Sage's Boutique

Business Development Plan

Human Intelligence
Business Plans

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1.0 Executive Summary

The purpose of this business plan is to raise and examine the allocation of $400,000 (via equity capital) to launch the operations of a boutique that will maintain a brick-and-mortar location as well as expansive ecommerce operations. Sage's Boutique, LLC ("the Company") intends to launch its operations in 2025 via its sourced location in Dallas, Texas. The business will carry a broad range of apparel and related products from a number of different manufacturers and among all pricing points. The business was founded by Matthew Deutsch.

The Operations

As stated above, Sage's Boutique has sourced a highly trafficked location in Dallas that will act as both its retail sales center and headquarters. The business will carry a broad selection of apparel merchandise specifically for women. The Company anticipates that it will generate gross margins of 40% to 60% depending on the type of product offered.

In addition to the Company's brick-and-mortar location, the business will use online channels to further increase sales. The business will use Amazon (including the Amazon FBA program), Etsy, eBay, Target, and related platforms over the next three years.

The third section of the business plan will discuss the operations of Sage's Boutique.

The Financing

At this time, the Company is seeking $400,000. The terms of this investment will be determined during negotiation. Principally, the funds will be used for:

- Location development in Dallas
- Inventory acquisitions
- Working capital
- Initial marketing operations

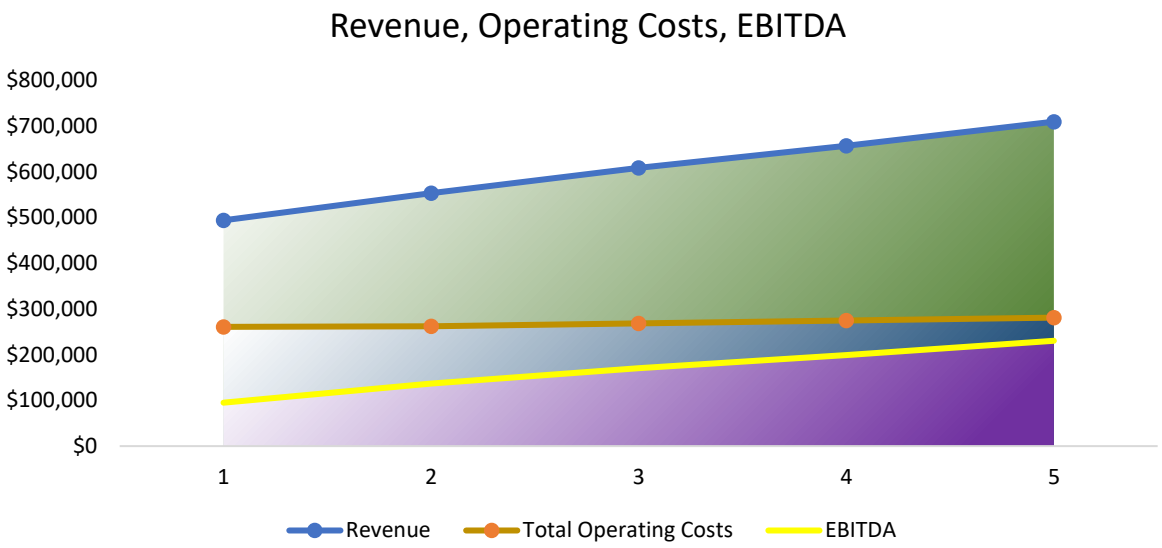
As time progresses, the Company can easily acquire additional capital as necessary in order to expand operations. This document assumes that the ongoing growth of the business will be financed with the retained earnings of the Company.

Expansion Plan

The Company will continue to expand its marketing campaigns specifically for the Dallas market as well as through multiple online channels. After the fifth year of operations, Management may seek to establish additional locations within other economically viable markets in the United States. The business will continually expand its inventories among major apparel manufacturers and distributors.

Revenue Forecasts

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Revenue	$493,770	$553,022	$608,325	$656,991	$709,551
Cost of Revenue	$137,939	$154,491	$169,940	$183,535	$198,218
Gross Profit	$355,832	$398,531	$438,384	$473,455	$511,333
Total Operating Costs	$260,798	$262,042	$268,282	$274,547	$280,999
EBITDA	$95,033	$136,489	$170,102	$198,908	$230,334

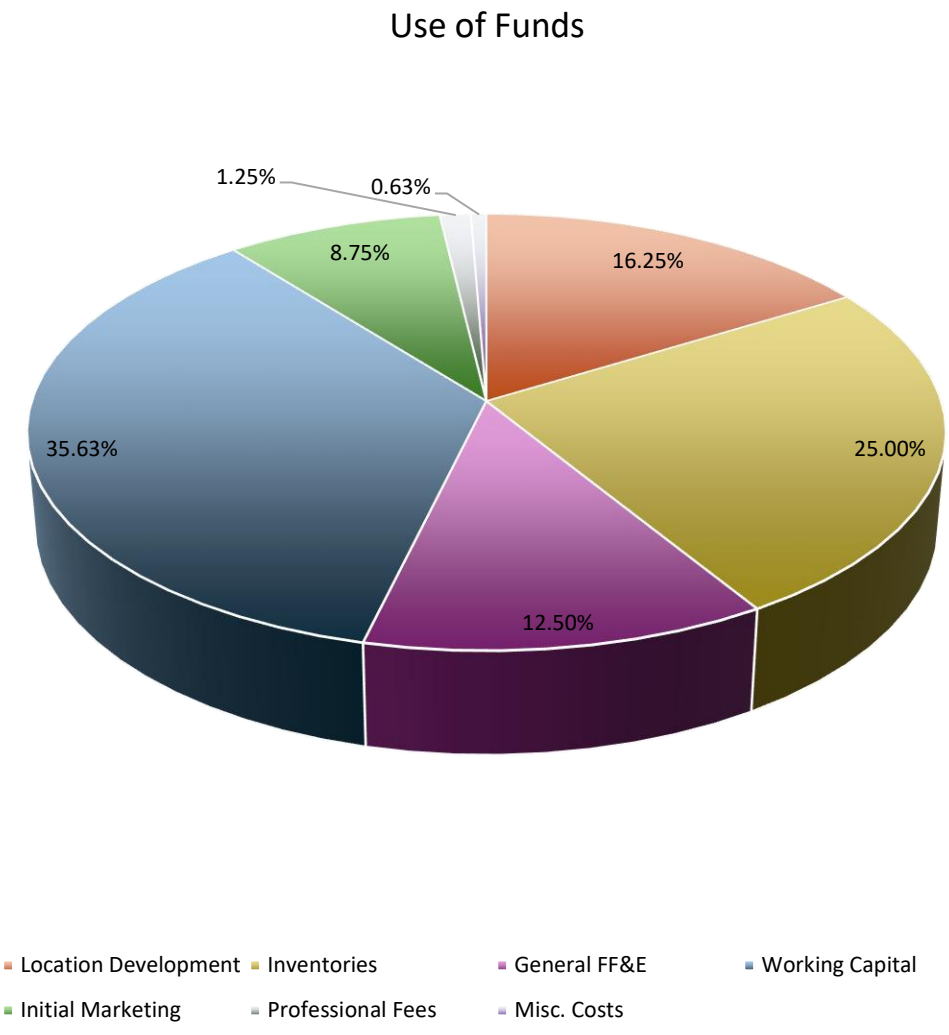


2.0 The Financing

2.1 Funds Required

An investment of $400,000 is sought for the development of Sage's Boutique. The funds will be allocated as follows:

Use of Funds	
Location Development	$65,000
Inventories	$100,000
General FF&E	$50,000
Working Capital	$142,500
Initial Marketing	$35,000
Professional Fees	$5,000
Misc. Costs	$2,500
Total	$400,000



2.2 Management Equity

This will be further discussed during negotiation.

