MATT'S STORAGE

Human Intelligence
Business Plans

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1.0 Executive Summary

The purpose of this business plan is to raise $1,850,000 of debt funds for the development of a self-storage facility while showcasing the expected financials and operations over the next three years. Matt's Storage, Inc. ("the Company") is a New York based corporation that will provide a number of varying sized self storage spaces to customers in its targeted market. The Company was founded by Matthew Deutsch.

1.1 The Services

The Company intends to operate a substantial self-storage facility in its targeted market outside of the New York metropolitan area (Dutchess County). The facility will feature approximately five acres of space so that customers can rent large (full scale), medium, and small storage spaces for their personal belongings.

The Company will be able to generate recurring streams of income on a monthly basis from the continued rental of these spaces to customers. Management, based on the architectural plans for the facility, expects to develop 100 full sized spaces (about the size of a small garage), 200 medium sized spaces (approximately 10 feet by 5 feet), and 500 small sized space (5 feet by 5 feet).

The third section of the business plan will further describe the services offered by Matt's Storage.

1.2 Financing

Mr. Deutsch is seeking to raise $1,850,000. The interest rate and loan agreement are to be further discussed during negotiation. This business plan assumes that the business will receive a 25-year loan with a 5% fixed interest rate. The financing will be used for the following:

- Development of the Company's Matt's Storage location.
- Financing for the first six months of operation.
- Capital to security equipment for Matt's Storage.

Mr. Deutsch will contribute $150,000 to the venture. It should be noted that the Company would be an excellent candidate for a working capital line of credit or business expansion loan in the future given the recurring streams of revenue generated. The equity created could be hypothecated in order to develop subsequent self storage facilities. However, this business plan assumes no further capital (outside of the capital sought in this document) will be used during the next three years.

1.3 Mission Statement

Matt's Storage's mission is to provide customers with an easily accessible location where they can securely store their personal items.

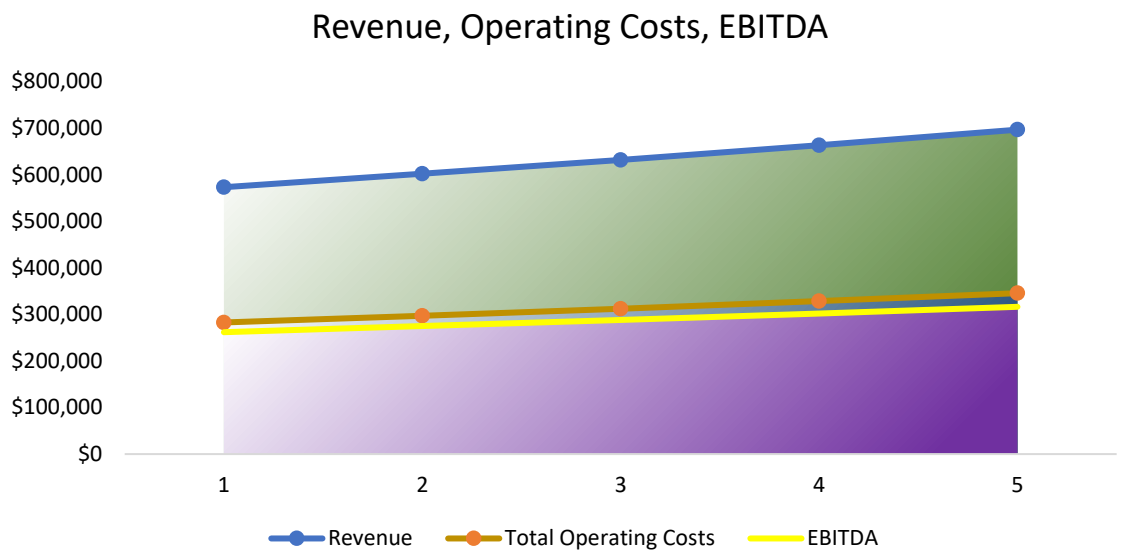
1.4 Management Team

The Company was founded by Matthew Deutsch. Mr. Deutsch has more than 10 years of experience in the real estate development industry. Through his expertise, he will be able to bring the operations of the business to profitability within its first year of operations.

1.5 Sales Forecasts

Mr. Deutsch expects a strong rate of growth at the start of operations. Below are the expected financials over the next three years.

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$573,000	$601,650	$631,733	$663,319	$696,485
Cost of Revenue	$28,650	$30,083	$31,587	$33,166	$34,824
Gross Profit	$544,350	$571,568	$600,146	$630,153	$661,661
Total Operating Costs	$282,616	$296,892	$312,081	$328,250	$345,475
EBITDA	**$261,734**	**$274,675**	**$288,065**	**$301,903**	**$316,186**



1.6 Expansion Plan

The Founder expects that the business will aggressively expand during the first three years of operation. Mr. Deutsch intends to implement marketing campaigns that will effectively target individuals seeking storage space within the target market.

Additionally, Mr. Deutsch may seek to develop additional facilities with the accrued profits of the business after the third year of operations. He may seek to refinance the equity of the self storage complex to be used as a down payment for a second facility.

2.0 Company and Financing Summary

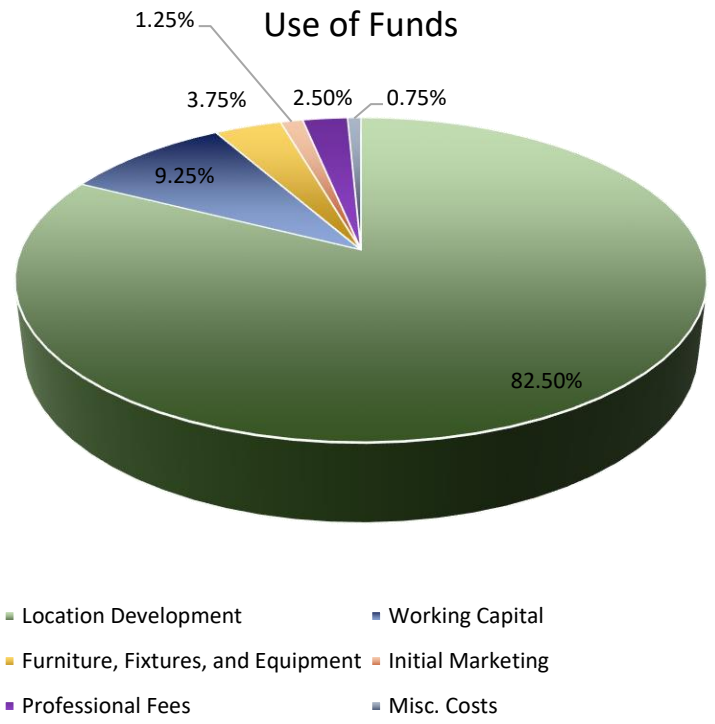
2.1 Registered Name and Corporate Structure

Matt's Storage, Inc. The Company is registered as a corporation in the State of New York.

