

ARROWHEAD RANCH BUSINESS PLAN



Arrowhead in the late 80's

Photo by Rose B. San Filippo

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Table of Contents

| | | |
|-------|-----------------------------------|----|
| I. | Executive Summary..... | 3 |
| II. | Arrowhead Ranch, LLC..... | 5 |
| III. | Company..... | 7 |
| IV. | Products and Services..... | 9 |
| V. | Market Analysis..... | 13 |
| VI. | Local Market..... | 15 |
| VII. | Industry Outlook..... | 19 |
| VIII. | Competitive Landscape..... | 21 |
| IX. | Critical Risks and Solutions..... | 25 |
| X. | Management and Personnel..... | 26 |
| XI. | Marketing Strategy..... | 28 |
| XII. | Financial Summary..... | 29 |
| XIII. | Funds Needed | 31 |
| XIV. | Financial Projections..... | 32 |
| XV. | Appendix: Staff Profiles..... | 42 |
| XVI. | Footnotes..... | 47 |

Arrowhead in the late 80's





Executive Summary

Executive Summary

"We make a living by what we get; but we make a life by what we give." Winston Churchill

We are a team of positive-minded music lovers, many whose lives have been touched by the legendary **Arrowhead Ranch**. We feel the time is right for a permanent, year-round, well-appointed destination for like-minded people. We think we have found the perfect place, and have made it our mission to restore this amazing, abandoned treasure to its former glory... *and beyond!*

Arrowhead Ranch is a gorgeous 70-acre property with a lovely private lake, located just 100 miles from New York City. In the late 80s and early 90s the fields rang out with laughter and music, its 50 hotel rooms were filled, and legendary promoter Bill Graham booked some of the finest musical acts on its stage! A diamond in the rough, it currently sits abandoned, nestled into the edge of the Catskill Mountains in Parksville, New York. When we look at Arrowhead, we see past the decay, to days gone by that we were once a part of. We feel this is something that is needed today...a community, a venue to celebrate and study music and art. With our team's experience in business and real estate rehabilitation, we are up for rebuilding this legend, and believe it will be well worth the effort! We would like to welcome everyone who feels our passion, to come along for the ride!

When the Arrowhead is reopened, it will be a source of rich culture for Sullivan County, which happens to be currently experiencing a renaissance and resurgence of arts, music and tourism! The market of potential customers includes the thousands of local residents who will benefit from the facilities on site, which will consist of a **hotel, stables, restaurant, pub, and recording studio**. But mainly, Arrowhead will market itself as a **DESTINATION** for music fans outside of the local community. We will target the more than eight million New York City residents, as well as those from Long Island, New Jersey, nearby Pennsylvania, and other parts of Upstate New York. Our workshops, events, and facilities will also be an option for the millions of tourists who visit New York State each year.

Our marketing strategy includes maintaining a strong online presence on social media, an easy-to-use and easy-to-book company website that will tell the history of Arrowhead. The company will be reaching out to local municipal and state tourism boards to join their campaigns for promoting the Catskills and southern New York. We will market locally to music fans, such as patrons of Bethel Woods and other music events. We will bring on partners with leverage in the music community to promote musical events and workshops.



Arrowhead is to be purchased and rebuilt using a Small Business Association Loan, and is also seeking investors, business partners, and additional private capital. Arrowhead Ranch will be registered as a limited liability company in the state of New York and will also be the home of a Non-Profit Charity which will be a Horse Rescue and Therapy Center.

Keys to Success

Keys to Success

Cost Control – Restoration will be planned and executed within budget and on time.

Unique Offerings – Arrowhead will be an all-in-one retreat destination for guests, with a certain charm, offering a mix of various activities offered under one roof--not seen elsewhere in the surrounding area.

Exceptional Customer Service – Arrowhead will treat its guests like family in order to create a strong community atmosphere.



*A Potential Vision for the Restored
Main Building*





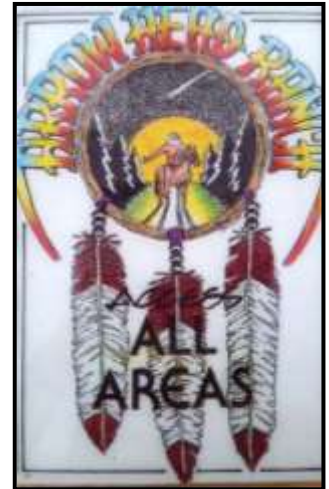
Arrowhead Ranch, LLC

Arrowhead Ranch's primary businesses are to be:

- A Dude Ranch: Hotel and Retreat Center
- A Year-Round Education Center for Music & Spiritual Arts Workshops
- A Venue for Intimate Music Events, Weekend Festivals and Private Events
- A Full-Time Community Residence
- A Non-Profit Horse Sanctuary

Mission Statement

"We feel the time has come for a permanent place for our community of music lovers, musicians, artists, teachers, and healers to come together. A place to visit, OR to live, work and become part of. "



The Arrowhead **WAS** such a place in the past, and can be again! It was a place where many came to visit and ended up staying because of the welcoming family atmosphere and positive energy.

Arrowhead will be a fabulous retreat, a space for learning, sharing good times, and community. Our mission is to be a top-notch destination for artistic culture and music that will enrich the surrounding community.

We are poised to take advantage of the *surge of interest in the arts* in Sullivan County by providing a **compelling calendar of music and arts workshops** with popular artists, as well as classic veterans.

We also will be a gathering place to host small private and public events, in a safe and professionally managed environment.

Our company strength will be our diverse year-round workshops, lovely grounds, joyfully providing a space for connection between our community, to come together. We have been preparing for this opportunity for years. This is the culmination.

We will succeed because our business plan will combine at least 11 different streams of income, creating year-round cash flow.



Company Goals and Objectives

Our goal is to uphold our mission while also having a compliment of income streams year round. This will allow the business to be sustainable and to expand into a first class establishment that people are excited to come back to.

Business Philosophy

It is important to uphold quality and high standards, missing in the earlier Arrowhead's business model. We want to become an icon in the world of tourism venues...A scenic and quaint refuge where magic happens.

*Arrowhead as it is today, a gorgeous 70-acre parcel. The cleared half of the property is visible here.
The property extends below the lake, and above the top trailers, into a large rectangle.*





The Company & Property



Arrowhead Lakefront in 1990

Arrowhead Ranch will be a **Hotel and Retreat Center** hosting workshops and events, a **Residential Community**, and a non-profit **Horse Rescue**. Nestled into the western edge of the Catskill Mountains, the property is located in Parksville, New York--a small hamlet of Liberty town in upper Sullivan County, an easy two-hour drive from New York City. The company will be owned by an LLC formed for the purchase, and operated by a board of directors. We are seeking partners, as indicated below, who can potentially become part of the LLC.

Arrowhead will be located on a 70-acre parcel formerly known as the *Arrowhead Dude Ranch*. The Arrowhead Dude Ranch was a destination known for hosting musical events and national acts during its heyday in the early 1990s including pre-fame Phish, Blues Traveler, Ziggy Marley, and Jorma Kaukonen and many more. Many people still remember it fondly. In 2011 the main building on the property burned down, leaving behind 2 decaying buildings of hotel rooms and the barn.

As soon as the purchase is complete, we will be working with a team of local experts to restore the facility. **Building will be done in phases**, as the business immediately gets up and running. .



It is important to the mission that we **use the latest in sustainable technology such as solar and geothermal.**

Most of the **hotel rooms** will be in the two buildings, which have 16 rooms each for a total of 32 guest rooms. One hotel building will be completely renovated from the original structure, while the other is being considered for demolition, to be rebuilt as more upscale rooms at the lakefront. Approximately 10 **Private Residences** will also be built and will be available for private purchase, as allowed by local zoning. The Hotel and Residences will overlook the small **lake** to enjoy scenic views and water sports during the spring and summer.

The **main building** will be rebuilt, and designed with an open layout and rustic *chalet* look: possibly to include exposed beams and a huge cozy stone fireplace. This building will include a **restaurant**, which will be a separate business Arrowhead rents space to, a **Pub**, a **Gym/Spa**, **General Store**, a **Conference room**, and **Staff Housing**. The décor throughout the ranch will feature *Rock 'n Roll memorabilia*. A **Music Studio** will be located in a simple A-frame cabin somewhere private on the property, possibly near the pool area.

| | |
|----------------------------|-------------------------|
| Hotel Rates | \$100 - \$150 per night |
| Hotel Room Rentals | \$600 per month |
| Recording Studio | \$40 - \$50 per hour |
| Stable Rentals (nonprofit) | \$250 - \$585 per month |
| Music Workshops | \$1440 |



Arrowhead Stables in the late 80's

Photo by Rose San Filippo



Products & Services

Products & Services

Our Business will offer:

- -32 + Hotel rooms, each with bathroom and closet
- -Pub with Music Stage and Billiards
- -"Conscious Cuisine" Restaurant with garden
- -General Store/Juice Bar
- -Gym/Spa
- -Ballroom for Parties
- -Barn with capacity for 20 horses, turn-out corals, trails
- -Concert Field and Stage
- -Camping area with bathrooms and showers
- -Lake with Water Sports, and Spring
- -In-Ground Pool
- -State of the Art Music Studio
- -Laundry Facility
- -Staff Housing
- -Single Family "Conservation Development" Residential Units for Sale

★ Staying at Arrowhead:

-**Hotel rooms** will be rustic, ranch-style rooms. They will be cozy and decorated with Rock 'n Roll Memorabilia & Horse designs. Priced at approximately \$140 to \$160 a night for two guests, and an additional fee may be added for more guests. There will also be an option for camping or renting one of the private residences.

The **hotel office** will be open daily, and reservations will be accepted up to six months in advance. We will feature a large, open **Lobby** as a common area in the main building with a large stone fireplace and windows overlooking the lake. There will also be a **General Store** featuring logo merchandise and grocery items as well as a juice bar. The main building will also offer a **spa** and **conference/ballroom** for our guests and also may be used by the local community.

-There will be an opportunity to stay long-term with discounted **weekly and monthly rates**.

-Arrowhead will offer **Annual Memberships** which will include VIP Perks and discounted rooms for frequent customers!

-**Single Family Units** will be built on demand for clients using environmental conservation as defined by RD zoning code. These will be available for purchase. Buyers will have the option of customizing details such as tile & flooring. Arrowhead can rent out the unit to guests to earn rent



revenue for the owner if desired. Arrowhead will take a portion of revenue made from renting out the units. Arrowhead will also earn a stream of income from the monthly maintenance fees on these private units.

★ **Workshops at Arrowhead:** A full calendar of workshops will be offered year-round, as one of our main incomes. Workshop lengths will range from 3-5 days and hold 5-30 students.

