



**DayRR**



**Human Intelligence**  
Business Plans

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**Note:** This business plan was developed as a sample only, and it depicts a completely fictional business.

## **1.0 Executive Summary**

The purpose of this business plan is to showcase the continued development and launch of a unique application suite that provides information regarding the current time and date. Deutsch & Thomas LLC (“the Company”) has fully developed its DayRR application (for both iOS and Android devices). The Founder, Matthew Deutsch, is currently seeking \$1,550,000 in order to establish the initial revenue generating operations of the business.

### **The Technology**

Many people struggle to know the current day and time. Although people have wristwatches, this type of functionality has not yet been integrated into smartphones. The DayRR application solves this problem by providing the current time, date, and a basic calendar for users. This type of application will find a large audience domestically and internationally.

The business will charge a flat fee of \$8.99 per month in order to access all functionality offered. This one-tier approach will facilitate rapid onboarding. The business will also generate secondary income from placement of advertisements.

Chapter three of this document will further discuss the operations of the business.

### **Funding**

Management is seeking \$1,550,000, via Series A funding, in order to establish the initial operations of DayRR. The terms of this investment will be determined at a later time. The Company will primarily allocate the funding towards the following:

- Office development
- Launch of the DayRR application and marketing
- General working capital
- Initial payroll

As the business expands its MRR, the Company can easily secure ongoing rounds of capital in order to expand the operations of the business. Additional series of capital may be secured on an as needed basis.

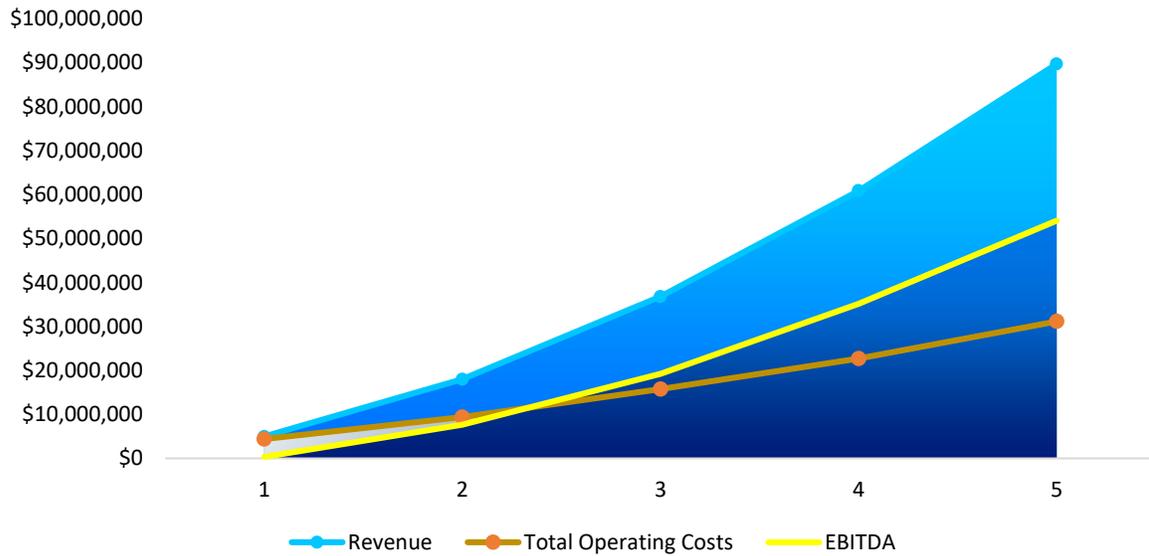
### **Expansion Plan**

Deutsch & Thomas will continually expand the marketing capital that is allocated towards increasing the visibility of the DayRR application suite. The business will also add other types of date and time features in order to maintain an ongoing user basis. The Company may also integrate new types of functionality that improve a person’s understanding of time zones.

## Revenue Projections

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
<b>Revenue</b>	\$4,959,457	\$17,973,053	\$36,791,378	\$60,787,481	\$89,622,769
Cost of Revenue	\$247,973	\$898,653	\$1,839,569	\$3,039,374	\$4,481,138
Gross Profit	\$4,711,485	\$17,074,401	\$34,951,809	\$57,748,107	\$85,141,631
Total Operating Costs	\$4,397,081	\$9,417,117	\$15,757,086	\$22,647,762	\$31,174,782
<b>EBITDA</b>	\$314,403	\$7,657,284	\$19,194,723	\$35,100,345	\$53,966,849

Revenue, Operating Costs, EBITDA



## 2.0 The Financing

### 2.1 Use of Funds

Management is seeking \$1,550,000 to establish its SaaS operations. The funds are to be allocated as follows:

Technology Development Costs	
Application Development	\$275,000
Website Development	\$50,000
<b>Total</b>	<b>\$325,000</b>

Pre-Launch Marketing Operations	
Social Media Page Development	\$25,000
Initial Lead Generation	\$30,000
Onboarding Staff Training	\$50,000
<b>Total</b>	<b>\$105,000</b>

Launch Marketing	
Pay Per Click Marketing	\$75,000
Initial Search Engine Optimization	\$35,000
Initial Video Marketing	\$50,000
Post Launch Public Relations	\$20,000
<b>Total</b>	<b>\$180,000</b>

Startup Assets	
Technology Assets	\$187,500
Furniture and Fixtures	\$50,000
Leasehold Improvements	\$25,000
<b>Total</b>	<b>\$262,500</b>

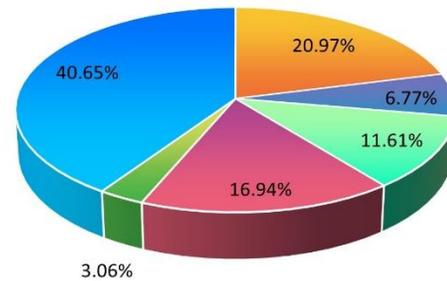
Other Startup Costs	
Professional Fees and Licensure	\$35,000
Initial Travel	\$10,000
Misc. Costs	\$2,500
<b>Total</b>	<b>\$47,500</b>

Working Capital	
Six Months of Payroll	\$250,000
Insurance Costs	\$20,000
Rent (One Year)	\$60,000
General Working Capital	\$300,000
<b>Total</b>	<b>\$630,000</b>

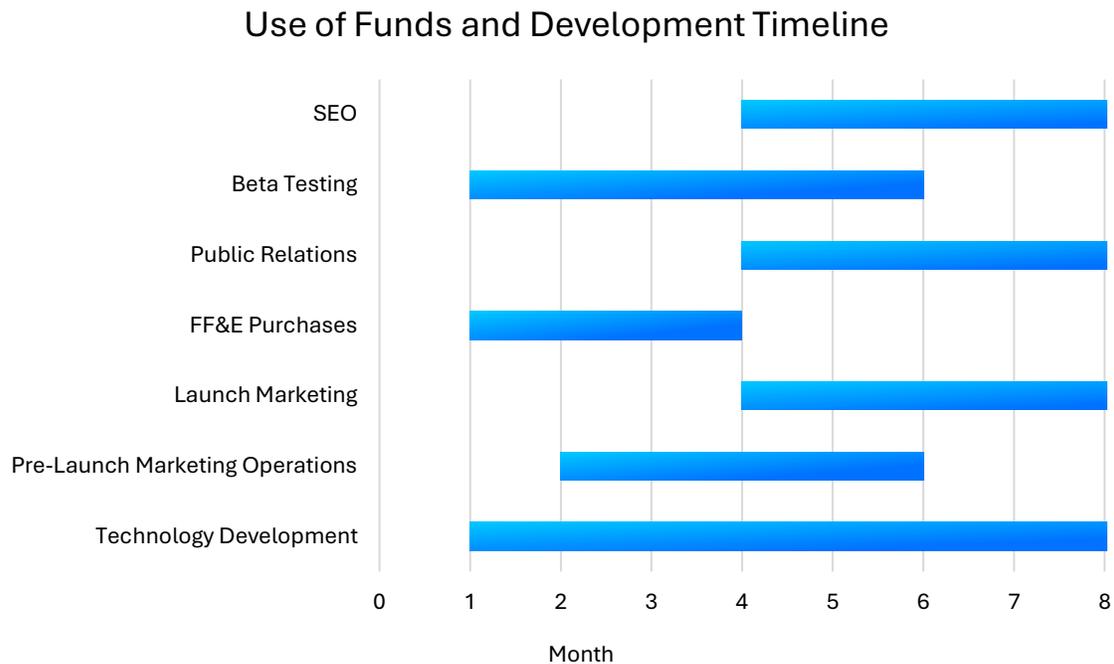
  

Total Startup Requirement	
Startup Expenses	\$1,287,500
Startup Assets	\$262,500
<b>Total</b>	<b>\$1,550,000</b>



- Technology Costs
- Pre-Launch Marketing Operations
- Launch Marketing
- Startup Assets
- Other Startup Costs
- Working Capital

## 2.2 Use of Funds Timeline



## 2.3 Management Equity

This will be determined during the capital raising process.

## 2.3 Exit Strategy

Given the highly recurring streams of revenue generated from the use of the DayRR application, the business could receive a sales premium of eight to twelve times earnings. The demand for the types of functionalities offered within the DayRR suite remains strong in any economic climate. Should Management find it financially prudent to do so, a qualified business brokerage firm would be hired to manage the sale of the business to a third party. This event is not expected to occur within the first five years of operation.

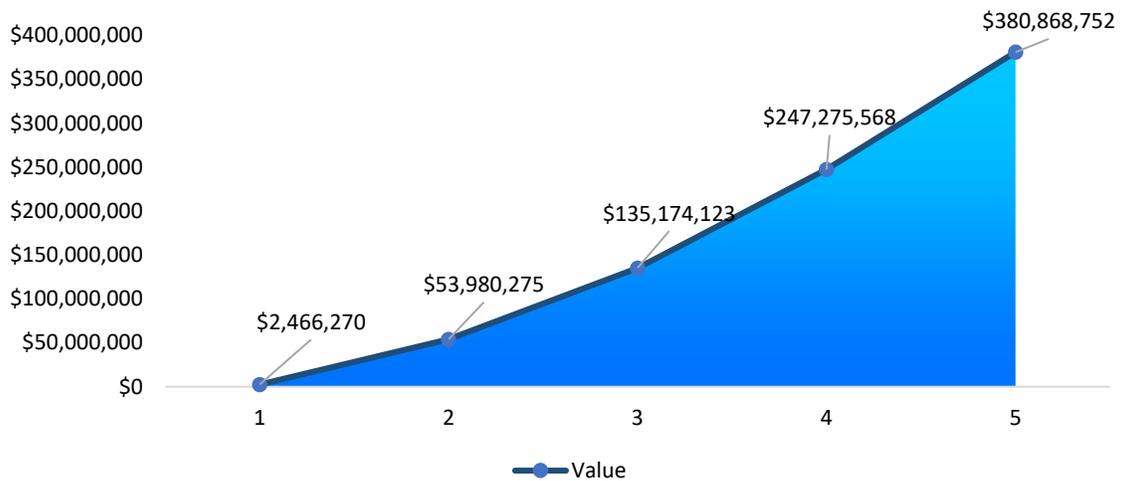
As it relates to working with a business brokerage or M&A focused investment bank, the Company anticipates it will incur an expense equal to 10% of the total transaction. A retainer may be required to complete a valuation as well as the development of sales materials specific to the sale of the business.

