ZENDEX
ARCADE

Human Intelligence
Business Plans

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1.0 Executive Summary

The purpose of this business plan is to acquire $500,000, via private investment, for the development of a state-of-the-art arcade based in Princeton, New Jersey. Zendex Arcade LLC ("the Company") was founded by Matthew Deutsch. Beyond providing access to traditional arcade games, the facilities will feature a large number of virtual reality and augmented reality installations. While the arcade will operate as a family friendly environment during the course of daytime hours, the facilities will operate as a nighttime entertainment venue that will serve alcohol during evening hours. Full scale revenue generating operations are expected to commence in the fall of this year.

Operations

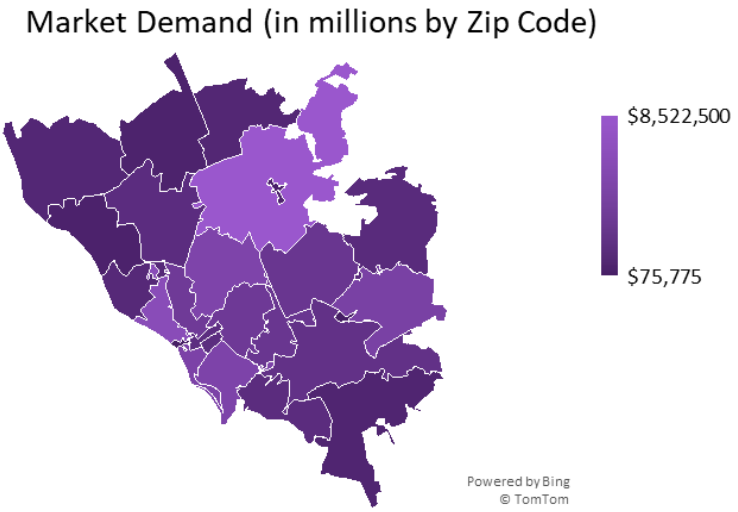
The first revenue stream for the company will come from the ongoing use of the business is standard arcade games as well as virtual reality installations. The Company will continually acquire new games in order to foster repeat patronage.

In addition to use of the Company's arcade games and installations, the business will generate significant revenues from food and beverage sales. All food will be prepared directly on site and the business will have a liquor license to serve alcoholic beverages during evening hours. It should be immediately noted that no one under the age of 21 will be permitted on the premises after 8 PM.

To create recurring shows of revenue, the business will implement a membership-based program that will provide near unlimited access for use of the companies arcade games. This membership will also provide access to discounted food and beverage options. This will further contribute to the ongoing economic stability of the business.

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

Market Demand



The Financing

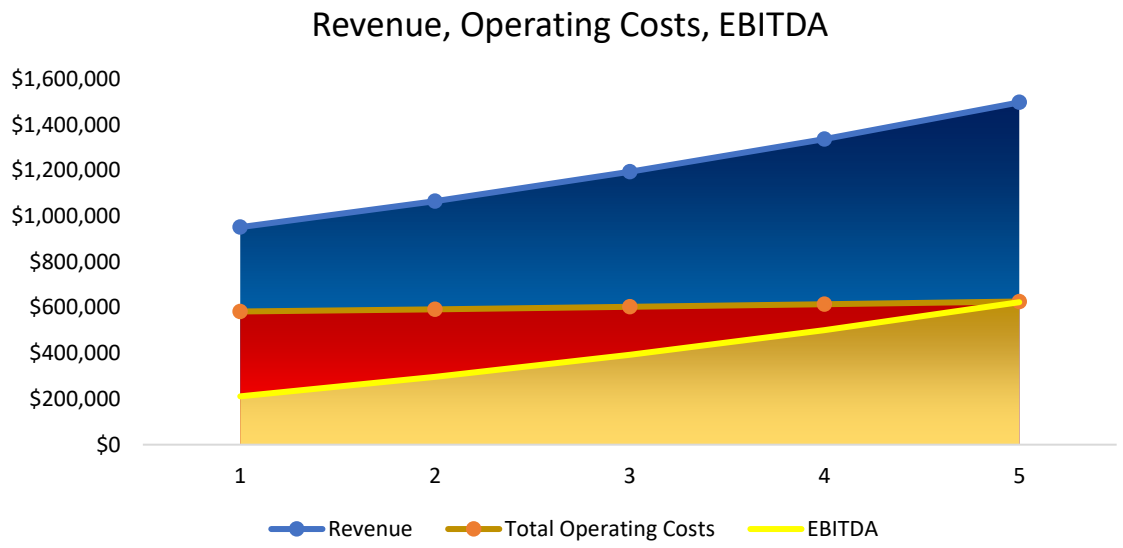
The $500,000 capital that sought in this document will be used for the full buildout of the location as well as for the acquisition of arcade games. In many instances, the business will rent or lease arcade games so that they can be swapped out with new additions on an ongoing basis. This will substantially reduce the startup costs of the business. As needed, the arcade can acquire additional rounds, a capital in order to further expand its operations if it is financially prudent to do so.

