CONSTRUCTION
OPTICS SOLUTIONS

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1.0 Executive Summary

The purpose of this business plan is to secure $1.3 million a capital for the development of a unique AI driven enterprise that specializes in providing state-of-the-art tool specific for construction companies. Construction Optics Solutions LLC ("the Company" based in Austin, Texas) has developed a number of computer vision models that aid in the construction process. The scope of this technology has wide applicability for developing large scale commercial properties as well as residential properties. Full scale revenue generating operations are expected to commence in the fall of this year. The technology has been brought to MVP status. The Company's Founder and CEO is Matthew Deutsch.

Operations

The primary revenue center for the business will come from the ongoing license fees that are used in conjunction with the Company's technology. The business intends to charge $500 per month per user license. This will produce highly recurring streams of revenue that will propel the growth of the business in the coming years.

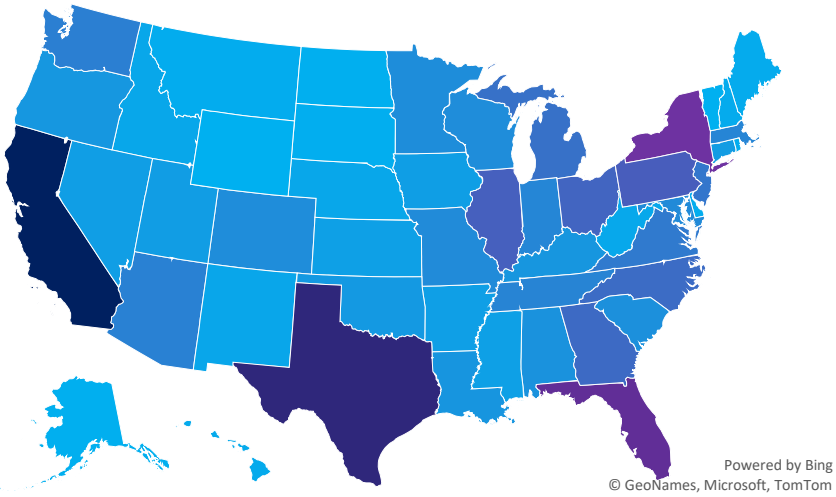
Moving forward, the second phase of operation will include the development of proprietary drone technology that integrates the company is proprietary computer vision models. These engagements will provide $50,000 to $200,000 of revenue. The Company will retain numerous highly qualified computer vision experts that develop technologies specific for the needs of clients.

The third section of this document will further discuss the scope of the Company's operations.

Market Demand

The demand for technology of this nature is universal throughout the United States.

National Demand (based on industry revenue)



The Financing

At this time, the company is seeking $1.3 million of private investment to launch operations. It is fully expected that the investor will receive a significant equity stake in the business as well as a seat on the board directors. The funding will primarily be used to refine the technology while onboarding the initial clients that will operate as beta testers during the first year of operation.

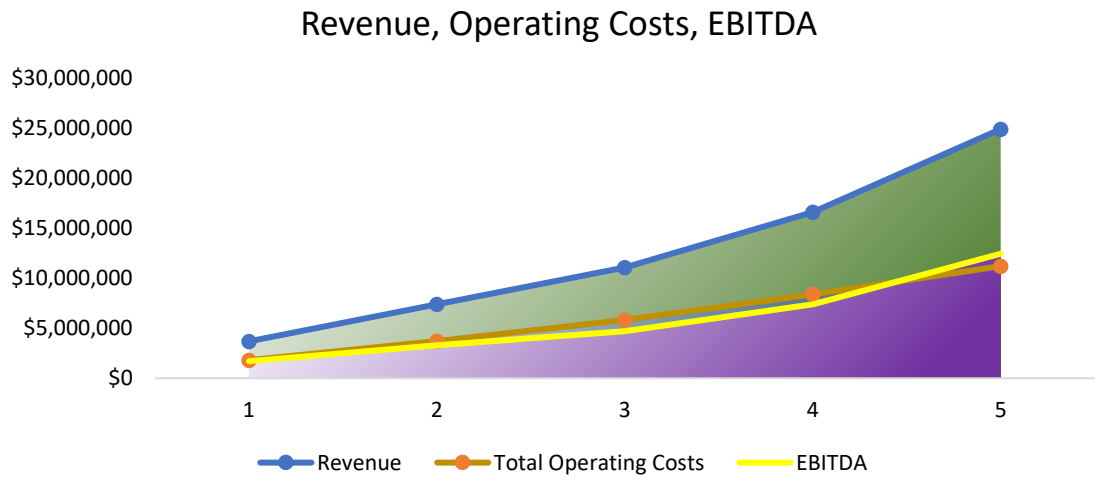
A portion of this capital will be retained in order to aggressively expand the operations starting in year two. The Company will continue to expand the scope of its technology so that its computer vision models can be used for other types of construction as well, including the development of medical facilities, industrial facilities, and alternative energy structures.

The Future

The business will continue to on board a number of sales team members that will directly approach these entities in order to secure a very large client base over the next five years. There's also the possibility that the business may enter additional markets where AI driven computer vision technologies are required. This technology showcased in this document has wide applicability for industrial and alternative energy facility development. This will be a major part of the Company's research and development operations.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$3,682,800	$7,365,600	$11,048,400	$16,572,600	$24,858,900
Cost of Revenue	$184,140	$368,280	$552,420	$828,630	$1,242,945
Gross Profit	$3,498,660	$6,997,320	$10,495,980	$15,743,970	$23,615,955
Total Operating Costs	$1,800,375	$3,705,953	$5,807,607	$8,374,981	$11,190,926
EBITDA	**$1,698,285**	**$3,291,367**	**$4,688,373**	**$7,368,989**	**$12,425,029**

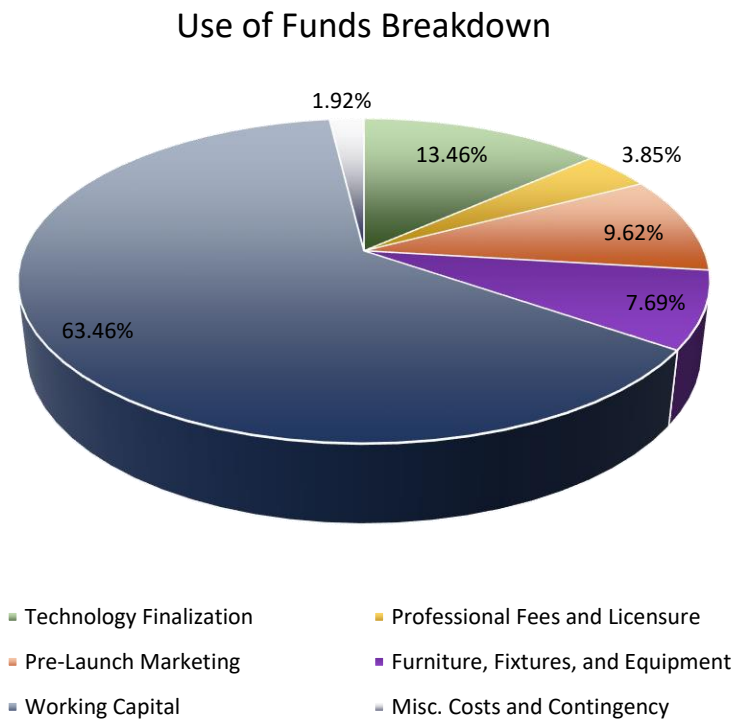


2.0 The Financing

2.1 Funds Required

A private investment of $1.3 million is required to establish the full-scale operations of Construction Optics Solutions. The funds will be used as follows:

Use of Funds	
Technology Finalization	$175,000
Professional Fees and Licensure	$50,000
Pre-Launch Marketing	$125,000
Furniture, Fixtures, and Equipment	$100,000
Working Capital	$825,000
Misc. Costs and Contingency	$25,000
Total	$1,300,000



2.2 Management and Investor Equity

This will be further discussed during negotiation.