Music workshops will be taught by well-known, working musicians, and may include specific instruments in depth, songwriting, music business, and audio engineering. It will provide an intimate opportunity to learn in depth, and close-up with artists fans admire. Students will performance a showcase at the end of the workshop. Guest teachers can also offer a show to the public one night while at the ranch, to maximize their earnings, and to bring attention to our facility! Rates may vary according to instructor.

Besides music, other workshops may include self-empowerment, meditation, dance, yoga and fitness, photography, painting, and creative writing.

Pricing:

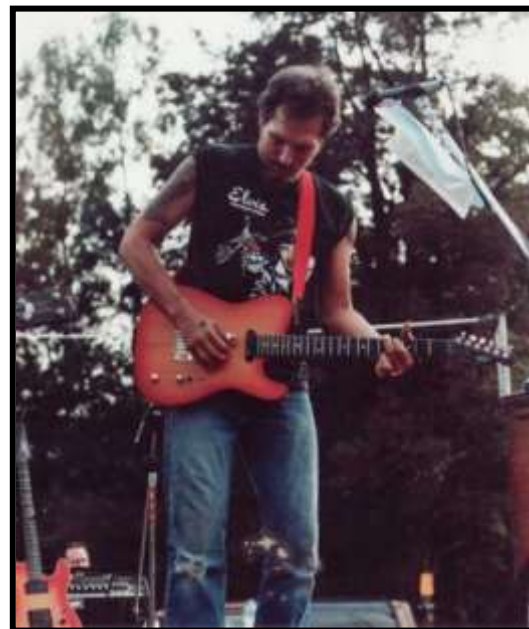
-We can charge a seminar fee similar to
Jorma Kaukonen's Fur Peace Ranch below
depending on cost of instructors:

Standard Weekend Tuition: \$1440

Tuition Covers:

- Workshops (10+ hours of instruction)
- All meals (Friday lunch through Monday breakfast)
- Ticket for the performance(s) at the Arrowhead Ranch Pub
- Student Performance
- Overnight accommodations in one of our guest rooms (space permitting). If application is received after our space is full, overnight accommodations may not be available.
- There **is no reduction in tuition if space is unavailable.**
- Guest not taking a workshop is additional 350

Jorma Kaukonen performs at Arrowhead



★ **The Restaurant:** We are looking to partner with a Restaurateur to run a fabulous and noteworthy restaurant in our facility. It will be a strong asset to our business, offering 3 meals a day, and able to accommodate various dietary preferences, with an emphasis on wholesome and healthy food. Some items will be grown on the premises in our own garden!

We plan to include a large deck in the main building overlooking the lake for outdoor dining when possible. The restaurant will operate throughout the year to support the community at the ranch. Rental and Services from the restaurant will support our business.



★ **The Pub:** will be open year-round to serve hotel guests and the general public alike and offer a full calendar of local talent, visiting acts, and open mics to enhance the local community. It will also showcase music workshop leaders and students and host collaborative jams. The Pub will be happening place, an intimate space for music enthusiasts to share their appreciation of the art and culture, and will feature a pool table, and perhaps a small fireplace.

★ **Events at Arrowhead:** As in previous times, a permanent stage will be built on the large field north of Cooley Road. Outdoor musical performances will be hosted during the summer, spring and fall seasons, and will be approximately once or twice per month. They will be small in size, maximum of 1500 tickets to be sold. Approximately half the events will be promoted by Arrowhead itself. We will also make additional income by renting the grounds, rooms, and stage for private events such as weddings and reunions. If permitted, camping will be available during event weekends, and there will be a bathroom/shower facility built at the back of the large field where there is an existing septic system built for large trailers by the previous owner. Lighting is already installed in the north field, and there is adequate space for event parking.



*A View from the Stage,
&
Event Security, Arrowhead, 90's*





★ **The Recording Studio:** will be available to both guests and the general public. We like the idea of an A-Frame Cabin such as *Jorma's*, right, built somewhere private on the property.

Sessions will be booked at an hourly rate, with options such as mixing or adding a band available at an additional cost.

Hourly rate: Tracking \$40/50 per hour*

Day Rate (for full 8 hour block): \$250

Mixing and Mastering \$20 per song if recorded at ATS.

\$40 per song if recorded elsewhere.



★ **The Stables at Arrowhead:** will be the home of **Arrowhead Horse Rescue**, a non-profit charity.

This organization will collect income from the renting stalls, and giving trail rides, to be self-sustaining. We will give a forever home to 7-10 retired horses that are in need. Guests will be able to pet and spend time with the rescued horses, and we will encourage local groups to come to visit as well, as they have been known to be highly therapeutic.

Stall Rental Pricing as follows:

Rough Board \$300 with run in shed, 27/7 hay and pasture

Rough Board \$385 with run in shed, 24/7 hay, feed. and pasture

\$585 Full Board horse in every night

Half leases available on horses \$250 month



Horses at Arrowhead, 80's

Photo by Rose San Filippo

★ **Nearby to Arrowhead:** Hiking, Zip-Lining, Water sports, such as fishing and canoeing, Camping, Hunting, and Winter Sports such as Cross-Country Skiing and ATV rentals are all available nearby while staying at the Arrowhead Ranch. Sullivan County is teeming with lots of opportunity to enjoy the beautiful county setting. Arrowhead's staff will be knowledgeable to advise our guests about such activities and may someday host **excursions** on demand, or for visiting groups



Market Analysis

Market Analysis

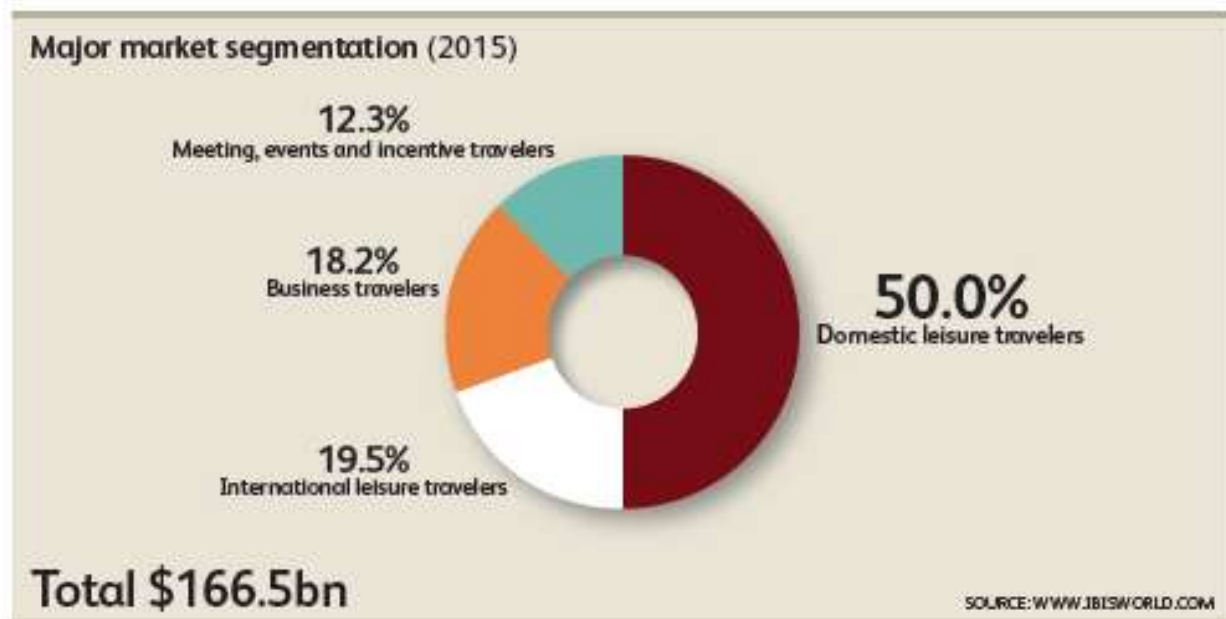
*Given the recent events in **Paris, Brussels, and other acts of Terrorism, Global Warming and Flooding of hurricane Sandy in 2012** that left many on the East Coast homeless and unsure of the future, **the world is a changing and unpredictable place.***

Many people are moving away from cities and into safer places, and more rural ones!

The Arrowhead is poised to be a sanctuary and safe haven!

The flooding of Hurricane Sandy affected us and was one of the factors that sparked this business plan!

Domestic Travel Stats: An estimated three out of four trips taken by domestic travelers are for leisure purposes. The most common reasons include visiting relatives, shopping, visiting friends, fine dining, and visiting beaches. Leisure travel is largely subject to broad economic trends. Business travelers total 18.2 percent of the market and comprise approximately 30.5 of spending on tourist accommodations. Business travelers tend to spend more per night than leisure travelers. International travelers account for 19.5 percent of the market. The most common leisure purposes for international travel to the US include shopping, dining, city sightseeing, visiting historical places, and visiting amusement or theme parks.¹





Demand for the hotels and motels industry is determined by a number of factors and travel patterns. The largest portion of demand for the industry is due to domestic travel. Domestic travel is influenced largely by changes in disposable income, the price of fuel, and the amount of leisure time workers have and are also willing to take. When disposable incomes rise, it positively influences the tourism industry, as more trips are taken, and overall expenditure increases while traveling. When the price of fuel rises it may deter households from taking additional trips. Most recently, people in the labor market have been reluctant to take advantage of their holiday leave due to work and family commitments. Promotional materials by private operators and federal and state governments can also influence travel patterns. Demand from business travel is influenced by corporate profit, economic growth, and business confidence. Businesses have more recently begun replacing travel with more cost-efficient technology such as teleconferencing and conference calling. Demand from international travelers is affected by changes in currency exchange rates, major holidays and events, heightened geopolitical tensions between countries, and the supply of airline seats.ⁱ



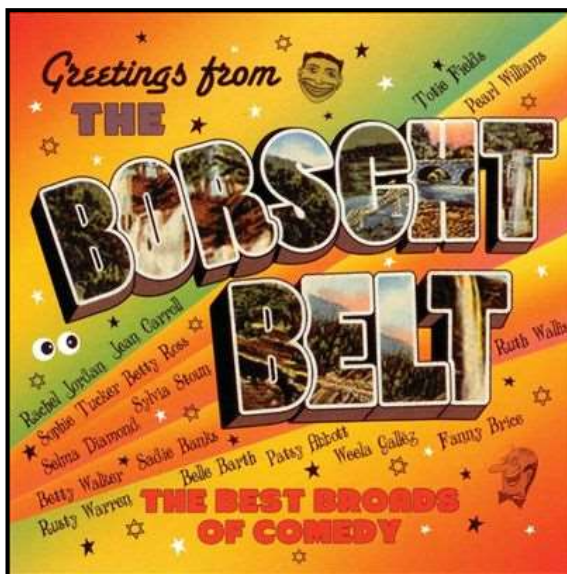
Arrowhead Ranch is only 17 miles from the original site of Woodstock, home of Bethel Woods.



