

Spring 2012

Pinkberry Business Plan

Adriana Briones

Johnson & Wales University - Providence, ACB266@jwu.edu

Helena Langalis

Johnson & Wales University - Providence

Candy Matos

Johnson & Wales University - Providence, CSM374@jwu.edu

Diane Medeiros

Johnson & Wales University - Providence, DEM924@jwu.edu

Richard Wilson

Johnson & Wales University - Providence, RAW570@jwu.edu

Follow this and additional works at: https://scholarsarchive.jwu.edu/ac_symposium



Part of the [Arts and Humanities Commons](#), [Physical Sciences and Mathematics Commons](#), and the [Social and Behavioral Sciences Commons](#)

Repository Citation

Briones, Adriana; Langalis, Helena; Matos, Candy; Medeiros, Diane; and Wilson, Richard, "Pinkberry Business Plan" (2012).

Academic Symposium of Undergraduate Scholarship. 20.

https://scholarsarchive.jwu.edu/ac_symposium/20

This Research Paper is brought to you for free and open access by the College of Arts & Sciences at ScholarsArchive@JWU. It has been accepted for inclusion in Academic Symposium of Undergraduate Scholarship by an authorized administrator of ScholarsArchive@JWU. For more information, please contact jcastel@jwu.edu.

Managerial Economics
ECON 3030
Prof. Lawrence LaFauci
Business Plan Outline



Briones, Adriana
Langalis, Helena
Matos, Candy
Medeiros, Diane
Wilson, Richard

Table of Contents

Introduction.....	Page 1
Executive Summary.....	Page 2
Incorporation Process.....	Page 4
Overview.....	Page 5
Mission.....	Page 5
The Pinkberry Beliefs.....	Page 6
Price Elasticity of Demand.....	Page 7
Income Elasticity of Demand.....	Page 7
Business Market Structure.....	Page 7
Geographic Market.....	Page 8
Business Level Strategy.....	Page 9
SWOT Analysis.....	Page 10
Primary and Secondary Target Markets.....	Page 11
Promotion Strategy.....	Page 12
Advertising Strategy.....	Page 13
Pricing Strategy.....	Page 13
Financial Capital requirement to open a Pinkberry branch.....	Page 14
Financial Capital Structure.....	Page 15
Cost of Debt Financing.....	Page 15
Cost of Equity Financing.....	Page 15
Income Statement.....	Page 16
Statement of Cash Flows.....	Page 17

Fixed and Variable Costs.....Page 18

Break even point in Dollar volume of sales.....Page 18

Operating Leverage.....Page 18

Economic Profit or Loss.....Page 19

Appendix 1.....Page 20

Appendix 2.....Page 27

Appendix 3.....Page 29

Appendix 4.....Page 34

Appendix 5.....Page 37

Works Cited.....Page 41

Members' Contribution.....Page 43

INTRODUCTION

The following business plan details a franchising project of a frozen yogurt shop to be constructed, developed, and operated in a very popular shopping mall in the state of Rhode Island. The shop will be a franchise of Pinkberry brand. Pinkberry is an upscale frozen dessert brand that serves as an alternative to ice cream. Pinkberry anticipates continued success due to its location, high quality product, and strong brand name.

Executive Summary

The following business plan proposes the opening of a frozen yogurt shop at a successful and dominant regional shopping center in the heart of Providence, Rhode Island. The Providence Place Mall has been selected for this project because it is located in a highly populated urban area and it is considered an attraction that captures the attention of young shoppers, females, and tourism. Additionally, Providence Place Mall welcomes visitors from other communities such as Johnston, Cranston, and North Providence as well.

Furthermore, the plan outlines the parameters under which the principals will pursue the construction, development, and operation of the store. The shop will be a franchise of Pinkberry Inc. brand. Pinkberry is an upscale frozen dessert brand that serves as an alternative to ice cream. In addition to frozen yogurt, the product line will include fruit parfaits, fresh fruit bowls, smoothies, and a wide variety of fresh toppings. The primary target market for these products is teenagers ranging in the 13-19 yrs old and the secondary target market is females ranging in the 20-35 yrs old.

Because of the wide variety of substitutes available for ice cream, Pinkberry products' demand is price elastic. Likewise, Pinkberry products are identified to be normal goods; therefore, sales will vary with the business cycle. Additionally, Pinkberry will compete in a Monopolistic market and the main identified competitors inside the mall are Ben & Jerry's, Dairy Queen, and Dunkin Donuts smoothies, there is no outside competition within 2 miles of the mall.

In order to position the product, Pinkberry management team will utilize a differentiation strategy focusing on building a strong brand name to achieve customer loyalty and decrease the price elasticity of demand. In addition, management will implement a marketing Pull Strategy which will be focused on consumers in order to stimulate interest and demand for the product at the end-user level. Product advertisement will be performed through popular communication

media such as social networks, flyer inserts in news papers, menus with coupons, popular radio stations, and other. Considering the price elasticity of Pinkberry products and until product brand is well positioned, a status quo pricing strategy will be utilized to launch the product.

Moreover, the shop will open ten employment opportunities; two managerial positions and eight customer service and product preparation positions. Approximately, five to eight high school and/or college students will be hired to work part-time shifts during peak sales hours, which are during evenings and weekend hours. Other part-time employees may be hired as needed for special projects such as mall events, preparing large orders for caterers, and other special occasions. The store hours will be from 10:00am to 9:00 pm on weekdays and 10:00pm on weekends.

This project requires a \$545,000 financial capital investment, which includes a \$45,000 franchise license fee. The financial capital structure will consist of 40 percent equity and 60 percent debt. Since there are five shareholders in the corporation, each one will contribute \$43, 600 to total a \$218,000 equity investment and will negotiate a \$327,000 10 year loan at a 6 percent fixed interest rate. The store revenues are forecasted to be \$ 2,000,000 in the first year of operation and are expected to increase at an average annual rate of 15 percent per year in the following three years of operation. The first year's Accounting operating profit is expected to be \$531,743; however, the estimated Economic profit is \$491,078. Pinkberry anticipates continued success due to its location, high quality product, and strong brand name.

Incorporation Process

1. Decide on a business name for the corporation. (Pinkberry Inc.)
 2. Search availability of the corporation's chosen business name, and for similarity to existing names.
 3. Register the corporation's name.
 4. Decide in which state to incorporate. (California)
 5. Choose the initial directors for the corporation.
 6. Create and sign the corporation's "articles of incorporation."
 7. Write the corporation's by-laws.
 8. File the corporation's articles of incorporation with the chosen state's Secretary of State Office, and pay related filing fees.
 9. Obtain business licenses and permits for the corporation from:
 - The Federal government.
 - State government.
 - Local government.
 10. Open a separate bank account for the corporation.
 11. Hold the first board of directors' meeting.
 12. Start a minute book for the corporation's meetings.
 13. Issue certificates to the corporation's initial stockholders (if applicable).
- (Beatty 497).

Reporting Period

- Fiscal year ending December 31st



Taste the Pinkberry Difference

Overview

The new buzz around the Providence Place Mall is the overjoyed announcement of a new dessert that is healthy and full of flavor. It's called Pinkberry and it's a frozen yogurt.

Pinkberry is an upscale frozen dessert franchise that serves as an alternative to ice cream. Pinkberry reinvented the frozen yogurt category when it launched in West Hollywood, California in 2005. Pinkberry comes in six flavors original, mango, coconut, watermelon, chocolate, and salted caramel. The fruit toppings are made fresh on-site daily with the highest quality fruits that are in season and the yogurt is made with real nonfat milk and real nonfat yogurt that is hormone free. Pinkberry has been certified by the National Yogurt Association to carry the live active cultures seal. In addition to frozen yogurt and toppings, Pinkberry also offers fruit parfaits, fresh fruit bowls and smoothies.