2.3 Board of Directors Composition

This will be further discussed during negotiation.

2.4 Exit Strategies

In the event that it is financially prudent to do so, the Company will work with a qualified business broker to divest the business to a third party. Based on historical information regarding the sales of apparel businesses, the Company could receive a sales premium of three to five times the previous year's earnings. This event is not expected to occur for a substantial period of time.

3.0 Operations

Sage's Boutique will maintain a moderate-scale brick-and-mortar retail location that offers a broad range of modernly styled women's apparel and accessories. The business has sourced a well-trafficked retail location in Dallas that will concurrently serve as the business' headquarters for online based operations. The types of apparel offered by the business will include:

- Coats and outwear
- Fashion accessories
- Jewelry
- Leggings
- Pants
- Shirts and tops
- Undergarments and lingerie

As will be discussed in the seventh section of this document, the Company will maintain an expansive online presence that features ecommerce functionality. This will allow for a much more rapid rate of inventory turnover. The business will also use third party marketplaces in order to further sales.

4.0 Overview of the Organization

4.1 Registered Name

Sage's Boutique, LLC. The business is registered as a limited liability company in the State of Texas.

4.2 Commencement of Operations

Management intends to launch operations in 2025.

4.3 Mission Statement

Sage's Boutique' mission is to provide a wide range of women's apparel at reasonable prices to the Dallas general public.

4.4 Vision Statement

By Year 5, Mr. Deutsch expects that Sage's Boutique LLC will generate $709,000 of revenue.

4.5 Organizational Objectives

- Source in demand apparel among a number of premium designers.
- Maintain an expansive online presence that will complement the brick and mortar operations of the business.
- Engage in a wide-ranging marketing campaign on a regional basis within the Dallas County area.
- Provide strong incentives for sales staff that will assist in growing the business alongside Management.
- Implement numerous policies that will ensure that the Company will remain profitable despite potentially challenging economic climates.
- Maintain an expansive presence on social media to further increase brand name awareness for Sage's Boutique.
- Use multiple third-party marketplaces to further drive inventory turnover while contributing to the Company's SEO campaigns.

5.0 Market and Industry Analysis

5.1 Economic Analysis

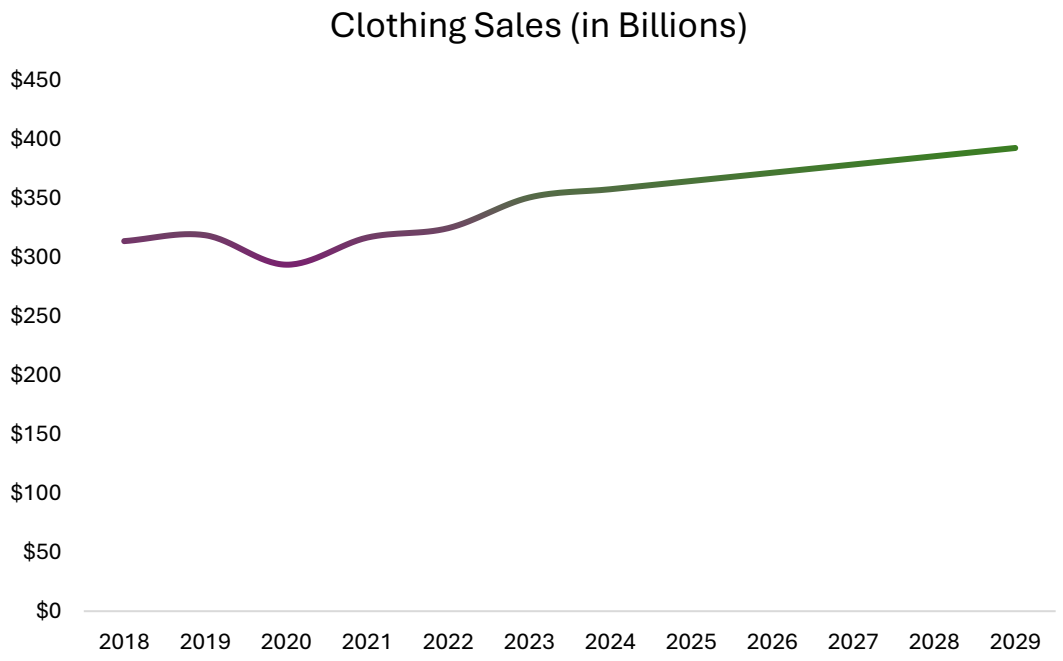
This section of the analysis will focus on the general economic climate, the brick-and-mortar and online clothing store/boutique industry, the customer profile, and the ongoing competition that the business will face moving forward.

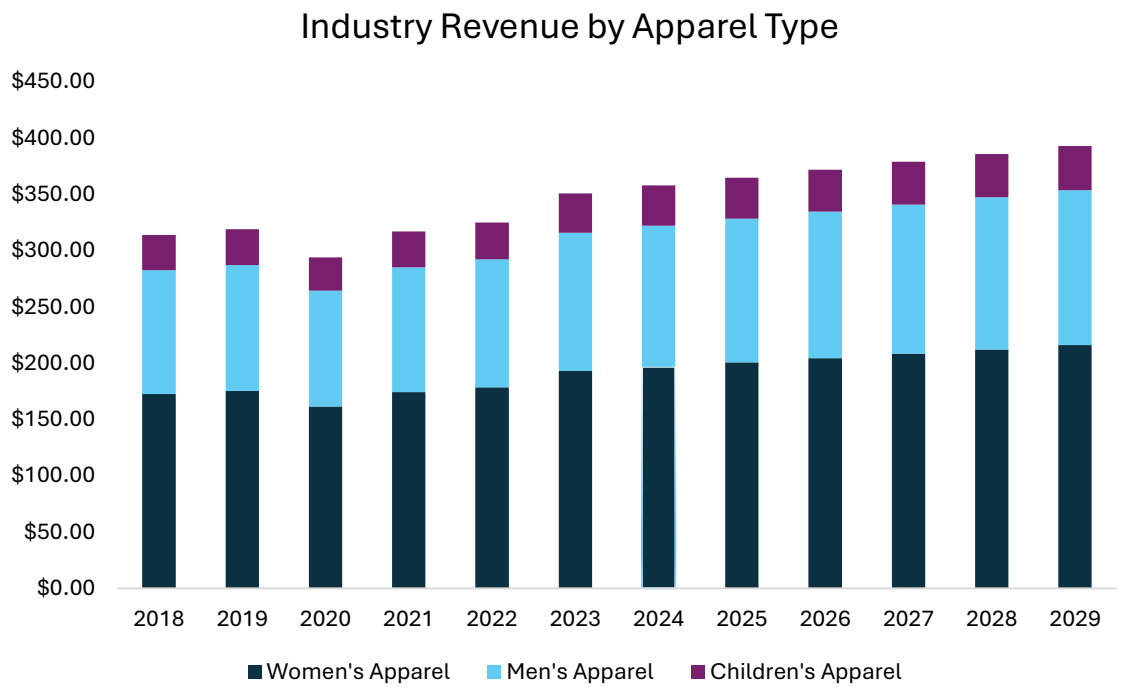
The economic climate within the United States is moderate. Unemployment rates have remained near historical lows although interest rates are increasing a result of inflation. The US Federal Reserve has enacted numerous measures that will continue to keep inflation in check while concurrently maintaining employment.