Local Market: Sullivan County, NY

Since Arrowhead will be located in Parksville, New York, a two-hour drive north of New York City, a closer look at the surrounding area will provide better insight into local demand for the establishment.

And...the news is good! It ends up the timing could not be more perfect!



History: Sullivan County was known as “The Borscht Belt” in its heyday from 1940 through the 1960s, when tens of thousands of people packed into its 500 hotels, 1,000 rooming houses and 50,000 bungalows. Many were working-class and middle-class families, mostly Jewish, from New York City seeking a respite from the summer heat. *The Concord* and *Grossinger’s*, in Liberty, were the best known, in part because of the performers who would take the stage.

But the Catskills were undone by the advent of cheap airfares in the 1970s, and the popularity of European vacations. One hotel after another closed over the following decades. *The Concord*, whose roots went back to the 1930s, filed for bankruptcy in 1997 and was later torn down.

*Note: The **Arrowhead** was in its heyday during the time of the demise of the Borscht belt, so our business plan does not depend on the tourists from these resorts to survive, but they can only help, as the following will illustrate.*



Milton Berle: Fun in the old days of the Borscht Belt



Fast forward to the present:

1. The Bethel Woods Story.

A Resurgence of the Arts!

The story of Bethel Woods begins with the entrepreneurial spirit and vision of its founder and Chairman, Alan Gerry. A lifelong resident of Liberty, New York, Alan Gerry is a cable television pioneer and philanthropist who founded Cablevision Industries Corporation ("CVI") in the early 1970s. Following the sale of CVI to Time Warner in 1996, Mr. Gerry created the *Gerry Foundation*, a not-for-profit organization established to improve the quality of life and revitalize the economy in his native Sullivan County. After a careful review of the possible opportunities for implementing this vision, and with the encouragement of his daughter, Robyn, the Gerry Foundation acquired the 37-acre field that was once the site of the original Woodstock festival, along with hundreds of surrounding acres, and explored the idea of creating a world-class performing arts center.



In 2004, he broke ground on the \$150 million multi-venue project. Over the past 11 seasons, Bethel Woods has continued to expand as a cultural center, growing in its service to the community and to the region. It has an amphitheater, with huge national acts drawing in crowds from afar. Its museum is an immersive and captivating multi-media experience that combines film and interactive displays, text panels and artifacts to tell the story of the Sixties. The Museum continues to expand programming and learning opportunities each year with changing special exhibits and moving film and lecture series. In 2013, the organization opened a Conservatory, close to but separate from the Museum and performing arts buildings, to accommodate planned growth of youth and teen educational and outreach programming.

2. The Casino, a Tourism Boost: In 2014 it was announced by New York State that plans were approved to build an \$800 million resort with a casino, 18-story hotel, indoor-outdoor water park, conference center, cabins and hiking trails on the grounds of the old Concord property. Empire Resorts will erect the *Montreign Resort Casino* and a 391-room hotel. Its partner, EPR Properties, will build the *Adelaar Resort*, with a water parks, retail shops, cabins, a movie theater, hiking and biking trails and zip lines.



Site of the Casino: Looking at the old Concord Bungalows



3. The Wellness Center, like minded demographic: Also there is news regarding the old Kutcher's property! Founded in 1907, it was the longest-running Catskills resort. Today, Kutcher's is no more, but in its place a new icon will rise — the Z Living/Veria Nature Cure & Ayurvedic Wellness Center.



Indian billionaire Dr. Subhash Chandra, chairman of the Essel Group, is the driving force behind the \$90 million, 260,000-sft wellness center, which broke ground in June 2015. The center will incorporate the five sciences of Ayurveda, which is a 5,000-year-old Indian holistic healing practice, nutrition, yoga, acupuncture and "nature cure," Chandra said.

The wellness center will undoubtedly have a healing effect on the local economy as well! "The Sullivan County Catskills will once again be thriving and alive," said Roberta Byron

Lockwood, president of the Sullivan County Visitors Association. (who met with us recently) The center is expected to open in approximately 12 months. The Kutsher family has wholeheartedly endorsed the project.

*Such enlightened businesses as **Bethel Woods** and the **Wellness Center** will bring the demographic to the area that we are looking for in our business at Arrowhead!*

***The Casino** will certainly bring a volume of visitors, and we can market to them and reap the benefits!*

We feel that these signs point to a coming resurgence in tourism and arts in Sullivan, and we are proud and excited to be a part of it!





Parksville is a hamlet of Liberty town, located in Sullivan County in southern New York that is tucked into the popular Catskill Mountains region. As of 2014, the county had a population of 75,943 and a median household income of \$48,089.ⁱ

Most recently the state and municipal governments have played an integral role in promoting tourism throughout New York State, locally, nationally, and globally.ⁱⁱ By working together with local businesses and through various advertisement campaigns, the tourism industry has grown significantly. In 2014 New York State's tourism industry reached an all-time high of \$100.1 billion. New York State continues to be the most visited state visited by overseas travelers for the 14th year in a row.ⁱⁱⁱ

As of late 2015, Governor Andrew Cuomo announced a series of measures to promote and draw additional visitors to the Catskills region, from which Arrowhead would benefit significantly. Empire State Development will launch a \$5 million tourism ad campaign in 2016 to promote activities and attractions throughout the entire region. It will also launch a website to stimulate tourism in the local dining, shopping, and lodging businesses.^{iv}

Arrowhead will be able to benefit from this newly launched global campaign that will attract tourists from everywhere from New York City to the other side of the globe. Arrowhead can reach out to the campaign to be featured through the newly released Catskills website to garner greater attention.

Arrowhead can also specifically market to residents of New York City, who are often looking for a retreat from the hustle and bustle of the city and the lack of private green space. New York County, which encompasses Manhattan, is the most populated county in New York State, with an estimated population of over 19.75 million residents. According to the US Census Bureau, Manhattan's annual median household income is nearly \$70,000.^{iv} Residents with greater disposable incomes are more likely to spend their earnings on leisure activities such as travel and dining.ⁱ Arrowhead can target the largely affluent population of Manhattan who are both wanting to retreat from the city and are willing to spend their money on a short vacation upstate.



Industry Outlook

Industry Outlook

Over the last few years, the hotels and motels industry has benefited from the recovering economy as more Americans spend their disposable incomes on leisure travel. Arrowhead will tap into this trend by marketing not only to the local community, but also to travelers in the nearby Catskill region, as well as city dwellers looking for a serene retreat nearby. Arrowhead will work closely with the state and municipal governments that are currently pushing the New York State tourism industry and will join their advertisement campaigns.

Over the five years to 2015, the hotels and motels industry revenue grew at an average annual rate of 3.7 percent, due mainly to increases in travel spending, corporate profit, and consumer spending. Most recently there has been increased demand from leisure and business travelers as well as international tourists, which has contributed to industry revenue of \$166.5 billion and total profit of \$26.0 billion for 2015. Extended-stay hotels, boutique hotels, spa and health retreats, and resorts are segments that are expected to have the strongest growth in the coming years.^v

Hotels & Motels in 2015

Key Statistics Snapshot

Revenue

\$166.5bn

Annual Growth 10-15

3.7%

Annual Growth 15-20

2.9%

Profit

\$26.0bn

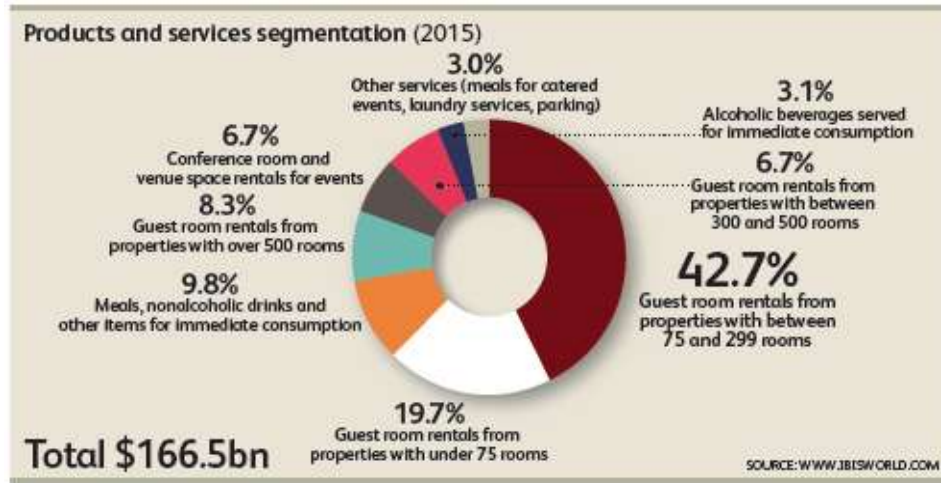
Wages

\$42.7bn

Businesses

74,372

A hotel is defined as an establishment that provides lodging, and often meals and other services, for guests. Motels provide lodging for travelers in rooms that typically have direct access to an open parking area. The largest segment of revenue is expected to come from direct room rentals of hotels and motels, totaling 77.4 percent of overall industry revenue. Although the majority of properties have over 75 rooms, those with fewer than 75 rooms account for 19.7 percent of revenue and 12.8 percent of overall establishments. Most hotels also seek additional revenue streams such as a full-service bar and restaurant, which average an estimated 13.0 percent of annual revenue per establishment. Conference room or event spaces are also growing revenue streams.ⁱ



Domestic trips by US residents are expected to increase, indicating a greater demand for lodging, since consumers will need accommodations while traveling. Although it can be volatile at times, the Consumer Confidence Index is expected to increase, meaning consumers are more likely to spend disposable incomes on entertainment and traveling. Consumer spending is expected to slowly increase, which represents an opportunity for the industry. Inbound trips by non-US residents, meaning international visitors, are expected to increase as well.ⁱ