Pinkberry stores provide a health conscious themed, relaxed, and simple environment, specializing in natural frozen yogurt made with fresh ingredients. Pinkberry is made with only the highest quality ingredients and is the perfect balance of tart and sweet, resulting in a refreshing experience.

Mission

To deliver a one of a kind experience by providing high quality, fresh, and healthy soft serve frozen desserts full of fun and flavor. Pinkberry Inc. strives to honor its customers by providing only the best quality products along with outstanding customer service.

The Pinkberry Beliefs

Pinkberry is committed to deliver only high quality products and the best customer service. Over the years, they have developed a few strong beliefs that are the secret to the success of the business. Pinkberry believes in/that:

- The power of human connection and service.
- Sourcing premium ingredients from around the globe to create a one-of-a kind craveable taste.
- Real frozen yogurt should be made only with hormone-free milk and live & active cultures.
- Fanatical freshness, therefore, only serves daily hand cut fruit.
- A store experience should inspire the customers and should feel light and fresh, just like the product.
- Goodness should come guaranteed; At Pinkberry, if customers are dissatisfied with their masterpiece, a team member will swirl him/her a new one for free (www.pinkberry.com).

Price Elasticity of Demand

- Frozen yogurt demand is Price Elastic

Demand for frozen yogurt is price elastic since there are many substitutes for this product, such as ice cream and sorbet. In the long run, demand for frozen yogurt will be even more elastic as consumers have the time to seek out to other brands or substitute goods. Because frozen yogurt and ice cream are close substitutes, demand for frozen yogurt is expected to rise when the price of ice cream rises. However, Pinkberry's management team will strive to build a strong brand name in order to create customer loyalty and decrease the product's price elasticity of demand.

Income Elasticity of Demand

- Frozen yogurt demand is Income Elastic

Frozen yogurt is a cyclical good; therefore, sales will vary with the business cycle. When the economy is growing, consumers' disposable income increases, and as a result, sales for frozen yogurt will rise. On the other hand, since frozen yogurt is not a necessity, when the economy slows down, disposable income decreases, and sales will also decrease.

Business Market Structure

- Oligopoly

Pinkberry will compete in an oligopoly since at the Providence Place mall there are only a few firms that sell similar products to frozen yogurt such as ice cream, sorbet, smoothies, and yogurt parfaits. The businesses that represent competition for Pinkberry in the area are:

- Ben and Jerry's
- Dairy Queen
- Dunkin Donuts (Smoothies)

Since there are only a few firms, there is interdependence between them which means that when making strategic decisions, (i.e. changes in pricing), each firm must take into account the likely reactions of the other firms (what they do affects us and what we do affects them).

Geographic Market

- Providence City
 - **Location** – Providence Place Mall

Providence Place Mall is the ideal venue to open a Pinkberry branch since it is located in a highly populated urban area; besides, it attracts customers not only from Providence but also from other cities, such as Johnston, Cranston, and North Providence. Nonetheless, the highest customer attendance comes from Providence City.

Providence's population has grown significantly in the past few years. According to data released by the U.S. Census Bureau, the City of Providence grew by more than 4,400 people over the past decade, increasing from 173,618 to 178,042. The Downtown neighborhood stands out among others for having the largest population growth rate (65%) driven primarily by the construction of several high-rise condominium units as well as universities creating more college dorm rooms in the downtown area. Patrick J. McGuigan, Executive Director of the Providence Plan, stated that this represents the largest increase of any Providence neighborhood in the last ten years, with young, educated professionals helping lead the change (www.provplan.org).

Additionally, an analysis of the income levels of mall-goers reveals that a majority (59 percent) have family incomes of \$50,000 or less. At the upper end of income levels, 13 percent report that they make at least \$100,000. Another 17 percent report that they make between \$50,000 and \$100,000. And only 11 percent say they make over \$100,000 (www.insidepolitics.org). Based on these statistics, we infer that frequent mall shoppers have enough disposable income to spend on normal goods, such as frozen yogurt. Therefore, it is likely that a Pinkberry branch will operate successfully in this location.

Business Level Strategy

- **Differentiation Strategy**

Since Pinkeberry products will be competing in an industry that is elastic and consists of many substitute goods, cost centered strategies would most likely fail. There are so many lower price alternatives to frozen yogurt products that low cost/price competitors could easily control the market. Therefore, in order to be able to compete in our industry, we will utilize a differentiation strategy focusing on building a strong brand name to achieve customer loyalty.

Through our brand development we hope to become the leading and most valuable frozen yogurt company with high quality healthy products and outstanding customer service.

Focus area of Brand Development

- Excellent customer service.
- High quality products.
- Building customer loyalty.
- Delivering a unique and innovated experience.
- Physical Store, "Chill Atmosphere."

SWOT Analysis

Internal	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Good reputation • Quality & consistency of product • Customer focused service • Product seen as a healthier snack or dessert choice • Strong brand recognition • Live and active culture seal from the National Yogurt • Product differentiation 	<ul style="list-style-type: none"> • High cost of franchise/start-up • Limited to multi-location investors • Expensive marketing strategy • Sporadic locations • Higher prices compared to other yogurt brands
External	
Opportunities	Threats
<ul style="list-style-type: none"> • New market • Growth opportunities • Shift in consumers health conscious mentality • Direct marketing/sales • International recognition • Local markets/vendor integration (i.e. partnerships with Starbucks) • Site Decision Systems™ platform (helps identify sites for Franchise locations) 	<ul style="list-style-type: none"> • Becoming a fad • Changes in consumers' taste • Direct competition • Changes in the business cycle • Local demographics changes • Sustainability of product differentiation • Barriers of entry (high cost of Franchise investment)

Target Markets

- **Primary**
 - Teens ranging in the 13-19 yrs old
- **Secondary**
 - Females ranging in the 20-35 yrs old

Statistics show that Providence Place Mall attracts younger clientele who choose the mall as a place to meet friends, hang out, and shop. Statistics also reveal that while 21 percent of the city of Providence residents are 55 years or older, only 11 percent of frequent mall visitors are over 55yrs old. Conversely, 36 percent of the city residents are between ages 18 and 34, and 57 percent of mall visitors' fall within that age range. Additionally, 47 percent of mall visitors are males while 53 percent are females. Many of these young shoppers are students who come from neighboring schools, such as Mosses Brown, Lincoln School, La Salle Academy, Johnson & Wales University, Brown University, and Roger Williams University.

Well-educated, teenagers and young adults are typically interested in trying new products and are likely to choose a healthy snack over an unhealthy one; therefore, they are a good target market to promote our product and achieve business growth and success. Providence educated population has had a positive increase in the past few years. The American Community Survey, a division of the U.S. Census Bureau, reports that from 2005 to 2009 there was a 38 percent increase in young professionals living in Providence (not just downtown). This represents an increase of 3,484 in the number of 25- to 34-year-olds with four-year college degrees living within three miles of central downtown in Providence. (www.providencebusinessnews.com).

Promotion Strategy

- Pull Strategy

We will implement a marketing Pull Strategy which will be focused on consumers in order to stimulate interest and demand for our product at the end-user level. Some of our promotional strategies will be:

- Offer a 15 percent discount during the first two weeks of the business opening in order to build demand for our product. Offering this discount during two weeks only, intends to create a sense of urgency in consumers, who then give the product a try before the offer expires.
- In order to repeat sales and as a way to build customer loyalty, brand reinforcement will be created by offering a club membership through which members will get discounts for purchases, as well as perks, such as free products or being eligible for special sales that are not available to the general public.
 - Currently, Pinkberry has a reward program in place that gives consumers a free small one topping frozen yogurt after the purchase of 10 any size yogurts.
 - Additionally, they have the “Never Eat Alone” campaign which runs along with the frequent buyer cards by adding an additional stamp for every time existing customers come in with a new customer, limited to **one** additional stamp per visit **only** when also purchasing a Pinkberry yogurt. This promotion is only implemented in the first six months of the franchises’ operations and/or during a particular low season, i.e. winter months (www.pinkberry.com).
- To introduce the product to potential customers and increase its popularity we will host free taste-sampling for mall visitors and at some events that take place in the heart of Downtown, such as Water Fire, festivals, etc.