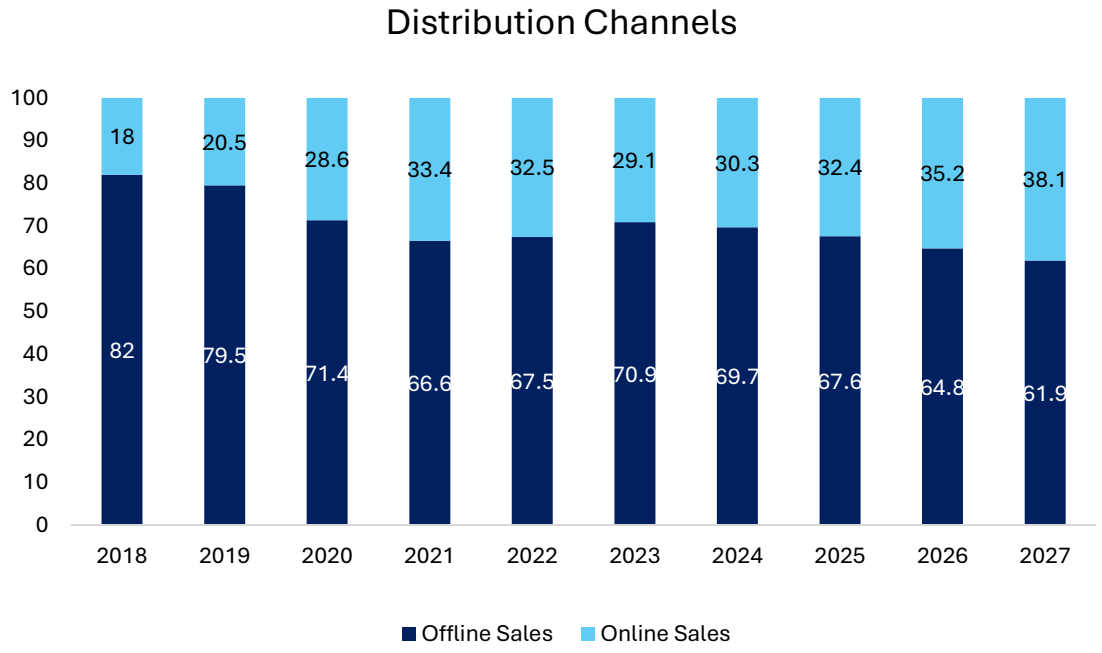
The ongoing issues with inflation will be only a modest issue for the business. The Company will use an automated mark up over cost method when acquiring its inventories and engage in distribution operations. Additionally, the business' target market of Dallas is a population dense market that is less swayed by negative changes in the economy.

5.2 Industry Analysis

Annually, nearly $370 billion of apparel is sold within the United States. There are 60,000 companies that operate one or more retail locations that sell apparel (including women's, men's, and children's apparel). The growth rate of this industry is expected to mirror that of the economy as a whole over the next three years.





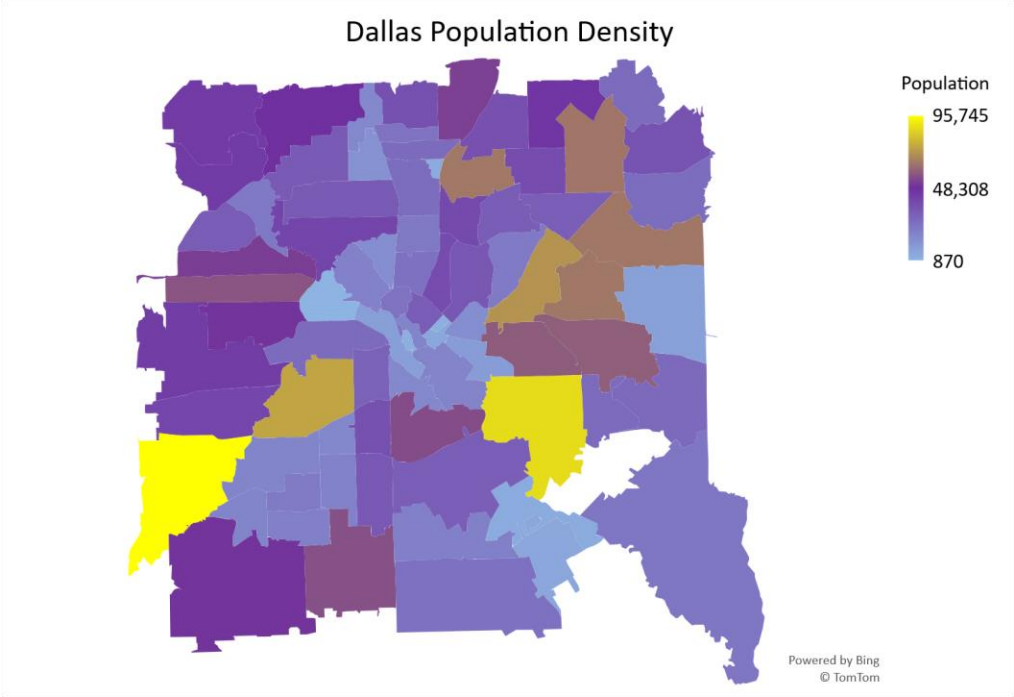


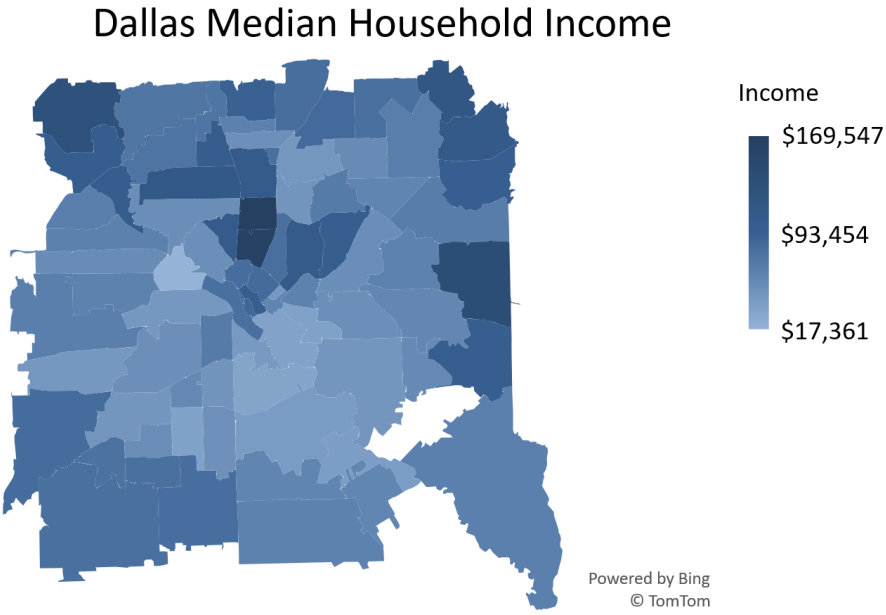
One of the major trends within this industry is to operate both brick-and-mortar and ecommerce operations concurrently. The Company will capitalize on this trend by not only maintaining a proprietary website but also by operating sellers accounts among numerous third-party platforms.

5.3 Customer Profile

The following demographic profile will be used in conjunction with marketing efforts:

- Lives within 25 miles of the Company's retail location in Dallas
- Will spend $100 to $300 per purchase (online or via the retail store)
- Annual household income ranging from $75,000 to $150,000





For online sales, a similar demographic profile will be used when marketing the business' inventories. Nearly 125 million people fall into the above demographic profile within the United States.

