



Granite Pharmacy

Caring for our neighbors and neighborhood

Business Plan

for

Granite Pharmacy

168 South River Road

Bedford, New Hampshire 03110

Prepared By:

Sandra Bowers

5 Lynn Drive

Bedford, New Hampshire 03110

(603) 540-6861

Loan Request: February 6, 2015

February 6, 2015

SUMMARY OF THE LOAN REQUEST

Applicant: Sandra Bowers
5 Lynn Drive
Bedford, New Hampshire 03110

Business: Granite Pharmacy
168 South River Road
Bedford, New Hampshire 03110

Amount of Loan: \$500,000

Terms Requested: 10 years at current interest rate

Collateral: Owner will provide \$100,000 in capital to the business.
In addition, the following collateral will secure the loan:

Inventory	\$150,000
Fixtures/Equipment	\$105,000
Owner's Personal Assets	\$50,000

Guarantee: Owner agrees to sign personal guarantee for amount of the loan.

Other Conditions: Borrower will assign life insurance in the amount of the loan and keep it in force during the life of the loan.
Borrower will provide annual financial statements to lender.

Loan Repayment: Loan will be repaid from pharmacy's cash flow.

Debt/Equity Ratio: \$500,000/\$100,000 = 5/1

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Mission Statement and Vision Statement

Mission Statement:

The mission of Granite Pharmacy is to provide our patients and customers with a unique, informative and high quality experience that will better their health and overall well-being.

Granite Pharmacy combines our old-fashioned values with our innovative ideas and services. We are committed to providing our patients with medications and education that exceed the industry standards. Granite Pharmacy strives to fit the product to our patient rather than our bottom line.

Vision Statement

Granite Pharmacy seeks to become an integral part of the local community through patient relationships, exceptional service and community involvement. As a team, we aim to create an environment in which our patients feel satisfied knowing that they are receiving the best care possible.

Commitment to our Community

Here at Granite Pharmacy we are committed to our community. We are an independent, locally owned pharmacy that focuses on serving our neighborhood, both patients and the community itself. Granite Pharmacy strives to give back to our community through volunteer hours, donated goods and monetary donations. Granite Pharmacy is committed to supporting the neighbors and neighborhoods we serve.

Our Rock Solid Philosophy:

Counter to what you are used to, Granite Pharmacy puts its patients first with premium services focusing on the patients' health needs and desires. Our pharmacy counter may not be made of granite but our patient-oriented philosophy is set in stone. Granite Pharmacy strives to provide the citizens of the Granite state with the patient care that they deserve.

Slogan: "Caring for our neighbors and neighborhood"

Marketing Plan

Market Description

The trade area is bound by Woodberry Street to the north, South Willow Street to the east, Raymond Wiczorek Drive to the south, and Route 101 to the west. Contained within this area are portions of 5 census tracts from which data for the analysis was abstracted. Total estimated population for the trade area is 30,987 (based on census data).

It is anticipated that the primary trade area will generate a total of \$15,993,804 in the current year. Based on market data research conducted through telephone conversations with other pharmacies in the area, it is estimated that approximately 85% of prescriptions filled in the area are third party. The trade area is dominated by chain pharmacies; this provides an opportunity for Granite Pharmacy as an independent pharmacy to market a more “service-driven” approach to the customers.

First year sales volume is estimated to be \$820,829. This estimation is based on an initial prescription volume of 15 prescriptions per day, a general increase of 5 prescriptions per day each month, a \$56.04 average prescription charge and over the counter merchandise at an estimated 9 percent of total prescription sales.

Target Market

The marketing strategy will focus on the premium service and experience offered by Granite Pharmacy. Therefore the target market will be patients that are service and quality driven rather than price oriented. Granite Pharmacy will be the only independent pharmacy in the area so the pharmacy staff will initially need to focus on introducing the aspect of service oriented pharmacy care to the community. The services and programs offered by Granite Pharmacy will

provide a competitive advantage over the existing chain pharmacies in the area. Analysis of the area indicated the desire and want for a pharmacy that's primary focus is the patient as well as offering premium services.

The nearby physician centers include multiple OB/GYN doctors' offices as well as Fertility Centers of New England. Because of the close proximity of Fertility Centers of New England, a focus of the target market is women from the prenatal stages to post birth. It is estimated that women of childbearing age (20-39 years old) make up approximately 15.4 percent of the population in the market area.

Further, the growing population of patients over the age of 65 years old is important as they take more prescriptions than younger populations. Additionally, the number of patients in the area between the ages of 55 to 64 is above the national average, which shows the sustainability of Granite Pharmacy. The services offered at Granite Pharmacy will extend far beyond just filling the numerous prescriptions for this patient population; the classes and programs offered will allow such patients to become better educated and in more control of their health.

Product Analysis

The prescription medications will focus on the Top 200 drugs in addition to those drugs that are heavily prescribed in the area. A portion of both the prescription medications as well as the over the counter inventory will focus on female health, in particular fertility and maternity. Granite Pharmacy will offer a variety of basal thermometers, fertility test kits, pregnancy tests, ovulation kits, prenatal vitamins, supportive bands, diapers, formula, body pillows, wardrobe extenders etc. Additionally, Granite Pharmacy will provide new moms the option of renting

Medela breast pumps. Granite Pharmacy will also provide education and consultation to these patients. A lactation consultant will work with the pharmacist to provide classes to the new moms in order to provide them with the education and knowledge needed to best care for their baby. Granite Pharmacy will be the medication experts for moms and moms-to-be! This service will be called “Mommy Milestones.” Granite Pharmacy will also let these new moms know that pediatric compounding is available!

Marketing Materials

Granite Pharmacy will reach its current and potential customers through a variety of marketing strategies. The marketing campaign will begin four weeks prior to the opening of the pharmacy in order to allow the community to become more familiar with the practice.

A. Grand Opening Marketing Materials:

- i. **Mailers/Flyers:** In the weeks leading up to the grand opening, Sandra Bowers will hand deliver flyers to families and patients in the community. The flyers will include the pharmacy name, address, phone number, logo, opening date, hours, and services offered. Dr. Bowers will walk door-to-door to introduce herself to members of the community. Granite Pharmacy knows the value of a personal relationship and strives to know each of its patients beyond their medication list. This would allow community members to see that Granite Pharmacy is more than a pharmacy- it is a part of the community. At households or businesses where no one is available to speak with Dr. Bowers, a short note on the flyer will let them know she came by.

- ii. **Larger Flyers:** A larger version of the flyer will be displayed in businesses in the community.
- iii. **Balloons:** Balloons will be placed at both the entrance from the street as well as the pharmacy entrance on Opening Day. Balloons will remain at both locations for the first week of opening.
- iv. **Cookies:** Fresh cookies from a local bakery (Triolo's Bakery) will be located inside the pharmacy in the front area during opening days of the Pharmacy. These cookies will be shaped in pharmacy-related shapes as well as the Granite Pharmacy Logo. *See Appendix III for image.*
- v. **Banner:** A Grand Opening banner will be featured in the week leading up to the opening as well as the week following the opening. The banner will feature the company name, company logo and the opening date.
- vi. **News and Radio Stations:** Local radio and news stations will be invited to attend the grand opening and host segments of their show at the pharmacy. The shows will be lead by the broadcasters but will highlight the services and care that are provided to patients. Advertisements for the pharmacy will also be broadcast one week prior to the opening.
- vii. **Mobile Mammography:** Because women of childbearing age is a focus of our target market, a mobile mammography will be located in the pharmacy parking lot during the Grand Opening. This will allow women to receive this service in addition to learning about Granite Pharmacy. ‘

B. Routine Marketing Materials:

- i. **Signs:** A large, backlit sign saying “Granite Pharmacy” with the logo will be located on the street as well as on the building. The street signage will also have a message board underneath the business name. This message board will be used as marketing to further reach patients. The average daily traffic passing the sign is 26,000 which allows Granite Pharmacy to advertise to potential new patients in addition to the current patients. The message board will be utilized to advertise pharmacy events, new classes, welcoming new staff, etc.
- ii. **Flu Season:** Beginning every October, marketing will focus on prevention of the flu through vaccination. Marketing will include a sign outside the pharmacy, flyers in local businesses, radio advertisements and announcements on social media platforms. Furthermore, the pharmacy staff is responsible for letting patients know that Granite Pharmacy provides flu shots in a private consultation without the need of an appointment. Additionally the pharmacy will have designated hours where one of the pharmacists is solely giving flu vaccinations while the second pharmacist is behind the counter; this allows for shorter wait times for all patients, whether picking up a prescription or getting their flu shot.
- iii. **Immunizations:** In addition to the flu vaccine, the pharmacist will be able to provide eligible patients above the age of 18 the pneumococcal and herpes zoster vaccinations without a prescription under state protocol.
- iv. **Allergy Season:** Beginning in March of every year, marketing will transition into focusing on allergies. Marketing will include mailers, social media posts and

radio advertisements. Furthermore, the pharmacy staff will be sure to ask each patient that comes into the pharmacy if they are suffering from allergies and whether they would like to speak with the pharmacist about over the counter medications that may ease their symptoms.

- v. **Commercial:** A commercial will air starting two weeks prior to the pharmacy opening and will continue to run after opening. The commercial will begin with a woman who appears in her early thirties typing on a keyboard. The commercial will focus on her facial expression that shows more and more concern as she types. The female itches her right forearm while reading. The female then mopes around her home, still scratching her arm. She retrieves the mail from the front door and notices a mailer for Granite Pharmacy (the same mailer sent to residents of the community). The camera pans from her reading the mailer to the exterior of Granite Pharmacy (showing the business name and storefront). The woman is next seen talking and itching her arm in the consultation room with a pharmacist. The pharmacist begins talking and the woman's face shows instant relief. The commercial ends with the pharmacist aiding the female patient in choosing the appropriate over the counter medication. Dr. Bowers feels that in today's age, patients often consult the internet instead of a healthcare professional. Granite pharmacy strives at showing that the interaction between a pharmacist and the patient goes far beyond the exchange of medication.
- vi. **Business Cards:** Sandra Bowers will have business cards (displayed in a rectal rocket mold) for patients to take. The business cards will feature her name, the business name, logo, address, phone number and hours. The business cards will

be displayed in the rectal rocket mold to potentially spur conversations about compounding. Patients may be inclined to ask about the mold is which allows the pharmacist to tell about the compounding services offered at Granite Pharmacy.

- vii. **Mailers/Flyers:** The remaining flyers from the grand opening marketing will be used. They will be in the pharmacy in case any patients have not received them. They will also be throughout town at any businesses that agree to display them.
- viii. **Capsule-Shaped Stress Relievers with Company Name and Logo:** 250 stress relievers were ordered and will be available at the pharmacy for patients.
- ix. **Pill Boxes with Company Name and Logo:** 250 pillboxes were ordered and will be available at the pharmacy for patients. Patients picking up their prescriptions will be asked if they would like a complimentary pillbox.
- x. **Magnets with Company Logo:** 500 magnets will be in the pharmacy and available to patients. The magnets will include the address and phone number so that patients will be able to contact the pharmacy.
- xi. **Birthday Cards:** Granite Pharmacy will send birthday cards to patients on their birthday to help further build and maintain patient relationships.

Marketing Activities

- **Grand Opening:** Granite Pharmacy will open with an event at the pharmacy. The week of opening patients are welcome to come to the pharmacy to see what Granite Pharmacy is all about. Patients can get a tour of the pharmacy, meet the pharmacy staff (Sandra Bowers and the technician), and learn about the activities and meetings that the pharmacy offers. Patients will be able to enjoy refreshments and snacks during their visit.

Additionally, local radio stations and news stations will be invited to host segments of their shows at the pharmacy to feature the opening.