Advertising Strategy

- Advertisement through Communication media:
 - Social Networks (Facebook, Twitter)
 - Flyers distributed in car windshields.
 - Free advertisement ads in Breeze Newspaper.
 - Flyer inserts in JWU's Campus Herald.
 - Distribution of menus with coupons in college areas and Providence Place Mall.
 - Radio ads in Hot 106 radio and Latina 100.3

Pricing Strategy

- Status Quo Pricing Strategy

Considering the price elasticity of Pinkberry products and until the brand name is well positioned in the area, a status quo or meeting the competition pricing strategy will be utilized to launch the product. This decision is based on the fact that Pinkberry will be competing with firms that sell very close substitutes for frozen yogurt, and therefore, the price elasticity of its products is demand elastic. However, in order to ensure that this pricing strategy is adequate for the business, management has assessed the company's expected revenues versus its expenses and has conducted a sales forecast in which similar prices to the main competitors were applied. The results of this assessment reported that status quo pricing is an appropriate strategy for Pinkberry since it will allow the business to cover all its expenses and earn an economic profit as well. Consequently, given the price elasticity of Pinkberry products and after having assessed the business ability to cover its operating expenses, management has determined that status-quo pricing is a low-risk option for the business; otherwise, if it charges higher prices than its competitors, demand will decrease and the business market share will be threatened. Nevertheless, in order to have more control over pricing, Pinkberry's management team will continue working on decreasing the price elasticity of demand through increased product differentiation and customer loyalty.

Capital requirement to open a Pinkberry branch

- \$545,000 beginning capital requirement

Pinkberry franchisees enter the Pinkberry Franchise System by paying a non-refundable franchise license fee of \$45,000 to get started. Moreover, as a requirement of the franchise contract, the business must have \$200,000 minimum liquidity, and have a minimum net worth of \$400,000. Of the \$200,000 liquid assets at least \$100,000 will be cash that will be used to cover at least the first four months of wages and salaries, normal profit, employee benefits, and payroll taxes. We will hire ten employees, two of which will be hired as managers, will earn \$15 an hour, and will work 40hrs per week. The other six employees will be in charge of product preparation and customer service, they will earn \$8 an hour, two of them will work 40hrs per week and the other four will work 20hrs per week. The four full time employees will be offered health and dental insurance and they will be responsible for 20 percent of the premium rate. (For health insurance premium rate is \$548 and for dental insurance is \$33). The store will open at 10:00am and will close at 9:00pm on weekdays and at 10:00pm on weekends; however, employees that cover the morning shift are expected to report to work at 9:00am.

Additionally, the contract states that franchisees are expected to incorporate Pinkberry décor and employees must wear Pinkberry uniforms. There is an initial 2-week training program for the primary operating principal and a 3-week training program for both the General Manager and the Assistant General Manager. Pinkberry's training team will also assist in the opening of each store. Furthermore, franchisees must agree to spend at least \$2,000 on a grand opening marketing program, along with an additional \$2,000 per month on a Marketing Launch Program for the first three months in business. In addition, franchisees must contribute 2% of Gross Revenue to the Marketing Fund, 2% of Gross Revenue to National Marketing Support, and 6 % of Gross Revenue to franchisor per royalty period (www.smallbusiness.chron.com/information-starting-pinkberry-franchise).

Financial capital structure

Pinkberry's financial capital structure will be raised through 60 percent debt and 40 percent equity. Pinkberry Inc. has five shareholders; each one will contribute \$43,600 to the investment.

60% Debt	\$327,000
40% Equity	<u>\$218,000</u>
Total	\$545,000

The Cost of Debt Financing

- 6 % Interest rate on debt

According to a Small Business Rate Report published on Business Week.com, interest rates for small business loans are generally around prime rate plus 2.75 (Klein 1). Currently, prime rate is 3.25; therefore, we will negotiate a 6 percent fixed interest rate for the loan needed to start the business. The loan will be for a term of 10 years (120 months) and we will make monthly payments of \$3630.69 to amortize it, this amount will cover interest and principal repayment. (Please refer to appendix 4 to see the loan amortization schedule).

The Cost of Equity Financing

- The estimated cost of equity is 22.21%

According to Yahoo Finance, the interest rate of return for a 10 year US Treasury Bond investments is 2.15 percent. Additionally, the risk premium rate for a 10 year investment in a Fidelity New Markets Income Fund is 11.84 percent ($11.84\% - 2.15\%R_f = 9.69\% R_p$) and the volatility for market changes (Beta) is 2.07; Therefore:

$$\begin{aligned} \text{Risk Free} + \text{Beta} (\text{Risk Premium} - \text{Risk Free}) &= \text{Cost of Equity} \\ 2.15\% + 2.07 (11.84\% - 2.15\%) &= 22.21\% \end{aligned}$$

Pinkberry Inc.

Pro-forma Income Statement For year 2012 through 2015

REVENUE	2012	2013	2014	2015
Gross sales	\$2,000,000	\$2,300,000	\$2,645,000	\$3,041,750
Less sales returns and allowances	20,000	23,000	26,450	30,418
Royalties to Marketing fund (2%)	40,000	46,000	52,900	60,835
Royalties to National Marketing Fund (2%)	40,000	46,000	52,900	60,835
Royalties to Franchisor (6%)	120,000	138,000	158,700	182,505
Net Sales	\$1,780,000	\$2,047,000	\$2,354,050	\$2,859,245
COST OF SALES				
Beginning inventory	\$0	\$80,000	\$75,500	\$96,000
Plus goods purchased / manufactured	721,000	917,150	1,079,823	1,296,660
Total Goods Available	\$721,000	\$997,150	\$1,155,323	\$1,392,660
Less ending inventory	80,000	75,500	96,000	106,000
Total Cost of Goods Sold	\$641,000	\$921,650	\$1,059,323	\$1,286,660
Gross Profit (Loss)	\$1,139,000	\$1,125,350	\$1,294,727	\$1,572,585
OPERATING EXPENSES				
Selling				
Salaries and wages (Labor)	\$66,560	\$70,720	\$75,140	\$79,836
Advertising	14,000	12,000	11,000	11,000
Other	3,000	2,000	2,000	1,800
Total Selling Expenses	\$83,560	\$84,720	\$88,140	\$92,636
GENERAL/ADMINISTRATIVE EXPENSES				
Salaries and wages (Managerial talent)	\$62,400	\$66,300	\$70,444	\$74,847
Employee benefits	22,310	22,756	23,211	23,675
Payroll taxes	13,208	14,034	14,911	15,843
Insurance	5,000	5,300	5,600	5,900
Rent	90,000	96,000	102,000	108,000
Utilities	18,000	18,500	19,000	19,500
Depreciation & amortization	8,000	8,000	8,000	8,000
Shop supplies	6,000	6,400	6,700	7,000
Postage	1,500	1,200	1,000	1,000
Equipment maintenance & rental	4,000	4,300	4,500	4,800
Interest	19,351	19,351	19,351	19,351
Total General/Administrative Expenses	\$249,769	\$262,141	\$274,717	\$287,916
TOTAL OPERATING EXPENSES	\$333,329	\$346,861	\$362,857	\$380,552
Net Income Before Taxes	\$805,671	\$778,489	\$931,870	\$1,192,033
Taxes on income	273,928	264,686	316,835	405,291
Net Income After Taxes	\$531,743	\$513,803	\$615,035	\$786,742
Extraordinary gain or loss	\$0	\$0	\$2,300	\$0
Income tax on extraordinary gain	0	0	175	0
NET INCOME (LOSS)	\$531,743	\$513,803	\$617,160	\$786,742

