



**CARING HANDS
PHOENIX**
ASSISTED LIVING



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1.0 Executive Summary

The purpose of this business plan is to secure \$2,000,000 via debt capital for the development of a 15-bed assisted living facility based in phoenix, Arizona. Caring Hands Phoenix LLC will provide the greater Maricopa County area with a comprehensive facility that attends to the needs of older people as well as individuals with developmental disabilities. The company's founder is Matthew Deutsch. Full scale revenue generating operations are expected to commence later this year once the facilities have been acquired and renovated.

The Services

The primary revenue center for the business will come from the ongoing care that the Company will provide to senior citizens and individuals with developmental disabilities that are based in the greater Maricopa County area. Given the substantial demand for these types of services within this market, Management fully expects that the facilities will be at near 100% capacity by the end of the first year of operation. The Company will charge \$7,500 per month per resident.

In regards to amenities, the business will provide each resident with their own room as well as ongoing meal service. The Company will strive to provide a wide range of engaging entertainment for residents.

The Company will employ a facility director as well as numerous assisted living aids that will assist residents with their day-to-day lives at Caring Hands Phoenix. Beyond these staff members, the business will retain a number of medical professionals that can be called upon in the event of emergency.

The services offered by Caring Hands Phoenix will be further discussed in the third section of the business plan.

The Financing

At this time, the company is seeking \$2,000,000 via a commercial business loan in order to commence operations. The Founder will contribute \$250,000 towards the venture. This document assumes that the business will receive a 25-year loan carrying a 7.5% interest rate due on the outstanding principal balance. The loan will amortize normally.

If necessary, Caring Hands Phoenix could easily secure additional capital to support its operations. This may include a working capital line of credit that can help manage the Company's cash flow. However, this document assumes that the business will not secure any further funding outside of the capital sought in this plan.

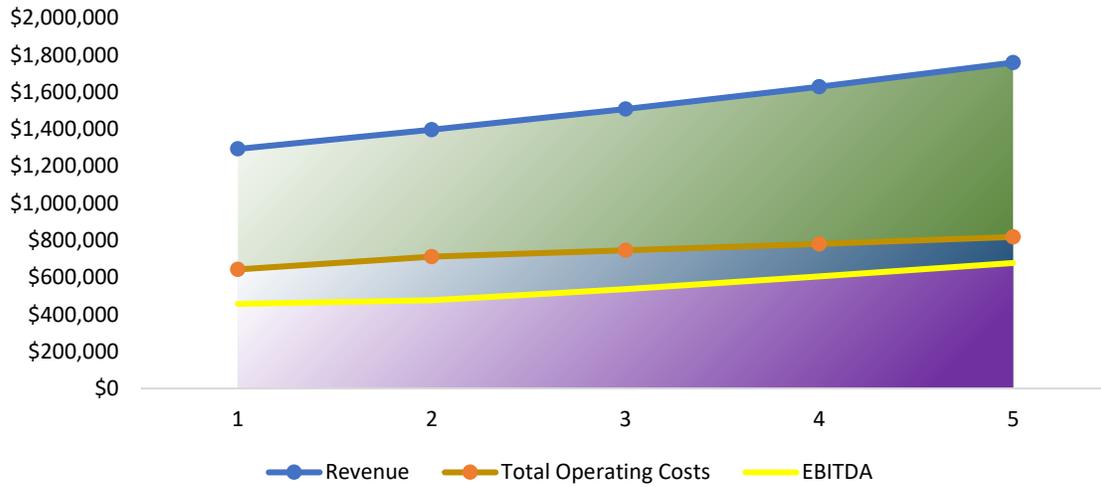
The Future

As noted above, management expects that full occupancy will occur by the twelfth month of operation. Given the substantial population density and wealth of the greater Maricopa County area, there is immense demand among families to have their loved ones they have facilities that can provide proper and round the clock care. After the fifth year of operation, the Company may establish additional locations within this market using the accrued profits of the business.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$1,293,000	\$1,396,440	\$1,508,155	\$1,628,808	\$1,759,112
Cost of Revenue	\$193,950	\$209,466	\$226,223	\$244,321	\$263,867
Gross Profit	\$1,099,050	\$1,186,974	\$1,281,932	\$1,384,486	\$1,495,245
Total Operating Costs	\$642,439	\$711,644	\$745,030	\$780,404	\$817,911
EBITDA	\$456,611	\$475,330	\$536,902	\$604,082	\$677,334

Revenue, Operating Costs, EBITDA

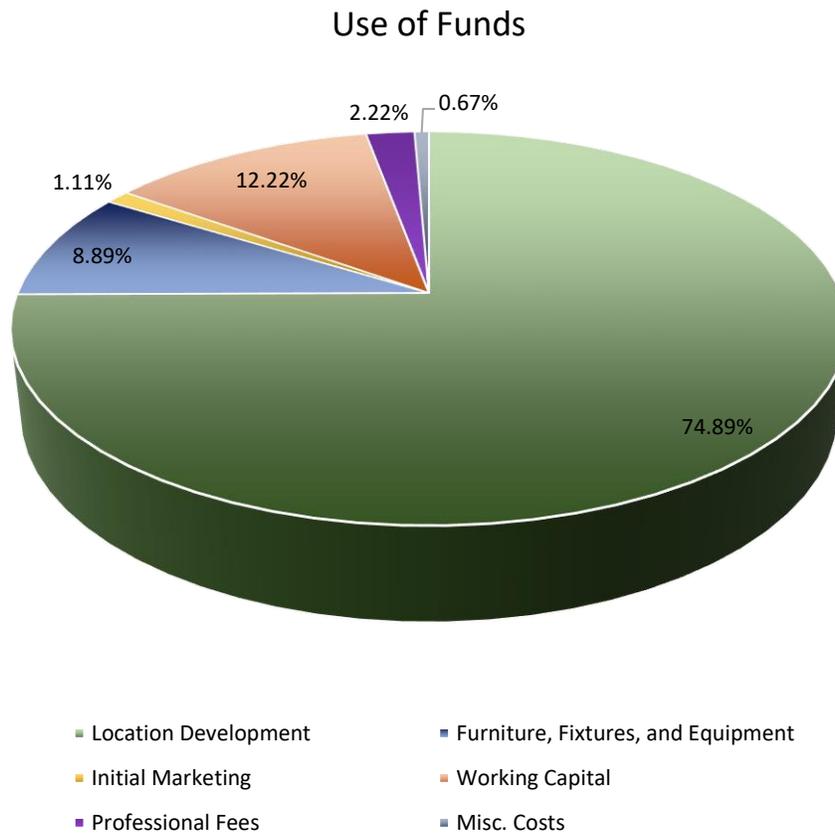


2.0 The Financing

2.1 Funds Required

As noted in the executive summary, Caring Hands Phoenix is seeking \$2,000,000 in order to establish operations. The funds are to be used as follows:

Use of Funds	
Location Development	\$1,685,000
Furniture, Fixtures, and Equipment	\$200,000
Initial Marketing	\$25,000
Working Capital	\$275,000
Professional Fees	\$50,000
Misc. Costs	\$15,000
Total	\$2,250,000



The Owner will contribute \$250,000 towards the venture. It should be noted that the real estate will be directly owned by the company.