## 2.4 Proforma Valuation and Rate of Return

Proforma Valuation					
Year	1	2	3	4	5
Net Income + Depreciation	\$248,034	\$5,386,254	\$13,489,669	\$24,715,391	\$38,051,484
P/E Multiple	10	10	10	10	10
<b>Value</b>	<b>\$2,480,336</b>	<b>\$53,862,542</b>	<b>\$134,896,689</b>	<b>\$247,153,914</b>	<b>\$380,514,836</b>
IRR	206.06%				
NPV	\$46,207,557				

Rates of Return					
Year	1	2	3	4	5
Yearly ROR	13.29%	343.11%	858.95%	1570.54%	2411.26%
Aggregate ROR	13.29%	356.41%	1215.35%	2785.89%	5197.15%

### Business Value

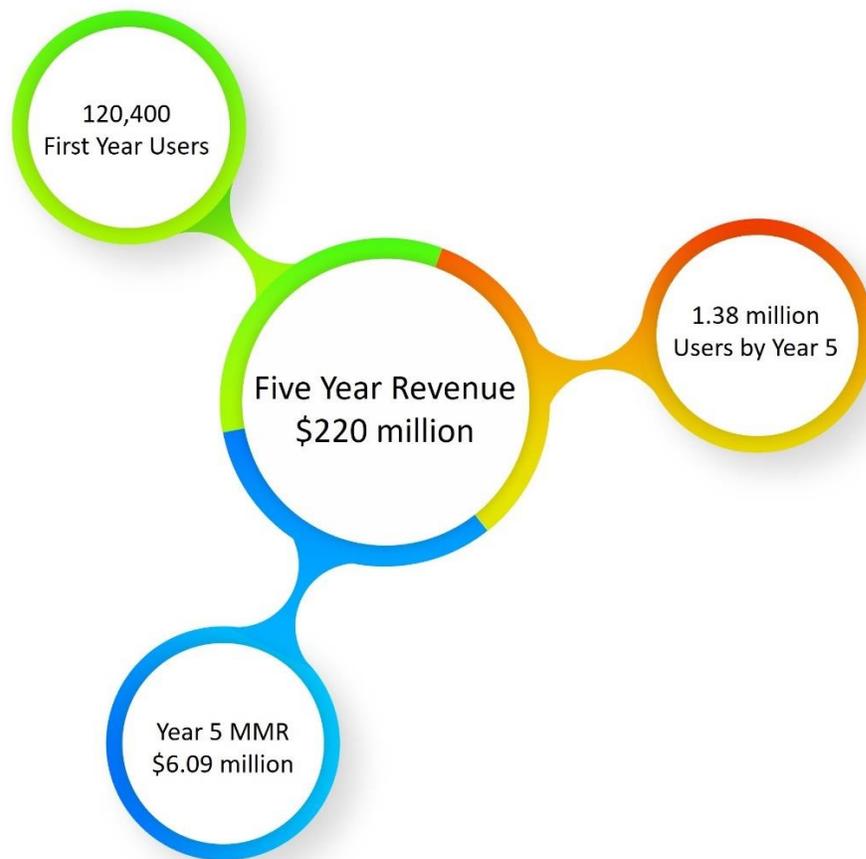


### 3.0 Operations

The DayRR application suite will provide its users with comprehensive information regarding the current date and time. This is a function that is needed by all adults. Surprisingly, there is no current application for iOS and Android devices that currently operate in this capacity.

In regard to pricing, the Company will charge \$8.99 per month for usage of the suite. To keep the operations of the business straightforward – there will only be one tier of service. This will provide complete access to all functions of the DayRR application suite. By operating in this capacity, it will ultimately lead to a faster adoption rate among users. To drive downloads of the application, the first 14 days of service will be provided for free.

The Company’s secondary revenue center will come from the sale of advertising as well as data sales among individuals that have opted-in to data collection. Advertisements on the DayRR platform will not obstruct the user experience. Among individuals that have opted in for specific types of data collection, the Company will work with data brokers that will acquire this information en-masse. At all times, the Company will comply with all regulations that guide the sale of user information.



## **4.0 Overview of the Organization**

### **4.1 Registered Name**

Deutsch & Thomas LLC. The business is registered as a limited liability company in the State of New York. The Company will conduct business under the DayRR brand name.

### **4.2 Commencement of Operations**

The business will commence revenue generating operations in the fourth quarter of this year.

### **4.3 Mission Statement**

DayRR's mission is to provide users with the ability to instantaneously know the current time and date through its affordable application suite for iOS and Android devices.

### **4.4 Vision Statement**

The Company will generate \$89 million of revenue by the fifth year of operation.

### **4.5 Organizational Objectives**

- Properly launch the application suite within all marketplaces once the capital sought in this document has been secured.
- Use multiple online channels including social media to increase brand name awareness.
- Maintain a low-cost operating infrastructure so that the DayRR application can reach profitability within the first six months of operation.
- Provide proper financial incentives for employees that further the mission of the business.
- Implement state-of-the-art analytics and KPIs to ensure that the DayRR application is meeting its enrollment targets.
- Maintain a corporate culture of innovation as it relates to integrating new functionality into the suite.
- Remain within the letter of the law regarding the marketing the application.
- Ensure that all user data is properly protected through state-of-the-art security measures.
- Implement marketing strategies that properly brand the DayRR application suite as the preeminent time and date platform in the market.

## 5.0 Strategic and Market Analysis

### 5.1 External Environment Analysis

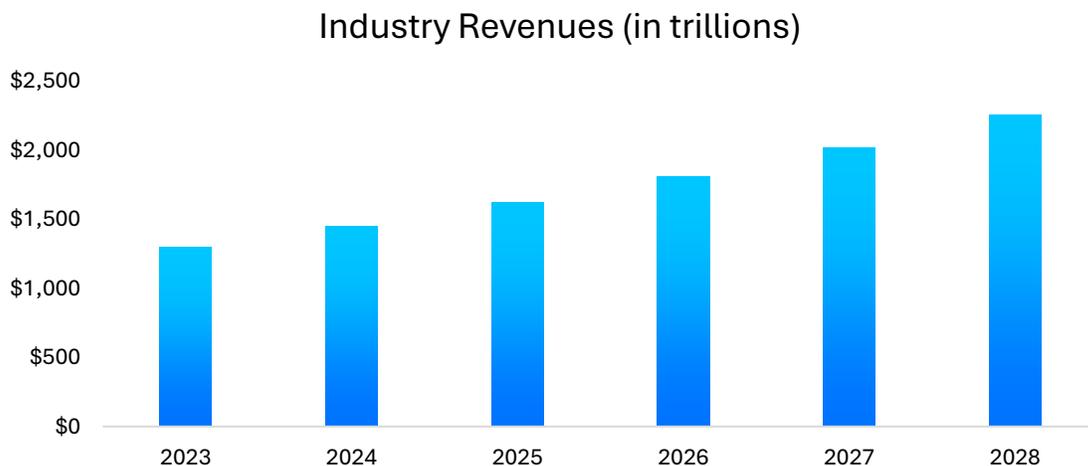
This section of the analysis will give an overview of the general economic climate, the industry, the user profile, and the ongoing competition that the business will face moving forward.

At this time, the economic outlook is positive. Despite issues with inflation, unemployment rates have remained at historical lows. Asset prices continue to increase, and as interest rates continue to decline – the overall economy is expected to grow as capital becomes less expensive. The issues pertaining to the COVID-19 pandemic have been resolved.

The DayRR application suite will enjoy substantial economic stability given that all people need a continued knowledge of the current time and date. The cost of becoming a user is relatively low as compared to the income of the target market. As this business is operating in a SaaS capacity, once profitable – the economic risks for this business will be further abated.

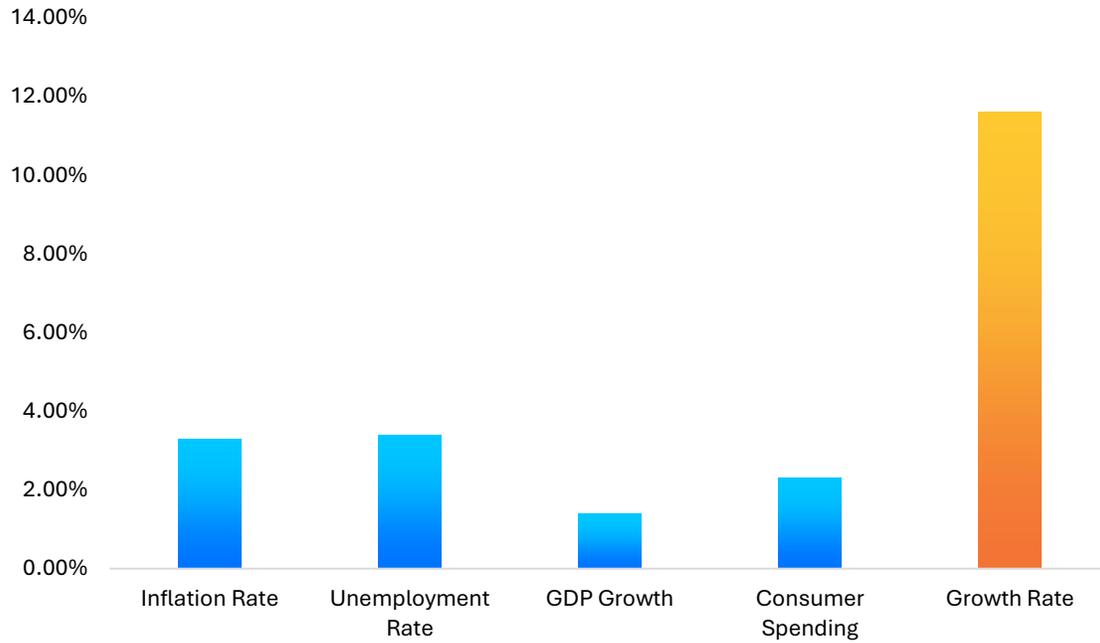
### 5.2 Industry Analysis

The software-as-a-service (SaaS) industry has undergone rapid growth and transformation over the past ten years. The principal reason why many technology driven enterprises have adopted this business model is that it produces recurring streams of revenue. This not only contributes to the ongoing economic stability of these enterprises, but it also substantially boosts their valuation. For small to medium sized ecommerce businesses, typically the sales premium is two to four times the previous year's earnings in regards to their valuation. For a SaaS driven enterprises, these valuations are typically five to eight times earnings. As of this year, the software industry is poised to generate \$1.3 trillion. This figure includes application suites that employ this type of business model. The compounded annual growth rate of the industry is expected to remain at 11.5% over the next five years.

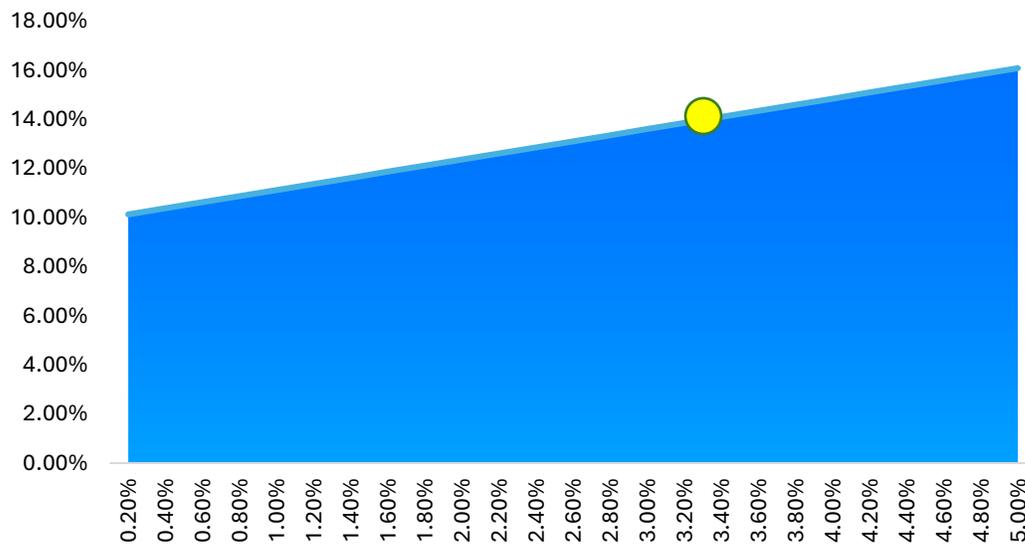


The two principal economic factors that drive the growth of the software-as-a-service industry are inflation and consumer spending. Based on a ten-year analysis that factors inflation, unemployment, consumer spending, and GDP growth – these businesses are poised to collectively achieve growth of 11.5% this year. This analysis was completed by examining \$3.9 trillion of revenue generation among major firms over the past decade.