The Future

Management will make ongoing reinvestment into the operations, a stage with a focus on increasing patronage on a year-on-year basis, especially through the business' membership program. This will include greater marketing efforts within the Princeton and Mercer County region. The company intends to work closely with Princeton University as many university students have a substantial interest in video gaming.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$951,300	$1,065,456	$1,193,311	$1,336,508	$1,496,889
Cost of Revenue	$157,418	$176,308	$197,465	$221,160	$247,699
Gross Profit	$793,883	$889,148	$995,846	$1,115,348	$1,249,189
Total Operating Costs	$582,511	$592,476	$603,014	$614,188	$626,067
EBITDA	**$211,371**	**$296,673**	**$392,832**	**$501,159**	**$623,123**

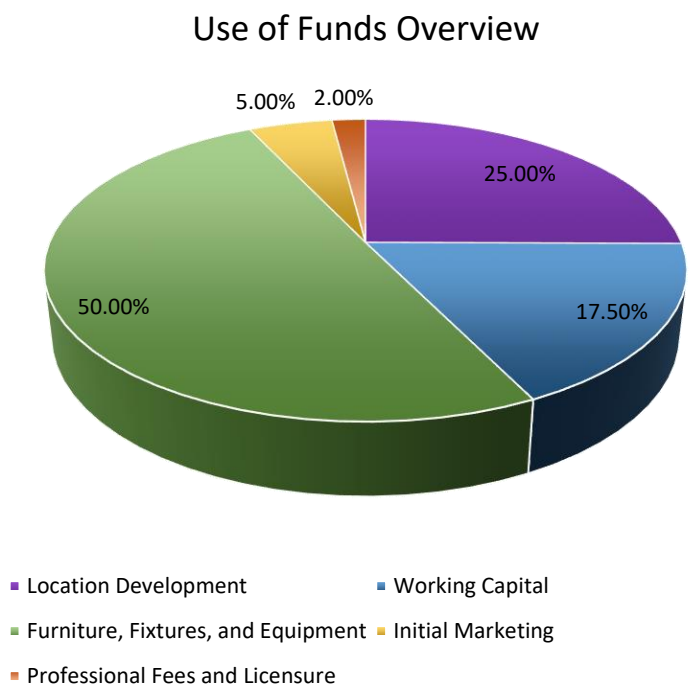


2.0 The Financing

2.1 Funds Required

An investment of $500,000 is required. The funds will be used as follows:

Use of Funds	
Location Development	$125,000
Working Capital	$87,500
Furniture, Fixtures, and Equipment	$250,000
Initial Marketing	$25,000
Professional Fees and Licensure	$10,000
Misc. Costs	$2,500
Total	$500,000



2.2 Management and Investor Equity

This will be further discussed during negotiation.

2.3 Exit Strategies

If it is prudent to so do, a qualified business broker would be hired to sell the business to a third party for a significant earnings multiple. Based on comparative sales, this arcade could have a sales price of $850,000 to $950,000 by the fifth year of operation. This is not expected to occur for a substantial period of time.

3.0 Operations

Zendex Arcade will be a state of the arcade that will appeal to a wide range of audiences throughout Mercer County. The business will have a number of arcade games that are very popular among the target demographics and are appropriate for people of all ages. The business will charge $0.50 to one dollar per play for each game. The Company will strive to keep gaming affordable, which will keep individuals at the facility longer, which will ultimately facilitate a greater number of food and beverage sales.

