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Master's Thesis

**Hola Baby 幼稚園企業計劃**

**Hola Baby Kindergarten Business Plan**

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Advisor: Professor Jack Wu

中華民國一〇一年七月

July 2012

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## *Dedication*

To my family for being supporting every day,  
To my wife for helping me and for being next to me all the  
time,  
To my little Marc for giving me his cute smile every morning.



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# 1. EXECUTIVE SUMMARY

There is no doubt that the world is more flat and people are more multicultural and movable than 10 or 20 years ago. If you take a look at my case, I am a Spanish who meet a Taiwanese in New York and now I am forming a family in Taipei.

During my childhood I didn't learn any other language than my two natives' languages (Catalan and Spanish), I started to study English with 20 years and since then I am still struggling trying to improve my language skills (English and Chinese). However, there is a way to avoid my long learning journey. As thousands of studies demonstrated, learning a language as a kid is a lot easier and faster than as adult, the main reason is because the brain's cognitive flexibility decreases with age.

Living in Taiwan for more than 2 years, I realized the importance that the Taiwanese parents give to the early education of their children and specially to learn languages, mainly English. For example, last April I went to the Toddlers Fair in the World Trade Center in Taipei, it was astonishing see that 70% of the Area was focused on books' subscriptions with a lot of bilingual books. Another fact is that in almost any street you can find an English cram school or an English kindergarten.

During my research I found that there is a lot of competition about English kindergarten, but I also found that there is no competition regarding other languages kindergarten besides the French and German section of the Taipei European School, with a prohibitive price. The lack of competition for trilingual kindergarten, plus the recent inflow of people with Spanish background that came to Taipei recently due to the ICDF program, makes me believe that there is a profitable niche to exploit in a trilingual kindergarten.

Based in my estimation and the information obtained through the contact with the Spanish Speaking Countries' embassies the approximate number of children between 0 and 6 years with one Spanish Speaking parent is around 100 (around 20 Embassies in Taiwan with an average of 5 children per embassy). Our target would be acquire around 40% of this market and use it as a hook to attract Taiwanese families interested in a multicultural experience for

their children and other foreign families (targeting North American) interested in helping their children to boost their language skills.

Hola Baby Kindergarten is a local Taiwanese company with 34 employees, 9 of them foreigners, created to help Taiwanese children to understand and learn from other cultures and to arouse interest to learning languages. The school is planned to be located in Tianmu neighborhood in Taipei with three different departments (Chinese, English and Spanish), each one in a different floor with different cultural decoration and motives to create three different worlds. Furthermore, each Department works independently in deciding their own individual activities under a general curriculum and monitored by a Committee formed by all the departmental heads and the Director.

The parents are given a wide range of flexible plans to choose for their children, part-time or full-time. They may choose just one language plan for their children (Chinese, English or Spanish) or they may choose bilingual or trilingual schedule. However, even if the parents choose the one language schedule their children will also have a daily involvement in activities with other departments and cultures with the activity “Explore New Cultures”. Other factors we consider important in our school are the involvement of the parents in the children education, through the “Saturday Family Activities”; and to build up confidence to have an outgoing and sociable child through the “Monthly Theater Activities” and a curriculum full of fun and sharing activities.



## 2. COMPANY DESCRIPTION

### 2.1. Company Overview



Hola Baby is a Trilingual Kindergarten (Spanish, English and Chinese) situated in Taipei. It was founded by Mr. Albert Iglesias, Mrs. Katrena Hsiao and Mr. John Vatougios with the goal to provide a fun and multicultural learning experience for children between 2 and 6 years.

### 2.2. Vision and Mission

#### 2.2.1. Vision

To provide a life-lasting multicultural experience; to open the child's mind to explore, understand and appreciate the worldwide cultural differences; and to make learning different languages a fun and enjoyable process.

#### 2.2.2. Mission

To create a fun, safe and stimulating environment where the children can be exploring different ways to educate through three different environments, Spanish, English and Chinese.

### 2.3. Values

#### 2.3.1. Happiness

We believe that the most important factor to raise a smart and healthy baby is happiness. We believe that happiness is inherent in a baby and it only changes over life due to disappointments, we want to teach a baby to be thankful for what they have and to appreciate even the smallest achievement.

As Aristotle said "Happiness depends upon ourselves"

#### 2.3.2. Learning

Our main goal is to keep learning and fun together in an interactive and multicultural environment. We want to build the pillars of happy learning in the baby as a foundation of a long and enjoyable education journey.

“Education is what remains after one has forgotten what one has learned in school” Albert Einstein.

### **2.3.3. Creativity**

We want to provide the tools and the attitude to self-learning and curious mind for the children to have the motivation to explore for new ideas and new ways to solve their daily problems.

“Inspiration exists but has to find you working” Pablo Picasso.

“Creativity is just connecting things” Steve Jobs

### **2.3.4. Multicultural**

We believe that the exposure to a multicultural environment boost creativity and respect to different opinions and manners. We believe that understanding different cultures and different ways of thinking helps to be an open-minded person.

“Everything that we see is a shadow cast by that which we do not see”. Martin Luther King Jr.

### **2.3.5. Safety**

We carefully create a safe environment to create confidence in the children and willingness to explore and learn. The protection of all the facilities and the alertness of our teachers are basic to give freedom to the children to have a monitored learning experience.

“Don’t handicap your children by making their life easy”. Robert A. Heinlein.

### **2.3.6. Trust**

Trust in the environment, trust in your friends and trust in yourself are part of owns confidence, and we believe that confidence boost creativity and happiness.

“The best way to find out if you can trust somebody is to trust them” Ernest Hemingway.

### **2.3.7. Respect**

Learn how to respect and love yourself, your parents, others and the environment is a basic purpose of life.

“Respect yourself and others will respect you” Confucius.

## **2.4. Management**

### **2.4.1. Albert Iglesias**

CEO, CFO and Chief of the Spanish Section, he is an IMBA Candidate at National Chengchi University, with 4 years of experience in accounting. He is going to be in charge of the strategic and long-term planning together with the daily accounting, budgeting and financing operations.

### **2.4.2. Katrena Hsiao**

COO and Chief of Chinese Section, she has a Degree in Airline Management from the Kaohsiung University, a Chinese teacher certificate and more than 8 years of experience in Facility Management. She is going to be in charge of the daily general operations and the strategic plan for the curriculum and education in the Chinese Section.

### **2.4.3. John Vatougios**

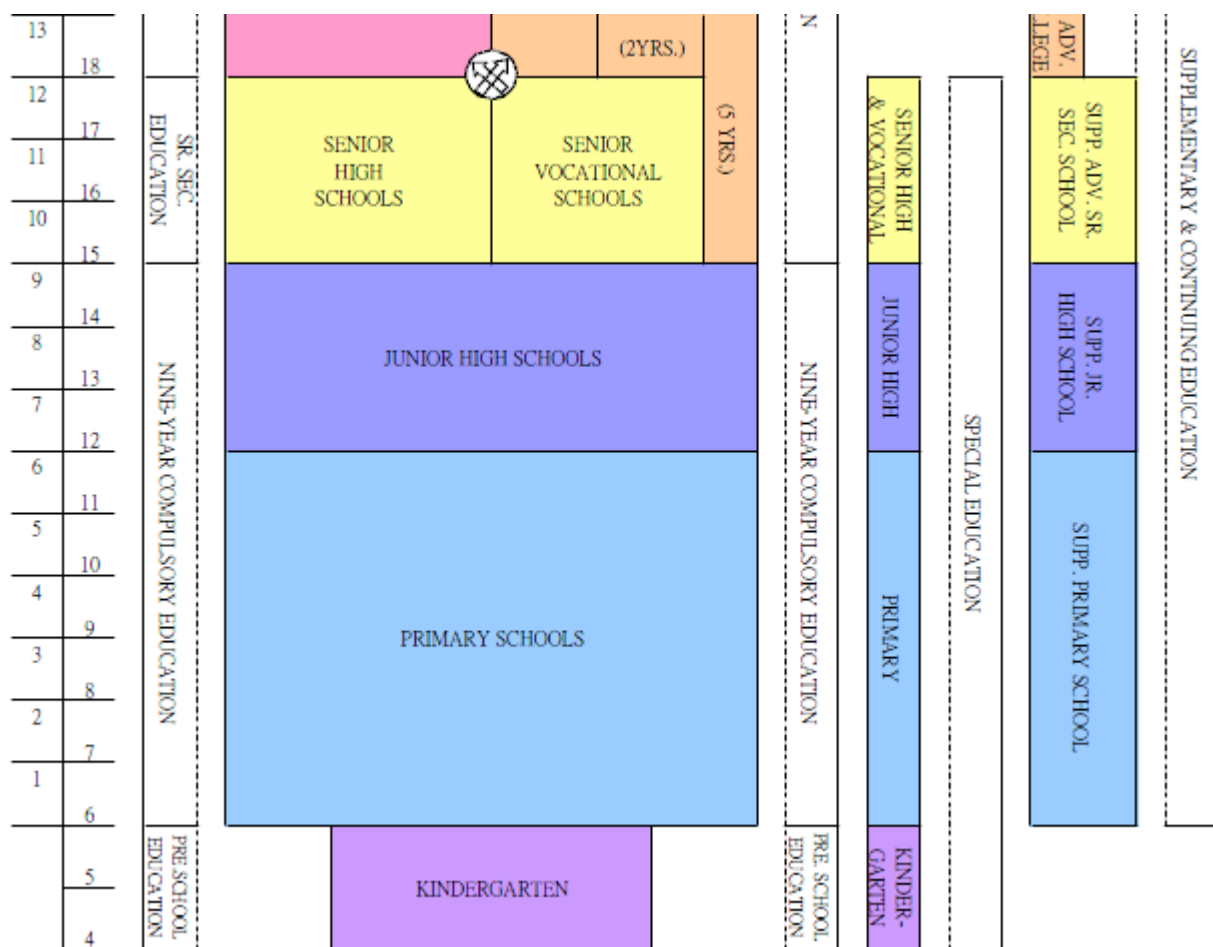
Chief of the English Section, he is an IMBA Candidate at National Chengchi University, he has a Bachelor of Applied Physics and a Master in Education from Simon Fraser University in Vancouver. He has more than 8 years of experience teaching, 4 of them in Taiwan. He is going to be in charge of the daily operations and the strategic plan for the curriculum and education in the English Section.

### 3. MARKET ANALYSIS

#### 3.1. PEST ANALYSIS

##### 3.1.1. Political Factors

- Compulsory education in Taiwan is from 6 to 15 years old (9 years), and is expected to extend to 18 years old by 2014. So, Preschool education, from 2 to 6 years is not considered compulsory in Taiwan.



**Figure 1: Taiwan Current Education System**

Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

- Since 1981 the field of early education and childhood was regulated by the Preschool Education Act, however, on June 2011 the Executive Yuan passed the “Early Education and Care Act”, which started to take effect on January 2012. The following are the main changes in the Act:

*Impacts of early childhood education and care act (ECEC Act)*

	Contents	Before integration	After ECEC Act comes into force
Kindergarten	Age of children	4 to 5-year-old	<u>2 to 5-year-old</u>
	Auspices	MOE, The Department of Elementary Education	
	Professional	teacher	Teacher, Caregiver, assistant caregiver;
	Staffing	2 teachers/each class	Should have at least one teacher in each 5-year-old group. Assistant caregivers should not exceed 1/3 of the total professionals employed.
	Child-teacher ratio	1:15	1:15 for 3 to 5-year-olds <u>1:8 for 2-year-olds</u>
	Maxim.group size	30	<u>30 for 3 to 5-year-olds 16 for 2-year-olds</u>
Nursery center	Age of children	2 to 5-year-old	2 to 5-year-olds
	Auspices	MOI Child Welfare Bureau	MOE, The Department Elementary Education
	Professional	Caregiver/assistant caregiver	Teacher, Caregiver, assistant caregiver
	Staffing		Should have at least one teacher in each 5-year-old group (should meet this requirement, from the date of ECEC Act enforcement for five years). Assistant caregivers should not exceed 1/3 of the total professionals employed.
	Child-caregiver ratio	1:15 for 3 to 5-year-old; 1:12 for 2-year-old	1:15 for 3 to 5-year-olds 1:8 for 2-year-olds
	Maxim.group size		30 for 3 to 5-year-olds, 16 for 2-year-olds

**Figure 2: Impact of the ECEC Act**

Source: Child Care Friendly Policies and Integration of ECEC in Taiwan - International Journal of Child Care and Education Policy 2011, Vol.5, No.2, 1-19

### 3.1.2. Economic Factors

- Taiwan's economic situation has been stable in the recent years (GDP growth of 10.72% in 2010, 4.04% in 2011 and forecasted growth of 3.85% in 2012). However, the unstable situation in Europe, the not complete recovery of the United States and the negative data about the perspectives in China may affect the export oriented Taiwanese economy.
- The Inflation is expected to rise in 2012, the Consumer Price Index (CPI) is forecasted to grow at 1.46% in 2012, mainly in food and clothing products, however, the expenses in education may decrease during the same period.
- The interest rates are low in Taiwan (TAIBOR around 0.9%), a good indication to obtain cheap funding for our venture if needed.
- The unemployment rate in Taiwan is decreasing from a peak of more than 6% in 2009; in January 2012 was around 4.18%. Furthermore, the labor force participation is also increasing; in January 2012 was 58.12%. This data may

indicate a growing number of families with both parent working and a need to send the children to kindergarten.

### 3.1.3. Sociocultural Factors

- With a birth rate of 1.01, Taiwan has one of the lowest in the world, if this trend continues for the following years this may be a threat for the company future growth.
- In the bright side from the statistics we observed that the women aged between 25 and 44 are increasingly joining the labor force, around 76.5% in 2010. The dual income families may be one of the reasons of the high percentage of preschool kids registered in kindergarten (93.77% in 2010).