### Industry Growth v Economic Metrics



### Industry Growth v Inflation

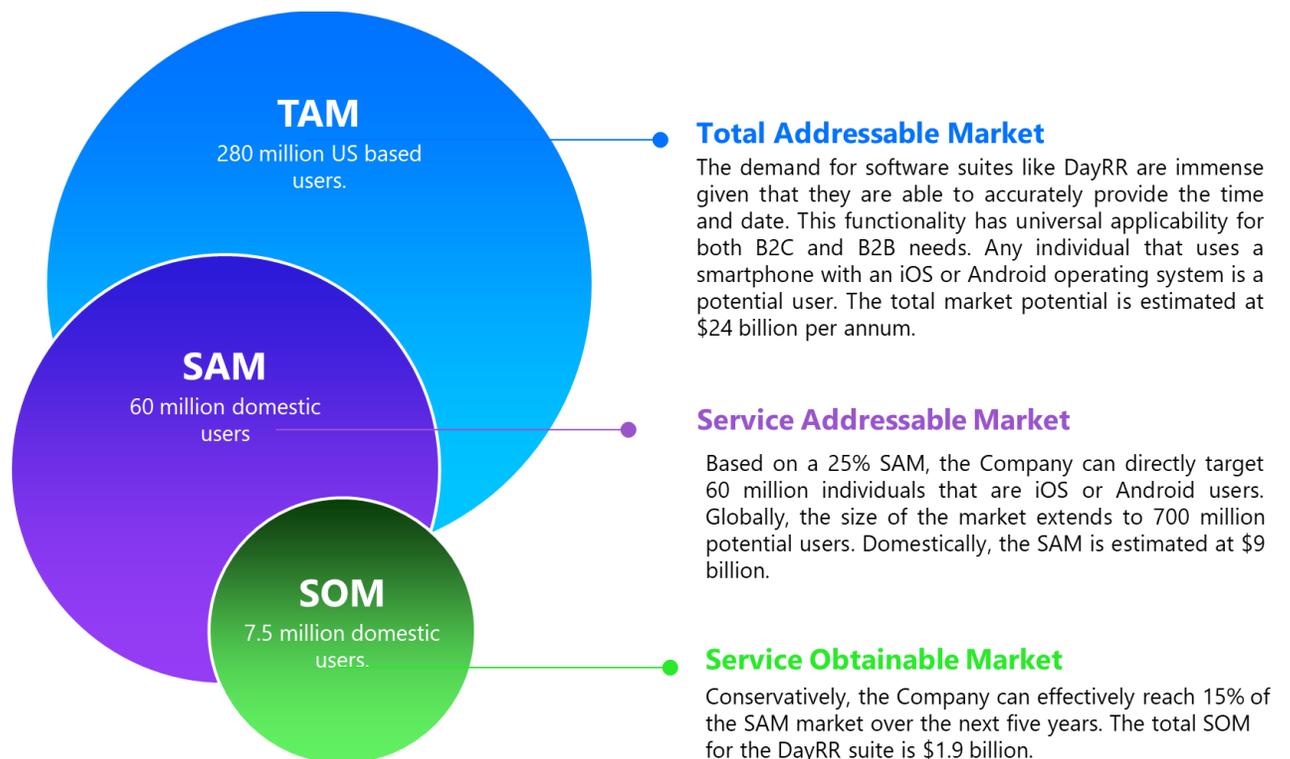


### 5.3 User Profile

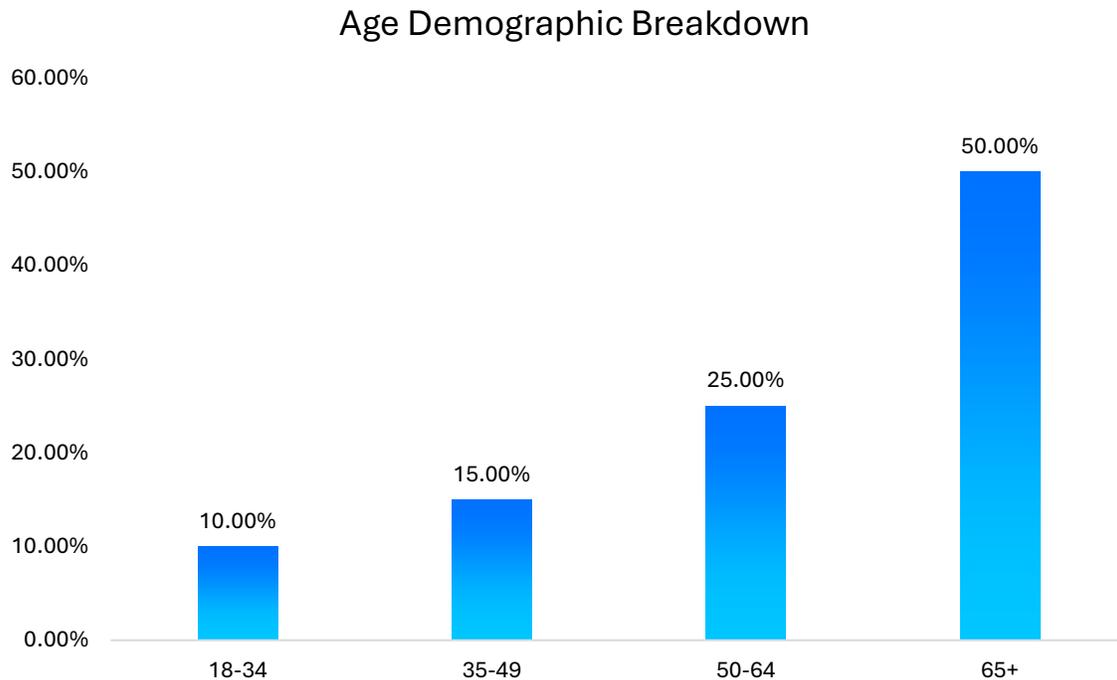
The Company will implement the following demographic profile in conjunction with marketing operations:

- Household income ranging from \$50,000 to \$125,000
- Uses an iOS or Android device
- Is seeking an easy-to-use application that allows them to know the current date and time.
- Will spend \$8.99 per month for usage of the DayRR application suite

Within the United States, the following TAM, SAM, and SOM metrics are noted regarding market size:



Below is a breakdown of the age demographics that are expected to use the DayRR application:



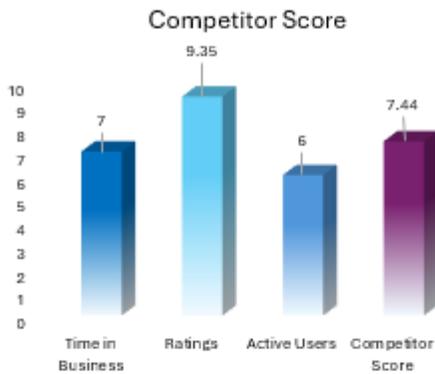
## 5.4 Competition

At this time, the ongoing competition that the Company will face is modest. There are only a handful of businesses that operate in a similar but not identical to that of the DayRR platform. The business will maintain an extensive differentiating factor given the affordability and unique design to the user interface. This will create an easy-to-use experience for both iOS and Android users, which will further ensure that users continue to subscribe on a monthly basis.

In order to retain its competitive advantage, the Company will continue to add new features and functions into the application suite. This will allow DayRR to remain at the forefront of this type of technology. Most importantly, the Company will engage in a multi-pronged marketing strategy that will brand the application as the preeminent date and time application on the market. The business will engage aggressive marketing strategies throughout the life of the business.

The ongoing competition that the business will face include the following companies:

## Competitor #1 - ToD

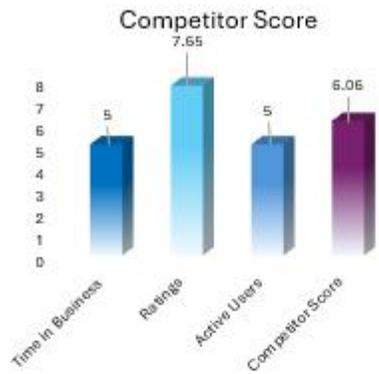


ToD is a SaaS application suite that provides similar functionality to that of the Company. However, their suite is difficult to navigate and suffers from feature-creep in a number of its modules. Given their extensive operating history they will be an ongoing competitor.

Website	dtcapitalinc.com	Rating (iOS)	4.5 out of 5 (5,800 reviews)
Street Address	123 Main Street	Rating (Android)	4.5 out of 5 (7,800 reviews)
City, State	Princeton, NJ	Monthly Price	\$9.99



## Competitor #2 – Nower



Nower is an application that provides both the current time and date. Although they have only been in operation for the past two years, they have garnered an extensive following. The business is well recognized among iOS and Android users. They recently announced that they will be adding calendar functionality into their suite.

<b>Website</b>	dtcapitalinc.com	<b>Rating (iOS)</b>	4.3 out of 5 (10,000 reviews)
<b>Street Address</b>	123 Main Street	<b>Rating (Android)</b>	4.7 out of 5 (12,500 reviews)
<b>City, State</b>	Princeton, NJ	<b>Monthly Price</b>	\$8.99

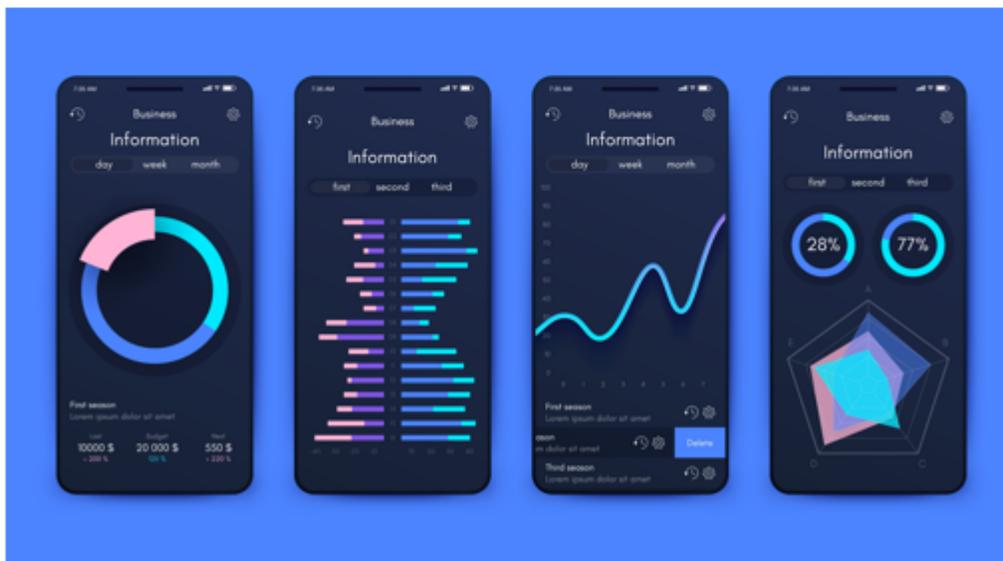


## Competitor #3 – LateRR



LateRR is a comprehensive application that for both iOS and Android devices. In addition to providing time and date information, the business has social integrations that allow individuals to set in person meetings. The application has received critical acclaim for this type of integration.

<b>Website</b>	dtcapitalinc.com	<b>Rating (iOS)</b>	4.8 out of 5 (2,800 reviews)
<b>Street Address</b>	123 Main Street	<b>Rating (Android)</b>	4.7 out of 5 (3,560 reviews)
<b>City, State</b>	Princeton, NJ	<b>Monthly Price</b>	\$7.99



## **6.0 Key Strategic Issues**

### **6.1 Sustainable Operations Overview**

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

- Very limited competition among application suites that specifically provide the current date and time.
- A Management Team (led by Matthew Deutsch) that has created the MVP of the DayRR application, and they will be able to quickly bring the operations of the business to profitability.
- Recurring income will provide an immense valuation for the Company while concurrently providing stable income.
- Low operating costs will continue to ensure that the application remains affordable to its users.
- The Company's revenues are immune from negative economic climates as people will continually need time management applications.

### **6.2 Basis for Growth**

The Company will grow through four primary avenues:

- Continued increases in the amount of capital allocated towards marketing (with a substantial focus on social media).
- Development of new functionality that will enhance the application users' experience, which will ultimately lead to higher retention rates.
- Hire social media influencers that will promote usage of the DayRR application suite.
- Continue to work with financial partners to source additional funding as the Company expands.

## 7.0 Marketing Plan

### 7.1 Marketing Objectives

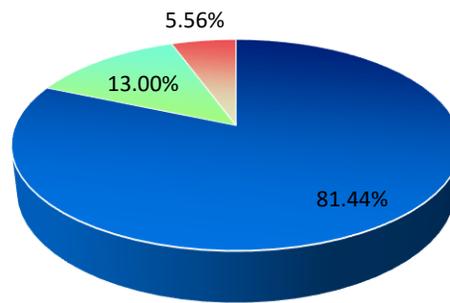
- Use multiple social media platforms to promote the DayRR application.
- Implement an affiliate marketing campaign that will provide financial incentives to webmasters to drive enrollment.
- Leverage video platforms to showcase the application.

### 7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Subscription Fees	\$3,314,644	\$14,684,023	\$30,714,143	\$50,156,804	\$73,126,115
Advertising Revenues	\$1,160,125	\$2,320,251	\$4,292,464	\$7,511,812	\$11,643,308
Data Sales	\$495,847	\$991,695	\$1,834,636	\$3,210,612	\$4,976,449
<b>Totals</b>	<b>\$4,970,617</b>	<b>\$17,995,969</b>	<b>\$36,841,242</b>	<b>\$60,879,228</b>	<b>\$89,745,873</b>

Gross Profit					
Year	1	2	3	4	5
<b>Total</b>	<b>\$4,722,086</b>	<b>\$17,096,171</b>	<b>\$34,999,180</b>	<b>\$57,835,267</b>	<b>\$85,258,579</b>
<b>Total Users</b>	<b>120,399</b>	<b>335,107</b>	<b>625,111</b>	<b>976,720</b>	<b>1,380,940</b>
<b>New Users</b>	<b>120,399</b>	<b>238,788</b>	<b>357,025</b>	<b>476,631</b>	<b>599,565</b>

### Revenue Breakdown



■ Subscription Fees   ■ Advertising Revenues   ■ Data Sales

### 7.3 Revenue Assumptions

#### Year 1

- Deutsch & Thomas will launch the DayRR application suite in the third quarter of this year.
- First year revenues will reach \$4.9 million.
- By the end of Year 1, the Company will have 120,000 users.

## Year 2

- Revenues will increase by 260% as more people become DayRR users and as existing users renew their subscriptions.
- Aggregate income will reach \$17.9 million.