- **Website:** Granite Pharmacy will offer a user-friendly website that patients can access for helpful tips and information. The safe and secure website will include general information about the pharmacy including hours of operation and contact information. In addition, patients will be able to refill prescriptions online, sign up for informational classes, access a monthly calendar that includes scheduled events and check the helpful tip of the day!
- **App:** A secure and safe smart-phone application will encompass all of the features of the website and will appeal to the younger patient population. Through the application, patients will also be able to sign up for Rx alerts. Rx alerts include notifications when:
 - The prescription is ready for pick up including the final price
 - Whether the patient needs to provide or bring any information or documents (ex: insurance card) when they come pick up their prescription
 - If the drug they requested is out of stock and has to be ordered
 - The prescription requested is out of refills
 - That the prescription requested was too soon including the date that the prescription can be filled

Additionally, patients will be able to utilize the app to request refills of drugs. Refills can be requested by manually entering in the prescription number or by using the camera feature of a smartphone or tablet to scan a barcode on the prescription label. Patients will also have the option to update insurance information in the app. They will have the ability

to take a picture of each side of their insurance card and update their profile. These images will be directly sent to the pharmacy to update the patient records.

- **Health and Wellness Programs:** Granite Pharmacy believes that it should play a role in each patient's health far bigger than just providing the patient with their prescriptions. Therefore, health and wellness education is an integral part of the business. The pharmacy will be continually adding new programs based on the needs and desires of the patients. These programs will be group education meetings in areas including but not limited to pregnancy, diabetes management, hypertension, heart failure, cancer, obesity and weight loss. Granite Pharmacy hopes that such programs will improve patients' health while allowing them to better understand their chronic illnesses. Granite Pharmacy also chose to hold group meetings for groups of patients such as those with breast cancer or children with type 1 diabetes. Granite Pharmacy feels that holding these regular meetings will allow patients to interact with each other and learn from each other's experiences. Granite Pharmacy wants each patient to know that as an independent pharmacy we strive to form a "community" for our patients.
 - **Entry into Classes:** As a pharmacy that is committed to its community, Granite Pharmacy will collect donations (specified for each individual class or program; examples include non-perishable food items, toiletries, etc.) as entry into these classes. Patients will have the option of donating the particular item(s) specified or giving a monetary donation, which the pharmacy will put towards charity.
 - **Referral Rewards:** If a patient brings a friend that is not a patient of Granite Pharmacy, neither individual is required to provide the entry donation to attend the program. This incentivizes patients to bring potentially new patients to Granite

Pharmacy; the pharmacist leading the class will speak with each of these attendees and explain the services offered by Granite Pharmacy.

- **Utilizing pharmacy resources:** *(targeting current patients)* When initiating a new class or program, the pharmacy staff will use the pharmacy computer system to make sure that the target market is aware of the program. The pharmacy staff will call and invite patients with medications for that particular disease state to the program. The staff will explain what the program offers as well as the value that the program provides the patient.
- **Brochures/Invitations** *(targeting current patients)* will be stapled to prescriptions filled for medications that are linked to health conditions discussed in the courses being offered. These brochures will flag the pharmacist to verbally let the patient know about upcoming events and will be a targeted invitation to the patients that will benefit from attending such programs and classes. The brochures will be formatted similar to an invitation; however the date and time of the meeting/class will be a sticker placed on the invitation. This will allow the invitations to not be limited to one particular class but rather that series of offerings.
- **Newspaper/Radio Ad:** *(targeting current and potential patients)* Granite Pharmacy will have advertisements in the local newspaper and on the local radio stations informing the community of the new classes.
- **Surveying Prescribers and Physicians:** *(targeting current and potential patients)* The pharmacy will contact physicians in the community to inform them

of the classes offered. Additionally, the pharmacy staff will gather input and opinions pertaining to future offerings through surveying these prescribers.

- **Street Signage with Message Board:** *(targeting current and potential patients)*

The message board will be utilized to advertise for upcoming classes including the class name, date and time.

- **Ask your Pharmacist Bulletin Board:** A bulletin board in the front of the store will feature a weekly segment titled “Ask Your Pharmacist.” Patients will be able to submit questions for discussion to the pharmacist and the pharmacist will answer these questions and provide education and additional resources. This board will help educate patients on disease states and health concerns. The same “Ask Your Pharmacist” segment will also be featured on the social media platforms in order to educate patients that may not be visiting the pharmacy that particular week.
- **New Patient/Rx Follow Up Call:** The pharmacist will contact all new patients and/or new prescriptions 3-5 days after picking up their prescriptions. The pharmacist will be able to answer any questions that have risen since beginning the medication as well as counsel the patient on any side effects they may be experiencing. Granite Pharmacy hopes this will increase adherence, loyalty and relationships with patients.
- **Outreach Programs:**
 - **Health Fair:** Beginning in the second year, Granite Pharmacy will partner with the Fertility Clinic and OB/GYNs in the area to host a health fair focusing on women’s health. A mobile mammography service will be in attendance to allow patients to receive testing. Other businesses will also be invited to have booths at the health fair; these businesses include Motherhood Maternity, Nini Bambini,

and women's boutiques. The prescribers and pharmacists will hold educational seminars for patients in the pharmacy activity room; topics will include but are not limited to hormone replacement therapy, fertility treatment, pregnancy and lactation.

- **Blood Pressure Screenings:** The pharmacy staff will hold blood pressure screenings where they can take patient's blood pressures as well as educate patients on the appropriate method of home blood pressure monitoring. Patients will also learn the importance, necessity and proper technique of home blood pressure monitoring, which will improve compliance in medication regimens.
- **Partnerships with nearby schools:** Granite Pharmacy will partner with nearby schools to help educate students. Students in early level education will be educated on poison in an effort to combat accidental poisonings. Older students will be educated on drugs of abuse.
- **Medicare Enrollment:** The pharmacist(s) will be able to help eligible patients choose an appropriate Medicare plan utilizing iMedicare. During open enrollment, patients of the pharmacy can schedule a time to meet with the pharmacist in order to choose the best plan for their medications. Granite Pharmacy will primarily provide help with Medicare enrollment from January 1-March 31, but will be able to help patients choose a plan throughout the year when they first become eligible. Patients turning 65 will receive a birthday card informing them that of this service and instructions on calling the pharmacy to set up a time to choose a plan with the pharmacist. The pharmacy staff will call those patients that have not set up an appointment 7-10 days after their 65th birthday.

- **Toothbrushes:** The pharmacy staff will increase over the counter sales by suggesting that all patients picking up prescriptions for antibiotics also purchase an additional toothbrush. Toothbrushes will be located at pick-up to allow the patients to easily access them.
- **“What we should carry” notebook:** A spiral notebook will be located next to the register(s) that will allow the staff to document what we should carry. When a patient comes in and requests an item or service that we do not currently provide, the staff will document this. This notebook will allow the pharmacy to know of additional ways to expand their services and products to better meet the desires of its patients.
- **Comment Box:** A comment box will be located on the counter near the register there will be a comment box. Patients and customers will be encouraged to leave comments and suggestions to make their future experiences better. These comments could be positive, such as thanking a staff member for excellent service, or constructive criticism pointing out areas and ways in which the business can improve.
- **Student Involvement:** Granite Pharmacy will reach out to Massachusetts College of Pharmacy-Manchester campus to involve pharmacy students in its activities. The pharmacy feels that this will provide students with the opportunity to interact and educate patients and Dr. Bowers is excited to have the chance to get to know students. In the future as Granite Pharmacy grows, Dr. Bowers will be able to hire student interns as well as serve as a preceptor to students on rotation.
 - In the future, Granite Pharmacy hopes to also partner with particular classes offered at the pharmacy school. Currently an elective is offered on “Pharmacy Entrepreneurship and Ownership” and the pharmacy plans on allowing students to

come in and tour the pharmacy as well as do projects on innovative improvements that can be made to the current pharmacy (both management related as well as patient-care related).

Other Marketing

- **Bulletin Board:** A community bulletin board will be located just inside the pharmacy entrance. The board will highlight the pharmacy's events and meetings. Furthermore, the bulletin board will be a place where other local businesses are featured and highlighted; it will include flyers for community events, other local businesses, sports events, fundraisers, etc. The purpose of the bulletin board is to provide patients with a location where they learn about activities within the community. A key value of Granite Pharmacy is supporting the neighborhoods that the pharmacy serves; therefore the bulletin board will highlight community service events and drives that the pharmacy is participating in and will encourage patients to join! The bulletin board will also feature a "Community Member of the Month" chosen by the pharmacy staff. The community member of the month can be a local business owner, a key volunteer of the community, a patient that makes and sells jewelry etc. The community member of the month will be featured on the bulletin board for the whole month; it will include a photograph and a blurb about the individual. With the permission of the individual, they will also be highlighted on the pharmacy's social media platforms to further give them exposure while also expanding the pharmacy's market. Overall the bulletin board is a place that allows us to highlight and interact with other small businesses in the area in order to enrich the community.

- **Lollipops:** Patients visiting the drive-thru should have a pleasant experience. Mothers often choose the drive-thru when they are with their children; therefore the staff will have lollipops for each child (and adults) that comes through the drive-thru.
- **Pet treats with flyers:** The pharmacy also will have dog and cat treats for when patients' furry friends accompany them in the drive-thru. Additionally an information card will be given with the treats to let the owners know that Granite Pharmacy fills and compounds veterinary prescriptions.
- **Social Media:** Granite Pharmacy will have social media accounts including Facebook, Twitter and Instagram. Granite Pharmacy's view on social media is that it is primarily for educational and promotional purposes.

Marketing Budget

Granite Pharmacy has designated \$12,000 to be used for marketing for the grand opening. This will include the advertising leading up to the opening as well as the first initial week of operations.

Additionally, the marketing budget increases as new classes are initiated and maintained. Because Granite Pharmacy has a competitive advantage over the price-oriented competition, marketing will include and highlight the services offered to its patients.

Granite Pharmacy will utilize cost-effective marketing resources to reach potential customers. These include advertising through newspaper and radio ads where the media controls what is said instead of scripted advertisements. Furthermore, health fairs in which we partner with physicians and hospitals in the area will attract patients to the pharmacy to utilize screening, testing, educational and informational sessions.

Furthermore, marketing will also be directed towards existing patients in order to build and maintain strong relations with patients. Granite Pharmacy prides itself on offering more than just a price-oriented prescription business; for this reason it is important to the staff to know the patients beyond their medication lists. Marketing efforts to show the value that these relationships have to the staff include target marketing to patients with particular illnesses or disease states in addition to providing patients with birthday cards.

Description of Business

Legal Structure

Granite Pharmacy will be initially operated as a Subchapter S corporation. Officers of the corporation will be Sandra Bowers, President; Stuart Bowers, Vice President; and Mary Bowers, Secretary. Sandra Bowers owns 100% of the business. Depending on future financial situations, the corporation may be changed from a Subchapter S to a standard corporation.

Product Mix

Prescription medications and non-sterile compounding will be the primary products offered by Granite Pharmacy. In addition to prescription medications, Granite Pharmacy will offer a complete line of over the counter medications, vitamins and minerals. Granite Pharmacy will offer a line of products focused on pregnancy and fertility. Some of these products will include basal thermometers, fertility test kits, pregnancy tests, ovulation kits, formula and other related products. Additionally, patients will be able to rent Medela breast pumps.

Service Mix

The following services will be provided at Granite Pharmacy:

1. Maintenance and screening of patient medication records for duplicate or inappropriate therapies, cost effective alternatives, drug interactions, allergies and compliance issues.
2. Ensure safe and appropriate medication use through counseling on all prescription and over the counter medications. The pharmacists will provide exceptional counseling services by answering patient questions and giving demonstrations on medications that are difficult to administer.