2.3 Exit Strategies

The ground breaking technology offered by Construction Optics Solutions will allow the business to command an immense valuation in coming years. If it is financially prudent to do so, the Company will retain the services of an investment bank to sell the business to a

third party. Although this is a nascent industry, the Company could receive a sales price of 11 times the prior year's earnings given the proprietary nature of the technology and the highly recurring streams of revenue that are produced from subscription fees. This event is not expected to occur for a substantial period of time. A formal valuation, completed by an investment bank, would be completed prior to the sale of the business.

2.4 Proforma Valuation

Proforma Valuation					
Year	1	2	3	4	5
Net Earnings + Depreciation	$1,194,500	$2,310,167	$3,289,451	$5,169,542	$8,714,710
Price to Earnings Multiple	6.1	7.4	8.3	9.6	11.6
Proforma Valuation	**$7,286,447**	**$17,095,233**	**$27,302,447**	**$49,627,603**	**$101,090,636**

Return On Investment					
Year	1	2	3	4	5
Yearly ROI	91.88%	177.71%	253.03%	397.66%	670.36%
Cumulative ROI	91.88%	269.59%	522.62%	920.28%	1590.64%

Return On Investment	
IRR	167%
NPV	$18,274,958

3.0 Operations

As noted in the executive summary, Construction Optics Solutions has developed a high unique methodology for ensuring the proper development of large-scale properties with a focus on commercial facilities. It should be again noted that the applicability of this technology is also appropriate for large scale residential property development. Most importantly, the computer vision models are able to analyze terrain to determine where issues may occur when the initial foundations are laid. The technology is further extended to providing information regarding the structural integrity of each aspect of the development. Using millions of data points, the computer revision models were able to determine if there has been any issue with the initial construction of any property. Given the ability to create far more stable structures, it is fully expected that there will be a rapid onboarding of clients who want to use this technology to reduce any potential liabilities as a result of faulty construction.

The business will work on the software as a service business model. For each user license, the company will charge $500 to $1,000 per month. Moving forward, additional tiers of service may be added, based on the needs of individual clients.

The Company will also provide services on a customized basis when highly specific AI models are required to examine specific types of properties. In these instances, the business will recognize substantial revenues ranging anywhere from $50,000 to $200,000 for completely proprietary solutions. The Company will generate substantial contribution margins from these operations which will allow Construction Optics Solutions to rapidly expand in the coming years.

4.0 Overview of the Organization

4.1 Registered Name

Construction Optics Solutions LLC. The business is registered as a limited liability company in the State of Texas.

4.2 Commencement of Operations

Revenue generating operations will commence in the fall of this year.

4.3 Mission Statement

Construction Optics Solutions' mission is to provide seamless AI driven solutions at a cost-effective basis for the construction industry.

4.4 Vision Statement

To become the preeminent construction focused AI technology firm in the United States.

4.5 Organizational Objectives

- Properly develop AI driven computer vision model specific for the construction industry.
- Implement fiscally sound policies that will allow stage to expand over the next five years.
- Work closely with the Company's sales team so that they have an extensive understanding of the technology offered and how to properly pitch this technology to construction enterprises.
- Remain within the letter of the law regarding all facets of operation, including the use of computer vision models in the course of construction.
- Provide a stable and secure work environment for all individuals that work for Construction Optics Solutions and are focused on propelling the growth of the business in the coming years.
- Implement appropriate policies that will guide the continued growth of Construction Optics Solutions over the next five years.
- Continue to develop new technologies for the construction industry that can be distributed through the Company's established sales network.
- Remain at the forefront of computer visions technology for construction enterprise and contractors.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

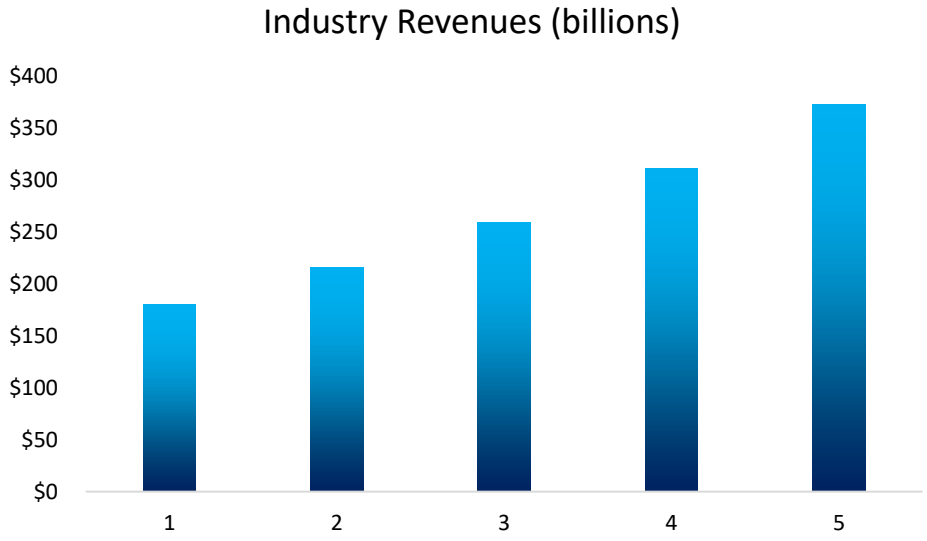
This section analysis will document the industry, the current economic climate, the customer profile, and the ongoing competition that the business will face moving forward.

At this time, the economic climate, both domestically and globally is moderate. As a result of continually changing trade policies, a level of volatility has been introduced to the market. However, major central banks are taking the appropriate measures to implement fiscal policies that will reduce the issues with inflation while also fostering economic growth.

Even during challenging business climates, the revenues of Construction Optics Solutions will not be overly impacted. The demand among construction enterprises to ensure that the properties that they are developing are done so in accordance with law, regulation, and safety is enormous. As a function of their revenues, the use of Construction Optics Solutions as technology is relatively low and will ensure better outcomes for each property that they develop. AI has taken the world by storm over the past three years.