2.2 Investor and Management Equity

At this time, the Company is not seeking an equity investment from a third party. Matthew Deutsch will retain a 100% ownership interest in the business

2.3 Board of Directors Composition

Mr. Deutsch will serve as the sole director of Caring Hands Phoenix LLC.

2.4 Exit Strategies

In the event that it is financially prudent to do so, a qualified business broker will be hired to market Caring Hands Phoenix to a potential buyer. Prior to this occurring, the business will have a formal valuation completed which will include a full analysis of the value of the underlying real estate. It is expected that if the business is to be sold, the Company will receive a premium equal to five times the previous year's earnings.

3.0 Assisted Living Services

As discussed in the executive summary, Caring Hands Phoenix will be actively involved with providing a wide range of supported care on a round the clock basis for people within the greater Phoenix metropolitan area and Maricopa County. The location will feature 15 rooms that will allow for individuals to enjoy a substantial degree of privacy while they are residents of the facility. The company will charge \$7,500 per month as the rental fee, which will include all meals.

The Company's staff will consist of a facility director, who will be a registered nurse, as well as assisted living facility aids. The Company will provide a wide range of training for these individuals so that they properly care of residents.

As noted earlier as well, the Company will retain a number of medical professionals that can be called upon in the event of an emergency or for resident needs specialized care. The Company will maintain proper records regarding all meal served as well as other general information about each resident which can be shared with their primary care physician. As an ancillary benefit to residents, the business will provide transportation to and from their doctors' offices. This will provide a substantial differentiating factor for Caring Hands Phoenix LLC.

4.0 Overview of the Organization

4.1 Registered Name

Caring Hands Phoenix LLC. The business is registered as a limited liability company in the State of Arizona.

4.2 Commencement of Operations

Caring Hands Phoenix will launch full scale operations in the fourth quarter of this year.

4.3 Mission Statement

To provide compassionate, round the clock care at an affordable rate for people within the greater Phoenix metropolitan area.

4.4 Vision Statement

Caring Hands Phoenix anticipates that it will become one of the premier assisted living facilities within the state of Arizona.

4.5 Organizational Objectives

- Properly renovate the facilities within a six-month period once the capital has been secured.
- Establish ongoing relationships with medical professionals that provide referrals for families that need assisted living care for their loved ones.
- Remained within the letter of the law regarding all assisted living services rendered.
- Implement a wide-ranging marketing campaign that will draw the attention of the general public throughout Maricopa County.
- Properly allocate a significant portion of the Company's after tax profits for expansion purposes including the potential development of a second location after the fifth year of operation.
- Maintain an expansive online presence through a proprietary website as well as through social media marketing.

5.0 Strategic and Market Analysis

5.1 External Environment Analysis

This section of the analysis will focus on the current economic climate, the assisted living facility industry, the customer profile, and the ongoing competition that Caring Hands Phoenix will face moving forward.

At this time the economic climate within the United States is moderate. There has been a significant degree of volatility given the ongoing changes to global trade policy. This may contribute to higher inflation in the coming years period however, the US Federal Reserve as well as major global central banks are taking appropriate measures to reduce inflationary risks.

However, any issues with the economy will not impact the Company's ability to generate revenue remaining profitable. The Company is operating within Maricopa County, which is immensely population dense. The demand for assisted living care within this area is enormous, and the Company will be able to find an immense audience of families that are seeking affordable assisted living care options for their loved ones.

5.2 Industry Analysis

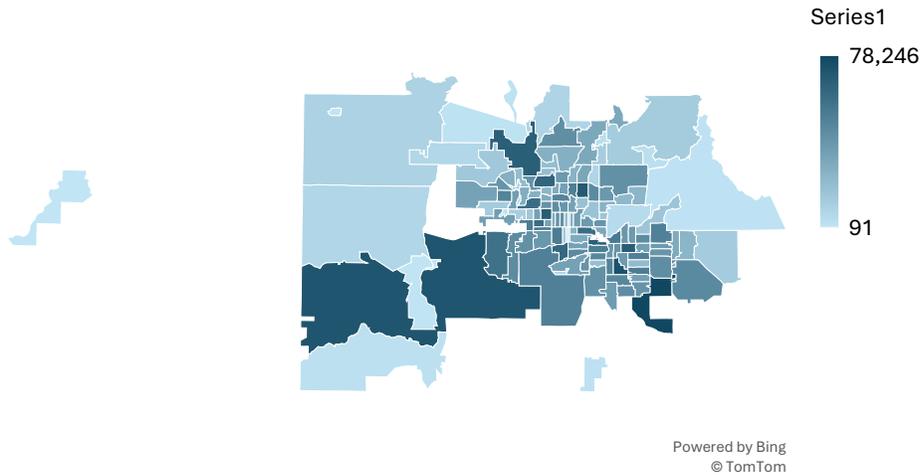
There are 128,000 assisted living facilities within the United States. In each of the last five years, industry revenues have exceeded \$95 billion. The industry employs 990,000 people.

This industry is expected to grow at a rate that is faster than that of the general economy. As more individuals from the Baby Boomer generation enter their later years, they will be required to have a greater degree of care especially if they have certain medical conditions that require round the clock supervision. Caring Hands Phoenix is in a strong position to capitalize on this demand in the coming years.