3. Provide education and recommendations to patients on additional vitamins and minerals that are depleted by certain drug therapies in an effort to provide counseling in an area where education is often lacking.
4. Improve community wellness by offering educational classes on prevalent disease states such as diabetes, hypertension, and obesity. As well as educational services on the proper utilization of medications during pregnancy.
5. Under state protocol, provide flu vaccination, herpes zoster immunization and pneumococcal immunization to eligible patients over 18 years of age.
6. Blood Pressure Screenings
7. Offer Medicare meetings utilizing iMedicare during open enrollment to ensure that patients enroll in a Part D plan that meets all of their specific needs.
8. Provide easy access to information through the use of our website and smart phone application.
9. Provide compounding services to patient with a focus on hormone and fertility medications. Other target markets for compounded medications will include pediatrics and veterinarian. There is a separate room in the pharmacy strictly for compounding. Compounding equipment will include but is not limited to a powder-containment hood, scale, ProFiller Capsule Filling System, and an ointment mill.
10. A bookshelf will be located in the sitting area. Patients will have the opportunity to leave books they have read here for other patients to enjoy. Granite Pharmacy will encourage patients to enjoy a book while waiting in the pharmacy and will let them know that they can take the book home as well!

Location Analysis

The proposed site for Granite Pharmacy is 168 South River Road located in Bedford, New Hampshire. KW Realty currently occupies this location but their lease terms end at the end of 2015 and they will not be renewing. The unit is very visible from the main road. The location is very convenient to all major state and interstate roadways, less than 2 minutes to the nearest interstate. The average daily traffic at this location is 26,000 cars/day. Recently this area has become one of the largest medical corridors in Southern New Hampshire. This location is within 5 miles of the two largest hospitals in the area, Catholic Medical Center and Elliot Hospital.

The building and parking lot is fully ADA compliant with 3-foot doors, handicap-accessible parking, a bathroom with 5-foot diameter and grab bar next to toilet, easy grip door hardware, and hard surface flooring. The parking lot has a zero-step entry ramp that leads to the entrance of the facility. The paved parking lot is easily accessible and has adequate parking with over 20 parking spaces.

The designated trade area (a two mile radius) has experienced an increase of overall population in the past 15 years (13.8 percent). Examination of the dwellings within the trade area indicates that most of the owners are generally upper middle class with a median annual household income of \$122,517 per U.S. Census Bureau.

The age composition of the trade area shows the elderly (greater than 65 years of age) to make up 13.9 percent of the population. This population has increased since 2000 by 2.4 percent. The elderly population will be significantly growing in the near future with 15.5 percent of the population in the 50-59 year old age group. The percentage of the population in the 5-14 year old age category is 15 percent. These categories are significant because they are the age categories that will be utilizing pharmacy services most often. Women of childbearing age will also be

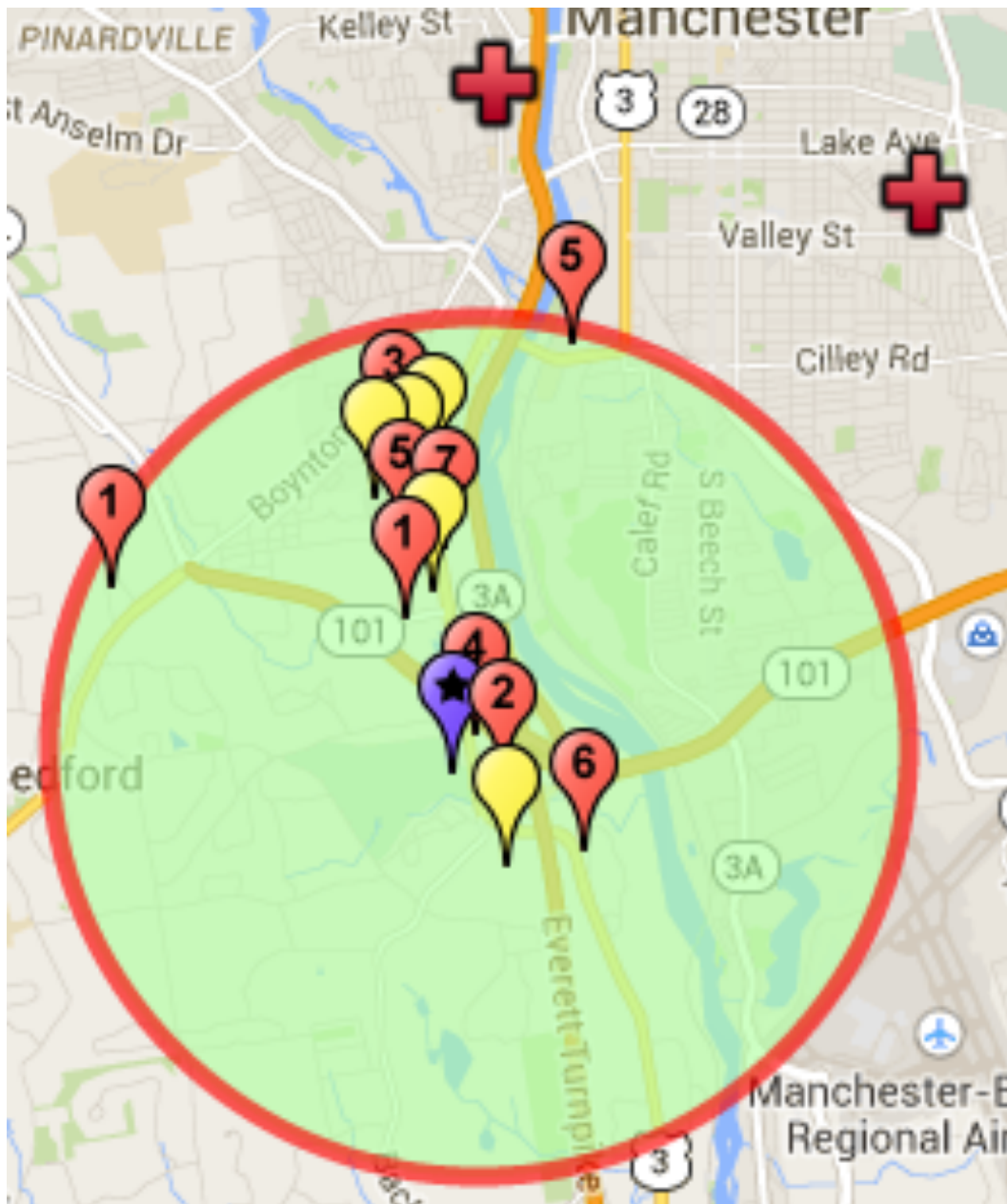
another important target market due to the pharmacy's focus on female fertility products and pregnancy. The percent of women ages 20-39 is estimated to be 15.4 percent of the population in this location.

Multiple primary care, OB/GYN, veterinarian and pain clinic practices are located in very close proximity to the proposed location. A fertility clinic, Fertility Centers - New England, is located across the street from our location. Intensive marketing strategies will be made to make a connection with this practice in order to develop a strong relationship and patient base. These practitioners will all provide a patient population that Granite Pharmacy will be able to serve.

Analysis of the Trade Area

Figure 1. shows a visual representation of the trade area with a 2-mile radius displayed by the green circle. Granite Pharmacy is designated with a purple star. The chain pharmacies are represented by yellow paddles. Red paddles represent a select few of the healthcare facilities with the number indicating the number of offices in that location. These facilities were specifically chosen based on practice type and patient population. The different types of practices covered were primary care, OB/GYN, fertility clinics, veterinarians and pain clinics. Red plus signs represent major hospitals in the area. It should be noted that these hospitals are within 5 miles of Granite Pharmacy. *A closer look at the trade area is located within Appendix II.*

Figure 1.



Contained within this area are parts of 5 census tracts from which data for this analysis was abstracted. Total estimated population for the trade area is 30,987 (based on 2010 census data).

Potential sales volume for the trade area is indicated in Table 1 below. It is anticipated that the primary trade area will generate a total of \$15,933,804 in the current year with the assumption of \$56.04 per prescription and each patient filling 14 prescriptions per year.

Table 1. Potential Sales Volume for the Trade Area

Census Tract	Total Population	Number of Families	Percentage in Trade Area	Potential Sales
23	4,370	1,725	100%	\$3,428,527
24	7,141	2,896	100%	\$5,602,543
26	5,746	2,140	45%	\$2,028,637
29.01	7,086	2,715	70%	\$3,891,574
29.02	6,644	2,129	20%	\$1,042,523
Totals	30,987	11,605		\$15,993,804

Assessment of the Competition

Competition within the trade area will come from six pharmacies (all chain) and retail establishments with two located in a shopping center. Currently the trade area only includes chain pharmacies that are “price-oriented”. Granite Pharmacy offers a different feel and experience since it is more “patient-oriented”. Due to the prescription services of Granite Pharmacy, it is anticipated that most of the competition will result directly from the six pharmacies. (See Table 2).

Table 2. Established Pharmacies in the Primary Trade Area

Name	Location	Type
A. Walmart	Colby Court	Chain
B. CVS Pharmacy	South River Road	Chain
C. Rite Aid Pharmacy	South River Road	Chain
D. Hannaford Supermarket	Colby Court	Chain
E. Target Pharmacy	South River Road	Chain
F. Rite Aid Pharmacy	South Willow Street	Chain

Estimated sales volume captured by existing pharmacies in the trade area is \$14,113,673 annually. Total sales in this area are not solely generated by residents. Listed in Table 3 is an estimate of the total sales for each pharmacy within the trade area and the amount (as a percentage) of that sales figure that is generated by residents in the trade area. This figure represents the degree to which competitive pharmacies have trade areas that overlap with the trade area of the proposed pharmacy.

Table 3. Survey of Competitive Drug Stores

Name	Annual Sales	Overlap	Amount
A. Walmart	\$6,136,380	51%	\$3,129,553
B. CVS Pharmacy	\$5,625,015	47%	\$2,643,757
C. Rite Aid Pharmacy	\$4,090,920	55%	\$2,250,006
D. Hannaford Supermarket	\$3,068,190	51%	\$1,564,777
E. Target Pharmacy	\$3,068,190	90%	\$2,761,371
F. Rite Aid Pharmacy	\$4,090,920	20%	\$818,184
Totals			\$13,167,648

The difference of total pharmacy expenditures (\$15,993,804) generated in the trading area by this figure (\$13,167,648) produces an approximation of the market share that could be captured by an ideal pharmacy in this location. This figure for Granite Pharmacy is estimated as \$2,826,156. A pharmacy with 100 percent efficiency at this location would capture this entire amount in potential sales. The estimated efficiency of the proposed pharmacy is 85 percent*. The anticipated potential sales volume is \$2,402,233. From this figure it is conservatively estimated that first year sales will be approximately \$820,788.

*Based upon the evaluation of each of the following

1. Size
2. Shape

3. Front
4. Parking
5. Foot Traffic
6. Auto Traffic
7. Nearness to Traffic Pulling Merchants
8. Nearness to Prescribing Doctor
9. Nearness to Health Facilities

Primary Management Structure

The president of Granite Pharmacy is Sandra Bowers. She will serve as manager and pharmacist. During the initial 6 months a part-time technician will serve as the only other employee. A part time pharmacist will also be hired in the third month. The part-time pharmacist will aid with implementations of new classes and marketing campaigns as well as fill in for Sandra Bowers in the event she is unable to come into work. Having an additional pharmacist early on in the business is justified by allowing for the appropriate amount of time and dedication to be given to the services and classes that will be offered. An additional part-time technician will be hired month seven as sales increase. During the second year, one technician will move to a full time position and a clerk will also be hired part-time. Year three the part-time clerk will move to a full-time position.

Insurance Policies

Appropriate fire and theft insurance will be secured for the inventory, fixtures and equipment. Professional liability insurance will be obtained for the pharmacy and the individual pharmacists who work in the pharmacy. Sandra Bowers will obtain Public Liability Insurance of at least \$1,000,000 for injury or death and \$500,000 property damage insurance.

Benefits that will be provided to the owner and any full time employees will include health insurance and life insurance.