2.2 Required Funds

At this time, Matt's Storage requires $1,850,000 of debt funds. Below is a breakdown of how these funds will be used:

Use of Funds	
Location Development	$1,650,000
Working Capital	$185,000
Furniture, Fixtures, and Equipment	$75,000
Initial Marketing	$25,000
Professional Fees	$50,000
Misc. Costs	$15,000
Total	$2,000,000



2.3 Investor Equity

Mr. Deutsch is not seeking an investment from a third party at this time.

2.4 Management Equity

Matthew Deutsch owns 100% of Matt's Storage, Inc.

2.5 Exit Strategy

In the event that Mr. Deutsch wishes to sell Matt's Storage, he will contract a real estate brokerage firm to showcase the property to potential buyers. Typically, these businesses have a very high resale value due to the increased value of the property over time plus the recurring nature of the facility's revenues. Mr. Deutsch expects that the business could be sold for ten times earnings (including the real estate).

3.0 Services

As stated earlier, the Company's primary revenue source will come from the management of the self storage facility that Mr. Deutsch intends to develop outside of the New York metropolitan area. This facility will be of a substantial size, and Management expects that it will have 800 customers by the end of the first year of operation. Demand for additional storage space in the target market is immense, and by developing an easily accessible location the business will be able to maintain a near 100% occupancy rate at all times. Customers will be billed on a monthly basis directly to a credit/debit card account. This will ensure that the business does not need to worry about maintaining and collecting late receivables from customers.

Additionally, customers will benefit from the fact that the storage facility will offer 24 hour access, and a security patrol guard will be on the premises at all times to ensure the safety of the customer's stored items. The facility will have state of the art surveillance equipment installed on the premises to ensure maximum security.

4.0 Strategic and Market Analysis

4.1 Economic Outlook

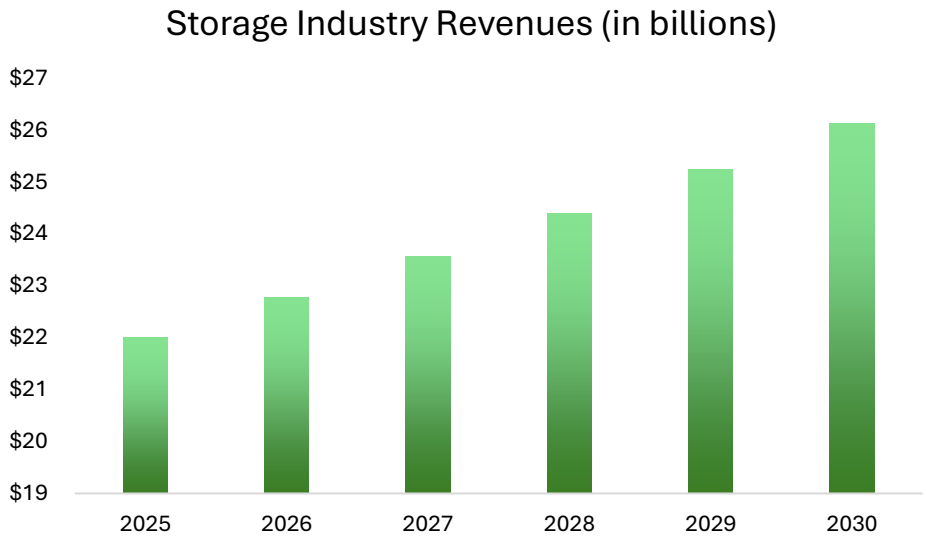
This section of the analysis will detail the economic climate, the storage facility industry, the customer profile, and the competition that the business will face as it progresses through its business operations.

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, once self storage facilities (especially in large metropolitan areas) are somewhat immune from deleterious economic changes once they reach near full capacity. In major metropolitan areas, space is an expensive commodity, and people (regardless of the economic climate) will continue to require additional storage for their belongings.

4.2 Industry Analysis

Within the United States, there are approximately 180,000 companies that operate one or more self storage facilities. Each year, these companies aggregately generate $22 billion of revenues while concurrently providing jobs to more than 200,000 people.

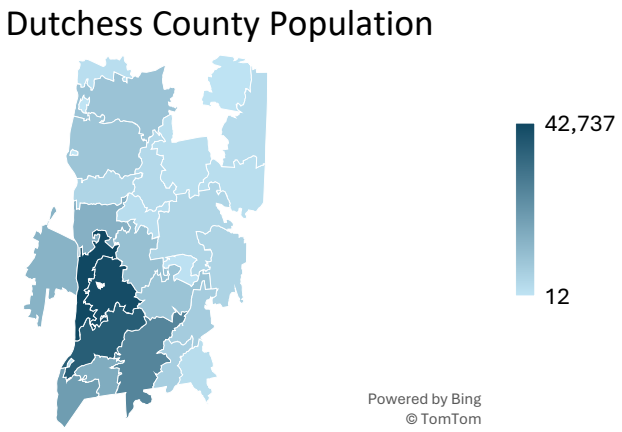


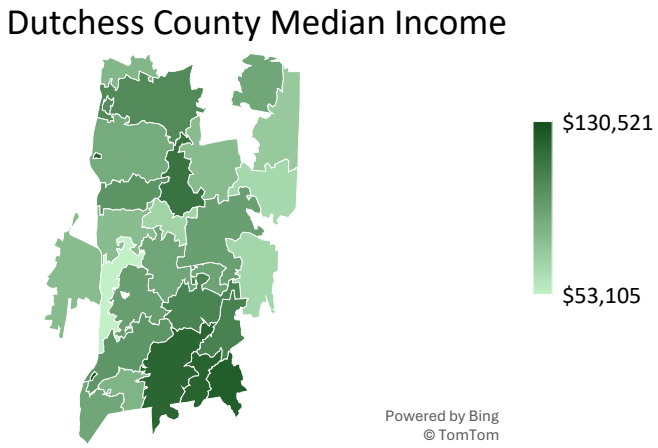
One of the common trends within this industry is to partner with a self-storage facility marketing company that charges a royalty for mass marketing the developer's facility. This business model is similar to major hotel chains that provide marketing services to customers, but do not directly own the properties.