5.4 Competition

Sage's Boutique will face significant competition among brick-and-mortar retail sellers within Dallas as well as ecommerce operators. The business will maintain a strong differentiating factor by developing a highly curated inventory of apparel from well recognized brands. Additionally, the boutique will carry inventories across the entire pricing spectrum so that the business can cater to needs of any person. The business will also implement a high impact marketing campaign (traditional and online) that will create a strong brand position for the Company.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Sage's Boutique will be able to maintain successful operations as a result of the following:

- Low operating costs will ensure that the business is able to remain profitable in any economic climate.
- The Company is highly scalable.
- Ecommerce operations will increase turnover and reduce inventory holding risks.
- Sales of apparel among numerous brand names will drive substantial traffic to the brick-and-mortar location in Dallas.
- Limited competition among clothing retailers in the target market.
- The Company's targeted demographics have substantial economic staying power that will be less swayed in the event of a recession.

6.2 Basis for Growth

Sage's Boutique, LLC can grow through three main avenues:

- Continued expansion of the Company's online marketing campaigns to drive ecommerce sales.
- Continued expansion of the types of inventories carried by the business.
- Potential development of additional locations.

7.0 Marketing Plan

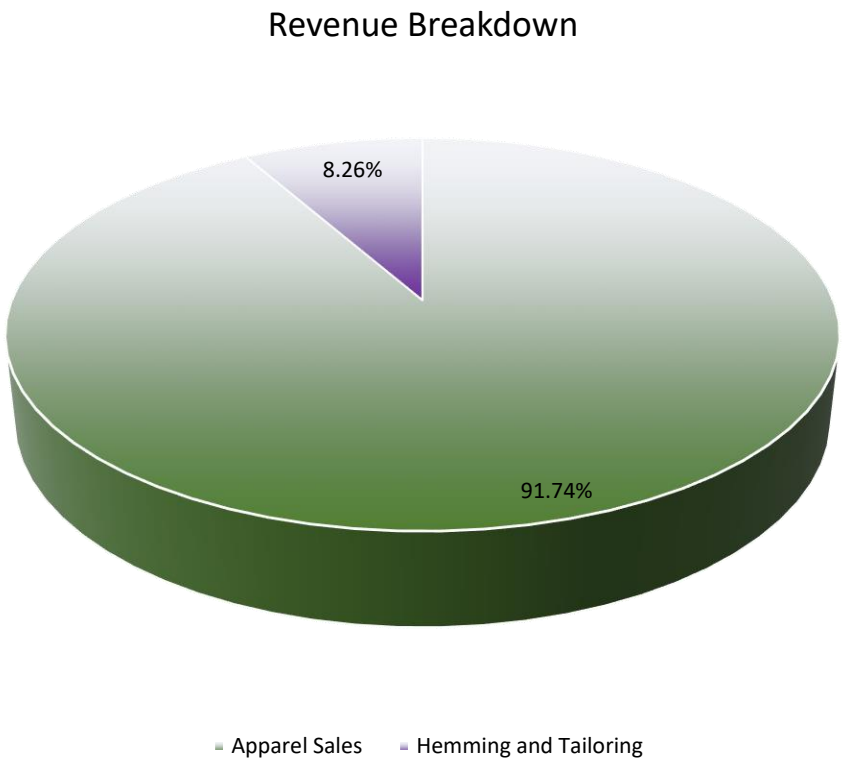
7.1 Marketing Objectives

- Maintain a regional marketing campaign that focuses on the Dallas market.
- Develop relationships with brand ambassadors that will come to the retail store and film their experience.
- Use social media in regards to driving ecommerce sales.
- Maintain a dedicated SEO campaign for the business' online operations.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Apparel Sales	$453,000	$507,360	$558,096	$602,744	$650,964
Hemming and Tailoring	$40,770	$45,662	$50,229	$54,247	$58,587
Totals	**$493,770**	**$553,022**	**$608,325**	**$656,991**	**$709,551**

Gross Profit					
Year	1	2	3	4	5
Total	**$355,832**	**$398,531**	**$438,384**	**$473,455**	**$511,333**



7.3 Marketing Strategies

Foremost, Sage's Boutique has sourced a highly visible retail location in Dallas. This location receives tens of thousands of passers-by on a daily basis. The location will feature ample outdoor signage that showcases the numerous apparel and accessory products available at the store. In order to drive additional traffic to the location, the business will work with a regional advertising firm that will place half-page advertisements among lifestyle publications that are distributed within a five mile radius of the Company's retail location.

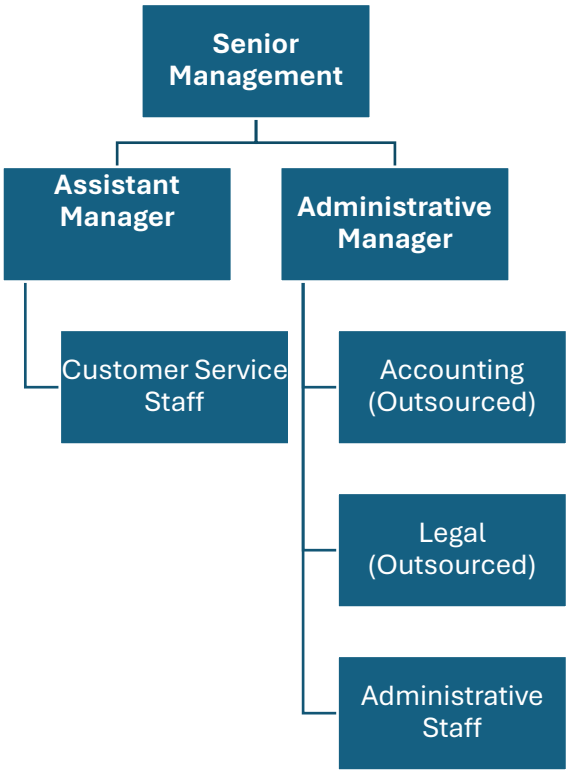
Sage's Boutique will also maintain an expansive online presence via its proprietary website. This platform will be both mobile and search engine friendly. Management will hire a regional SEO firm that will ensure that when specialized searches for apparel stores in the Dallas market are completed – the business' website will appear within the search. The business will also maintain listings on business review sites and directories that list apparel stores on a regional basis. This will further contribute to the Company's SEO campaigns.

Management will also have the location maintain pages among all major social media platforms including Facebook, Instagram, Twitter, Tik Tok, and YouTube. The business will have a number of professionally created videos that will showcase the location. These videos will be uploaded to YouTube and distributed among all social media platforms. Moving forward, the Company intends to hire brand ambassadors that will come to the location and film their shopping experience (as well as using the Company's ecommerce website. In regards to ecommerce, Management will use Shopify as its service provider as numerous marketing tools are embedded in their suite.

Beyond sales through the Company's retail store and proprietary online platform, the business will maintain numerous sellers accounts among major marketplaces including Amazon, eBay, Target, and Etsy. This will further drive inventory turnover over the first three years of operation.