Pinkberry Inc.
Statement of Cashflows
For the period ending December 31, 2012

Cash flows from operating activities		
Net Income	\$ 531,743	
Depreciation	8,000	
Accounts payable	125,000	
Accounts receivable	(140,000)	
Net cash provided by operating activities	<u>524,743</u>	524,743
Cash flows from investing activities		
Cash paid for licencing	(45,000)	
Cash paid for purchasing of furniture & equipment	(160,000)	
Marketable securities	(75,000)	
Net cash used by investing activities	<u>(280,000)</u>	(280,000)
Cash flows from financing activities		
Cash received from shareholders/equity	218,000	
Cash received from long-term borrowings	327,000	
Repayment of loans	(24,620)	
Net cash provided by financing activities	<u>520,380</u>	520,380
Net change in cash	\$ 765,123	
Cash balance at the beginning of the period		<u>100,000</u>
Cash balance at the end of the period		<u><u>865,123</u></u>

Costs

Fixed Cost	
Insurance	5,000
Rent	90,000
Depreciation & amortization	8,000
Interest	19,351
Total Fixed Cost	122,351

Variable Cost	
Royalties to Marketing fund (2% of Gross Revenue)	40,000
Royalties to National Marketing fund (2% of Gross Revenue)	40,000
Royalties to Franchisor (6%)	120,000
Sales returns and allowances	20,000
Cost of goods sold	641,000
Normal Profit	62,400
Salaries and Wages	66,560
Advertising	14,000
Payroll taxes	13,208
Employee benefits	22,310
Utilities	18,000
Shop supplies	6,000
Postage	1,500
Equipment maintenance and rental	4,000
Taxes on income	273,928
Other	3,000
Total Variable Cost	1,345,906

Net sales	2,000,000
Total variable cost	1345906
Contribution margin	654,094
Total fixed cost	122,351
Net income	\$ 531,743

Operating Leverage	
Contribution margin/	654,094
Net income	531,743
Operating Leverage	1.23

Average sales price	\$ 5.00
Average variable cost	\$ 3.35
Contribution margin per unit	\$ 1.65
Contribution margin as a % relative to price	\$ 5.00
	0.33

Break even point in Dollar sales	
Total fixed cost /	122,351
Contribution margin as a % relative to price	0.33
Break even point in Dollar sales	\$ 370,760.61

Break even in units	122,351 / 1.65
	74,152.12 units

Economic Profit (Loss)

WACC		
Cost of debt	6%	
Cost of equity	22.21%	
Total capital	545,000	
Total debt	327,000	60%
Total equity	218,000	40%

(6%) (.6) =	3.6%
(22.21%) (.4) =	8.88%
WACC	12.48%

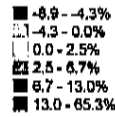
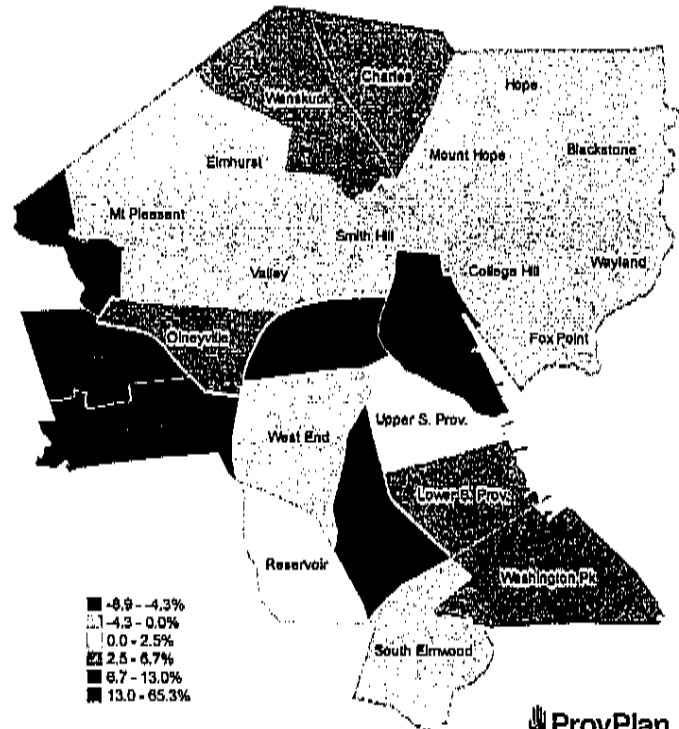
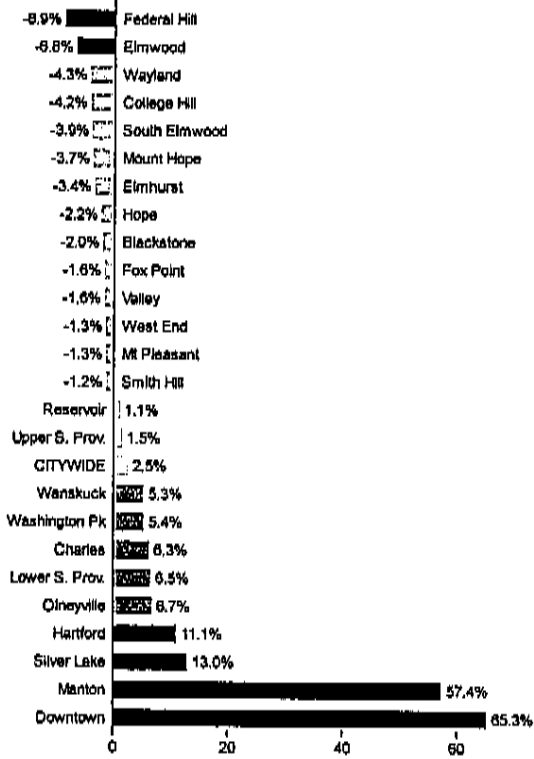
Economic Profit or Loss

Net income	531,743
Depreciation expense	8,000
Interest expense	19,351
NOPAT	559,094
Cost of capital	68,016
Economic Profit (Loss)	491,078