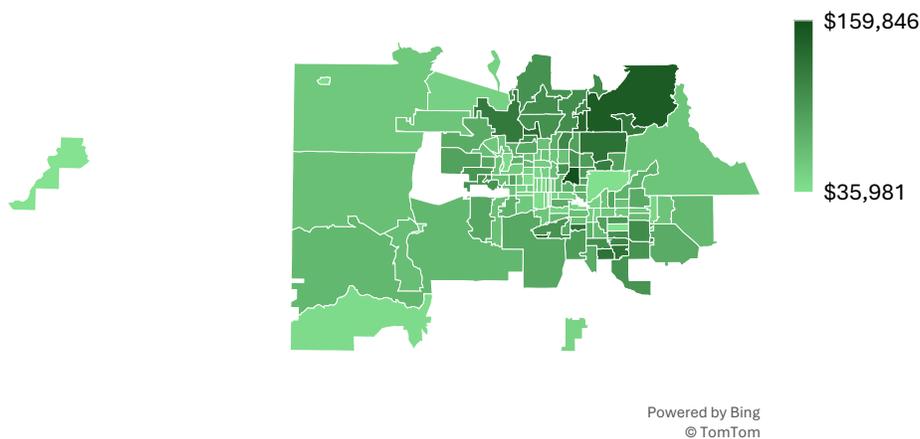
5.3 Customer Profile

Admittedly, the demographics that the business will be able to target for its assisted living facility operations are broad. Any family member that has an individual that is older or has a developmental disability and requires assisted living care is a potential client for the business. Generally speaking, most families that enroll their loved ones within the assisted living care facility will typically have a household income exceeding \$100,000. It should be noted that many individuals that will enroll in assisting living care will be of older age and will be able to use their savings as well as income from publicly funded systems to afford their monthly fees.

Target Market Area Population (by Zip Code)



Target Market Household Income (by Zip Code)



5.4 Competition

As this business plan has been created to be shown only as a sample, no formal competitive analysis has been completed specifically for the Maricopa County market. If this was a business plan that was for an actual assisted living facility, we would have completed an extensive analysis of all competitors in a 10-mile radius of Caring Hands Phoenix. This analysis would include the number of rooms that each competitor has, their monthly fees, as well as competitive advantages that the company will maintain over area competition.

6.0 Key Strategic Issues

6.1 Sustainable Competitive Advantage

The Company will be able to maintain successful business operations because of the following:

- As compared to the incomes of the greater Phoenix metropolitan area, the services provided by Caring Hands Phoenix are affordable.
- Substantial demand within the market among families that are seeking proper places that could provide round the clock care for their family members.
- A highly experienced owner, Matthew Deutsch, who will be able to properly guide the operations of the business to profitability over the next five years.
- This service is offered by the company will remain in demand at all times.
- In certain instances, the business may be able to receive reimbursement from insurance companies who are publicly funded healthcare systems based on the underlying condition that requires the individual to be placed in assisted living care.

6.2 Basis for Growth

Caring Hands Phoenix will grow through two potential avenues:

- Ongoing marketing of the business until the company reaches 100% capacity, which is expected to occur by month twelve of operation.
- Development of additional facilities throughout the greater Maricopa County area.

7.0 Marketing Plan

7.1 Marketing Objectives

- Establish ongoing relationships with medical professionals or will provide referrals when needed among their patients that require round the clock supervision.
- Maintain an expansive online presence that uses multiple marketing channels to promote brand name visibility.
- Engage in traditional advertising within the greater Maricopa County area.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Assisted Living Facility Services	\$1,293,000	\$1,396,440	\$1,508,155	\$1,628,808	\$1,759,112
Totals	\$1,293,000	\$1,396,440	\$1,508,155	\$1,628,808	\$1,759,112

Gross Profit					
Year	1	2	3	4	5
Total	\$1,099,050	\$1,186,974	\$1,281,932	\$1,384,486	\$1,495,245

7.3 Revenue Assumptions

Year 1

- Caring Hands Phoenix will launch its operations.
- Anticipated revenues will reach \$1.29 million.

Year 2

- Expected revenue will reach \$1.39 million.
- At the start of this year, 100% occupancy will be achieved.

Years 3-5

- The Company will continue to raise its rates by 6% per annum.
- Revenues in year five will reach \$1.75 million.
- At this time, the Company may establish additional locations throughout Arizona.

7.4 Marketing Strategies

The Company will use a number of marketing strategies that will ensure substantial brand name visibility for Caring Hands Phoenix as it establishes its operations within this market. Most importantly, the Company will establish its marketing operations during the course of the development. This will include direct outreach with medical professionals as well as mental health care professionals that will provide referrals among individuals who will be able to immediately obtain residency within the facilities once the development phase is completed. Given the substantial demand for assisted living care within the greater Phoenix metropolitan area, it is fully expected that there will be a number of residents ready to enter the facility once it is finalized.

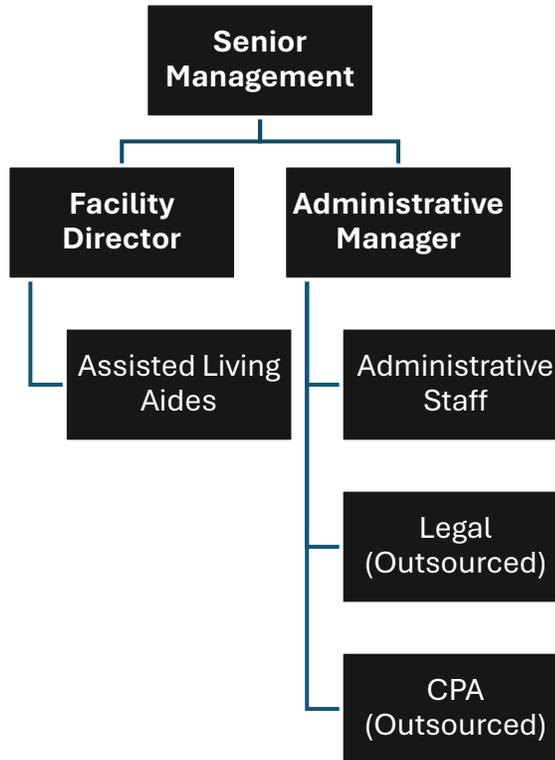
Caring Hands Phoenix will maintain an expansive online presence via a proprietary website. This platform will showcase the rooms, amenities, fees, and general information about the business. This platform will also undergo search engine optimization specific for the greater Phoenix metropolitan area as well as Maricopa County as a whole.

To complement the Company's website, the business will maintain a presence on social media platforms to ensure that any vacancies can be quickly filled. On the Company's social media pages, images of the location will be shown. The Company's contact information will also be featured on these platforms.

During the development phase, the business will take out full page and half page advertisements among lifestyle publications and newspapers that circulate throughout the greater Phoenix metropolitan area. These advertisements will focus on the grand opening date of the facilities and how a family can contact the business in order to have their loved one placed in the care of the Company. Once the business reaches maximum capacity, the business will no longer conduct these operations until a vacancy occurs.