Key External Drivers

Domestic trips by US residents

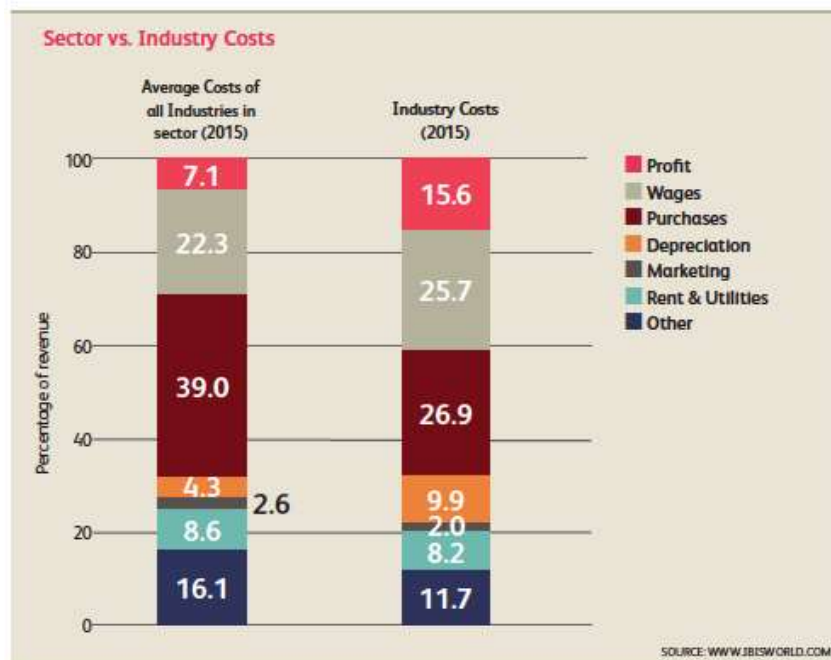
Consumer

Confidence Index

Consumer spending

Inbound trips by

non-US residents



Profit, measured as earnings before interest and taxes, is expected to total 15.6 percent of industry revenue, although it varies among players depending on the size of the hotel. Purchases are expected to be the largest expense, accounting for 26.9 percent of revenue. Purchases include bedding and room supplies, as well as meals and alcohol, which can fluctuate significantly and affect an establishment's bottom line. Wages account for 25.7 percent of revenue. Hotels staff employees in



many different areas of the business and typically employees can work on a part-time or seasonal basis. Because of this, hotels tend to have a high rate of turnover and therefore a higher cost of recruitment and training. Some establishments have outsourced their recruitment efforts to staffing agencies in order to lower costs. Other major costs include repairs and maintenance, promotional costs, bookings and internet fees, commissions paid to agents, accounting and legal costs, motor vehicle expenses, stationery and printing, and other administrative and overhead costs.ⁱ

Competitive Landscape

Competitive Landscape

Internal Competition

Although there are no competitors in the local vicinity that have a full array of offerings similar to Arrowhead, there are other establishments that will compete on various segments of its business.

Rolling River Café Gallery Inn

25 Cooley Road
Parksville, New York
www.rollingriver.net



The Rolling River Café Gallery & Inn is owned and operated by Kim and Rob Rayevsky. The quaint inn boasts four rooms and one-and-a-half baths, accommodating up to seven guests comfortably. Rates per night vary depending on whether it is a weekday or weeknight. For a single guest, rates range from \$80 to \$100, two guests range from \$125 to \$150, three guests range from \$185 to \$200, four guests range from \$245 to \$300, and five to seven guests range from \$350 to \$400 per night. Weekly rates are also available. It is open year-round.^{vi}

The café is open Thursdays through Sundays with closures for a few weeks in winter and some major holidays. Outdoor seating is available seasonally. The menu consists of small plates, entrees, breakfast, and a full bar. Adjacent to the café is a gallery with rotating exhibits and art available for purchase. Outdoor activities are available for guests in the surrounding areas.^{vi}



Music Masters Camp at Full Moon Resort

Valley View Road

Big Indian, New York

<http://musicmasterscamps.com/>



Music Masters Camps offer a highly interactive experience, bridging the gap between artist and audience. The camps provide a unique opportunity for participants and world-class artists to meet and collaborate in an inspired and creative atmosphere at this pastoral, one hundred acre mountain resort, "dedicated to the celebration of music and the arts in nature" There are a variety of camps hosted at Full Moon Resort; however, all camps share common elements, such as classes, workshops, panel discussions, rehearsals, performances, and a finale concert. Full Moon Resort is a year-round mountain resort located in the Catskill Forest Preserve in Upstate New York.^{vii}

Rolling Stone Ranch

282 West Shore Road Bethel, New York

www.rollingstoneranch.com

Rolling Stone Ranch is a twenty-acre horse ranch located adjacent to the Bethel Woods Center for the Arts. The land is comprised of pastures and woods and is approximately one mile from Kauneonga Lake, also known as White Lake, and one mile from the site of the 1969 Woodstock Music Festival.^{viii}



The Ranch offers private and group horseback riding lessons, trail rides, pony parties, horse boarding, and horsemanship badges to the Boy Scouts and Girl Scouts of America. Private lessons are \$70 an hour and \$35 per half hour. Semi-private lessons are \$40 an hour and \$25 per half hour. Group lessons are \$35 an hour. Lesson packages are also available for purchase. Trail Rides are \$60 per person per hour.^{ix}

Shandalee Music Festivals

Livingston Manor, NY www.shandalee.org

Founded in 1993, the Shandalee Music Festival is the manifestation of a love for the arts and the recognition of the human spirit. A private, not-for-profit organization, the Shandalee Music Festival's philosophies and goals provide for the further development and nurturing of an individual's creativity and passion for music while





enriching the cultural community of Sullivan County.

External Competition

On a larger scale, Arrowhead will be facing competition not only from dining options, lodging, and musical events in the Catskills area, but it will also be competing with other popular mountains and state parks in New York with unique communities and businesses, such as Hunter Mountain or the Finger Lakes. However, as Arrowhead begins its revival, it will be able to benefit from the launch of the new Catskills region advertisement campaign.

Competitor Strengths

- **Well-Established** – *Music Masters Camps* is doing the type of workshops we want to do, but they have done each workshop on their calendar before and they can repeat them with the same lineup and accurately predict their attendance. *Shandalee* Concert Series is ongoing 23 years and has ties to the Gerry Foundation, a powerful local grant organization that founded Bethel Woods
- **Outdoor Activities** – All 4 competitors above boast acres of land with various outdoor activities in the immediate vicinity, such as hiking, water sports on nearby lakes, or seasonal winter sports. Outdoor activities are an especially huge draw for vacationers looking to get away from the city and experience nature.

Competitor Weaknesses

- **Community** – All of the competitors above, although they boast a unique activity or offering, do not create a community where each of these activities is present. Travelers will have to go out of their way to reach each spot, while Arrowhead will allow for an all-in-one retreat that offers all of these unique activities.
- Masters Camp at Full Moon stands to be a significant competitor, but their business model is diversified with Weddings, which is different from ours. Our workshops will not be restricted to just music so we feel there is enough business for both. Shandalee offers a more limited selection of music genres.



- **Outdated Websites** – Guests are unable to book rooms through the Rolling River Inn website and instead must call to check for availability. Individuals interested in booking horseback riding lessons also must call for availability.

Barriers to Entry

Barriers to entry in the hotels and motels industry are medium and steady. Apart from large capital costs, establishing brand recognition and a client base is one of the biggest barriers to entry in this industry due to the dominance of existing hotel giants. Boutique hotels and those that target niche segments have been the most successful in establishing client bases.ⁱ

Barriers to Entry checklist

| | |
|---------------------|--------|
| Competition | High |
| Concentration | Medium |
| Life Cycle Stage | Mature |
| Capital Intensity | High |
| Technology Change | Medium |
| Regulation & Policy | Medium |
| Industry Assistance | Low |

SOURCE: WWW.IBISWORLD.COM

ARROWHEAD AS IT IS TODAY





Critical Risks and Solutions

Critical Risks and Solutions

Arrowhead will face certain risks when opening, but by identifying these risks and their solutions, the company will be able to address them head-on, radically improving its potential for success.

Cost control will be a large factor in ensuring the viability of Arrowhead. Since the company will be completely restoring the ranch and building new additions, it will need to create a timeline and budget to rebuild the facility. Rose will hire an experienced contractor to plan the restoration and oversee daily activities to ensure the project meets its deadlines and stays within budget. Arrowhead will price rooms, amenities, and activities competitively to maximize profits.

Because Arrowhead will be located in a rural area, the establishment may face the risk of not obtaining its ideal occupancy. The company will combat this by marketing itself as not only a relaxing getaway but also as a musical community to attract the greatest number of guests. Arrowhead will advertise to the over eight million residents of New York City as a relaxing retreat that is only a short two-hour drive away. The company will partner with the tourism departments of local city governments, such as those of Catskill and New York City, to be promoted through their brochures and websites. The company will also advertise classes to the musical community throughout the state.

Arrowhead may face the risk of not being able to hire the right talent to host classes and propel the musical aspect of the community. Rose will be leveraging her network of musicians and promoters to garner interest from potential instructors. She will also hire an experienced coordinator with a large network in the musical community to procure musical talent and instructors.



Phish plays Arrowhead Ranch, 1991



Management and Personnel

Management and Personnel

Board of Directors: Arrowhead LLC will be run by a board of directors who will vote and make decisions together regarding operations of the business. We are seeking business partners, equity partners, and team members. We currently have 3 General Partners.

Advisory Board: Arrowhead will seek advice from a committed team of professionals. These include people with specific experience in Business, Real Estate, Finance, Non-Profit, Marketing, Hotel, Music Industries, and Horses, and the local area. Always growing and evolving, our list of the current Advisory Board appears on in the Appendix on Page 42.

Professional Team:

Attorneys: Robert Lander, Wurtsboro, NY, Real Estate Specialist

James Clark, long-time team member, Real Estate Investment Specialist

Accountant: Saranto Calamas, long-time team member, Real Estate and Investment specialist

Commercial Realtor: Ellie Hyde *Century 21 Country Realty*, Liberty

Architect: Pete Cirillo, *Cirillo Architects*, PC, Middletown

Engineer: Russel Wasson, *Wasson Engineering*, Wurtsboro

Contractor: (pending)

Full-Time Staff

General Manager: Rose San Filippo. Responsible for overseeing renovations; hiring employees; day-to-day operations; guest services; Assist with Event promotion and additional tasks as necessary.

Partner wanted: Event Promoter Credentials: Extensive experience in the entertainment business, and connections to book talent and manage Arrowhead-promoted events. We are hoping to find someone for this position that would become a Board Member and partner.

Partner wanted: Pub Manager Duties would concentrate on managing and running the Pub/Pub Event Calendar. This position may also be a partner/ board member of the LLC.

Partner wanted: Restaurant Owner: A partner will be recruited to run and maintain a fabulous, well-rounded restaurant , housed in the main building, including its own staff.



Music Studio Manager: Tom San Filippo, dynamic lead guitar player and band leader, husband of Rose, will serve as a partner in this venture! His primary responsibilities will include: Scheduling the music workshop calendar, and managing/running the recording studio.

Handyman: Walter Ackerman will serve as property manager. His primary tasks will include general upkeep of the property, small repairs, and grounds maintenance. *(Resume attached)*

Position Open: Full-time Hotel Manager will be responsible for running our office and guest services. Responsibilities will include distributing keys, answering phones, customer service, assisting with events, assist with General Store, and general office duties. The salary for this position will be approximately \$30-50,000 plus room/board.

Position Open: Full-time Housekeeper will be hired to maintain housekeeping for the property. Salary includes room/board on the property, optional, plus \$30,000. Salary higher if commuting.