Full food and beverage service will be provided on site. The business will have its own kitchen so that freshly prepared options can be provided. The fare will include traditional American favorites, such as chicken dishes, burgers, wings, fries, and other types of fare that are common to this type of cuisine. The business will have a full liquor license so that beer, wine, and cocktails can be served. As noted, this will only occur during evening hours. Once alcohol service begins, no one under the age of 21 will be permitted at the location.

Event hosting is also an extremely important component of the Company's operations. The business will host events for young children all the way to corporate events. This will not only increase the revenues of the business, but it will also expand visibility within the Mercer County market.

While it will be a tertiary revenue stream, membership will drive significant revenues in the coming years. Individuals enrolled in this program will have access to near unlimited use of the arcade games as well as virtual reality installations. There will be some limitations based on the busyness of the location. It is expected that the membership program will have a pricing point of $50 per month.

4.0 Overview of the Organization

4.1 Registered Name

Zendex Arcade. The business is registered as a limited liability company in the State of New Jersey.

4.2 Commencement of Operations

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

4.3 Mission Statement

To provide an exceptional arcade experience at an affordable price.

4.4 Vision Statement

To become the preeminent arcade and VR installation facility in Central New Jersey.

4.5 Organizational Objectives

- Properly to develop the operations once the investment has been secured.
- Develop relationships with regional colleges and universities, especially Princeton university, which has a very large student population.
- Continually expand the types of arcade games, and virtual reality installations on site.
- Remain within a letter of the law as it relates to the sale of food and beverages.
- Maintain an expansive online presence that is continually updated.
- Provide staff with a gainful place of employment that rewards their hard work.
- Potentially develop additional locations after the fifth year of operation.
- Integrate event hosting as this will provide substantial revenue and brand name recognition.
- Leverage multiple forms of online marketing to increase brand name awareness for the Mercer County market.
- Continue to expand the scope of the Company's membership driven operations as this will create recurring streams of revenue.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

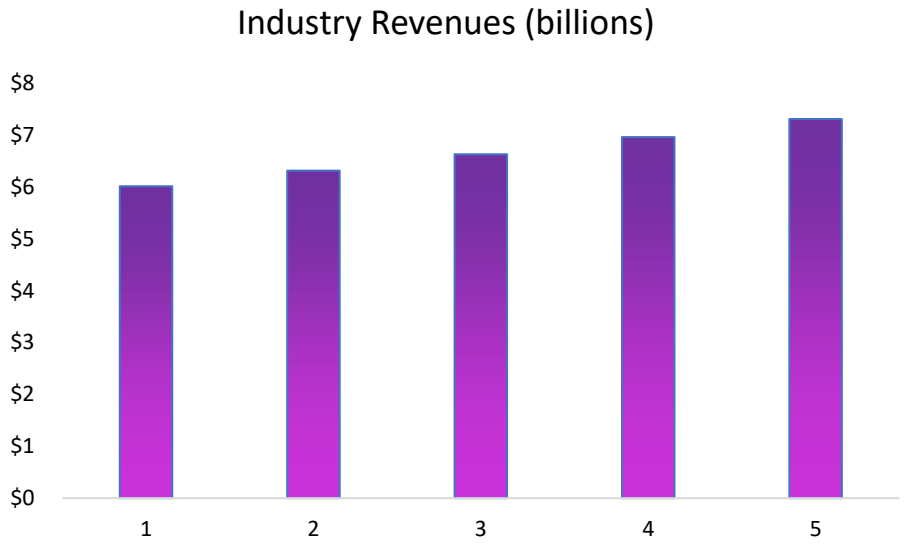
This section analysis will document the industry, the current economic climate, the customer profile, and the ongoing competition that the business will face moving forward.

Currently, the economic outlook is moderate. Due to changes in trade policy, as well as fiscal policy, there has been a moderate increase in inflation over the past two years. However, major central banks are taking the appropriate measures to ensure that inflation remains tame, and that the economy continues to grow.