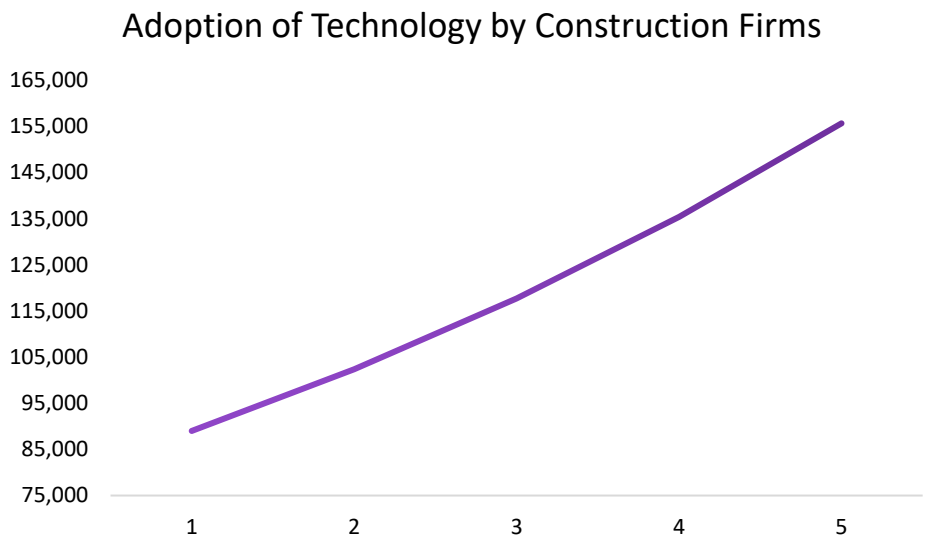
5.2 Industry Analysis

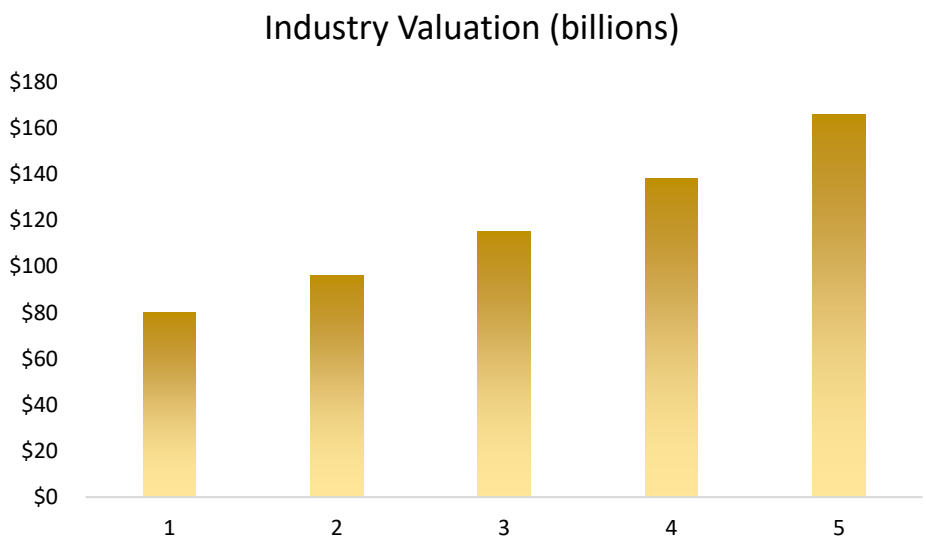
Given the applicability of large language, models and specially, trained computer vision models, there is immense demand among Enterprises to integrate this type of technology into their operations. As of this year, AI driven Enterprises are expected to generate $150 billion within the United States.



The compounded annual growth rate of this industry is expected to remain around 20% for at least the next seven to ten years. Although this industry is in its stage, there's wide applicability for numerous applications of both artificial intelligence as well as large

language models. Construction Optics Solutions is in an outstanding position to capture a significant portion of this market specific for the use of AI within the construction industry.





5.3 Client Profit

Any entity that is involved in the construction of large scale commercial or residential properties is a potential client of the Company. Generally, these entities will have revenues in excess of $5,000,000 per annum. They will typically operate within 50 miles of a major metropolitan area.

5.4 Competitive Analysis

As this is a business plan that has been developed specifically as a sample, no formal competitive analysis has been completed. If this was a business plan specific for a client engagement, human intelligence business plans would've undertake a substantial amount of market research to determine whether any other entity is providing a technology that is similar specific for the construction industry. This would include an examination of their technology, approximate revenues, location, as well as a reputation within the industry. The company will use a number of marketing strategies to drive substantial interest in its state of the art, computer vision technology.

6.0 Key Strategic Issues

6.1 Sustainable Operations

- The proprietary nature of the Company's AI computer models will allow for rapid onboarding of construction enterprises.
- Limited competition among firms that operate in a similar capacity.
- The recurring income will provide an immense valuation for Construction Optics Solutions.
- The operations of the business are highly scalable.
- The Company will continue to train comprehensive models that will allow Construction Optics Solutions to remain at the forefront of this technology.
- A highly experienced Founder/CEO (Matthew Deutsch) who will be able to effectively expand operations in the coming years.
- Immense demand among construction enterprises for this type of technology given its ability to provide safer construction.

6.2 Basis of Growth

Construction Optics Solutions LLC will go through several avenues:

- Expansion of the number sales agents that will conduct direct outreach.
- Continued reinvestment into research and development.
- Potential acquisition of additional capital to further expand operations throughout the United States.
- Development of technologies that can be used among other industries.

7.0 Marketing Plan

7.1 Marketing Objectives

- Maintain an expansive online presence among multiple channels.
- Develop a sales network that will directly approach construction enterprises.
- Frequently attend industry events to further drive interest in Construction Optics Solutions' technology.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Licensing Fees	$2,232,000	$4,464,000	$6,696,000	$10,044,000	$15,066,000
Custom Model Development	$1,450,800	$2,901,600	$4,352,400	$6,528,600	$9,792,900
Total	**$3,682,800**	**$7,365,600**	**$11,048,400**	**$16,572,600**	**$24,858,900**

Gross Profit					
Year	1	2	3	4	5
Total	**$3,498,660**	**$6,997,320**	**$10,495,980**	**$15,743,970**	**$23,615,955**

7.3 Revenue Assumptions

Year 1

- Management will launch operations in the fall of this year.
- Revenue will reach $3.6 million.

Year 2

- During this time, the Company will expand the scope of its marketing operations to include greater direct outreach with construction enterprises throughout the United States.
- Revenues are expected to increase by 100%.
- The business will achieve revenue of $7.3 million.

Years 3-5

- By the fifth year of operation, the Company will achieve $24.8 million of revenue.
- At this time, Construction Optics Solutions may develop additional technologies that will complement the flagship AI computer vision line.

7.4 Marketing Strategies

Most importantly, and as noted earlier, the business intends to develop a highly trained sales team that will directly approach construction enterprises throughout the United States. These sales agents will undergo substantial training so that they gain a deep understanding of Construction Optics Solutions technology and its applicability for assisting construction enterprises with creating far more stable and secure structures. The Company's sales team will receive ongoing commissions for each new engagement that they secure. They will also be able to participate in the recurring streams of revenue as long as the client remains with the Company. This will further drive a greater degree of sales given this incentive. The Company will maintain a massive online presence through both it proprietary website as well as social media platforms.

As it relates to the website, this platform will feature a wide range of information featuring the Company's technology. This will include videos and ongoing content specific for the construction industry and challenges. The business is positioning, the Company's website to operate, not only as a sales portal for the state-of-the-art technology, but also as an educational resource about how machine learning, computer vision, and artificial intelligence are being integrated into the construction industry. The Company will continue to develop new content throughout the life of the business that addresses these matters.