Position Open: Stable Manager: Run day to day operations at the Horse Rescue and Stables. Salary can include work/trade of room/board and up to \$20,000. The Horse Rescue will be a separate Non-profit charity and Arrowhead will donate free rent to them in the stables.

Other Positions:

Stable workers , additional, \$15 per hour as necessary, some work/trade

Veterinarian will also be on-call for approximately \$10,000 per year.

General Store Cashiers \$15 per hour.

Housekeeping, additional as needed \$15 per hour.

Workshop leaders will receive approximately \$4,500 per workshop.

Marketing Specialist Freelance Professional

*Tom San Filippo,
far right, plays
Arrowhead Bar,
1990,
Photo by
Rose San Filippo*





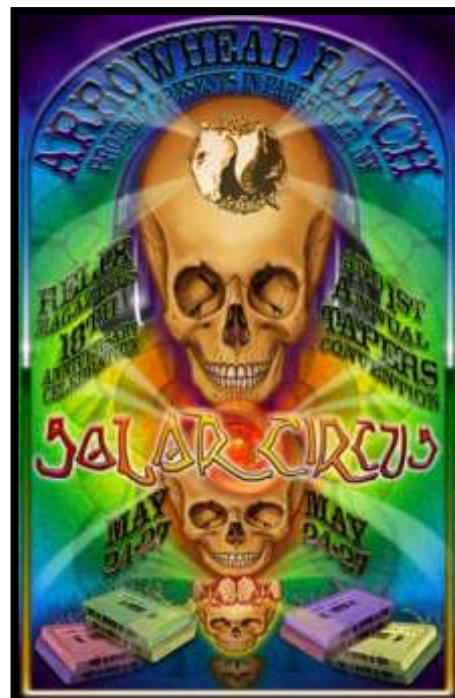
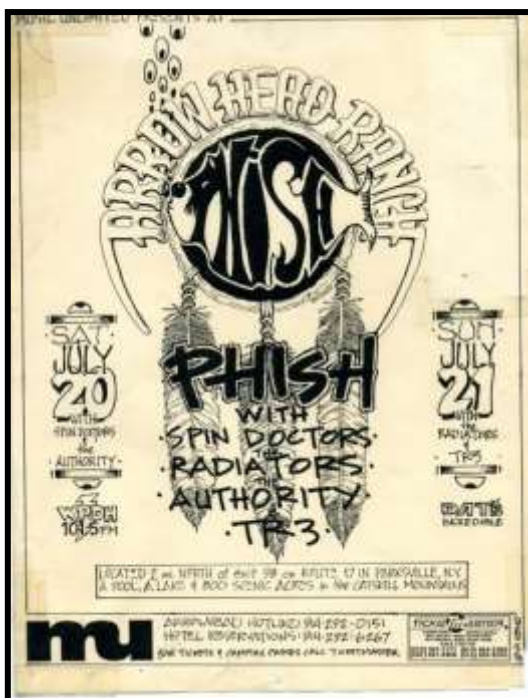
Marketing Strategy

Marketing Strategy

Marketing will be a number one priority to our business! Arrowhead Ranch will reach its target market by leveraging connections in the music community, maintaining a user-friendly **website**, **radio advertisements**, brochures, an engaging **social media** presence, and promotion through New York state **travel guides** and local tourism bureaus. We will also employ a professional marketing specialist on a freelance basis to do **search optimization**, **social media paid ads**, and other state-of-the-art techniques.

Arrowhead will build its online presence by creating an easy-to-use website that will detail upcoming events, classes, seasonal sports, community events, and accessible outdoor activities in the surrounding area. We will **blog** about upcoming events. We will send out a **newsletter** to a **mailing list** of past customers. Guests will be able to book their stays through the **website** and pay securely online. The company will also reach its target market through engaging social media accounts, such as telling the stories of rescue horses through its **Instagram** and promoting upcoming events through **Facebook**.

The company will be contacting local community centers and tourist departments to maintain displays of brochures detailing Arrowhead at the centers. Arrowhead will also contact the state government tourism department to inquire about promoting Arrowhead through its interactive websites. We will reach out to **local people** at venues such as Bethel Woods and Shandalee to keep the attention of local music lovers.





Financial Summary

Financial Summary

Our business will offer 11 different streams of income!

1. Festivals/Events

Rent out for weekend event (*including grounds, stage and camping*) **\$10,000**

We host an event and sell tickets

Tickets: 50.00
Vending spot: 100/200.00
Camping: 25.00
Room (4 people) 150.00

2. Hotel Rooms non-event

100.00–160.00

3. Hotel Room w/ efficiency, monthly

600.00

4. Single Family Residential Unit, *purchase*

150,000.00

monthly maintainance fees

750.00

5. Workshops and Seminars

-Pay presenters in the range of 4500

net 750 pp

-Participants pay 1500 includes sessions, 3 nights hotel room, food + a guest

Estimated at 8 people **@750pp per seminar** (below capacity)

1st year, 10 workshops 1ST 60,000

2nd year, 15 workshops 2nd 90,000

3rd year 20 workshops 3rd 120,000

6. Pub

Events at the Pub

Tickets: 5.00 or 10.00

Events per year 25 =

5000 gross

Liquor Sales event days: 1000.00 =

45,000

Non-event days 300.00

7. Music Studio

Hourly rate: Tracking \$30 per hour*

Day Rate (for full 8 hour block): \$200

Mixing and Mastering \$20 per song if recorded at ATS.

\$40 per song if recorded elsewhere.

8. Rental of the Restaurant

7/per sq ft —(some trade for feeding staff/packages)

9. General Store; includes Light Grocery, Fresh Juices, Logo Merch, and some

Concierge services to local attractions

Markup 20%

10. Spa Services/Gym hotel guests and public including classes

Markup 20%

Yoga classes: 25.00 Massages: 50.00

11. Annual Memberships

(VIP Room Rental/Event discounts)



Overall revenues are projected to be just over \$787,000 in the first year. Total sales in the third year of operations are expected to be around \$1,113,000. By Year 5, approximately \$1,294,000 in revenue is expected.

| Projected Sales | | |
|---------------------------|------------------------------|------------------------------|
| <i>Fiscal Year</i> | <i>Calendar Dates</i> | <i>Expected Sales</i> |
| Year 1 | June 2017 – May 2018 | \$ 787,167 |
| Year 2 | June 2018 – May 2019 | \$ 909,300 |
| Year 3 | June 2019 – May 2020 | \$ 1,112,633 |
| Year 4 | June 2020 – May 2021 | \$ 1,137,180 |
| Year 5 | June 2021 – May 2022 | \$ 1,293,514 |

Cash flow in the first year is projected to be approximately \$59,000. By Year 3, cash flow is expected to increase to a figure of around \$280,000. During the fifth year, around \$368,000 in positive cash flow is anticipated.

| Projected Cash Flow from Operations | | |
|--|------------------------------|----------------------------------|
| <i>Fiscal Year</i> | <i>Calendar Dates</i> | <i>Expected Cash Flow</i> |
| Year 1 | June 2017 – May 2018 | \$ 58,957 |
| Year 2 | June 2018 – May 2019 | \$ 134,746 |
| Year 3 | June 2019 – May 2020 | \$ 280,408 |
| Year 4 | June 2020 – May 2021 | \$ 267,074 |
| Year 5 | June 2021 – May 2022 | \$ 367,966 |

Net income in the first year is projected to be approximately \$53,000. By Year 2, net income is projected to be a positive figure of around \$276,000. During the fifth year, around \$362,000 in positive cash flow is anticipated.

| Projected Net Income From Operations - Prior to Dividend | | |
|---|------------------------------|-----------------------------------|
| <i>Fiscal Year</i> | <i>Calendar Dates</i> | <i>Expected Net Income</i> |
| Year 1 | June 2017 – May 2018 | \$ 53,058 |
| Year 2 | June 2018 – May 2019 | \$ 128,848 |
| Year 3 | June 2019 – May 2020 | \$ 274,509 |
| Year 4 | June 2020 – May 2021 | \$ 261,175 |
| Year 5 | June 2021 – May 2022 | \$ 362,067 |



Funds Needed

We need immediate funding in the amount of \$35,000 for the purchase.

Next we will need support the for the “soft costs” associated with legal, planning, and permits as we prepare to begin building.

After we buy the ranch, we plan to pay for the building and startup with an **SBA Loan**. This will require a 20 percent down payment.

The building of the business will take place in PHASES-- as income keeps up with costs.

We can offer **Equity Partnerships**: a fixed rate of return, with an exit strategy to refinance when the business is up and running, approximately 2 years.

We can also offer **Business Partnerships**: A percentage of the company and profits.

Arrowhead Ranch

Sources and Applications of Funding

Sources:

| | | |
|------------|----|-----------|
| Owner Cash | \$ | 200,000 |
| Loan | \$ | - |
| Investment | \$ | 1,200,000 |

Total Sources:

\$ 1,400,000

Applications:

| | | |
|--|----|---------|
| Property Purchase | \$ | 250,000 |
| Renovations | \$ | 500,000 |
| Equipment | \$ | 80,456 |
| Working Capital | \$ | 320,512 |
| Reserve | \$ | 79,032 |
| Reports, Surveys, Designs, and Permits | \$ | 150,000 |
| Legal and Professional Consulting | \$ | 10,000 |
| Licenses | \$ | 10,000 |

Total Applications:

\$ 1,400,000

Arrowhead Ranch

Breakeven Analysis

| | Year 1: | Year 2: | Year 3: |
|------------------------------|------------|------------|--------------|
| Fixed Costs: | \$ 633,750 | \$ 665,438 | \$ 698,709 |
| Cost of Materials: | \$ - | \$ - | \$ - |
| Variable Labor: | \$ - | \$ - | \$ - |
| Variable Operating Expenses: | \$ 100,359 | \$ 115,015 | \$ 139,415 |
| Projected Sales: | \$ 787,167 | \$ 909,300 | \$ 1,112,633 |
| Breakeven Sales: | \$ 726,356 | \$ 761,795 | \$ 798,800 |
| Breakeven Monthly Sales: | \$ 60,530 | \$ 63,483 | \$ 66,567 |



Projections: Projections:



Arrowhead Ranch Revenue Projections: 5 Year Summary

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Sales: | | | | | |
| Festivals and Private Events | \$ 358,167 | \$ 330,500 | \$ 428,333 | \$ 350,000 | \$ 400,000 |
| Total Hotel | \$ 173,300 | \$ 228,800 | \$ 253,800 | \$ 279,180 | \$ 301,514 |
| Conferences and Seminars | \$ 60,000 | \$ 90,000 | \$ 120,000 | \$ 150,000 | \$ 180,000 |
| Pub | \$ 30,000 | \$ 35,000 | \$ 40,000 | \$ 45,000 | \$ 50,000 |
| Music Studio | \$ 3,000 | \$ 10,000 | \$ 15,000 | \$ 22,000 | \$ 30,000 |
| Restaurant Rental | \$ 2,700 | \$ 16,000 | \$ 20,000 | \$ 24,000 | \$ 30,000 |
| General Store | \$ 5,000 | \$ 12,000 | \$ 19,000 | \$ 24,000 | \$ 30,000 |
| Spa | \$ 5,000 | \$ 12,000 | \$ 19,000 | \$ 24,000 | \$ 30,000 |
| Annual Memberships | \$ 0 | \$ 5,000 | \$ 7,500 | \$ 9,000 | \$ 12,000 |
| Single Family Residences | \$ 150,000 | \$ 170,000 | \$ 190,000 | \$ 210,000 | \$ 230,000 |
| Total Sales: | \$ 787,167 | \$ 909,300 | \$ 1,112,633 | \$ 1,137,180 | \$ 1,293,514 |



Arrowhead Ranch

Pro Forma Income Statement:

Year 1

| | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Year 1 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-----------|-----------|-----------|------------|
| Total Sales: | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 35,525 | \$ 35,525 | \$ 35,525 | \$ 67,914 | \$ 68,414 | \$ 68,614 | \$ 787,167 |
| Material Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Variable Labor | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cost of Goods Sold: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Margin: | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 35,525 | \$ 35,525 | \$ 35,525 | \$ 67,914 | \$ 68,414 | \$ 68,614 | \$ 787,167 |
| Percent: | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Operating Expenses: | | | | | | | | | | | | | |
| Salaries | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 381,000 |
| Utilities | \$ 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 |
| Payroll Taxes and Benefits | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 57,150 |
| Advertising | \$ 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 |
| Office Supplies | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Insurance | \$ 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 |
| Maintenance and Supplies | \$ 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 |
| Accounting | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 9,600 |
| Linen Service | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Telephone and Internet | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Mortgage | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 72,000 |
| Miscellaneous * | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 4,263 | \$ 4,263 | \$ 4,263 | \$ 8,150 | \$ 8,210 | \$ 8,234 | \$ 94,460 |
| Depreciation | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 492 | \$ 5,899 |
| Total Operating Expenses: | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 57,567 | \$ 57,567 | \$ 57,567 | \$ 61,454 | \$ 61,514 | \$ 61,538 | \$ 734,109 |
| Other Expenses: | | | | | | | | | | | | | |
| Interest | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Other Expenses: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses: | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 62,817 | \$ 57,567 | \$ 57,567 | \$ 57,567 | \$ 61,454 | \$ 61,514 | \$ 61,538 | \$ 734,109 |
| Net Profit (Loss) - Pretax: | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ (22,042) | \$ (22,042) | \$ (22,042) | \$ 6,460 | \$ 6,900 | \$ 7,076 | \$ 53,058 |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Income: | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ 16,458 | \$ (22,042) | \$ (22,042) | \$ (22,042) | \$ 6,460 | \$ 6,900 | \$ 7,076 | \$ 53,058 |
| Dividends: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

* Includes credit card fees, a budget for equipment repair, and other miscellaneous expenses



Arrowhead Ranch Pro Forma Income Statement: Year 2 & 3

| | Year 1 | | Year 2 | | Year 3 | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Total Sales: | \$ 787,167 | \$ 240,367 | \$ 240,367 | \$ 240,367 | \$ 144,700 | \$ 283,867 |
| Material Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Variable Labor | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cost of Goods Sold | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Margin: | \$ 787,167 | \$ 240,367 | \$ 240,367 | \$ 240,367 | \$ 144,700 | \$ 283,867 |
| Percent: | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Operating Expenses: | \$ 381,000 | \$ 100,013 | \$ 100,013 | \$ 100,013 | \$ 105,013 | \$ 105,013 |
| Salaries | \$ 24,000 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,615 | \$ 6,615 |
| Utilities | \$ 57,150 | \$ 15,002 | \$ 15,002 | \$ 15,002 | \$ 15,752 | \$ 15,752 |
| Payroll Taxes and Benefits | \$ 24,000 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,615 | \$ 6,615 |
| Advertising | \$ 6,000 | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 1,654 | \$ 1,654 |
| Office Supplies | \$ 24,000 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,615 | \$ 6,615 |
| Insurance | \$ 24,000 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,615 | \$ 6,615 |
| Maintenance and Supplies | \$ 9,600 | \$ 2,520 | \$ 2,520 | \$ 2,520 | \$ 2,646 | \$ 2,646 |
| Accounting | \$ 6,000 | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 1,654 | \$ 1,654 |
| Linen Service | \$ 6,000 | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 1,654 | \$ 1,654 |
| Telephone and Internet | \$ 72,000 | \$ 18,900 | \$ 18,900 | \$ 18,900 | \$ 19,845 | \$ 19,845 |
| Mortgage | \$ 94,460 | \$ 28,844 | \$ 28,844 | \$ 28,844 | \$ 37,229 | \$ 37,229 |
| Miscellaneous * | \$ 5,899 | \$ 1,475 | \$ 1,475 | \$ 1,475 | \$ 1,475 | \$ 1,475 |
| Depreciation | \$ 734,109 | \$ 196,678 | \$ 196,678 | \$ 196,678 | \$ 213,381 | \$ 213,381 |
| Total Operating Expenses: | \$ 734,109 | \$ 196,678 | \$ 196,678 | \$ 196,678 | \$ 213,381 | \$ 213,381 |
| Other Expenses: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Other Expenses: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses: | \$ 734,109 | \$ 196,678 | \$ 196,678 | \$ 196,678 | \$ 213,381 | \$ 213,381 |
| Net Profit (Loss) - Pretax: | \$ 53,058 | \$ 43,689 | \$ 43,689 | \$ 43,689 | \$ 31,319 | \$ 31,319 |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Income: | \$ 53,058 | \$ 43,689 | \$ 43,689 | \$ 43,689 | \$ 31,319 | \$ 31,319 |
| Dividends: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

* Includes credit card fees, a budget for equipment repair, and other miscellaneous expenses



Arrowhead Ranch

Pro Forma Income Statement:

5 Year Summary

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Total Sales: | \$ 787,167 | \$ 909,300 | \$ 1,112,633 | \$ 1,137,180 | \$ 1,293,514 |
| Material Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Variable Labor | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cost of Goods Sold | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Margin: | \$ 787,167 | \$ 909,300 | \$ 1,112,633 | \$ 1,137,180 | \$ 1,293,514 |
| Percent: | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Operating Expenses: | | | | | |
| Salaries | \$ 381,000 | \$ 400,050 | \$ 420,053 | \$ 441,055 | \$ 463,108 |
| Utilities | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Payroll Taxes and Benefits | \$ 57,150 | \$ 60,008 | \$ 63,008 | \$ 66,158 | \$ 69,466 |
| Advertising | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Office Supplies | \$ 6,000 | \$ 6,300 | \$ 6,615 | \$ 6,946 | \$ 7,293 |
| Insurance | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Maintenance and Supplies | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Accounting | \$ 9,600 | \$ 10,080 | \$ 10,584 | \$ 11,113 | \$ 11,669 |
| Linen Service | \$ 6,000 | \$ 6,300 | \$ 6,615 | \$ 6,946 | \$ 7,293 |
| Telephone and Internet | \$ 6,000 | \$ 6,300 | \$ 6,615 | \$ 6,946 | \$ 7,293 |
| Mortgage | \$ 72,000 | \$ 75,600 | \$ 79,380 | \$ 83,349 | \$ 87,516 |
| Miscellaneous * | \$ 94,460 | \$ 109,116 | \$ 133,516 | \$ 136,462 | \$ 155,222 |
| Depreciation | \$ 5,899 | \$ 5,899 | \$ 5,899 | \$ 5,899 | \$ 5,899 |
| Total Operating Expenses: | \$ 734,109 | \$ 780,452 | \$ 838,124 | \$ 876,005 | \$ 931,447 |
| Other Expenses: | | | | | |
| Interest | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Other Expenses: | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expenses: | \$ 734,109 | \$ 780,452 | \$ 838,124 | \$ 876,005 | \$ 931,447 |
| Net Profit (Loss) - Pretax: | \$ 53,058 | \$ 128,848 | \$ 274,509 | \$ 261,175 | \$ 362,067 |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Income: | \$ 53,058 | \$ 128,848 | \$ 274,509 | \$ 261,175 | \$ 362,067 |
| Dividends: | \$ - | \$ - | \$ - | \$ - | \$ - |

* Includes credit card fees, a budget for equipment repair, and other miscellaneous expenses



Arrowhead Ranch Projected Cash Flow Statement: Year 1

| | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Year 1 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|------------|-------------|-------------|-------------|-----------|-----------|-----------|------------|
| Total Cash Receipts: | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 79,275 | \$ 35,525 | \$ 35,525 | \$ 35,525 | \$ 67,914 | \$ 68,414 | \$ 68,614 | \$ 787,167 |
| Cash Disbursements: | | | | | | | | | | | | | |
| Material Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Variable Labor | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Salaries | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 31,750 | \$ 381,000 |
| Utilities | \$ 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 |
| Payroll Taxes and Benefits | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 4,763 | \$ 57,150 |
| Advertising | \$ 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 |
| Office Supplies | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Insurance | \$ 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 |
| Maintenance and Supplies | \$ 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 |
| Accounting | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 800 | \$ 9,600 |
| Linen Service | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Telephone and Internet | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 500 | \$ 6,000 |
| Mortgage | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 6,000 | \$ 72,000 |
| Miscellaneous * | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 9,513 | \$ 4,263 | \$ 4,263 | \$ 4,263 | \$ 8,150 | \$ 8,210 | \$ 8,234 | \$ 94,460 |
| Loan Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dividends | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Disbursements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Cash Disbursements: | \$ 62,326 | \$ 62,326 | \$ 62,326 | \$ 62,326 | \$ 62,326 | \$ 62,326 | \$ 57,076 | \$ 57,076 | \$ 57,076 | \$ 60,962 | \$ 61,022 | \$ 61,046 | \$ 728,210 |
| Net Cash Flow: | \$ 16,950 | \$ 16,950 | \$ 16,950 | \$ 16,950 | \$ 16,950 | \$ 16,950 | \$ (21,550) | \$ (21,550) | \$ (21,550) | \$ 6,952 | \$ 7,392 | \$ 7,568 | \$ 58,957 |
| Cumulative Cash Flow: | \$ 16,950 | \$ 33,899 | \$ 50,849 | \$ 67,798 | \$ 84,748 | \$ 101,697 | \$ 80,147 | \$ 58,596 | \$ 37,046 | \$ 43,997 | \$ 51,389 | \$ 58,957 | \$ 58,957 |