Security Measures

Lighting and design of the pharmacy will be made to provide the most safety for the employees, customers, and property. In order to prevent theft of any merchandise available in the front of the store, the pharmacy counter is positioned to give a full clear view of the entrance. Special measures will be taken in order to prevent burglary. This will include installing an alarm system with an audible alarm that notifies police immediately, bulletproof glass and security cameras. For prevention of robbery, a silent alarm will be installed that alerts the police department upon activation by the pharmacy. Existing smoke/heat detectors, fire extinguishers and a sprinkler system are already in place in the current building. These will be inspected annually to ensure proper working function. Between the counseling room and the pharmacy there are two locked doors to prevent unauthorized entrance. Each door will be equipped with a keypad and personal pin to provide only authorized employees entry into the pharmacy. The narcotics safe located within the pharmacy in a locked cabinet underneath the desk behind the wall will be located and only the pharmacist will have the passcode to open the safe. While the pharmacist is in the pharmacy, the cabinet can remain unlocked and the cabinet door will retract

into the cabinet; however the door of the safe will remain locked and can only be accessed by the pharmacist. While the pharmacy is closed both the cabinet and safe will be locked as an added security measure.

Physical Description of the Business

Granite Pharmacy will be located in an 1800 square foot building with a drive thru window on the backside of the store. There will be space for two lanes along with a third lane for cars to pull around. Initially one lane will only be used for drive thru services. A second drive thru lane will allow for the opportunity to expand in the future. The front of the building has 20 parking spaces, with two of these spaces being handicap accessible. The back of the building has 10 parking spaces for employees and any overflow. Upon entering the pharmacy, patients will find that the pharmacist is immediately visible. Having the pharmacist located next to the pick-up station of workflow allows the pharmacist to be ready to provide patient care and counseling. The pharmacy will contain 3 large shelving units with end caps to store medications. Additional space is also available when expansion is needed. A large fridge for medications and a secure safe for CII prescriptions will be located within the pharmacy. The safe will be located within a locked cabinet and only the pharmacist will have. The pharmacist(s) will be the only employee(s) who knows the code to unlock the safe. A separate room for compounding is attached to the pharmacy. Specific measurements and room placements can be seen in the floor plan, located in the supporting documents.

Financial Documents

In order to successfully run Granite Pharmacy a total working capital of \$547,500 will be required. Initial inventory will be \$150,000 and the initial working capital is \$200,000. Since the pharmacy will be compounding products for patients, a membership to PCCA will be obtained initially and renewed every year. Other costs associated with the start up are outlined in the supporting financial spreadsheets.

Projected Sales

Projected sales for year one are estimated to be \$820,829. This is based on dispensing 15 prescriptions/day in month one and increasing by 5 prescriptions/day every month. Compounded medications will also be included in the sales and will slowly increase as relationships are established with providers and patients in the near area. Immunizations will be an important service offered to patients and will be heavily marketed especially during flu season. (*See marketing section for a more in depth explanation*). Year two sales are estimated to increase by over 100 percent. This will be accomplished by becoming established within the community, developing patient relationships and getting to know local prescribers. Year three sales will continue to significantly increase estimating approximately \$2,245,576. While this number is reasonably close to the potential sales available to the trade area it is expected that Granite Pharmacy will have a good niche in the market by this point in time. It will establish itself by competing with surrounding competition, which will attract some of their current customers to our pharmacy.

Projected Expenses

Projected expenses for year one are expected to be \$242,114. This estimate accounts for all necessary expenses. The marketing budget is not constant throughout the year as marketing increases at the initiation of each class in addition to marketing for vaccinations and other services offered by the pharmacy.

Year one will result in a loss of \$88,547. This is to be expected and the pharmacy will become profitable in month 16. Year two total expenses are estimated to be \$363,539. Net income before taxes in year 2 will be \$43,633. Year three expenses will be \$448,654 and the net income before taxes is \$96,361.

Cash Flow Projection

The initial working capital will be \$200,000. This will allow Granite Pharmacy to operate with no less than \$86,422 cash on hand at any given time, assuming that cash will be received for 80 percent of prescription sales in the same month. It is reasonable to assume this as most patients will be using insurance, which usually takes 3 weeks for payment to be received. All compounding, over the counter products and services will be cash only and will not be run through insurance, therefore 100 percent of cash received from those sources will be in the same month.

Sandra Bowers will review profitability ratios, productivity ratios, financial position ratios, and cash flow ratios weekly to evaluate business performance. (*See supporting spreadsheets for further information regarding financial documents.*)

Inventory Evaluation

Granite Pharmacy will be part of a Profit Guard/PBA Health in order to join with other independent pharmacies to leverage buying power. This group purchasing organization was

chosen since it allows multiple wholesalers to bid for the group's business. This will ensure the pharmacy receives competitive pricing from wholesalers. The initial fee to join this group purchasing organization is \$5,000 but Granite Pharmacy finds that this is a justifiable and necessary expense. According to the 2013 NCPA Digest the average pharmacy profit margin was 23% whereas the average pharmacy profit margin with Profit Guard was 27%.

Initial inventory of prescription drugs is going to be \$100,000 and Granite Pharmacy will work with the wholesaler to determine which drugs will be stocked. This inventory will be primarily focused on the top 200 drugs in addition to commonly prescribed medications in the area. Initial over the counter inventory will be \$50,000 and will primarily focus on fertility and maternity, cough and cold, allergies, supplements and pain relief.

The terms of purchase with the wholesaler for initial inventory payment was agreed to begin 180 days after purchase. Granite Pharmacy will work with the wholesalers merchandising specialists to best utilize product placement and promotion in order to further reach the patients.

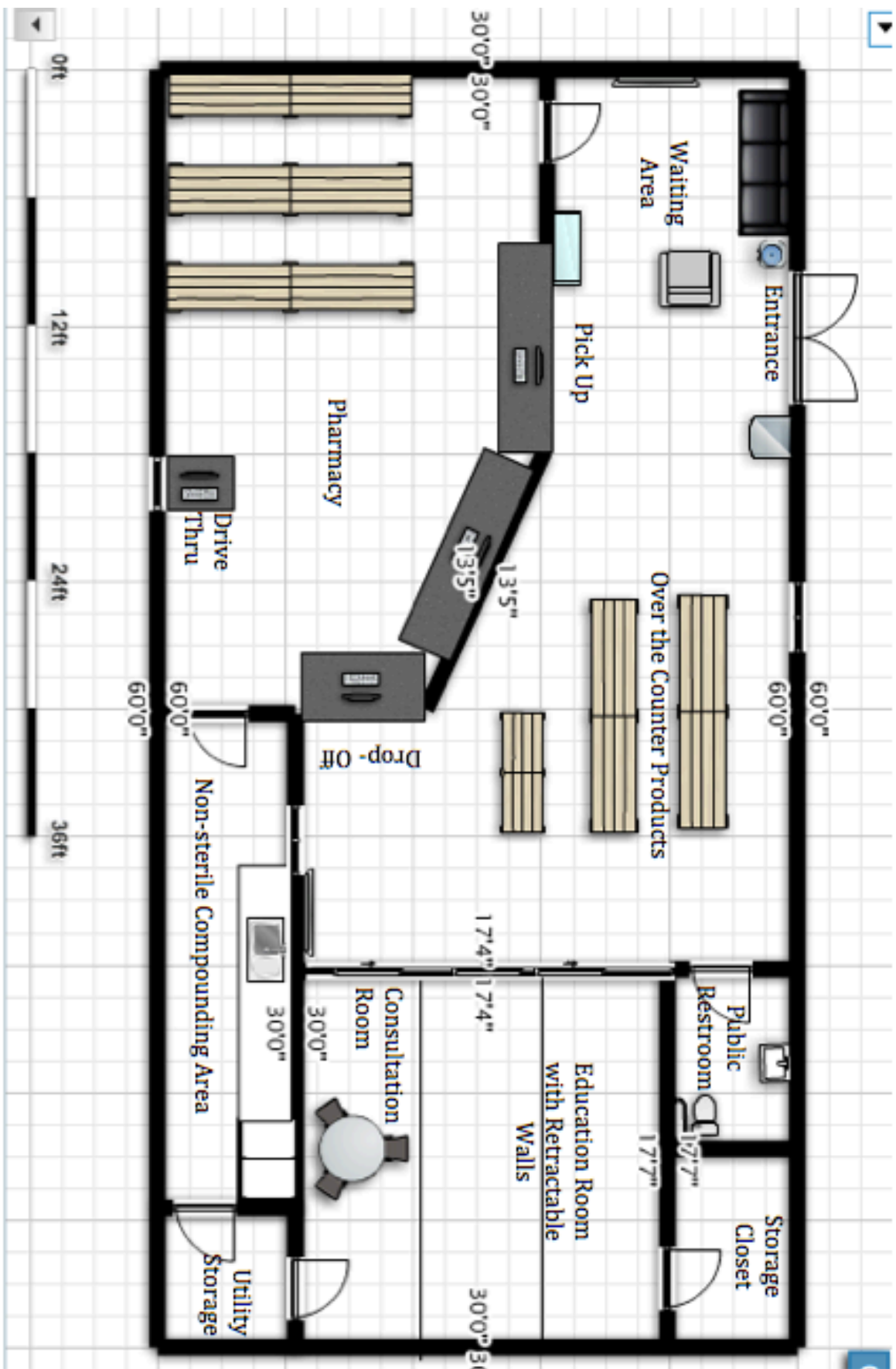
Cost per Square Foot Evaluation

The lease price of the building is \$10/square foot. The annual lease will be \$18,000 and the monthly rent will be \$1,500. Profit per square foot of Granite Pharmacy in year one will be \$122.53/square foot. Year two it will be \$263.42. Year three it is estimated to be \$340/square foot.

Supporting Documentation

Personal Financial Statement	
Dr. Sandra Bowers	
February 6, 2015	
Assets	
Home	\$ 400,000
Cash on Hand	\$ 45,000
Automobiles	\$ 30,000
Life Insurance	\$ 10,000
Furniture	\$ 70,000
Total Assets	\$ 555,000
Liabilities	
Home Mortgage	\$ 85,000
Notes Payable	\$ 100,000
Total Liabilities	\$ 185,000
Net Worth	\$ 375,000

Floor Plan





Sandra L. Bowers, PharmD, M.B.A.

5 Lynn Drive
Bedford, New Hampshire 03110
bowers@gmail.com
(603) 540-6861

EDUCATION

August 2002- May 2005	Masters of Business Administration University of South Carolina Columbia, South Carolina
August 2001-May 2005	Doctor of Pharmacy South Carolina College of Pharmacy, Columbia, South Carolina
August 1999-May 2001	University of South Carolina, Columbia, South Carolina Major: Pre-Pharmacy

EMPLOYMENT

June 2005-Present	Wingate's Pharmacy, Nashua, New Hampshire Pharmacist in Charge <i>Serves as Pharmacist in Charge; responsible for purchasing and maintaining inventory; responsible for hiring and training of employees; analyzed financial statements for the pharmacy quarterly; practiced non-sterile compounding and maintained the compounding areas as well as the equipment</i>
June 2001- May 2005	Walgreens, Columbia, South Carolina Intern Supervisor: Larry Jordan, PharmD

AWARDS/HONORS

Wingate Pharmacy Employee of the Month
Phi Lambda Sigma National Pharmacy Leadership Society
Rho Chi National Pharmacy Honor Society

PROFESSIONAL ASSOCIATIONS

June 2005-Present **National Community Pharmacists Association**

June 2005-Present **American Pharmacists Association**

PROFESSIONAL DEVELOPMENT

PCCA Marketing and Sales Session Attendee

Women in Pharmacy Initiative: Pharmacy Ownership Boot Camp

Awarded 1st place at SCCP Business Plan Competition

Awarded 1st place at APhA Patient Counseling Competition

PCCA Introductory Compounding Boot Camp

NCPA Pharmacy Ownership Boot Camp

LICENSURES/CERTIFICATIONS

April 2014-Present **American Heart Association**
Basic Life Support for Healthcare Providers
Expires: April 2016

November 2005 **American Pharmacist Association**
The Pharmacist and Patient Centered Diabetes Care Certification

September 2005 **American Pharmacist Association**
Pharmacy-Based Immunization Delivery Certification

REFERENCES

Available on request

Copy of Lease

COMMERCIAL LEASE AGREEMENT

THIS COMMERCIAL LEASE AGREEMENT (the "Agreement"), made and entered into on this 1 day of January, 2016 by and between Dan Silva of 30 Briar Road Bedford, NH 03110 ("Lessor") and Sandra Bowers of 5 Lynn Drive Bedford, NH 03110 ("Lessee") collectively referred to as "the parties".

