MATT'S PACK & SHIP

E2 BUSINESS PLAN

Human Intelligence
Business Plans

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1.0 Executive Summary

The purpose of this document is to showcase the continued development and growth of a pack and ship store that will concurrently provide a wide range of business services. Matt's Pack & Ship LLC ("the Company") is a Princeton, New Jersey based business founded by Matthew Deutsch. Full scale revenue generating operations are expected to commence in the fourth quarter of this year. The business will have a capitalization of $100,000 provided by the Founder.

The Operations

The primary revenue center for the business will come from the ongoing packaging and shipping of parcels on behalf of individuals and businesses within the Princeton market area. The business will register as an authorized retailer of UPS, USPS, FedEx, and DHL services. The business will generate substantial contribution margins from packaging products and services and moderate contribution margins from shipping fees.

Beyond package arrangements, the Company will produce revenue among a number of other income centers. Most importantly, the business will have a number of mailboxes available that will be rented at the affordable rate of $30 per month. These clients will primarily consist of small business owners that want to use an address that is not their home residence. The business will also produce income from copying, printing, and business support services.

The Company will also integrate notary public services as well as local couriering services.

The third section of the business plan will further document the services offered by the Company.

The Financing

At this time, Management does not require any outside capital to establish operations. Matthew Deutsch will contribute $100,000 toward the venture. These funds will be primarily used for the following:

- Location development in Princeton
- Working capital
- Initial marketing budget
- Furniture, fixtures, and equipment

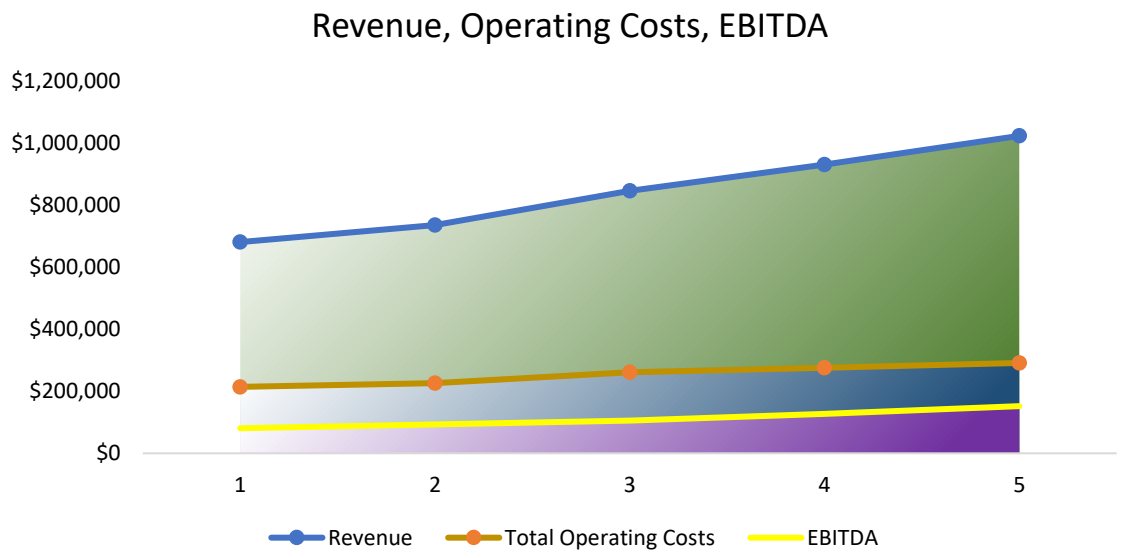
Given the high gross margins and economically stable revenue streams, the Company would be an excellent candidate for an expansion loan or line of credit. However, this business plan assumes that no further capital will be used during the first five years of operation.

The Future

The Company will continually expand the scope of its marketing operations within a five-mile radius of the Matt's Pack & Ship location in Princeton. After the fifth year of operation, the business may establish additional locations using the accrued profits of the business. The Company will continually expand the scope of services offered including notary services and local couriering on a same day basis.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$680,208	$734,625	$844,818	$929,300	$1,022,230
Cost of Revenue	$385,550	$416,394	$478,854	$526,739	$579,413
Gross Profit	$294,658	$318,230	$365,965	$402,561	$442,817
Total Operating Costs	$213,985	$225,479	$260,513	$275,195	$290,939
EBITDA	**$80,673**	**$92,751**	**$105,451**	**$127,367**	**$151,878**

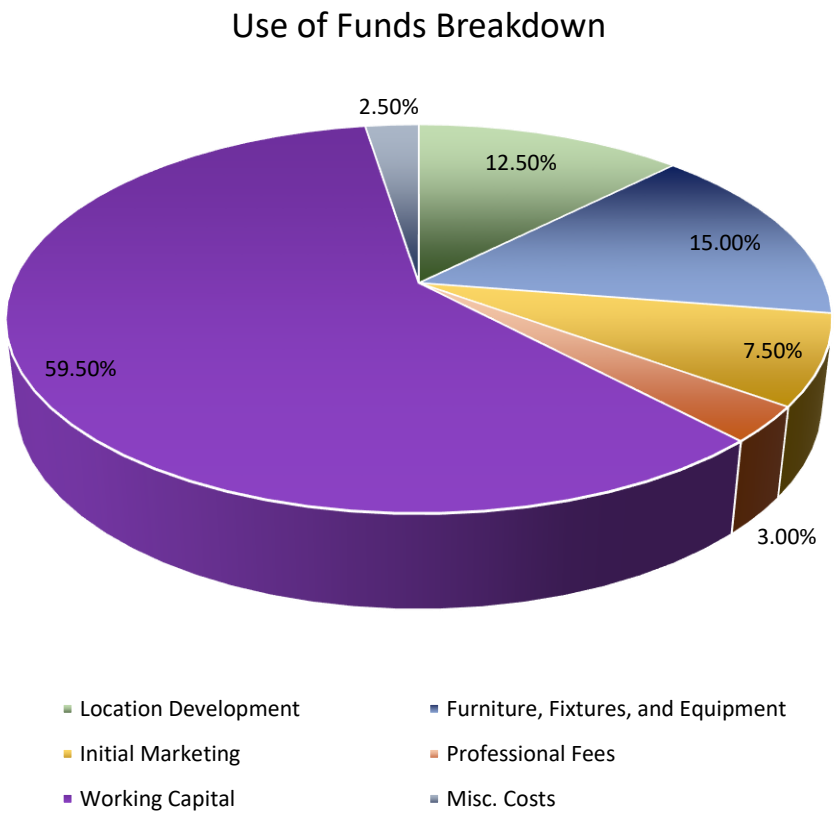


2.0 The Financing

2.1 Funds Used for Business Development

Management will invest $100,000 to develop the operations of Matt's Pack & Ship, LLC. Below is a breakdown of how these funds are to be allocated:

Use of Funds	
Location Development	$12,500
Furniture, Fixtures, and Equipment	$15,000
Initial Marketing	$7,500
Professional Fees	$3,000
Working Capital	$59,500
Misc. Costs	$2,500
Total	$100,000



2.2 Investor Equity

At this time, no outside equity investment is sought.