4.3 Customer Profile

Matt's Storage's average client will be a middle to upper middle class person living in the Company's target market. Common traits among clients will include:

- Annual household income exceeding $50,000
- Lives or works no more than 15 miles from the Company's self storage facility location.
- Will spend $100 to $300 per month with Matt's Storage.





4.4 Competition

As this business plan is for a fictional business, no formal competitive analysis was conducted. If this was a plan for a real company, a thorough analysis of area competitors would be completed with a focus on the number of competing companies, their size, and estimated revenue.

5.0 Marketing Plan

Matt's Storage intends to maintain an extensive presence within its targeted market so that the business can have its facility reach maximum (or near maximum) capacity by the ninth month of operation.

5.1 Marketing Objectives

- Develop an online presence by developing a website and placing the Company's name and contact information with online directories.
- Develop relationships with real estate brokers that are assisting clients with moves (who require storage space that will not fit into their new living spaces).
- Potentially partner with a national self-storage marketing company that will brand the Company's facility, thus providing it with greater visibility in the targeted market.

5.2 Revenue Overview

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Growth (%)	0.0%	5.0%	5.0%	5.0%	5.0%
Storage Services	$573,000	$601,650	$631,733	$663,319	$696,485
Totals	**$573,000**	**$601,650**	**$631,733**	**$663,319**	**$696,485**

Gross Profit					
Year	1	2	3	4	5
Total	**$544,350**	**$571,568**	**$600,146**	**$630,153**	**$661,661**

5.3 Marketing Strategies

Management intends on using a number of marketing strategies that will create immediate visibility for Matt's Storage at the onset of operations. Prior to the completion of the facility, the business will develop a local marketing campaign that will include traditional advertisements in locally distributed newspapers and periodicals that will inform the general public of Matt's Storage's opening, its pricing, and its location.

The business will also develop a website showcasing Matt's Storage's operations, its location, directions to the location, pricing of various sized spaces, the security on premises, and how a person can become a customer of Matt's Storage. Mr. Deutsch will register this website with several online directories as many people now use the internet to find local service providers. This website will feature ecommerce functionality so that users can update their payment information from time-to-time.

As mentioned above, the Company will also develop referral relationships with local real estate agents and brokers that will refer business to Matt's Storage from clients that are moving to the area, but lack the space to store all of their belongings in their new homes or

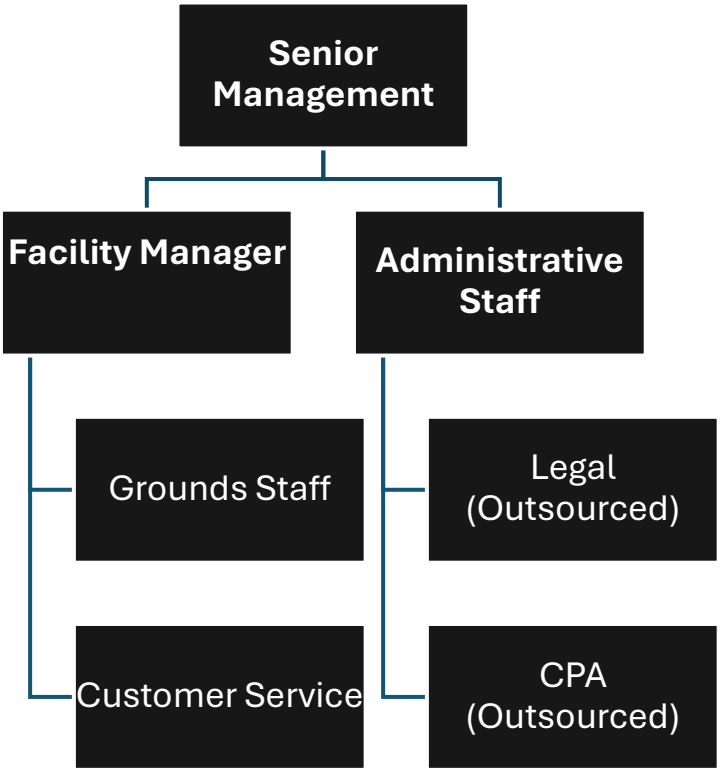
apartments. This will become an invaluable source for marketing the business to the general public.

Matt's Storage will develop ongoing relationships with moving companies so that individuals will be referred to the business when they have specific short term or long term storage needs. In turn, the Company will provide referrals for moving services when a customer needs transportation services for their personal belongings.

Finally, the business will maintain relationships with companies that purchase storage units when it is abandoned over a certain period of time and no payment has been made for services. This will allow for quick removal of items when they are no longer maintained by the customer. It should be noted that the Company will adhere to all applicable state laws when this type of event occurs.