*Population, number of newborns, birth rate and labor force participation rate of women aged 25-44 with the years*

Years	Total Population	AGE (0-2)	AGE (2-6)	AGE (6-12)	AGE (0-12)	0-12 by total %	N of newborns	Birth Rate	women in work
2010	23,162.1	352.2	820.5	1,538.8	2,978.9	12.9	167.3	1.01	76.51
2009	23,119.8	381.4	839.5	1,587.4	3,131.6	13.5	182.5	1.03	75.58
2008	23,037.0	393.0	860.8	1,682.8	3,259.0	14.1	187.6	1.05	74.83
2005	22,770.4	413.6	1,037.1	1,843.5	3,620.7	15.9	195.3	1.12	70.62
2000	22,276.7	575.2	1,238.9	1,937.0	4,092.8	18.4	292.7	1.68	64.52
1995	21,357.4	623.8	1,302.4	1,969.7	4,272.4	20.0	303.0	1.78	60.35
1990	20,401.3	639.6	1,318.5	2,364.1	4,724.1	23.1	324.0	1.81	55.43
1985	19,313.8	678.9	1,594.8	2,352.1	4,984.9	25.8	314.4	1.88	56.07
1980	17,866.0	785.7	1,577.5	2,222.1	4,971.0	27.8	375.5	2.52	41.62

*Note.* Population Unit; thousand, Women in work means labor force participation rate of aged 25-44

**Figure 3: Population Structure**

Source: Child Care Friendly Policies and Integration of ECEC in Taiwan - International Journal of Child Care and Education Policy 2011, Vol.5, No.2, 1-19

- One of the cultural characteristics of Taiwanese parents is the concern and the dedication (time and money) that they put into their children's education since inception, and one of their main concerns is learning languages, mainly English.
- As a concern we have the attraction of qualified staff, regarding Chinese teachers it won't be a major problem, the major concern is attracting Spanish and English speaking teachers with patience to educate children between 2 and 6 years and the willingness to have a mid or long-term career in Taiwan.

### **3.1.4. Technological Factors**

- With the technology advancing so fast and with the children toys every day more and more sophisticated, nowadays is really important to carefully select the toys than can enhance the children learning experience without harming their social skills.
- The advertisement and promotion of the school and its activities is also affected by the technology. It is really important take advantage of the Social Networks and the help that may provide to add additional services for the families.
- The technology investment and requirements will be one of the main drivers of our initial investments (a/c, computers, TVs and other facilities, IT systems, software, etc.), so it is important to carefully select the best quality/price provider.

## **3.2. PORTER 5 FORCES**

### **3.2.1. Bargaining Power of Suppliers**

Within the kindergarten industry, there are numerous suppliers of a variety of products (toys, books, etc.) and services (cleaning, maintenance, food, etc.) fragmented across the industry. These suppliers sell generic products in a high competitive market, so the bargaining power of the suppliers is considered low.

### **3.2.2. Threat of New Entrants**

The main barriers of entry into the market are to obtain the license and permits and comply with the regulation (safety regulation and ECEC Act) or the ability to raise money to adapt the facilities to a child friendly environment. Based in the mentioned prerequisites we consider that the barriers of entry are also considered low.

### **3.2.3. Threat of Substitutes**

Other options than sending your son to a kindergarten are that the parents stay in home taking care of the child, hire a maid, hire a nanny to come home, or send your child to a house of a nanny which take care of more than one child. Each one of the options mentioned has its own disadvantages (price, safety, trust, etc.), so we would consider the threat of substitutes also low.

### 3.2.4. Bargaining Power of Customers

The importance to select a good kindergarten for the children is one of the most important decisions that a family does, so they take good care about selecting the best kindergarten for their children. They acquire as much as information they can, from visiting various facilities, interviewing the owners, to asking for recommendations from relatives and friends. So, we would consider that the customer has high bargaining power.

### 3.2.5. Competitive Rivalry within Industry

The Taiwanese kindergarten industry includes around 3,283 different kindergarten, some of them are grouped as franchises; but we still can consider that the market is quite segregated. Furthermore we observe that since 2000 the number of kindergarten didn't grow and the number of students decreased around 25%. With this data we can confirm that the kindergarten market is highly competitive in Taiwan.

*Numbers of kindergarten, class, and attendances of children by public/private sector with the years*

Years	Total		
	Kinder	Class	Children
2010	3,283	9,492	183,901
2009	3,154	9,602	182,049
2008	3,195	9,820	185,668
2007	3,283	10,173	191,773
2006	3,329	10,282	201,815
2005	3,351	10,713	224,219
2004	3,252	10,229	237,155
2003	3,306	10,417	240,926
2002	3,275	10,233	241,180
2001	3,234	10,144	246,303
2000	3,150	10,034	243,090
1997	2,777	8,747	230,781
1995	2,581	8,645	240,368
1990	2,505	8,112	237,285

**Figure 4: Number of Kindergarten**

Source: Child Care Friendly Policies and Integration of ECEC in Taiwan - International Journal of Child Care and Education Policy 2011, Vol.5, No.2, 1-19



To understand more the market and the competition we decided to do a mystery shopping analysis, reviewing 4 competitors in the industry with different characteristics:

### TAIPEI EUROPEAN SCHOOL



The Taipei European School is one of the most renowned and recognized schools in Taipei, its courses range from kindergarten to high school. The School is divided in three separate sections (British, French and German). The school offers classes in any of the languages mentioned plus Chinese. Each of the three sections offer Kindergarten services from 3 to 6 years old with focus on motor skills activities and language acquisition activities. Its curriculum and facilities are outstanding; however, the cost is higher than other private kindergarten. See the fee structure:

	FRENCH SECTION			GERMAN SECTION			BRITISH SECTION		
	3-4 years	4-5 years	5-6 years	3-4 years	4-5 years	5-6 years	3-4 years	4-5 years	5-6 years
Registration Fee (one time)	30,000	30,000	30,000	100,000	100,000	100,000	50,000	50,000	50,000
Annual Fee	0	0	120,000	0	0	0	0	0	0
Tuition Fee per Semester	140,700	150,150	114,000	149,350	149,350	189,520	144,400	144,400	144,400
Tuition Fee per Semester (half day)	n/a	n/a	n/a	n/a	n/a	n/a	90,600	90,600	90,600

### SWISS TRILINGUAL



The Swiss (Small World International Students System) Trilingual school is an international private school with franchises in whole over the world. Swiss was founded in 2004 in New York with the values of compassion, love in a trilingual environment. The school has two types of curriculum, one based on Chinese, Spanish and English languages and another one based in Japanese, French and English. However, this school looks a direct competitor the problem is its location (located in Hsinchu) and that only accepts children over 5 years old. Furthermore, the price offered by the school is also prohibitive. See the fee structure:

Tuition (12 Month School Year)				
Chinese / Spanish / English Program OR Japanese / French / English Program	2 days/wk (8:00-12:00)	3 days/wk (8:00-12:00)	5 days/wk (8:00-12:00)	Full Time Students* (9:00-4:00)
12 Month Fees & Tuition	\$6,120	\$7,644	\$11,520	\$14,980

**Figure 5: SWISS Tuition Fee Structure (in US dollars)**

Source: SWISS Trilingual School, Taiwan Branch.

## CHOCOLATE EDUCATION INSTITUTE



The Chocolate Education Institute is a group of 7 kindergartens around Taipei and Taipei County. They accept babies between 2 and 6 years and they divide them in 4 classes (Baby Class, Primary Class, Junior Class and Senior Class). Its curriculum and materials are Chinese-English bilingual with focus on enhance the intellectual ability (mathematical, language, intrapersonal, etc.) of the children. One of the weaknesses of this school is that is too focus on learning and not in the idea of joy. The Fee structure is the following:

	CHOCOLATE
Miscellaneous Fee	22,800
Tuition Fee per month	9,800
Additional fee per month (food, clothes, etc.)	3,950

## NJIAMEEI KINDERGARTEN (佳美)

Njiameei is a local kindergarten really famous in Yonghe County with 6 months waiting list to register the child. It is a only Chinese kindergarten focused on enhance the interpersonal skills and motor abilities of the children. Its facilities contain gardens, small farm with rabbits and swimming pool, and its teachers are lively. All together makes an amazing and unforgettable experience for the children. The disadvantages of this school are its only Chinese curriculum and its lack of structured curriculum. The fees structure is the following:

	佳美
Miscellaneous Fee	16,000
Tuition Fee per month	9,000
Additional fee per month (food, clothes, etc.)	n/a

### 3.3. BLUE OCEAN STRATEGY

As we observed in our Five Forces analysis, the kindergarten industry is quite competitive, if we add to the fact that the customers rely on the experience and brand name of the school. It makes really difficult for new entrants to come into the market. So our aim is to find our Blue Ocean in the industry, we believe there is a niche for children that at least one of the parents is Spanish speaking. Our reasons are the following:

- Good political relations between Taiwan and Latin American countries.
- Increasing trade between Taiwan and Central and South American countries (Total Trade increased around 7% during 2012).
- ICDF Scholarships that brings around 160 new outstanding students from countries, mainly from Central America, every year. That has the potential to stay in Taiwan and form a family here.

So, we believe that we can make a profitable Business moving from the Red Ocean to the Blue Ocean in the Taiwanese kindergarten industry. By having Spanish speaking children we can create a multicultural environment that will attract the Taiwanese parents.

Red Ocean Strategy	Blue Ocean Strategy	Red Ocean Strategy	Blue Ocean Strategy
Compete in existing market space	Create uncontested market space	Compete with the American Style Kindergarten	Create a Niche for Spanish Speaking families and create a really multicultural environment
Beat the competition	Make the competition irrelevant	Beat the well-established franchises	We are not American or Chinese kindergarten we are a worldwide kindergarten
Exploit existing demand	Create and capture new demand	Exploit existing stagnant demand (low population growth)	Create demand for Latino families and local families interested in multicultural education for children
Make the value-cost trade-off	Break the value-cost trade-off	Make the value-cost trade-off	Break the value-cost trade-off --> Add value without adding cost
Align the whole system of a firm's activities with its strategic choice of differentiation <i>or</i> low cost	Align the whole system of a firm's activities in pursuit of differentiation <i>and</i> low cost	Choose between differentiation and low-cost strategy	Create a Multicultural differentiation with creativity in design to obtain low-cost operations

Figure 6: Red Ocean vs. Blue Ocean Strategy

### **3.4. SWOT ANALYSIS**

#### **3.4.1. Strengths**

- All our teachers are completely bilingual (Chinese-English, English-Spanish or Chinese- Spanish).
- Flexibility in choosing plan, you can choose a one language plan (Chinese, English or Spanish), bilingual plan (Chinese-Spanish, Spanish-English or Chinese-English), or trilingual plan..
- We enhance the creativity of the children by monitored fun activities.
- We have daily mixed activities between the children of the 3 sections, to enhance their understanding of the different cultures.
- Every Saturday we offer a gathering with parents and children to have fun activities together.
- We have monthly gathering where the kids and the parents are invited to mingling and understand the environment in our school.
- Competitive price compared with other Multilanguage schools.

#### **3.4.2. Weaknesses**

- We don't have the reputation of other school.
- Besides the Chief of the English Section, we don't have experience in the education industry.

#### **3.4.3. Opportunities**

- No competitors offer trilingual school at a reasonable price.
- Motivation of Taiwanese parents to educate children since inception.
- It is easy in Taiwan to find good quality at a reasonable price toys and books, lowering the cost of the initial investment.

#### **3.4.4. Threats**

- Established market with established competitors will make difficult to switch school for students.
- Low birth rate in Taiwan and high kindergarten registration rate, the only way to increase revenues is by gaining market share.

- Our school is a new concept in the market and there is the risk of misunderstanding and lack of marketability.



## **4. MARKETING PLAN**

### **4.1. PRODUCT**

We will have a 3 floors facility; each floor will represent a different culture (Spanish, American and Chinese). In each floor we will have three classrooms (2-3 years, 3-4 years and 5-6 years) a playing area and an activities area. The parents can choose between different plans to register their children, see Section 5 -Business Model- below for more detail in the product and activities.

### **4.2. PRICE**

Our pricing strategy will be market oriented; we will try to keep the market price of competition for the basic package (only Chinese environment), adding mark-ups for additional services (different languages, bilingual education, etc.). See section 5.4.2 –Pricing- for more detail on pricing.

### **4.3. PLACE**

We will locate our kindergarten in the neighborhood of Tianmu, even though it is the area with more international kindergarten competition, it is also the area with more Spanish speaking residents due to the location of the embassies and the convenience of the neighborhood. Furthermore, the area is more internationally open.

### **4.4. PROMOTION**

We will promote our school first by advertising in South and Central American embassies and promoting it to the personnel working in the embassies and the Chambers of Commerce to obtain a word of mouth promotion. Furthermore, we will make use of the Social Networks (Facebook mainly) to promote our school and activities. The promotion of the Chinese and English section will be by handing pamphlets around the neighborhood. We will also have one Saturday per month open to prospect customers to show them the activities we do in the school and to let them interact with parents to give them better information about the greatness of our school and services.

## 5. BUSINESS MODEL

### 5.1. GENERAL OVERVIEW

We offer to our customer the option to register in a truly multicultural school, with 3 different departments (Chinese, English and Spanish), located in three different floors. Each Department works independently in deciding their own individual activities under a general curriculum and monitored by a Committee formed by all the departmental heads and the Director.