2.3 Management Equity

Matthew Deutsch retains a 100% ownership interest in the business.

2.4 Board of Directors Composition

Matthew Deutsch serves as the sole director of the Company.

2.5 Exit Strategies

Management has planned for one possible exit strategy. The strategy would be to sell the Company to a larger entity at a significant premium. Since, the pack and ship store industry maintains a moderately low risk profile once operations are established; the Management feels that Matt's Pack & Ship could be sold for three times earnings after the fifth year of operation.

3.0 Operations

The primary revenue center for Matt's Pack & Ship will come from the ongoing shipment of parcels via UPS, FedEx, DHL, and the US Postal Service. The business will receive contribution margins of approximately 25% on of these revenues. The Company will be an authorized retailer of these services among the aforementioned carriers.

Matt's Pack & Ship's second revenue center will come from the rental of mailboxes. The business will have 100 mailboxes on site, which will rent for $30 per month. At full capacity, this will almost fully cover the rent and utility expenses of the business.

The location will also offer copying and printing services. This revenue will be produced by local businesses and real estate firms that are conducting printed advertisements within the area. This will produce highly predictable streams of high margin revenue. The business will lease state-of-the-art copying and large-format printing equipment for these operations.

Within the first six months of operations, Matthew Deutsch will become a notary public. This will allow for notarization of important documents, which will be a tertiary income center. It should be noted that while this will not be a major profit center for the business, it will familiarize people with the Matt's Pack & Ship location who are more likely to return as customers for sending packages.

4.0 Overview of the Organization

4.1 Registered Name

Matt's Pack & Ship, LLC. The business is registered as a limited liability company in the State of New Jersey.

4.2 Commencement of Operations

Management intends to launch operations in the fourth quarter of this year.

4.3 Mission Statement

Matt's Pack & Ship's mission is to provide comprehensive package shipping and business services to the Mercer County community on an affordable basis.

4.4 Vision Statement

The Founder of the Company, Matthew Deutsch, expects build a business that will achieve $1 million of revenue by the fifth year of operations.

4.5 Organizational Objectives

- Provide a wide range of shipping services among numerous carriers including DHL, FedEx, UPS, and the United States Postal Service.
- Provide outstanding customer service as it relate to all facets of operation.
- Maintain fiscally sound operating protocols and procedures.
- Maintain an expansive online presence so that the Company's Princeton location can be quickly found when local searches are conducted.
- Remain within the letter of the law regarding all services rendered.
- Complete disclosure and transparency regarding all financial transactions.
- Providing a safe and stable work environment for the Company's employees.
- To develop Matt's Pack & Ship as a wealth and income creating vehicle for Matthew Deutsch.

5.0 Strategic Analysis

5.1 External Environment Analysis

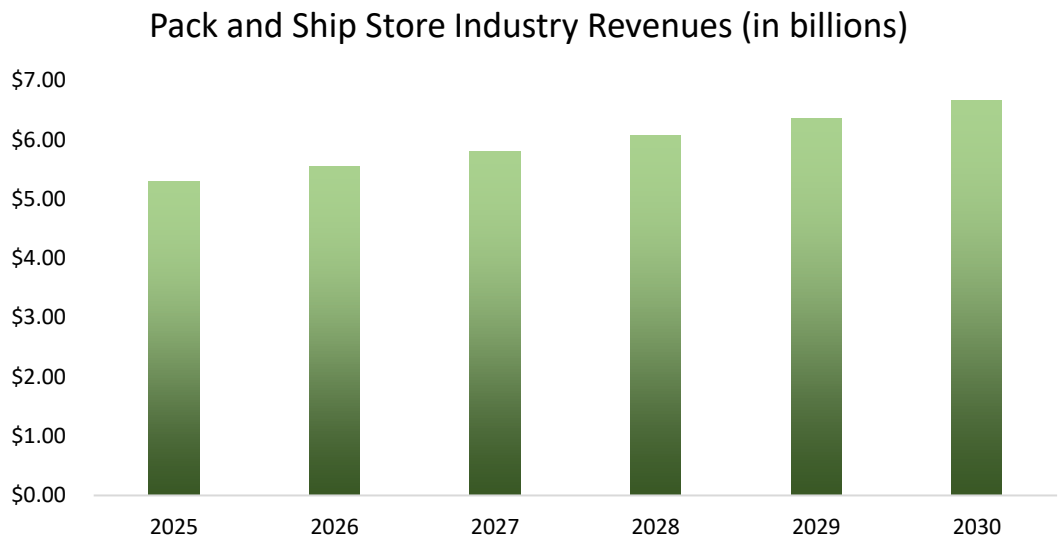
This portion of the business plan will analyze the general economy, the industry, and the competition that the business will face as it progresses through its business operations.

Currently, the economic outlook for the United States is moderate. There has been significant market volatility over the past quarter as a result of changes in global trade policy. Interest rates are continuing to remain steady, and the US Federal Reserve continues to implement appropriate fiscal policy to ensure that the economy continues to grow.

However, challenging economic climates will not impact the Company's ability to generate revenue and remain profitable. Shipping services, especially for small businesses, remains in strong demand even during difficult economic times. Furthermore, the business will provide a number of critical business services such as mailbox rentals and copying services.

5.2 Industry Analysis

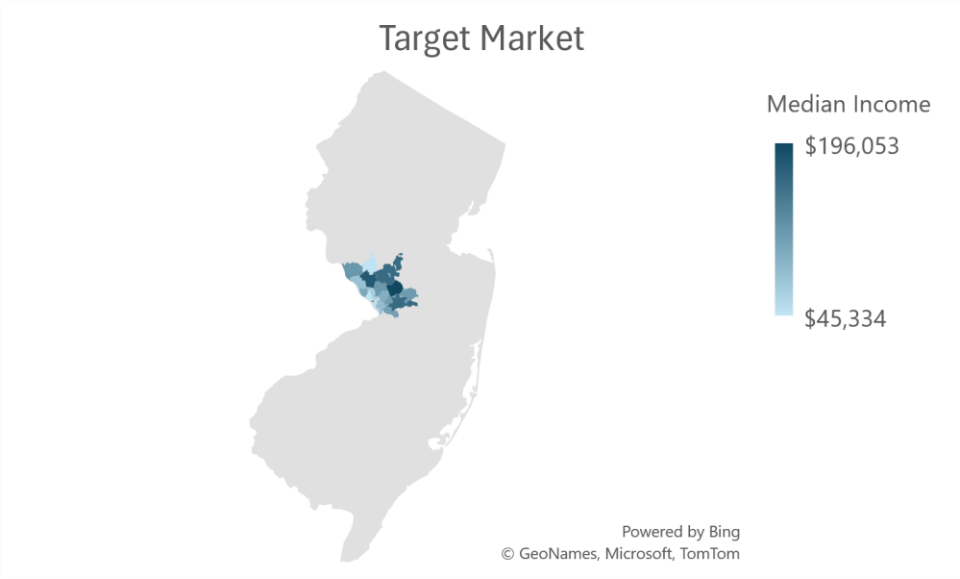
There are currently 9,100 companies that own and operate one or more locations that are dedicated to provide logistics and business services on a retail basis. The industry currently generates revenues of $5.3 billion and employs 36,000 people. This industry has a positive outlook over the next five years. As more packages are being delivered at home, the need to engage in returns has increased substantially. Furthermore, pack and ship businesses offer critical business services such as mailbox rentals, copying, and printing which remains in demand at all times. Matt's Pack & Ship will benefit from the positive outlook for this industry over the next five years.