8.0 Organizational Plan

8.1 Corporate Organization



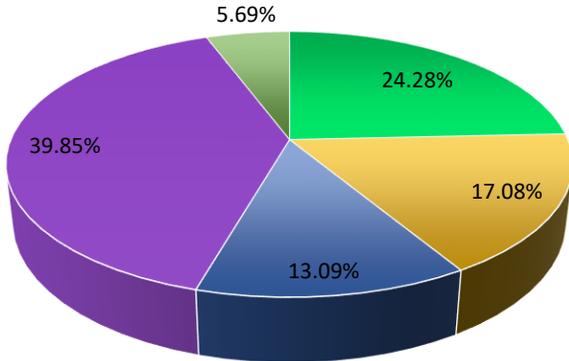
8.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	\$85,000	\$92,650	\$100,989	\$110,077	\$119,984
Facility Director	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413
Administrative Manager	\$57,500	\$59,225	\$61,002	\$62,832	\$64,717
Assisted Living Aides	\$140,000	\$180,250	\$185,658	\$191,227	\$196,964
Administrative Staff	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
Total	\$382,500	\$435,125	\$453,738	\$473,409	\$494,216

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Facility Director	1	1	1	1	1
Administrative Manager	1	1	1	1	1
Assisted Living Aides	4	5	5	5	5
Administrative Staff	1	1	1	1	1
Total	8	9	9	9	9

8.2 Organizational Budget (Cont.)

Personnel Summary



- Senior Management
- Facility Director
- Administrative Manager
- Assisted Living Aides
- Administrative Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- The Company will acquire \$2,000,000 to establish operations.
- The loan will carrying a 7% interest rate and a 25-year term.
- The business will achieve an annual revenue growth rate of 7.2%.

9.2 Financial Highlights

- Moderate fixed operating costs as a function of income will ensure the economic stability of the business.
- Profitability in each year of operation.

9.3 Sensitivity Analysis

The Company's revenues are not sensitive to negative changes in the economy. This is due to the fact that families that have older members or individuals with disabilities require these services on an ongoing basis. For many families, especially with individuals that have very challenging care needs, use of an assisted living facility is an absolute necessity. Furthermore, Caring Hands Phoenix will generate highly recurring streams of revenue from its operations which will further contribute to the ongoing economic stability of the business.

9.4 Source of Funds

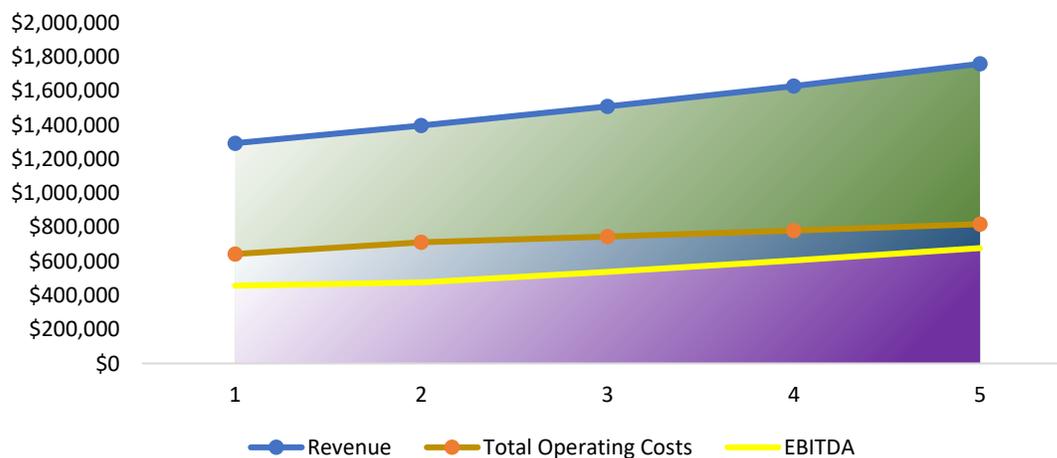
Financing	
Equity	
Equity Capitalization	\$250,000.00
Total Equity Financing	\$250,000.00
Banks and Lenders	
Business Loan	\$2,000,000.00
Total Debt Financing	\$2,000,000.00
Total Financing	\$2,250,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$1,293,000	\$1,396,440	\$1,508,155	\$1,628,808	\$1,759,112
Cost of Revenue	\$193,950	\$209,466	\$226,223	\$244,321	\$263,867
Gross Margin	85.00%	85.00%	85.00%	85.00%	85.00%
Gross Profit	\$1,099,050	\$1,186,974	\$1,281,932	\$1,384,486	\$1,495,245
Expenses					
Payroll	\$382,500	\$435,125	\$453,738	\$473,409	\$494,216
General and Administrative	\$19,395	\$20,947	\$22,622	\$24,432	\$26,387
Business Development	\$22,628	\$24,438	\$26,393	\$28,504	\$30,784
Marketing	\$45,397	\$49,029	\$52,951	\$57,187	\$61,762
Insurance Costs	\$30,000	\$31,500	\$33,075	\$34,729	\$36,465
Professional Fees	\$25,000	\$26,250	\$27,563	\$28,941	\$30,388
Facility Costs	\$85,000	\$87,550	\$90,177	\$92,882	\$95,668
Misc. Costs	\$3,258	\$3,519	\$3,801	\$4,105	\$4,433
Payroll Taxes	\$29,261	\$33,287	\$34,711	\$36,216	\$37,808
Total Operating Costs	\$642,439	\$711,644	\$745,030	\$780,404	\$817,911
EBITDA	\$456,611	\$475,330	\$536,902	\$604,082	\$677,334
Federal Income Tax	\$57,893	\$62,932	\$78,726	\$95,965	\$114,770
State Income Tax	\$11,579	\$12,586	\$15,745	\$19,193	\$22,954
Interest Expense	\$149,040	\$146,841	\$144,472	\$141,919	\$139,168
Depreciation Expenses	\$76,000	\$76,760	\$77,528	\$78,303	\$79,086
Net Profit	\$162,100	\$176,210	\$220,432	\$268,702	\$321,356
Profit Margin	12.54%	12.62%	14.62%	16.50%	18.27%

