit Before Taxes	\$5,356	\$192,282	\$747,504	\$1,694,562	\$2,481,000
Net Profit/Sales	1.45%	22.41%	39.32%	46.35%	48.47%



8.3 Projected Cash Flow

The initial **capital investment of \$500,000** gives **TYT** the capital required to fund projected production through Year 5, while providing a **positive cash balance** and a **positive cash flow** every year.

Pro Forma Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash from Operations	\$369,200	\$858,000	\$1,901,250	\$3,656,250	\$5,118,750
Expenditures from Operations					
Cash Spending (Op. Expense less Dep.)	\$141,636	\$209,780	\$220,808	\$236,750	\$252,812
Inventory Purchases	\$198,750	\$432,480	\$909,480	\$1,701,480	\$2,361,480
Total Operations	\$340,386	\$642,260	\$1,130,288	\$1,938,230	\$2,614,292
Net Cash Flow	\$28,814	\$215,740	\$770,962	\$1,718,020	\$2,504,458
Net Cash Including Inventory	\$364,314	\$580,054	\$1,351,016	\$3,069,036	\$5,573,494

...and a palate of candied-ginger tree fruit...



8.4 Projected Balance Sheet

Our projected balance sheet shows an increase in net worth to more than \$5.6 million in Year 5.

Pro Forma Balance Sheet					
Assets	Year 1	Year 2	Year 3	Year 4	Year 5
Current Assets					
Cash	\$165,564	\$147,574	\$441,536	\$1,367,556	\$3,212,014
Inventory	\$198,750	\$432,480	\$909,480	\$1,701,480	\$2,361,480
Total Current Assets	\$364,314	\$580,054	\$1,351,016	\$3,069,036	\$5,573,494
Long-term Assets					
R&D	\$164,500	\$164,500	\$164,500	\$164,500	\$164,500
Accumulated Depreciation	\$23,458	\$46,916	\$70,374	\$93,832	\$117,290
Total Long-term Assets	\$141,042	\$117,584	\$94,126	\$70,668	\$47,210
Total Assets	\$505,356	\$697,638	\$1,445,142	\$3,139,704	\$5,620,704
Liabilities & Capital					
Total Liabilities	\$0	\$0	\$0	\$0	\$0
Paid-in Capital	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Retained Earnings	\$0	\$5,356	\$197,638	\$945,142	\$2,639,704
Earnings	\$5,356	\$192,282	\$747,504	\$1,694,562	\$2,481,000
Total Capital	\$505,356	\$697,638	\$1,445,142	\$3,139,704	\$5,620,704
Total Liabilities & Capital	\$505,356	\$697,638	\$1,445,142	\$3,139,704	\$5,620,704
Net Worth	\$505,356	\$697,638	\$1,445,142	\$3,139,704	\$5,620,704



8.5 Ratios

Ratio Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Growth	0.00%	132.39%	121.59%	92.31%	40.00%
Percent of Total Assets					
Total Current Assets	72.09%	83.15%	93.49%	97.75%	99.16%
Long-term Assets	27.91%	16.85%	6.51%	2.25%	0.84%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Percent of Sales					
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	46.17%	49.59%	52.16%	53.46%	53.87%
Selling, General & Administrative Expenses	44.72%	27.18%	12.85%	7.12%	5.40%
Advertising Expenses	6.50%	2.80%	1.26%	0.66%	0.47%
Profit Before Interest and Taxes	1.45%	22.41%	39.32%	46.35%	48.47%
Pre-tax Return on Assets	1.06%	27.56%	51.73%	53.97%	44.14%
Net Profit Margin	1.45%	22.41%	39.32%	46.35%	48.47%
Return on Equity	1.06%	27.56%	51.73%	53.97%	44.14%
Net Working Capital	\$364,314	\$580,054	\$1,351,016	\$3,069,036	\$5,573,494
Assets to Sales	1.37	0.81	0.76	0.86	1.10
Sales/Net Worth	0.73	1.23	1.32	1.16	0.91

This is a great kit—I'm going to buy one!