8.0 Organizational Plan

8.1 Corporate Organization

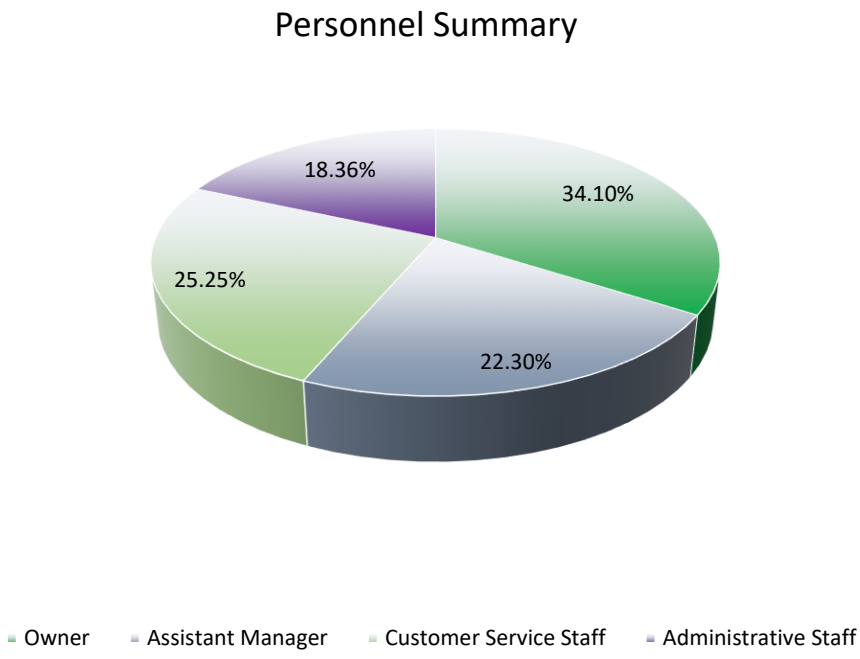


8.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
Owner	$65,000	$66,300	$67,626	$68,979	$70,358
Assistant Manager	$42,500	$43,350	$44,217	$45,101	$46,003
Customer Service Staff	$52,708	$49,088	$50,069	$51,071	$52,092
Administrative Staff	$35,000	$35,700	$36,414	$37,142	$37,885
Total	**$195,208**	**$194,438**	**$198,326**	**$202,293**	**$206,339**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Owner	1	1	1	1	1
Assistant Manager	1	1	1	1	1
Customer Service Staff	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Totals	**4**	**4**	**4**	**4**	**4**

8.2 Organizational Budget (Cont.)



9.0 Financial Plan

9.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- Sage's Boutique, LLC will acquire $400,000 from a private investor in order to launch its brick-and-mortar and online boutique operations.
- The business will settle most accounts payable on a monthly basis.

9.2 Financial Highlights

- Sage's Boutique will grow at a compounded annual growth rate of 18%.
- The business will be able to generate sales via its brick-and-mortar operations as well as through online sales channels (as discussed in the fifth section of the business plan).

9.3 Sensitivity Analysis

The Company's revenues are moderately sensitive to negative changes in the economy. The demand for new clothing, apparel, accessories, and related goods tends to wane slightly during difficult economic climates. However, Sage's Boutique will maintain a moderately low cost operating infrastructure. The Company's online sales operations will further reduce the ongoing economic risks of the business as orders can be received from any person in the world.

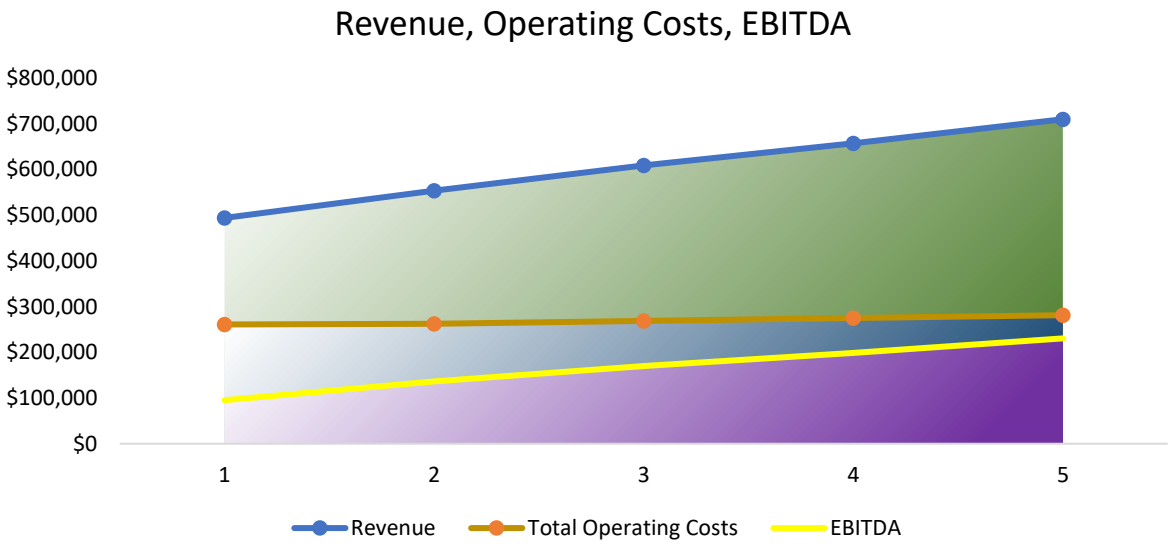
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$400,000.00
Total Equity Financing	$400,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$400,000.00**

9.5 Financial Proformas

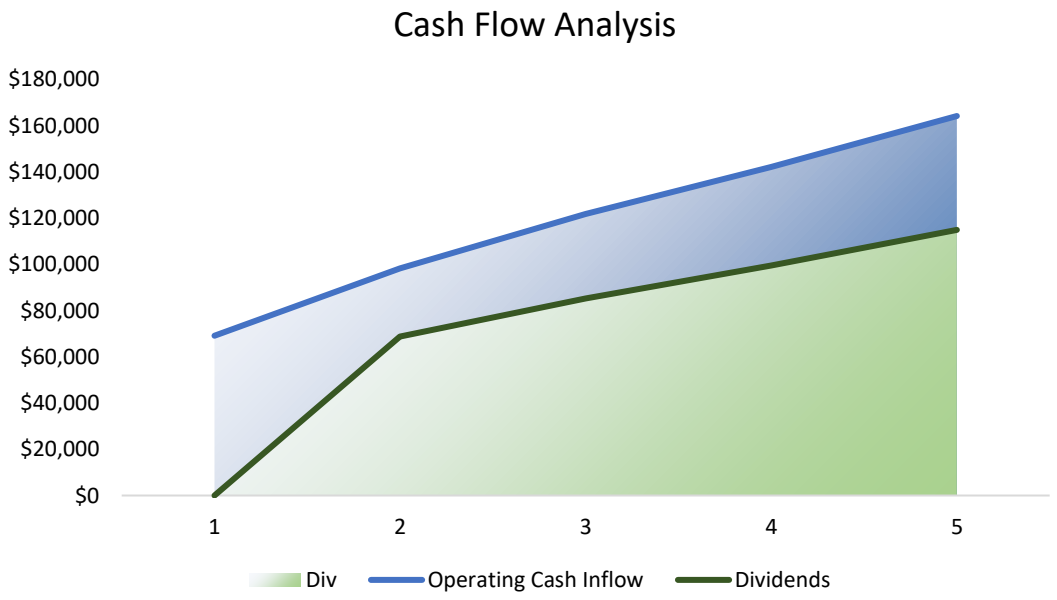
A) Profit and Loss Statement

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Revenue	$493,770	$553,022	$608,325	$656,991	$709,551
Cost of Revenue	$137,939	$154,491	$169,940	$183,535	$198,218
Gross Margin	72.06%	72.06%	72.06%	72.06%	72.06%
Gross Profit	$355,832	$398,531	$438,384	$473,455	$511,333
Expenses					
Payroll	$195,208	$194,438	$198,326	$202,293	$206,339
General and Administrative	$7,407	$8,295	$9,125	$9,855	$10,643
Business Development Costs	$5,000	$5,250	$5,513	$5,788	$6,078
Professional Fees and Licensure	$4,000	$4,080	$4,162	$4,245	$4,330
Insurance Costs	$3,250	$3,315	$3,381	$3,449	$3,518
Marketing Costs	$5,000	$5,250	$5,513	$5,788	$6,078
Facility Costs	$24,000	$24,480	$24,970	$25,469	$25,978
Misc. Costs	$2,000	$2,060	$2,122	$2,185	$2,251
Payroll Taxes	$14,933	$14,874	$15,172	$15,475	$15,785
Total Operating Costs	**$260,798**	**$262,042**	**$268,282**	**$274,547**	**$280,999**
EBITDA	**$95,033**	**$136,489**	**$170,102**	**$198,908**	**$230,334**
Federal Income Tax	$21,608	$31,922	$40,276	$47,402	$55,183
State Income Tax	$4,322	$6,384	$8,055	$9,480	$11,037
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$8,600	$8,800	$9,000	$9,300	$9,600
Net Profit	**$60,503**	**$89,382**	**$112,771**	**$132,725**	**$154,514**
Profit Margin	**12.25%**	**16.16%**	**18.54%**	**20.20%**	**21.78%**