Revenue, Operating Costs, EBITDA



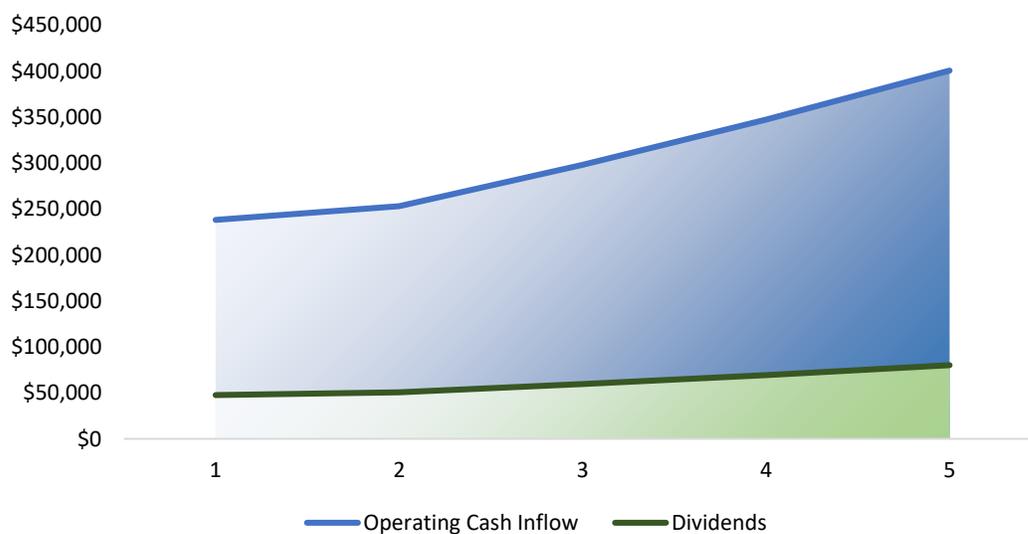
B) Common Size Income Statement

Profit and Loss (Common Size)					
Year	1	2	3	4	5
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	15.00%	15.00%	15.00%	15.00%	15.00%
Gross Profit	85.00%	85.00%	85.00%	85.00%	85.00%
Expenses					
Payroll	29.58%	31.16%	30.09%	29.06%	28.09%
General and Administrative	1.50%	1.50%	1.50%	1.50%	1.50%
Business Development	1.75%	1.75%	1.75%	1.75%	1.75%
Marketing	3.51%	3.51%	3.51%	3.51%	3.51%
Insurance Costs	2.32%	2.26%	2.19%	2.13%	2.07%
Professional Fees	1.93%	1.88%	1.83%	1.78%	1.73%
Facility Costs	6.57%	6.27%	5.98%	5.70%	5.44%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	2.26%	2.38%	2.30%	2.22%	2.15%
Total Operating Costs	49.69%	50.96%	49.40%	47.91%	46.50%
EBITDA	35.31%	34.04%	35.60%	37.09%	38.50%
Federal Income Tax	4.48%	4.51%	5.22%	5.89%	6.52%
State Income Tax	0.90%	0.90%	1.04%	1.18%	1.30%
Interest Expense	11.53%	10.52%	9.58%	8.71%	7.91%
Depreciation Expenses	5.88%	5.50%	5.14%	4.81%	4.50%
Net Profit	12.54%	12.62%	14.62%	16.50%	18.27%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$238,100	\$252,970	\$297,959	\$347,005	\$400,442
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$238,100	\$252,970	\$297,959	\$347,005	\$400,442
Other Cash Inflows					
Equity Investment	\$250,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$2,000,000	\$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	\$2,251,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Cash Inflow	\$2,489,100	\$254,020	\$299,062	\$348,162	\$401,658
Cash Outflows					
Repayment of Principal	\$28,318	\$30,517	\$32,886	\$35,439	\$38,190
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$1,900,000	\$75,891	\$89,388	\$104,101	\$120,133
Dividends	\$47,620	\$50,594	\$59,592	\$69,401	\$80,088
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$1,976,638	\$157,737	\$182,637	\$209,751	\$239,262
Net Cash Flow	\$512,462	\$96,283	\$116,425	\$138,411	\$162,396
Cash Balance	\$512,462	\$608,745	\$725,170	\$863,581	\$1,025,976

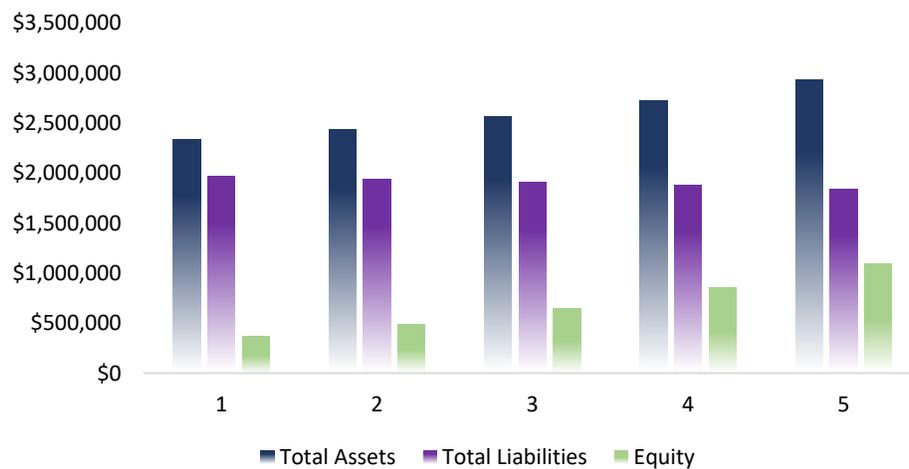
Cash Flow Analysis



D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	\$512,462	\$608,745	\$725,170	\$863,581	\$1,025,976
Fixed Assets	\$1,900,000	\$1,975,891	\$2,065,279	\$2,169,380	\$2,289,513
Accumulated Depreciation	(\$76,000)	(\$152,760)	(\$230,288)	(\$308,590)	(\$387,676)
Total Assets	\$2,336,462	\$2,431,876	\$2,560,161	\$2,724,370	\$2,927,813
Liabilities and Equity					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$1,971,682	\$1,941,165	\$1,908,280	\$1,872,841	\$1,834,651
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$1,971,982	\$1,941,780	\$1,909,225	\$1,874,134	\$1,836,309
Equity	\$364,480	\$490,096	\$650,935	\$850,236	\$1,091,504
Total Liabilities and Equity	\$2,336,462	\$2,431,876	\$2,560,161	\$2,724,370	\$2,927,813