The parents can choose different options to register their children:

- Full-time One language program: The child will be registered in one of the three departments (Chinese, English or Spanish) and the curriculum will be held in only one of the three languages, however, the child will have the opportunity for an hour a day to explore and understand the other cultures (See more details in section 5.2 - Key activities-).
- Part-time One language program: As the full-time program, the child will be registered in one of the three departments and he will stay in the school in the morning from 8.00 to 12.30 and after lunch the parents will come to pick the child up.
- Full-time Two languages program: The child will be registered in one of the departments as a main language and the parents will choose which language they want as a second language. The child in the morning will be part of the main language class and in the afternoon he will be part of the second language class.
- Part-time Two languages program: The child will be registered in one language as a main language and will take the core classes in that language (classes from 9.00 to 10.15, see more detail below in section 5.2 -Key activities-), the second morning class will be held in the chosen language by the parents. Then after lunch the parents will come to pick up the child.
- Full-time Trilingual program: The child will be registered in one main language and will take the core classes in that language (classes from 9.00 to 10.15, see more detail below in section 5.2 -key activities-). For the two other languages, the child will be distributed to the morning or afternoon class depending on availability.

Our classes will be divided in three levels in each of the three departments:

- Freshman: For 2 and 3 year old children.
- Sophomore: For children between 3 and 4 years old.
- Senior: For children between 5 and 6 years old.

To provide a high class education and to comply with the governmental regulation (see section 3.1 –Political Factors- above for more detail) the number of students and teachers per class will be as follow:

	Number		
	Students	Teachers	Students per teacher
Freshman Class	16	2	8
Sophomore Class	24	3	8
Senior Class	24	3	8

Our teachers will be advanced or fully bilingual in any pair of languages taught in the school (Chinese-English, English-Spanish and Chinese-Spanish). In every class will be at least one native speaker of the language taught plus one bilingual Taiwanese teacher for the English and Spanish class.

Furthermore, our kindergarten gives an important role to the family values, providing a full range of family activities every Saturday morning, with an special party the last weekend of every month, which includes a theater performance by the children (See more detail in section 5.2 -Key Activities- section below).

## **5.2. KEY ACTIVITIES**

As we mentioned before we have a standard weekly schedule for all the levels and departments (Chinese, English and Spanish) which gives us the flexibility to offer our customers a wide range of plans to register their children.

Furthermore, in our kindergarten we are planning to have a monthly theme in every department that will serve to guide our classes and lessons to a structured and fun learning experience and to gain cultural knowledge.



### 5.2.1. Weekly Schedule

Our weekly schedule for all the Departments is as follows:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
8.00-9.00	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	x
9.00-10.15	Oral Language Development	Learning Science	Learning Mathematics	Reading and Writing Development	Computer Workshop	Family Theater
10.15-11.30	Personal and Social Development	Crafts	Physical Activities	Theater	Music and Dance	Family Activities
11.30-12.30	Lunch time	Lunch time	Lunch time	Lunch time	Lunch time	Lunch Time
12.30-14.00	Nap Time	Nap Time	Nap Time	Nap Time	Nap Time	x
14.00-15.15	Explore new cultures	Explore new cultures	Explore new cultures	Explore new cultures	Explore new cultures	x
15.15-16.30	Physical Activities	Theater	Personal and Social Development	Music and Dance	Crafts	x
16.00-17.00	Cleaning Time	Cleaning Time	Cleaning Time	Cleaning Time	Cleaning Time	x

From our typical weekly schedule we would like to highlight that we have 3 different classes per day (two in the morning and one in the afternoon). The first morning class is considered the core class and has the objective to create the basic knowledge for the next steps of the children. This is the main class for the children and the parents should choose which language want as a main language and have the core classes.

The other two daily classes are considered more fun and are created to build the children personality, social skills and confidence. For the children with bilingual and trilingual plan these classes are conducted in another floor with different language and culture.

For example a weekly schedule for a child with trilingual plan and Chinese as a main language would be as follow:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
8.00-9.00	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	x
9.00-10.15	Oral Language Development - <b>Chinese</b>	Learning Science - <b>Chinese</b>	Learning Mathematics - <b>Chinese</b>	Reading and Writing Development - <b>Chinese</b>	Computer Workshop - <b>Chinese</b>	Family Theater
10.15-11.30	Personal and Social Development - <b>English</b>	Crafts - <b>English</b>	Physical Activities - <b>English</b>	Theater - <b>English</b>	Music and Dance - <b>English</b>	Family Activities
11.30-12.30	Lunch time	Lunch time	Lunch time	Lunch time	Lunch time	Lunch Time
12.30-14.00	Nap Time	Nap Time	Nap Time	Nap Time	Nap Time	x
14.00-15.15	Explore new cultures	Explore new cultures	Explore new cultures	Explore new cultures	Explore new cultures	x
15.15-16.30	Physical Activities - <b>Spanish</b>	Theater - <b>Spanish</b>	Personal and Social Development - <b>Spanish</b>	Music and Dance - <b>Spanish</b>	Crafts - <b>Spanish</b>	x
16.00-17.00	Cleaning Time	Cleaning Time	Cleaning Time	Cleaning Time	Cleaning Time	x

A weekly schedule for a bilingual plan with Chinese as a main language and Spanish as second language would be as follow:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
8.00-9.00	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	x
9.00-10.15	Oral Language Development - <b>Chinese</b>	Learning Science - <b>Chinese</b>	Learning Mathematics - <b>Chinese</b>	Reading and Writing Development - <b>Chinese</b>	Computer Workshop - <b>Chinese</b>	Family Theater
10.15-11.30	Personal and Social Development - <b>Chinese</b>	Crafts - <b>Chinese</b>	Physical Activities - <b>Chinese</b>	Theater - <b>Chinese</b>	Music and Dance - <b>Chinese</b>	Family Activities
11.30-12.30	Lunch time	Lunch time	Lunch time	Lunch time	Lunch time	Lunch Time
12.30-14.00	Nap Time	Nap Time	Nap Time	Nap Time	Nap Time	x
14.00-15.15	Explore new cultures	Explore new cultures	Explore new cultures	Explore new cultures	Explore new cultures	x
15.15-16.30	Physical Activities - <b>Spanish</b>	Theater - <b>Spanish</b>	Personal and Social Development - <b>Spanish</b>	Music and Dance - <b>Spanish</b>	Crafts - <b>Spanish</b>	x
16.00-17.00	Cleaning Time	Cleaning Time	Cleaning Time	Cleaning Time	Cleaning Time	x

For a part time bilingual plan with Chinese as a main language and English as second language the plan would be as follow:

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
8.00-9.00	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	Student arrival time and Breakfast	x
9.00-10.15	Oral Language Development - Chinese	Learning Science - Chinese	Learning Mathematics - Chinese	Reading and Writing Development - Chinese	Computer Workshop - Chinese	Family Theater
10.15-11.30	Personal and Social Development - English	Crafts - English	Physical Activities - English	Theater - English	Music and Dance - English	Family Activities
11.30-12.30	Lunch time	Lunch time	Lunch time	Lunch time	Lunch time	Lunch Time

## 5.2.2. Special Activities

The special activities that may differentiate our kindergarten from the others are:

- Explore New Cultures:

We consider multiculturalism one of the main values of our kindergarten and we want to enhance it by the exposure to different cultures. So the idea of this afternoon activity is to completely mix kids from different departments to play fun and traditional activities (crafts, dance, music, sports, etc.) in a different cultural environment. For example, we will mix one third of the Chinese Department class with one third of the Spanish class and with one third of the English class. All together they will rotate to the different cultural environments. For example, we will explore the English world with teachers that can help to communicate in the three languages and they will be able to explain the American traditions and to do some typical American activities.

- Saturday with Family:

Saturday with Family comes from our belief that family and education should be always linked, and parents should be all the time knowledgeable of the children's education. With the Saturday with family our goals are to provide free and fun activities where the parents can enjoy with the kids; to introduce the parents between them to increase relations and friendship and establish long-term relationships; and to have an informal way to communicate the children's performance and concerns that may surge during the week. During Saturday with family we will do the following 3 main activities:

- Family Theater: This activity consists in giving the opportunity to parents to have fun with their children while practicing the monthly theater performance

and if they are willing they can also participate with a secondary role in the monthly performance.

- Family activities: Games and music in a collaborative environment between children and parents.
- Lunch time: Informal lunch for everyone to boost parental relations and teacher-parents relations.

- Theater Performance:

The last Saturday of each month will be a performance to play by the children in front of their parents. Every week the children have two theater classes (Tuesday and Thursday) in which they will practice the monthly performance and the optional Saturday practice with the parents. Following we can find a table from the English Department as example of the monthly departmental themes and the scheduled performance's title.

	<b>Theme</b>	<b>Theater Play</b>
<b>January</b>	New Year's	Snow White and the Seven Dwarfs
<b>February</b>	Love and Feelings	Cinderella
<b>March</b>	Animals	Three Little Pigs
<b>April</b>	Spring is coming	Pinocchio
<b>May</b>	Mothers month	Little Red Riding Hood
<b>June</b>	Let's go to the beach	Jack and the Beanstalk
<b>July</b>	America	The story of Independence day
<b>August</b>	Picnic	The Hare and the Tortoise
<b>September</b>	Autumm is coming	The Ant and the Grasshopper
<b>October</b>	Halloween	The Boy Who Cried Wolf
<b>November</b>	Thanksgiving	The Ugly Duckling
<b>December</b>	Christmas	Dear Santa Claus

### 5.3. KEY RESOURCES

#### 5.3.1. Premises

We are planning to locate our Kindergarten in Tianmu (天母) neighborhood, due to its proximity to the Latin-American Embassies and its international environment. However, we will consider other locations if the right opportunity comes along. We will look for renting a

4 storey house for around 5 years with an option to buy it in the future. The total area of our facilities will be 1,320 square meters (330 square meters per floor).

The 4 floors will be arranged in the following way:

1st FLOOR (SPANISH FLOOR):

- 3 classes
- 1 teacher's room
- 1 playground common area
- 1 reception office

2nd FLOOR (CHINESE FLOOR):

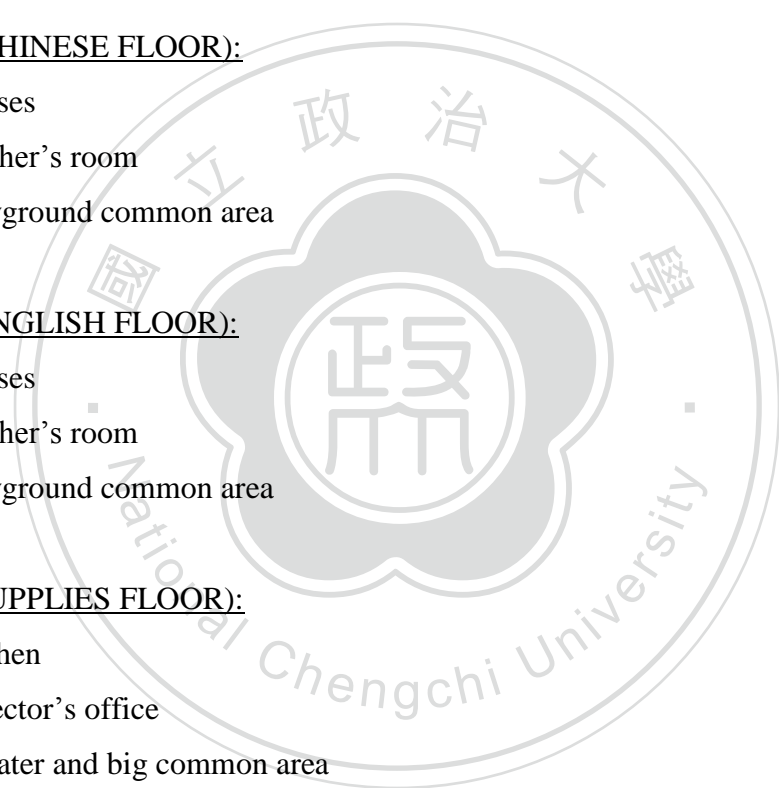
- 3 classes
- 1 teacher's room
- 1 playground common area

3rd FLOOR (ENGLISH FLOOR):

- 3 classes
- 1 teacher's room
- 1 playground common area

4th FLOOR (SUPPLIES FLOOR):

- 1 kitchen
- 1 Director's office
- 1 Theater and big common area



### 5.3.2. Furniture and Facilities

We divided the furniture and facilities needs depending on the rooms:

#### Classroom:

As we mentioned before we will have 3 classrooms per department and 3 departments, so 9 classes in total. The detail of the investment per classroom is:

Classroom					
Reference	Description	No. of products	Price/unit	Useful Life	Total
1	Student Desk & Chair	24	3,000	5	72,000
2	Black Board	2	1,000	5	2,000
3	Teacher Desk & Chair	2	6,000	5	12,000
4	Book Shelf	3	1,000	5	3,000
5	Various Toys	1	20,000	3	20,000
6	Decoration	1	20,000	10	20,000
<b>TOTAL</b>					129,000

#### Teacher room:

One teacher's room per Department for a total of 3 Teachers room with the following detail of assets:

Teacher room					
Reference	Description	No. of products	Price/unit	Useful Life	Total
101	Computer	1	30,000	4	30,000
102	Conference Table	1	8,000	5	8,000
103	Book Shelf	3	1,500	5	4,500
104	Chair	6	2,000	5	12,000
<b>TOTAL</b>					54,500

#### Common Area and Playground:

One per floor for a total of 3 with the following detail of assets:

Playground and common area					
Reference	Description	No. of products	Price/unit	Useful Life	Total
201	Air Condition	1	60,000	5	60,000
202	Playground Set	1	80,000	7	80,000
203	Flat Panel TV	1	40,000	7	40,000
204	Decoration	1	30,000	10	30,000
205	Sports Sets	1	10,000	3	10,000
206	Various Toys	1	20,000	3	20,000
207	AID Count, extinguisher, etc.	1	10,000	4	10,000
<b>TOTAL</b>					250,000

Reception:

One reception office in the first floor to attend the customers:

Reception Office					
Reference	Description	No. of products	Price/unit	Useful Life	Total
301	Computer	1	30,000	4	30,000
302	BookShelf	1	1,500	5	1,500
303	Reception Desk	1	10,000	5	10,000
304	Chairs	4	2,000	5	8,000
305	Book's set	1	20,000	3	20,000
<b>TOTAL</b>					69,500

Kitchen:

One kitchen in the 4<sup>th</sup> floor:

Kitchen					
Reference	Description	No. of products	Price/unit	Useful Life	Total
401	Cooker & oven	2	30,000	7	60,000
402	Cutlery	250	350	4	87,500
403	Dishwasher	2	40,000	7	80,000
404	Pan and other cooking utilities	1	10,000	4	10,000
405	Washing Machine	1	30,000	7	30,000
406	Dryer	1	35,000	7	35,000
<b>TOTAL</b>					302,500

Director's Office:

One Director's office in the 4<sup>th</sup> floor to hold meetings:

Director's Office					
Reference	Description	No. of products	Price/unit	Useful Life	Total
501	Executive Desk	1	10,000	5	10,000
502	Executive Chair	3	3,000	5	9,000
503	Book Shelf	1	2,000	5	2,000
504	Computer	1	30,000	4	30,000
<b>TOTAL</b>					51,000

### Theater Area:

One Theater Area in the 4<sup>th</sup> floor:

Theater					
Reference	Description	No. of products	Price/unit	Useful Life	Total
601	Stage	1	56,000	10	56,000
602	Backstage	1	20,000	10	20,000
603	Curtain	1	10,000	5	10,000
604	Chairs	50	1,000	5	50,000
<b>TOTAL</b>					136,000

### Other Investments:

General Investment					
Reference	Description	No. of products	Price/unit	Useful Life	Total
701	Billboard	1	20,000	10	20,000
702	Front School Construction	1	30,000	10	30,000
703	Webpage	1	30,000	10	30,000
704	Establishment Costs	1	7,000	10	7,000
705	Logo	1	5,000	10	5,000
706	School Van	1	200,000	10	200,000
707	Other Constructions	1	50,000	10	50,000
<b>TOTAL</b>					342,000

### Total Initial Investment Summary:

Summary			
Description	Cost per Area	Number of areas	Total Investment
Classroom	129,000	9	1,161,000
Teacher Room	54,500	3	163,500
Common Area & Playground	250,000	3	750,000
Reception Office	69,500	1	69,500
Kitchen	302,500	1	302,500
Director's Office	51,000	1	51,000
Theater Area	136,000	1	136,000
General Investment	342,000	1	342,000
<b>TOTAL</b>			<b>2,975,500</b>

### **5.3.3. Personnel:**

The detail of the needed personnel for our venture is the following:



Position	Amount	Salary	Total Cost	Tasks	Characteristics
Managers	3	60,000	180,000	Oversee and manage each Department Operations	- Experienced in manage people - Good interpersonal skills - Master Degree
Taiwanese Teachers	18	30,000	540,000	Teach and take care of the children	- Bilingual Chinese and Spanish or English - Patience to deal with children - Bachelor Degree
International Teacher	6	45,000	270,000	Teach and take care of the children	- Bilingual in Chinese, Spanish or English - Patience to deal with children - Bachelor Degree
Housekeeper	3	25,000	75,000	Clean facilities	- Good attitude
School Bus Driver	1	20,000	20,000	Drive the kids to school	- Driver's license
Cook	3	20,000	60,000	Prepare daily meals	- Good attitude

## 5.4. REVENUE GENERATION

### 5.4.1. Pricing

Our fee structure is composed by 4 items that we divided between monthly payments and semester payments. The monthly fees are the tuition fees and the additional fees (cost of food, books, clothes, etc.). The fees per semester are the miscellaneous fee and the optional fee for transportation.

As we mentioned in the section pricing our prices are set based in our study of the competitive market price regarding Chinese Kindergarten. Our observation indicates that an average price for Chinese Kindergarten is around 9,000 NTD, since our school offers additional services to the only Chinese curriculum; we believe that we may be able to charge a premium of 1,000 NTD, so the price for the Chinese Department would be set at 10,000 NTD. Regarding only English and only Spanish curriculum we would like to keep a reasonable price so we would add a mark-up of 2,000 NTD per month for those classes. For the bilingual and trilingual options we would just add another mark-up of 2,000 NTD per

language to the core language chosen by the parents (Chinese, English or Spanish). See following the table summarizing our prices:

Plan	MONTHLY FEES		SEMESTER FEE	
	Tuition	Food, Books, etc.	Transportation	Miscellaneous Fee
<b>Full-time</b>				
Chinese	10,000	3,000	3,000	15,000
English	12,000	3,000	3,000	15,000
Spanish	12,000	3,000	3,000	15,000
<b>Bilingual</b>				
Chinese-English	12,000	3,000	3,000	15,000
Chinese-Spanish	12,000	3,000	3,000	15,000
English-Chinese	14,000	3,000	3,000	15,000
English-Spanish	14,000	3,000	3,000	15,000
Spanish-Chinese	14,000	3,000	3,000	15,000
Spanish-English	14,000	3,000	3,000	15,000
<b>Trilingual</b>				
Chinese-English-Spanish	14,000	3,000	3,000	15,000
English-Chinese-Spanish	16,000	3,000	3,000	15,000
Spanish-Chinese-English	16,000	3,000	3,000	15,000

The part-time plan is similar to the full-time plan, with a basic monthly tuition fee for the Chinese department of 6,000 NTD and added mark-up of 1,000 NTD if we change the language in the basic curriculum or we add a language in the curriculum. See the table summarizing the prices:

Plan	MONTHLY FEES		SEMESTER FEES	
	Tuition	Food, Books, etc.	Transportation	Miscellaneous Fee
<b>Part-time</b>				
Chinese	6,000	2,000	3,000	10,000
English	7,000	2,000	3,000	10,000
Spanish	7,000	2,000	3,000	10,000
<b>Bilingual</b>				
Chinese-English	7,000	2,000	3,000	10,000
Chinese-Spanish	7,000	2,000	3,000	10,000
English-Chinese	8,000	2,000	3,000	10,000
English-Spanish	8,000	2,000	3,000	10,000
Spanish-Chinese	8,000	2,000	3,000	10,000
Spanish-English	8,000	2,000	3,000	10,000

## 5.4.2. Revenues Forecast

We consider the kindergarten market in Taiwan a competitive market with no growth expectation. So our revenues forecast will be more focused in the capacity of our school than in external factors, the capacity of the school is a maximum of 192 students (64 per department). So based in the maximum capacity of the school we will forecast our Optimistic Scenario (192 students), then we will decrease the capacity to 75% for the expected scenario (144 students) and to 50% for the pessimistic scenario (96 students). See more detail of the revenues in the three scenarios below:

### EXPECTED SCENARIO:

FRESHMAN	NUMBER	MONTHLY FEES			SEMESTER FEE		
	STUDENTS	Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	4	10,000	3,000	52,000	3,000	15,000	63,000
English	4	12,000	3,000	60,000	3,000	15,000	63,000
Spanish	4	12,000	3,000	60,000	3,000	15,000	63,000
<b>Bilingual</b>							
Chinese-English	2	12,000	3,000	30,000	3,000	15,000	30,000
Chinese-Spanish	2	12,000	3,000	30,000	3,000	15,000	30,000
English-Chinese	2	14,000	3,000	34,000	3,000	15,000	30,000
English-Spanish	2	14,000	3,000	34,000	3,000	15,000	30,000
Spanish-Chinese	2	14,000	3,000	34,000	3,000	15,000	30,000
Spanish-English	2	14,000	3,000	34,000	3,000	15,000	30,000
<b>Trilingual</b>							
Chinese-English-Spanish	2	14,000	3,000	34,000	3,000	15,000	30,000
English-Chinese-Spanish	2	16,000	3,000	38,000	3,000	15,000	30,000
Spanish-Chinese-English	2	16,000	3,000	38,000	3,000	15,000	30,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	0	7,000	2,000	0	3,000	10,000	0
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	0	8,000	2,000	0	3,000	10,000	0
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	0	8,000	2,000	0	3,000	10,000	0
	36			533,000			519,000

SOPHOMORE	NUMBER	MONTHLY FEES			SEMESTER FEE		
	STUDENTS	Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	5	10,000	3,000	65,000	3,000	15,000	78,000
English	5	12,000	3,000	75,000	3,000	15,000	78,000
Spanish	5	12,000	3,000	75,000	3,000	15,000	78,000
<b>Bilingual</b>							
Chinese-English	3	12,000	3,000	45,000	3,000	15,000	48,000
Chinese-Spanish	3	12,000	3,000	45,000	3,000	15,000	48,000
English-Chinese	3	14,000	3,000	51,000	3,000	15,000	48,000
English-Spanish	3	14,000	3,000	51,000	3,000	15,000	48,000
Spanish-Chinese	3	14,000	3,000	51,000	3,000	15,000	48,000
Spanish-English	3	14,000	3,000	51,000	3,000	15,000	48,000
<b>Trilingual</b>							
Chinese-English-Spanish	4	14,000	3,000	68,000	3,000	15,000	63,000
English-Chinese-Spanish	4	16,000	3,000	76,000	3,000	15,000	63,000
Spanish-Chinese-English	4	16,000	3,000	76,000	3,000	15,000	63,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	1	8,000	2,000	10,000	3,000	10,000	10,000
	54			813,000			801,000

SENIOR	NUMBER STUDENTS	MONTHLY FEES			SEMESTER FEE		
		Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	5	10,000	3,000	65,000	3,000	15,000	78,000
English	5	12,000	3,000	75,000	3,000	15,000	78,000
Spanish	5	12,000	3,000	75,000	3,000	15,000	78,000
<b>Bilingual</b>							
Chinese-English	3	12,000	3,000	45,000	3,000	15,000	48,000
Chinese-Spanish	3	12,000	3,000	45,000	3,000	15,000	48,000
English-Chinese	3	14,000	3,000	51,000	3,000	15,000	48,000
English-Spanish	3	14,000	3,000	51,000	3,000	15,000	48,000
Spanish-Chinese	3	14,000	3,000	51,000	3,000	15,000	48,000
Spanish-English	3	14,000	3,000	51,000	3,000	15,000	48,000
<b>Trilingual</b>							
Chinese-English-Spanish	4	14,000	3,000	68,000	3,000	15,000	63,000
English-Chinese-Spanish	4	16,000	3,000	76,000	3,000	15,000	63,000
Spanish-Chinese-English	4	16,000	3,000	76,000	3,000	15,000	63,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	1	8,000	2,000	10,000	3,000	10,000	10,000
	54			813,000			801,000

	No. Students	MONTHLY REVENUES	SEMESTER REVENUES
FRESHMAN	36	533,000	519,000
SOPHOMORE	54	813,000	801,000
SENIOR	54	813,000	801,000
<b>TOTAL</b>	<b>144</b>	<b>2,159,000</b>	<b>2,121,000</b>

**PESSIMISTIC SCENARIO:**

FRESHMAN	NUMBER	MONTHLY FEES			SEMESTER FEE		
	STUDENTS	Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	3	10,000	3,000	39,000	3,000	15,000	48,000
English	3	12,000	3,000	45,000	3,000	15,000	48,000
Spanish	3	12,000	3,000	45,000	3,000	15,000	48,000
<b>Bilingual</b>							
Chinese-English	1	12,000	3,000	15,000	3,000	15,000	15,000
Chinese-Spanish	1	12,000	3,000	15,000	3,000	15,000	15,000
English-Chinese	1	14,000	3,000	17,000	3,000	15,000	15,000
English-Spanish	1	14,000	3,000	17,000	3,000	15,000	15,000
Spanish-Chinese	1	14,000	3,000	17,000	3,000	15,000	15,000
Spanish-English	1	14,000	3,000	17,000	3,000	15,000	15,000
<b>Trilingual</b>							
Chinese-English-Spanish	1	14,000	3,000	17,000	3,000	15,000	15,000
English-Chinese-Spanish	1	16,000	3,000	19,000	3,000	15,000	15,000
Spanish-Chinese- English	1	16,000	3,000	19,000	3,000	15,000	15,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	0	7,000	2,000	0	3,000	10,000	0
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	0	8,000	2,000	0	3,000	10,000	0
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	0	8,000	2,000	0	3,000	10,000	0
	24			337,000			339,000

SOPHOMORE	NUMBER	MONTHLY FEES			SEMESTER FEE		
	STUDENTS	Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	4	10,000	3,000	52,000	3,000	15,000	63,000
English	4	12,000	3,000	60,000	3,000	15,000	63,000
Spanish	4	12,000	3,000	60,000	3,000	15,000	63,000
<b>Bilingual</b>							
Chinese-English	2	12,000	3,000	30,000	3,000	15,000	30,000
Chinese-Spanish	2	12,000	3,000	30,000	3,000	15,000	30,000
English-Chinese	2	14,000	3,000	34,000	3,000	15,000	30,000
English-Spanish	2	14,000	3,000	34,000	3,000	15,000	30,000
Spanish-Chinese	2	14,000	3,000	34,000	3,000	15,000	30,000
Spanish-English	2	14,000	3,000	34,000	3,000	15,000	30,000
<b>Trilingual</b>							
Chinese-English-Spanish	2	14,000	3,000	34,000	3,000	15,000	30,000
English-Chinese-Spanish	2	16,000	3,000	38,000	3,000	15,000	30,000
Spanish-Chinese- English	2	16,000	3,000	38,000	3,000	15,000	30,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	0	7,000	2,000	0	3,000	10,000	0
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	0	8,000	2,000	0	3,000	10,000	0
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	0	8,000	2,000	0	3,000	10,000	0
	36			533,000			519,000