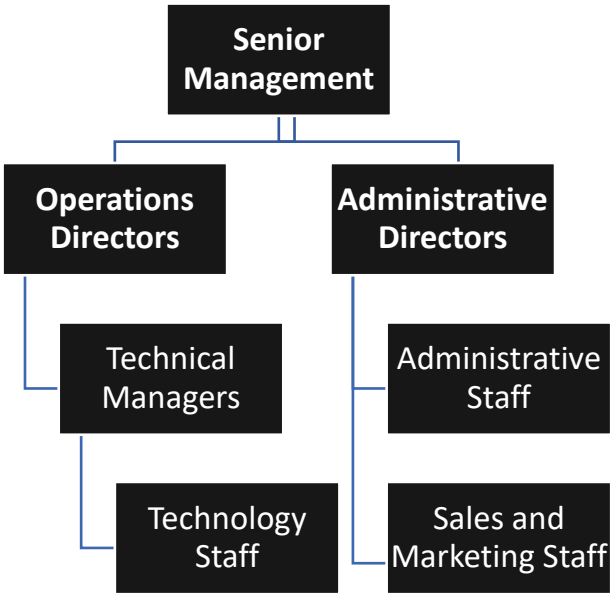
Of special importance to the companies, social media marketing will be the use of LinkedIn. On this platform, the business will also provide a substantial amount of written content, so it continues to act as a trust resource among individuals that are involved in the construction industry. Moving forward, the company will integrate targeted advertisements into its overall marketing infrastructure to further drive a greater number of client engagements.

The business will also advertise among regional and national level trade journals that are specific for the construction and contracting industries. The business will use full page advertisements that are visually stunning in order to drive people to the website once they view it in a printed publication. it should be noted that this type of marketing will also contribute to the efficacy of the Company's search engine optimization campaigns given that links from the online version of these publications will be directed back to the companies website.

Finally, the business will attend numerous industry events in order to showcase, live demonstrations of the technology. Brochures and other sales materials will be distributed. The company senior management as well as marketing team will be present at these events.

8.0 Organizational Plan

8.1 Organizational Hierarchy

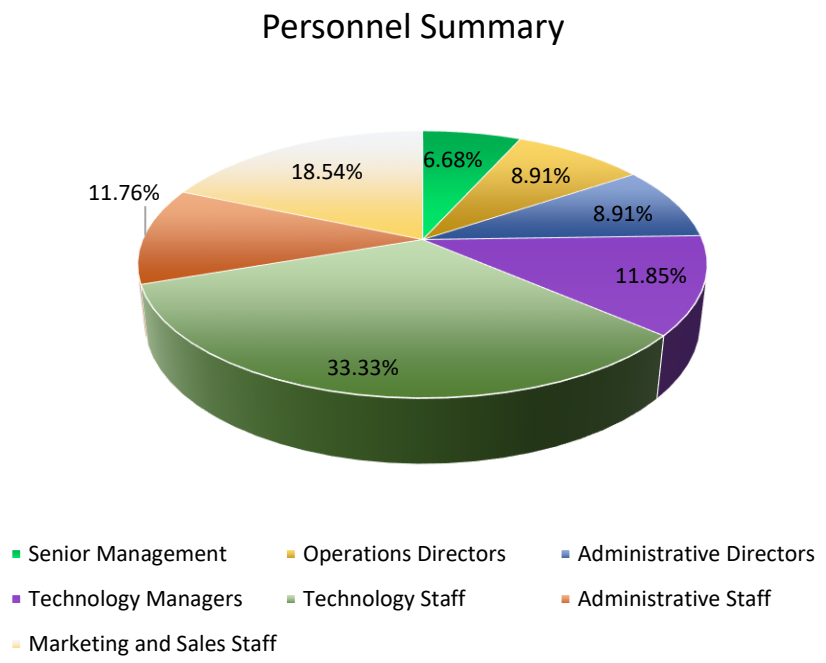


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$125,000	$257,500	$265,225	$409,773	$422,066
Operations Directors	$100,000	$206,000	$318,270	$437,091	$562,754
Administrative Directors	$100,000	$206,000	$318,270	$437,091	$562,754
Technology Managers	$190,000	$293,550	$403,142	$622,854	$748,463
Technology Staff	$255,000	$612,850	$1,082,118	$1,671,872	$2,104,701
Administrative Staff	$110,000	$283,250	$466,796	$601,000	$742,836
Marketing and Sales Staff	$130,000	$334,750	$689,585	$852,327	$1,170,529
Total	**$1,010,000**	**$2,193,900**	**$3,543,406**	**$5,032,008**	**$6,314,104**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	2	2	3	3
Operations Directors	1	2	3	4	5
Administrative Directors	1	2	3	4	5
Technology Managers	2	3	4	6	7
Technology Staff	3	7	12	18	22
Administrative Staff	2	5	8	10	12
Marketing and Sales Staff	2	5	10	12	16
Total	**12**	**26**	**42**	**57**	**70**

8.2 Personnel Costs (Cont.)



9.0 Financial Plan

9.1 Underlying Assumptions

- The Company will acquire $1.3 million to establish its operations.
- The business will achieve a compounded annual growth rate of 62% per annum.
- Management will reinvest 80% of after-tax profit into expansion.

9.2 Financial Highlights

- Profitability achieved in the first year of operation.
- The recurring income from AI computer vision licensure will create a substantial valuation for the business.

9.3 Sensitivity Analysis

The demand among companies have access to say that our technologies that assist them with large scale construction is immense. As noted earlier, the cost of using Construction Optics Solutions' technology is low as compared to the total budget of any major construction. This will allow to rapid onboarding of clients. As such, even in challenging business climates, the demand for access to the company technology will remain strong. The highly recurring reams of revenue that are generated from user licenses will further contribute to the economic stability of the business.