Appendix 1
**Providence Demographic Change &
Median Family Income Data**

Population Change, 2000-2010

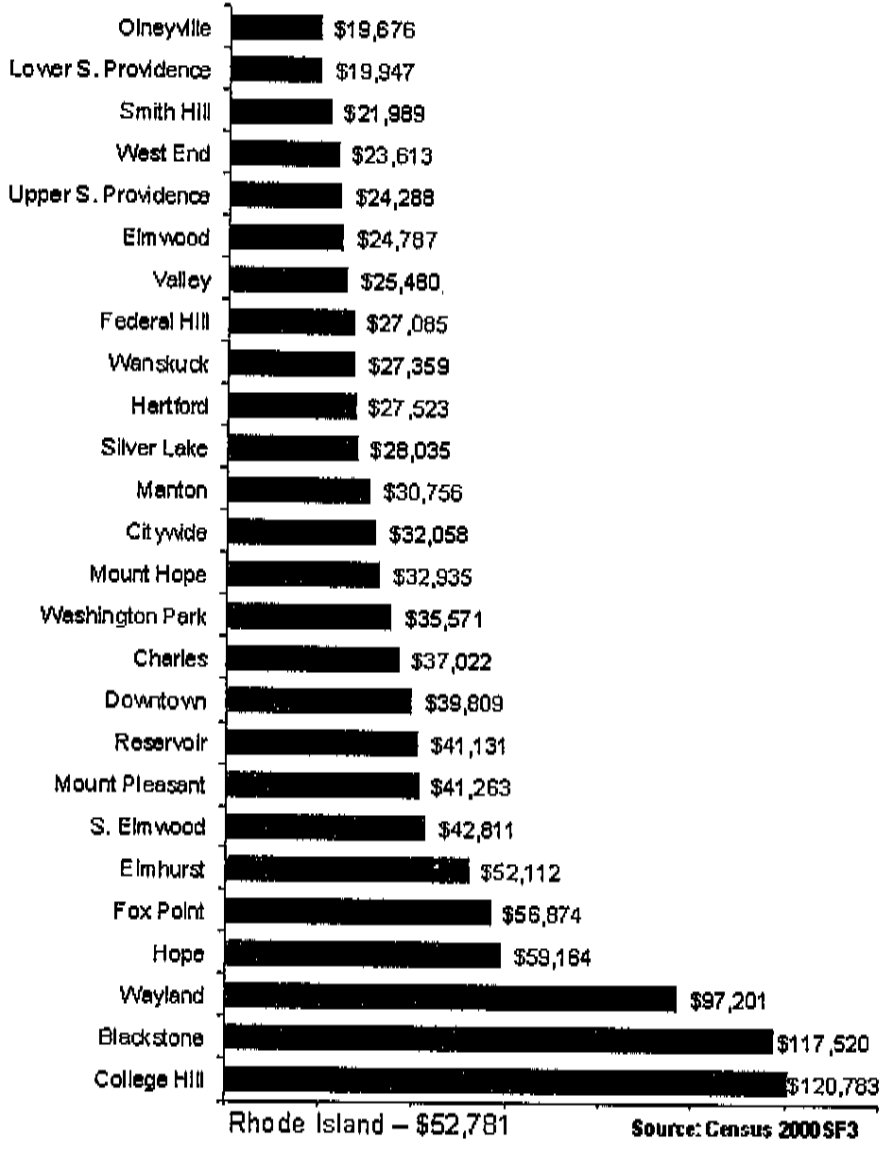
as Percent of 2000 Neighborhood Population



ProvPlan

US Census Bureau, 2000 and 2010 Redistricting Data

Median Family Income, 2000



Source: Census 2000 SF3

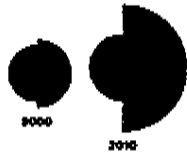
Appendix 2
Payroll Tax Calculation

YTD	Gross Wages	Taxable Income	SAME AS EE Social Security	SAME AS EE Medicare	Federal Unemployment	TAXABLE INCOME x 4% State Unemployment / Disability	Income Plus ER Taxes	Total taxes paid
Supervisor 1	\$31,200.00	\$29,805.60	\$1,251.84	\$432.18	\$56.00	\$760.00	\$32,305.62	\$2,500.02
Supervisor 2	\$31,200.00	\$29,805.60	\$1,251.84	\$432.18	\$56.00	\$760.00	\$32,305.62	\$2,500.02
Full-Time 1	\$16,640.00	\$15,245.60	\$640.32	\$221.06	\$56.00	\$609.82	\$16,772.80	\$1,527.20
Full-Time 2	\$16,640.00	\$15,245.60	\$640.32	\$221.06	\$56.00	\$609.82	\$16,772.80	\$1,527.20
Part-Time 1	\$8,320.00	\$8,320.00	\$349.44	\$120.64	\$56.00	\$332.80	\$9,178.88	\$858.88
Part-Time 2	\$8,320.00	\$8,320.00	\$349.44	\$120.64	\$56.00	\$332.80	\$9,178.88	\$858.88
Part-Time 3	\$8,320.00	\$8,320.00	\$349.44	\$120.64	\$56.00	\$332.80	\$9,178.88	\$858.88
Part-Time 4	\$8,320.00	\$8,320.00	\$349.44	\$120.64	\$56.00	\$332.80	\$9,178.88	\$858.88
Part-Time 5	\$8,320.00	\$8,320.00	\$349.44	\$120.64	\$56.00	\$332.80	\$9,178.88	\$858.88
Part-Time 6	\$8,320.00	\$8,320.00	\$349.44	\$120.64	\$56.00	\$332.80	\$9,178.88	\$858.88
							\$153,230.12	\$13,207.72

Appendix 3
Cost of Debt Rate



The Secret Strength of Pakistan's Economy



The People vs. the IRS Videos



NYC Pizza Price Wars



Google Art Project May Lure Israel Museum Visitors



N. Korea's Neighbors Voice Concern Over Rocket Plan



California's Slow Bounce Back

SMART ANSWERS February 17, 2011, 5:20PM EST

The SBA's New Small Business Loan Programs

Lenders will find it easier to get government guarantees on smaller loans, and a new SBA program will help borrowers refinance commercial mortgages

By Karen E. Klein

Small business owners have long complained about the red tape, long waits, and prohibitive collateral requirements of Small Business Administration-guaranteed loans. This spring the agency will introduce two new SBA loan programs that will funnel capital to underserved entrepreneurs directly through nonprofit microfinance organizations, says Grady Hedgespeth, director of the SBA's Office of Financial Assistance in Washington, D.C. He spoke recently to [Smart Answers](#) columnist Karen E. Klein about the two new loans, as well as the brand-new [504 commercial mortgage refinance program](#) and how they work. Edited excerpts of their conversation follow.

Karen E. Klein: What new loan programs is the SBA adding to its portfolio for 2011?

Grady Hedgespeth: The most exciting are our Community Advantage and Small Loan Advantage programs. They are a simpler and easier way for lenders to make smaller-dollar loans and get a full SBA guarantee of up to 85

percent.

What are the rules for these new programs?

They are open to borrowers who would regularly qualify for an SBA loan, with no geographical restrictions. The loan must be \$250,000 or less.

What institutions will offer them and at what rates?

The Small Loan Advantage will be for 630 of our preferred lenders, including the largest banks, such as Wells Fargo ([WFC](#)), Bank of America ([BAC](#)), and U.S. Bank ([USB](#)), as well as regional banks.

Interest rates vary by the size of the loan, but generally they will be around prime plus 2.75 percent.

What about Community Advantage?

We're using the same process, but we're making it available for the first time to what we call "mission lenders." These are lenders who are primarily not-for-profits and have been engaged in community economic development.

Because they will provide technical assistance and take a bigger risk, their interest rates can go up to prime plus 4 percent.

One group eligible to make these loans is the Community Development Financial Institutions, a program of the U.S. Treasury. What about private agencies, such as Accion or Opportunity Fund?

Exactly. We want to get small dollar amounts into our underserved communities, especially women-owned and minority-owned businesses and those located in lower-income communities. We hope to reverse a trend from 2008 to 2010, when we had a 5 percent drop in SBA lending to those underserved markets.

A lot of those entrepreneurs do not own homes or other assets they can put up as collateral. How do they qualify?

That's one reason we're bringing in the mission lenders, who will spend enough time with those entrepreneurs to convince us that their businesses are good risks on a cash-flow basis.

Many of the businesses in these underserved markets have a story, but it takes a while to really understand it and get comfortable with it. Banks are high-volume businesses, and sometimes they don't have the ability to know who is a good risk and who is not.

What will the application process be like?

They fill out a one-page form, front and back. It's up to the lender if they want to see a business plan, but my counsel for any small business is that you always should have a good business plan. And the [borrower] has to justify the use of the proceeds and [his] ability to repay.

You've also just announced a refinancing program for commercial mortgages under the 504 loan program. How will that work?