Zendex Arcade's revenues will be relatively immune from a major economic recession. This is primarily due to the fact that going to an arcade is a low-cost form of entertainment. when economic recessions occur, people turn to lower cost forms of entertainment – like arcades – as opposed to more expensive forms of leisure, such as a vacation. Furthermore, the Company will generate substantial contribution margins on all revenue centers, which will further contribute to the economic stability of the business.

5.2 Industry Analysis

As of this year, there are 4,000 arcades in operation within the states. These businesses aggregately produce $6 billion of revenue each year and employee 55,000 people. The industry is poised for significant growth, especially as new technology that is incredibly immersive has come down in price.

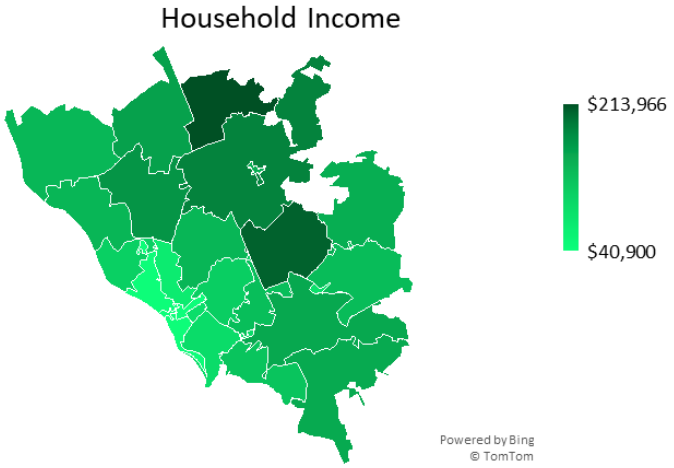


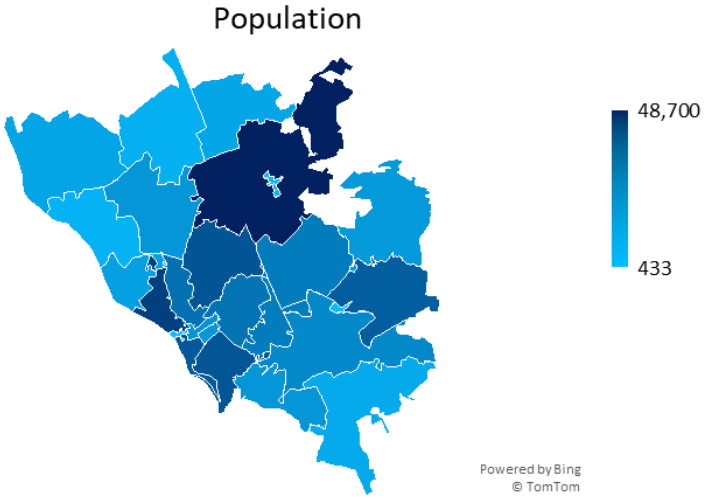
Furthermore, many arcades are now taking an approach allows adults to enjoy alcoholic beverages, and premium food options on site. The Company will capitalize on this trend throughout the life of the business.

5.3 Customer Profile

The following profile will used during the course of marketing operations:

- Annual household income exceeding $60,000
- Will spend $20 to $50 per visit
- Lives within 20 miles of the Company's location





5.4 Competitive Analysis

Ass this business plan has been developed as a sample, a formal competitive analysis has not been completed. If this business plan for an arcade was completed as a client engagement, a full analysis of all potential competitors within the target market range would have been completed. This would include an examination of their anticipated, revenues, their reviews, length of time in business, and other attributes. A discussion regarding the differentiating factors would be included as well. The company will use multiple forms of marketing in order to inform the general public of the arcade's operation.

6.0 Key Strategic Issues

6.1 Sustainable Operations

- Immense demand in the market given the population density and proximity to Princeton University.
- The business will lease its games, which will allow for rapid turnover of inventory to drive repeat patronage.
- The Company can develop additional locations in this market given its highly scalable business model.
- The onsite food and beverage service will provide a major differentiating factor.
- The arcade will be able to host a wide range of events.
- Theme nights will be a major driver to the arcade.