6.0 Organizational Plan and Personnel Summary

6.1 Corporate Organization

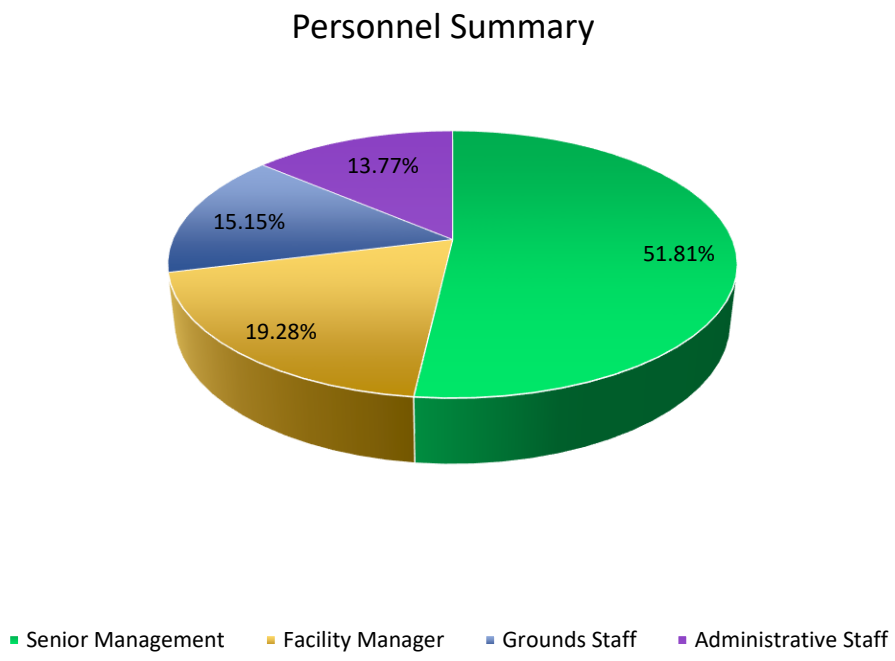


6.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$75,000	$81,750	$89,108	$97,127	$105,869
Facility Manager	$35,000	$36,050	$37,132	$38,245	$39,393
Grounds Staff	$27,500	$28,325	$29,175	$30,050	$30,951
Administrative Staff	$25,000	$25,750	$26,523	$27,318	$28,138
Total	**$162,500**	**$171,875**	**$181,936**	**$192,741**	**$204,351**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Facility Manager	1	1	1	1	1
Grounds Staff	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Total	**4**	**4**	**4**	**4**	**4**

6.2 Organizational Budget (Cont.)



7.0 Financial Plan

7.1 Underlying Assumptions

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

- Matt's Storage will have an annual revenue growth rate of 5% per year.
- The Owner will acquire $1,850,000 of debt funds to develop the business.
- The loan will have a 25 year term with a 5% interest rate.
- The property and real estate owned by the business will appreciate at a 4% rate per year.
- Management will contribute $150,000 towards the development of Matt's Storage.

7.2 Sensitivity Analysis

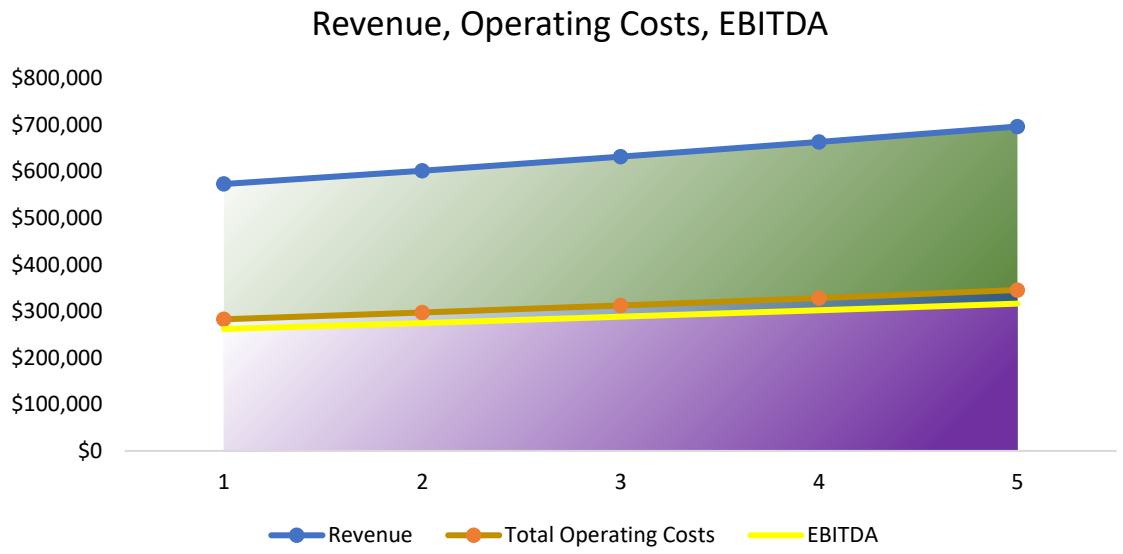
Matt's Storage's revenue should not be sensitive to changes in the general economy. Once a customer rents a space from the facility, they will most likely continue to use the space for years to come. Additionally, all fees will be billed on a monthly basis to a credit or debit card, which will ensure that the business maintains minimal receivables issues and that the debt undertaken by the Company can be serviced on a monthly basis.

7.3 Source of Funds

Financing	
Equity	
Equity Capitalization	$150,000.00
Total Equity Financing	$150,000.00
Banks and Lenders	
Business Loan	$1,850,000.00
Total Debt Financing	$1,850,000.00
Total Financing	**$2,000,000.00**