## Years 3 to 5

- During these years, the Company will make substantial reinvestment into the Company's marketing campaigns.
- The application will have 1.3 million users by Year 5.
- Revenue will reach \$89 million by the fifth year of operation.

### 7.4 Customer Acquisition Cost and Lifetime Value

CAC and LTV Overview (Subscribers)	
Customer Acquisition Cost	\$20.18
Annual Revenue Per User (Total)	\$59.88
Annual Recurring Revenue	\$48.79
Annual Non-Recurring Revenue	\$11.09
Average Years Receiving Service	2.048

CAC by Marketing Channel Breakdown	
Search Engine Optimization	\$3.24
Pay Per Click	\$5.82
Social Media Advertising	\$3.52
App Store Marketing	\$6.49
Influencers and PR	\$1.10

CAC by Marketing Channel Breakdown	
Payback Period (Months)	4.04
Traffic to Customer Conversion	3.440%
Traffic Cost Per Visitor	\$0.694
Lifetime Value (LTV)	\$122.63
LTV to CAC Ratio	5.08

### 7.5 Marketing Strategies

The Company will use multiple forms of advertising in order to drive interest and adoption of the DayRR application. Foremost, the Company intends to use multiple social media platforms to create brand name awareness. The business will use targeted advertisements on these platforms among people that fall into the demographic profile discussed earlier in this document. The business will retain a social media advertisement placement firm at the onset of operations to manage this facet of operations.

As it relates to app store marketing, the Company will use keyword optimization to ensure that when relevant searches are completed – the application will appear quite frequently. The Company will work with its retained graphic designer in order to ensure that there are high quality icons and screenshots for the DayRR app.

The Company's website will showcase the DayRR application suite, and it will provide direct links to application stores so that users can install the app on their mobile devices

and tablets. The application will have review functionality embedded so that users can leave positive reviews once they experience the broad range of date and time modules.

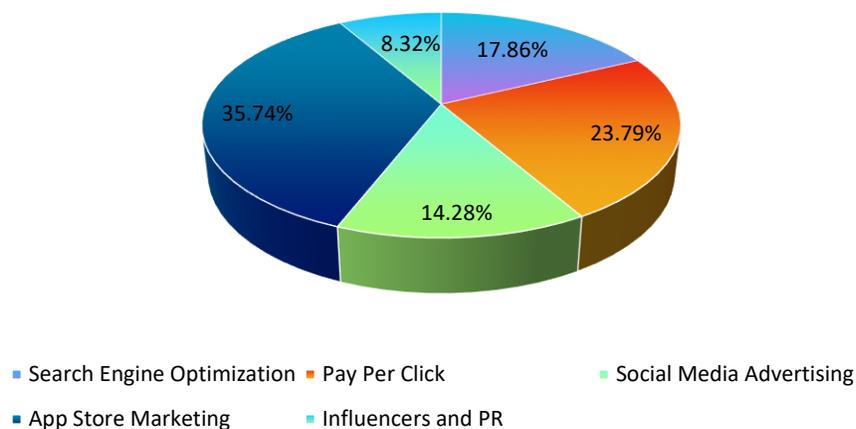
The business will have a number of videos created that showcase the application, its uses, and how to become a subscribing user. Management will place these videos on YouTube while also uploading them to all social media pages. In time, the Company will use targeted advertisements on YouTube to further drive downloads.

Given the immense demand among people to know the time and date, it is fully expected that users will like and share the Company’s social media address on their respective pages. This viral method of marketing will further facilitate the adoption of the technology.

### 7.6 Traffic Breakdown

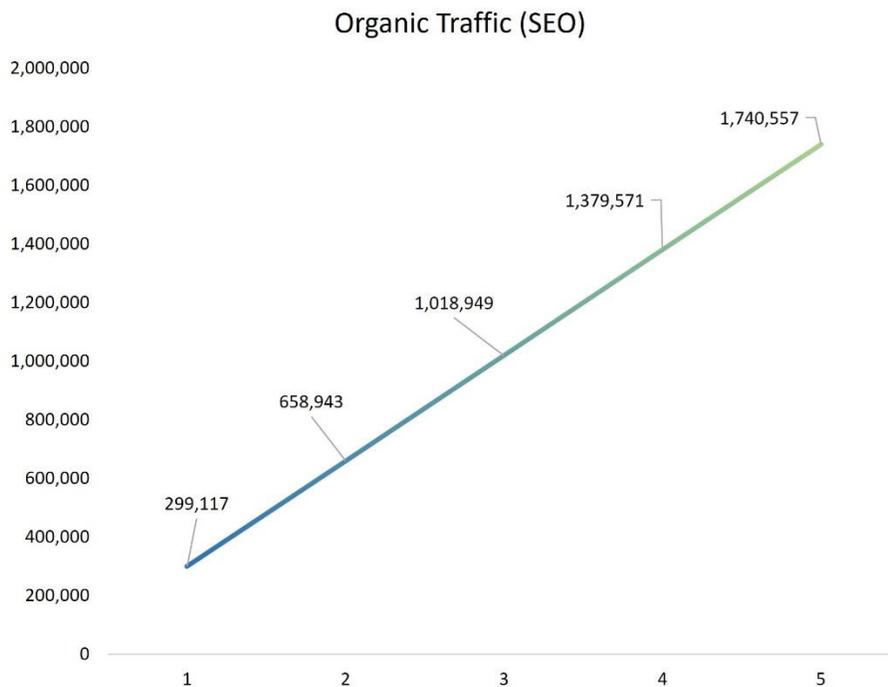
Marketing Overview					
Year	1	2	3	4	5
<b>Traffic</b>					
Search Engine Optimization	300,150	661,192	1,018,718	1,380,875	1,739,284
Pay Per Click	538,925	899,227	1,260,742	1,620,563	1,979,731
Social Media Advertising	326,008	544,250	755,144	969,484	1,181,051
App Store Marketing	600,174	1,319,198	2,040,855	2,760,774	3,479,082
Influencers and PR	101,720	264,229	462,219	713,953	1,037,974
<b>Percentage of Traffic</b>					
Search Engine Optimization	16.08%	17.93%	18.40%	18.55%	18.47%
Pay Per Click	28.87%	24.38%	22.77%	21.77%	21.02%
Social Media Advertising	17.46%	14.76%	13.64%	13.02%	12.54%
App Store Marketing	32.15%	35.77%	36.85%	37.08%	36.94%
Influencers and PR	5.45%	7.16%	8.35%	9.59%	11.02%

Online Traffic (All Years)



## SEO Traffic Overview

The Company's SEO strategy is of moderate importance to the business' overall success. As the success of these campaigns are somewhat out of the control of the business, Management considers SEO be a third-priority marketing strategy.

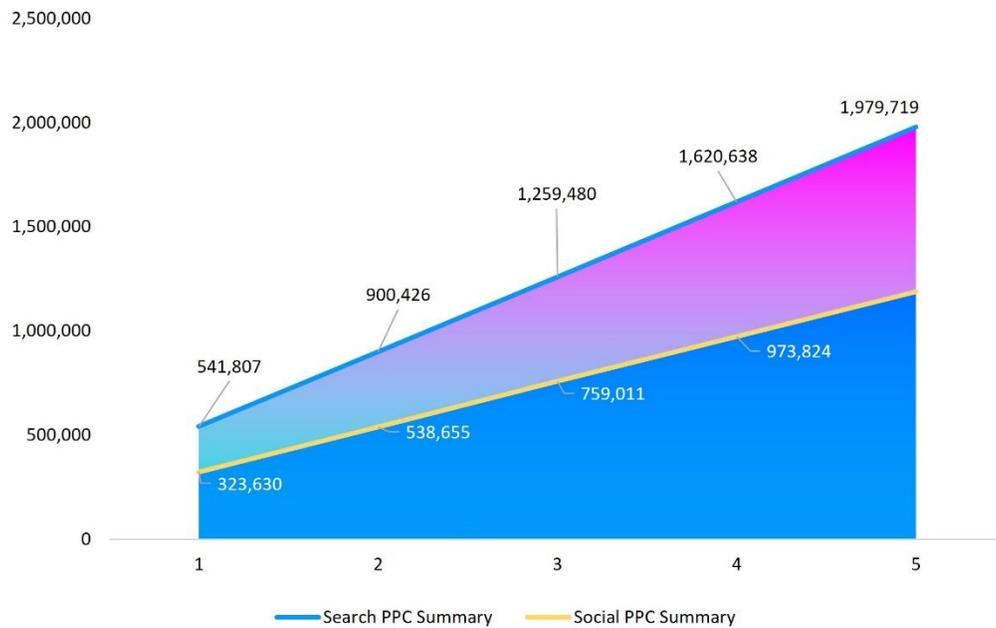


## PPC and Targeted Social Media Overview

PPC and targeted social media will continue to remain as the foremost method of driving traffic to the website. In turn, this will drive substantial usage of the application suite. The Company will make ongoing investments into this marketing channel.

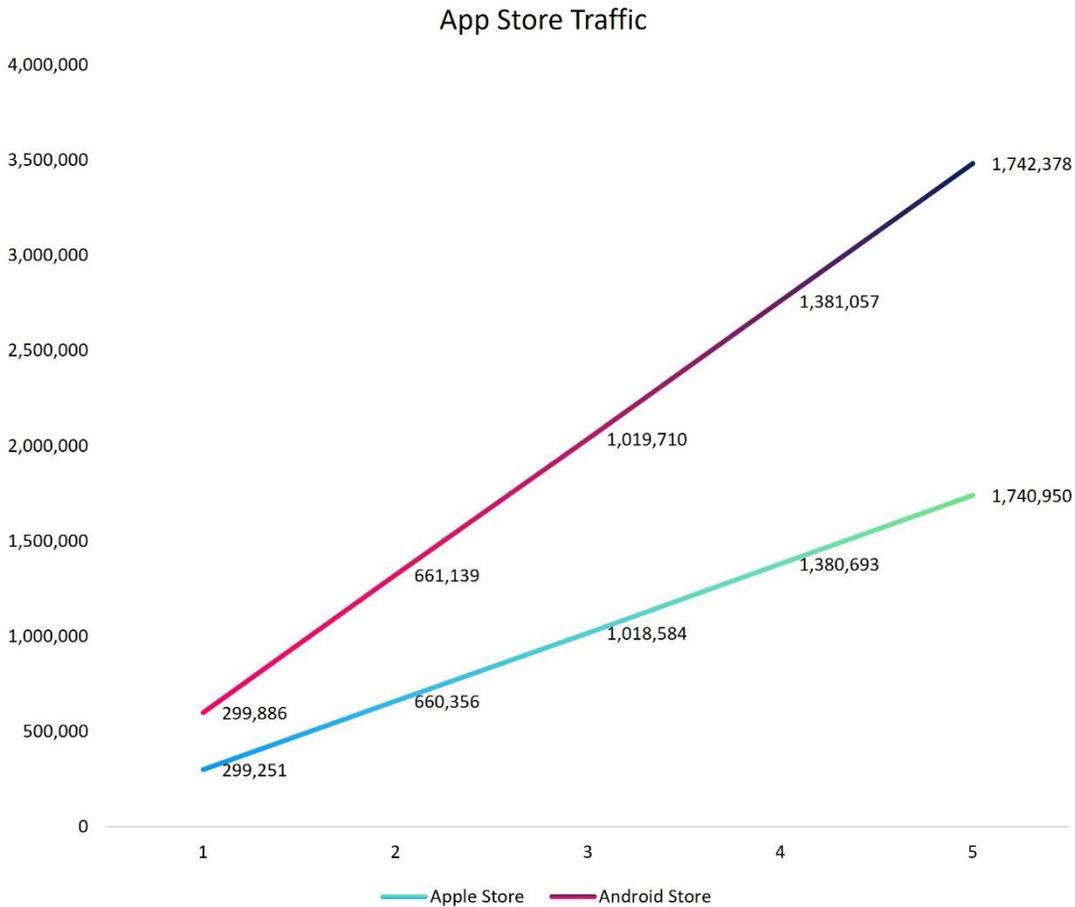
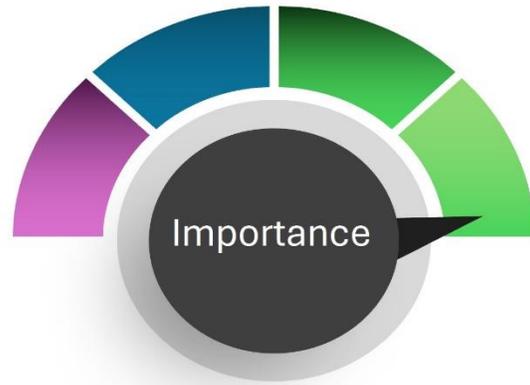


Search and Social PPC Visitors



## App Store Ads Overview

The business will implement numerous strategies that will ensure that the application is widely seen on both iOS and Android stores. The business will optimize the listings for the application so that they are quickly found when searches for date-time applications are completed.