The parties agree as follows:

Premises

In consideration of the rents to be paid hereunder and the covenants and obligations to be observed by the Lessee, Lessor does hereby lease to the Lessee and the Lessee does hereby lease and take from the Lessor the following property located at:
168 South River Road Bedford, New Hampshire 03110 together with all improvements located thereon (the "Premises").

Term

The term of this Lease shall commence on the 31 day of December, 2020 and shall continue for an initial term of 5 years. Lessee may at its option renew the Lease for an extended term of 5 years. Lessee shall exercise such renewal option by giving written notice of not less than thirty (30) days to Lessor.

Rent

For and during the initial term of the Lease, Lessee shall pay to Lessor annual rent of \$18,000 per year. The annual rent shall be payable in advance in equal monthly installments of \$1,500 per month. The monthly payment shall be due and payable on the 3rd day of each calendar month at the following address 30 Briar Road Bedford, NH 03110 or at such other place designated by written notice from Lessor or Lessee. Any rent payment not made by the 4th day of the month shall be considered overdue and in addition to Lessor's other remedies, Lessor may levy a late payment charge equal to \$50 per month on any overdue amount.

Utilities

Unless otherwise expressly agreed in writing by Lessor, Lessee shall pay all utility charges relating to the Leased Premises during the term of this Lease.

Signs

Upon obtaining Lessor's consent, Lessee shall have the right to place any signs which are permitted by applicable zoning ordinances and private restrictions on the Premises, at locations selected by Lessee. Lessor may refuse such consent if it is in Lessor's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Premises. Lessee shall repair all damage to the Leased Premises resulting from the removal of signs installed by Lessee.

Security Deposit

Prior to taking possession of the Premises, Lessee shall pay a security deposit in the amount of \$ 1,500 for the full and faithful performance by the Lessee of all the terms of this Lease. This security deposit will be refunded to Lessee after the expiration of this Lease, provided the Lessee has fully and faithfully carried out all of its obligations under this Agreement.

Alterations & Improvements

Lessee may, at its sole expense, redecorate the Premises and make such non-structural alterations and changes as Lessee shall deem expedient or necessary, provided, however, such alterations and changes shall neither impair the structural soundness nor diminish the value of the Premises. The Lessee may make structural alterations and additions to the Premises provided Lessee first obtains the consent of the Lessor in writing. The Lessor agrees that it shall not withhold such consent unreasonably.

Parking Space

Lessee is assigned parking space in the following manner: 20 parking spaces in the front of the building with an additional 10 parking spaces in the rear.

Use

Lessee shall use the premises for business purposes only and for no other purpose without Lessor's prior written consent. Notwithstanding the forgoing, Lessee shall not use the Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

Quiet Possession

Lessor covenants and warrants that upon performance by Lessee of its obligations hereunder, Lessor will keep and maintain Lessee in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

Entry

Lessor shall have the right to enter upon the Premises at reasonable hours to inspect the same, provided Lessor shall not thereby unreasonably interfere with Lessee's business on the Premises.

Repairs

Lessee shall at its own expenses make all necessary repairs to the Premises. Such repairs shall include routine repairs of floors, walls, ceilings, and other parts of the Premises damaged or worn through normal occupancy, except for major mechanical systems or the roof, subject to the obligations of the parties otherwise set forth in this Lease.

Termination

Either party may terminate this Agreement without cause by giving thirty (30) days written notice to the other party. Upon the expiration or earlier termination of this Agreement, Lessee shall return the Premises to Lessor in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof alone excepted.

Insurance

For the term of this Agreement, Lessee shall maintain public liability insurance with limits of not less than one million dollars for injury or death from one accident and \$250,000.00 property damage insurance, insuring Lessor and Lessee against injury to persons or damage to property on or about the Leased Premises. A copy of the policy or a certificate of insurance shall be delivered to Lessor on or before the commencement date and no such policy shall be cancellable without ten (10) days prior written notice to Lessor.

Damage and Destruction

In the event if the Premises or any part thereof is damaged by fire, casualty or structural defects that the same cannot be used for Lessee's purposes, then Lessee shall have the right within ninety (90) days following damage to elect by notice to Lessor to terminate this Lease. In the event if such damage does not render the Leased Premises unusable for Lessee's purposes, Lessor shall promptly repair such damage at the cost of the Lessor. Lessee shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable

or unfit for occupancy, or use, in whole or in part, for Lessee's purposes.

Indemnity

Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including reasonable attorney's fees and costs, arising out of, connected with, or resulting from Lessee's use of the Premises, including without limitation the manufacture, selection, delivery, possession, use, operation, or return of the Premises.

Assignment and Subletting

Lessee shall not sublet the premises or assign this Agreement without the prior written consent of the Lessor. Any such attempt to sublet or assignment by Lessee shall be a breach of this Agreement and cause for immediate termination.

Notices

Any notice or other communication to be given under this Agreement shall be in writing and shall be sent to the parties at the following addresses:

Lessee
Sandra Bowers
5 Lynn Drive Bedford, New Hampshire 03110

Lessor
Dan Silva
30 Briar Road Bedford, New Hampshire 03110

Entire Agreement

This Agreement constitutes the entire agreement between the parties, and supersedes any earlier statement or understanding. No changes or additions to the terms of the Agreement shall be valid unless in writing and signed by both parties.

Governing Law

This Agreement will be governed by the laws of the State of New Hampshire.

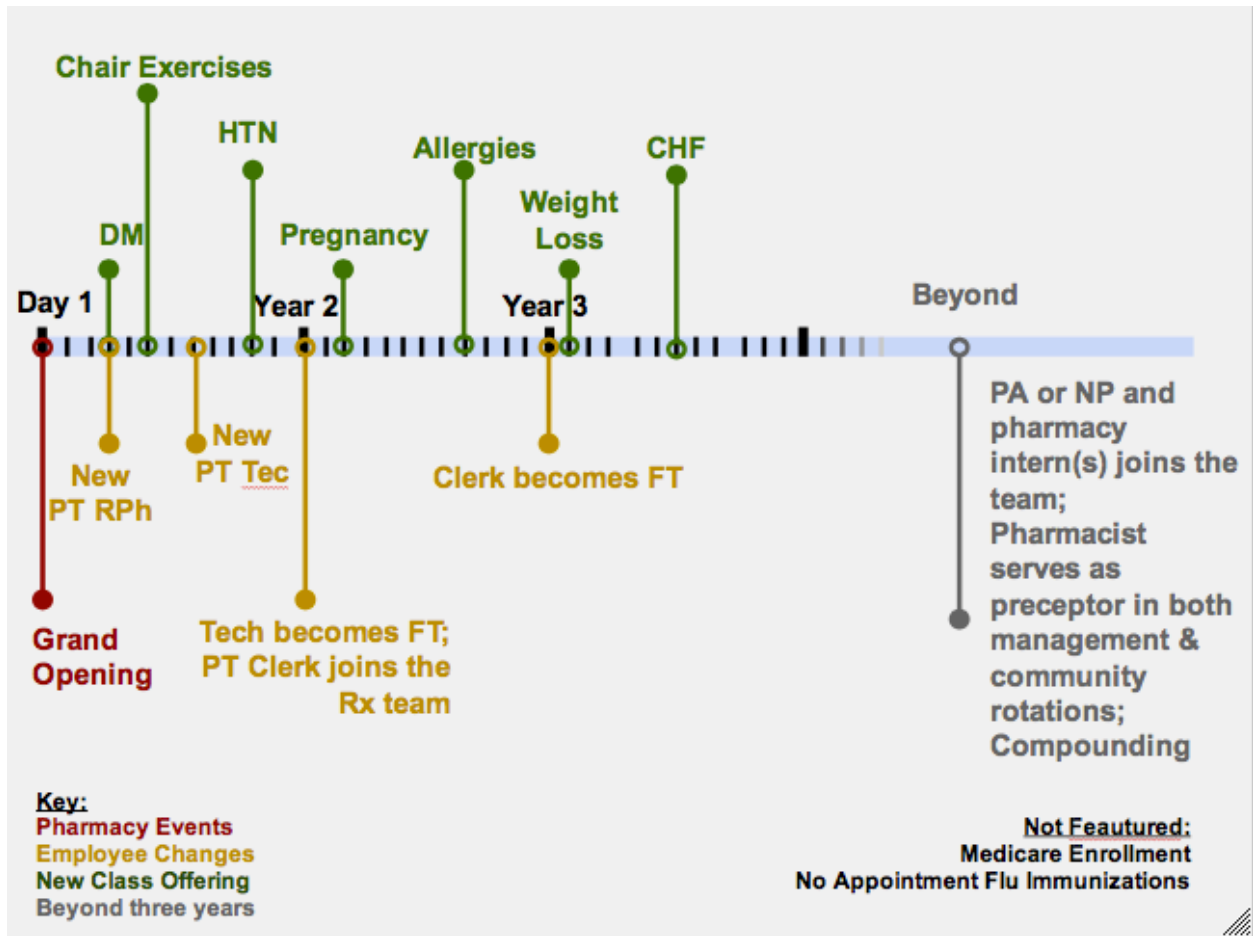
AGREED TO this 1 day of January, in 2015, by:

LESSOR LESSEE

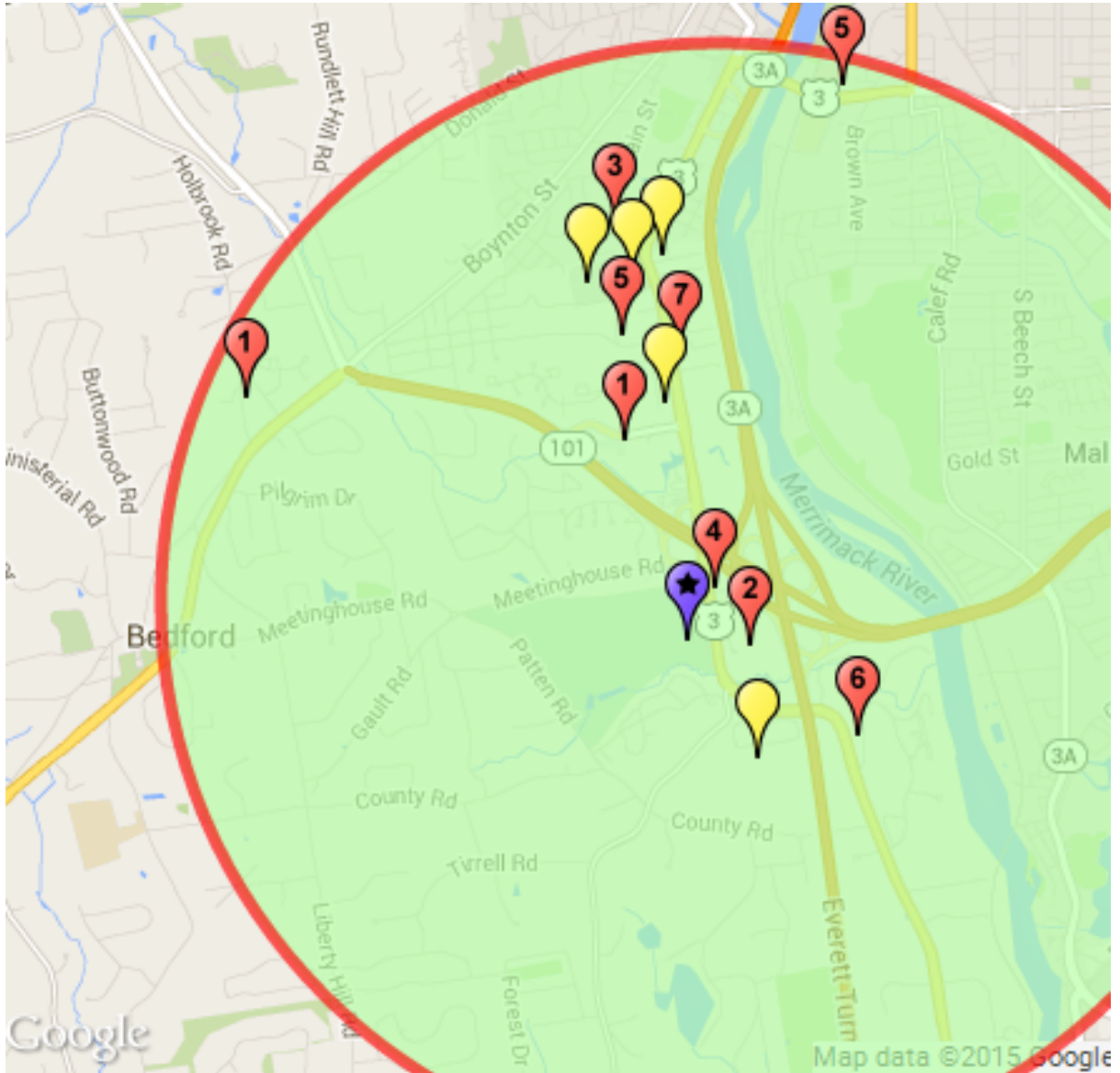
[Dan Silva, Lessor]

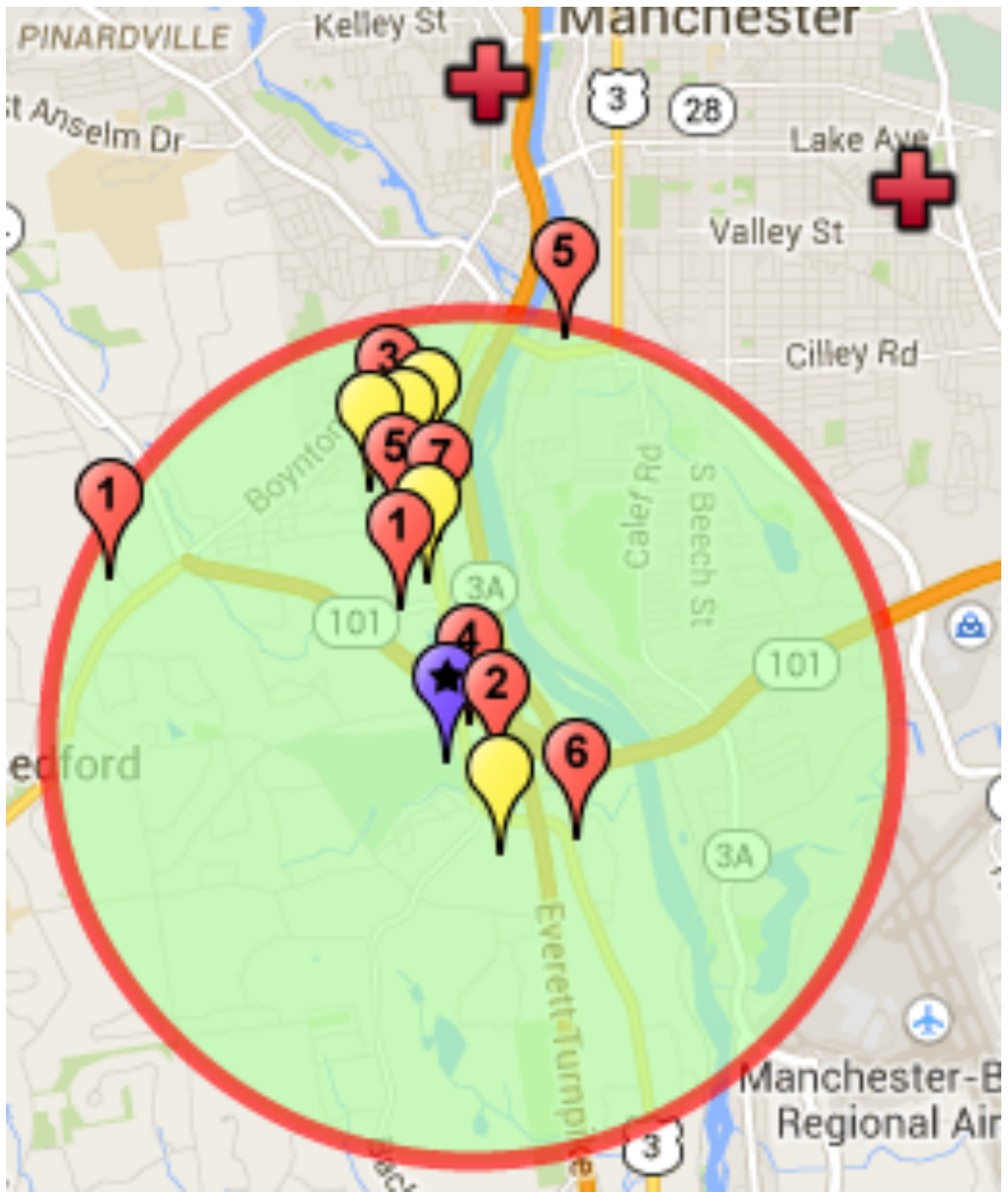
[Sandra Bowers, Lessee]

Appendix I. Three-Year Timeline



Appendix II. Close Up View of Trade Area





Appendix III. Marketing Cookies



Granite Pharmacy**Start Up Costs**

Renovation costs		\$40,000
Fixtures & Equipment		
Computer Systems (Rx + POS)	\$20,000	
Pharmacy equipment	\$25,000	
Shelving, Counter tops and cabinets	\$35,000	
Furniture & supplies	\$10,000	
Miscellaneous	\$15,000	
Subtotal		\$105,000
Organizational Costs		
Membership (PCCA) and Compounding supplies	\$30,000	
Marketing Materials	\$12,000	
Website	\$3,500	
Legal/Registration	\$7,000	
Subtotal		\$52,500
Initial Inventory		\$150,000
Working Capital		\$200,000
Total Capital Required		\$547,500

Granite Pharmacy Sales Projections

Year One	1	2	3	4	5	6	7	8	9	10	11	12	
Rx Dispensed/day	15	20	25	30	35	40	45	50	55	60	65	70	
\$ from Rx Sales ¹	\$21,875	\$29,167	\$36,459	\$43,750	\$51,042	\$58,334	\$65,625	\$72,917	\$80,209	\$87,500	\$94,792	\$102,084	\$743,753
Compound Rx/Month	3	4	5	6	7	8	9	10	11	12	13	14	
\$ from Compound ²	\$96	\$128	\$160	\$192	\$224	\$256	\$288	\$320	\$352	\$384	\$416	\$448	\$3,264
Total Rx Sales	\$21,971	\$29,295	\$36,619	\$43,942	\$51,266	\$58,590	\$65,913	\$73,237	\$80,561	\$87,884	\$95,208	\$102,532	
OTC - Merchandise ³	1977.399	2636.532	3295.665	3954.798	4613.931	5273.064	5932.197	6591.33	7250.463	7909.596	8568.729	9227.862	
OTC - DME ⁴	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total OTC sales	\$1,977	\$2,637	\$3,296	\$3,955	\$4,614	\$5,273	\$5,932	\$6,591	\$7,250	\$7,910	\$8,569	\$9,228	\$67,232
Services - MTM ⁵	0	2	5	8	10	15	20	25	30	35	40	45	
\$ from MTM ⁶	\$0	\$50	\$125	\$200	\$250	\$375	\$500	\$625	\$750	\$875	\$1,000	\$1,125	\$5,875
Immunizations	25	30	35	60	70	75	75	75	85	100	100	100	
\$ from Immunizations ⁷	\$21	\$26	\$30	\$51	\$60	\$64	\$64	\$64	\$72	\$85	\$85	\$85	\$706
Total Sales	\$23,970	\$32,007	\$40,069	\$48,148	\$56,189	\$64,301	\$72,409	\$80,517	\$88,633	\$96,754	\$104,862	\$112,970	\$820,829
Year Two	13	15	16	17	18	19	20	21	22	23	24		
Rx Dispensed/day	73	76	79	82	85	88	91	94	97	100	103	106	
\$ from Rx Sales ⁸	\$106,459	\$110,834	\$115,209	\$119,584	\$123,959	\$128,334	\$132,709	\$137,084	\$141,459	\$145,834	\$150,209	\$154,584	\$1,566,257
Compound Rx/Month	17	20	23	26	29	32	35	38	41	44	47	50	
\$ from Compound ²	\$544	\$640	\$736	\$832	\$928	\$1,024	\$1,120	\$1,216	\$1,312	\$1,408	\$1,504	\$1,600	\$12,864
Total Rx Sales	\$107,003	\$111,474	\$115,945	\$120,416	\$124,887	\$129,358	\$133,829	\$138,300	\$142,771	\$147,242	\$151,713	\$156,184	
OTC - Merchandise ³	9630.2538	10032.6456	10435.0374	10837.4292	11239.821	11642.2128	12044.6046	12446.9964	12849.3882	13251.78	13654.1718	14056.5636	
OTC - DME ⁴	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total OTC sales	\$9,630	\$10,033	\$10,435	\$10,837	\$11,240	\$11,642	\$12,045	\$12,447	\$12,849	\$13,252	\$13,654	\$14,057	\$142,121
Services - MTM ⁵	52	59	62	64	66	68	70	72	74	76	78	80	
\$ from MTM ⁶	\$1,300	\$1,475	\$1,550	\$1,600	\$1,650	\$1,700	\$1,750	\$1,800	\$1,850	\$1,900	\$1,950	\$2,000	\$20,525
Immunizations	85	60	50	40	40	40	40	40	100	250	250	250	
\$ from Immunizations ⁷	\$72	\$51	\$43	\$34	\$34	\$34	\$34	\$34	\$85	\$213	\$213	\$213	\$1,058
Total Sales	\$118,005	\$123,032	\$127,972	\$132,887	\$137,811	\$142,734	\$147,658	\$152,581	\$157,555	\$162,606	\$167,530	\$172,453	\$1,742,825

Granite Pharmacy
Sales Projections

Year Three	25	26	27	28	29	30	31	32	33	34	35	36	
Rx Dispensed/day	110	110	110	110	114	114	114	118	118	118	120	120	
\$ from Rx Sales ⁹	\$160,417	\$160,417	\$160,417	\$160,417	\$166,251	\$166,251	\$166,251	\$172,084	\$172,084	\$172,084	\$175,001	\$175,001	\$2,006,676
Compound Rx/Month	53	56	59	62	65	68	71	74	77	80	83	86	
\$ from Compound ²	\$1,696	\$1,792	\$1,888	\$1,984	\$2,080	\$2,176	\$2,272	\$2,368	\$2,464	\$2,560	\$2,656	\$2,752	\$26,688
Total Rx Sales	\$162,113	\$162,209	\$162,305	\$162,401	\$168,331	\$168,427	\$168,523	\$174,452	\$174,548	\$174,644	\$177,657	\$177,753	
OTC - Merchandise ³	14590.206	14598.846	14607.486	14616.126	15149.7684	15158.4084	15167.0484	15700.6908	15709.3308	15717.9708	15989.112	15997.752	
OTC - DME ⁴	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total OTC sales	\$14,590	\$14,599	\$14,607	\$14,616	\$15,150	\$15,158	\$15,167	\$15,701	\$15,709	\$15,718	\$15,989	\$15,998	\$183,003
Services - MTM ⁵	82	84	86	88	90	92	94	96	98	100	102	104	
\$ from MTM ⁶	\$2,050	\$2,100	\$2,150	\$2,200	\$2,250	\$2,300	\$2,350	\$2,400	\$2,450	\$2,500	\$2,550	\$2,600	\$27,900
Immunizations	100	75	60	55	55	55	55	65	95	225	350	350	
\$ from Immunizations ⁷	\$85	\$64	\$51	\$47	\$47	\$47	\$47	\$55	\$81	\$191	\$298	\$298	\$1,309
Total Sales	\$178,839	\$178,972	\$179,114	\$179,264	\$185,777	\$185,932	\$186,087	\$192,608	\$192,788	\$193,053	\$196,493	\$196,648	\$2,245,576