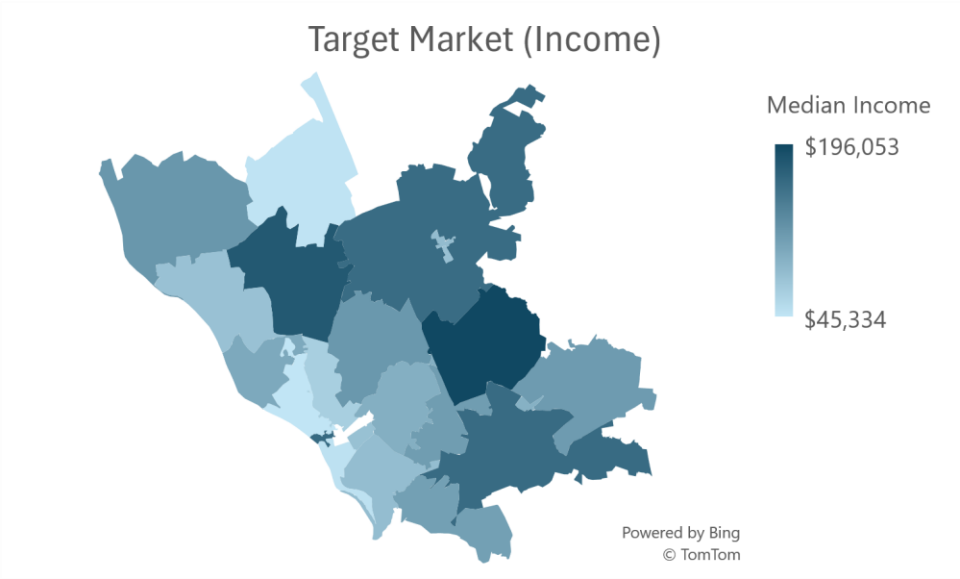


5.3 Customer Profile

Management has outlined several demographics of its customer base that will be used in the course of marketing operations:

- Household income exceeding $75,000.
- Will spend $10 to $100 per visit to Matt's Pack & Ship
- Lives within ten miles of the Company's retail location in Princeton





5.4 Competitive Analysis

As this business plan has been written a sample, no formal competitive analysis was conducted for the Mercer County market. For any independent pack and ship store, ongoing competition will consist of other local competitors as well as franchised chains that operate in a pack and ship capacity. For business plans that we complete, a full competitive analysis is included which outlines their distance to the location, length of business history, and other competitive attributes.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The business will offer shipping services through USPS, UPS, FedEx, and DHL.
- A business that is relatively immune from changes in the general economy, as parcel distribution is required in any economic climate.
- Substantial revenue from business services.
- Recurring income from mailbox rentals will produce recurring income that will support a significant portion of the Company's underlying operating costs.
- Highly experienced Founder/CEO, Matthew Deutsch.
- The Company has sourced a highly visible retail location that will be seen by thousands of people each day.

6.2 Basis for Growth

Matt's Pack & Ship, LLC will grow through three main avenues:

- Potential development of additional locations in the Princeton metropolitan area.
- Service expansion to include notary services.
- Expansion of the Company's online focused marketing campaigns.

7.0 Marketing Plan

7.1 Marketing Objectives

- Develop ongoing relationships with small businesses within a ten-mile radius of the Matt's Pack & Ship location.
- Implement a substantial grand opening campaign.
- Establish a substantial online presence so that the business can be quickly found when searches for pack and ship stores are conducted.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Shipping Services	$446,400	$482,112	$554,429	$609,872	$670,859
Packaging Services	$156,240	$168,739	$194,050	$213,455	$234,801
Office Services	$53,568	$57,853	$66,531	$73,185	$80,503
Mailbox Rentals	$24,000	$25,920	$29,808	$32,789	$36,068
Totals	**$680,208**	**$734,625**	**$844,818**	**$929,300**	**$1,022,230**

Gross Profit					
Year	1	2	3	4	5
Total	**$294,658**	**$318,230**	**$365,965**	**$402,561**	**$442,817**

7.3 Revenue Assumptions

Year 1

- The Company will launch operations in the fourth quarter of this year.
- Matt's Pack & Ship will generate $680,000 of revenue during its first year of operations.
- The Company will generate $294,000 of gross profits.

Year 2

- Management anticipates that revenues will grow by 8% as more people become familiar with the Princeton based location (among individuals and small businesses).
- Revenue will reach $734,000.

Years 3-5

- Matt's Pack & Ship will achieve $442,000 of gross profits and $1 million of revenue by the end of the fifth year of operations.
- Moving forward, the Company's growth rate will remain near 7%.

7.4 Marketing Strategies

Management intends on using a number of marketing strategies that will generate substantial visibility within the Princeton market area for the Company's pack and ship, mailbox rentals, and business service operations. Foremost, Matt's Pack & Ship intends to lease a high visibility retail location in this market in order generate substantial foot traffic. The business has retained a commercial real estate brokerage to source an appropriate location for the business. Most likely, the business will be located in a high visibility and highly trafficked strip mall facility.

Matt's Pack & Ship will also maintain an expansive online presence via a proprietary website. This website will be mobile friendly and heavily search engine optimized so that when searches for "pack and ship stores in Princeton" are conducted, the website appears on the first page of the search. The business will coordinate its search engine optimization efforts with allocation firm.