SENIOR	NUMBER STUDENTS	MONTHLY FEES			SEMESTER FEE		
		Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	4	10,000	3,000	52,000	3,000	15,000	63,000
English	4	12,000	3,000	60,000	3,000	15,000	63,000
Spanish	4	12,000	3,000	60,000	3,000	15,000	63,000
<b>Bilingual</b>							
Chinese-English	2	12,000	3,000	30,000	3,000	15,000	30,000
Chinese-Spanish	2	12,000	3,000	30,000	3,000	15,000	30,000
English-Chinese	2	14,000	3,000	34,000	3,000	15,000	30,000
English-Spanish	2	14,000	3,000	34,000	3,000	15,000	30,000
Spanish-Chinese	2	14,000	3,000	34,000	3,000	15,000	30,000
Spanish-English	2	14,000	3,000	34,000	3,000	15,000	30,000
<b>Trilingual</b>							
Chinese-English-Spanish	2	14,000	3,000	34,000	3,000	15,000	30,000
English-Chinese-Spanish	2	16,000	3,000	38,000	3,000	15,000	30,000
Spanish-Chinese- English	2	16,000	3,000	38,000	3,000	15,000	30,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	0	7,000	2,000	0	3,000	10,000	0
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-Chinese	0	8,000	2,000	0	3,000	10,000	0
Spanish-English	0	8,000	2,000	0	3,000	10,000	0
	36			533,000			519,000

	No. Students	MONTHLY REVENUES	SEMESTER REVENUES
FRESHMAN	24	337,000	339,000
SOPHOMORE	36	533,000	519,000
SENIOR	36	533,000	519,000
<b>TOTAL</b>	<b>96</b>	<b>1,403,000</b>	<b>1,377,000</b>



**OPTIMISTIC SCENARIO:**

FRESHMAN	NUMBER	MONTHLY FEES			SEMESTER FEE		
	STUDENTS	Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	5	10,000	3,000	65,000	3,000	15,000	78,000
English	5	12,000	3,000	75,000	3,000	15,000	78,000
Spanish	5	12,000	3,000	75,000	3,000	15,000	78,000
<b>Bilingual</b>							
Chinese-English	3	12,000	3,000	45,000	3,000	15,000	48,000
Chinese-Spanish	3	12,000	3,000	45,000	3,000	15,000	48,000
English-Chinese	3	14,000	3,000	51,000	3,000	15,000	48,000
English-Spanish	3	14,000	3,000	51,000	3,000	15,000	48,000
Spanish-Chinese	3	14,000	3,000	51,000	3,000	15,000	48,000
Spanish-English	3	14,000	3,000	51,000	3,000	15,000	48,000
<b>Trilingual</b>							
Chinese-English-Spanish	3	14,000	3,000	51,000	3,000	15,000	48,000
English-Chinese-Spanish	3	16,000	3,000	57,000	3,000	15,000	48,000
Spanish-Chinese- English	3	16,000	3,000	57,000	3,000	15,000	48,000
<b>Part-time</b>							
Chinese	1	6,000	2,000	8,000	3,000	10,000	10,000
English	1	7,000	2,000	9,000	3,000	10,000	10,000
Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	0	7,000	2,000	0	3,000	10,000	0
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	0	8,000	2,000	0	3,000	10,000	0
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	0	8,000	2,000	0	3,000	10,000	0
	<b>48</b>			<b>729,000</b>			<b>726,000</b>

SOPHOMORE	NUMBER STUDENTS	MONTHLY FEES			SEMESTER FEE		
		Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	7	10,000	3,000	<b>91,000</b>	3,000	15,000	<b>108,000</b>
English	7	12,000	3,000	<b>105,000</b>	3,000	15,000	<b>108,000</b>
Spanish	7	12,000	3,000	<b>105,000</b>	3,000	15,000	<b>108,000</b>
<b>Bilingual</b>							
Chinese-English	4	12,000	3,000	<b>60,000</b>	3,000	15,000	<b>63,000</b>
Chinese-Spanish	4	12,000	3,000	<b>60,000</b>	3,000	15,000	<b>63,000</b>
English-Chinese	4	14,000	3,000	<b>68,000</b>	3,000	15,000	<b>63,000</b>
English-Spanish	4	14,000	3,000	<b>68,000</b>	3,000	15,000	<b>63,000</b>
Spanish-Chinese	4	14,000	3,000	<b>68,000</b>	3,000	15,000	<b>63,000</b>
Spanish-English	4	14,000	3,000	<b>68,000</b>	3,000	15,000	<b>63,000</b>
	0						
<b>Trilingual</b>							
Chinese-English-Spanish	5	14,000	3,000	<b>85,000</b>	3,000	15,000	<b>78,000</b>
English-Chinese-Spanish	5	16,000	3,000	<b>95,000</b>	3,000	15,000	<b>78,000</b>
Spanish-Chinese- English	5	16,000	3,000	<b>95,000</b>	3,000	15,000	<b>78,000</b>
<b>Part-time</b>							
Chinese	2	6,000	2,000	<b>16,000</b>	3,000	10,000	<b>20,000</b>
English	2	7,000	2,000	<b>18,000</b>	3,000	10,000	<b>20,000</b>
Spanish	2	7,000	2,000	<b>18,000</b>	3,000	10,000	<b>20,000</b>
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	<b>9,000</b>	3,000	10,000	<b>10,000</b>
Chinese-Spanish	1	7,000	2,000	<b>9,000</b>	3,000	10,000	<b>10,000</b>
English-Chinese	1	8,000	2,000	<b>10,000</b>	3,000	10,000	<b>10,000</b>
English-Spanish	1	8,000	2,000	<b>10,000</b>	3,000	10,000	<b>10,000</b>
Spanish-Chinese	1	8,000	2,000	<b>10,000</b>	3,000	10,000	<b>10,000</b>
Spanish-English	1	8,000	2,000	<b>10,000</b>	3,000	10,000	<b>10,000</b>
	72			<b>1,078,000</b>			<b>1,056,000</b>

SENIOR	NUMBER STUDENTS	MONTHLY FEES			SEMESTER FEE		
		Tuition	Food, Books, etc.	TOTAL	Transport	Miscellaneous Fee	TOTAL
<b>Full-time</b>							
Chinese	7	10,000	3,000	91,000	3,000	15,000	108,000
English	7	12,000	3,000	105,000	3,000	15,000	108,000
Spanish	7	12,000	3,000	105,000	3,000	15,000	108,000
<b>Bilingual</b>							
Chinese-English	4	12,000	3,000	60,000	3,000	15,000	63,000
Chinese-Spanish	4	12,000	3,000	60,000	3,000	15,000	63,000
English-Chinese	4	14,000	3,000	68,000	3,000	15,000	63,000
English-Spanish	4	14,000	3,000	68,000	3,000	15,000	63,000
Spanish-Chinese	4	14,000	3,000	68,000	3,000	15,000	63,000
Spanish-English	4	14,000	3,000	68,000	3,000	15,000	63,000
	0						
<b>Trilingual</b>							
Chinese-English-Spanish	5	14,000	3,000	85,000	3,000	15,000	78,000
English-Chinese-Spanish	5	16,000	3,000	95,000	3,000	15,000	78,000
Spanish-Chinese-English	5	16,000	3,000	95,000	3,000	15,000	78,000
<b>Part-time</b>							
Chinese	2	6,000	2,000	16,000	3,000	10,000	20,000
English	2	7,000	2,000	18,000	3,000	10,000	20,000
Spanish	2	7,000	2,000	18,000	3,000	10,000	20,000
<b>Bilingual</b>							
Chinese-English	1	7,000	2,000	9,000	3,000	10,000	10,000
Chinese-Spanish	1	7,000	2,000	9,000	3,000	10,000	10,000
English-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
English-Spanish	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-Chinese	1	8,000	2,000	10,000	3,000	10,000	10,000
Spanish-English	1	8,000	2,000	10,000	3,000	10,000	10,000
	72			1,078,000			1,056,000

	No. Students	MONTHLY REVENUES	SEMESTER REVENUES
FRESHMAN	48	729,000	726,000
SOPHOMORE	72	1,078,000	1,056,000
SENIOR	72	1,078,000	1,056,000
<b>TOTAL</b>	<b>192</b>	<b>2,885,000</b>	<b>2,838,000</b>

## 6. FINANCIAL ANALYSIS

### 6.1. Capital Financing and Investment

To finance our initial investment we plan to raise 4 million NTD. Each of the 3 partners will have a participation of 750,000 NTD, furthermore, we will ask for a bank loan of 1,750,000 NTD (2.5% of interest rate) to repay in 5 years. The Bank loan amortization schedule will be as follows:

Date	Payment	Interest	Principal	Balance
Year 1 Month 1	0	0	0	1,750,000
Year 1 Month 7	187,255	21,875	165,380	1,584,620
Year 2 Month 1	187,255	19,808	167,448	1,417,172
Year 2 Month 7	187,255	17,715	169,541	1,247,631
Year 3 Month 1	187,255	15,595	171,660	1,075,971
Year 3 Month 7	187,255	13,450	173,806	902,166
Year 4 Month 1	187,255	11,277	175,978	726,187
Year 4 Month 7	187,255	9,077	178,178	548,009
Year 5 Month 1	187,255	6,850	180,405	367,604
Year 5 Month 7	187,255	4,595	182,660	184,944
Year 6 Month 1	187,255	2,312	184,944	0

The 4 million will be invested in Working Capital and in long-term assets. In section 5.3.2 – Furniture and Facilities- we detailed the initial investment regarding long-term assets. The summary of our initial investment by concept and detail of depreciation is as follows:

Concept	Useful Life	Cost	Yearly Depreciation
Computers	4	150,000	37,500
Computers	7	120,000	17,143
Equipment	4	30,000	7,500
Equipment	5	180,000	36,000
Equipment	7	240,000	34,286
Equipment	10	451,000	45,100
Furniture	5	975,000	195,000
Machinery	7	205,000	29,286
Other assets	3	290,000	96,667
Other assets	4	97,500	24,375
Other assets	10	7,000	700
Software	10	30,000	3,000
Vehicle	10	200,000	20,000
<b>TOTAL</b>		<b>2,975,500</b>	<b>546,556</b>

## 6.2. Costs Detail

The detail of the monthly expenses for the first year are detailed below, the following years they will increase with an expected inflation of 3%, except the rent:

### 6.2.1. Monthly Expenses

Operating Costs		
Concept	Monthly Expense	Yearly Expense
Stationery	14,400	172,800
Rent	600,000	7,200,000
Books	144,000	1,728,000
Food	144,000	1,728,000
Electricity	20,000	240,000
Water	5,000	60,000
Internet	3,000	36,000
Telephone	2,000	24,000
Insurance	2,500	30,000
<b>TOTAL</b>	<b>934,900</b>	<b>11,218,800</b>

### 6.2.2. Personnel Expenses

Personnel Cost				
Position	Amount	Salary	Monthly Cost	Yearly Cost
Managers	3	60,000	180,000	2,160,000
Taiwanese Teachers	18	30,000	540,000	6,480,000
International Teacher	6	45,000	270,000	3,240,000
Housekeeper	3	25,000	75,000	900,000
School Bus Driver	1	20,000	20,000	240,000
Cook	3	20,000	60,000	720,000
<b>TOTAL</b>			<b>1,145,000</b>	<b>13,740,000</b>

### 6.3. Pro-forma Income Statement (Based on Expected Scenario)

- We consider that the first 6 months period the kindergarten is going to be at 70% of the expected demand.
- We consider that the revenues will increase at 1% per year.

Hola Baby Kindergarten - Monthly Income Statement													
Year 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
<b>REVENUES</b>													
Tuition, Food and others													
Freshman	\$ 373,100	\$ 373,100	\$ 373,100	\$ 373,100	\$ 373,100	\$ 373,100	\$ 533,000	\$ 533,000	\$ 533,000	\$ 533,000	\$ 533,000	\$ 533,000	\$ 5,436,600
Sophomore	\$ 569,100	\$ 569,100	\$ 569,100	\$ 569,100	\$ 569,100	\$ 569,100	\$ 813,000	\$ 813,000	\$ 813,000	\$ 813,000	\$ 813,000	\$ 813,000	\$ 8,292,600
Senior	\$ 569,100	\$ 569,100	\$ 569,100	\$ 569,100	\$ 569,100	\$ 569,100	\$ 813,000	\$ 813,000	\$ 813,000	\$ 813,000	\$ 813,000	\$ 813,000	\$ 8,292,600
Total Monthly	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 22,021,800
Miscellaneous Fee and other													
Freshman	\$ 363,300						\$ 519,000						\$ 882,300
Sophomore	\$ 560,700						\$ 801,000						\$ 1,361,700
Senior	\$ 560,700						\$ 801,000						\$ 1,361,700
Total Monthly	\$ 1,484,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,121,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,605,700
<b>Total Revenues</b>	<b>\$ 2,996,000</b>	<b>\$ 1,511,300</b>	<b>\$ 1,511,300</b>	<b>\$ 1,511,300</b>	<b>\$ 1,511,300</b>	<b>\$ 1,511,300</b>	<b>\$ 4,280,000</b>	<b>\$ 2,159,000</b>	<b>\$ 2,159,000</b>	<b>\$ 2,159,000</b>	<b>\$ 2,159,000</b>	<b>\$ 2,159,000</b>	<b>\$ 25,627,500</b>
<b>Expenses</b>													
Salary Expense	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 13,740,000
Depreciation	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 546,556
Monthly Rent	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 7,200,000
Monthly Utilities	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 390,000
Misc. Expense	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 3,628,800
<b>Total Operating Expenses</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 2,125,446</b>	<b>\$ 25,505,356</b>
<b>Operating Income</b>	<b>\$ 870,554</b>	<b>(\$ 614,146)</b>	<b>(\$ 614,146)</b>	<b>(\$ 614,146)</b>	<b>(\$ 614,146)</b>	<b>(\$ 614,146)</b>	<b>\$ 2,154,554</b>	<b>\$ 33,554</b>	<b>\$ 33,554</b>	<b>\$ 33,554</b>	<b>\$ 33,554</b>	<b>\$ 33,554</b>	<b>\$ 122,144</b>
Loan Interest	\$ 3,646	\$ 3,646	\$ 3,646	\$ 3,646	\$ 3,646	\$ 3,646	\$ 3,301	\$ 3,301	\$ 3,301	\$ 3,301	\$ 3,301	\$ 3,301	\$ 41,683
<b>Earnings Before Tax</b>	<b>\$ 866,908</b>	<b>(\$ 617,792)</b>	<b>(\$ 617,792)</b>	<b>(\$ 617,792)</b>	<b>(\$ 617,792)</b>	<b>(\$ 617,792)</b>	<b>\$ 2,151,252</b>	<b>\$ 30,252</b>	<b>\$ 30,252</b>	<b>\$ 30,252</b>	<b>\$ 30,252</b>	<b>\$ 30,252</b>	<b>\$ 80,461</b>
Tax Expense (17%)	\$ 147,374	\$ (105,025)	\$ (105,025)	\$ (105,025)	\$ (105,025)	\$ (105,025)	\$ 365,713	\$ 5,143	\$ 5,143	\$ 5,143	\$ 5,143	\$ 5,143	\$ 13,678
<b>Net Income</b>	<b>\$ 719,534</b>	<b>(\$ 512,767)</b>	<b>(\$ 512,767)</b>	<b>(\$ 512,767)</b>	<b>(\$ 512,767)</b>	<b>(\$ 512,767)</b>	<b>\$ 1,785,539</b>	<b>\$ 25,109</b>	<b>\$ 25,109</b>	<b>\$ 25,109</b>	<b>\$ 25,109</b>	<b>\$ 25,109</b>	<b>\$ 66,783</b>