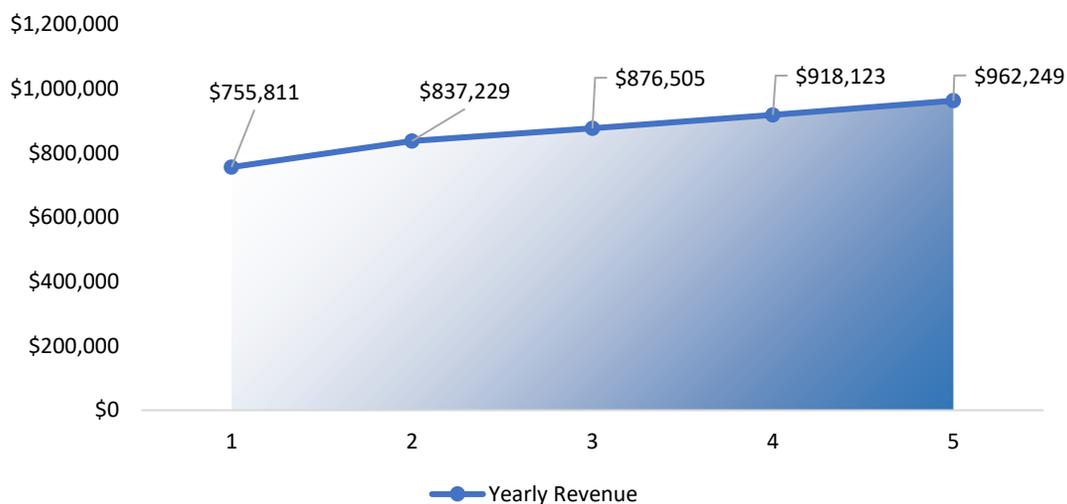
Balance Sheet



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$62,984	\$69,769	\$73,042	\$76,510	\$80,187
Yearly Revenue	\$755,811	\$837,229	\$876,505	\$918,123	\$962,249

Breakeven Analysis



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin	85.0%	85.0%	85.0%	85.0%	85.0%
Financials					
Profit Margin	12.54%	12.62%	14.62%	16.50%	18.27%
Assets to Liabilities	1.18	1.25	1.34	1.45	1.59
Equity to Liabilities	0.18	0.25	0.34	0.45	0.59
Assets to Equity	6.41	4.96	3.93	3.20	2.68
Liquidity					
Acid Test	0.26	0.31	0.38	0.46	0.56
Cash to Assets	0.22	0.25	0.28	0.32	0.35

Appendix A - SWOT Analysis

Strengths

- The business will generate substantial contribution margins from all assisted living care services rendered.
- The company is operating in the population dense area of phoenix and Maricopa County.
- Although there is significant competition in this market, the supply of available living facilities it's substantially lower than current demand.
- The Company's revenues are highly recurring in nature, which will ensure the economic stability of the business as well as a significant return on investment.

Weaknesses

- Ongoing competition from existing this is the new facilities within this market.
- Substantial expenditures as it relates to payroll.

Opportunities

- Establish additional assisted living facilities within the greater Maricopa County market.
- Continued marketing of the business until 100% capacity is achieved, which is expected to occur by the end of the first year of operation.

Threats

- Ongoing inflation could cause the operating cost of the business to increase.
- Potential injuries that can occur at the facilities may cause legal liabilities for the business although this is a muted risk given the insurance policies in place coupled with extensive training procedures for all staff members.

Appendix B – Risk Analysis

Development Risk – **Low**

The service architecture of Caring Hands Phoenix has been developed. The primary development risk will come Once the facilities are complete and the Company needs to market its services to the Maricopa County general public.

Financing Risk – **Low/Moderate**

The \$2,000,000 of capital sought in this document will be principally used for the acquisition of real estate. The ongoing risks related to this financing are subdued by the fact that Caring Hands Phoenix will generate highly recurring streams of revenue from the ongoing assisted living facility services outlined in this document.

Marketing Risk – **Moderate**

Given the immense demand for assisted living facilities within the Maricopa County area, the business will only need to engage in modest advertising in order to achieve 100% capacity by the end of the first year of operation. The business will use the marketing strategies outlined in the seventh section of this document to achieve these goals. These risks will be further tempered by the direct outreach that the company will conduct with medical professionals within the market.

Valuation Risk – **Minimal**

The valuation risk is offset by:

- A significant portion of the capital sought in this document will be used for tangible asset purchases.
- The Company will generate recurring fees on a monthly basis.

Exit Risk – **Very Low**

As noted earlier, if it is financially prudent to do so the company will work with a qualified business brokerage in order to market Caring Hands Phoenix to a buyer. This event is not expected to occur for a significant period of time given that Mr. Deutsch wants to develop a number of assisted living facilities within phoenix as well as other major areas of Arizona. The ongoing profits from this initial facility will facilitate this growth.

Appendix C - Reference Sources

All statistics and market information were obtained through:

1. IBIS World
2. Statista

Appendix D – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$105,000	\$105,500	\$106,000	\$106,500	\$107,000	\$107,500	\$108,000
Cost of Revenue	\$15,750	\$15,825	\$15,900	\$15,975	\$16,050	\$16,125	\$16,200
Gross Profit	\$89,250	\$89,675	\$90,100	\$90,525	\$90,950	\$91,375	\$91,800
Expenses							
Payroll	\$31,875	\$31,875	\$31,875	\$31,875	\$31,875	\$31,875	\$31,875
General and Administrative	\$1,616	\$1,616	\$1,616	\$1,616	\$1,616	\$1,616	\$1,616
Business Development	\$1,886	\$1,886	\$1,886	\$1,886	\$1,886	\$1,886	\$1,886
Marketing	\$3,783	\$3,783	\$3,783	\$3,783	\$3,783	\$3,783	\$3,783
Insurance Costs	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Professional Fees	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Facility Costs	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083
Misc. Costs	\$272	\$272	\$272	\$272	\$272	\$272	\$272
Payroll Taxes	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438
Total Operating Costs	\$53,537						
EBITDA	\$35,713	\$36,138	\$36,563	\$36,988	\$37,413	\$37,838	\$38,263
Federal Income Tax	\$4,701	\$4,724	\$4,746	\$4,768	\$4,791	\$4,813	\$4,836
State Income Tax	\$940	\$945	\$949	\$954	\$958	\$963	\$967
Interest Expense	\$12,500	\$12,486	\$12,471	\$12,457	\$12,442	\$12,428	\$12,413
Depreciation Expenses	\$6,333	\$6,333	\$6,333	\$6,333	\$6,333	\$6,333	\$6,333
Net Profit	\$11,239	\$11,651	\$12,063	\$12,476	\$12,889	\$13,301	\$13,714