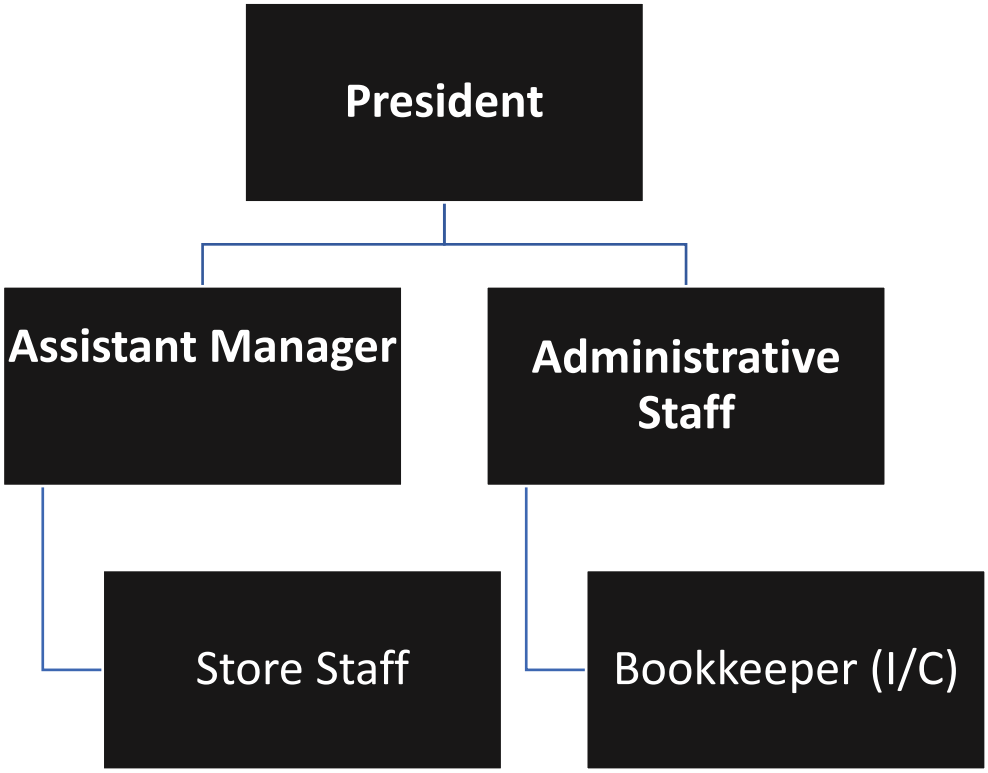
To complement the Company's proprietary website, Matt's Pack & Ship will maintain profiles among all social media pages including Facebook and Instagram. The business will also maintain a Google Business profile that will showcase positive reviews regarding the operations of the business. In time, the reviews on these platforms will foster an immense degree of trust with potential customers.

Matt's Pack & Ship will also join a number of regional chambers of commerce as well as small business associations. This will further increase visibility among small businesses that need ongoing package shipping, mailbox rentals, and business support services.

As a community minded business the Company will provide ongoing support for civics organizations, little leagues, libraries, and charities. The business will capitalize on co-branding opportunities offered by these entities.

8.0 Organizational Plan

8.1 Corporate Organization

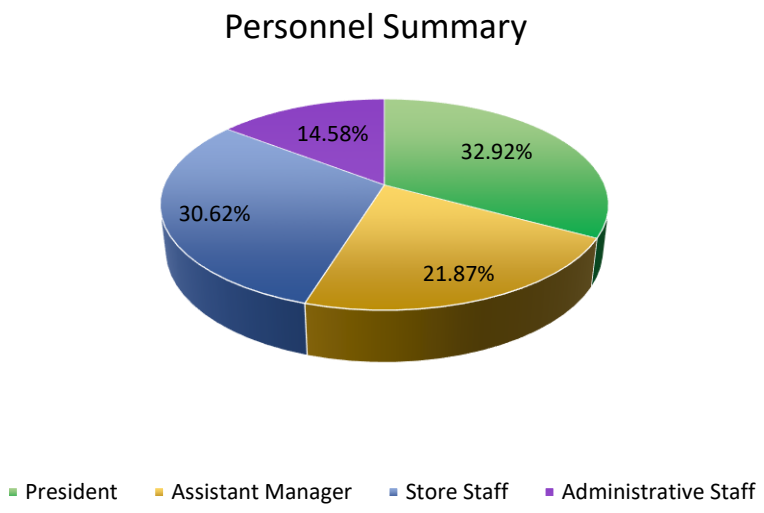


8.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
President	$45,000	$49,050	$53,465	$58,276	$63,521
Assistant Manager	$37,500	$38,625	$39,784	$40,977	$42,207
Store Staff	$35,000	$36,050	$55,697	$57,368	$59,089
Administrative Staff	$25,000	$25,750	$26,523	$27,318	$28,138
Total	**$142,500**	**$149,475**	**$175,468**	**$183,940**	**$192,955**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
President	1	1	1	1	1
Assistant Manager	1	1	1	1	1
Store Staff	2	2	3	3	3
Administrative Staff	1	1	1	1	1
Total	**5**	**5**	**6**	**6**	**6**

8.2 Organizational Budget (Cont.)



8.3 Roles and Responsibilities

President – This position is held by Matthew Deutsch. He will supervise the day to day operations of the business including oversight of the Assistant Manager and Administrative Staff. This position will also coordinate with the Company's accounting and legal professionals in regards to compliance. Mr. Deutsch will also implement ongoing policies that guide the growth of the business. He will draw an annual salary of $45,000 plus bonuses.

Assistant Manager – This position will report to the President. In this capacity, the Assistant Manager will supervise the work of the Store Staff, address customer issues, as well as engaging in packing and shipping of parcels. This position will also address customer complaints and tracking parcels that may have been lost when in bound to their destinations. Candidates for this position will have at least three years of retail management experience at the assistant manager level. Special preference will be given to individuals who are a notary public. This position will pay $37,500 per annum.

Store Staff – These individuals will work with Matt's Pack & Ship's customers in regards to their shipping needs while also placing mail in client mailboxes. Candidates for this position will have a high school diploma at minimum. Preference will be given to individuals that have worked in a retail capacity in the past. This will be a part-time position that will pay $18 per hour.

Administrative Staff – This individual will report to Matthew Deutsch. They will manage the Company's ledger, create reports, address incoming correspondence, coordinate staff schedules, and order inventory. This position will require that the candidate has an associates degree in accounting or business administration. This will be a part-time position (10 hours per week) that will pay $22 per hour.

9.0 Financial Plan

9.1 Underlying Assumptions

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

- Matt's Pack & Ship LLC anticipates that its future growth rate will be on average 8.5% per year.
- An investment of $100,000 will be made into the business by Matthew Deutsch.
- Accounts receivables will not impact the Company's cash flow, as all transactions are closed at the time of sale.

9.2 Financial Highlights

- Positive cash flow and profitability starting in the first year of operation.
- Highly predictable income from the ongoing shipping of parcels domestically and internationally.
- Recurring income from mailbox rentals.
- Substantial secondary revenues from office services.

9.3 Sensitivity Analysis

The Company's revenues are only modestly sensitive to challenging economic climates. The demand for sending parcels tends to remain strong in any economic climate (especially during the year-end holiday seasons). The business will generate highly recurring income from mailbox rentals while also generating significant revenues from office services (including use of the Company's copiers). The business will have moderate fixed operating costs as a function of revenue.