It's a temporary program established last September as part of the Small Business Jobs Act. It allows for the refinancing of commercial mortgages for owner-occupied property and expires in 2012.

The 504 loan will allow a lender to take a first mortgage and refinance it, even if the collateral is not what it was and the property has declined in value. The new financing will be based on a current, fair market assessment of the

property. The lenders will get our typical 504 loan structure, with the borrower putting up 10 percent equity, 50 percent coming from the first mortgage lender and the SBA taking on 40 percent as a second mortgage. So in essence, we will stand behind the lender on that property.

What do you expect the impact of that program to be and how will it work?

It will be extremely important, especially for companies with balloon payments coming due. It will take a lot of properties that are under water and make them attractive loans for the banks.

It's going to be open to companies that have been in business at least two years and have been paying monthly payments on time for the past year at a minimum. Applications will be available starting Feb. 28.

You mentioned having a business plan. What else do you advise small businesses seeking credit to do?

Call their SBA district office and ask for the list of resource partners in their community. There's a whole skeletal structure that supports small business, including Score and the Women's Business Centers. Those people are extremely good at helping entrepreneurs think through their business plans and get ready to put their best face forward with lenders.

Karen E. Klein is a Los Angeles-based writer who covers entrepreneurship and small-business issues.

Social

- Follow us on Twitter
- Join us on Facebook
- Connect with us on LinkedIn
- Subscribe to Bloomberg Businessweek
- Bloomberg

Links

- About
- Advertising
- Careers
- Contact Us
- Custom Publishing
- Letters to the Editor
- Manage Subscription
- Mobile
- Newsletters
- Privacy Policy
- Reprints
- Sitemap
- Terms of Use
- [+] Rate This Page

Get Businessweek Delivered



What's Google Thinking?
Subscribe

Copyright 2012 Bloomberg L.P. All Rights Reserved. Made in NYC

Appendix 4
Loan Amortization Schedule

Pawtucket Credit Union

Tuesday, October 11, 2011

Installment Loan Amortization

Loan Input

Loan Amount:	\$327,000.00	Birthdate:	Not provided
Payment Frequency:	Monthly	Co-borrower Birthdate:	Not provided
Interest Rate:	6.00000%		
Term (in months):	120		
Term (in payments):	120		
Effective Date:	10/11/2011		
First Payment Date:	11/10/2011		
Days Until First Payment:	30		

Pmt #	Date	Payment	Interest	Principal	Balance
Initial	10/11/2011	\$0.00	\$0.00	\$0.00	\$327,000.00
1	11/10/2011	\$3,630.69	\$1,612.60	\$2,018.09	\$324,981.91
2	12/10/2011	\$3,630.69	\$1,602.65	\$2,028.04	\$322,953.87
3	1/10/2012	\$3,630.69	\$1,645.74	\$1,984.95	\$320,968.92
4	2/10/2012	\$3,630.69	\$1,635.62	\$1,995.07	\$318,973.85
5	3/10/2012	\$3,630.69	\$1,520.59	\$2,110.10	\$316,863.75
6	4/10/2012	\$3,630.69	\$1,614.70	\$2,015.99	\$314,847.76
7	5/10/2012	\$3,630.69	\$1,552.67	\$2,078.02	\$312,769.74
8	6/10/2012	\$3,630.69	\$1,593.84	\$2,036.85	\$310,732.89
9	7/10/2012	\$3,630.69	\$1,532.38	\$2,098.31	\$308,634.58
10	8/10/2012	\$3,630.69	\$1,572.77	\$2,057.92	\$306,576.66
11	9/10/2012	\$3,630.69	\$1,562.28	\$2,068.41	\$304,508.25
12	10/10/2012	\$3,630.69	\$1,501.68	\$2,129.01	\$302,379.24
13	11/10/2012	\$3,630.69	\$1,540.89	\$2,089.80	\$300,289.44
14	12/10/2012	\$3,630.69	\$1,480.88	\$2,149.81	\$298,139.63
15	1/10/2013	\$3,630.69	\$1,519.29	\$2,111.40	\$296,028.23
16	2/10/2013	\$3,630.69	\$1,508.53	\$2,122.16	\$293,906.07
17	3/10/2013	\$3,630.69	\$1,352.77	\$2,277.92	\$291,628.15
18	4/10/2013	\$3,630.69	\$1,486.11	\$2,144.58	\$289,483.57
19	5/10/2013	\$3,630.69	\$1,427.59	\$2,203.10	\$287,280.47
20	6/10/2013	\$3,630.69	\$1,463.95	\$2,166.74	\$285,113.73
21	7/10/2013	\$3,630.69	\$1,406.04	\$2,224.65	\$282,889.08
22	8/10/2013	\$3,630.69	\$1,441.57	\$2,189.12	\$280,699.96
23	9/10/2013	\$3,630.69	\$1,430.42	\$2,200.27	\$278,499.69

24	10/10/2013	\$3,630.69	\$1,373.42	\$2,257.27	\$276,242.42
25	11/10/2013	\$3,630.69	\$1,407.70	\$2,222.99	\$274,019.43
26	12/10/2013	\$3,630.69	\$1,351.33	\$2,279.36	\$271,740.07
27	1/10/2014	\$3,630.69	\$1,384.76	\$2,245.93	\$269,494.14
28	2/10/2014	\$3,630.69	\$1,373.31	\$2,257.38	\$267,236.76
29	3/10/2014	\$3,630.69	\$1,230.02	\$2,400.67	\$264,836.09
30	4/10/2014	\$3,630.69	\$1,349.58	\$2,281.11	\$262,554.98
31	5/10/2014	\$3,630.69	\$1,294.79	\$2,335.90	\$260,219.08
32	6/10/2014	\$3,630.69	\$1,326.05	\$2,304.64	\$257,914.44
33	7/10/2014	\$3,630.69	\$1,271.91	\$2,358.78	\$255,555.66
34	8/10/2014	\$3,630.69	\$1,302.28	\$2,328.41	\$253,227.25
35	9/10/2014	\$3,630.69	\$1,290.42	\$2,340.27	\$250,886.98
36	10/10/2014	\$3,630.69	\$1,237.25	\$2,393.44	\$248,493.54
37	11/10/2014	\$3,630.69	\$1,266.30	\$2,364.39	\$246,129.15
38	12/10/2014	\$3,630.69	\$1,213.79	\$2,416.90	\$243,712.25
39	1/10/2015	\$3,630.69	\$1,241.93	\$2,388.76	\$241,323.49
40	2/10/2015	\$3,630.69	\$1,229.76	\$2,400.93	\$238,922.56
41	3/10/2015	\$3,630.69	\$1,099.70	\$2,530.99	\$236,391.57
42	4/10/2015	\$3,630.69	\$1,204.63	\$2,426.06	\$233,965.51
43	5/10/2015	\$3,630.69	\$1,153.80	\$2,476.89	\$231,488.62
44	6/10/2015	\$3,630.69	\$1,179.64	\$2,451.05	\$229,037.57
45	7/10/2015	\$3,630.69	\$1,129.50	\$2,501.19	\$226,536.38
46	8/10/2015	\$3,630.69	\$1,154.40	\$2,476.29	\$224,060.09
47	9/10/2015	\$3,630.69	\$1,141.79	\$2,488.90	\$221,571.19
48	10/10/2015	\$3,630.69	\$1,092.68	\$2,538.01	\$219,033.18
49	11/10/2015	\$3,630.69	\$1,116.17	\$2,514.52	\$216,518.66
50	12/10/2015	\$3,630.69	\$1,067.76	\$2,562.93	\$213,955.73
51	1/10/2016	\$3,630.69	\$1,090.29	\$2,540.40	\$211,415.33
52	2/10/2016	\$3,630.69	\$1,077.35	\$2,553.34	\$208,861.99
53	3/10/2016	\$3,630.69	\$995.67	\$2,635.02	\$206,226.97
54	4/10/2016	\$3,630.69	\$1,050.91	\$2,579.78	\$203,647.19
55	5/10/2016	\$3,630.69	\$1,004.29	\$2,626.40	\$201,020.79
56	6/10/2016	\$3,630.69	\$1,024.38	\$2,606.31	\$198,414.48
57	7/10/2016	\$3,630.69	\$978.48	\$2,652.21	\$195,762.27
58	8/10/2016	\$3,630.69	\$997.58	\$2,633.11	\$193,129.16
59	9/10/2016	\$3,630.69	\$984.17	\$2,646.52	\$190,482.64
60	10/10/2016	\$3,630.69	\$939.37	\$2,691.32	\$187,791.32
61	11/10/2016	\$3,630.69	\$956.96	\$2,673.73	\$185,117.59
62	12/10/2016	\$3,630.69	\$912.91	\$2,717.78	\$182,399.81
63	1/10/2017	\$3,630.69	\$929.49	\$2,701.20	\$179,698.61
64	2/10/2017	\$3,630.69	\$915.72	\$2,714.97	\$176,983.64
65	3/10/2017	\$3,630.69	\$814.61	\$2,816.08	\$174,167.56
66	4/10/2017	\$3,630.69	\$887.54	\$2,743.15	\$171,424.41
67	5/10/2017	\$3,630.69	\$845.38	\$2,785.31	\$168,639.10
68	6/10/2017	\$3,630.69	\$859.37	\$2,771.32	\$165,867.78