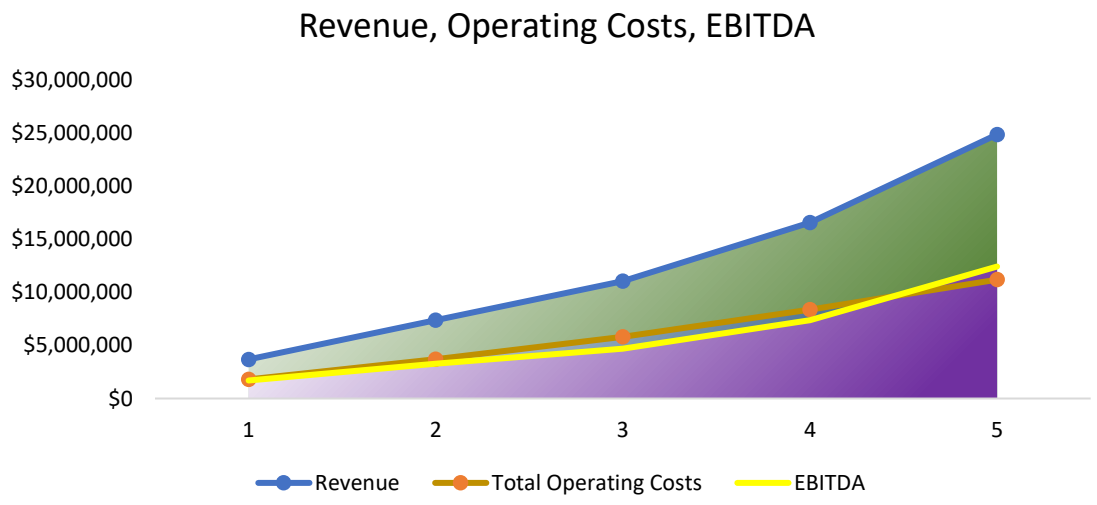
9.4 Source of Funds

Financing	
Equity	
Investor(s)	$1,300,000.00
Total Equity Financing	$1,300,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$1,300,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$3,682,800	$7,365,600	$11,048,400	$16,572,600	$24,858,900
Cost of Revenue	$184,140	$368,280	$552,420	$828,630	$1,242,945
Gross Margin	95.00%	95.00%	95.00%	95.00%	95.00%
Gross Profit	$3,498,660	$6,997,320	$10,495,980	$15,743,970	$23,615,955
Expenses					
Payroll	$1,010,000	$2,193,900	$3,543,406	$5,032,008	$6,314,104
General and Administrative	$55,242	$110,484	$165,726	$248,589	$372,884
Research and Development	$184,140	$368,280	$552,420	$828,630	$1,242,945
Marketing	$257,796	$515,592	$773,388	$1,160,082	$1,740,123
Insurance	$80,000	$108,000	$145,800	$196,830	$265,721
Professional Fees	$50,000	$70,000	$98,000	$137,200	$192,080
Business Development	$73,656	$147,312	$220,968	$331,452	$497,178
Misc. Costs	$12,276	$24,552	$36,828	$55,242	$82,863
Payroll Taxes	$77,265	$167,833	$271,071	$384,949	$483,029
Total Operating Costs	**$1,800,375**	**$3,705,953**	**$5,807,607**	**$8,374,981**	**$11,190,926**
EBITDA	**$1,698,285**	**$3,291,367**	**$4,688,373**	**$7,368,989**	**$12,425,029**
Federal Income Tax	$417,821	$814,809	$1,162,535	$1,830,872	$3,092,721
State Income Tax	$83,564	$162,962	$232,507	$366,174	$618,544
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$27,000	$32,130	$38,235	$45,499	$54,144
Net Profit	**$1,169,900**	**$2,281,466**	**$3,255,097**	**$5,126,442**	**$8,659,619**
Profit Margin	**31.77%**	**30.97%**	**29.46%**	**30.93%**	**34.84%**

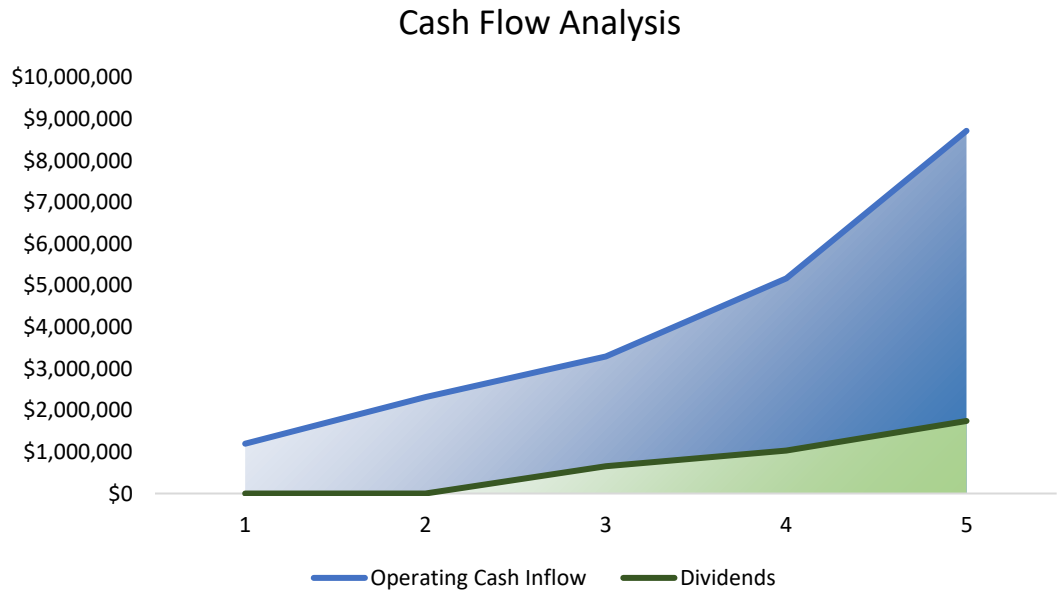


B) Common Size Income Statement

Profit and Loss (Common Size)					
Year	1	2	3	4	5
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	5.00%	5.00%	5.00%	5.00%	5.00%
Gross Profit	95.00%	95.00%	95.00%	95.00%	95.00%
Expenses					
Payroll	27.42%	29.79%	32.07%	30.36%	25.40%
General and Administrative	1.50%	1.50%	1.50%	1.50%	1.50%
Research and Development	5.00%	5.00%	5.00%	5.00%	5.00%
Marketing	7.00%	7.00%	7.00%	7.00%	7.00%
Insurance	2.17%	1.47%	1.32%	1.19%	1.07%
Professional Fees	1.36%	0.95%	0.89%	0.83%	0.77%
Business Development	2.00%	2.00%	2.00%	2.00%	2.00%
Misc. Costs	0.33%	0.33%	0.33%	0.33%	0.33%
Payroll Taxes	2.10%	2.28%	2.45%	2.32%	1.94%
Total Operating Costs	48.89%	50.31%	52.57%	50.54%	45.02%
EBITDA	46.11%	44.69%	42.43%	44.46%	49.98%
Federal Income Tax	11.35%	11.06%	10.52%	11.05%	12.44%
State Income Tax	2.27%	2.21%	2.10%	2.21%	2.49%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expenses	0.73%	0.44%	0.35%	0.27%	0.22%
Net Profit	31.77%	30.97%	29.46%	30.93%	34.84%

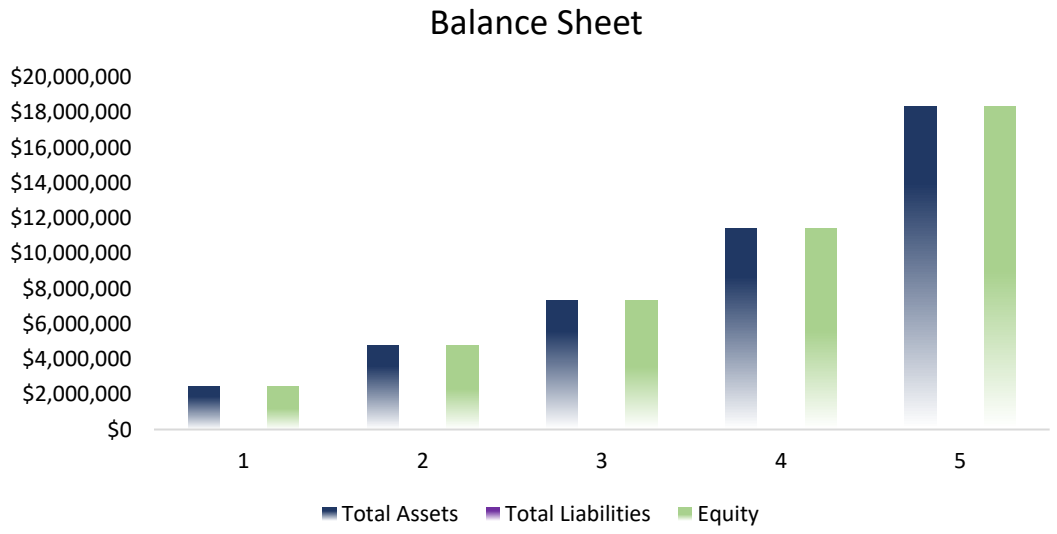
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$1,196,900	$2,313,596	$3,293,332	$5,171,942	$8,713,763
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$1,196,900**	**$2,313,596**	**$3,293,332**	**$5,171,942**	**$8,713,763**
Other Cash Inflows					
Equity Investment	$1,300,000	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$1,000	$1,050	$1,103	$1,158	$1,216
Total Other Cash Inflows	**$1,301,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$2,497,900**	**$2,314,646**	**$3,294,434**	**$5,173,099**	**$8,714,979**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$275,000	$43,081	$2,140,666	$3,361,762	$5,663,946
Dividends	$0	$0	$658,666	$1,034,388	$1,742,753
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$275,700**	**$43,816**	**$2,800,104**	**$4,396,961**	**$7,407,550**
Net Cash Flow	**$2,222,200**	**$2,270,830**	**$494,331**	**$776,139**	**$1,307,429**
Cash Balance	**$2,222,200**	**$4,493,029**	**$4,987,360**	**$5,763,498**	**$7,070,927**