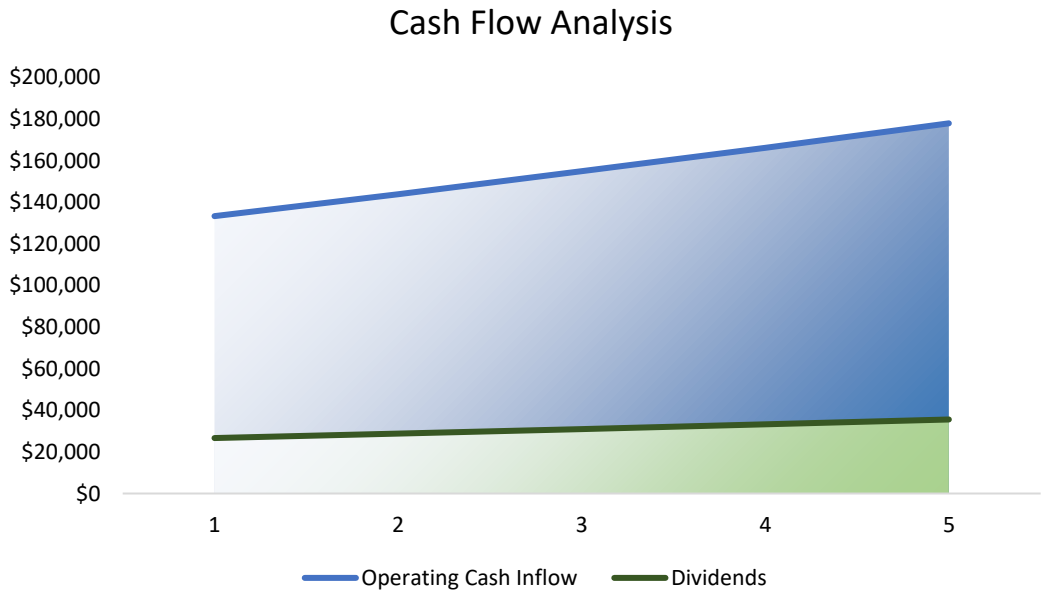
7.4 Profit and Loss Statements

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$573,000	$601,650	$631,733	$663,319	$696,485
Cost of Revenue	$28,650	$30,083	$31,587	$33,166	$34,824
Gross Margin	95.00%	95.00%	95.00%	95.00%	95.00%
Gross Profit	$544,350	$571,568	$600,146	$630,153	$661,661
Expenses					
Payroll	$162,500	$171,875	$181,936	$192,741	$204,351
General and Administrative	$8,595	$9,025	$9,476	$9,950	$10,447
Business Development	$10,028	$10,529	$11,055	$11,608	$12,188
Marketing	$20,118	$21,124	$22,180	$23,289	$24,454
Insurance Costs	$5,000	$5,250	$5,513	$5,788	$6,078
Professional Fees	$2,500	$2,625	$2,756	$2,894	$3,039
Facility Costs	$60,000	$61,800	$63,654	$65,564	$67,531
Misc. Costs	$1,444	$1,516	$1,592	$1,672	$1,755
Payroll Taxes	$12,431	$13,148	$13,918	$14,745	$15,633
Total Operating Costs	**$282,616**	**$296,892**	**$312,081**	**$328,250**	**$345,475**
EBITDA	**$261,734**	**$274,675**	**$288,065**	**$301,903**	**$316,186**
Federal Income Tax	$30,675	$34,280	$38,020	$41,898	$45,913
State Income Tax	$6,135	$6,856	$7,604	$8,380	$9,183
Interest Expense	$91,634	$89,682	$87,631	$85,474	$83,208
Depreciation Expenses	$47,400	$47,874	$48,353	$48,836	$49,325
Net Profit	**$85,890**	**$95,983**	**$106,457**	**$117,315**	**$128,558**
Profit Margin	**14.99%**	**15.95%**	**16.85%**	**17.69%**	**18.46%**



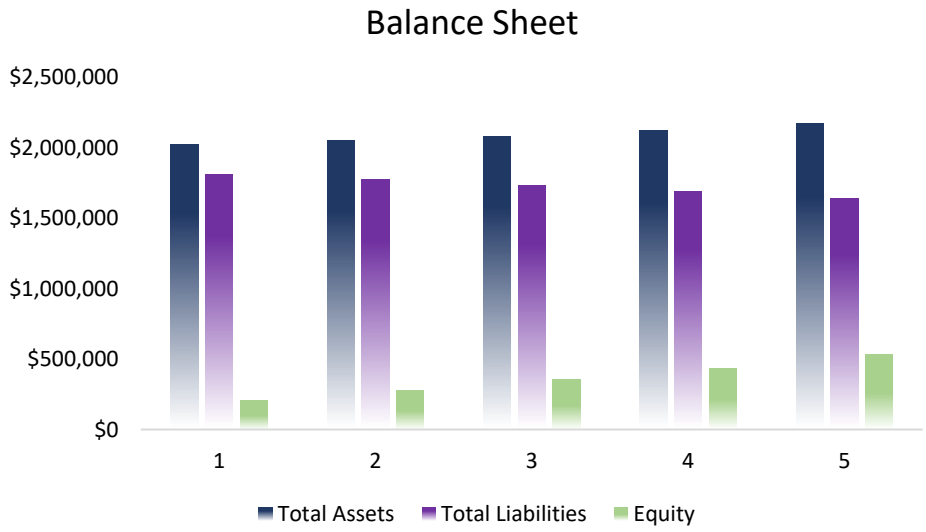
7.5 Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$133,290	$143,857	$154,810	$166,151	$177,882
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$133,290**	**$143,857**	**$154,810**	**$166,151**	**$177,882**
Other Cash Inflows					
Equity Investment	$150,000	$0	$0	$0	$0
Increased Borrowings	$1,850,000	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$1,000	$1,050	$1,103	$1,158	$1,216
Total Other Cash Inflows	**$2,001,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$2,134,290**	**$144,907**	**$155,913**	**$167,309**	**$179,098**
Cash Outflows					
Repayment of Principal	$38,145	$40,097	$42,148	$44,305	$46,571
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,850,000	$28,771	$30,962	$33,230	$35,576
Dividends	$26,658	$28,771	$30,962	$33,230	$35,576
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,915,503**	**$98,375**	**$104,844**	**$111,575**	**$118,575**
Net Cash Flow	**$218,787**	**$46,533**	**$51,069**	**$55,733**	**$60,523**
Cash Balance	**$218,787**	**$265,320**	**$316,388**	**$372,121**	**$432,644**