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$108,500	\$109,000	\$109,500	\$110,000	\$110,500	\$1,293,000
Cost of Revenue	\$16,275	\$16,350	\$16,425	\$16,500	\$16,575	\$193,950
Gross Profit	\$92,225	\$92,650	\$93,075	\$93,500	\$93,925	\$1,099,050
Expenses						
Payroll	\$31,875	\$31,875	\$31,875	\$31,875	\$31,875	\$382,500
General and Administrative	\$1,616	\$1,616	\$1,616	\$1,616	\$1,616	\$19,395
Business Development	\$1,886	\$1,886	\$1,886	\$1,886	\$1,886	\$22,628
Marketing	\$3,783	\$3,783	\$3,783	\$3,783	\$3,783	\$45,397
Insurance Costs	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Professional Fees	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
Facility Costs	\$7,083	\$7,083	\$7,083	\$7,083	\$7,083	\$85,000
Misc. Costs	\$272	\$272	\$272	\$272	\$272	\$3,258
Payroll Taxes	\$2,438	\$2,438	\$2,438	\$2,438	\$2,438	\$29,261
Total Operating Costs	\$53,537	\$53,537	\$53,537	\$53,537	\$53,537	\$642,439
EBITDA	\$38,688	\$39,113	\$39,538	\$39,963	\$40,388	\$456,611
Federal Income Tax	\$4,858	\$4,880	\$4,903	\$4,925	\$4,948	\$57,893
State Income Tax	\$972	\$976	\$981	\$985	\$990	\$11,579
Interest Expense	\$12,398	\$12,383	\$12,369	\$12,353	\$12,338	\$149,040
Depreciation Expenses	\$6,333	\$6,333	\$6,333	\$6,333	\$6,333	\$76,000
Net Profit	\$14,127	\$14,540	\$14,953	\$15,366	\$15,780	\$162,100

Profit and Loss Statement (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Revenue	\$338,637	\$345,619	\$352,601	\$359,583	\$1,396,440
Cost of Revenue	\$50,796	\$51,843	\$52,890	\$53,937	\$209,466
Gross Profit	\$287,841	\$293,776	\$299,711	\$305,646	\$1,186,974
Expenses					
Payroll	\$108,781	\$108,781	\$108,781	\$108,781	\$435,125
General and Administrative	\$5,237	\$5,237	\$5,237	\$5,237	\$20,947
Business Development	\$5,926	\$6,048	\$6,171	\$6,293	\$24,438
Marketing	\$11,890	\$12,135	\$12,380	\$12,625	\$49,029
Insurance Costs	\$7,875	\$7,875	\$7,875	\$7,875	\$31,500
Professional Fees	\$6,366	\$6,497	\$6,628	\$6,759	\$26,250
Facility Costs	\$21,888	\$21,888	\$21,888	\$21,888	\$87,550
Misc. Costs	\$853	\$871	\$889	\$906	\$3,519
Payroll Taxes	\$8,072	\$8,239	\$8,405	\$8,571	\$33,287
Total Operating Costs	\$176,887	\$177,570	\$178,252	\$178,935	\$711,644
EBITDA	\$110,954	\$116,206	\$121,459	\$126,711	\$475,330
Federal Income Tax	\$15,261	\$15,576	\$15,890	\$16,205	\$62,932
State Income Tax	\$3,052	\$3,115	\$3,178	\$3,241	\$12,586
Interest Expense	\$36,923	\$36,783	\$36,640	\$36,495	\$146,841
Depreciation Expenses	\$19,190	\$19,190	\$19,190	\$19,190	\$76,760
Net Profit	\$36,528	\$41,543	\$46,560	\$51,580	\$176,210

Profit and Loss Statement (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$365,728	\$373,268	\$380,809	\$388,350	\$1,508,155
Cost of Revenue	\$54,859	\$55,990	\$57,121	\$58,252	\$226,223
Gross Profit	\$310,868	\$317,278	\$323,688	\$330,097	\$1,281,932
Expenses					
Payroll	\$113,434	\$113,434	\$113,434	\$113,434	\$453,738
General and Administrative	\$5,486	\$5,599	\$5,712	\$5,825	\$22,622
Business Development	\$6,400	\$6,532	\$6,664	\$6,796	\$26,393
Marketing	\$12,841	\$13,105	\$13,370	\$13,635	\$52,951
Insurance Costs	\$8,269	\$8,269	\$8,269	\$8,269	\$33,075
Professional Fees	\$6,684	\$6,822	\$6,960	\$7,097	\$27,563
Facility Costs	\$22,544	\$22,544	\$22,544	\$22,544	\$90,177
Misc. Costs	\$922	\$941	\$960	\$979	\$3,801
Payroll Taxes	\$8,678	\$8,678	\$8,678	\$8,678	\$34,711
Total Operating Costs	\$185,257	\$185,924	\$186,591	\$187,257	\$745,030
EBITDA	\$125,611	\$131,354	\$137,097	\$142,840	\$536,902
Federal Income Tax	\$19,091	\$19,485	\$19,878	\$20,272	\$78,726
State Income Tax	\$3,818	\$3,897	\$3,976	\$4,054	\$15,745
Interest Expense	\$36,347	\$36,196	\$36,043	\$35,886	\$144,472
Depreciation Expenses	\$19,382	\$19,382	\$19,382	\$19,382	\$77,528
Net Profit	\$46,973	\$52,394	\$57,819	\$63,246	\$220,432

Profit and Loss Statement (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Revenue	\$394,986	\$403,130	\$411,274	\$419,418	\$1,628,808
Cost of Revenue	\$59,248	\$60,469	\$61,691	\$62,913	\$244,321
Gross Profit	\$335,738	\$342,660	\$349,583	\$356,505	\$1,384,486
Expenses					
Payroll	\$118,352	\$118,352	\$118,352	\$118,352	\$473,409
General and Administrative	\$5,925	\$6,047	\$6,169	\$6,291	\$24,432
Business Development	\$6,912	\$7,055	\$7,197	\$7,340	\$28,504
Marketing	\$13,868	\$14,154	\$14,440	\$14,726	\$57,187
Insurance Costs	\$8,682	\$8,682	\$8,682	\$8,682	\$34,729
Professional Fees	\$7,018	\$7,163	\$7,308	\$7,452	\$28,941
Facility Costs	\$23,220	\$23,220	\$23,220	\$23,220	\$92,882
Misc. Costs	\$995	\$1,016	\$1,036	\$1,057	\$4,105
Payroll Taxes	\$9,054	\$9,054	\$9,054	\$9,054	\$36,216
Total Operating Costs	\$194,027	\$194,743	\$195,459	\$196,175	\$780,404
EBITDA	\$141,711	\$147,917	\$154,124	\$160,330	\$604,082
Federal Income Tax	\$23,272	\$23,751	\$24,231	\$24,711	\$95,965
State Income Tax	\$4,654	\$4,750	\$4,846	\$4,942	\$19,193
Interest Expense	\$35,727	\$35,564	\$35,399	\$35,230	\$141,919
Depreciation Expenses	\$19,576	\$19,576	\$19,576	\$19,576	\$78,303
Net Profit	\$58,482	\$64,276	\$70,072	\$75,872	\$268,702