Appendix: First-year monthly sales forecast

Sales Forecast	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Unit Costs												
TYT Party Kit @ Retail	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
TYT Party Kit @ Wholesale	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00	\$75.00
Cost of Goods Sold												
TYT Party Kit @ Retail	\$750	\$2,475	\$3,600	\$7,200	\$2,475	\$3,000	\$3,000	\$3,000	\$11,100	\$7,200	\$3,600	\$3,600
TYT Party Kit @ Wholesale	\$3,000	\$4,950	\$11,700	\$12,900	\$4,950	\$11,250	\$11,250	\$11,250	\$26,550	\$15,300	\$11,700	\$11,700
Total Cost of Goods Sold	\$3,750	\$7,425	\$15,300	\$20,100	\$7,425	\$14,250	\$14,250	\$14,250	\$37,650	\$22,500	\$15,300	\$15,300
Unit Prices												
TYT Party Kit @ Retail	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195	\$195
TYT Party Kit @ Wholesale	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130
Unit Sales												
TYT Party Kit @ Retail	10	33	48	96	33	40	40	40	148	96	48	48
TYT Party Kit @ Wholesale	40	66	156	172	66	150	150	150	354	204	156	156
Total Unit Sales	50	99	204	268	99	190	190	190	502	300	204	204
Total Sales												
TYT Party Kit @ Retail	\$1,950	\$6,435	\$9,360	\$18,720	\$6,435	\$7,800	\$7,800	\$7,800	\$28,860	\$18,720	\$9,360	\$9,360
TYT Party Kit @ Wholesale	\$5,200	\$8,580	\$20,280	\$22,360	\$8,580	\$19,500	\$19,500	\$19,500	\$46,020	\$26,520	\$20,280	\$20,280
Total Sales	\$7,150	\$15,015	\$29,640	\$41,080	\$15,015	\$27,300	\$27,300	\$27,300	\$74,880	\$45,240	\$29,640	\$29,640



What fine wine retailers are saying about the To Your Taste!® Wine Party Kit:



“Interesting...

very comprehensive...it's compatible with our store and our clientele...there's nothing else like it, and I think that's why people would buy it...”

— Bob Starr, Store Manager

“It's fun...

looks good...I think your target market is perfect for this item.”

— Cecile Giannangeli, Owner



Other fine wine retailers who have expressed interest:



MacArthur Beverages

The King Farm Wine Shop



There's so much more to learn...



Date: January 20, 2007 8:02:28 AM EST
To: heidi@forloveofwine.com

UNITED STATES PATENT AND TRADEMARK OFFICE

SERIAL NO: 78/958748

APPLICANT: To Your Taste For Wine LLC

78958748

CORRESPONDENT ADDRESS:

TO YOUR TASTE FOR WINE LLC
TO YOUR TASTE FOR WINE LLC
6921 MAYFAIR TERRACE
LAUREL, MD 20707-5212

RETURN ADDRESS:

Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

If no fees are enclosed, the address should include the words "Box Responses - No Fee."

MARK: TO YOUR TASTE! WINE PARTY KIT

CORRESPONDENT'S REFERENCE/DOCKET NO: N/A

Please provide in all correspondence:

CORRESPONDENT EMAIL ADDRESS:

heidi@forloveofwine.com

1. Filing date, serial number, mark and applicant's name.
2. Date of this Office Action.
3. Examining Attorney's name and Law Office number.
4. Your telephone number and email address.

Serial Number 78/958748

EXAMINER'S AMENDMENT

OFFICE RECORDS SEARCH: The Office records have been searched and no similar registered or pending mark has been found that would bar registration under Trademark Act Section 2(d), 15 U.S.C. §1052(d). TMEP §704.02.

ADVISORY – AMENDMENTS TO GOODS/SERVICES: If the identification of goods and/or services has been amended below, any future amendments must be in accordance with 37 C.F.R. §2.71(a) and TMEP §1402.07(e).