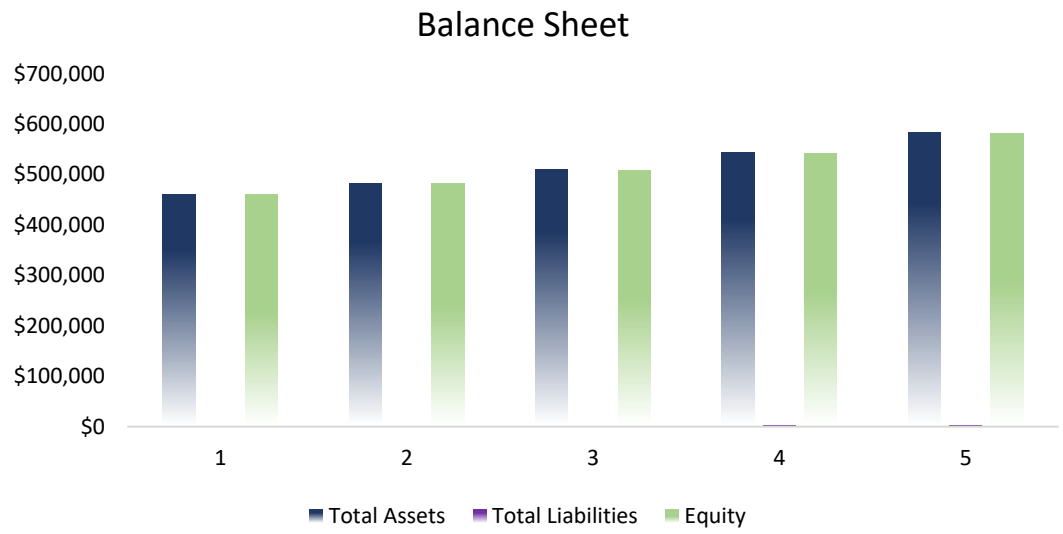
B) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$69,103	$98,182	$121,771	$142,025	$164,114
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$69,103**	**$98,182**	**$121,771**	**$142,025**	**$164,114**
Other Cash Inflows					
Equity Investment	$400,000	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$1,000	$1,050	$1,103	$1,158	$1,216
Total Other Cash Inflows	**$401,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$470,103**	**$99,232**	**$122,874**	**$143,183**	**$165,329**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$215,000	$4,909	$6,089	$7,101	$8,206
Dividends	$0	$68,728	$85,240	$99,418	$114,880
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$215,700**	**$74,372**	**$92,100**	**$107,329**	**$123,936**
Net Cash Flow	**$254,403**	**$24,861**	**$30,774**	**$35,854**	**$41,393**
Cash Balance	**$254,403**	**$279,264**	**$310,037**	**$345,891**	**$387,284**



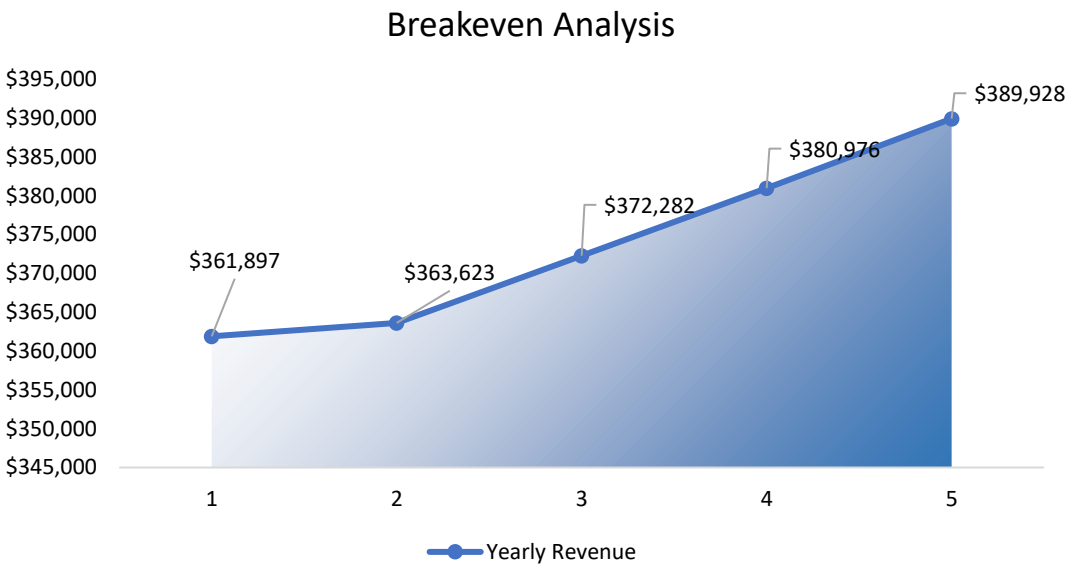
C) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$254,403	$279,264	$310,037	$345,891	$387,284
Fixed Assets and Inventory	$215,000	$219,909	$225,998	$233,099	$241,305
Accumulated Depreciation	($8,600)	($17,400)	($26,400)	($35,700)	($45,300)
Total Assets	**$460,803**	**$481,773**	**$509,635**	**$543,290**	**$583,289**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$0	$0	$0	$0	$0
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$300**	**$615**	**$946**	**$1,293**	**$1,658**
Equity	**$460,503**	**$481,158**	**$508,689**	**$541,997**	**$581,631**
Total Liabilities and Equity	**$460,803**	**$481,773**	**$509,635**	**$543,290**	**$583,289**



9.6 Breakeven Analysis

Monthly Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$30,158	$30,302	$31,024	$31,748	$32,494
Yearly Revenue	$361,897	$363,623	$372,282	$380,976	$389,928



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	12.0%	10.0%	8.0%	8.0%
Gross Margin	72.1%	72.1%	72.1%	72.1%	72.1%
Financials					
Profit Margin	12.25%	16.16%	18.54%	20.20%	21.78%
Assets to Liabilities	1536.01	783.37	538.87	420.17	351.87
Equity to Liabilities	1535.01	782.37	537.87	419.17	350.87
Assets to Equity	1.00	1.00	1.00	1.00	1.00
Liquidity					
Acid Test	848.01	454.09	327.82	267.50	233.63
Cash to Assets	0.55	0.58	0.61	0.64	0.66

Appendix A - SWOT Analysis

Strengths

- The Company has sourced a highly visible retail location in Dallas to launch operations.
- Highly experienced Founder/CEO, Matthew Deutsch, who will be able to establish both brick-and-mortar as well as online operations.
- The business will offer a broad range of in-demand apparel for its targeted demographics.
- Moderate operating costs will allow the business to expand its local and online based marketing campaigns on a monthly basis.

Weaknesses

- Revenues are subject to negative economic changes.
- Moderately high expenses as it relates to rent and marketing.

Opportunities

- Continued development of additional locations with the retained earnings of the business.
- Expansion of the types of apparel inventories carried by Sage's Boutique.
- Acquire additional capital in order to expand operations (either debt or equity).

Threats

- Ongoing competition among other apparel stores and online boutiques.
- Operating costs can increase as a result of inflation.