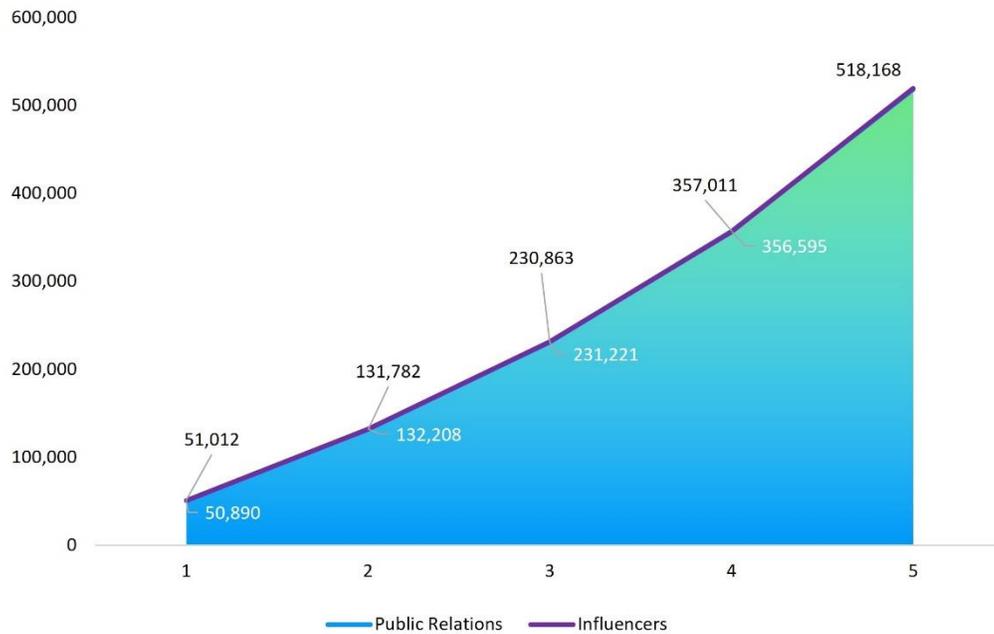


## PR and Influencer Overview

PR and Influencer marketing will be a more moderate approach to creating interest for the application suite. The business will work with tech influencers to showcase the platform on their respective pages. This is the fourth priority marketing channel for the Company.

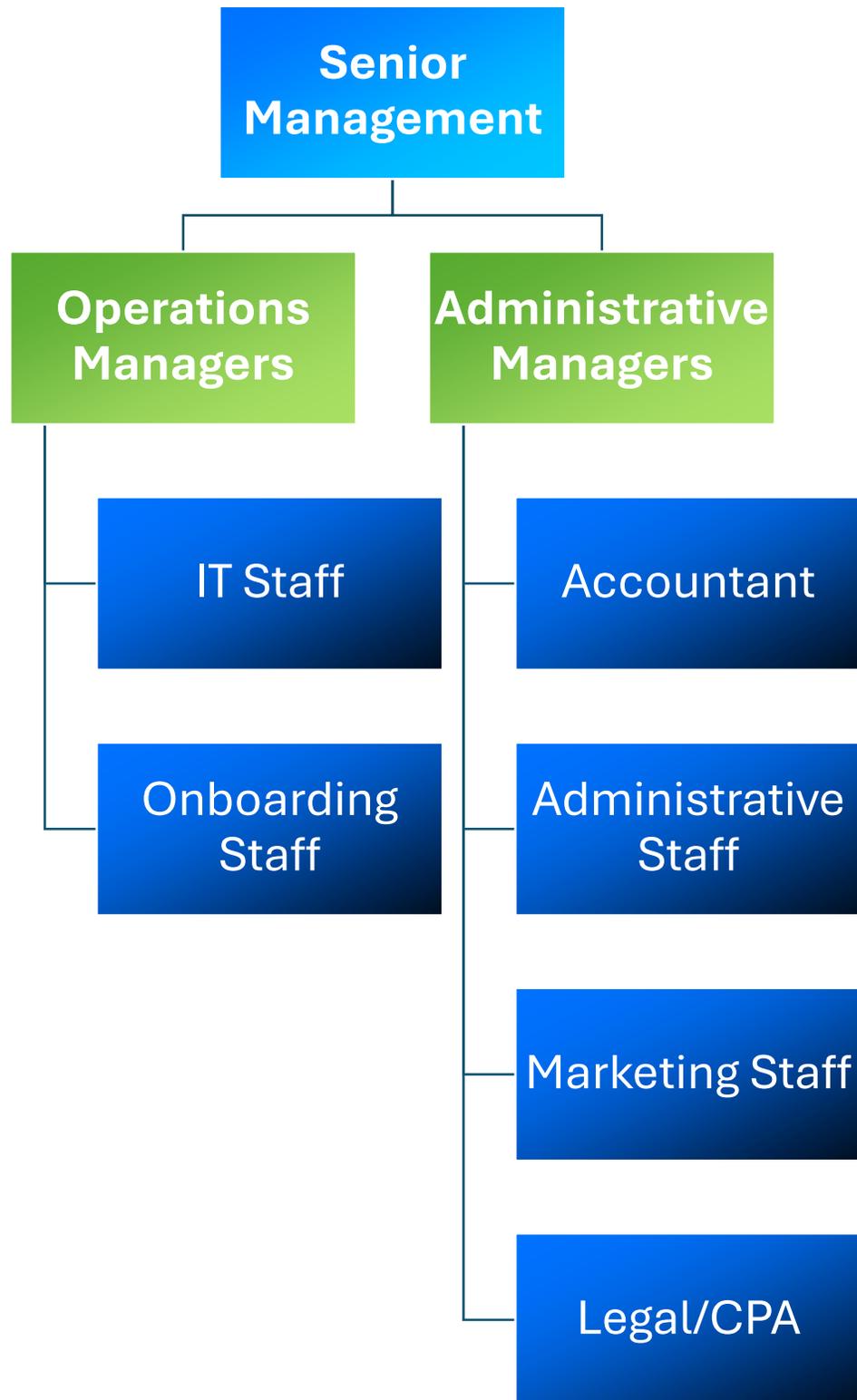


Public Relations and Influencer Traffic



## 8.0 Organizational Plan

### 8.1 Corporate Organization

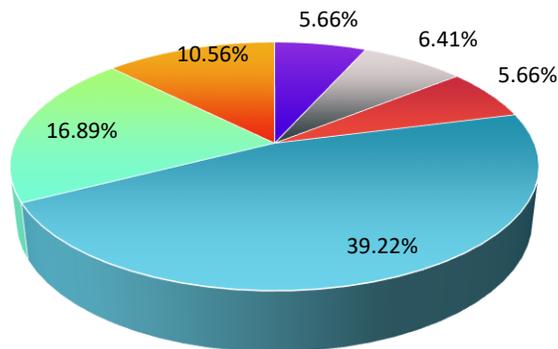


## 8.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	\$125,000	\$257,500	\$397,838	\$409,773	\$422,066
Operations Managers	\$85,000	\$175,100	\$270,530	\$371,527	\$478,341
Administrative Managers	\$75,000	\$154,500	\$238,703	\$327,818	\$422,066
IT and Software Staff	\$520,000	\$1,004,250	\$1,586,046	\$2,130,818	\$2,926,323
Onboarding Staff	\$175,000	\$360,500	\$556,973	\$841,400	\$1,260,570
Sales Staff	\$70,000	\$180,250	\$371,315	\$573,682	\$787,856
Marketing Staff	\$135,000	\$278,100	\$572,886	\$835,936	\$1,164,902
<b>Total</b>	<b>\$1,185,000</b>	<b>\$2,410,200</b>	<b>\$3,994,289</b>	<b>\$5,490,953</b>	<b>\$7,462,123</b>

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	2	3	3	3
Operations Managers	1	2	3	4	5
Administrative Managers	1	2	3	4	5
IT and Software Staff	8	15	23	30	40
Onboarding Staff	5	10	15	22	32
Sales Staff	2	5	10	15	20
Marketing Staff	3	6	12	17	23
<b>Totals</b>	<b>21</b>	<b>42</b>	<b>69</b>	<b>95</b>	<b>128</b>

### Personnel Summary



- Senior Management
- Operations Managers
- Administrative Managers
- IT and Software Staff
- Onboarding Staff
- Sales Staff

## 9.0 Financial Plan

### 9.1 Underlying Assumptions

The financial projections showcased in this document have the following underlying assumptions:

- The business will have a capitalization of \$1,550,000.
- Deutsch & Thomas, through the DayRR application suite, will have a compounded annual growth rate of 106% during the first five years of operation.
- Management will allocate 45% of its after-tax cash flow toward the expansion of this business.

### 9.2 Financial Highlights

- Profitability and a positive cash flow will occur in the sixth month of operation.
- The business, once profitability is achieved, will be valued at ten times its income.

### 9.3 Sensitivity Analysis

DayRR's operations will remain profitable in any economic climate given that all adults need to know the current date and time. The cost of becoming an application user is relatively low as compared to the incomes of the target market. Additionally, the Company is expected to have year-on-year retention rates which exceed 80%. The recurring income streams generated from application usage will expand on a monthly basis. This will further contribute to the ongoing stability of the business.

### 9.4 Source of Funds

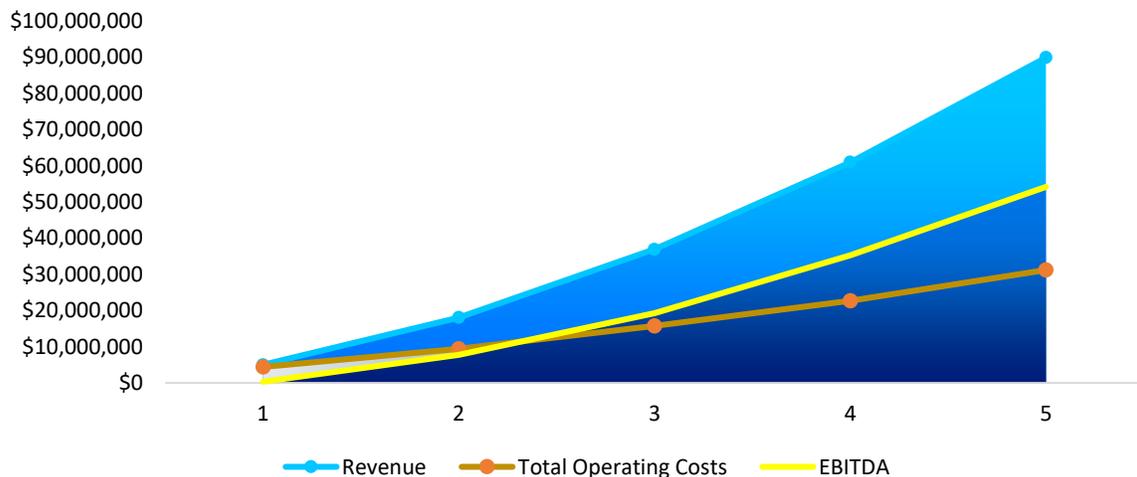
<b>Financing</b>	
<b>Equity</b>	
Investor(s)	\$1,550,000.00
<b>Total Equity Financing</b>	<b>\$1,550,000.00</b>
<b>Banks and Lenders</b>	
<b>Total Debt Financing</b>	<b>\$0.00</b>
<b>Total Financing</b>	<b>\$1,550,000.00</b>

## 9.5 Financial Proformas

### A) Profit and Loss Statement

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
<b>Revenue</b>	\$4,964,926	\$17,951,016	\$36,781,760	\$60,830,433	\$89,717,635
Cost of Revenue	\$248,246	\$897,551	\$1,839,088	\$3,041,522	\$4,485,882
Gross Margin	95.00%	95.00%	95.00%	95.00%	95.00%
<b>Gross Profit</b>	\$4,716,680	\$17,053,465	\$34,942,672	\$57,788,911	\$85,231,753
<b>Expenses</b>					
Payroll	\$1,185,000	\$2,410,200	\$3,994,289	\$5,490,953	\$7,462,123
General and Administrative	\$248,246	\$807,796	\$1,544,834	\$2,433,217	\$3,498,988
Business Development Costs	\$223,422	\$825,747	\$1,802,306	\$3,102,352	\$4,755,035
Professional Fees and Licensure	\$37,237	\$121,169	\$231,725	\$364,983	\$524,848
Insurance Costs	\$71,100	\$144,612	\$239,657	\$329,457	\$447,727
Marketing Costs	\$2,428,022	\$4,421,157	\$6,458,658	\$8,469,524	\$10,528,318
IT Costs	\$77,453	\$359,020	\$919,544	\$1,581,591	\$2,691,529
Misc. Costs	\$37,237	\$125,657	\$279,541	\$480,560	\$717,741
Payroll Taxes	\$90,653	\$184,380	\$305,563	\$420,058	\$570,852
<b>Total Operating Costs</b>	<b>\$4,398,369</b>	<b>\$9,399,739</b>	<b>\$15,776,117</b>	<b>\$22,672,695</b>	<b>\$31,197,162</b>
<b>EBITDA</b>	<b>\$318,311</b>	<b>\$7,653,726</b>	<b>\$19,166,555</b>	<b>\$35,116,216</b>	<b>\$54,034,592</b>
Federal Income Tax	\$69,078	\$1,896,432	\$4,747,639	\$8,686,054	\$13,339,398
State Income Tax	\$13,816	\$379,286	\$949,528	\$1,737,211	\$2,667,880
Interest Expense	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$42,000	\$68,000	\$176,000	\$372,000	\$677,000
<b>Net Profit</b>	<b>\$193,417</b>	<b>\$5,310,009</b>	<b>\$13,293,389</b>	<b>\$24,320,951</b>	<b>\$37,350,314</b>
<b>Profit Margin</b>	<b>3.90%</b>	<b>29.58%</b>	<b>36.14%</b>	<b>39.98%</b>	<b>41.63%</b>

