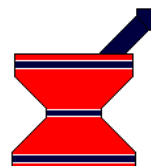


Ajo Neighborhood Pharmacy



Investing in the Health of Our Community

40 N Plaza Street
Ajo, Arizona 85321-2464

Benjamin Guthrie: Supervising Pharmacist
Rachael Mead: Staff Pharmacist
Kara Herko: Per Diem Pharmacist
Ashley Sweaney: Per Diem Pharmacist

Rebekah Jackowski, PharmD, Advisor



THE UNIVERSITY OF ARIZONA®

Description of the Business

Mission Statement:

To offer superior quality healthcare in both services rendered and products dispensed. To serve our patients by offering extraordinary medication management and counseling services, health education, and affordable prescription drugs. To return and reinvest all profits into the community of Ajo to benefit our neighbors.

Executive Summary:

- Purchase a thriving independent pharmacy
- Invest in the health of our community as a nonprofit corporation
- Continue a legacy of independent, community pharmacy
- Provide affordable medications through 340B contracting with local health center
- Build relationships and trust with our patients

Product and Services:

- Supply all commercially available prescription products
- Supply all front-end merchandise
- Provide affordable prescriptions to our low income patients through 340B pricing
- Extensive Clinical Services
 - Medication Therapy Management (MTM)
 - Chronic Disease Education
 - Semi-annual Community Health Fairs
 - Wellness Programs such as smoking cessation and weight loss

Location Analysis:

- 40 N Plaza Street Ajo, Arizona 85321
- Rural community, town population of 4,200
- Located in the heart of Ajo across from the town plaza
- Only pharmacy in Ajo with nearest competition 75 miles away
- Nearby Desert Senita Community Health Center

Marketing Plan

Target Market:

- Tom’s Pharmacy’s current clientele and patients from surrounding communities
 - 120 – 175 prescriptions per day, depending on season
- Patients from Desert Senita Community Health Center
- Patients looking for a more personal pharmacy experience and those interested in receiving MTM services or participating in disease education clinics

Potential Market:

- Patients who currently fill their prescriptions through mail-order pharmacies
- Patients who fill their prescriptions outside the community
- Growth within Ajo, Arizona (U.S. Census Bureau):

Year	2000	2007	2014	2021
Population	3,705	4,221	4,700	6,700

*Populations for 2014 and 2021 were predicted using growth rate of 12.2% per 7 years.

Competition:

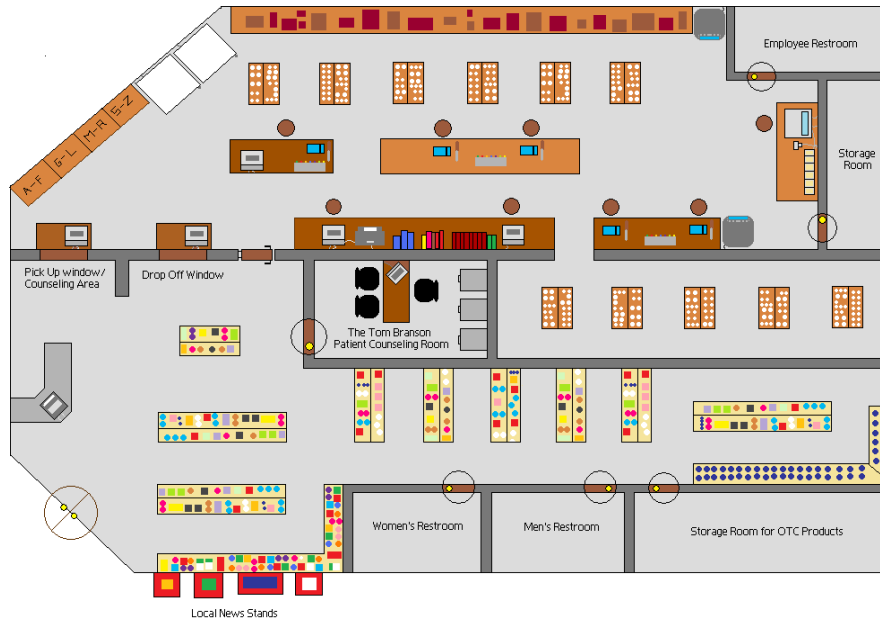
- Mail order-pharmacies
- Pharmacies in Tucson and Phoenix that patients visit when referred to outside specialists
- Possible opening of a retail chain pharmacy in the community

Promotion and Advertising:

- Develop relationships with patients during summer clerkships and 4th year rotations
- Perform semi-annual health events including: brown-bags, disease screenings, disease education, and health fairs
- Advertise in local paper “Copper News” and place flyers around Ajo and surrounding communities

Floor Plan and Work Flow

Renovated Floor Plan



Renovations:

- Remove front office and create a second storage area for 340b inventory
- Rearrange front end inventory
- Move front end cash register
- Add clearly marked pick-up and drop-off windows and a partition between the two
- Add two full-sized refrigerators and two CII safes to the pharmacy
- Move the pharmacist's work area closer to the pick-up window and patient counseling room
- Create the **Tom Branson Patient Counseling Room**

Benefits:

- Manage 340B contracts and inventory easily
- Create easy access to patients for pharmacist
- Increase security
- Create easy access to front end inventory/greater product capacity
- Add patient privacy and increased patient comfort
- Make it easier to give our patients quality care

Summary of Loan Request

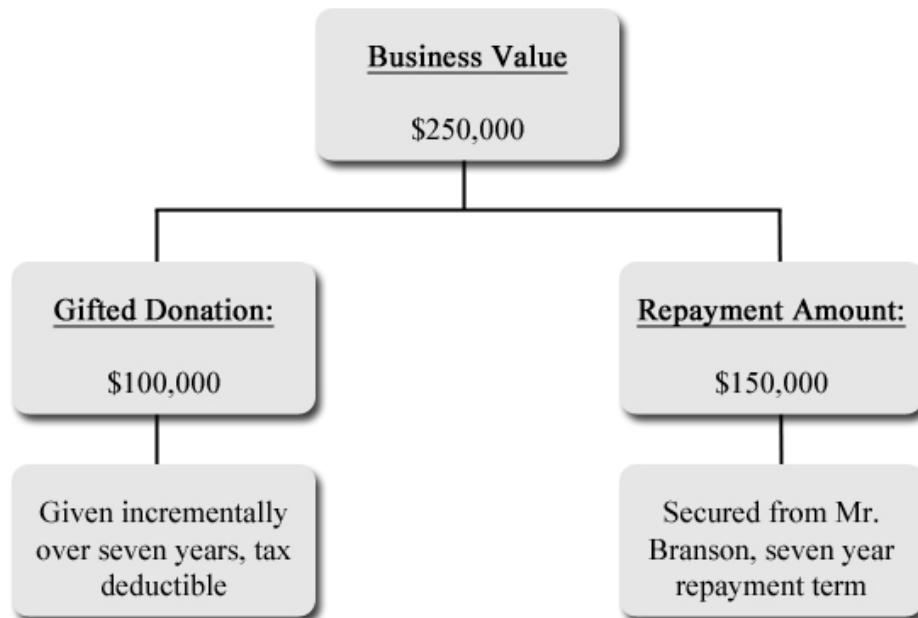
Originator: Mr. Tom Branson (current owner)

Borrower: Ajo Neighborhood Pharmacy, Inc.
40 N Plaza Street
Ajo, Arizona 85321

Loan: Principle - \$250,000
Term – 84 months (7 years)
Interest – 4.88%, compounded quarterly
Repayment - \$6,350 quarterly (plus annual donation)

Special Terms: 1) Includes remodel of pharmacy
2) Includes inventory at time of buyout
3) Includes equipment at time of buyout

Payment Structure:



Pro Forma Balance Sheet

	2012	2013	2014	2015
<u>Assets</u>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$51,300	\$53,865	\$56,558	\$59,386
Accounts Receivable	\$76,800	\$80,640	\$84,672	\$88,906
Inventory	\$112,500	\$118,125	\$124,031	\$130,233
Other Current Assets	\$11,700	\$12,285	\$12,899	\$13,544
Total Current Assets	\$252,300	\$264,915	\$278,161	\$292,069
Net Fixed Assets	\$34,200	\$35,910	\$37,706	\$39,591
Other Assets	\$13,500	\$14,175	\$14,884	\$15,628
Total Assets	\$300,000	\$315,000	\$330,750	\$347,288
<u>Liabilities and Owners' Equity</u>				
<i>Current Liabilities</i>				
Notes Payable (within one year)	\$28,800	\$30,240	\$31,752	\$33,340
Accounts Payable	\$50,400	\$52,920	\$55,566	\$58,344
Other Current Liabilities	\$22,200	\$23,310	\$24,476	\$25,699
Total Current Liabilities	\$101,400	\$106,470	\$111,794	\$117,383
<i>Long Term Liabilities</i>				
Other Long Term Liabilities	\$31,500	\$33,075	\$34,729	\$36,465
Total Long Term Liabilities	\$31,500	\$33,075	\$34,729	\$36,465
Total Liabilities	\$132,900	\$139,545	\$146,522	\$153,848
Total Equity	\$167,100	\$175,455	\$184,228	\$193,439
Total Liabilities and Owners' Equity	\$300,000	\$315,000	\$330,750	\$347,288

NOTE: All financial estimations were made based on an integration of financial data from Tom's Pharmacy over past years and average data reported by the 2008 NCPA Digest based on "rural" community pharmacies.