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$426,585	\$435,380	\$444,176	\$452,971	\$1,759,112
Cost of Revenue	\$63,988	\$65,307	\$66,626	\$67,946	\$263,867
Gross Profit	\$362,597	\$370,073	\$377,549	\$385,026	\$1,495,245
Expenses					
Payroll	\$123,554	\$123,554	\$123,554	\$123,554	\$494,216
General and Administrative	\$6,399	\$6,531	\$6,663	\$6,795	\$26,387
Business Development	\$7,465	\$7,619	\$7,773	\$7,927	\$30,784
Marketing	\$14,977	\$15,286	\$15,595	\$15,904	\$61,762
Insurance Costs	\$9,116	\$9,116	\$9,116	\$9,116	\$36,465
Professional Fees	\$7,369	\$7,521	\$7,673	\$7,825	\$30,388
Facility Costs	\$23,917	\$23,917	\$23,917	\$23,917	\$95,668
Misc. Costs	\$1,075	\$1,097	\$1,119	\$1,141	\$4,433
Payroll Taxes	\$9,452	\$9,452	\$9,452	\$9,452	\$37,808
Total Operating Costs	\$203,325	\$204,093	\$204,862	\$205,631	\$817,911
EBITDA	\$159,272	\$165,980	\$172,687	\$179,395	\$677,334
Federal Income Tax	\$27,832	\$28,406	\$28,979	\$29,553	\$114,770
State Income Tax	\$5,566	\$5,681	\$5,796	\$5,911	\$22,954
Interest Expense	\$35,058	\$34,883	\$34,704	\$34,523	\$139,168
Depreciation Expenses	\$19,771	\$19,771	\$19,771	\$19,771	\$79,086
Net Profit	\$71,045	\$77,239	\$83,436	\$89,637	\$321,356

Appendix E – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$17,572	\$17,984	\$18,397	\$18,809	\$19,222	\$19,635	\$20,048	\$20,460
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$17,572	\$17,984	\$18,397	\$18,809	\$19,222	\$19,635	\$20,048	\$20,460
Other Cash Inflows								
Equity Investment	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$2,000,000	\$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	\$2,250,083	\$83						
Total Cash Inflow	\$2,267,655	\$18,068	\$18,480	\$18,893	\$19,305	\$19,718	\$20,131	\$20,544
Cash Outflows								
Repayment of Principal	\$2,280	\$2,294	\$2,308	\$2,323	\$2,337	\$2,352	\$2,367	\$2,381
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$1,900,000	\$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	\$1,902,338	\$2,352	\$2,367	\$2,381	\$2,396	\$2,410	\$2,425	\$2,440
Net Cash Flow	\$365,317	\$15,715	\$16,113	\$16,511	\$16,910	\$17,308	\$17,706	\$18,104
Cash Balance	\$365,317	\$381,032	\$397,146	\$413,657	\$430,567	\$447,874	\$465,580	\$483,684

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$20,873	\$21,287	\$21,700	\$22,113	\$238,100
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$20,873	\$21,287	\$21,700	\$22,113	\$238,100
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$250,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$2,000,000
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	\$2,251,000
Total Cash Inflow	\$20,957	\$21,370	\$21,783	\$22,196	\$2,489,100
Cash Outflows					
Repayment of Principal	\$2,396	\$2,411	\$2,426	\$2,442	\$28,318
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$1,900,000
Dividends	\$0	\$0	\$0	\$47,620	\$47,620
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$2,455	\$2,470	\$2,485	\$50,120	\$1,976,638
Net Cash Flow	\$18,502	\$18,900	\$19,298	-\$27,923	\$512,462
Cash Balance	\$502,186	\$521,087	\$540,385	\$512,462	\$512,462

Cash Flow Analysis (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$55,718	\$60,733	\$65,750	\$70,770	\$252,970
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$55,718	\$60,733	\$65,750	\$70,770	\$252,970
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	\$55,973	\$60,992	\$66,015	\$71,040	\$254,020
Cash Outflows					
Repayment of Principal	\$7,417	\$7,557	\$7,699	\$7,844	\$30,517
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$75,891	\$0	\$0	\$0	\$75,891
Dividends	\$0	\$0	\$0	\$50,594	\$50,594
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$83,486	\$7,738	\$7,885	\$58,628	\$157,737
Net Cash Flow	-\$27,513	\$53,254	\$58,130	\$12,412	\$96,283
Cash Balance	\$484,948	\$538,202	\$596,332	\$608,745	\$608,745

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$66,355	\$71,776	\$77,201	\$82,628	\$297,959
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$66,355	\$71,776	\$77,201	\$82,628	\$297,959
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	\$66,622	\$72,049	\$77,479	\$82,912	\$299,062
Cash Outflows					
Repayment of Principal	\$7,992	\$8,143	\$8,297	\$8,453	\$32,886
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$44,694	\$44,694	\$0	\$0	\$89,388
Dividends	\$0	\$0	\$0	\$59,592	\$59,592
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$52,873	\$53,028	\$8,492	\$68,244	\$182,637
Net Cash Flow	\$13,749	\$19,021	\$68,987	\$14,668	\$116,425
Cash Balance	\$622,494	\$641,515	\$710,502	\$725,170	\$725,170

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$78,058	\$83,851	\$89,648	\$95,447	\$347,005
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$78,058	\$83,851	\$89,648	\$95,447	\$347,005
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	\$78,339	\$84,138	\$89,940	\$95,745	\$348,162
Cash Outflows					
Repayment of Principal	\$8,613	\$8,775	\$8,941	\$9,110	\$35,439
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$52,051	\$52,051	\$0	\$0	\$104,101
Dividends	\$0	\$0	\$0	\$69,401	\$69,401
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$60,860	\$61,027	\$9,146	\$78,719	\$209,751
Net Cash Flow	\$17,479	\$23,111	\$80,795	\$17,026	\$138,411
Cash Balance	\$742,648	\$765,760	\$846,554	\$863,581	\$863,581

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$90,816	\$97,010	\$103,207	\$109,408	\$400,442
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$90,816	\$97,010	\$103,207	\$109,408	\$400,442
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	\$91,111	\$97,311	\$103,514	\$109,721	\$401,658
Cash Outflows					
Repayment of Principal	\$9,281	\$9,457	\$9,635	\$9,817	\$38,190
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$60,066	\$60,066	\$0	\$0	\$120,133
Dividends	\$0	\$0	\$0	\$80,088	\$80,088
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$69,554	\$69,733	\$9,850	\$90,124	\$239,262
Net Cash Flow	\$21,557	\$27,578	\$93,665	\$19,597	\$162,396
Cash Balance	\$885,138	\$912,715	\$1,006,380	\$1,025,976	\$1,025,976