AMENDMENT(S) AUTHORIZED: As authorized by on Heidrun L. McLain, the application is amended as noted below. *If applicant disagrees with or objects to any of the amendments below, please notify the undersigned trademark examining attorney immediately.* Otherwise, no response is necessary. TMEP §707.

Disclaimer:

The following disclaimer is the accepted:

No claim is made to the exclusive right to use “wine party kit” apart from the mark as shown.

Questions:

If applicant has questions about its application or needs assistance in responding to this Office action, please telephone the assigned trademark examining attorney directly at the number below.

/Lourdes D. Ayala/

Examining Attorney

Law Office 106

(571) 272- 9316 x 225

Fax: (571) 273-9106



Certificate of Registration



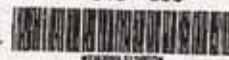
This Certificate issued under the seal of the Copyright Office in accordance with title 17, United States Code, attests that registration has been made for the work identified below. The information on this certificate has been made a part of the Copyright Office records.

Marybeth Peters

Register of Copyrights, United States of America

Form TX
For a Nondramatic Literary Work
UNITED STATES COPYRIGHT OFFICE

TXu 1-315-805



EFFECTIVE DATE OF REGISTRATION

AUG 25 2006

DO NOT WRITE ABOVE THIS LINE. IF YOU NEED MORE SPACE, USE A SEPARATE CONTINUATION SHEET.

1 **TITLE OF THIS WORK** ▼
To Your Taste! Wine Party Kit

PREVIOUS OR ALTERNATIVE TITLES ▼

PUBLICATION AS A CONTRIBUTION If this work was published as a contribution to a periodical, serial, or collection, give information about the collective work in which the contribution appeared. **Title of Collective Work** ▼

If published in a periodical or serial give: **Volume** ▼ **Number** ▼ **Issue Date** ▼ **On Pages** ▼

2 a **NAME OF AUTHOR** ▼
Heidrun L. McLain

DATES OF BIRTH AND DEATH
Year Born ▼ Year Died ▼
1956

Was this contribution to the work a "work made for hire"?
 Yes
 No

AUTHOR'S NATIONALITY OR DOMICILE
Name of Country
OR { Citizen of ▶
Domiciled in ▶

WAS THIS AUTHOR'S CONTRIBUTION TO THE WORK
Anonymous? Yes No
Pseudonymous? Yes No

If the answer to either of these questions is "Yes," see detailed instructions.

NOTE
Under the law, the "author" of a "work made for hire" is generally the employer, not the employee (see instructions). For any part of this work that was "made for hire" check "Yes" in the space provided, give the employer (or other person for whom the work was prepared) as "Author" of that part, and leave the space for dates of birth and death blank.

b **NAME OF AUTHOR** ▼

DATES OF BIRTH AND DEATH
Year Born ▼ Year Died ▼

Was this contribution to the work a "work made for hire"?
 Yes
 No

AUTHOR'S NATIONALITY OR DOMICILE
Name of Country
OR { Citizen of ▶
Domiciled in ▶

WAS THIS AUTHOR'S CONTRIBUTION TO THE WORK
Anonymous? Yes No
Pseudonymous? Yes No

If the answer to either of these questions is "Yes," see detailed instructions.

NATURE OF AUTHORSHIP Briefly describe nature of material created by this author in which copyright is claimed. ▼

c **NAME OF AUTHOR** ▼

DATES OF BIRTH AND DEATH
Year Born ▼ Year Died ▼

Was this contribution to the work a "work made for hire"?
 Yes
 No

AUTHOR'S NATIONALITY OR DOMICILE
Name of Country
OR { Citizen of ▶
Domiciled in ▶

WAS THIS AUTHOR'S CONTRIBUTION TO THE WORK
Anonymous? Yes No
Pseudonymous? Yes No

If the answer to either of these questions is "Yes," see detailed instructions.