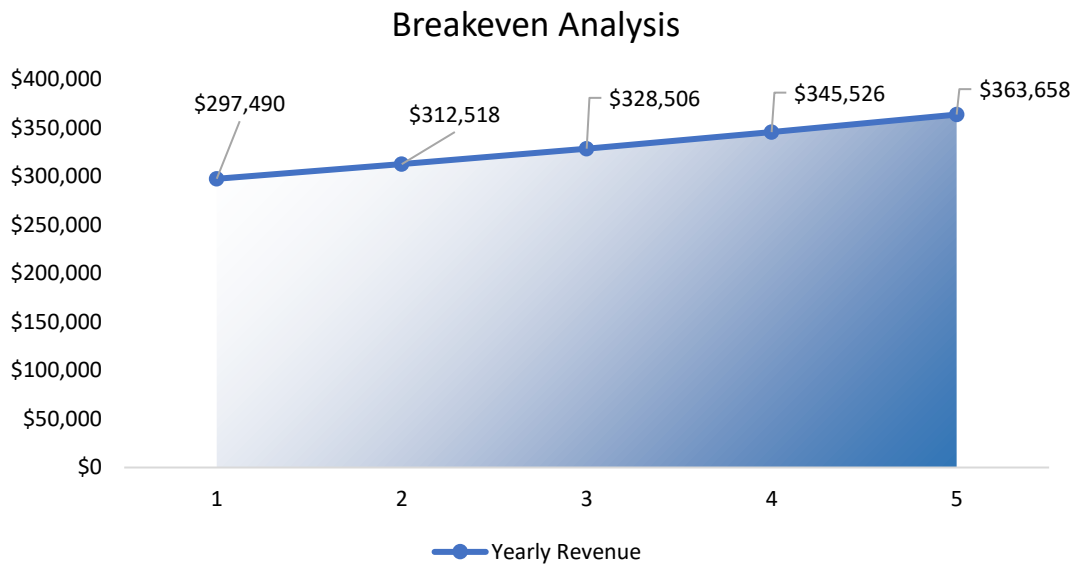
7.6 Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$218,787	$265,320	$316,388	$372,121	$432,644
Fixed Assets	$1,850,000	$1,878,771	$1,909,734	$1,942,964	$1,978,540
Accumulated Depreciation	($47,400)	($95,274)	($143,627)	($192,463)	($241,788)
Total Assets	**$2,021,387**	**$2,048,817**	**$2,082,495**	**$2,122,622**	**$2,169,397**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$1,811,855	$1,771,758	$1,729,610	$1,685,305	$1,638,733
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$1,812,155**	**$1,772,373**	**$1,730,555**	**$1,686,598**	**$1,640,391**
Equity	**$209,232**	**$276,444**	**$351,940**	**$436,024**	**$529,005**
Total Liabilities and Equity	**$2,021,387**	**$2,048,817**	**$2,082,495**	**$2,122,622**	**$2,169,397**



7.7 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$24,791	$26,043	$27,375	$28,794	$30,305
Yearly Revenue	$297,490	$312,518	$328,506	$345,526	$363,658



7.8 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	5.0%	5.0%	5.0%	5.0%
Gross Margin	95.0%	95.0%	95.0%	95.0%	95.0%
Financials					
Profit Margin	14.99%	15.95%	16.85%	17.69%	18.46%
Assets to Liabilities	1.12	1.16	1.20	1.26	1.32
Equity to Liabilities	0.12	0.16	0.20	0.26	0.32
Assets to Equity	9.66	7.41	5.92	4.87	4.10
Liquidity					
Acid Test	0.12	0.15	0.18	0.22	0.26
Cash to Assets	0.11	0.13	0.15	0.18	0.20

Appendix A – SWOT Analysis

Strengths

- Economically insulated business.
- High gross margins from ongoing self storage rental services.
- Recurring streams of revenue on a monthly basis.
- An owner-operator (Matthew Deutsch) that has extensive experience in the self storage facility industry.

Weaknesses

- Many regulatory and compliance issues.
- Large property tax expenditures.
- Competitors within the same New York metropolitan area market.

Opportunities

- Expansion of the business to maintain several facilities.
- Attract additional equity capital from private equity firms and angel investors.
- Refinancing the equity of the first facility in order to facilitate the development of additional locations.

Threats

- Many other businesses targeting the same customer base throughout the New York metropolitan area.
- Changes in interest rates can impact the growth of the business in the event that additional facilities are to be developed.
- Liabilities resulting from onsite client injury can severely damage the Company.

Appendix B - Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$45,000**	**$45,500**	**$46,000**	**$46,500**	**$47,000**	**$47,500**	**$48,000**
Cost of Revenue	$2,250	$2,275	$2,300	$2,325	$2,350	$2,375	$2,400
Gross Profit	$42,750	$43,225	$43,700	$44,175	$44,650	$45,125	$45,600
Expenses							
Payroll	$13,542	$13,542	$13,542	$13,542	$13,542	$13,542	$13,542
General and Administrative	$716	$716	$716	$716	$716	$716	$716
Business Development	$836	$836	$836	$836	$836	$836	$836
Marketing	$1,677	$1,677	$1,677	$1,677	$1,677	$1,677	$1,677
Insurance Costs	$417	$417	$417	$417	$417	$417	$417
Professional Fees	$208	$208	$208	$208	$208	$208	$208
Facility Costs	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Misc. Costs	$120	$120	$120	$120	$120	$120	$120
Payroll Taxes	$1,036	$1,036	$1,036	$1,036	$1,036	$1,036	$1,036
Total Operating Costs	$23,551	$23,551	$23,551	$23,551	$23,551	$23,551	$23,551
EBITDA	$19,199	$19,674	$20,149	$20,624	$21,099	$21,574	$22,049
Federal Income Tax	$2,409	$2,436	$2,463	$2,489	$2,516	$2,543	$2,570
State Income Tax	$482	$487	$493	$498	$503	$509	$514
Interest Expense	$7,708	$7,695	$7,682	$7,669	$7,656	$7,643	$7,630
Depreciation Expenses	$3,950	$3,950	$3,950	$3,950	$3,950	$3,950	$3,950
Net Profit	$4,650	$5,105	$5,561	$6,017	$6,473	$6,929	$7,385

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$48,500**	**$49,000**	**$49,500**	**$50,000**	**$50,500**	**$573,000**
Cost of Revenue	$2,425	$2,450	$2,475	$2,500	$2,525	$28,650
Gross Profit	$46,075	$46,550	$47,025	$47,500	$47,975	$544,350
Expenses						
Payroll	$13,542	$13,542	$13,542	$13,542	$13,542	$162,500
General and Administrative	$716	$716	$716	$716	$716	$8,595
Business Development	$836	$836	$836	$836	$836	$10,028
Marketing	$1,677	$1,677	$1,677	$1,677	$1,677	$20,118
Insurance Costs	$417	$417	$417	$417	$417	$5,000
Professional Fees	$208	$208	$208	$208	$208	$2,500
Facility Costs	$5,000	$5,000	$5,000	$5,000	$5,000	$60,000
Misc. Costs	$120	$120	$120	$120	$120	$1,444
Payroll Taxes	$1,036	$1,036	$1,036	$1,036	$1,036	$12,431
Total Operating Costs	$23,551	$23,551	$23,551	$23,551	$23,551	$282,616
EBITDA	$22,524	$22,999	$23,474	$23,949	$24,424	$261,734
Federal Income Tax	$2,596	$2,623	$2,650	$2,677	$2,703	$30,675
State Income Tax	$519	$525	$530	$535	$541	$6,135
Interest Expense	$7,617	$7,603	$7,590	$7,576	$7,563	$91,634
Depreciation Expenses	$3,950	$3,950	$3,950	$3,950	$3,950	$47,400
Net Profit	$7,841	$8,298	$8,754	$9,210	$9,667	$85,890