Revenue, Operating Costs, EBITDA



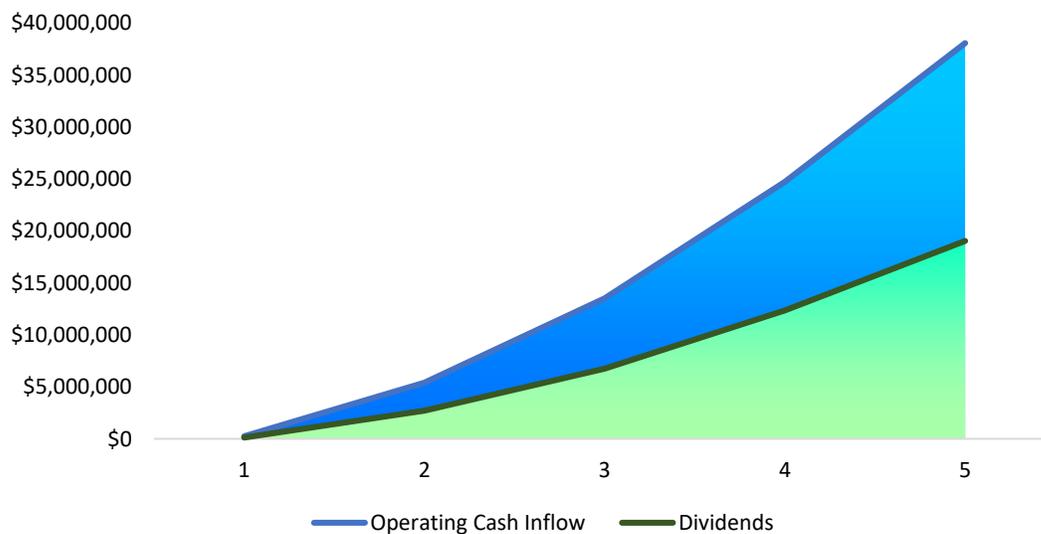
## B) Common Size Income Statement

Proforma Profit and Loss (Common Size)					
Year	1	2	3	4	5
<b>Revenue</b>	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Gross Profit</b>	95.00%	95.00%	95.00%	95.00%	95.00%
<b>Expenses</b>					
Payroll	23.75%	13.39%	10.85%	9.02%	8.31%
General and Administrative	5.00%	4.50%	4.20%	4.00%	3.90%
Business Development Costs	4.50%	4.60%	4.90%	5.10%	5.30%
Professional Fees and Licensure	0.75%	0.68%	0.63%	0.60%	0.59%
Insurance Costs	1.42%	0.80%	0.65%	0.54%	0.50%
Marketing Costs	48.64%	24.60%	17.49%	13.92%	11.73%
IT Costs	1.56%	2.00%	2.50%	2.60%	3.00%
Misc. Costs	0.75%	0.70%	0.76%	0.79%	0.80%
Payroll Taxes	1.82%	1.02%	0.83%	0.69%	0.64%
<b>Total Operating Costs</b>	88.19%	52.30%	42.81%	37.26%	34.76%
<b>EBITDA</b>	6.81%	42.70%	52.19%	57.74%	60.24%
Federal Income Tax	1.49%	10.58%	12.93%	14.28%	14.87%
State Income Tax	0.30%	2.12%	2.59%	2.86%	2.97%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expenses	0.84%	0.38%	0.48%	0.61%	0.75%
<b>Net Profit</b>	4.18%	29.63%	36.20%	39.99%	41.64%

## C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$241,382	\$5,382,584	\$13,492,706	\$24,705,291	\$38,040,660
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$241,382</b>	<b>\$5,382,584</b>	<b>\$13,492,706</b>	<b>\$24,705,291</b>	<b>\$38,040,660</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$1,550,000	\$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
<b>Total Other Cash Inflows</b>	<b>\$1,551,000</b>	<b>\$1,050</b>	<b>\$1,103</b>	<b>\$1,158</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$1,792,382</b>	<b>\$5,383,634</b>	<b>\$13,493,809</b>	<b>\$24,706,448</b>	<b>\$38,041,876</b>
<b>Cash Outflows</b>					
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	\$635,000	\$1,076,517	\$2,698,541	\$4,941,058	\$7,608,132
Dividends	\$120,691	\$2,691,292	\$6,746,353	\$12,352,645	\$19,020,330
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$756,391</b>	<b>\$3,768,544</b>	<b>\$9,445,666</b>	<b>\$17,294,514</b>	<b>\$26,629,313</b>
<b>Net Cash Flow</b>	<b>\$1,035,991</b>	<b>\$1,615,090</b>	<b>\$4,048,143</b>	<b>\$7,411,935</b>	<b>\$11,412,563</b>
<b>Cash Balance</b>	<b>\$1,035,991</b>	<b>\$2,651,081</b>	<b>\$6,699,224</b>	<b>\$14,111,158</b>	<b>\$25,523,721</b>

### Cash Flow Analysis



## D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
<b>Assets</b>					
Cash	\$1,039,103	\$2,658,142	\$6,716,536	\$14,134,544	\$25,562,548
Fixed Assets	\$635,000	\$1,714,149	\$4,419,524	\$9,364,632	\$16,983,058
Accumulated Depreciation	(\$42,000)	(\$110,000)	(\$286,000)	(\$658,000)	(\$1,335,000)
<b>Total Assets</b>	<b>\$1,632,103</b>	<b>\$4,262,291</b>	<b>\$10,850,060</b>	<b>\$22,841,176</b>	<b>\$41,210,607</b>
<b>Liabilities and Equity</b>					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$0	\$0	\$0	\$0	\$0
Other Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$300</b>	<b>\$615</b>	<b>\$946</b>	<b>\$1,293</b>	<b>\$1,658</b>
<b>Equity</b>	<b>\$1,631,803</b>	<b>\$4,261,676</b>	<b>\$10,849,114</b>	<b>\$22,839,883</b>	<b>\$41,208,949</b>
<b>Total Liabilities and Equity</b>	<b>\$1,632,103</b>	<b>\$4,262,291</b>	<b>\$10,850,060</b>	<b>\$22,841,176</b>	<b>\$41,210,607</b>

### Balance Sheet



## E) Expanded Sensitivity Analysis

Sensitivity Analysis (20% Higher)					
Year	1	2	3	4	5
<b>Revenue</b>	\$5,972,279	\$21,588,370	\$44,187,557	\$73,039,503	\$107,745,612
Cost of Revenue	\$298,614	\$1,079,419	\$2,209,378	\$3,651,975	\$5,387,281
<b>Gross Profit</b>	\$5,673,665	\$20,508,952	\$41,978,179	\$69,387,528	\$102,358,331
Total Operating Costs	\$4,403,426	\$9,417,262	\$15,766,653	\$22,669,872	\$31,221,625
<b>EBITDA</b>	<b>\$1,270,239</b>	<b>\$11,091,690</b>	<b>\$26,211,526</b>	<b>\$46,717,656</b>	<b>\$71,136,707</b>

Sensitivity Analysis (10% Higher)					
Year	1	2	3	4	5
<b>Revenue</b>	\$5,474,589	\$19,789,339	\$40,505,261	\$66,952,878	\$98,766,811
Cost of Revenue	\$273,729	\$989,467	\$2,025,263	\$3,347,644	\$4,938,341
<b>Gross Profit</b>	\$5,200,860	\$18,799,872	\$38,479,998	\$63,605,234	\$93,828,471
Total Operating Costs	\$4,403,426	\$9,417,262	\$15,766,653	\$22,669,872	\$31,221,625
<b>EBITDA</b>	<b>\$797,433</b>	<b>\$9,382,611</b>	<b>\$22,713,344</b>	<b>\$40,935,362</b>	<b>\$62,606,846</b>

Sensitivity Analysis (10% Lower)					
Year	1	2	3	4	5
<b>Revenue</b>	\$4,479,209	\$16,191,278	\$33,140,668	\$54,779,628	\$80,809,209
Cost of Revenue	\$223,960	\$809,564	\$1,657,033	\$2,738,981	\$4,040,460
<b>Gross Profit</b>	\$4,255,249	\$15,381,714	\$31,483,634	\$52,040,646	\$76,768,749
Total Operating Costs	\$4,403,426	\$9,417,262	\$15,766,653	\$22,669,872	\$31,221,625
<b>EBITDA</b>	<b>-\$148,177</b>	<b>\$5,964,452</b>	<b>\$15,716,981</b>	<b>\$29,370,774</b>	<b>\$45,547,124</b>

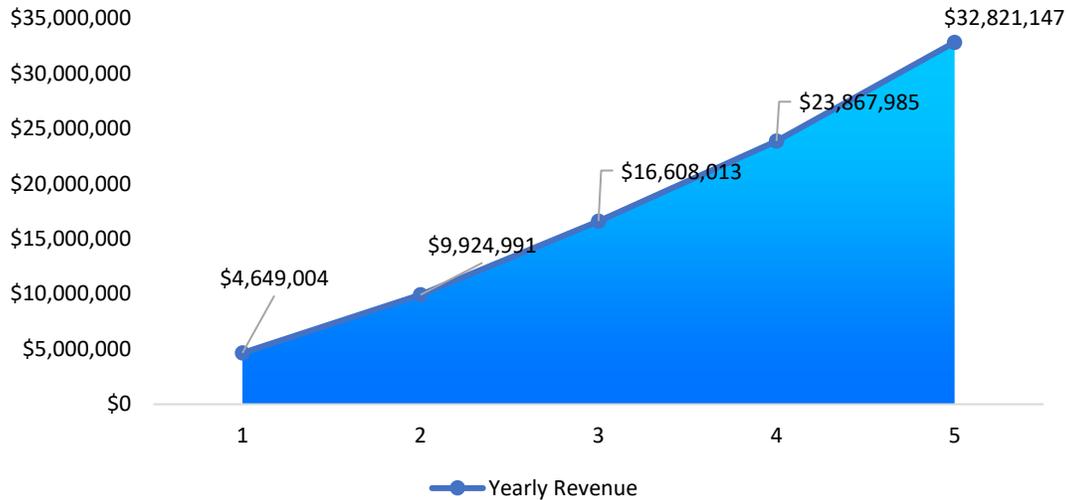
  

Sensitivity Analysis (20% Lower)					
Year	1	2	3	4	5
<b>Revenue</b>	\$3,981,519	\$14,392,247	\$29,458,371	\$48,693,002	\$71,830,408
Cost of Revenue	\$199,076	\$719,612	\$1,472,919	\$2,434,650	\$3,591,520
<b>Gross Profit</b>	\$3,782,443	\$13,672,634	\$27,985,453	\$46,258,352	\$68,238,888
Total Operating Costs	\$4,403,426	\$9,417,262	\$15,766,653	\$22,669,872	\$31,221,625
<b>EBITDA</b>	<b>-\$620,983</b>	<b>\$4,255,373</b>	<b>\$12,218,799</b>	<b>\$23,588,480</b>	<b>\$37,017,263</b>

## 9.6 Breakeven Analysis

Monthly Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$386,265	\$826,076	\$1,383,040	\$1,988,585	\$2,738,739
Yearly Revenue	\$4,635,186	\$9,912,907	\$16,596,477	\$23,863,024	\$32,864,868

### Breakeven Analysis



## 9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
<b>Revenue</b>					
Sales Growth	0.0%	100.0%	85.0%	75.0%	55.0%
Gross Margin	95.0%	95.0%	95.0%	95.0%	95.0%
<b>Financials</b>					
Profit Margin	4.04%	29.62%	36.22%	40.02%	41.64%
Assets to Liabilities	5433.70	6934.43	11468.62	17661.84	24842.79
Equity to Liabilities	5432.70	6933.43	11467.62	17660.84	24841.79
Assets to Equity	1.00	1.00	1.00	1.00	1.00
<b>Liquidity</b>					
Acid Test	3457.04	4323.21	7098.67	10928.92	15409.62
Cash to Assets	0.64	0.62	0.62	0.62	0.62

## Appendix A – SWOT Analysis

### Strengths

- There is an immense demand among all people within the United States to know the current date and time.
- The DayRR application suite has easy to use functionality and will find an immense audience.
- Low operating costs will allow the business to achieve profitability quickly.
- No similar application suite currently exists in the market.
- A highly experienced Founder/CEO (Matthew Deutsch) that has ten years of professional software development and entrepreneurial experience.
- The revenues of DayRR are not swayed by negative economic climates.