69	7/10/2017	\$3,630.69	\$817.98	\$2,812.71	\$163,055.07
70	8/10/2017	\$3,630.69	\$830.91	\$2,799.78	\$160,255.29
71	9/10/2017	\$3,630.69	\$816.64	\$2,814.05	\$157,441.24
72	10/10/2017	\$3,630.69	\$776.42	\$2,854.27	\$154,586.97
73	11/10/2017	\$3,630.69	\$787.76	\$2,842.93	\$151,744.04
74	12/10/2017	\$3,630.69	\$748.33	\$2,882.36	\$148,861.68
75	1/10/2018	\$3,630.69	\$758.58	\$2,872.11	\$145,989.57
76	2/10/2018	\$3,630.69	\$743.95	\$2,886.74	\$143,102.83
77	3/10/2018	\$3,630.69	\$658.67	\$2,972.02	\$140,130.81
78	4/10/2018	\$3,630.69	\$714.09	\$2,916.60	\$137,214.21
79	5/10/2018	\$3,630.69	\$676.67	\$2,954.02	\$134,260.19
80	6/10/2018	\$3,630.69	\$684.18	\$2,946.51	\$131,313.68
81	7/10/2018	\$3,630.69	\$647.57	\$2,983.12	\$128,330.56
82	8/10/2018	\$3,630.69	\$653.96	\$2,976.73	\$125,353.83
83	9/10/2018	\$3,630.69	\$638.79	\$2,991.90	\$122,361.93
84	10/10/2018	\$3,630.69	\$603.43	\$3,027.26	\$119,334.67
85	11/10/2018	\$3,630.69	\$608.12	\$3,022.57	\$116,312.10
86	12/10/2018	\$3,630.69	\$573.59	\$3,057.10	\$113,255.00
87	1/10/2019	\$3,630.69	\$577.14	\$3,053.55	\$110,201.45
88	2/10/2019	\$3,630.69	\$561.57	\$3,069.12	\$107,132.33
89	3/10/2019	\$3,630.69	\$493.10	\$3,137.59	\$103,994.74
90	4/10/2019	\$3,630.69	\$529.95	\$3,100.74	\$100,894.00
91	5/10/2019	\$3,630.69	\$497.56	\$3,133.13	\$97,760.87
92	6/10/2019	\$3,630.69	\$498.18	\$3,132.51	\$94,628.36
93	7/10/2019	\$3,630.69	\$466.66	\$3,164.03	\$91,464.33
94	8/10/2019	\$3,630.69	\$466.09	\$3,164.60	\$88,299.73
95	9/10/2019	\$3,630.69	\$449.97	\$3,180.72	\$85,119.01
96	10/10/2019	\$3,630.69	\$419.76	\$3,210.93	\$81,908.08
97	11/10/2019	\$3,630.69	\$417.39	\$3,213.30	\$78,694.78
98	12/10/2019	\$3,630.69	\$388.08	\$3,242.61	\$75,452.17
99	1/10/2020	\$3,630.69	\$384.50	\$3,246.19	\$72,205.98
100	2/10/2020	\$3,630.69	\$367.95	\$3,262.74	\$68,943.24
101	3/10/2020	\$3,630.69	\$328.66	\$3,302.03	\$65,641.21
102	4/10/2020	\$3,630.69	\$334.50	\$3,296.19	\$62,345.02
103	5/10/2020	\$3,630.69	\$307.45	\$3,323.24	\$59,021.78
104	6/10/2020	\$3,630.69	\$300.77	\$3,329.92	\$55,691.86
105	7/10/2020	\$3,630.69	\$274.64	\$3,356.05	\$52,335.81
106	8/10/2020	\$3,630.69	\$266.70	\$3,363.99	\$48,971.82
107	9/10/2020	\$3,630.69	\$249.56	\$3,381.13	\$45,590.69
108	10/10/2020	\$3,630.69	\$224.83	\$3,405.86	\$42,184.83
109	11/10/2020	\$3,630.69	\$214.97	\$3,415.72	\$38,769.11
110	12/10/2020	\$3,630.69	\$191.19	\$3,439.50	\$35,329.61
111	1/10/2021	\$3,630.69	\$180.04	\$3,450.65	\$31,878.96
112	2/10/2021	\$3,630.69	\$162.45	\$3,468.24	\$28,410.72
113	3/10/2021	\$3,630.69	\$130.77	\$3,499.92	\$24,910.80

114	4/10/2021	\$3,630.69	\$126.94	\$3,503.75	\$21,407.05
115	5/10/2021	\$3,630.69	\$105.57	\$3,525.12	\$17,881.93
116	6/10/2021	\$3,630.69	\$91.12	\$3,539.57	\$14,342.36
117	7/10/2021	\$3,630.69	\$70.73	\$3,559.96	\$10,782.40
118	8/10/2021	\$3,630.69	\$54.95	\$3,575.74	\$7,206.66
119	9/10/2021	\$3,630.69	\$36.72	\$3,593.97	\$3,612.69
120	10/10/2021	\$3,630.50	\$17.82	\$3,612.68	\$0.01

Appendix 5
Cost of Equity Rate

New User? Register | Sign In | Help

Get the Latest Firefox

Mail | My Y! | Yahoo!

Search

HOME INVESTING NEWS PERSONAL FINANCE MY PORTFOLIOS **NEW! EXCLUSIVES**

GET QUOTES Finance Search

Bonds Center

Looking for higher yield? - T. Rowe Price bond funds.

Features

BOND LOOKUP

Find Bonds by Name

Advanced Bond Screener

TOOLS

Composite Bond Rates

Bond Market Summary

Bond Screener

BONDS EDUCATION

Bonds Primer

Types of Bonds

Bond Strategies

Bond Glossary

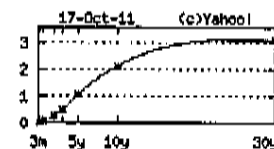
US Treasury Bonds Rates

Maturity	Yield	Yesterday	Last Week	Last Month
3 Month	0.00	0.00	0.00	0.00
6 Month	0.04	0.04	0.01	0.00
2 Year	0.26	0.26	0.28	0.16
3 Year	0.49	0.50	0.49	0.33
5 Year	1.06	1.11	1.06	0.81
10 Year	2.15	2.25	2.07	2.05
30 Year	3.13	3.23	3.02	3.31

Bonds Market Summary

3:39 pm - Close on High: Treasuries closed at their best levels of the session as a disappointing Empire Manufacturing number coupled with a murky outlook for the resolution of the European debt crisis caused investors to move into the safety of the complex. The long bond was the best performer today, finishing with a gain of two full points. The rush into the long bond dropped its yield 7 bps from last week's cash close as the 30-yr yield settled at 3.136%. Aggressive buying could also be found. More...