**YEAR 2:**

<b>Hola Baby Kindergarten - Monthly Income Statement</b>													
<b>Year 2</b>	<b>Month 1</b>	<b>Month 2</b>	<b>Month 3</b>	<b>Month 4</b>	<b>Month 5</b>	<b>Month 6</b>	<b>Month 7</b>	<b>Month 8</b>	<b>Month 9</b>	<b>Month 10</b>	<b>Month 11</b>	<b>Month 12</b>	<b>Year 2 Total</b>
<b>REVENUES</b>													
Tuition, Food and others													
Freshman	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 538,330	\$ 6,459,960
Sophomore	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 9,853,560
Senior	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 821,130	\$ 9,853,560
<b>Total Monthly</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$26,167,080</b>
Miscellaneous Fee and other													
Freshman	\$ 524,190						\$ 524,190						\$ 1,048,380
Sophomore	\$ 809,010						\$ 809,010						\$ 1,618,020
Senior	\$ 809,010						\$ 809,010						\$ 1,618,020
<b>Total Monthly</b>	<b>\$2,142,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$2,142,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,284,420</b>
<b>Total Revenues</b>	<b>\$4,322,800</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$4,322,800</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$2,180,590</b>	<b>\$30,451,500</b>
<b>Expenses</b>													
Salary Expense	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$1,179,350	\$14,152,200
Depreciation	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 546,556
Monthly Rent	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 7,200,000
Monthly Utilities	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 401,700
Misc. Expense	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 3,737,664
<b>Total Operating Expenses</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$2,169,843</b>	<b>\$26,038,120</b>
<b>Operating Income</b>	<b>\$2,152,957</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$2,152,957</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$10,747</b>	<b>\$ 4,413,380</b>
Loan Interest	\$ 2,952	\$ 2,952	\$ 2,952	\$ 2,952	\$ 2,952	\$ 2,952	\$ 2,599	\$ 2,599	\$ 2,599	\$ 2,599	\$ 2,599	\$ 2,599	\$ 33,310
<b>Earnings Before Tax</b>	<b>\$2,150,004</b>	<b>\$7,794</b>	<b>\$7,794</b>	<b>\$7,794</b>	<b>\$7,794</b>	<b>\$7,794</b>	<b>\$2,150,357</b>	<b>\$8,147</b>	<b>\$8,147</b>	<b>\$8,147</b>	<b>\$8,147</b>	<b>\$8,147</b>	<b>\$4,380,070</b>
Tax Expense (17%)	\$ 365,501	\$ 1,325	\$ 1,325	\$ 1,325	\$ 1,325	\$ 1,325	\$ 365,561	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385	\$ 1,385	\$ 744,612
<b>Net Income</b>	<b>\$1,784,504</b>	<b>\$6,469</b>	<b>\$6,469</b>	<b>\$6,469</b>	<b>\$6,469</b>	<b>\$6,469</b>	<b>\$1,784,797</b>	<b>\$6,762</b>	<b>\$6,762</b>	<b>\$6,762</b>	<b>\$6,762</b>	<b>\$6,762</b>	<b>\$3,635,458</b>

**YEAR 3:**

Hola Baby Kindergarten - Monthly Income Statement													
Year 3	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 3 Total
<b>REVENUES</b>													
Tuition, Food and others													
Freshman	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 543,713	\$ 6,524,560
Sophomore	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 9,952,096
Senior	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 829,341	\$ 9,952,096
Total Monthly	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$2,202,396	\$26,428,751
Miscellaneous Fee and other													
Freshman	\$ 529,432						\$ 529,432						\$ 1,058,864
Sophomore	\$ 817,100						\$ 817,100						\$ 1,634,200
Senior	\$ 817,100						\$ 817,100						\$ 1,634,200
Total Monthly	\$2,163,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,163,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,327,264
<b>Total Revenues</b>	<b>\$4,366,028</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$4,366,028</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$2,202,396</b>	<b>\$30,756,015</b>
<b>Expenses</b>													
Salary Expense	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$1,214,731	\$14,576,766
Depreciation	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 45,546	\$ 546,556
Monthly Rent	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 7,200,000
Monthly Utilities	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 413,751
Misc. Expense	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 3,849,794
<b>Total Operating Expenses</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$2,215,572</b>	<b>\$26,586,867</b>
<b>Operating Income</b>	<b>\$2,150,456</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>\$2,150,456</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>(\$13,176)</b>	<b>\$ 4,169,148</b>
Loan Interest	\$ 2,242	\$ 2,242	\$ 2,242	\$ 2,242	\$ 2,242	\$ 2,242	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 24,727
<b>Earnings Before Tax</b>	<b>\$2,148,214</b>	<b>(\$15,418)</b>	<b>(\$15,418)</b>	<b>(\$15,418)</b>	<b>(\$15,418)</b>	<b>(\$15,418)</b>	<b>\$2,148,576</b>	<b>(\$15,056)</b>	<b>(\$15,056)</b>	<b>(\$15,056)</b>	<b>(\$15,056)</b>	<b>(\$15,056)</b>	<b>\$4,144,421</b>
Tax Expense (17%)	\$ 365,196	\$ (2,621)	\$ (2,621)	\$ (2,621)	\$ (2,621)	\$ (2,621)	\$ 365,258	\$ (2,559)	\$ (2,559)	\$ (2,559)	\$ (2,559)	\$ (2,559)	\$ 704,552
<b>Net Income</b>	<b>\$1,783,018</b>	<b>(\$12,797)</b>	<b>(\$12,797)</b>	<b>(\$12,797)</b>	<b>(\$12,797)</b>	<b>(\$12,797)</b>	<b>\$1,783,318</b>	<b>(\$12,496)</b>	<b>(\$12,496)</b>	<b>(\$12,496)</b>	<b>(\$12,496)</b>	<b>(\$12,496)</b>	<b>\$3,439,870</b>



**5 YEARS SUMMARY:**

<b>Hola Baby Kindergarten - Income Statement - Summary</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>REVENUES</b>					
Monthly Fees	\$ 22,021,800	\$ 26,167,080	\$ 26,428,751	\$ 26,693,038	\$ 26,959,969
Semester Fees	\$ 3,605,700	\$ 4,284,420	\$ 4,327,264	\$ 4,370,537	\$ 4,414,242
<b>Total Revenues</b>	<b>\$ 25,627,500</b>	<b>\$ 30,451,500</b>	<b>\$ 30,756,015</b>	<b>\$ 31,063,575</b>	<b>\$ 31,374,211</b>
<b>Expenses</b>					
Salary Expense	\$ 13,740,000	\$ 14,152,200	\$ 14,576,766	\$ 15,014,069	\$ 15,464,491
Depreciation	\$ 546,556	\$ 546,556	\$ 546,556	\$ 555,520	\$ 564,227
Monthly Rent	\$ 7,200,000	\$ 7,200,000	\$ 7,200,000	\$ 7,200,000	\$ 7,200,000
Monthly Utilities	\$ 390,000	\$ 401,700	\$ 413,751	\$ 426,164	\$ 438,948
Misc. Expense	\$ 3,628,800	\$ 3,737,664	\$ 3,849,794	\$ 3,965,288	\$ 4,084,246
<b>Total Operating Expenses</b>	<b>\$ 25,505,356</b>	<b>\$ 26,038,120</b>	<b>\$ 26,586,867</b>	<b>\$ 27,161,040</b>	<b>\$ 27,751,913</b>
<b>Operating Income</b>	<b>\$ 122,144</b>	<b>\$ 4,413,380</b>	<b>\$ 4,169,148</b>	<b>\$ 3,902,535</b>	<b>\$ 3,622,298</b>
Loan Interest	\$ 41,683	\$ 33,310	\$ 24,727	\$ 15,927	\$ 6,907
<b>Earnings Before Tax</b>	<b>\$ 80,461</b>	<b>\$ 4,380,070</b>	<b>\$ 4,144,421</b>	<b>\$ 3,886,608</b>	<b>\$ 3,615,391</b>
Tax Expense (17%)	\$ 13,678.42	\$ 744,611.90	\$ 704,551.64	\$ 660,723.34	\$ 614,616.55
<b>Net Income</b>	<b>\$66,783</b>	<b>\$3,635,458</b>	<b>\$3,439,870</b>	<b>\$3,225,885</b>	<b>\$3,000,775</b>

#### 6.4. Pro-forma Balance Sheet (Based in Expected Scenario)

<b>Hola Baby Kindergarten - Monthly BalanceSheet</b>												
<b>YEAR 1</b>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Current assets</b>												
Cash	\$ 3,420,500	\$ 2,851,900	\$ 2,283,300	\$ 1,714,700	\$ 1,146,100	\$ 577,500	\$ 2,590,345	\$ 2,669,445	\$ 2,748,545	\$ 2,827,645	\$ 2,906,745	\$ 2,985,845
<b>Fixed Assets</b>												
Computers	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000
Equipment	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000
Furniture	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000
Machinery	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
Other Assets	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500
Software	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Vehicles	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total Accumulated Depreciation	\$ (45,546)	\$ (91,093)	\$ (136,639)	\$ (182,185)	\$ (227,732)	\$ (273,278)	\$ (318,824)	\$ (364,371)	\$ (409,917)	\$ (455,463)	\$ (501,010)	\$ (546,556)
<b>Total Assets</b>	<b>\$ 6,350,454</b>	<b>\$ 5,736,307</b>	<b>\$ 5,122,161</b>	<b>\$ 4,508,015</b>	<b>\$ 3,893,868</b>	<b>\$ 3,279,722</b>	<b>\$ 5,247,020</b>	<b>\$ 5,280,574</b>	<b>\$ 5,314,128</b>	<b>\$ 5,347,681</b>	<b>\$ 5,381,235</b>	<b>\$ 5,414,789</b>
<b>Short Term Liabilities</b>												
Salaries payable	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000
Utilities payable	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500
Accounts payable	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400	\$ 302,400
Interest payable	\$ 3,646	\$ 7,292	\$ 10,938	\$ 14,583	\$ 18,229	\$ 21,875	\$ 3,301	\$ 6,603	\$ 9,904	\$ 13,205	\$ 16,506	\$ 19,808
Tax payable	\$ 147,374	\$ 42,350	\$ (62,675)	\$ (167,700)	\$ (272,724)	\$ (377,749)	\$ (12,036)	\$ (6,893)	\$ (1,750)	\$ 3,393	\$ 8,536	\$ 13,678
<b>Long Term Liabilities</b>												
Bank Loan	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,584,620	\$ 1,584,620	\$ 1,584,620	\$ 1,584,620	\$ 1,584,620	\$ 1,584,620
<b>Total Liabilities</b>	<b>\$ 3,380,920</b>	<b>\$ 3,279,541</b>	<b>\$ 3,178,162</b>	<b>\$ 3,076,784</b>	<b>\$ 2,975,405</b>	<b>\$ 2,874,026</b>	<b>\$ 3,055,785</b>	<b>\$ 3,064,229</b>	<b>\$ 3,072,673</b>	<b>\$ 3,081,117</b>	<b>\$ 3,089,562</b>	<b>\$ 3,098,006</b>
<b>Equity</b>												
Paid in Capital	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Current earnings	\$ 719,534	\$ (512,767)	\$ (512,767)	\$ (512,767)	\$ (512,767)	\$ (512,767)	\$ 1,785,539	\$ 25,109	\$ 25,109	\$ 25,109	\$ 25,109	\$ 25,109
Retained earnings		\$ 719,534	\$ 206,766	\$ (306,001)	\$ (818,769)	\$ (1,331,536)	\$ (1,844,304)	\$ (58,764)	\$ (33,655)	\$ (8,546)	\$ 16,564	\$ 41,673
<b>Total Equity</b>	<b>\$ 2,969,534</b>	<b>\$ 2,456,766</b>	<b>\$ 1,943,999</b>	<b>\$ 1,431,231</b>	<b>\$ 918,464</b>	<b>\$ 405,696</b>	<b>\$ 2,191,236</b>	<b>\$ 2,216,345</b>	<b>\$ 2,241,454</b>	<b>\$ 2,266,564</b>	<b>\$ 2,291,673</b>	<b>\$ 2,316,783</b>
<b>Total L and E</b>	<b>\$ 6,350,454</b>	<b>\$ 5,736,307</b>	<b>\$ 5,122,161</b>	<b>\$ 4,508,015</b>	<b>\$ 3,893,868</b>	<b>\$ 3,279,722</b>	<b>\$ 5,247,020</b>	<b>\$ 5,280,574</b>	<b>\$ 5,314,128</b>	<b>\$ 5,347,681</b>	<b>\$ 5,381,235</b>	<b>\$ 5,414,789</b>