Profit and Loss Statement (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$145,900	$148,908	$151,917	$154,925	$601,650
Cost of Revenue	$7,295	$7,445	$7,596	$7,746	$30,083
Gross Profit	**$138,605**	**$141,463**	**$144,321**	**$147,179**	**$571,568**
Expenses					
Payroll	$42,969	$42,969	$42,969	$42,969	$171,875
General and Administrative	$2,256	$2,256	$2,256	$2,256	$9,025
Business Development	$2,553	$2,606	$2,659	$2,711	$10,529
Marketing	$5,123	$5,228	$5,334	$5,439	$21,124
Insurance Costs	$1,313	$1,313	$1,313	$1,313	$5,250
Professional Fees	$637	$650	$663	$676	$2,625
Facility Costs	$15,450	$15,450	$15,450	$15,450	$61,800
Misc. Costs	$368	$375	$383	$390	$1,516
Payroll Taxes	$3,188	$3,254	$3,320	$3,386	$13,148
Total Operating Costs	**$73,856**	**$74,101**	**$74,345**	**$74,590**	**$296,892**
EBITDA	**$64,749**	**$67,362**	**$69,975**	**$72,589**	**$274,675**
Federal Income Tax	$8,313	$8,484	$8,656	$8,827	$34,280
State Income Tax	$1,663	$1,697	$1,731	$1,765	$6,856
Interest Expense	$22,607	$22,484	$22,359	$22,232	$89,682
Depreciation Expenses	$11,969	$11,969	$11,969	$11,969	$47,874
Net Profit	**$20,198**	**$22,729**	**$25,261**	**$27,795**	**$95,983**

Profit and Loss Statement (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$153,195	$156,354	$159,512	$162,671	$631,733
Cost of Revenue	$7,660	$7,818	$7,976	$8,134	$31,587
Gross Profit	**$145,535**	**$148,536**	**$151,537**	**$154,538**	**$600,146**
Expenses					
Payroll	$45,484	$45,484	$45,484	$45,484	$181,936
General and Administrative	$2,298	$2,345	$2,393	$2,440	$9,476
Business Development	$2,681	$2,736	$2,791	$2,847	$11,055
Marketing	$5,379	$5,490	$5,600	$5,711	$22,180
Insurance Costs	$1,378	$1,378	$1,378	$1,378	$5,513
Professional Fees	$668	$682	$696	$710	$2,756
Facility Costs	$15,914	$15,914	$15,914	$15,914	$63,654
Misc. Costs	$386	$394	$402	$410	$1,592
Payroll Taxes	$3,480	$3,480	$3,480	$3,480	$13,918
Total Operating Costs	**$77,667**	**$77,902**	**$78,138**	**$78,373**	**$312,081**
EBITDA	**$67,868**	**$70,634**	**$73,399**	**$76,164**	**$288,065**
Federal Income Tax	$9,220	$9,410	$9,600	$9,790	$38,020
State Income Tax	$1,844	$1,882	$1,920	$1,958	$7,604
Interest Expense	$22,104	$21,974	$21,843	$21,710	$87,631
Depreciation Expenses	$12,088	$12,088	$12,088	$12,088	$48,353
Net Profit	**$22,612**	**$25,279**	**$27,948**	**$30,618**	**$106,457**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$160,855	$164,171	$167,488	$170,805	$663,319
Cost of Revenue	$8,043	$8,209	$8,374	$8,540	$33,166
Gross Profit	**$152,812**	**$155,963**	**$159,114**	**$162,264**	**$630,153**
Expenses					
Payroll	$48,185	$48,185	$48,185	$48,185	$192,741
General and Administrative	$2,413	$2,463	$2,512	$2,562	$9,950
Business Development	$2,815	$2,873	$2,931	$2,989	$11,608
Marketing	$5,648	$5,764	$5,881	$5,997	$23,289
Insurance Costs	$1,447	$1,447	$1,447	$1,447	$5,788
Professional Fees	$702	$716	$731	$745	$2,894
Facility Costs	$16,391	$16,391	$16,391	$16,391	$65,564
Misc. Costs	$405	$414	$422	$430	$1,672
Payroll Taxes	$3,686	$3,686	$3,686	$3,686	$14,745
Total Operating Costs	**$81,692**	**$81,939**	**$82,186**	**$82,433**	**$328,250**
EBITDA	**$71,120**	**$74,024**	**$76,928**	**$79,831**	**$301,903**
Federal Income Tax	$10,160	$10,370	$10,579	$10,789	$41,898
State Income Tax	$2,032	$2,074	$2,116	$2,158	$8,380
Interest Expense	$21,575	$21,439	$21,300	$21,160	$85,474
Depreciation Expenses	$12,209	$12,209	$12,209	$12,209	$48,836
Net Profit	**$25,144**	**$27,933**	**$30,723**	**$33,515**	**$117,315**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$168,898	$172,380	$175,862	$179,345	$696,485
Cost of Revenue	$8,445	$8,619	$8,793	$8,967	$34,824
Gross Profit	**$160,453**	**$163,761**	**$167,069**	**$170,378**	**$661,661**
Expenses					
Payroll	$51,088	$51,088	$51,088	$51,088	$204,351
General and Administrative	$2,533	$2,586	$2,638	$2,690	$10,447
Business Development	$2,956	$3,017	$3,078	$3,139	$12,188
Marketing	$5,930	$6,052	$6,175	$6,297	$24,454
Insurance Costs	$1,519	$1,519	$1,519	$1,519	$6,078
Professional Fees	$737	$752	$767	$782	$3,039
Facility Costs	$16,883	$16,883	$16,883	$16,883	$67,531
Misc. Costs	$426	$434	$443	$452	$1,755
Payroll Taxes	$3,908	$3,908	$3,908	$3,908	$15,633
Total Operating Costs	**$85,980**	**$86,239**	**$86,498**	**$86,758**	**$345,475**
EBITDA	**$74,473**	**$77,522**	**$80,571**	**$83,620**	**$316,186**
Federal Income Tax	$11,134	$11,364	$11,593	$11,823	$45,913
State Income Tax	$2,227	$2,273	$2,319	$2,365	$9,183
Interest Expense	$21,019	$20,875	$20,730	$20,583	$83,208
Depreciation Expenses	$12,331	$12,331	$12,331	$12,331	$49,325
Net Profit	**$27,762**	**$30,679**	**$33,598**	**$36,518**	**$128,558**