U.S. TREASURY YIELD CURVE



YAHOO! FINANCE RESOURCES

- Market Overview
- Economic Calendar
- US Indices

Bond News

- Fed's Lacker says U.S. inflation still a risk *Reuters (Mon 7:54pm)*
- Fitch Places Long Beach Bond Fin Auth Gas Purchase Revs Ser 2007 A&B on Rating Watch Negative *Business Wire (Mon 6:29pm)*
- Fitch Rates Pennsylvania Turnpike Commission's Motor License Fund-Enhanced Bonds 'AA' *Business Wire (Mon 6:28pm)*
- Fitch Affirms Royal Oaks Life Care Community's (AZ) Revs at 'A'; Outlook is Stable *Business Wire (Mon 6:25pm)*
- Fitch Rates Killeen, TX LT Bonds 'AA'; Outlook Stable *Business Wire (Mon 6:21pm)*

Sponsor Results

- Great Bond Offerings**
Find out about bond rates and prices. View bond offerings for free. FMSbonds.com
- 2.6% Mortgage Refinance**
Over 300,000 Served - 3.14% APR. Calculate New Payment. No SSN req. DeltaPrimeRefinance.com
- 1.10% Money Market Accts**
Which money market account pays the most interest? www.RateCatcher.com

(What's this?)

Copyright © 2011 Yahoo! Inc. All rights reserved. Privacy Policy - About Our Ads - Terms of Service - Copyright Policy - Report Problems - Yahoo! News Network

Quotes delayed, except where indicated otherwise. Delay times are 15 mins for NASDAQ, NYSE and Amex. See also delay times for other exchanges. Quotes and other information supplied by independent providers identified on the Yahoo! Finance partner page. Quotes are updated automatically, but will be turned off after 25 minutes of inactivity. Quotes are delayed at least 15 minutes. All information provided "as is" for informational purposes only, not intended for trading purposes or advice. Neither Yahoo! nor any of independent providers is liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein. By accessing the Yahoo! site, you agree not to redistribute the information found therein.

Fundamental company data provided by Capital IQ. Historical chart data and daily updates provided by Commodity Systems, Inc. (CSI). International historical chart data, daily updates, fund summary, fund performance, dividend data and Morningstar Index data provided by Morningstar, Inc.

performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Ratings Metrics as of the date stated. See more information on the fund's Morningstar Ratings.

More about Ratings

1. No Transaction Fee Fidelity funds are available without paying a trading fee to Fidelity or a sales load to the fund. However, the fund may charge a short-term trading or redemption fee to protect the interests of long-term shareholders of the fund. Shares are subject to the fund's management and operating expenses. See Expenses & Fees for more information.
2. The fund's 30-day yield is based on yield to maturity of a fund's investments over a 30-day period and not on the dividends paid by the fund, which may differ.
3. Minimum Investment for SEP-IRAs or Keoghs is \$500.
4. Total returns include changes in share price and reinvestment of dividends and capital gains, if any. Quarter-end returns include the effect of any applicable recurring and non-recurring fees (including short-term trading fees or redemption fees).
5. The chart illustrates the performance of a hypothetical \$10,000 investment made in the fund ten years ago or on commencement of operations (whichever is later). Figures include reinvestment of capital gains and dividends, but do not reflect the effect of any applicable sales charges or redemption fees, which would lower these figures. This chart is not intended to imply any future performance of the fund.
6. Any holdings, asset allocation, diversification breakdowns or other composition data shown are as of the date indicated and are subject to change at any time. They may not be representative of the fund's current or future investments. The Top Ten holdings do not include money market instruments or futures contracts, if any. Depository receipts are normally combined with the underlying security. Some breakdowns may be intentionally limited to a particular asset class or other subset of the fund's entire portfolio, particularly in multi-asset class funds where the attributes of the equity and fixed income portions are different.

Under the Asset Allocation section, "Tax-Advantaged Domiciles" represent countries whose tax policies may be favorable for company incorporation.

Before investing, consider the fund's investment objectives, risks, charges and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.



© 1998 - 2011 FMR LLC.

All rights reserved.

[Terms of Use](#) [Privacy](#) [Security](#) [Site Map](#)

Works Cited

“Assessing the Providence Place Mall.” *Inside Politics - Your Guide to National and State Politics* by Darrell West of the Brookings Institution. Web. 06 Oct. 2011.

“Bonds Center - Bond Quotes, News, Screeners and Education Information.” *Yahoo! Finance - Business Finance, Stock Market, Quotes, News*. Web. 18 Oct. 2011. <<http://finance.yahoo.com/bonds>>.

Boyes, William J. “Demand and Revenue Management.” *Managerial Economics: Markets and the Firm*. Mason, OH: Cengage Learning, 2012. Print. <<http://www.insidepolitics.org/policyreports/mallreport.html>>.

“Capitalize on the Frozen Yogurt Market with Healthy Fast Foods” *TheOTCInvestor TheOTCInvestor.com*. Web. 29 Sept. 2011. <<http://theotcinvestor.com/capitalize-on-the-frozen-yogurt-market-with-healthy-fast-foods-otcqb-hffi-1016/>>.

“Fidelity New Markets Income Fund (FNMIIX).” *Fidelity Investments: Research - Mutual Funds*. Web. 18 Oct. 2011. <<http://fundresearch.fidelity.com/mutual-funds/summary/315910836>>.

“Frozen Yogurt Industry Report - Franchise Opportunities | Franchise Help.” *Franchise Opportunities - Buying a Franchise, Business Opportunities | Franchise Help*. Web. 29 Sept. 2011. <<http://www.franchisehelp.com/industry-reports/frozen-yogurt-industry-report>>.

“Information on Starting a Pinkberry Franchise.” *Small Business - Chron.com*. Web. 02 Oct. 2011. <<http://smallbusiness.chron.com/information-starting-pinkberry-franchise-3850.html>>.

Klein, Karen E. “The SBA's New Small Business Loan Programs” *Businessweek - Business News, Stock Market & Financial Advice*. Web. 16 Oct. 2011. www.businessweek.com/smallbiz/content/feb2011/sb20110217_149681.htm.

Lamb. “Promotion Decisions.” *MKTG 3*. 2009-2010 ed. Mason, Ohio: Cengage Learning, 2009. Print.

Parrino, Robert, and David S. Kidwell. "Pro-forma Income Statement." *Fundamentals of Corporate Finance*. Hoboken, NJ: John Wiley & Sons, 2009. Print.

"Providence Census Statistics." *The Providence Plan | ProvPlan*. Web. 29 Sept. 2011.

<<http://www.provplan.org>>.

Rich, Jay S. "Accounting Financial Statements." *Cornerstones of Financial Accounting: Current Trends Update*. Australia: South-Western, Cengage Learning, 2010. Print

"Rhode Island Statistics." *Stats about All US Cities - Real Estate, Relocation Info, House Prices, Home Value Estimator, Recent Sales, Cost of Living, Crime, Race, Income, Photos, Education, Maps, Weather, Houses, Schools, Neighborhoods, and More*. Web. 29 Sept. 2011. <<http://www.city-data.com>>.