Appendix B - Critical Risks and Problems

Development Risk – **Low/Moderate**
The primary development is Management's ability to find a suitable location in Dallas to commence operations once the capital has been secured. Once the location launches its operations in 2025, the secondary risk will come from the rollout of the marketing campaigns showcased earlier.

Financing Risk – **Low**
Sage's Boutique is seeking $400,000 in order to launch its operations. The risk associated with this investment are offset by the substantial contribution margins generated from the ongoing sale of apparel. The Company's ecommerce operations will also reduce the risks of the business as substantial inventory turnover will come from online sales channels.

Marketing Risk – **Low/Moderate**
Management will use the marketing strategies discussed earlier to drive traffic to the brick-and-mortar location as well as ecommerce enabled website. The Company will use multiple online advertising channels to produce online sales.

Valuation Risk – **Low**
The valuation risk is offset by:

- Relatively low operating costs will allow for reinvestment into the Company's regional and online focused marketing campaigns.

- Substantial contribution margins on all sales.

Exit Risk - **Low**
If this business is to be sold, a qualified business broker will be hired to manage the transaction. As discussed earlier, this business could receive a premium of three times the previous years' earnings. Management intends to operate this business for at least ten years before divesting it.

Appendix C - Reference Sources

All statistics and market information were obtained through:

1. US Economic Census
2. US Census

Appendix D – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$38,150**	**$38,695**	**$39,240**	**$39,785**	**$40,330**	**$40,875**	**$41,420**
Cost of Revenue	$10,658	$10,810	$10,962	$11,114	$11,267	$11,419	$11,571
Gross Profit	$27,493	$27,885	$28,278	$28,671	$29,064	$29,456	$29,849
Expenses							
Payroll	$16,458	$16,458	$16,458	$16,458	$16,458	$16,458	$16,458
General and Administrative	$617	$617	$617	$617	$617	$617	$617
Business Development Costs	$417	$417	$417	$417	$417	$417	$417
Professional Fees and Licensure	$333	$333	$333	$333	$333	$333	$333
Insurance Costs	$271	$271	$271	$271	$271	$271	$271
Marketing Costs	$417	$417	$417	$417	$417	$417	$417
Facility Costs	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Misc. Costs	$167	$167	$167	$167	$167	$167	$167
Payroll Taxes	$1,259	$1,259	$1,259	$1,259	$1,259	$1,259	$1,259
Total Operating Costs	$21,939	$21,939	$21,939	$21,939	$21,939	$21,939	$21,939
EBITDA	$5,554	$5,946	$6,339	$6,732	$7,125	$7,517	$7,910
Federal Income Tax	$1,670	$1,693	$1,717	$1,741	$1,765	$1,789	$1,813
State Income Tax	$334	$339	$343	$348	$353	$358	$363
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$717	$717	$717	$717	$717	$717	$717
Net Profit	$2,834	$3,198	$3,562	$3,926	$4,290	$4,654	$5,018

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$41,965**	**$42,510**	**$43,055**	**$43,600**	**$44,145**	**$493,770**
Cost of Revenue	$11,723	$11,876	$12,028	$12,180	$12,332	$137,939
Gross Profit	$30,242	$30,635	$31,027	$31,420	$31,813	$355,832
Expenses						
Payroll	$16,458	$16,458	$16,458	$16,458	$14,167	$195,208
General and Administrative	$617	$617	$617	$617	$617	$7,407
Business Development Costs	$417	$417	$417	$417	$417	$5,000
Professional Fees and Licensure	$333	$333	$333	$333	$333	$4,000
Insurance Costs	$271	$271	$271	$271	$271	$3,250
Marketing Costs	$417	$417	$417	$417	$417	$5,000
Facility Costs	$2,000	$2,000	$2,000	$2,000	$2,000	$24,000
Misc. Costs	$167	$167	$167	$167	$167	$2,000
Payroll Taxes	$1,259	$1,259	$1,259	$1,259	$1,084	$14,933
Total Operating Costs	$21,939	$21,939	$21,939	$21,939	$19,472	$260,798
EBITDA	$8,303	$8,696	$9,088	$9,481	$12,341	$95,033
Federal Income Tax	$1,836	$1,860	$1,884	$1,908	$1,932	$21,608
State Income Tax	$367	$372	$377	$382	$386	$4,322
Interest Expense	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$717	$717	$717	$717	$717	$8,600
Net Profit	$5,383	$5,747	$6,111	$6,475	$9,306	$60,503

Profit and Loss Statement (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$134,108	$136,873	$139,638	$142,403	$553,022
Cost of Revenue	$37,464	$38,237	$39,009	$39,781	$154,491
Gross Profit	**$96,644**	**$98,636**	**$100,629**	**$102,622**	**$398,531**
Expenses					
Payroll	$50,363	$50,363	$50,363	$43,350	$194,438
General and Administrative	$2,074	$2,074	$2,074	$2,074	$8,295
Business Development Costs	$1,273	$1,299	$1,326	$1,352	$5,250
Professional Fees and Licensure	$989	$1,010	$1,030	$1,051	$4,080
Insurance Costs	$829	$829	$829	$829	$3,315
Marketing Costs	$1,273	$1,299	$1,326	$1,352	$5,250
Facility Costs	$5,936	$6,059	$6,181	$6,304	$24,480
Misc. Costs	$500	$510	$520	$530	$2,060
Payroll Taxes	$3,607	$3,681	$3,756	$3,830	$14,874
Total Operating Costs	**$66,844**	**$67,124**	**$67,404**	**$60,671**	**$262,042**
EBITDA	**$29,800**	**$31,513**	**$33,225**	**$41,951**	**$136,489**
Federal Income Tax	$7,741	$7,901	$8,060	$8,220	$31,922
State Income Tax	$1,548	$1,580	$1,612	$1,644	$6,384
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$2,200	$2,200	$2,200	$2,200	$8,800
Net Profit	**$18,311**	**$19,832**	**$21,353**	**$29,887**	**$89,382**

Profit and Loss Statement (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$147,519	$150,560	$153,602	$156,644	$608,325
Cost of Revenue	$41,211	$42,060	$42,910	$43,760	$169,940
Gross Profit	**$106,308**	**$108,500**	**$110,692**	**$112,884**	**$438,384**
Expenses					
Payroll	$51,370	$51,370	$51,370	$44,217	$198,326
General and Administrative	$2,213	$2,258	$2,304	$2,350	$9,125
Business Development Costs	$1,337	$1,364	$1,392	$1,419	$5,513
Professional Fees and Licensure	$1,009	$1,030	$1,051	$1,072	$4,162
Insurance Costs	$845	$845	$845	$845	$3,381
Marketing Costs	$1,337	$1,364	$1,392	$1,419	$5,513
Facility Costs	$6,242	$6,242	$6,242	$6,242	$24,970
Misc. Costs	$515	$525	$536	$546	$2,122
Payroll Taxes	$3,930	$3,930	$3,930	$3,383	$15,172
Total Operating Costs	**$68,797**	**$68,929**	**$69,062**	**$61,494**	**$268,282**
EBITDA	**$37,511**	**$39,571**	**$41,630**	**$51,390**	**$170,102**
Federal Income Tax	$9,767	$9,968	$10,170	$10,371	$40,276
State Income Tax	$1,953	$1,994	$2,034	$2,074	$8,055
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$2,250	$2,250	$2,250	$2,250	$9,000
Net Profit	**$23,541**	**$25,359**	**$27,177**	**$36,695**	**$112,771**