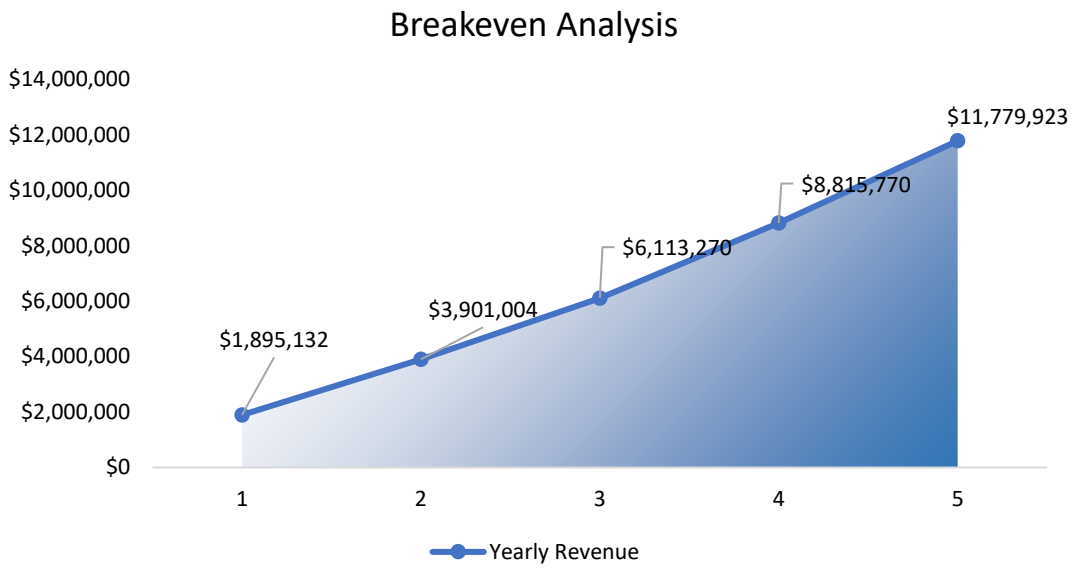
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$2,222,200	$4,493,029	$4,987,360	$5,763,498	$7,070,927
Fixed Assets	$275,000	$318,081	$2,458,747	$5,820,509	$11,484,455
Accumulated Depreciation	($27,000)	($59,130)	($97,365)	($142,864)	($197,008)
Total Assets	**$2,470,200**	**$4,751,980**	**$7,348,742**	**$11,441,143**	**$18,358,374**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$0	$0	$0	$0	$0
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$300**	**$615**	**$946**	**$1,293**	**$1,658**
Equity	**$2,469,900**	**$4,751,365**	**$7,347,796**	**$11,439,850**	**$18,356,716**
Total Liabilities and Equity	**$2,470,200**	**$4,751,980**	**$7,348,742**	**$11,441,143**	**$18,358,374**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$157,928	$325,084	$509,439	$734,647	$981,660
Yearly Revenue	$1,895,132	$3,901,004	$6,113,270	$8,815,770	$11,779,923



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	100.0%	50.0%	50.0%	50.0%
Gross Margin	95.0%	95.0%	95.0%	95.0%	95.0%
Financials					
Profit Margin	31.77%	30.97%	29.46%	30.93%	34.84%
Assets to Liabilities	8234.00	7726.80	7770.28	8848.27	11074.68
Equity to Liabilities	8233.00	7725.80	7769.28	8847.27	11073.68
Assets to Equity	1.00	1.00	1.00	1.00	1.00
Liquidity					
Acid Test	7407.33	7305.74	5273.44	4457.33	4265.53
Cash to Assets	0.90	0.95	0.68	0.50	0.39

Appendix A – SWOT Analysis

Strengths

- Immense demand among construction enterprises given the technology's ability to more safely develop commercial and large-scale residential properties.
- An experienced CEO (Matthew Deutsch) who will be able to effectively expand operations in the coming years.
- Limited competition among entities that operate in a similar capacity.
- The Company will produce recurring income from its licensing fees.
- Limited competition given the proprietary nature of the AI vision models showcased in this document.

Weaknesses

- Rapid changes in the field of AI could require the Company needs to pivot its operations.
- High costs related to marketing and payroll.

Opportunities

- Expansion of the technology to include other industries (especially related to alternative energy).
- Acquire additional capital to expand to an international level.
- Continued reinvestment into research and development.
- Training of models for other types of property development including industrial properties.
- Sale of the business for a substantial price to earnings ratio.

Threats

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

Appendix B – Critical Risks

Development Risk – **Low**
The technology showcase in this document has reached MVP status. At this time, the business is seeking to secure $1.3 million a capital in order to conduct its initial launch operations which will support the business through its first two years of operation.

Financing Risk – **Low/Moderate**
The capital in this document will be invested in an enterprise that produces highly recurring streams of revenue. The Company will allocate a significant portion of its starting capital as well as ongoing operating budget towards ever expanding marketing campaigns while also refining the technology to further increase the recurring revenue streams.

Marketing Risk **– Low**
Given that the business is targeting a highly specific demographic, the marketing campaigns that Construction Optics Solutions will implement will be laser focused. The risk related to the companies, marketing operations are reduced by the fact that the business will conduct a substantial amount of direct outreach with construction focus enterprises.

Management Risk – **Low**
Matthew Deutsch is a highly experienced executive that has extensive experience operating large scale enterprises. He is fully familiar with the complexities of operating a computer vision generated business, and he will be able to successfully grow it in the coming years.

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

- Demand for this technology will remain strong at all times.
- Recurring income from licensure.
- The technology has applicability for a wide range of other industries.