* Includes credit card fees, a budget for equipment repair, and other miscellaneous expenses



Arrowhead Ranch

Projected Cash Flow Statement:

Year 2 & 3

| | Q1 | Q2 | Q3 | Q4 | Year 2 | Q1 | Q2 | Q3 | Q4 | Year 3 |
|----------------------------------|------------|------------|-------------|------------|------------|------------|------------|-------------|------------|--------------|
| Total Cash Receipts: | \$ 240,367 | \$ 240,367 | \$ 144,700 | \$ 283,867 | \$ 909,300 | \$ 310,242 | \$ 310,242 | \$ 171,075 | \$ 321,075 | \$ 1,112,633 |
| Cash Disbursements: | | | | | | | | | | |
| Material Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Variable Labor | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Salaries | \$ 100,013 | \$ 100,013 | \$ 100,013 | \$ 100,013 | \$ 400,050 | \$ 105,013 | \$ 105,013 | \$ 105,013 | \$ 105,013 | \$ 420,053 |
| Utilities | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 25,200 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 26,460 |
| Payroll Taxes and Benefits | \$ 15,002 | \$ 15,002 | \$ 15,002 | \$ 15,002 | \$ 60,008 | \$ 15,752 | \$ 15,752 | \$ 15,752 | \$ 15,752 | \$ 63,008 |
| Advertising | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 25,200 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 26,460 |
| Office Supplies | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 6,300 | \$ 1,654 | \$ 1,654 | \$ 1,654 | \$ 1,654 | \$ 6,615 |
| Insurance | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 25,200 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 26,460 |
| Maintenance and Supplies | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 6,300 | \$ 25,200 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 6,615 | \$ 26,460 |
| Accounting | \$ 2,520 | \$ 2,520 | \$ 2,520 | \$ 2,520 | \$ 10,080 | \$ 2,646 | \$ 2,646 | \$ 2,646 | \$ 2,646 | \$ 10,584 |
| Linen Service | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 6,300 | \$ 1,654 | \$ 1,654 | \$ 1,654 | \$ 1,654 | \$ 6,615 |
| Telephone and Internet | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 1,575 | \$ 6,300 | \$ 1,654 | \$ 1,654 | \$ 1,654 | \$ 1,654 | \$ 6,615 |
| Mortgage | \$ 18,900 | \$ 18,900 | \$ 18,900 | \$ 18,900 | \$ 75,600 | \$ 19,845 | \$ 19,845 | \$ 19,845 | \$ 19,845 | \$ 79,380 |
| Miscellaneous * | \$ 28,844 | \$ 28,844 | \$ 17,364 | \$ 34,064 | \$ 109,116 | \$ 37,229 | \$ 37,229 | \$ 20,529 | \$ 38,529 | \$ 133,516 |
| Loan Payment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dividends | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Disbursements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Cash Disbursements: | \$ 195,203 | \$ 195,203 | \$ 183,723 | \$ 200,423 | \$ 774,553 | \$ 211,906 | \$ 211,906 | \$ 195,206 | \$ 213,206 | \$ 832,225 |
| Net Cash Flow: | \$ 45,163 | \$ 45,163 | \$ (39,023) | \$ 83,443 | \$ 134,746 | \$ 98,335 | \$ 98,335 | \$ (24,131) | \$ 107,869 | \$ 280,408 |
| Cumulative Cash Flow: | \$ 104,120 | \$ 149,283 | \$ 110,260 | \$ 193,703 | \$ 193,703 | \$ 292,038 | \$ 390,374 | \$ 366,242 | \$ 474,111 | \$ 474,111 |

* Includes credit card fees, a budget for equipment repair, and other miscellaneous expenses



Arrowhead Ranch

Projected Cash Flow Statement:

5 Year Summary

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Total Cash Receipts: | \$ 787,167 | \$ 909,300 | \$ 1,112,633 | \$ 1,137,180 | \$ 1,293,514 |
| <i>Cash Disbursements:</i> | | | | | |
| Material Costs | \$ - | \$ - | \$ - | \$ - | \$ - |
| Variable Labor | \$ - | \$ - | \$ - | \$ - | \$ - |
| Salaries | \$ 381,000 | \$ 400,050 | \$ 420,053 | \$ 441,055 | \$ 463,108 |
| Utilities | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Payroll Taxes and Benefits | \$ 57,150 | \$ 60,008 | \$ 63,008 | \$ 66,158 | \$ 69,466 |
| Advertising | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Office Supplies | \$ 6,000 | \$ 6,300 | \$ 6,615 | \$ 6,946 | \$ 7,293 |
| Insurance | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Maintenance and Supplies | \$ 24,000 | \$ 25,200 | \$ 26,460 | \$ 27,783 | \$ 29,172 |
| Accounting | \$ 9,600 | \$ 10,080 | \$ 10,584 | \$ 11,113 | \$ 11,669 |
| Linen Service | \$ 6,000 | \$ 6,300 | \$ 6,615 | \$ 6,946 | \$ 7,293 |
| Telephone and Internet | \$ 6,000 | \$ 6,300 | \$ 6,615 | \$ 6,946 | \$ 7,293 |
| Mortgage | \$ 72,000 | \$ 75,600 | \$ 79,380 | \$ 83,349 | \$ 87,516 |
| Miscellaneous * | \$ 94,460 | \$ 109,116 | \$ 133,516 | \$ 136,462 | \$ 155,222 |
| Loan Payment | \$ - | \$ - | \$ - | \$ - | \$ - |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dividends | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Disbursements | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Cash Disbursements: | \$ 728,210 | \$ 774,553 | \$ 832,225 | \$ 870,106 | \$ 925,549 |
| Net Cash Flow: | \$ 58,957 | \$ 134,746 | \$ 280,408 | \$ 267,074 | \$ 367,966 |
| Cumulative Cash Flow: | \$ 58,957 | \$ 193,703 | \$ 474,111 | \$ 741,185 | \$ 1,109,150 |

* Includes credit card fees, a budget for equipment repair, and other miscellaneous expenses



Arrowhead Ranch, LLC
Business Plan
(516) 375-1666

Arrowhead Ranch
Balance Sheet:

| Assets: | Pre-Open | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Current Assets: | | | | | | | | | | | | | | | | | | |
| Cash | \$ 399,544 | \$ 416,494 | \$ 433,443 | \$ 450,393 | \$ 467,342 | \$ 484,292 | \$ 501,241 | \$ 479,691 | \$ 458,140 | \$ 436,590 | \$ 443,541 | \$ 450,933 | \$ 458,501 | \$ 458,501 | \$ 593,247 | \$ 873,655 | \$1,140,729 | \$1,508,694 |
| Net Accounts Receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Inventory | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Prepaid Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accum. Depr. & Amortization | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Current Assets: | \$ 399,544 | \$ 416,494 | \$ 433,443 | \$ 450,393 | \$ 467,342 | \$ 484,292 | \$ 501,241 | \$ 479,691 | \$ 458,140 | \$ 436,590 | \$ 443,541 | \$ 450,933 | \$ 458,501 | \$ 458,501 | \$ 593,247 | \$ 873,655 | \$1,140,729 | \$1,508,694 |
| Fixed Assets: | | | | | | | | | | | | | | | | | | |
| Furniture/Fixtures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Building | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 |
| Leasehold Improvements | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| Equipment | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 | \$ 80,456 |
| Depreciation | \$ - | \$ (492) | \$ (983) | \$ (1,475) | \$ (1,966) | \$ (2,458) | \$ (2,949) | \$ (3,441) | \$ (3,932) | \$ (4,424) | \$ (4,916) | \$ (5,407) | \$ (5,899) | \$ (5,899) | \$ (11,797) | \$ (17,696) | \$ (23,594) | \$ (29,493) |
| Total Fixed Assets: | \$ 830,456 | \$ 829,964 | \$ 829,473 | \$ 828,981 | \$ 828,490 | \$ 827,998 | \$ 827,507 | \$ 827,015 | \$ 826,524 | \$ 826,032 | \$ 825,541 | \$ 825,049 | \$ 824,557 | \$ 824,557 | \$ 818,659 | \$ 812,760 | \$ 806,862 | \$ 800,963 |
| Total Assets: | \$ 1,230,000 | \$ 1,246,458 | \$ 1,262,916 | \$ 1,279,374 | \$ 1,295,832 | \$ 1,312,290 | \$ 1,328,748 | \$ 1,306,706 | \$ 1,284,664 | \$ 1,262,622 | \$ 1,269,082 | \$ 1,275,982 | \$ 1,283,058 | \$ 1,283,058 | \$ 1,411,906 | \$ 1,686,415 | \$ 1,947,590 | \$ 2,309,657 |
| Liabilities and Equity: | | | | | | | | | | | | | | | | | | |
| Current Liabilities: | | | | | | | | | | | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Current portion - long-term debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Current Liabilities: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Long-Term Liabilities: | | | | | | | | | | | | | | | | | | |
| Note Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Long-Term Liabilities: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Shareholder's Equity: | | | | | | | | | | | | | | | | | | |
| Common Stock | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 | \$ 1,230,000 |
| Retained Earnings | \$ - | \$ 16,458 | \$ 32,916 | \$ 49,374 | \$ 65,832 | \$ 82,290 | \$ 98,748 | \$ 76,706 | \$ 54,664 | \$ 32,622 | \$ 39,882 | \$ 45,982 | \$ 53,058 | \$ 53,058 | \$ 181,906 | \$ 456,415 | \$ 717,590 | \$ 1,079,657 |
| Total Shareholder's Equity: | \$ 1,230,000 | \$ 1,246,458 | \$ 1,262,916 | \$ 1,279,374 | \$ 1,295,832 | \$ 1,312,290 | \$ 1,328,748 | \$ 1,306,706 | \$ 1,284,664 | \$ 1,262,622 | \$ 1,269,082 | \$ 1,275,982 | \$ 1,283,058 | \$ 1,283,058 | \$ 1,411,906 | \$ 1,686,415 | \$ 1,947,590 | \$ 2,309,657 |
| Total Liabilities and Equity: | \$ 1,230,000 | \$ 1,246,458 | \$ 1,262,916 | \$ 1,279,374 | \$ 1,295,832 | \$ 1,312,290 | \$ 1,328,748 | \$ 1,306,706 | \$ 1,284,664 | \$ 1,262,622 | \$ 1,269,082 | \$ 1,275,982 | \$ 1,283,058 | \$ 1,283,058 | \$ 1,411,906 | \$ 1,686,415 | \$ 1,947,590 | \$ 2,309,657 |



Arrowhead Ranch Capital Equipment List

Major Equipment and Accessories

| | | |
|--|----|-----------|
| Furnish 30 Hotel Rooms | \$ | 38,370.00 |
| Barn | \$ | 13,600.00 |
| Gym | \$ | 11,313.00 |
| Hotel Office | \$ | 7,046.00 |
| Pub | \$ | 6,868.00 |
| General Store | \$ | 3,259.00 |
| <u>Total Capital Equipment:</u> | \$ | 80,456.00 |