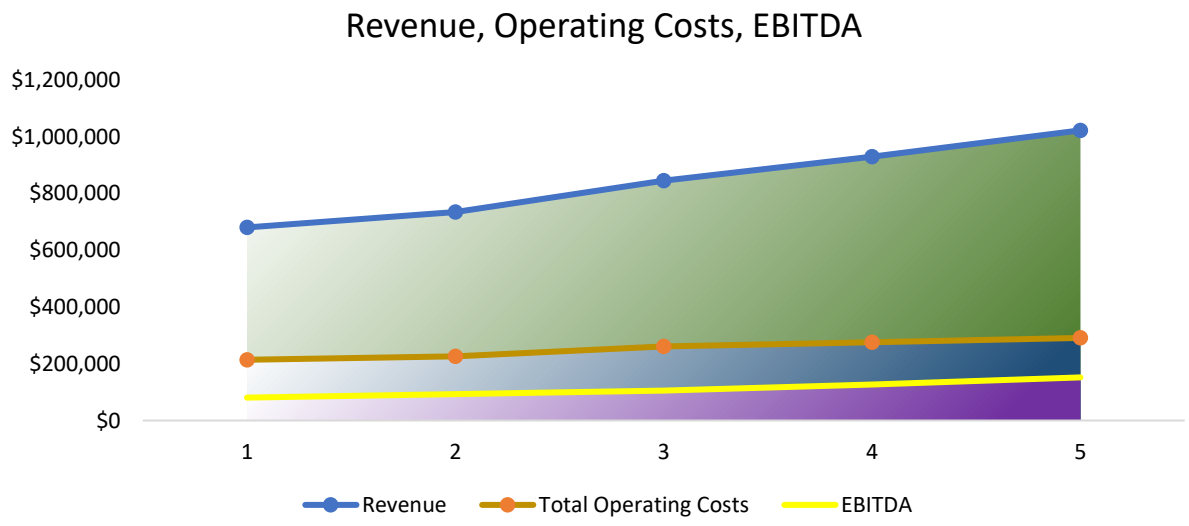
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$100,000.00
Total Equity Financing	$100,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$100,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$680,208	$734,625	$844,818	$929,300	$1,022,230
Cost of Revenue	$385,550	$416,394	$478,854	$526,739	$579,413
Gross Margin	43.32%	43.32%	43.32%	43.32%	43.32%
Gross Profit	$294,658	$318,230	$365,965	$402,561	$442,817
Expenses					
Payroll	$142,500	$149,475	$175,468	$183,940	$192,955
General and Administrative	$13,604	$14,692	$16,896	$18,586	$20,445
Business Development Costs	$8,162	$8,815	$10,138	$11,152	$12,267
Marketing	$8,503	$9,183	$10,560	$11,616	$12,778
Insurance Costs	$2,850	$2,990	$3,509	$3,679	$3,859
Professional Fees	$1,750	$1,838	$1,929	$2,026	$2,127
Facility Costs	$24,000	$25,200	$26,460	$27,783	$29,172
Misc. Costs	$1,714	$1,851	$2,129	$2,342	$2,576
Payroll Taxes	$10,901	$11,435	$13,423	$14,071	$14,761
Total Operating Costs	**$213,985**	**$225,479**	**$260,513**	**$275,195**	**$290,939**
EBITDA	**$80,673**	**$92,751**	**$105,451**	**$127,367**	**$151,878**
Federal Income Tax	$19,298	$22,274	$25,404	$30,835	$36,912
State Income Tax	$3,860	$4,455	$5,081	$6,167	$7,382
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$3,480	$3,654	$3,837	$4,029	$4,230
Net Profit	**$54,035**	**$62,368**	**$71,130**	**$86,337**	**$103,354**
Profit Margin	**7.94%**	**8.49%**	**8.42%**	**9.29%**	**10.11%**

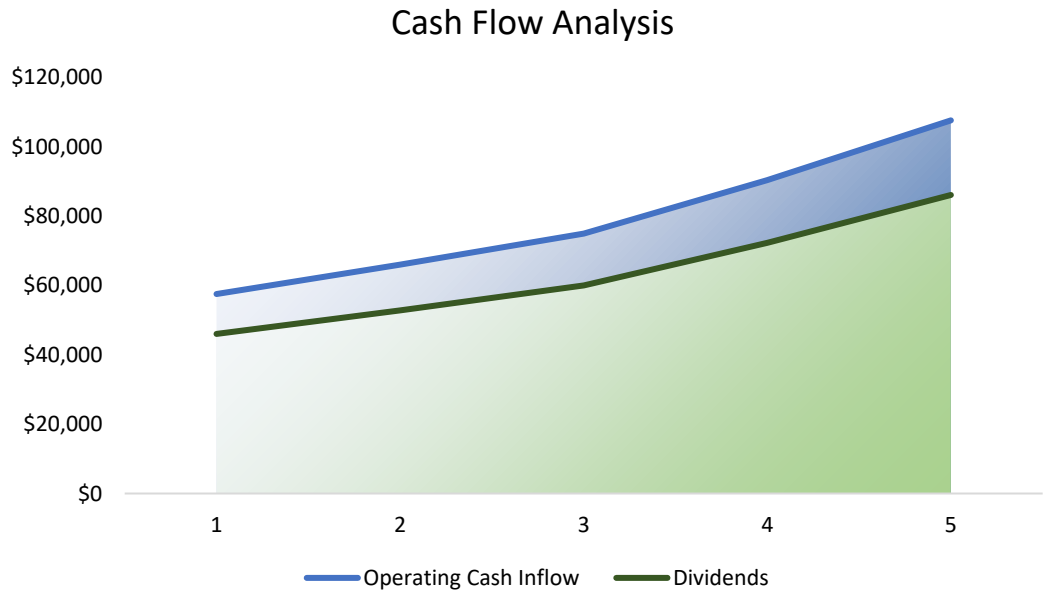


B) Common Size Income Statement

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	56.68%	56.68%	56.68%	56.68%	56.68%
Gross Profit	43.32%	43.32%	43.32%	43.32%	43.32%
Expenses					
Payroll	20.95%	20.35%	20.77%	19.79%	18.88%
General and Administrative	2.00%	2.00%	2.00%	2.00%	2.00%
Business Development Costs	1.20%	1.20%	1.20%	1.20%	1.20%
Marketing	1.25%	1.25%	1.25%	1.25%	1.25%
Insurance Costs	0.42%	0.41%	0.42%	0.40%	0.38%
Professional Fees	0.26%	0.25%	0.23%	0.22%	0.21%
Facility Costs	3.53%	3.43%	3.13%	2.99%	2.85%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	1.60%	1.56%	1.59%	1.51%	1.44%
Total Operating Costs	31.46%	30.69%	30.84%	29.61%	28.46%
EBITDA	11.86%	12.63%	12.48%	13.71%	14.86%
Federal Income Tax	2.84%	3.03%	3.01%	3.32%	3.61%
State Income Tax	0.57%	0.61%	0.60%	0.66%	0.72%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expenses	0.51%	0.50%	0.45%	0.43%	0.41%
Net Profit	7.94%	8.49%	8.42%	9.29%	10.11%