Exit Risk **- Low**
As noted earlier, management intends to expand this business over a significant period of time. If it is financially prudent to do so, a qualified investment bank will work with the company to find a suitable buyer for the business. This event is not expected to occur for at least seven years so the business can generate a substantial client base which will ultimately lead to a immense valuation.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$288,750**	**$292,050**	**$295,350**	**$298,650**	**$301,950**	**$305,250**	**$308,550**
Cost of Revenue	$14,438	$14,603	$14,768	$14,933	$15,098	$15,263	$15,428
Gross Profit	$274,313	$277,448	$280,583	$283,718	$286,853	$289,988	$293,123
Expenses							
Payroll	$84,167	$84,167	$84,167	$84,167	$84,167	$84,167	$84,167
General and Administrative	$4,604	$4,604	$4,604	$4,604	$4,604	$4,604	$4,604
Research and Development	$15,345	$15,345	$15,345	$15,345	$15,345	$15,345	$15,345
Marketing	$21,483	$21,483	$21,483	$21,483	$21,483	$21,483	$21,483
Insurance	$6,667	$6,667	$6,667	$6,667	$6,667	$6,667	$6,667
Professional Fees	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167
Business Development	$6,138	$6,138	$6,138	$6,138	$6,138	$6,138	$6,138
Misc. Costs	$1,023	$1,023	$1,023	$1,023	$1,023	$1,023	$1,023
Payroll Taxes	$6,439	$6,439	$6,439	$6,439	$6,439	$6,439	$6,439
Total Operating Costs	$150,031	$150,031	$150,031	$150,031	$150,031	$150,031	$150,031
EBITDA	$124,281	$127,416	$130,551	$133,686	$136,821	$139,956	$143,091
Federal Income Tax	$32,759	$33,134	$33,508	$33,882	$34,257	$34,631	$35,006
State Income Tax	$6,552	$6,627	$6,702	$6,776	$6,851	$6,926	$7,001
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250
Net Profit	$82,720	$85,406	$88,092	$90,777	$93,463	$96,149	$98,834

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$311,850**	**$315,150**	**$318,450**	**$321,750**	**$325,050**	**$3,682,800**
Cost of Revenue	$15,593	$15,758	$15,923	$16,088	$16,253	$184,140
Gross Profit	$296,258	$299,393	$302,528	$305,663	$308,798	$3,498,660
Expenses						
Payroll	$84,167	$84,167	$84,167	$84,167	$84,167	$1,010,000
General and Administrative	$4,604	$4,604	$4,604	$4,604	$4,604	$55,242
Research and Development	$15,345	$15,345	$15,345	$15,345	$15,345	$184,140
Marketing	$21,483	$21,483	$21,483	$21,483	$21,483	$257,796
Insurance	$6,667	$6,667	$6,667	$6,667	$6,667	$80,000
Professional Fees	$4,167	$4,167	$4,167	$4,167	$4,167	$50,000
Business Development	$6,138	$6,138	$6,138	$6,138	$6,138	$73,656
Misc. Costs	$1,023	$1,023	$1,023	$1,023	$1,023	$12,276
Payroll Taxes	$6,439	$6,439	$6,439	$6,439	$6,439	$77,265
Total Operating Costs	$150,031	$150,031	$150,031	$150,031	$150,031	$1,800,375
EBITDA	$146,226	$149,361	$152,496	$155,631	$158,766	$1,698,285
Federal Income Tax	$35,380	$35,754	$36,129	$36,503	$36,878	$417,821
State Income Tax	$7,076	$7,151	$7,226	$7,301	$7,376	$83,564
Interest Expense	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$2,250	$2,250	$2,250	$2,250	$2,250	$27,000
Net Profit	$101,520	$104,206	$106,892	$109,577	$112,263	$1,169,900

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$1,399,464	$1,694,088	$1,915,056	$2,356,992	$7,365,600
Cost of Revenue	$69,973	$84,704	$95,753	$117,850	$368,280
Gross Profit	**$1,329,491**	**$1,609,384**	**$1,819,303**	**$2,239,142**	**$6,997,320**
Expenses					
Payroll	$548,475	$548,475	$548,475	$548,475	$2,193,900
General and Administrative	$27,621	$27,621	$27,621	$27,621	$110,484
Research and Development	$69,973	$84,704	$95,753	$117,850	$368,280
Marketing	$97,962	$118,586	$134,054	$164,989	$515,592
Insurance	$27,000	$27,000	$27,000	$27,000	$108,000
Professional Fees	$13,300	$16,100	$18,200	$22,400	$70,000
Business Development	$36,828	$36,828	$36,828	$36,828	$147,312
Misc. Costs	$4,665	$5,647	$6,384	$7,857	$24,552
Payroll Taxes	$31,888	$38,602	$43,637	$53,707	$167,833
Total Operating Costs	**$857,713**	**$903,563**	**$937,951**	**$1,006,726**	**$3,705,953**
EBITDA	**$471,778**	**$705,820**	**$881,352**	**$1,232,416**	**$3,291,367**
Federal Income Tax	$154,814	$187,406	$211,850	$260,739	$814,809
State Income Tax	$30,963	$37,481	$42,370	$52,148	$162,962
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$8,033	$8,033	$8,033	$8,033	$32,130
Net Profit	**$277,969**	**$472,901**	**$619,099**	**$911,497**	**$2,281,466**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$2,430,648	$2,541,132	$2,872,584	$3,204,036	$11,048,400
Cost of Revenue	$121,532	$127,057	$143,629	$160,202	$552,420
Gross Profit	**$2,309,116**	**$2,414,075**	**$2,728,955**	**$3,043,834**	**$10,495,980**
Expenses					
Payroll	$885,852	$885,852	$885,852	$885,852	$3,543,406
General and Administrative	$36,460	$38,117	$43,089	$48,061	$165,726
Research and Development	$121,532	$127,057	$143,629	$160,202	$552,420
Marketing	$170,145	$177,879	$201,081	$224,283	$773,388
Insurance	$36,450	$36,450	$36,450	$36,450	$145,800
Professional Fees	$21,560	$22,540	$25,480	$28,420	$98,000
Business Development	$55,242	$55,242	$55,242	$55,242	$220,968
Misc. Costs	$8,102	$8,470	$9,575	$10,680	$36,828
Payroll Taxes	$67,768	$67,768	$67,768	$67,768	$271,071
Total Operating Costs	**$1,403,111**	**$1,419,374**	**$1,468,165**	**$1,516,956**	**$5,807,607**
EBITDA	**$906,005**	**$994,701**	**$1,260,790**	**$1,526,878**	**$4,688,373**
Federal Income Tax	$255,758	$267,383	$302,259	$337,135	$1,162,535
State Income Tax	$51,152	$53,477	$60,452	$67,427	$232,507
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$9,559	$9,559	$9,559	$9,559	$38,235
Net Profit	**$589,537**	**$664,283**	**$888,520**	**$1,112,757**	**$3,255,097**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$3,645,972	$3,811,698	$4,308,876	$4,806,054	$16,572,600
Cost of Revenue	$182,299	$190,585	$215,444	$240,303	$828,630
Gross Profit	**$3,463,673**	**$3,621,113**	**$4,093,432**	**$4,565,751**	**$15,743,970**
Expenses					
Payroll	$1,258,002	$1,258,002	$1,258,002	$1,258,002	$5,032,008
General and Administrative	$54,690	$57,175	$64,633	$72,091	$248,589
Research and Development	$182,299	$190,585	$215,444	$240,303	$828,630
Marketing	$255,218	$266,819	$301,621	$336,424	$1,160,082
Insurance	$49,208	$49,208	$49,208	$49,208	$196,830
Professional Fees	$30,184	$31,556	$35,672	$39,788	$137,200
Business Development	$82,863	$82,863	$82,863	$82,863	$331,452
Misc. Costs	$12,153	$12,706	$14,363	$16,020	$55,242
Payroll Taxes	$96,237	$96,237	$96,237	$96,237	$384,949
Total Operating Costs	**$2,020,853**	**$2,045,150**	**$2,118,043**	**$2,190,935**	**$8,374,981**
EBITDA	**$1,442,820**	**$1,575,963**	**$1,975,389**	**$2,374,816**	**$7,368,989**
Federal Income Tax	$402,792	$421,101	$476,027	$530,953	$1,830,872
State Income Tax	$80,558	$84,220	$95,205	$106,191	$366,174
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$11,375	$11,375	$11,375	$11,375	$45,499
Net Profit	**$948,095**	**$1,059,267**	**$1,392,782**	**$1,726,298**	**$5,126,442**