Notes:

¹ NCPA Digest 2012 - Average Rx price is \$56.09, Assumption that pharmacy is open an avg of 26 days/month

² Estimated average Compound Rx price is 32

³ OTC Merchandise is estimated at 0.09 of Total Rx sales

⁴ Estimated average revenue total for DME sales

⁵ MTM includes traditional Medication Therapy Management services, compounding consultations, Disease management services, Employer-based health and wellness programs

⁶ Estimated Average revenue from MTM service is 25 per event

⁷ Estimated average revenue is 85% per vaccine administered

⁸ Estimated average prescription price in year 2 is 56.09

⁹ Estimated average prescription price in year 3 is 56.09

Granite Pharmacy Staffing Projections

Year One	1	2	3	4	5	6	7	8	9	10	11	12		% of Sales
Pharmacist (FT)	5200	5200	5200	5200	5200	5200	5200	5200	5200	5200	5200	5200		
Tech (PT)	1300	1300	1300	1300	1300	1300	1300	1300	1300	1300	1300	1300		
Pharmacist (PT)			1200	1200	1200	1200	1200	1200	1200	1200	1200	1200		
Tech (PT)							1300	1300	1300	1300	1300	1300		
Total	\$6,500	\$6,500	\$7,700	\$7,700	\$7,700	\$7,700	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$97,800	11.9%
Year Two	13	14	15	16	17	18	19	20	21	22	23	24		
Pharmacist (FT)	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600	5600		
Tech (FT)	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700	2700		
Tech (PT)	1300	1300	1300	1300	1300	1300	1300	1300	1300	1300	1300	1300		
Pharmacist (PT)	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500		
Clerk (PT)	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000		
Total	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$169,200	9.7%
Year Three	25	26	27	28	29	30	31	32	33	34	35	36		
Pharmacist (FT)	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000		
Tech (FT)	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800		
Tech (PT)	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400		
Pharmacist (PT)	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500		
Clerk (FT)	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000		
Total	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$212,400	9.5%

Granite Pharmacy

Income Statement

Month 1- Month 12

Year One	1	2	3	4	5	6	7	8	9	10	11	12	Total
Revenues													
Rx Sales	\$21,971	\$29,295	\$36,619	\$43,942	\$51,266	\$58,590	\$65,913	\$73,237	\$80,561	\$87,884	\$95,208	\$102,532	\$747,017
OTC Sales	\$1,977	\$2,637	\$3,296	\$3,955	\$4,614	\$5,273	\$5,932	\$6,591	\$7,250	\$7,910	\$8,569	\$9,228	\$67,232
Service Sales	\$0	\$50	\$125	\$200	\$250	\$375	\$500	\$625	\$750	\$875	\$1,000	\$1,125	\$5,875
Immunization Sales	\$21	\$26	\$30	\$51	\$60	\$64	\$64	\$64	\$72	\$85	\$85	\$85	\$706
Total Revenues	\$23,970	\$32,007	\$40,069	\$48,148	\$56,189	\$64,301	\$72,409	\$80,517	\$88,633	\$96,754	\$104,862	\$112,970	\$820,829
Cost of Goods Sold													
COGS - Rx	\$16,259	\$21,678	\$27,098	\$32,517	\$37,937	\$43,356	\$48,776	\$54,195	\$59,615	\$65,034	\$70,454	\$75,874	\$552,793
COGS - OTC	\$1,384	\$1,846	\$2,307	\$2,768	\$3,230	\$3,691	\$4,153	\$4,614	\$5,075	\$5,537	\$5,998	\$6,460	\$47,062
COGS - Immunization	\$13	\$15	\$18	\$31	\$36	\$38	\$38	\$38	\$43	\$51	\$51	\$51	\$423
Total COGS	\$17,656	\$23,539	\$29,423	\$35,316	\$41,202	\$47,086	\$52,967	\$58,848	\$64,734	\$70,622	\$76,503	\$82,384	\$600,278
Gross Profit	\$6,314	\$8,468	\$10,646	\$12,832	\$14,987	\$17,216	\$19,443	\$21,670	\$23,900	\$26,132	\$28,359	\$30,586	\$220,551
Expenses													
Salaries	\$6,500	\$6,500	\$7,700	\$7,700	\$7,700	\$7,700	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$97,800
Payroll Tax Expense	\$497	\$497	\$589	\$589	\$589	\$589	\$689	\$689	\$689	\$689	\$689	\$689	\$7,482
Benefits	\$832	\$832	\$832	\$832	\$832	\$832	\$832	\$832	\$832	\$832	\$832	\$832	\$9,984
FUTA Expense	\$390	\$390	\$150	\$150	\$150	\$150	\$150	\$150	\$78	\$78	\$78	\$78	\$1,992
SUTA Expense	\$455	\$455	\$539	\$175	\$175	\$175	\$236	\$236	\$236	\$236	\$236	\$145	\$3,299
Marketing/Promotion	\$300	\$300	\$300	\$800	\$500	\$1,100	\$600	\$600	\$600	\$600	\$1,300	\$800	\$7,800
Website	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Computer Support	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$5,400
Switch Fees/Adjudication	\$59	\$78	\$98	\$117	\$137	\$156	\$176	\$195	\$215	\$234	\$254	\$273	\$1,989
Rent/Lease	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Telephone	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Utilities	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Fees, License, Permits	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Bank Charges	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Charge Card Charges	\$539	\$720	\$902	\$1,083	\$1,264	\$1,447	\$1,629	\$1,812	\$1,994	\$2,177	\$2,359	\$2,542	\$18,469
Depreciation	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
Dues & Subscriptions	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Insurance	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$9,000
Legal & Professional Exp	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Postage & Shipping	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Training/Seminar	\$250	\$250	\$250	\$250	\$250	\$250	\$300	\$300	\$300	\$300	\$300	\$300	\$3,300
Travel	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000
Miscellaneous	\$2,500	\$2,250	\$2,000	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$22,500
Total Expenses	\$17,947	\$17,897	\$18,984	\$19,071	\$18,972	\$19,774	\$20,986	\$21,188	\$21,318	\$21,520	\$22,422	\$22,033	\$242,114
Operating Income (Loss)	(\$11,633)	(\$9,430)	(\$8,338)	(\$6,240)	(\$3,985)	(\$2,558)	(\$1,544)	481	2,582	4,611	5,936	8,552	(\$21,563)
Debt Payments	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$66,984
Net Income before Taxes	(\$17,215)	(\$15,012)	(\$13,920)	(\$11,822)	(\$9,567)	(\$8,140)	(\$7,126)	(\$5,101)	(\$3,000)	(\$971)	354	\$2,970	(\$88,547)

Granite Pharmacy

Income Statement

Month 13- Month 24

Year Two	13	14	15	16	17	18	19	20	21	22	23	24	Total
Revenues													
Rx Sales	\$107,003	\$111,474	\$115,945	\$120,416	\$124,887	\$129,358	\$133,829	\$138,300	\$142,771	\$147,242	\$151,713	\$156,184	\$1,579,121
OTC Sales	\$9,630	\$10,033	\$10,435	\$10,837	\$11,240	\$11,642	\$12,045	\$12,447	\$12,849	\$13,252	\$13,654	\$14,057	\$142,121
Service Sales	\$1,300	\$1,475	\$1,550	\$1,600	\$1,650	\$1,700	\$1,750	\$1,800	\$1,850	\$1,900	\$1,950	\$2,000	\$20,525
Immunization Sales	\$72	\$51	\$43	\$34	\$34	\$34	\$34	\$34	\$85	\$213	\$213	\$213	\$1,058
Total Revenues	\$118,005	\$123,032	\$127,972	\$132,887	\$137,811	\$142,734	\$147,658	\$152,581	\$157,555	\$162,606	\$167,530	\$172,453	\$1,742,825
Cost of Goods Sold													
COGS - Rx	\$79,182	\$82,491	\$85,799	\$89,108	\$92,416	\$95,725	\$99,033	\$102,342	\$105,651	\$108,959	\$112,268	\$115,576	\$1,168,550
COGS - OTC	\$6,741	\$7,023	\$7,305	\$7,586	\$7,868	\$8,150	\$8,431	\$8,713	\$8,995	\$9,276	\$9,558	\$9,840	\$99,485
COGS - Immunization	\$43	\$31	\$26	\$20	\$20	\$20	\$20	\$20	\$51	\$128	\$128	\$128	\$635
Total COGS	\$85,967	\$89,544	\$93,129	\$96,714	\$100,305	\$103,895	\$107,485	\$111,075	\$114,696	\$118,363	\$121,953	\$125,543	\$1,268,669
Gross Profit	\$32,039	\$33,488	\$34,843	\$36,173	\$37,506	\$38,839	\$40,173	\$41,506	\$42,859	\$44,243	\$45,577	\$46,910	\$474,156
Expenses													
Salaries	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$14,100	\$169,200
Payroll Tax Expense	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$1,079	\$12,944
Benefits	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$1,328	\$15,936
FUTA Expense	\$846	\$846	\$510	\$138	\$138	\$138	\$60	\$0	\$0	\$0	\$0	\$0	\$2,676
SUTA Expense	\$987	\$987	\$987	\$595	\$350	\$350	\$161	\$161	\$161	\$161	\$161	\$70	\$5,131
Marketing/Promotion	800	800	1600	1000	1000	1000	1000	1000	1800	1250	1250	1250	\$13,750
Website	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Computer Support	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$5,400
Switch Fees/Adjudication	\$285	\$296	\$308	\$320	\$332	\$343	\$355	\$367	\$378	\$390	\$402	\$413	\$4,189
Rent/Lease	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$20,400
Telephone	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Utilities	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$3,900
Fees, License, Permits	\$100	\$100	\$100	\$100	\$100	\$100	\$150	\$150	\$150	\$150	\$150	\$150	\$1,500
Bank Charges	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Charge Card Charges	\$2,655	\$2,768	\$2,879	\$2,990	\$3,101	\$3,212	\$3,322	\$3,433	\$3,545	\$3,659	\$3,769	\$3,880	\$39,214
Depreciation	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
Dues & Subscriptions	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Insurance	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$10,200
Legal & Professional Exp	\$250	\$250	\$250	\$250	\$250	\$250	\$300	\$300	\$300	\$300	\$300	\$300	\$3,300
Postage & Shipping	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$1,500
Training/Seminar	\$300	\$300	\$300	\$300	\$300	\$300	\$500	\$500	\$500	\$500	\$500	\$500	\$4,800
Travel	\$250	\$250	\$250	\$250	\$250	\$250	\$350	\$350	\$350	\$350	\$350	\$350	\$3,600
Miscellaneous	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$22,200
Total Expenses	\$30,254	\$30,379	\$30,966	\$29,724	\$29,602	\$29,724	\$29,980	\$30,042	\$30,966	\$30,541	\$30,664	\$30,695	\$363,539
Operating Income (Loss)	\$1,784	\$3,109	\$3,877	\$6,449	\$7,904	\$9,115	\$10,193	\$11,463	\$11,893	\$13,702	\$14,913	\$16,215	\$110,617
Debt Payments	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$66,984
Net Income before Taxes	(\$3,798)	(\$2,473)	(\$1,705)	\$867	\$2,322	\$3,533	\$4,611	\$5,881	\$6,311	\$8,120	\$9,331	\$10,633	\$43,633