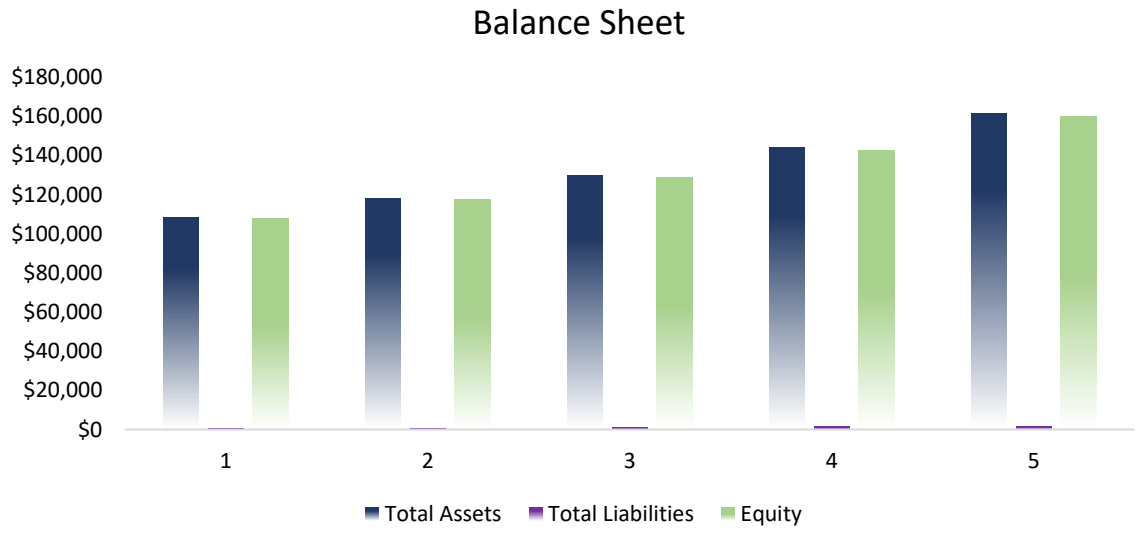
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$57,515	$66,022	$74,967	$90,365	$107,584
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$57,515**	**$66,022**	**$74,967**	**$90,365**	**$107,584**
Other Cash Inflows					
Equity Investment	$100,000	$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	**$101,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$158,515**	**$67,072**	**$76,069**	**$91,523**	**$108,799**
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	$27,500	$3,301	$3,748	$4,518	$5,379
Dividends	$46,012	$52,818	$59,974	$72,292	$86,067
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$74,212**	**$56,854**	**$64,494**	**$77,621**	**$92,297**
Net Cash Flow	**$84,303**	**$10,218**	**$11,576**	**$13,902**	**$16,502**
Cash Balance	**$84,303**	**$94,521**	**$106,097**	**$119,999**	**$136,501**



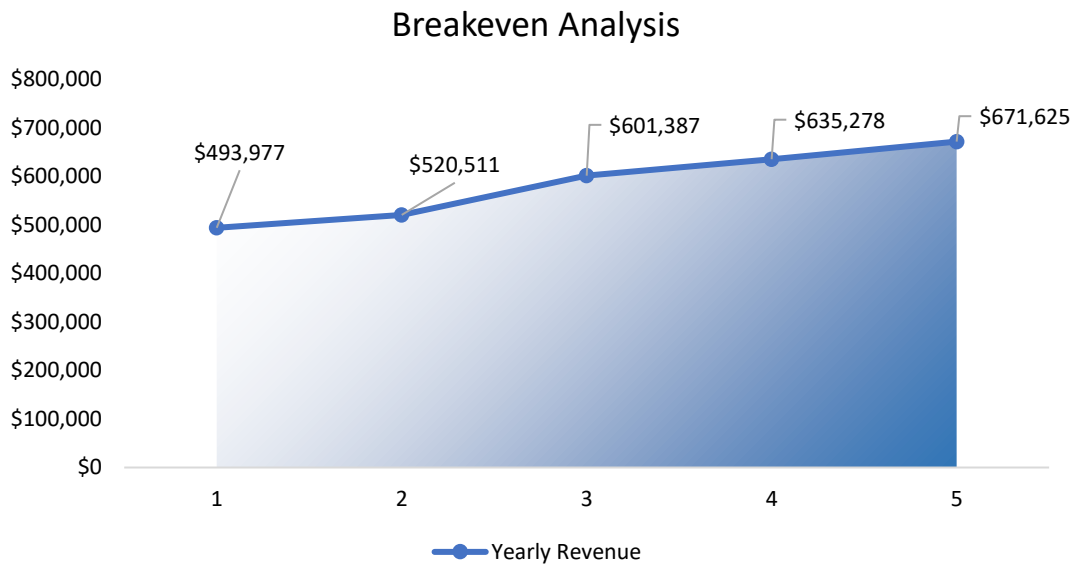
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$84,303	$94,521	$106,097	$119,999	$136,501
Fixed Assets	$27,500	$30,801	$34,549	$39,068	$44,447
Accumulated Depreciation	($3,480)	($7,134)	($10,971)	($14,999)	($19,229)
Total Assets	**$108,323**	**$118,188**	**$129,676**	**$144,068**	**$161,719**
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	**$108,023**	**$117,573**	**$128,730**	**$142,775**	**$160,061**
Total Liabilities and Equity	**$108,323**	**$118,188**	**$129,676**	**$144,068**	**$161,719**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$41,165	$43,376	$50,116	$52,940	$55,969
Yearly Revenue	$493,977	$520,511	$601,387	$635,278	$671,625



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	8.0%	15.0%	10.0%	10.0%
Gross Margin	43.3%	43.3%	43.3%	43.3%	43.3%
Financials					
Profit Margin	7.94%	8.49%	8.42%	9.29%	10.11%
Assets to Liabilities	361.08	192.18	137.11	111.42	97.56
Equity to Liabilities	360.08	191.18	136.11	110.42	96.56
Assets to Equity	1.00	1.01	1.01	1.01	1.01
Liquidity					
Acid Test	281.01	153.69	112.18	92.80	82.34
Cash to Assets	0.78	0.80	0.82	0.83	0.84

Appendix A - SWOT Analysis

Strengths

- Large, predictable revenue streams generated from the ongoing packing and shipping of parcels to domestic and international destinations.
- Recurring income from the ongoing rental of mailboxes on a monthly basis.
- Experience and motivated Founder/CEO, Matthew Deutsch, who will be able to effectively develop and expand operations over the next five years.
- The revenues of Matt's Pack & Ship will remain stable in most economic climates given that parcel distribution is needed.
- The Company will be able to use multiple carriers including FedEx, UPS, and DHL to provide competitive pricing for the Company's shipping services.
- The business is sourcing a highly visible retail location.

Weaknesses

- A severe economic recession could impact revenues (limited risk for the reasons discussed throughout this document).
- Competition from franchised competitors.

Opportunities

- Potential development of additional locations in the greater Mercer County market area.
- Expansion of services to include notary services.
- Organic growth through increased marketing efforts.

Threats

- Inflation could cause the operating costs of the business to increase.

Appendix B – Risk Analysis

Development Risk – **Low**
The necessary capital to launch operations will be provided by Matthew Deutsch. The primary development risk is Management's ability to establish operations in Princeton while establishing an ongoing client base.

Financing Risk – **Low**
Management will invest $100,000 in order to launch the operations of Matt's Pack & Ship within Princeton. The risks related to this financing are offset by the strong gross margins generated from all revenue centers. A substantial portion of the capital to be used will be for furniture, fixtures, and equipment.