6.2 Basis of Growth

The Company will expand via the following methods:

- Expansion of the Company's membership driven operations.
- Potential development of new locations.
- Implementation of a franchise program.
- Increases in the annual marketing budget.

7.0 Marketing Plan

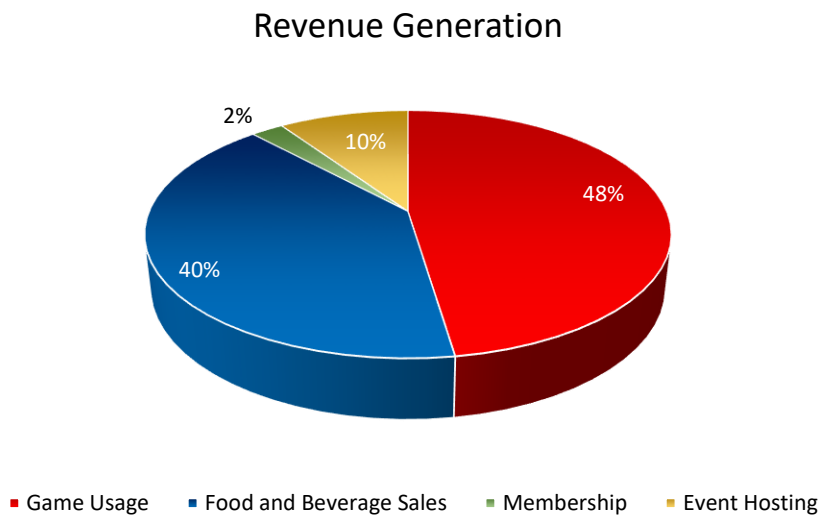
7.1 Marketing Objectives

- Establish a widely recognized brand name among the targeted demographics.
- Distribute flyers throughout Princeton (especially Princeton University).
- Use multiple forms of online marketing.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Game Usage	$453,000	$507,360	$568,243	$636,432	$712,804
Food and Beverage Sales	$385,050	$431,256	$483,007	$540,968	$605,884
Membership	$22,650	$25,368	$28,412	$31,822	$35,640
Event Hosting	$90,600	$101,472	$113,649	$127,286	$142,561
Total	**$951,300**	**$1,065,456**	**$1,193,311**	**$1,336,508**	**$1,496,889**

Gross Profit					
Year	1	2	3	4	5
Total	**$793,883**	**$889,148**	**$995,846**	**$1,115,348**	**$1,249,189**



7.3 Revenue Assumptions

Year 1

- The arcade will launch its operations in the fourth quarter of this year.
- First year revenue will reach $951,000.
- Gross profits will reach $793,000.

Year 2

- Through greater marketing efforts, revenue will reach $1.06 million.
- Gross profits will reach $889,000.
- Total income will increase by 12%.

Years 3-5

- Management will continue to expand the scope of the arcade's online focused operations.
- By the fifth year of operation, total revenue will reach $1.49 million.

7.4 Marketing Strategies

Most importantly, the business will engage in a wide range of pre-launch marketing activities so that there is extensive interest within the Princeton and Mercer County community prior to the grand opening date. The business will distribute flyers at showcase the state-of-the-art nature of the arcade as well as its premium food and beverage options. As noted earlier, it is fully expected that numerous college university students from this area will frequent the location.

The business will aggressively use social media to promote its operations during the pre-launch period. This will include promotions such as free game use that will familiarize people with the business. During the grand opening, discounts on food and beverage will also be provided in order to drive substantial interest. Discounted memberships will also be offered as well. All of these matters will be thoroughly showcase on the company, social media pages.