Granite Pharmacy

Income Statement Month 25- Month 36

Year Three	25	26	27	28	29	30	31	32	33	34	35	36	Total
Revenues													
Rx Sales	\$162,113	\$162,209	\$162,305	\$162,401	\$168,331	\$168,427	\$168,523	\$174,452	\$174,548	\$174,644	\$177,657	\$177,753	\$2,033,364
OTC Sales	\$14,590	\$14,599	\$14,607	\$14,616	\$15,150	\$15,158	\$15,167	\$15,701	\$15,709	\$15,718	\$15,989	\$15,998	\$183,003
Service Sales	\$2,050	\$2,100	\$2,150	\$2,200	\$2,250	\$2,300	\$2,350	\$2,400	\$2,450	\$2,500	\$2,550	\$2,600	\$27,900
Immunization Sales	\$85	\$64	\$51	\$47	\$47	\$47	\$47	\$55	\$81	\$191	\$298	\$298	\$1,309
Total Revenues	\$178,839	\$178,972	\$179,114	\$179,264	\$185,777	\$185,932	\$186,087	\$192,608	\$192,788	\$193,053	\$196,493	\$196,648	\$2,245,576
Cost of Goods Sold													
COGS - Rx	\$119,964	\$120,035	\$120,106	\$120,177	\$124,565	\$124,636	\$124,707	\$129,095	\$129,166	\$129,237	\$131,466	\$131,537	\$1,504,689
COGS - OTC	\$10,213	\$10,219	\$10,225	\$10,231	\$10,605	\$10,611	\$10,617	\$10,990	\$10,997	\$11,003	\$11,192	\$11,198	\$128,102
COGS - Immunization	\$51	\$38	\$31	\$28	\$28	\$28	\$28	\$33	\$48	\$115	\$179	\$179	\$785
Total COGS	\$130,228	\$130,292	\$130,362	\$130,436	\$135,198	\$135,275	\$135,352	\$140,118	\$140,211	\$140,354	\$142,837	\$142,914	\$1,633,577
Gross Profit	\$48,611	\$48,680	\$48,752	\$48,828	\$50,580	\$50,657	\$50,735	\$52,490	\$52,578	\$52,699	\$53,657	\$53,734	\$611,999
Expenses													
Salaries	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$17,700	\$212,400
Payroll Tax Expense	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$1,354	\$16,249
Benefits	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$2,048	\$24,576
FUTA Expense	\$1,062	\$582	\$582	\$204	\$84	\$84	\$0	\$0	\$0	\$0	\$0	\$0	\$2,598
SUTA Expense	\$1,239	\$1,239	\$679	\$679	\$434	\$238	\$238	\$98	\$98	\$98	\$0	\$0	\$5,040
Marketing/Promotion	1250	1750	1500	1500	1500	1500	2000	1800	1800	1800	1800	1800	\$20,000
Website	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Computer Support	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$5,400
Switch Fees/Adjudication	\$429	\$429	\$429	\$429	\$445	\$445	\$445	\$460	\$460	\$460	\$468	\$468	\$5,366
Rent/Lease	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$22,800
Telephone	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Utilities	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$4,500
Fees, License, Permits	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$1,800
Bank Charges	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Charge Card Charges	\$4,024	\$4,027	\$4,030	\$4,033	\$4,180	\$4,183	\$4,187	\$4,334	\$4,338	\$4,344	\$4,421	\$4,425	\$50,525
Depreciation	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
Dues & Subscriptions	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Insurance	\$950	\$950	\$950	\$950	\$950	\$950	\$950	\$950	\$950	\$950	\$950	\$950	\$11,400
Legal & Professional Exp	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
Postage & Shipping	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$1,500
Training/Seminar	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Travel	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Miscellaneous	\$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
Total Expenses	\$38,431	\$38,454	\$37,647	\$37,272	\$37,070	\$36,877	\$37,297	\$37,119	\$37,123	\$37,129	\$37,116	\$37,120	\$448,654
Operating Income (Loss)	\$10,180	\$10,226	\$11,105	\$11,555	\$13,510	\$13,780	\$13,438	\$15,371	\$15,455	\$15,570	\$16,540	\$16,614	\$163,345
Debt Payments	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$66,984
Net Income before Taxes	\$4,598	\$4,644	\$5,523	\$5,973	\$7,928	\$8,198	\$7,856	\$9,789	\$9,873	\$9,988	\$10,958	\$11,032	\$96,361

Granite Pharmacy

Proforma Cash Flow

Year One	1	2	3	4	5	6	7	8	9	10	11	12
Cash on hand	\$200,000	\$177,565	\$161,600	\$146,702	\$133,884	\$123,360	\$114,191	\$106,041	\$99,916	\$95,882	\$93,875	\$93,204
Cash sales	\$17,500	\$23,333	\$29,167	\$35,000	\$40,834	\$46,667	\$52,500	\$58,334	\$64,167	\$70,000	\$75,834	\$81,667
Received on Acct	\$0	\$6,470	\$8,673	\$10,902	\$13,148	\$15,356	\$17,635	\$19,909	\$22,183	\$24,466	\$26,754	\$29,028
Cost of Sale	\$17,656	\$23,539	\$29,423	\$35,316	\$41,202	\$47,086	\$52,967	\$58,848	\$64,734	\$70,622	\$76,503	\$82,384
Expenses	\$17,947	\$17,897	\$18,984	\$19,071	\$18,972	\$19,774	\$20,986	\$21,188	\$21,318	\$21,520	\$22,422	\$22,033
Debt Expenses	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582
Depreciation	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Net Cash	\$177,565	\$161,600	\$146,702	\$133,884	\$123,360	\$114,191	\$106,041	\$99,916	\$95,882	\$93,875	\$93,204	\$95,150
Year Two	13	14	15	16	17	18	19	20	21	22	23	24
Cash on hand	\$95,150	\$91,067	\$88,317	\$86,422	\$87,124	\$89,272	\$92,632	\$97,069	\$102,777	\$108,864	\$116,683	\$125,841
Cash sales	\$85,167	\$88,667	\$92,167	\$95,667	\$99,167	\$102,667	\$106,167	\$109,667	\$113,167	\$116,667	\$120,167	\$123,667
Received on Acct	\$31,303	\$32,838	\$34,365	\$35,805	\$37,220	\$38,644	\$40,067	\$41,490	\$42,914	\$44,388	\$45,939	\$47,362
Cost of Sale	\$85,967	\$89,544	\$93,129	\$96,714	\$100,305	\$103,895	\$107,485	\$111,075	\$114,696	\$118,363	\$121,953	\$125,543
Expenses	\$30,254	\$30,379	\$30,966	\$29,724	\$29,602	\$29,724	\$29,980	\$30,042	\$30,966	\$30,541	\$30,664	\$30,695
Debt Expenses	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582
Depreciation	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Net Cash	\$91,067	\$88,317	\$86,422	\$87,124	\$89,272	\$92,632	\$97,069	\$102,777	\$108,864	\$116,683	\$125,841	\$136,300
Year Three	25	26	27	28	29	30	31	32	33	34	35	36
Cash on hand	\$136,300	\$140,429	\$146,189	\$152,820	\$159,893	\$167,225	\$176,518	\$185,470	\$194,654	\$205,596	\$216,570	\$227,671
Cash sales	\$128,334	\$128,334	\$128,334	\$128,334	\$133,001	\$133,001	\$133,001	\$137,667	\$137,667	\$137,667	\$140,001	\$140,001
Received on Acct	\$48,786	\$50,505	\$50,638	\$50,780	\$50,930	\$52,777	\$52,931	\$53,086	\$54,941	\$55,121	\$55,386	\$56,493
Cost of Sale	\$130,228	\$130,292	\$130,362	\$130,436	\$135,198	\$135,275	\$135,352	\$140,118	\$140,211	\$140,354	\$142,837	\$142,914
Expenses	\$38,431	\$38,454	\$37,647	\$37,272	\$37,070	\$36,877	\$37,297	\$37,119	\$37,123	\$37,129	\$37,116	\$37,120
Debt Expenses	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582	\$5,582
Depreciation	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Net Cash	\$140,429	\$146,189	\$152,820	\$159,893	\$167,225	\$176,518	\$185,470	\$194,654	\$205,596	\$216,570	\$227,671	\$239,799

Assumptions:

% of Rx sales in which receive cash in same month =	80.00%
% of compounding, OTC, services, and expenses cash received in same mo	100.00%

Granite Pharmacy

ProForma Balance Sheet

	Beginning Balance	Year 1	Year 2	Year 3
Assets				
Current Assets				
Cash	\$200,000	\$95,150	\$136,300	\$239,799
Accounts Receivable	\$0	\$31,303	\$17,483	\$7,862
Inventory	\$150,000	\$170,000	\$210,000	\$175,000
Total Current Assets	\$350,000	\$296,453	\$363,783	\$422,661
Fixed Assets				
Leasehold Improvement	20000	0	0	0
Fixtures & Equipment	\$105,000	\$105,000	\$105,000	\$105,000
less Accum. Depreciation	\$0	\$15,000	\$30,000	\$45,000
Total Fixed Assets	\$125,000	\$90,000	\$75,000	\$60,000
Total Assets	\$475,000	\$386,453	\$438,783	\$482,661
Liabilities & Stockholder's Equity				
Liabilities				
Current Liabilities				
Accounts Payable	\$0	\$25,000	\$30,000	\$35,000
Notes Payable < 1 year	\$0	\$37,065	\$42,214	\$30,998
Total Current Liabilities	\$0	\$62,065	\$72,214	\$65,998
Long Term Liabilities				
Notes Payable > 1 year	\$500,000	\$462,935	\$420,721	\$389,723
Total Liabilities	\$500,000	\$525,000	\$492,935	\$455,721
Net Worth				
Paid in Capital	\$100,000	\$100,000	\$78,437	\$189,054
Income(loss) for year	\$0	(\$21,563)	\$110,617	\$163,345
Ending Balance	\$100,000	\$78,437	\$189,054	\$352,399

Notes:

Beginning Loan Balance is 500000

Granite Pharmacy

Proforma Income Statement

	Year 1		Year 2		Year 3	
Revenues						
Rx Sales	\$747,017		\$1,579,121		\$2,033,364	
OTC Sales	\$67,232		\$142,121		\$183,003	
Service Sales	\$5,875		\$20,525		\$27,900	
Immunization Sales	\$706		\$1,058		\$1,309	
Total Revenues	<u>\$820,829</u>		<u>\$1,742,825</u>		<u>\$2,245,576</u>	
Total COGS	\$600,278	73.13%	\$1,268,669	72.79%	\$1,633,577	72.75%
Gross Profit	<u>\$220,551</u>		<u>\$474,156</u>		<u>\$611,999</u>	
Expenses						
Salaries	\$97,800		\$169,200		\$212,400	
Payroll Tax, Work Comp, Benefits	\$22,757		\$36,687		\$48,463	
Other Operating Expenses	\$106,558		\$142,652		\$172,792	
Total Expenses	<u>\$242,114</u>		<u>\$363,539</u>		<u>\$448,654</u>	
Operating Income (Loss)	(\$21,563)		\$110,617		\$163,345	
Debt Payments	<u>\$66,984</u>		<u>\$66,984</u>		<u>\$66,984</u>	
Net Income before Taxes	<u>(\$88,547)</u>	-10.79%	<u>\$43,633</u>	2.50%	<u>\$96,361</u>	4.29%

References

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NCPA

KPIC Resources

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