Marketing Risk – **Moderate**
Management will use the marketing strategies outlined in the seventh section of the business plan as it progresses through its business operations. Management is currently in the process of sourcing a highly visible retail location in Princeton. The Company will also develop an extensive online ordering website in order to further drive sales. However, these strategies are expensive and may not yield the financial results anticipated in this business plan.

Management Risk – **Low/Moderate**
The Company's Founder, Matthew Deutsch, is experienced and knowledgeable regarding all aspects of Matt's Pack & Ship's operations. He will be able to develop the operations of the business over the next five years of operation.

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

- Invested capital will be in a business that generates income across a number of revenue centers.

- Recurring income from mailbox rentals will contribute to the economic stability of the business.

Exit Risk - **Low**
There is a great demand for established pack and ship store businesses that are profitable, and the Management of the Company feels that the full sale of all Company assets could occur within one year of marketing the Company for sale. Management would most likely solicit the help of a qualified business broker in order to carry out a business sale. This is not expected to happen for a substantial period of time.

Appendix C - Reference Sources

All statistics and market information was obtained through:

1. U.S. Government Bureau of Labor Statistics
2. U.S. Economic Census
3. Statista
4. IBISWorld

Appendix D – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$53,450**	**$54,038**	**$54,626**	**$55,214**	**$55,802**	**$56,390**	**$56,978**
Cost of Revenue	$30,235	$30,579	$30,924	$31,268	$31,613	$31,957	$32,301
Gross Profit	$23,215	$23,459	$23,702	$23,946	$24,189	$24,433	$24,677
Expenses							
Payroll	$11,875	$11,875	$11,875	$11,875	$11,875	$11,875	$11,875
General and Administrative	$1,134	$1,134	$1,134	$1,134	$1,134	$1,134	$1,134
Business Development Costs	$680	$680	$680	$680	$680	$680	$680
Marketing	$709	$709	$709	$709	$709	$709	$709
Insurance Costs	$238	$238	$238	$238	$238	$238	$238
Professional Fees	$146	$146	$146	$146	$146	$146	$146
Facility Costs	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Misc. Costs	$143	$143	$143	$143	$143	$143	$143
Payroll Taxes	$908	$908	$908	$908	$908	$908	$908
Total Operating Costs	$17,832	$17,832	$17,832	$17,832	$17,832	$17,832	$17,832
EBITDA	$5,383	$5,627	$5,870	$6,114	$6,357	$6,601	$6,845
Federal Income Tax	$1,516	$1,533	$1,550	$1,566	$1,583	$1,600	$1,617
State Income Tax	$303	$307	$310	$313	$317	$320	$323
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$290	$290	$290	$290	$290	$290	$290
Net Profit	$3,273	$3,497	$3,720	$3,944	$4,168	$4,391	$4,615

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$57,566**	**$58,154**	**$58,742**	**$59,330**	**$59,918**	**$680,208**
Cost of Revenue	$32,646	$32,990	$33,335	$33,679	$34,023	$385,550
Gross Profit	$24,920	$25,164	$25,407	$25,651	$25,895	$294,658
Expenses						
Payroll	$11,875	$11,875	$11,875	$11,875	$11,875	$142,500
General and Administrative	$1,134	$1,134	$1,134	$1,134	$1,134	$13,604
Business Development Costs	$680	$680	$680	$680	$680	$8,162
Marketing	$709	$709	$709	$709	$709	$8,503
Insurance Costs	$238	$238	$238	$238	$238	$2,850
Professional Fees	$146	$146	$146	$146	$146	$1,750
Facility Costs	$2,000	$2,000	$2,000	$2,000	$2,000	$24,000
Misc. Costs	$143	$143	$143	$143	$143	$1,714
Payroll Taxes	$908	$908	$908	$908	$908	$10,901
Total Operating Costs	$17,832	$17,832	$17,832	$17,832	$17,832	$213,985
EBITDA	$7,088	$7,332	$7,575	$7,819	$8,063	$80,673
Federal Income Tax	$1,633	$1,650	$1,667	$1,683	$1,700	$19,298
State Income Tax	$327	$330	$333	$337	$340	$3,860
Interest Expense	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$290	$290	$290	$290	$290	$3,480
Net Profit	$4,838	$5,062	$5,285	$5,509	$5,733	$54,035

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$178,146	$181,820	$185,493	$189,166	$734,625
Cost of Revenue	$100,976	$103,058	$105,140	$107,222	$416,394
Gross Profit	**$77,171**	**$78,762**	**$80,353**	**$81,944**	**$318,230**
Expenses					
Payroll	$37,369	$37,369	$37,369	$37,369	$149,475
General and Administrative	$3,673	$3,673	$3,673	$3,673	$14,692
Business Development Costs	$2,138	$2,182	$2,226	$2,270	$8,815
Marketing	$2,227	$2,273	$2,319	$2,365	$9,183
Insurance Costs	$747	$747	$747	$747	$2,990
Professional Fees	$446	$455	$464	$473	$1,838
Facility Costs	$6,300	$6,300	$6,300	$6,300	$25,200
Misc. Costs	$449	$458	$467	$477	$1,851
Payroll Taxes	$2,773	$2,830	$2,887	$2,944	$11,435
Total Operating Costs	**$56,121**	**$56,287**	**$56,453**	**$56,618**	**$225,479**
EBITDA	**$21,050**	**$22,475**	**$23,901**	**$25,326**	**$92,751**
Federal Income Tax	$5,402	$5,513	$5,624	$5,736	$22,274
State Income Tax	$1,080	$1,103	$1,125	$1,147	$4,455
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$914	$914	$914	$914	$3,654
Net Profit	**$13,654**	**$14,946**	**$16,238**	**$17,530**	**$62,368**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$204,868	$209,093	$213,317	$217,541	$844,818
Cost of Revenue	$116,122	$118,516	$120,911	$123,305	$478,854
Gross Profit	**$88,746**	**$90,576**	**$92,406**	**$94,236**	**$365,965**
Expenses					
Payroll	$43,867	$43,867	$43,867	$43,867	$175,468
General and Administrative	$4,097	$4,182	$4,266	$4,351	$16,896
Business Development Costs	$2,458	$2,509	$2,560	$2,610	$10,138
Marketing	$2,561	$2,614	$2,666	$2,719	$10,560
Insurance Costs	$877	$877	$877	$877	$3,509
Professional Fees	$468	$478	$487	$497	$1,929
Facility Costs	$6,615	$6,615	$6,615	$6,615	$26,460
Misc. Costs	$516	$527	$538	$548	$2,129
Payroll Taxes	$3,356	$3,356	$3,356	$3,356	$13,423
Total Operating Costs	**$64,816**	**$65,024**	**$65,232**	**$65,441**	**$260,513**
EBITDA	**$23,930**	**$25,552**	**$27,174**	**$28,795**	**$105,451**
Federal Income Tax	$6,160	$6,287	$6,414	$6,541	$25,404
State Income Tax	$1,232	$1,257	$1,283	$1,308	$5,081
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$959	$959	$959	$959	$3,837
Net Profit	**$15,579**	**$17,048**	**$18,517**	**$19,986**	**$71,130**