### Weaknesses

- Competitors could replicate the business model shown in this document.
- Moderately low barriers to entry.

### Opportunities

- Development of new functions that can be integrated into the DayRR suite.
- Continued expansion of the Company's marketing campaigns with a focus on social media marketing.
- Potential acquisition of applications that can be acquired by Deutsch & Thomas to increase revenues through non-organic means.

### Threats

- Changes in the way that major application stores operate could impact revenues (limited risk).

## **Appendix B - Critical Risks and Problems**

### **Development Risk – Low**

The technology suite showcased in this document has reached its MVP phase. The Company is fully ready to launch its revenue generating operations once the capital sought in this document has been acquired. The secondary development risk will come as the business rolls out its expansive marketing campaigns.

### **Financing Risk – Low/Moderate**

The Company is seeking \$1,550,000. These funds will be principally used for marketing purposes and for ongoing expansion of the Company's technology stack. The risks related to this investment are ameliorated by the fact that the business will generate subscription fees through the DayRR application suite. This will allow the business to quickly reach profitability while ensuring a significant valuation.

### **Marketing Risk – Low/Moderate**

Management will use multiple forms of online advertising to create substantial interest among the targeted user base within the United States. The Company will focus heavily on using high-impact social media marketing strategies, which will cost effectively allow the business to develop its subscriber base.

### **Management Risk – Low**

The Company's Founder (Matthew Deutsch) has years of experience in the software industry in both development and managerial capacities. The Founder will be able to properly establish the operations of DayRR.

### **Valuation Risk – Low**

The valuation risk for this venture is offset by:

- Low operating costs will allow the business to achieve profitability within the sixth month of operation.
- Immense demand among individuals to know the time and date, which will be seamlessly provided through the DayRR application suite.
- As all people need to know the current time and date, the revenues of the Company are not swayed by challenging economic climates.

### **Exit Risk - Low**

SaaS driven application suites carry substantial valuations given the recurring nature of subscription fees. As discussed earlier, the Company will hire a qualified business broker or technology focused M&A firm to market the DayRR suite to a potential buyer.

## **Appendix C - Reference Sources**

All statistics and market information were obtained through:

1. IBISWorld
2. Statista

## Appendix D – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
<b>Revenue</b>	<b>\$40,349</b>	<b>\$88,998</b>	<b>\$142,390</b>	<b>\$202,115</b>	<b>\$268,412</b>	<b>\$340,990</b>	<b>\$420,087</b>
Cost of Revenue	\$2,017	\$4,450	\$7,120	\$10,106	\$13,421	\$17,050	\$21,004
<b>Gross Profit</b>	<b>\$38,331</b>	<b>\$84,548</b>	<b>\$135,271</b>	<b>\$192,009</b>	<b>\$254,991</b>	<b>\$323,941</b>	<b>\$399,083</b>
<b>Expenses</b>							
Payroll	\$98,750	\$98,750	\$98,750	\$98,750	\$98,750	\$98,750	\$98,750
General and Administrative	\$20,797	\$20,797	\$20,797	\$20,797	\$20,797	\$20,797	\$20,797
Business Development Costs	\$18,717	\$18,717	\$18,717	\$18,717	\$18,717	\$18,717	\$18,717
Professional Fees and Licensure	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119
Insurance Costs	\$5,925	\$5,925	\$5,925	\$5,925	\$5,925	\$5,925	\$5,925
Marketing Costs	\$203,162	\$203,162	\$203,162	\$203,162	\$203,162	\$203,162	\$203,162
IT Costs	\$6,489	\$6,489	\$6,489	\$6,489	\$6,489	\$6,489	\$6,489
Misc. Costs	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119
Payroll Taxes	\$7,554	\$7,554	\$7,554	\$7,554	\$7,554	\$7,554	\$7,554
<b>Total Operating Costs</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>
<b>EBITDA</b>	<b>-\$329,301</b>	<b>-\$283,084</b>	<b>-\$232,361</b>	<b>-\$175,623</b>	<b>-\$112,641</b>	<b>-\$43,691</b>	<b>\$31,451</b>
Federal Income Tax	\$582	\$1,284	\$2,054	\$2,916	\$3,872	\$4,919	\$6,061
State Income Tax	\$116	\$257	\$411	\$583	\$774	\$984	\$1,212
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
<b>Net Profit</b>	<b>-\$333,499</b>	<b>-\$288,125</b>	<b>-\$238,327</b>	<b>-\$182,622</b>	<b>-\$120,788</b>	<b>-\$53,095</b>	<b>\$20,678</b>

<b>Profit and Loss Statement (First Year Cont.)</b>						
Month	8	9	10	11	12	Year 1
<b>Revenue</b>	<b>\$504,317</b>	<b>\$594,378</b>	<b>\$690,904</b>	<b>\$794,374</b>	<b>\$903,862</b>	<b>\$4,991,175</b>
Cost of Revenue	\$25,216	\$29,719	\$34,545	\$39,719	\$45,193	\$249,559
<b>Gross Profit</b>	<b>\$479,101</b>	<b>\$564,659</b>	<b>\$656,358</b>	<b>\$754,656</b>	<b>\$858,669</b>	<b>\$4,741,616</b>
<b>Expenses</b>						
Payroll	\$98,750	\$98,750	\$98,750	\$98,750	\$98,750	\$1,185,000
General and Administrative	\$20,797	\$20,797	\$20,797	\$20,797	\$20,797	\$249,559
Business Development Costs	\$18,717	\$18,717	\$18,717	\$18,717	\$18,717	\$224,603
Professional Fees and Licensure	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119	\$37,434
Insurance Costs	\$5,925	\$5,925	\$5,925	\$5,925	\$5,925	\$71,100
Marketing Costs	\$203,162	\$203,162	\$203,162	\$203,162	\$203,162	\$2,437,941
IT Costs	\$6,489	\$6,489	\$6,489	\$6,489	\$6,489	\$77,862
Misc. Costs	\$3,119	\$3,119	\$3,119	\$3,119	\$3,119	\$37,434
Payroll Taxes	\$7,554	\$7,554	\$7,554	\$7,554	\$7,554	\$90,653
<b>Total Operating Costs</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$367,632</b>	<b>\$4,411,585</b>
<b>EBITDA</b>	<b>\$111,469</b>	<b>\$197,027</b>	<b>\$288,726</b>	<b>\$387,024</b>	<b>\$491,036</b>	<b>\$330,031</b>
Federal Income Tax	\$7,276	\$8,575	\$9,968	\$11,460	\$13,040	\$72,008
State Income Tax	\$1,455	\$1,715	\$1,994	\$2,292	\$2,608	\$14,402
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000
<b>Net Profit</b>	<b>\$99,238</b>	<b>\$183,237</b>	<b>\$273,265</b>	<b>\$369,771</b>	<b>\$471,888</b>	<b>\$201,622</b>

<b>Profit and Loss Statement (Second Year)</b>					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
<b>Revenue</b>	\$2,996,511	\$3,913,686	\$4,957,395	\$6,146,054	\$18,013,647
Cost of Revenue	\$149,826	\$195,684	\$247,870	\$307,303	\$900,682
<b>Gross Profit</b>	<b>\$2,846,685</b>	<b>\$3,718,002</b>	<b>\$4,709,526</b>	<b>\$5,838,752</b>	<b>\$17,112,965</b>
<b>Expenses</b>					
Payroll	\$602,550	\$602,550	\$602,550	\$602,550	\$2,410,200
General and Administrative	\$202,654	\$202,654	\$202,654	\$202,654	\$810,614
Business Development Costs	\$137,840	\$180,030	\$228,040	\$282,719	\$828,628
Professional Fees and Licensure	\$20,226	\$26,417	\$33,462	\$41,486	\$121,592
Insurance Costs	\$36,153	\$36,153	\$36,153	\$36,153	\$144,612
Marketing Costs	\$737,749	\$963,560	\$1,220,524	\$1,513,176	\$4,435,010
IT Costs	\$90,068	\$90,068	\$90,068	\$90,068	\$360,273
Misc. Costs	\$20,976	\$27,396	\$34,702	\$43,022	\$126,096
Payroll Taxes	\$30,671	\$40,059	\$50,742	\$62,908	\$184,380
<b>Total Operating Costs</b>	<b>\$1,878,887</b>	<b>\$2,168,887</b>	<b>\$2,498,895</b>	<b>\$2,874,736</b>	<b>\$9,421,404</b>
<b>EBITDA</b>	<b>\$967,799</b>	<b>\$1,549,115</b>	<b>\$2,210,630</b>	<b>\$2,964,016</b>	<b>\$7,691,560</b>
Federal Income Tax	\$317,039	\$414,078	\$524,505	\$650,268	\$1,905,890
State Income Tax	\$63,408	\$82,816	\$104,901	\$130,054	\$381,178
Interest Expense	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$17,000	\$17,000	\$17,000	\$17,000	\$68,000
<b>Net Profit</b>	<b>\$570,353</b>	<b>\$1,035,221</b>	<b>\$1,564,224</b>	<b>\$2,166,694</b>	<b>\$5,336,492</b>

Profit and Loss Statement (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
<b>Revenue</b>	\$7,113,946	\$8,775,853	\$9,713,295	\$11,220,276	\$36,823,370
Cost of Revenue	\$355,697	\$438,793	\$485,665	\$561,014	\$1,841,168
<b>Gross Profit</b>	<b>\$6,758,248</b>	<b>\$8,337,060</b>	<b>\$9,227,631</b>	<b>\$10,659,262</b>	<b>\$34,982,201</b>
<b>Expenses</b>					
Payroll	\$998,572	\$998,572	\$998,572	\$998,572	\$3,994,289
General and Administrative	\$298,786	\$368,586	\$407,958	\$471,252	\$1,546,582
Business Development Costs	\$348,583	\$430,017	\$475,951	\$549,793	\$1,804,345
Professional Fees and Licensure	\$44,818	\$55,288	\$61,194	\$70,688	\$231,987
Insurance Costs	\$59,914	\$59,914	\$59,914	\$59,914	\$239,657
Marketing Costs	\$1,241,791	\$1,531,889	\$1,695,526	\$1,958,580	\$6,427,786
IT Costs	\$230,146	\$230,146	\$230,146	\$230,146	\$920,584
Misc. Costs	\$54,066	\$66,696	\$73,821	\$85,274	\$279,858
Payroll Taxes	\$76,391	\$76,391	\$76,391	\$76,391	\$305,563
<b>Total Operating Costs</b>	<b>\$3,353,067</b>	<b>\$3,817,499</b>	<b>\$4,079,474</b>	<b>\$4,500,611</b>	<b>\$15,750,651</b>
<b>EBITDA</b>	<b>\$3,405,181</b>	<b>\$4,519,561</b>	<b>\$5,148,156</b>	<b>\$6,158,651</b>	<b>\$19,231,550</b>
Federal Income Tax	\$920,340	\$1,135,344	\$1,256,622	\$1,451,582	\$4,763,888
State Income Tax	\$184,068	\$227,069	\$251,324	\$290,316	\$952,778
Interest Expense	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$44,000	\$44,000	\$44,000	\$44,000	\$176,000
<b>Net Profit</b>	<b>\$2,256,773</b>	<b>\$3,113,149</b>	<b>\$3,596,210</b>	<b>\$4,372,753</b>	<b>\$13,338,885</b>