Profit and Loss Statement (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$159,320	$162,605	$165,890	$169,175	$656,991
Cost of Revenue	$44,507	$45,425	$46,343	$47,260	$183,535
Gross Profit	**$114,813**	**$117,180**	**$119,547**	**$121,915**	**$473,455**
Expenses					
Payroll	$52,397	$52,397	$52,397	$45,101	$202,293
General and Administrative	$2,390	$2,439	$2,488	$2,538	$9,855
Business Development Costs	$1,404	$1,433	$1,462	$1,490	$5,788
Professional Fees and Licensure	$1,029	$1,051	$1,072	$1,093	$4,245
Insurance Costs	$862	$862	$862	$862	$3,449
Marketing Costs	$1,404	$1,433	$1,462	$1,490	$5,788
Facility Costs	$6,367	$6,367	$6,367	$6,367	$25,469
Misc. Costs	$530	$541	$552	$563	$2,185
Payroll Taxes	$4,008	$4,008	$4,008	$3,450	$15,475
Total Operating Costs	**$70,391**	**$70,531**	**$70,670**	**$62,955**	**$274,547**
EBITDA	**$44,421**	**$46,649**	**$48,877**	**$58,959**	**$198,908**
Federal Income Tax	$11,495	$11,732	$11,969	$12,206	$47,402
State Income Tax	$2,299	$2,346	$2,394	$2,441	$9,480
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$2,325	$2,325	$2,325	$2,325	$9,300
Net Profit	**$28,303**	**$30,246**	**$32,190**	**$41,987**	**$132,725**

Profit and Loss Statement (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$172,066	$175,614	$179,162	$182,709	$709,551
Cost of Revenue	$48,068	$49,059	$50,050	$51,041	$198,218
Gross Profit	**$123,998**	**$126,555**	**$129,111**	**$131,668**	**$511,333**
Expenses					
Payroll	$53,445	$53,445	$53,445	$46,003	$206,339
General and Administrative	$2,581	$2,634	$2,687	$2,741	$10,643
Business Development Costs	$1,474	$1,504	$1,535	$1,565	$6,078
Professional Fees and Licensure	$1,050	$1,072	$1,093	$1,115	$4,330
Insurance Costs	$879	$879	$879	$879	$3,518
Marketing Costs	$1,474	$1,504	$1,535	$1,565	$6,078
Facility Costs	$6,495	$6,495	$6,495	$6,495	$25,978
Misc. Costs	$546	$557	$568	$580	$2,251
Payroll Taxes	$4,089	$4,089	$4,089	$3,519	$15,785
Total Operating Costs	**$72,032**	**$72,179**	**$72,326**	**$64,462**	**$280,999**
EBITDA	**$51,966**	**$54,376**	**$56,786**	**$67,206**	**$230,334**
Federal Income Tax	$13,382	$13,658	$13,934	$14,210	$55,183
State Income Tax	$2,676	$2,732	$2,787	$2,842	$11,037
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$2,400	$2,400	$2,400	$2,400	$9,600
Net Profit	**$33,508**	**$35,586**	**$37,665**	**$47,755**	**$154,514**

Appendix E – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$3,550	$3,914	$4,279	$4,643	$5,007	$5,371	$5,735	$6,099
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$3,550	$3,914	$4,279	$4,643	$5,007	$5,371	$5,735	$6,099
Other Cash Inflows								
Equity Investment	$400,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$83	$83	$83	$83
Total Other Cash Inflows	**$400,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$403,634**	**$3,998**	**$4,362**	**$4,726**	**$5,090**	**$5,454**	**$5,818**	**$6,183**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$215,000	$0	$0	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Outflows	**$215,058**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**
Net Cash Flow	**$188,575**	**$3,939**	**$4,304**	**$4,668**	**$5,032**	**$5,396**	**$5,760**	**$6,124**
Cash Balance	**$188,575**	**$192,515**	**$196,818**	**$201,486**	**$206,518**	**$211,914**	**$217,674**	**$223,798**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$6,463	$6,827	$7,192	$10,023	$69,103
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$6,463**	**$6,827**	**$7,192**	**$10,023**	**$69,103**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$400,000
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$1,000
Total Other Cash Inflows	$83	$83	$83	$83	$401,000
Total Cash Inflow	**$6,547**	**$6,911**	**$7,275**	**$10,106**	**$470,103**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$215,000
Dividends	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$58**	**$58**	**$58**	**$58**	**$215,700**
Net Cash Flow	**$6,488**	**$6,852**	**$7,217**	**$10,048**	**$254,403**
Cash Balance	**$230,286**	**$237,139**	**$244,356**	**$254,403**	**$254,403**

Cash Flow Analysis (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$20,511	$22,032	$23,553	$32,087	$98,182
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$20,511**	**$22,032**	**$23,553**	**$32,087**	**$98,182**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$255	$260	$265	$270	$1,050
Total Other Cash Inflows	**$255**	**$260**	**$265**	**$270**	**$1,050**
Total Cash Inflow	**$20,765**	**$22,292**	**$23,818**	**$32,357**	**$99,232**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$4,909	$0	$0	$0	$4,909
Dividends	$0	$0	$0	$68,728	$68,728
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$5,087**	**$182**	**$186**	**$68,917**	**$74,372**
Net Cash Flow	**$15,678**	**$22,110**	**$23,633**	**-$36,560**	**$24,861**
Cash Balance	**$270,081**	**$292,191**	**$315,824**	**$279,264**	**$279,264**

Cash Flow Analysis (Third Year)

	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$25,791	$27,609	$29,427	$38,945	$121,771
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$25,791**	**$27,609**	**$29,427**	**$38,945**	**$121,771**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$267	$273	$278	$284	$1,103
Total Other Cash Inflows	**$267**	**$273**	**$278**	**$284**	**$1,103**
Total Cash Inflow	**$26,058**	**$27,882**	**$29,705**	**$39,229**	**$122,874**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$6,089	$0	$0	$0	$6,089
Dividends	$0	$0	$0	$85,240	$85,240
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$6,276**	**$191**	**$195**	**$85,439**	**$92,100**
Net Cash Flow	**$19,782**	**$27,691**	**$29,510**	**-$46,210**	**$30,774**
Cash Balance	**$299,046**	**$326,737**	**$356,247**	**$310,037**	**$310,037**

Cash Flow Analysis (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$30,628	$32,571	$34,515	$44,312	$142,025
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$30,628**	**$32,571**	**$34,515**	**$44,312**	**$142,025**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$281	$287	$292	$298	$1,158
Total Other Cash Inflows	**$281**	**$287**	**$292**	**$298**	**$1,158**
Total Cash Inflow	**$30,908**	**$32,858**	**$34,807**	**$44,610**	**$143,183**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$7,101	$0	$0	$0	$7,101
Dividends	$0	$0	$0	$99,418	$99,418
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$7,298**	**$201**	**$205**	**$99,626**	**$107,329**
Net Cash Flow	**$23,610**	**$32,657**	**$34,602**	**-$55,016**	**$35,854**
Cash Balance	**$333,648**	**$366,305**	**$400,907**	**$345,891**	**$345,891**

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$35,908	$37,986	$40,065	$50,155	$164,114
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$35,908**	**$37,986**	**$40,065**	**$50,155**	**$164,114**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$295	$301	$307	$313	$1,216
Total Other Cash Inflows	**$295**	**$301**	**$307**	**$313**	**$1,216**
Total Cash Inflow	**$36,202**	**$38,287**	**$40,372**	**$50,468**	**$165,329**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$8,206	$0	$0	$0	$8,206
Dividends	$0	$0	$0	$114,880	$114,880
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$8,412**	**$211**	**$215**	**$115,099**	**$123,936**
Net Cash Flow	**$27,790**	**$38,077**	**$40,157**	**-$64,631**	**$41,393**
Cash Balance	**$373,681**	**$411,758**	**$451,915**	**$387,284**	**$387,284**