Profit and Loss Statement (Fourth Year)

	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$225,355	$230,002	$234,648	$239,295	$929,300
Cost of Revenue	$127,734	$130,368	$133,002	$135,635	$526,739
Gross Profit	**$97,621**	**$99,634**	**$101,647**	**$103,660**	**$402,561**
Expenses					
Payroll	$45,985	$45,985	$45,985	$45,985	$183,940
General and Administrative	$4,507	$4,600	$4,693	$4,786	$18,586
Business Development Costs	$2,704	$2,760	$2,816	$2,872	$11,152
Marketing	$2,817	$2,875	$2,933	$2,991	$11,616
Insurance Costs	$920	$920	$920	$920	$3,679
Professional Fees	$491	$501	$512	$522	$2,026
Facility Costs	$6,946	$6,946	$6,946	$6,946	$27,783
Misc. Costs	$568	$580	$591	$603	$2,342
Payroll Taxes	$3,518	$3,518	$3,518	$3,518	$14,071
Total Operating Costs	**$68,456**	**$68,684**	**$68,913**	**$69,142**	**$275,195**
EBITDA	**$29,165**	**$30,950**	**$32,734**	**$34,518**	**$127,367**
Federal Income Tax	$7,477	$7,632	$7,786	$7,940	$30,835
State Income Tax	$1,495	$1,526	$1,557	$1,588	$6,167
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$1,007	$1,007	$1,007	$1,007	$4,029
Net Profit	**$19,185**	**$20,785**	**$22,384**	**$23,983**	**$86,337**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$247,891	$253,002	$258,113	$263,224	$1,022,230
Cost of Revenue	$140,508	$143,405	$146,302	$149,199	$579,413
Gross Profit	**$107,383**	**$109,597**	**$111,811**	**$114,025**	**$442,817**
Expenses					
Payroll	$48,239	$48,239	$48,239	$48,239	$192,955
General and Administrative	$4,958	$5,060	$5,162	$5,264	$20,445
Business Development Costs	$2,975	$3,036	$3,097	$3,159	$12,267
Marketing	$3,099	$3,163	$3,226	$3,290	$12,778
Insurance Costs	$965	$965	$965	$965	$3,859
Professional Fees	$516	$526	$537	$548	$2,127
Facility Costs	$7,293	$7,293	$7,293	$7,293	$29,172
Misc. Costs	$625	$638	$650	$663	$2,576
Payroll Taxes	$3,690	$3,690	$3,690	$3,690	$14,761
Total Operating Costs	**$72,358**	**$72,609**	**$72,860**	**$73,111**	**$290,939**
EBITDA	**$35,025**	**$36,988**	**$38,951**	**$40,914**	**$151,878**
Federal Income Tax	$8,951	$9,136	$9,320	$9,505	$36,912
State Income Tax	$1,790	$1,827	$1,864	$1,901	$7,382
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$1,057	$1,057	$1,057	$1,057	$4,230
Net Profit	**$23,226**	**$24,968**	**$26,709**	**$28,451**	**$103,354**

Appendix E – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$3,563	$3,787	$4,010	$4,234	$4,458	$4,681	$4,905	$5,128
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$3,563	$3,787	$4,010	$4,234	$4,458	$4,681	$4,905	$5,128
Other Cash Inflows								
Equity Investment	$100,000	$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	**$100,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$103,647**	**$3,870**	**$4,094**	**$4,317**	**$4,541**	**$4,764**	**$4,988**	**$5,212**
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	$27,500	$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	**$27,558**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**
Net Cash Flow	**$76,088**	**$3,812**	**$4,035**	**$4,259**	**$4,483**	**$4,706**	**$4,930**	**$5,153**
Cash Balance	**$76,088**	**$79,900**	**$83,935**	**$88,194**	**$92,677**	**$97,383**	**$102,313**	**$107,466**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$5,352	$5,575	$5,799	$6,023	$57,515
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$5,352**	**$5,575**	**$5,799**	**$6,023**	**$57,515**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$100,000
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	$101,000
Total Cash Inflow	**$5,435**	**$5,659**	**$5,882**	**$6,106**	**$158,515**
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	$27,500
Dividends	$0	$0	$0	$46,012	$46,012
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$58**	**$58**	**$58**	**$46,070**	**$74,212**
Net Cash Flow	**$5,377**	**$5,600**	**$5,824**	**-$39,964**	**$84,303**
Cash Balance	**$112,843**	**$118,443**	**$124,267**	**$84,303**	**$84,303**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$14,568	$15,860	$17,151	$18,443	$66,022
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$14,568**	**$15,860**	**$17,151**	**$18,443**	**$66,022**
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	**$14,822**	**$16,119**	**$17,417**	**$18,714**	**$67,072**
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	$3,301	$0	$0	$0	$3,301
Dividends	$0	$0	$0	$52,818	$52,818
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$3,479**	**$182**	**$186**	**$53,007**	**$56,854**
Net Cash Flow	**$11,343**	**$15,938**	**$17,231**	**-$34,293**	**$10,218**
Cash Balance	**$95,646**	**$111,584**	**$128,815**	**$94,521**	**$94,521**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$16,538	$18,007	$19,476	$20,945	$74,967
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$16,538**	**$18,007**	**$19,476**	**$20,945**	**$74,967**
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	**$16,805**	**$18,280**	**$19,755**	**$21,229**	**$76,069**
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	$1,874	$1,874	$0	$0	$3,748
Dividends	$0	$0	$0	$59,974	$59,974
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,061**	**$2,065**	**$195**	**$60,172**	**$64,494**
Net Cash Flow	**$14,744**	**$16,215**	**$19,560**	**-$38,943**	**$11,576**
Cash Balance	**$109,265**	**$125,480**	**$145,040**	**$106,097**	**$106,097**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$20,193	$21,792	$23,391	$24,990	$90,365
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$20,193**	**$21,792**	**$23,391**	**$24,990**	**$90,365**
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	**$20,473**	**$22,078**	**$23,683**	**$25,288**	**$91,523**
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	$2,259	$2,259	$0	$0	$4,518
Dividends	$0	$0	$0	$72,292	$72,292
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,456**	**$2,460**	**$205**	**$72,501**	**$77,621**
Net Cash Flow	**$18,018**	**$19,619**	**$23,479**	**-$47,213**	**$13,902**
Cash Balance	**$124,115**	**$143,733**	**$167,212**	**$119,999**	**$119,999**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$24,283	$26,025	$27,767	$29,508	$107,584
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$24,283**	**$26,025**	**$27,767**	**$29,508**	**$107,584**
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	**$24,578**	**$26,326**	**$28,074**	**$29,821**	**$108,799**
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	$2,690	$2,690	$0	$0	$5,379
Dividends	$0	$0	$0	$86,067	$86,067
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,896**	**$2,900**	**$215**	**$86,286**	**$92,297**
Net Cash Flow	**$21,682**	**$23,426**	**$27,859**	**-$56,465**	**$16,502**
Cash Balance	**$141,681**	**$165,107**	**$192,966**	**$136,501**	**$136,501**