**YEAR 2:**

<b>Hola Baby Kindergarten - Monthly BalanceSheet</b>												
<b>YEAR 2</b>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Current assets</b>												
Cash	\$ 5,041,489	\$ 5,097,782	\$ 5,154,075	\$ 5,210,368	\$ 5,266,661	\$ 5,309,276	\$ 7,320,523	\$ 7,376,816	\$ 7,433,109	\$ 7,489,402	\$ 7,545,695	\$ 7,601,988
<b>Fixed Assets</b>												
Computers	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000
Equipment	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000
Furniture	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000
Machinery	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
Other Assets	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500
Software	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Vehicles	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total Accumulated Depreciation	\$ (592,102)	\$ (637,649)	\$ (683,195)	\$ (728,741)	\$ (774,288)	\$ (819,834)	\$ (865,380)	\$ (910,927)	\$ (956,473)	\$ (1,002,019)	\$ (1,047,566)	\$ (1,093,112)
<b>Total Assets</b>	<b>\$ 7,424,887</b>	<b>\$ 7,435,634</b>	<b>\$ 7,446,380</b>	<b>\$ 7,457,127</b>	<b>\$ 7,467,874</b>	<b>\$ 7,464,942</b>	<b>\$ 9,430,643</b>	<b>\$ 9,441,390</b>	<b>\$ 9,452,137</b>	<b>\$ 9,462,883</b>	<b>\$ 9,473,630</b>	<b>\$ 9,484,377</b>
<b>Short Term Liabilities</b>												
Salaries payable	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350	\$ 1,179,350
Utilities payable	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475	\$ 33,475
Accounts payable	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472	\$ 311,472
Interest payable	\$ 2,952	\$ 5,905	\$ 8,857	\$ 11,810	\$ 14,762	\$ 17,715	\$ 2,599	\$ 5,198	\$ 7,798	\$ 10,397	\$ 12,996	\$ 15,595
Tax payable	\$ 379,179	\$ 380,504	\$ 381,829	\$ 383,154	\$ 384,479	\$ 372,126	\$ 737,687	\$ 739,072	\$ 740,457	\$ 741,842	\$ 743,227	\$ 744,612
<b>Long Term Liabilities</b>												
Bank Loan	\$ 1,417,172	\$ 1,417,172	\$ 1,417,172	\$ 1,417,172	\$ 1,417,172	\$ 1,417,172	\$ 1,247,631	\$ 1,247,631	\$ 1,247,631	\$ 1,247,631	\$ 1,247,631	\$ 1,247,631
<b>Total Liabilities</b>	<b>\$ 3,323,601</b>	<b>\$ 3,327,878</b>	<b>\$ 3,332,155</b>	<b>\$ 3,336,433</b>	<b>\$ 3,340,710</b>	<b>\$ 3,331,309</b>	<b>\$ 3,512,214</b>	<b>\$ 3,516,198</b>	<b>\$ 3,520,183</b>	<b>\$ 3,524,167</b>	<b>\$ 3,528,151</b>	<b>\$ 3,532,136</b>
<b>Equity</b>												
Paid in Capital	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Current earnings	\$ 1,784,504	\$ 6,469	\$ 6,469	\$ 6,469	\$ 6,469	\$ 6,469	\$ 1,784,797	\$ 6,762	\$ 6,762	\$ 6,762	\$ 6,762	\$ 6,762
Retained earnings	\$ 66,783	\$ 1,851,286	\$ 1,857,756	\$ 1,864,225	\$ 1,870,694	\$ 1,877,163	\$ 1,883,632	\$ 3,668,429	\$ 3,675,191	\$ 3,681,954	\$ 3,688,716	\$ 3,695,479
<b>Total Equity</b>	<b>\$ 4,101,286</b>	<b>\$ 4,107,756</b>	<b>\$ 4,114,225</b>	<b>\$ 4,120,694</b>	<b>\$ 4,127,163</b>	<b>\$ 4,133,632</b>	<b>\$ 5,918,429</b>	<b>\$ 5,925,191</b>	<b>\$ 5,931,954</b>	<b>\$ 5,938,716</b>	<b>\$ 5,945,479</b>	<b>\$ 5,952,241</b>
<b>Total L and E</b>	<b>\$ 7,424,887</b>	<b>\$ 7,435,634</b>	<b>\$ 7,446,380</b>	<b>\$ 7,457,127</b>	<b>\$ 7,467,874</b>	<b>\$ 7,464,942</b>	<b>\$ 9,430,643</b>	<b>\$ 9,441,390</b>	<b>\$ 9,452,137</b>	<b>\$ 9,462,883</b>	<b>\$ 9,473,630</b>	<b>\$ 9,484,377</b>

**YEAR 3:**

<b>Hola Baby Kindergarten - Monthly BalanceSheet</b>												
<b>YEAR 3</b>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Current assets</b>												
Cash	\$ 9,656,464	\$ 9,688,834	\$ 6,721,204	\$ 6,753,574	\$ 6,785,944	\$ 6,073,702	\$ 8,082,449	\$ 8,114,819	\$ 8,147,189	\$ 8,179,559	\$ 8,211,929	\$ 8,244,299
<b>Fixed Assets</b>												
Computers	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000
Equipment	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000
Furniture	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000
Machinery	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
Other Assets	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500	\$ 394,500
Software	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Vehicles	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Total Accumulated Depreciation	\$ (1,138,658)	\$ (1,184,205)	\$ (1,229,751)	\$ (1,275,297)	\$ (1,320,844)	\$ (1,366,390)	\$ (1,411,936)	\$ (1,457,483)	\$ (1,503,029)	\$ (1,548,575)	\$ (1,594,122)	\$ (1,639,668)
<b>Total Assets</b>	<b>\$ 11,493,306</b>	<b>\$ 11,480,129</b>	<b>\$ 8,466,953</b>	<b>\$ 8,453,777</b>	<b>\$ 8,440,600</b>	<b>\$ 7,682,812</b>	<b>\$ 9,646,013</b>	<b>\$ 9,632,836</b>	<b>\$ 9,619,660</b>	<b>\$ 9,606,484</b>	<b>\$ 9,593,307</b>	<b>\$ 9,580,131</b>
<b>Short Term Liabilities</b>												
Salaries payable	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731
Utilities payable	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479	\$ 34,479
Accounts payable	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816	\$ 320,816
Interest payable	\$ 2,242	\$ 4,483	\$ 6,725	\$ 8,966	\$ 11,208	\$ 13,450	\$ 1,880	\$ 3,759	\$ 5,639	\$ 7,518	\$ 9,398	\$ 11,277
Tax payable	\$ 1,109,808	\$ 1,107,187	\$ 1,104,566	\$ 1,101,945	\$ 1,099,324	\$ 352,091	\$ 717,349	\$ 714,790	\$ 712,230	\$ 709,671	\$ 707,111	\$ 704,552
<b>Long Term Liabilities</b>												
Bank Loan	\$ 1,075,971	\$ 1,075,971	\$ 1,075,971	\$ 1,075,971	\$ 1,075,971	\$ 1,075,971	\$ 902,166	\$ 902,166	\$ 902,166	\$ 902,166	\$ 902,166	\$ 902,166
<b>Total Liabilities</b>	<b>\$ 3,758,047</b>	<b>\$ 3,757,668</b>	<b>\$ 3,757,288</b>	<b>\$ 3,756,909</b>	<b>\$ 3,756,529</b>	<b>\$ 3,011,538</b>	<b>\$ 3,191,420</b>	<b>\$ 3,190,740</b>	<b>\$ 3,190,060</b>	<b>\$ 3,189,380</b>	<b>\$ 3,188,700</b>	<b>\$ 3,188,020</b>
<b>Equity</b>												
Paid in Capital	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000	\$ 2,250,000
Current earnings	\$ 1,783,018	\$ (12,797)	\$ (12,797)	\$ (12,797)	\$ (12,797)	\$ (12,797)	\$ 1,783,318	\$ (12,496)	\$ (12,496)	\$ (12,496)	\$ (12,496)	\$ (12,496)
Retained earnings	\$ 3,702,241	\$ 5,485,259	\$ 2,472,462	\$ 2,459,665	\$ 2,446,868	\$ 2,434,071	\$ 2,421,274	\$ 4,204,593	\$ 4,192,096	\$ 4,179,600	\$ 4,167,103	\$ 4,154,607
<b>Total Equity</b>	<b>\$ 7,735,259</b>	<b>\$ 7,722,462</b>	<b>\$ 4,709,665</b>	<b>\$ 4,696,868</b>	<b>\$ 4,684,071</b>	<b>\$ 4,671,274</b>	<b>\$ 6,454,593</b>	<b>\$ 6,442,096</b>	<b>\$ 6,429,600</b>	<b>\$ 6,417,103</b>	<b>\$ 6,404,607</b>	<b>\$ 6,392,111</b>
<b>Total L and E</b>	<b>\$ 11,493,306</b>	<b>\$ 11,480,129</b>	<b>\$ 8,466,953</b>	<b>\$ 8,453,777</b>	<b>\$ 8,440,600</b>	<b>\$ 7,682,812</b>	<b>\$ 9,646,013</b>	<b>\$ 9,632,836</b>	<b>\$ 9,619,660</b>	<b>\$ 9,606,484</b>	<b>\$ 9,593,307</b>	<b>\$ 9,580,131</b>

**5 YEARS SUMMARY:**

<b>Hola Baby Kindergarten - BalanceSheet</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Current assets</b>					
Cash & Short-term Investments	\$2,985,845	\$ 7,601,988	\$ 8,244,299	\$8,306,400	\$ 8,145,364
<b>Fixed Assets</b>					
Computers	\$ 270,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 288,826
Equipment	\$ 901,000	\$ 901,000	\$ 901,000	\$ 901,000	\$ 904,765
Furniture	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000
Machinery	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000	\$ 205,000
Other Assets	\$ 394,500	\$ 394,500	\$ 394,500	\$ 421,391	\$ 433,628
Software	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Vehicles	\$ 200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Accumulated Depreciation	\$ (546,556)	\$ (1,093,112)	\$ (1,639,668)	\$ (1,905,187)	\$ (2,191,914)
<b>Total Assets</b>	<b>\$ 5,414,789</b>	<b>\$9,484,377</b>	<b>\$ 9,580,131</b>	<b>\$9,403,604</b>	<b>\$8,990,669</b>
<b>Short Term Liabilities</b>					
Salaries payable	\$ 1,145,000	\$ 1,179,350	\$ 1,214,731	\$ 1,214,731	\$ 1,214,731
Utilities payable	\$ 32,500	\$ 33,475	\$ 34,479	\$ 34,479	\$ 34,479
Accounts payable	\$ 302,400	\$ 311,472	\$ 320,816	\$ 320,816	\$ 320,816
Interest payable	\$ 19,808	\$ 15,595	\$ 11,277	\$ 6,850	\$ 2,312
Tax payable	\$ 13,678	\$ 744,612	\$ 704,552	\$ 660,723	\$ 614,617
<b>Long Term Liabilities</b>					
Bank Loan	\$ 1,584,620	\$ 1,247,631	\$ 902,166	\$ 548,009	\$ 184,944
<b>Total Liabilities</b>	<b>\$3,098,006</b>	<b>\$ 3,532,136</b>	<b>\$ 3,188,020</b>	<b>\$2,785,608</b>	<b>\$ 2,371,898</b>
<b>Equity</b>					
Paid in Capital	\$2,250,000	\$2,250,000	\$ 2,250,000	\$2,250,000	\$2,250,000
Current earnings	\$66,783	\$3,635,458	\$3,439,870	\$3,225,885	\$3,000,775
Retained earnings	\$ -	\$66,783	\$702,241	\$1,142,111	\$1,367,995
<b>Total Equity</b>	<b>\$ 2,316,783</b>	<b>\$ 5,952,241</b>	<b>\$ 6,392,111</b>	<b>\$ 6,617,995</b>	<b>\$ 6,618,770</b>
<b>Total L and E</b>	<b>\$ 5,414,789</b>	<b>\$9,484,377</b>	<b>\$ 9,580,131</b>	<b>\$9,403,604</b>	<b>\$8,990,669</b>