NATURE OF AUTHORSHIP Briefly describe nature of material created by this author in which copyright is claimed. ▼

3 a **YEAR IN WHICH CREATION OF THIS WORK WAS COMPLETED** This information must be given in all cases. 2006

b **DATE AND NATION OF FIRST PUBLICATION OF THIS PARTICULAR WORK** Complete this information ONLY if this work has been published. Month ▶ Day ▶ Year ▶

4 **COPYRIGHT CLAIMANT(S)** Name and address must be given even if the claimant is the same as the author given in space 2. ▼
To Your Taste For Wine LLC
6921 Mayfair Terrace
Laurel, MD 20707

APPROPRIATION RECEIVED
AUG 25 2006
ONE DEPOSIT RECEIVED
AUG 25 2006
TWO DEPOSITS RECEIVED

TRANSFER If the claimant(s) named here in space 4 is (are) different from the author(s) named in space 2, give a brief statement of how the claimant(s) obtained ownership of the copyright. ▼
By agreement

DO NOT WRITE HERE OFFICE USE ONLY
FUNDS RECEIVED

MORE ON BACK ▶ • Complete all applicable spaces (numbers 5-8) on the reverse side of this page.
• See detailed instructions. • Sign the form at line 8.

DO NOT WRITE HERE
Page 1 of 2 pages

EXAMINED BY _____ FORM TX
 CHECKED BY _____
 CORRESPONDENCE FOR COPYRIGHT OFFICE USE ONLY
 Yes

DO NOT WRITE ABOVE THIS LINE. IF YOU NEED MORE SPACE, USE A SEPARATE CONTINUATION SHEET.

PREVIOUS REGISTRATION Has registration for this work, or for an earlier version of this work, already been made in the Copyright Office?
 Yes No If your answer is "Yes," why is another registration being sought? (Check appropriate box.)
 a. This is the first published edition of a work previously registered in unpublished form.
 b. This is the first application submitted by this author as copyright claimant.
 c. This is a changed version of the work, as shown by space 6 on this application.
 If your answer is "Yes," give: Previous Registration Number _____ Year of Registration _____

5

DERIVATIVE WORK OR COMPILATION
 Preexisting Material Identify any preexisting work or works that this work is based on or incorporates.
 Material Added to This Work Give a brief, general statement of the material that has been added to this work and in which copyright is claimed.

a 6
 See instructions before completing this space.

DEPOSIT ACCOUNT If the registration fee is to be charged to a Deposit Account established in the Copyright Office, give name and number of Account.
 Name _____ Account Number _____

a 7

CORRESPONDENCE Give name and address to which correspondence about this application should be sent. Name/Address/Apt/City/State/Zip
 Heidi L. McLain
 6921 Mayfair Terrace
 Laurel, MD 20707
 Area code and daytime telephone number 301-498-7340 Fax number _____
 Email heidi@forloveofwine.com

b

CERTIFICATION* I, the undersigned, hereby certify that I am the
 Check only one author
 other copyright claimant
 owner of exclusive right(s)
 authorized agent of _____
 of the work identified in this application and that the statements made by me in this application are correct to the best of my knowledge.
 Name of author or other copyright claimant, or owner of exclusive right(s) _____

8

Typed or printed name and date If this application gives a date of publication in space 3, do not sign and submit it before that date.
 Heidrun L. McLain Date 08/22/06

Handwritten signature (X)
 X _____

Certificate will be mailed in window envelope to this address:
 Name Heidi L. McLain
 Number/Street/Apt 6921 Mayfair Terrace
 City/State/Zip Laurel, MD 20707
YOU MUST:
 • Complete all necessary spaces
 • Sign your application in space 8
SEND ALL FEES/STAMPS IN FULL SEPARATE ENVELOPE
 1. Application form
 2. Nonrefundable filing fee in check or money order payable to Registrar of Copyrights
 3. Deposit material
MAIL TO:
 Library of Congress
 Copyright Office
 101 Independence Avenue SE
 Washington, DC 20540-6222

9

*17 USC § 506(c): Any person who knowingly makes a false representation of a material fact in the application for copyright registration provided for by section 405, or in any written statement filed in connection with the application, shall be fined not more than \$7,500.
 Form TX - Full Rev. 07/2006 Pub. 07/2006-30200 Printed on recycled paper U.S. Government Printing Office: 2004-501-801/81, 122