Profit and Loss Statement (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$5,468,958	$5,717,547	$6,463,314	$7,209,081	$24,858,900
Cost of Revenue	$273,448	$285,877	$323,166	$360,454	$1,242,945
Gross Profit	**$5,195,510**	**$5,431,670**	**$6,140,148**	**$6,848,627**	**$23,615,955**
Expenses					
Payroll	$1,578,526	$1,578,526	$1,578,526	$1,578,526	$6,314,104
General and Administrative	$82,034	$85,763	$96,950	$108,136	$372,884
Research and Development	$273,448	$285,877	$323,166	$360,454	$1,242,945
Marketing	$382,827	$400,228	$452,432	$504,636	$1,740,123
Insurance	$66,430	$66,430	$66,430	$66,430	$265,721
Professional Fees	$42,258	$44,178	$49,941	$55,703	$192,080
Business Development	$124,295	$124,295	$124,295	$124,295	$497,178
Misc. Costs	$18,230	$19,058	$21,544	$24,030	$82,863
Payroll Taxes	$120,757	$120,757	$120,757	$120,757	$483,029
Total Operating Costs	**$2,688,805**	**$2,725,114**	**$2,834,041**	**$2,942,967**	**$11,190,926**
EBITDA	**$2,506,705**	**$2,706,556**	**$3,306,108**	**$3,905,660**	**$12,425,029**
Federal Income Tax	$680,399	$711,326	$804,107	$896,889	$3,092,721
State Income Tax	$136,080	$142,265	$160,821	$179,378	$618,544
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$13,536	$13,536	$13,536	$13,536	$54,144
Net Profit	**$1,676,691**	**$1,839,429**	**$2,327,643**	**$2,815,857**	**$8,659,619**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$84,970	$87,656	$90,342	$93,027	$95,713	$98,399	$101,084	$103,770
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$84,970	$87,656	$90,342	$93,027	$95,713	$98,399	$101,084	$103,770
Other Cash Inflows								
Equity Investment	$1,300,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$83	$83	$83	$83
Total Other Cash Inflows	**$1,300,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$1,385,053**	**$87,739**	**$90,425**	**$93,111**	**$95,796**	**$98,482**	**$101,168**	**$103,854**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$275,000	$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	**$275,058**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**
Net Cash Flow	**$1,109,995**	**$87,681**	**$90,367**	**$93,052**	**$95,738**	**$98,424**	**$101,109**	**$103,795**
Cash Balance	**$1,109,995**	**$1,197,676**	**$1,288,043**	**$1,381,095**	**$1,476,833**	**$1,575,257**	**$1,676,366**	**$1,780,161**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$106,456	$109,142	$111,827	$114,513	$1,196,900
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$106,456**	**$109,142**	**$111,827**	**$114,513**	**$1,196,900**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$1,300,000
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$1,000
Total Other Cash Inflows	$83	$83	$83	$83	$1,301,000
Total Cash Inflow	**$106,539**	**$109,225**	**$111,911**	**$114,596**	**$2,497,900**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$275,000
Dividends	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$58**	**$58**	**$58**	**$58**	**$275,700**
Net Cash Flow	**$106,481**	**$109,167**	**$111,852**	**$114,538**	**$2,222,200**
Cash Balance	**$1,886,642**	**$1,995,809**	**$2,107,661**	**$2,222,200**	**$2,222,200**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$286,001	$480,933	$627,132	$919,529	$2,313,596
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$286,001**	**$480,933**	**$627,132**	**$919,529**	**$2,313,596**
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	$200	$242	$273	$336	$1,050
Total Other Cash Inflows	**$200**	**$242**	**$273**	**$336**	**$1,050**
Total Cash Inflow	**$286,201**	**$481,175**	**$627,405**	**$919,865**	**$2,314,646**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$140	$169	$191	$235	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$43,081	$0	$0	$0	$43,081
Dividends	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$43,221**	**$169**	**$191**	**$235**	**$43,816**
Net Cash Flow	**$242,980**	**$481,006**	**$627,214**	**$919,630**	**$2,270,830**
Cash Balance	**$2,465,180**	**$2,946,185**	**$3,573,399**	**$4,493,029**	**$4,493,029**

Cash Flow Analysis (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$599,096	$673,841	$898,079	$1,122,316	$3,293,332
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$599,096**	**$673,841**	**$898,079**	**$1,122,316**	**$3,293,332**
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	$243	$254	$287	$320	$1,103
Total Other Cash Inflows	**$243**	**$254**	**$287**	**$320**	**$1,103**
Total Cash Inflow	**$599,338**	**$674,095**	**$898,365**	**$1,122,636**	**$3,294,434**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$170	$178	$201	$224	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,070,333	$1,070,333	$0	$0	$2,140,666
Dividends	$0	$0	$0	$658,666	$658,666
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,070,503**	**$1,070,510**	**$201**	**$658,890**	**$2,800,104**
Net Cash Flow	**-$471,164**	**-$396,415**	**$898,165**	**$463,746**	**$494,331**
Cash Balance	**$4,021,865**	**$3,625,449**	**$4,523,614**	**$4,987,360**	**$4,987,360**

Cash Flow Analysis (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$959,470	$1,070,642	$1,404,157	$1,737,673	$5,171,942
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$959,470**	**$1,070,642**	**$1,404,157**	**$1,737,673**	**$5,171,942**
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	$266	$301	$336	$1,158
Total Other Cash Inflows	**$255**	**$266**	**$301**	**$336**	**$1,158**
Total Cash Inflow	**$959,725**	**$1,070,908**	**$1,404,458**	**$1,738,008**	**$5,173,099**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$178	$186	$211	$235	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,680,881	$1,680,881	$0	$0	$3,361,762
Dividends	$0	$0	$0	$1,034,388	$1,034,388
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,681,059**	**$1,681,067**	**$211**	**$1,034,623**	**$4,396,961**
Net Cash Flow	**-$721,335**	**-$610,159**	**$1,404,248**	**$703,385**	**$776,139**
Cash Balance	**$4,266,025**	**$3,655,866**	**$5,060,113**	**$5,763,498**	**$5,763,498**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$1,690,227	$1,852,965	$2,341,179	$2,829,393	$8,713,763
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$1,690,227**	**$1,852,965**	**$2,341,179**	**$2,829,393**	**$8,713,763**
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	$280	$316	$352	$1,216
Total Other Cash Inflows	**$267**	**$280**	**$316**	**$352**	**$1,216**
Total Cash Inflow	**$1,690,494**	**$1,853,244**	**$2,341,495**	**$2,829,745**	**$8,714,979**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$187	$196	$221	$247	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$2,831,973	$2,831,973	$0	$0	$5,663,946
Dividends	$0	$0	$0	$1,742,753	$1,742,753
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,832,160**	**$2,832,169**	**$221**	**$1,742,999**	**$7,407,550**
Net Cash Flow	**-$1,141,666**	**-$978,924**	**$2,341,274**	**$1,086,746**	**$1,307,429**
Cash Balance	**$4,621,832**	**$3,642,908**	**$5,984,182**	**$7,070,927**	**$7,070,927**