## 6.5. Pro-forma Cash-Flow Statement (Based in Expected Scenario)

Hola Baby Kindergarten - Projected Cash Flow													
YEAR 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1
<b>Cash flows from (used in) operating activities</b>													
Cash receipts from customers	\$ 2,996,000	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 1,511,300	\$ 4,280,000	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 2,159,000	\$ 25,627,500
Cash paid to suppliers and employees	\$ (600,000)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (2,079,900)	\$ (23,478,900)
Cash generated from operations (sum)	\$ 2,396,000	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ 2,200,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 2,148,600
Interest paid							\$ (21,875)						\$ (21,875)
Income taxes paid													\$ -
<b>Net cash flows from operating activities</b>	\$ 2,396,000	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ 2,178,225	\$ 79,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 2,126,725
<b>Cash flows from (used in) investing activities</b>													
Proceeds from the sale of equipment													0
Payment for Fixed Assets	\$ (2,975,500)												\$ (2,975,500)
Dividends received													\$ -
<b>Net cash flows from investing activities</b>	\$ (2,975,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,975,500)
<b>Cash flows from (used in) financing activities</b>													
Proceeds from Long Term Debts	\$ 1,750,000												\$ 1,750,000
Repayment Bank Loan							\$ (165,380)						\$ (165,380)
Dividend Payment													\$ -
Paid in Capital	\$ 2,250,000												\$ 2,250,000
<b>Net cash flows used in financing activities</b>	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (165,380)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,834,620
Net increase in cash and cash equivalents	\$ 3,420,500	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ (568,600)	\$ 2,012,845	\$ 79,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 79,100	\$ 2,985,845
Cash and cash equivalents, beginning of month	\$ -	\$ 3,420,500	\$ 2,851,900	\$ 2,283,300	\$ 1,714,700	\$ 1,146,100	\$ 577,500	\$ 2,590,345	\$ 2,669,445	\$ 2,748,545	\$ 2,827,645	\$ 2,906,745	\$ -
Cash and cash equivalents, end of year	\$ 3,420,500	\$ 2,851,900	\$ 2,283,300	\$ 1,714,700	\$ 1,146,100	\$ 577,500	\$ 2,590,345	\$ 2,669,445	\$ 2,748,545	\$ 2,827,645	\$ 2,906,745	\$ 2,985,845	\$ 2,985,845
Check	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**YEAR 2:**

Hola Baby Kindergarten - Projected Cash Flow													
YEAR 2	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 2
<b>Cash flows from (used in) operating activities</b>													
Cash receipts from customers	\$ 4,322,800	\$ 2,180,590	\$ 2,180,590	\$ 2,180,590	\$ 2,180,590	\$ 2,180,590	\$ 4,322,800	\$ 2,180,590	\$ 2,180,590	\$ 2,180,590	\$ 2,180,590	\$ 2,180,590	\$ 30,451,500
Cash paid to suppliers and employees	\$ (2,079,900)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (2,124,297)	\$ (25,447,167)
Cash generated from operations (sum)	\$ 2,242,900	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 2,198,503	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 5,004,333
Interest paid	\$ (19,808)						\$ (17,715)						\$ (37,522)
Income taxes paid						\$ (13,678)							\$ (13,678)
<b>Net cash flows from operating activities</b>	<b>\$ 2,223,092</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 42,615</b>	<b>\$ 2,180,788</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 56,293</b>	<b>\$ 4,953,132</b>
<b>Cash flows from (used in) investing activities</b>													
Proceeds from the sale of equipment													0
Payment for Fixed Assets													\$ -
Dividends received													\$ -
<b>Net cash flows from investing activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash flows from (used in) financing activities</b>													
Proceeds from Long Term Debts													\$ -
Repayment Bank Loan	\$ (167,448)						\$ (169,541)						\$ (336,988)
Dividend Payment													\$ -
Paid in Capital													\$ -
<b>Net cash flows used in financing activities</b>	<b>\$ (167,448)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (169,541)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (336,988)</b>
Net increase in cash and cash equivalents	\$ 2,055,645	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 42,615	\$ 2,011,248	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 56,293	\$ 4,616,144
Cash and cash equivalents, beginning of month	\$ 2,985,845	\$ 5,041,489	\$ 5,097,782	\$ 5,154,075	\$ 5,210,368	\$ 5,266,661	\$ 5,309,276	\$ 7,320,523	\$ 7,376,816	\$ 7,433,109	\$ 7,489,402	\$ 7,545,695	\$ 2,985,845
Cash and cash equivalents, end of year	\$ 5,041,489	\$ 5,097,782	\$ 5,154,075	\$ 5,210,368	\$ 5,266,661	\$ 5,309,276	\$ 7,320,523	\$ 7,376,816	\$ 7,433,109	\$ 7,489,402	\$ 7,545,695	\$ 7,601,988	\$ 7,601,988
Check	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**YEAR 3:**

<b>Hola Baby Kindergarten - Projected Cash Flow</b>													
<b>YEAR 3</b>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	<b>Total Year 3</b>
<b>Cash flows from (used in) operating activities</b>													
Cash receipts from customers	\$ 4,366,028	\$ 2,202,396	\$ 2,202,396	\$ 2,202,396	\$ 2,202,396	\$ 2,202,396	\$ 4,366,028	\$ 2,202,396	\$ 2,202,396	\$ 2,202,396	\$ 2,202,396	\$ 2,202,396	\$ 30,756,015
Cash paid to suppliers and employees	\$ (2,124,297)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (2,170,026)	\$ (25,994,582)
Cash generated from operations (sum)	\$ 2,241,731	\$ 32,370	\$ 32,370	\$ 32,370	\$ 32,370	\$ 32,370	\$ 2,196,002	\$ 32,370	\$ 32,370	\$ 32,370	\$ 32,370	\$ 32,370	\$ 4,761,433
Interest paid	\$ (15,595)						\$ (13,450)						\$ (29,045)
Income taxes paid						\$ (744,612)							\$ (744,612)
<b>Net cash flows from operating activities</b>	<b>\$ 2,226,136</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ (712,242)</b>	<b>\$ 2,182,552</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ 32,370</b>	<b>\$ 3,987,776</b>
<b>Cash flows from (used in) investing activities</b>													
Proceeds from the sale of equipment													0
Payment for Fixed Assets													\$ -
Dividends received													\$ -
<b>Net cash flows from investing activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash flows from (used in) financing activities</b>													
Proceeds from Long Term Debts													\$ -
Repayment Bank Loan	\$ (171,660)						\$ (173,806)						\$ (345,466)
Dividend Payment			\$ (3,000,000)										\$ (3,000,000)
Paid in Capital													\$ -
<b>Net cash flows used in financing activities</b>	<b>\$ (171,660)</b>	<b>\$ -</b>	<b>\$ (3,000,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (173,806)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,345,466)</b>
Net increase in cash and cash equivalents	\$ 2,054,476	\$ 32,370	\$ (2,967,630)	\$ 32,370	\$ 32,370	\$ (712,242)	\$ 2,008,747	\$ 32,370	\$ 32,370	\$ 32,370	\$ 32,370	\$ 32,370	\$ 642,310
Cash and cash equivalents, beginning of month	\$ 7,601,988	\$ 9,656,464	\$ 9,688,834	\$ 6,721,204	\$ 6,753,574	\$ 6,785,944	\$ 6,073,702	\$ 8,082,449	\$ 8,114,819	\$ 8,147,189	\$ 8,179,559	\$ 8,211,929	\$ 7,601,988
Cash and cash equivalents, end of year	\$ 9,656,464	\$ 9,688,834	\$ 6,721,204	\$ 6,753,574	\$ 6,785,944	\$ 6,073,702	\$ 8,082,449	\$ 8,114,819	\$ 8,147,189	\$ 8,179,559	\$ 8,211,929	\$ 8,244,299	\$ 8,244,299
Check	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



## 5 YEARS SUMMARY:

<b>Hola Baby Kindergarten - Projected Cash Flow</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Cash flows from (used in) operating activities</b>					
Cash receipts from customers	\$ 25,627,500	\$ 30,451,500	\$ 30,756,015	\$ 31,063,575	\$ 31,374,211
Cash paid to suppliers and employees	\$ (23,478,900)	\$ (25,447,167)	\$ (25,994,582)	\$ (26,596,014)	\$ (27,187,684)
Cash generated from operations (sum)	\$ 2,148,600	\$ 5,004,333	\$ 4,761,433	\$ 4,467,561	\$ 4,186,527
Interest paid	\$ (21,875)	\$ (37,522)	\$ (29,045)	\$ (20,354)	\$ (11,445)
Income taxes paid	\$ -	\$ (13,678)	\$ (744,612)	\$ (704,552)	\$ (660,723)
<b>Net cash flows from operating activities</b>	<b>\$ 2,126,725</b>	<b>\$ 4,953,132</b>	<b>\$ 3,987,776</b>	<b>\$ 3,742,655</b>	<b>\$ 3,514,359</b>
<b>Cash flows from (used in) investing activities</b>					
Proceeds from the sale of equipment	0	0	0	0	0
Payment for Fixed Assets	\$ (2,975,500)	\$ -	\$ -	\$ (326,398)	\$ (312,329)
Dividends received	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net cash flows from investing activities</b>	<b>\$ (2,975,500)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (326,398)</b>	<b>\$ (312,329)</b>
<b>Cash flows from (used in) financing activities</b>					
Proceeds from Long Term Debts	\$ 1,750,000	\$ -	\$ -	\$ -	\$ -
Repayment Bank Loan	\$ (165,380)	\$ (336,988)	\$ (345,466)	\$ (354,156)	\$ (363,066)
Dividend Payment	\$ -	\$ -	\$ (3,000,000)	\$ (3,000,000)	\$ (3,000,000)
Paid in Capital	\$ 2,250,000	\$ -	\$ -	\$ -	\$ -
<b>Net cash flows used in financing activities</b>	<b>\$ 3,834,620</b>	<b>\$ (336,988)</b>	<b>\$ (3,345,466)</b>	<b>\$ (3,354,156)</b>	<b>\$ (3,363,066)</b>
Net increase in cash and cash equivalents	\$ 2,985,845	\$ 4,616,144	\$ 642,310	\$ 62,101	\$ (161,036)
Cash and cash equivalents, beginning of month	\$ -	\$ 2,985,845	\$ 7,601,988	\$ 8,244,299	\$ 8,306,400
Cash and cash equivalents, end of year	\$ 2,985,845	\$ 7,601,988	\$ 8,244,299	\$ 8,306,400	\$ 8,145,364

## 6.6. Scenario Analysis

### NORMAL SCENARIO:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues		\$25,627,500	\$30,451,500	\$30,756,015	\$31,063,575	\$31,374,211
Operating Cost		\$24,958,800	\$25,491,564	\$26,040,311	\$26,605,520	\$27,187,686
Depreciation		\$546,556	\$546,556	\$546,556	\$555,520	\$564,227
Operating Income		\$122,144	\$4,413,380	\$4,169,148	\$3,902,535	\$3,622,298
TAX (17%)		\$20,764	\$750,275	\$708,755	\$663,431	\$615,791
Profit After TAX		\$101,380	\$3,663,105	\$3,460,393	\$3,239,104	\$3,006,508
Investment	-\$4,000,000				-\$326,398	-\$312,329
CASH FLOW	-\$4,000,000	\$647,936	\$4,209,661	\$4,006,949	\$3,468,226	\$3,258,406

<b>Cash Flow NPV</b>	<b>\$7,470,630.10</b>
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**PESSIMISTIC SCENARIO:**

	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenues		\$19,590,000	\$19,785,900	\$19,983,759	\$20,183,597	\$20,385,433
Operating Cost		\$20,329,200	\$20,939,076	\$21,567,248	\$22,214,266	\$22,880,694
Depreciation		\$546,556	\$546,556	\$546,556	\$555,520	\$564,227
Operating Income		-\$1,285,756	-\$1,699,732	-\$2,130,045	-\$2,586,189	-\$3,059,488
TAX (17%)		-\$218,579	-\$288,954	-\$362,108	-\$439,652	-\$520,113
Profit After TAX		-\$1,067,177	-\$1,410,778	-\$1,767,938	-\$2,146,537	-\$2,539,375
Investment	-\$4,000,000				-\$326,398	-\$312,329
<b>CASH FLOW</b>	<b>-\$4,000,000</b>	<b>-\$520,621</b>	<b>-\$864,222</b>	<b>-\$1,221,382</b>	<b>-\$1,917,415</b>	<b>-\$2,287,477</b>

**Cash Flow NPV (\$8,835,130.19)**

**OPTIMISTIC SCENARIO:**

	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenues		\$30,222,000	\$40,698,960	\$41,105,950	\$41,517,009	\$41,932,179
Operating Cost		\$26,168,400	\$26,953,452	\$27,762,056	\$28,594,917	\$29,452,765
Depreciation		\$546,556	\$546,556	\$546,556	\$555,520	\$564,227
Operating Income		\$3,507,044	\$13,198,952	\$12,797,338	\$12,366,572	\$11,915,188
TAX (17%)		\$596,197	\$2,243,822	\$2,175,547	\$2,102,317	\$2,025,582
Profit After TAX		\$2,910,847	\$10,955,130	\$10,621,791	\$10,264,255	\$9,889,606
Investment	-\$4,000,000				-\$326,398	-\$312,329
CASH FLOW	-\$4,000,000	\$3,457,403	\$11,501,686	\$11,168,347	\$10,493,377	\$10,141,504

<b>Cash Flow NPV</b>	<b>\$30,503,756.69</b>
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## 6.7. Break-even Analysis

From our Break-even Analysis we obtained that the minimum number of students to have a profitable Business should 136. See the table below:

	No. Students	MONTHLY REVENUES	SEMESTER REVENUES
FRESHMAN	34	503,880	489,600
SOPHOMORE	51	766,020	754,800
SENIOR	51	766,020	754,800
<b>TOTAL</b>	<b>136</b>	<b>2,035,920</b>	<b>1,999,200</b>

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues		\$21,322,080	\$28,713,734	\$29,000,872	\$29,290,880	\$29,583,789
Operating Cost		\$24,958,800	\$25,491,564	\$26,040,311	\$26,605,520	\$27,187,686
Depreciation		\$546,556	\$546,556	\$546,556	\$555,520	\$564,227
Operating Income		-\$4,183,276	\$2,675,614	\$2,414,005	\$2,129,841	\$1,831,877
TAX (17%)		-\$711,157	\$454,854	\$410,381	\$362,073	\$311,419
Profit After TAX		-\$3,472,119	\$2,220,760	\$2,003,624	\$1,767,768	\$1,520,458
Investment	-\$4,000,000				-\$326,398	-\$312,329
CASH FLOW	-\$4,000,000	-\$2,925,563	\$2,767,316	\$2,550,180	\$1,996,890	\$1,772,356
Cash Flow NPV	<b>\$7,819.14</b>					

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