*We invite you to be a part of the new generation of
Arrowhead Ranch
We can't do it without your help!*



Arrowhead Ranch

Best-Case Scenario

15% Increase in Revenues

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Total Sales: | \$ 905,242 | \$ 1,045,695 | \$ 1,279,528 | \$ 1,307,757 | \$ 1,487,542 |
| Cost of Goods Sold | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Margin: | \$ 905,242 | \$ 1,045,695 | \$ 1,279,528 | \$ 1,307,757 | \$ 1,487,542 |
| Percent: | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Total Expenses: | \$ 734,109 | \$ 780,452 | \$ 838,124 | \$ 876,005 | \$ 931,447 |
| Net Profit (Loss) - Pretax: | \$ 171,133 | \$ 265,243 | \$ 441,404 | \$ 431,752 | \$ 556,094 |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Income: | \$ 171,133 | \$ 265,243 | \$ 441,404 | \$ 431,752 | \$ 556,094 |
| Dividends: | \$ - | \$ - | \$ - | \$ - | \$ - |

Worst-Case Scenario

15% Decrease in Revenues

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|---------------------|
| Total Sales: | \$ 669,092 | \$ 772,905 | \$ 945,738 | \$ 966,603 | \$ 1,099,487 |
| Cost of Goods Sold | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Margin: | \$ 669,092 | \$ 772,905 | \$ 945,738 | \$ 966,603 | \$ 1,099,487 |
| Percent: | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Total Expenses: | \$ 734,109 | \$ 780,452 | \$ 838,124 | \$ 876,005 | \$ 931,447 |
| Net Profit (Loss) - Pretax: | \$ (65,017) | \$ (7,547) | \$ 107,614 | \$ 90,598 | \$ 168,040 |
| Income Tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Income: | \$ (65,017) | \$ (7,547) | \$ 107,614 | \$ 90,598 | \$ 168,040 |
| Dividends: | \$ - | \$ - | \$ - | \$ - | \$ - |



Appendix:

Arrowhead Advisory Board Members:



Melissa Shea: President of the *Long Island Real Estate Investment Association (LIREIA)* and Real Estate Coach at *Mentoring Masterminds*. Together with her business partners, Melissa has acquired over 300 units and she has personally handled over 200 real estate deals. Her acquisitions include an 80 unit complex in New Albany, MS and over 200 multifamily units and 60 single family houses in the Birmingham, AL region.



Rich Rivkin: President, *Rich Rivkin Presents*. As of 2015 Rich has produced a total of 35 not-for-profit/benefit festivals, and hundreds of ongoing indoor events, including *Live Art Fusion*, *ArtMOSPHERE*, *Northport After Dark*, *Art Cafe*, and *Live at The Kahuna* series. His annual multi-themed Summer Arts Festival Series is hosted at several well-known outdoor venues, and features legions of artists painting to the music of Long Island's favorite bands. Rich writes an Arts/Music column in the *Village Connection* Magazine, and is also a member of the Advisory Board at *Arts Alive Long Island*, and committee member at *The Art League of Long Island*, and Meetup Organizer of Long Island Professionals. In 2013 Rich received Outstanding Advocate for The Arts Award from the Long Island Arts Council at Freeport. Rich has been band leader and percussionist in multiple projects since 2001. During daylight hours, as president of *Aaron Environmental Group, Inc.* Rich is engaged in the business of moving mountains (of contaminated soil).



Mary Grace Conti: *Resident Horse Whisperer*. A life-long equestrian, Mary grew up riding and was showing at 18 months old! Besides horses, Mary is a spiritual guru and has inspired and healed thousands with her businesses! Mary is a Certified Yoga Teacher and Trainer, studying with Bikram Choudhury in Los Angeles, Sri K. Pattabhi Jois in India, and many more. Her entrepreneurial ventures span her entire lifetime, and currently include owning 3 Yoga Studios in New York and Maui, HI dating back to 2001.

Tom Schilling: Tom is a Long Island Banker, and will be advising on financial matters. AKA "Beacon" Tom, he is an extremely active music enthusiast and connoisseur and can be seen at all the best shows around, no joke!



Heidi Lewis: *Chief Officer of “Keeping It Real.”* Heidi, a Certified and Licensed Occupational Therapist and brings the human service element into our business. Heidi works at the Not-For Profit “The Lighthouse Guild” in New York, NY as a Vision Rehabilitation Therapist. This job requires clinical reasoning skills, and an ability to understand bureaucratic regulations. She has also worked as a therapist with patients with Traumatic Brain Injury in their home and community, and at a Pediatric school and hospital, been a manager at an outpatient rehabilitation facility, and worked on a sub-acute unit . These positions have given her a great deal of experience dealing with families, insurance companies, and different community agencies. Heidi holds two college degrees: an A.A.S., from Union County and a B.A., degree in Communications from Hofstra University. Heidi is also an animal rights and social activist, and longtime associate.

George Moss: A self-made businessman who has never once worked for anyone else, George started selling silver from Bali on the beach and evolved into owning two busy Long Island retail Gift Shops. George is also an artist and musician and former collaborator with Rose SanFilippo on TV’s *The Hippie Talk Show*.

Mark D’Acampora: Mark is our technical consultant, his skills and education dating back to his service in the Air Force... his prowess with electronics and equipment spans his entire career, from being a “*small fish*” at “*big pond*” Viacom/ MTV Networks—to being Chief Engineer: creating, designing, and building an entire broadcast facility at “*small pond*” WLNY TV Channel 55, in eastern Long Island. A long-time friend and co-worker, Mark will be a great asset as we build our music studio, and create our live music performance space.

Staff Profiles :

Rose San Filippo



Rose has a personal history of attending many an event at *Arrowhead*, and will be bringing to the project a perfect complement of the skills required to take on this challenging restoration! Her background includes being an event promoter, distressed real estate investor, business owner, background singer, and lifelong horse lover! All these will combine to make her shine in her role as General Manager of the ranch. She will be dedicated to the project full time, and feels she has found her calling...it will be her life’s work!



Photographer: *From 1988-1992* Rose worked as a Photojournalist, shooting for, and eventually taking over her boss's job, running the photo department for a chain of local weekly newspapers.

Network TV: *1992-Present.* Rose started working for MTV in 1992 as an on-air master control operator. From *1992-1995* Rose and a partner produced, directed, and edited a cutting edge television show for public access, *The Hippie Talk Show*. A magazine- style show, it featured segments documenting various injustices, current events, artists, and upcoming leaders to watch such as Ralph Nader. The show was very influential among Long Island viewers. Currently, Rose works steadily for NBC's *Today Show*, editing packages for each morning's show, using her years of artistic training and creative development.

Event Promoter: *From 1993-1998* Rose discovered the world of business as a musical event promoter. She and a partner planned and hosted a 3-day, 2-Stage festival: *The Wamboozy*. It was held for 5 years, in New Paltz, Utica and Long Island, NY. It featured approx. 24 bands over a weekend. It was held over Memorial Day generally, and was a moderate success. It taught her many skills in business

Rose formed an S-Corporation called "Reality, Entertainment, and Love Productions"

REAL Productions for short, for the venture.



Rose with Rick Danko at the Wamboozy

Real Estate Entrepreneur: Rose was called back to the world of Business in 2007, inspired by the book "Rich Dad Poor Dad," realizing the need to do something more meaningful. She formed a NY State S-Corporation called *Sea Breeze Solutions, Inc.* After studying different investing techniques, Rose got her Realtor's license in 2011. For the past 5 years, Rose has worked as an agent, specializing in distressed properties. It was this quest to be involved in real estate and reviving distressed properties that led her to remember her fondness for *The Arrowhead* and look up whatever happened to it, finding it recently foreclosed.



Tommy at Arrowhead, 1990

Tom San Filippo

Our musical heart and soul of the project, Tom has a personal history with *Arrowhead Ranch*. He played the bar every weekend of the summer of 1990 as the “house band” with his band *The Underdogs*. Tom is an accomplished musician and will be running Arrowhead’s recording studio.

At age 9, Tom discovered playing music, and has never, ever stopped. He has been playing out professionally since age 12. He toured the East Coast with *The Underdogs* as the opening act for pop

star Debbie Gibson in 1988 including 3 nights at *Radio City Music Hall*.

Today his career is stronger than ever as he leads, manages, and promotes Grateful Dead tribute *Half Step* to larger NY City area venues such as *Brooklyn Bowl* and *The Paramount* and other theater and club shows up and down the East Coast. Besides playing GD covers, Tom also writes originals and plays a vast encyclopedia of classic rock music.

Tom is also a visual artist and spent his full-time working days as a graphic artist. He still keeps active with graphics creating marketing materials and websites for his band ventures and working for private clients from his home office. These graphics skills will be important for creating *Arrowhead’s* fliers, website, and other marketing materials as we get our start.



Walter Ackerman : *Arrowhead's Handyman*
Resume

Objective

Full time position which utilizes my immeasurable experience and various maintenance and custodial skills.

Experience

1988-1990 Langer Bio Mechanical Deer Park, NY

Maintenance staff

To maintain fire alarms and equipment.

Maintained heating/air conditioning system.

Maintained all electrical machinery.

All aspects of carpentry, painting and spackling.

1990-1996 La Salle Military Academy Oakdale, NY

Maintenance Director

Supervised crew of ten to twenty employees to maintain grounds and buildings on 100 acre site in addition to off site contractors.

24 hour on-call emergency heating/air conditioning system, plumbing, electrical.

Maintained fire alarms systems.

Maintained and installed locks.

Masonry and all aspects of carpentry and painting.

1998-2001 Head Start. Patchogue, NY

Facilities Manager

24 hour on-call emergency heating/air conditioning system, plumbing, electrical.

Maintained fire alarms systems.

Maintained and installed locks.

Masonry and all aspects of carpentry and painting.

2000-2003 Self employed

All aspects of commercial and residential carpentry.

Masonry work.

2003-Present Reliable Window Cleaning & Maintenance

Maintenance Director

Supervise crew of four to insure efficiency and safety in day to day operations.

Client base includes Commerce Bank, Louis Vuitton, Crate & Barrel, Apple Computer and Coach.



2007 – Present – Norcor Management

Superintendent – 48 unit building

24 hour on call emergency heating system, plumbing, and electrical.

Masonry, and all aspects of carpentry and painting

Maintain all common areas.

Education

Class of 1982 Wantagh High School Wantagh, NY

1982 BOCES Carpentry I - II

1989-1990 BOCES Electric I – II

1989-1990 BOCES HVAC

Interests

Reading, Music , bicycling and carpentry.



References

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