Appendix C - Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$8,600	$9,055	$9,511	$9,967	$10,423	$10,879	$11,335	$11,791
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$8,600	$9,055	$9,511	$9,967	$10,423	$10,879	$11,335	$11,791
Other Cash Inflows								
Equity Investment	$150,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$1,850,000	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$83	$83	$83	$83
Total Other Cash Inflows	**$2,000,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$2,008,683**	**$9,139**	**$9,595**	**$10,050**	**$10,506**	**$10,962**	**$11,419**	**$11,875**
Cash Outflows								
Repayment of Principal	$3,107	$3,120	$3,133	$3,146	$3,159	$3,172	$3,185	$3,198
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$1,850,000	$0	$0	$0	$0	$0	$0	$0
Dividends	$0	$0	$0	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,853,165**	**$3,178**	**$3,191**	**$3,204**	**$3,217**	**$3,230**	**$3,243**	**$3,257**
Net Cash Flow	**$155,518**	**$5,961**	**$6,404**	**$6,847**	**$7,289**	**$7,732**	**$8,175**	**$8,618**
Cash Balance	**$155,518**	**$161,479**	**$167,882**	**$174,729**	**$182,018**	**$189,751**	**$197,926**	**$206,544**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$12,248	$12,704	$13,160	$13,617	$133,290
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$12,248**	**$12,704**	**$13,160**	**$13,617**	**$133,290**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$150,000
Increased Borrowings	$0	$0	$0	$0	$1,850,000
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$1,000
Total Other Cash Inflows	$83	$83	$83	$83	$2,001,000
Total Cash Inflow	**$12,331**	**$12,787**	**$13,244**	**$13,700**	**$2,134,290**
Cash Outflows					
Repayment of Principal	$3,212	$3,225	$3,238	$3,252	$38,145
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$1,850,000
Dividends	$0	$0	$0	$26,658	$26,658
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$3,270**	**$3,283**	**$3,297**	**$29,968**	**$1,915,503**
Net Cash Flow	**$9,061**	**$9,504**	**$9,947**	**-$16,268**	**$218,787**
Cash Balance	**$215,605**	**$225,109**	**$235,056**	**$218,787**	**$218,787**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$32,166	$34,697	$37,230	$39,764	$143,857
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$32,166**	**$34,697**	**$37,230**	**$39,764**	**$143,857**
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	**$32,421**	**$34,957**	**$37,495**	**$40,034**	**$144,907**
Cash Outflows					
Repayment of Principal	$9,837	$9,961	$10,086	$10,213	$40,097
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$28,771	$0	$0	$0	$28,771
Dividends	$0	$0	$0	$28,771	$28,771
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$38,787**	**$10,143**	**$10,272**	**$39,173**	**$98,375**
Net Cash Flow	**-$6,366**	**$24,814**	**$27,223**	**$861**	**$46,533**
Cash Balance	**$212,421**	**$237,235**	**$264,459**	**$265,320**	**$265,320**

Cash Flow Analysis (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$34,700	$37,367	$40,036	$42,706	$154,810
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$34,700**	**$37,367**	**$40,036**	**$42,706**	**$154,810**
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	**$34,968**	**$37,640**	**$40,314**	**$42,990**	**$155,913**
Cash Outflows					
Repayment of Principal	$10,341	$10,471	$10,602	$10,735	$42,148
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$15,481	$15,481	$0	$0	$30,962
Dividends	$0	$0	$0	$30,962	$30,962
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$26,009**	**$26,143**	**$10,797**	**$41,896**	**$104,844**
Net Cash Flow	**$8,959**	**$11,498**	**$29,518**	**$1,095**	**$51,069**
Cash Balance	**$274,278**	**$285,776**	**$315,294**	**$316,388**	**$316,388**

Cash Flow Analysis (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$37,353	$40,142	$42,932	$45,724	$166,151
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$37,353**	**$40,142**	**$42,932**	**$45,724**	**$166,151**
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	**$37,634**	**$40,428**	**$43,224**	**$46,022**	**$167,309**
Cash Outflows					
Repayment of Principal	$10,870	$11,006	$11,144	$11,284	$44,305
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$16,615	$16,615	$0	$0	$33,230
Dividends	$0	$0	$0	$33,230	$33,230
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$27,681**	**$27,822**	**$11,349**	**$44,723**	**$111,575**
Net Cash Flow	**$9,952**	**$12,606**	**$31,875**	**$1,299**	**$55,733**
Cash Balance	**$326,340**	**$338,947**	**$370,822**	**$372,121**	**$372,121**

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$40,094	$43,010	$45,929	$48,849	$177,882
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$40,094**	**$43,010**	**$45,929**	**$48,849**	**$177,882**
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	**$40,388**	**$43,311**	**$46,236**	**$49,162**	**$179,098**
Cash Outflows					
Repayment of Principal	$11,426	$11,569	$11,715	$11,862	$46,571
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$17,788	$17,788	$0	$0	$35,576
Dividends	$0	$0	$0	$35,576	$35,576
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$29,420**	**$29,568**	**$11,929**	**$47,657**	**$118,575**
Net Cash Flow	**$10,968**	**$13,743**	**$34,307**	**$1,505**	**$60,523**
Cash Balance	**$383,089**	**$396,832**	**$431,139**	**$432,644**	**$432,644**