<b>Profit and Loss Statement (Fourth Year)</b>					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
<b>Revenue</b>	\$12,748,066	\$14,419,497	\$15,944,260	\$17,744,456	\$60,856,279
Cost of Revenue	\$637,403	\$720,975	\$797,213	\$887,223	\$3,042,814
<b>Gross Profit</b>	<b>\$12,110,663</b>	<b>\$13,698,522</b>	<b>\$15,147,047</b>	<b>\$16,857,233</b>	<b>\$57,813,465</b>
<b>Expenses</b>					
Payroll	\$1,372,738	\$1,372,738	\$1,372,738	\$1,372,738	\$5,490,953
General and Administrative	\$509,923	\$576,780	\$637,770	\$709,778	\$2,434,251
Business Development Costs	\$650,151	\$735,394	\$813,157	\$904,967	\$3,103,670
Professional Fees and Licensure	\$76,488	\$86,517	\$95,666	\$106,467	\$365,138
Insurance Costs	\$82,364	\$82,364	\$82,364	\$82,364	\$329,457
Marketing Costs	\$1,768,945	\$2,000,876	\$2,212,455	\$2,462,253	\$8,444,528
IT Costs	\$395,566	\$395,566	\$395,566	\$395,566	\$1,582,263
Misc. Costs	\$100,710	\$113,914	\$125,960	\$140,181	\$480,765
Payroll Taxes	\$105,014	\$105,014	\$105,014	\$105,014	\$420,058
<b>Total Operating Costs</b>	<b>\$5,061,900</b>	<b>\$5,469,164</b>	<b>\$5,840,690</b>	<b>\$6,279,329</b>	<b>\$22,651,084</b>
<b>EBITDA</b>	<b>\$7,048,763</b>	<b>\$8,229,358</b>	<b>\$9,306,357</b>	<b>\$10,577,903</b>	<b>\$35,162,381</b>
Federal Income Tax	\$1,821,957	\$2,060,838	\$2,278,758	\$2,536,042	\$8,697,595
State Income Tax	\$364,391	\$412,168	\$455,752	\$507,208	\$1,739,519
Interest Expense	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$93,000	\$93,000	\$93,000	\$93,000	\$372,000
<b>Net Profit</b>	<b>\$4,769,415</b>	<b>\$5,663,352</b>	<b>\$6,478,847</b>	<b>\$7,441,653</b>	<b>\$24,353,267</b>

<b>Profit and Loss Statement (Fifth Year)</b>					
Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
<b>Revenue</b>	\$19,580,726	\$21,485,218	\$23,299,554	\$25,376,386	\$89,741,884
Cost of Revenue	\$979,036	\$1,074,261	\$1,164,978	\$1,268,819	\$4,487,094
<b>Gross Profit</b>	<b>\$18,601,690</b>	<b>\$20,410,957</b>	<b>\$22,134,576</b>	<b>\$24,107,567</b>	<b>\$85,254,789</b>
<b>Expenses</b>					
Payroll	\$1,865,531	\$1,865,531	\$1,865,531	\$1,865,531	\$7,462,123
General and Administrative	\$763,648	\$837,923	\$908,683	\$989,679	\$3,499,933
Business Development Costs	\$1,037,778	\$1,138,717	\$1,234,876	\$1,344,948	\$4,756,320
Professional Fees and Licensure	\$114,547	\$125,689	\$136,302	\$148,452	\$524,990
Insurance Costs	\$111,932	\$111,932	\$111,932	\$111,932	\$447,727
Marketing Costs	\$2,297,002	\$2,520,416	\$2,733,255	\$2,976,887	\$10,527,560
IT Costs	\$673,064	\$673,064	\$673,064	\$673,064	\$2,692,257
Misc. Costs	\$156,646	\$171,882	\$186,396	\$203,011	\$717,935
Payroll Taxes	\$142,713	\$142,713	\$142,713	\$142,713	\$570,852
<b>Total Operating Costs</b>	<b>\$7,162,862</b>	<b>\$7,587,867</b>	<b>\$7,992,753</b>	<b>\$8,456,217</b>	<b>\$31,199,698</b>
<b>EBITDA</b>	<b>\$11,438,828</b>	<b>\$12,823,090</b>	<b>\$14,141,823</b>	<b>\$15,651,349</b>	<b>\$54,055,091</b>
Federal Income Tax	\$2,911,633	\$3,194,829	\$3,464,619	\$3,773,442	\$13,344,523
State Income Tax	\$582,327	\$638,966	\$692,924	\$754,688	\$2,668,905
Interest Expense	\$0	\$0	\$0	\$0	\$0
Depreciation Expenses	\$169,250	\$169,250	\$169,250	\$169,250	\$677,000
<b>Net Profit</b>	<b>\$7,775,618</b>	<b>\$8,820,045</b>	<b>\$9,815,031</b>	<b>\$10,953,969</b>	<b>\$37,364,664</b>

## Appendix E – Expanded Cash Flow Analysis

	Cash Flow Analysis (First Year)								
	Month	1	2	3	4	5	6	7	8
Cash From Operations	-\$328,007	-\$282,866	-\$233,215	-\$177,770	-\$116,349	-\$49,612	\$22,350	\$100,918	\$0
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>-\$328,007</b>	<b>-\$282,866</b>	<b>-\$233,215</b>	<b>-\$177,770</b>	<b>-\$116,349</b>	<b>-\$49,612</b>	<b>\$22,350</b>	<b>\$100,918</b>	<b>\$0</b>
<b>Other Cash Inflows</b>									
Equity Investment	\$1,550,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
<b>Total Other Cash Inflows</b>	<b>\$1,550,083</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>
<b>Total Cash Inflow</b>	<b>\$1,222,076</b>	<b>-\$282,782</b>	<b>-\$233,132</b>	<b>-\$177,687</b>	<b>-\$116,266</b>	<b>-\$49,529</b>	<b>\$22,433</b>	<b>\$101,001</b>	<b>\$0</b>
<b>Cash Outflows</b>									
Repayment of Principal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$200,058</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$200,058</b>
<b>Net Cash Flow</b>	<b>\$1,022,018</b>	<b>-\$282,841</b>	<b>-\$233,190</b>	<b>-\$177,745</b>	<b>-\$116,324</b>	<b>-\$49,587</b>	<b>\$22,375</b>	<b>-\$99,057</b>	<b>\$0</b>
<b>Cash Balance</b>	<b>\$1,022,018</b>	<b>\$739,177</b>	<b>\$505,987</b>	<b>\$328,241</b>	<b>\$211,917</b>	<b>\$162,330</b>	<b>\$184,704</b>	<b>\$85,647</b>	<b>\$0</b>

<b>Cash Flow Analysis (First Year Cont.)</b>					
Month	9	10	11	12	Year 1
Cash From Operations	\$185,836	\$276,018	\$370,882	\$472,823	\$241,006
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$185,836</b>	<b>\$276,018</b>	<b>\$370,882</b>	<b>\$472,823</b>	<b>\$241,006</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$1,550,000
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
<b>Total Other Cash Inflows</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$1,551,000</b>
<b>Total Cash Inflow</b>	<b>\$185,920</b>	<b>\$276,101</b>	<b>\$370,965</b>	<b>\$472,907</b>	<b>\$1,792,006</b>
<b>Cash Outflows</b>					
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	\$235,000	\$635,000
Dividends	\$0	\$0	\$0	\$120,503	\$120,503
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$58</b>	<b>\$58</b>	<b>\$58</b>	<b>\$355,562</b>	<b>\$756,203</b>
<b>Net Cash Flow</b>	<b>\$185,861</b>	<b>\$276,043</b>	<b>\$370,907</b>	<b>\$117,345</b>	<b>\$1,035,803</b>
<b>Cash Balance</b>	<b>\$271,508</b>	<b>\$547,551</b>	<b>\$918,458</b>	<b>\$1,035,803</b>	<b>\$1,035,803</b>

<b>Cash Flow Analysis (Second Year)</b>					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$581,894	\$1,044,051	\$1,576,584	\$2,177,482	\$5,380,011
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$581,894</b>	<b>\$1,044,051</b>	<b>\$1,576,584</b>	<b>\$2,177,482</b>	<b>\$5,380,011</b>
<b>Other Cash Inflows</b>					
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	\$174	\$228	\$289	\$359	\$1,050
<b>Total Other Cash Inflows</b>	<b>\$174</b>	<b>\$228</b>	<b>\$289</b>	<b>\$359</b>	<b>\$1,050</b>
<b>Total Cash Inflow</b>	<b>\$582,069</b>	<b>\$1,044,279</b>	<b>\$1,576,873</b>	<b>\$2,177,840</b>	<b>\$5,381,061</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$0	\$0	\$0	\$0	\$0
A/P Decreases	\$122	\$159	\$202	\$251	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$1,076,002	\$0	\$0	\$0	\$1,076,002
Dividends	\$0	\$0	\$0	\$2,690,005	\$2,690,005
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$1,076,124</b>	<b>\$159</b>	<b>\$202</b>	<b>\$2,690,256</b>	<b>\$3,766,743</b>
<b>Net Cash Flow</b>	<b>-\$494,055</b>	<b>\$1,044,119</b>	<b>\$1,576,670</b>	<b>-\$512,416</b>	<b>\$1,614,318</b>
<b>Cash Balance</b>	<b>\$541,748</b>	<b>\$1,585,867</b>	<b>\$3,162,538</b>	<b>\$2,650,121</b>	<b>\$2,650,121</b>

<b>Cash Flow Analysis (Third Year)</b>					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$2,293,575	\$3,150,577	\$3,636,034	\$4,410,150	\$13,490,335
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$2,293,575</b>	<b>\$3,150,577</b>	<b>\$3,636,034</b>	<b>\$4,410,150</b>	<b>\$13,490,335</b>
<b>Other Cash Inflows</b>					
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	\$213	\$263	\$291	\$336	\$1,103
<b>Total Other Cash Inflows</b>	<b>\$213</b>	<b>\$263</b>	<b>\$291</b>	<b>\$336</b>	<b>\$1,103</b>
<b>Total Cash Inflow</b>	<b>\$2,293,788</b>	<b>\$3,150,840</b>	<b>\$3,636,325</b>	<b>\$4,410,486</b>	<b>\$13,491,438</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$0	\$0	\$0	\$0	\$0
A/P Decreases	\$149	\$184	\$204	\$235	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$2,698,067	\$0	\$0	\$0	\$2,698,067
Dividends	\$0	\$0	\$0	\$6,745,168	\$6,745,168
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$2,698,216</b>	<b>\$184</b>	<b>\$204</b>	<b>\$6,745,403</b>	<b>\$9,444,007</b>
<b>Net Cash Flow</b>	<b>-\$404,429</b>	<b>\$3,150,656</b>	<b>\$3,636,121</b>	<b>-\$2,334,917</b>	<b>\$4,047,431</b>
<b>Cash Balance</b>	<b>\$2,245,693</b>	<b>\$5,396,349</b>	<b>\$9,032,470</b>	<b>\$6,697,553</b>	<b>\$6,697,553</b>

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$4,856,472	\$5,747,619	\$6,565,102	\$7,532,433	\$24,701,625
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$4,856,472</b>	<b>\$5,747,619</b>	<b>\$6,565,102</b>	<b>\$7,532,433</b>	<b>\$24,701,625</b>
<b>Other Cash Inflows</b>					
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	\$242	\$274	\$303	\$338	\$1,158
<b>Total Other Cash Inflows</b>	<b>\$242</b>	<b>\$274</b>	<b>\$303</b>	<b>\$338</b>	<b>\$1,158</b>
<b>Total Cash Inflow</b>	<b>\$4,856,714</b>	<b>\$5,747,893</b>	<b>\$6,565,405</b>	<b>\$7,532,771</b>	<b>\$24,702,783</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$0	\$0	\$0	\$0	\$0
A/P Decreases	\$170	\$192	\$212	\$236	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$4,940,325	\$0	\$0	\$0	\$4,940,325
Dividends	\$0	\$0	\$0	\$12,350,812	\$12,350,812
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$4,940,495</b>	<b>\$192</b>	<b>\$212</b>	<b>\$12,351,049</b>	<b>\$17,291,948</b>
<b>Net Cash Flow</b>	<b>-\$83,780</b>	<b>\$5,747,701</b>	<b>\$6,565,193</b>	<b>-\$4,818,278</b>	<b>\$7,410,835</b>
<b>Cash Balance</b>	<b>\$6,613,773</b>	<b>\$12,361,473</b>	<b>\$18,926,666</b>	<b>\$14,108,388</b>	<b>\$14,108,388</b>

**Cash Flow Analysis (Fifth Year)**

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$7,946,302	\$8,989,643	\$9,986,234	\$11,118,437	\$38,040,616
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$7,946,302</b>	<b>\$8,989,643</b>	<b>\$9,986,234</b>	<b>\$11,118,437</b>	<b>\$38,040,616</b>
<b>Other Cash Inflows</b>					
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	\$265	\$291	\$316	\$344	\$1,216
<b>Total Other Cash Inflows</b>	<b>\$265</b>	<b>\$291</b>	<b>\$316</b>	<b>\$344</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$7,946,568</b>	<b>\$8,989,934</b>	<b>\$9,986,549</b>	<b>\$11,118,780</b>	<b>\$38,041,831</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$0	\$0	\$0	\$0	\$0
A/P Decreases	\$186	\$204	\$221	\$241	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$7,608,123	\$0	\$0	\$0	\$7,608,123
Dividends	\$0	\$0	\$0	\$19,020,308	\$19,020,308
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$7,608,309</b>	<b>\$204</b>	<b>\$221</b>	<b>\$19,020,548</b>	<b>\$26,629,282</b>
<b>Net Cash Flow</b>	<b>\$338,259</b>	<b>\$8,989,730</b>	<b>\$9,986,328</b>	<b>-\$7,901,768</b>	<b>\$11,412,549</b>
<b>Cash Balance</b>	<b>\$14,446,646</b>	<b>\$23,436,376</b>	<b>\$33,422,705</b>	<b>\$25,520,937</b>	<b>\$25,520,937</b>