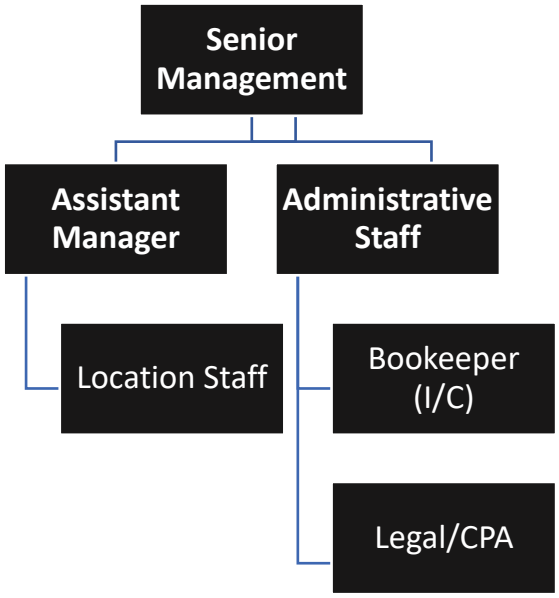
In regards to the Company's website, this platform will showcase the operations of the business with content rich information. Videos and images of the location will be frequently uploaded to the website as well as on Facebook and Instagram. Prior to the launch of the business, a professional video will be shown which will be distributed to YouTube and TikTok. The website will be mobile device friendly.

The Company will also coordinate with local corporations, schools, civics, groups, and charities that are seeking to host events on site. As a community minded business, the arcade will provide discounts for access to the facilities among not for-profit organizations. This will further position the business as a community leader will also expanding its brand visibility.

The business will also establish relationships with corporate event specialists that are seeking to provide their clients with a unique experience. As the business will have significant amounts of state-of-the-art virtual reality and augmented reality installations on site – there's an immense opportunity to generate highly predictable streams of revenue from corporate engagements.

8.0 Organizational Plan

8.1 Organizational Hierarchy

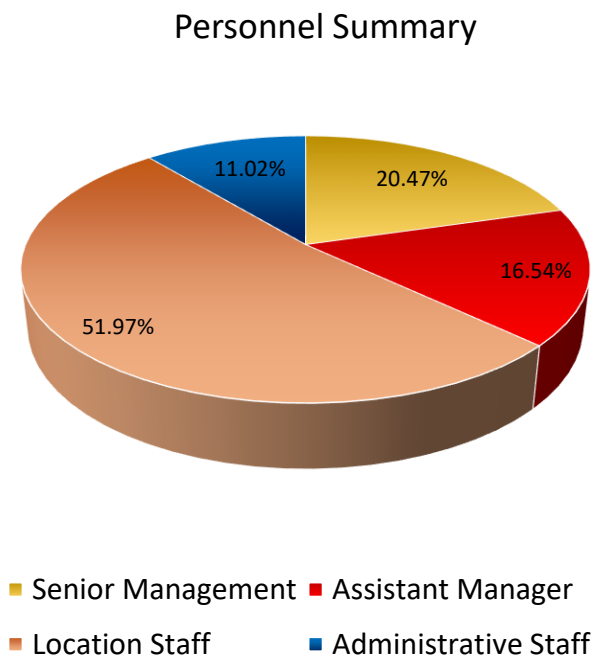


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$65,000	$65,650	$66,307	$66,970	$67,639
Assistant Manager	$52,500	$53,025	$53,555	$54,091	$54,632
Location Staff	$165,000	$166,650	$168,317	$170,000	$171,700
Administrative Staff	$35,000	$35,350	$35,704	$36,061	$36,421
Total	**$317,500**	**$320,675**	**$323,882**	**$327,121**	**$330,392**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Assistant Manager	1	1	1	1	1
Location Staff	6	6	6	6	6
Administrative Staff	1	1	1	1	1
Totals	**9**	**9**	**9**	**9**	**9**

8.2 Personnel Costs (Cont.)



9.0 Financial Plan

9.1 Underlying Assumptions

- The business will have a compounded annual growth rate of 12%.
- Zendex Arcade will have a $500,000 capitalization.
- The busniess will reinvest 10% of its after-tax profit into expansion.

9.2 Financial Highlights

- Profitability starting in Year One.
- High gross margins from game usage and event hosting.
- Recurring income from memberships.

9.3 Sensitivity Analysis

The Company's ability to generate revenue and profit will only be modestly affected in the event of a severe economic recession. The business will generate significant contribution on each revenue center, which will ensure that all month-to-month financial obligations are met. Furthermore, the arcade will be strategically located next to an Ivy League university which has over 20,000 students. This will substantially abate the economic risks of the business.

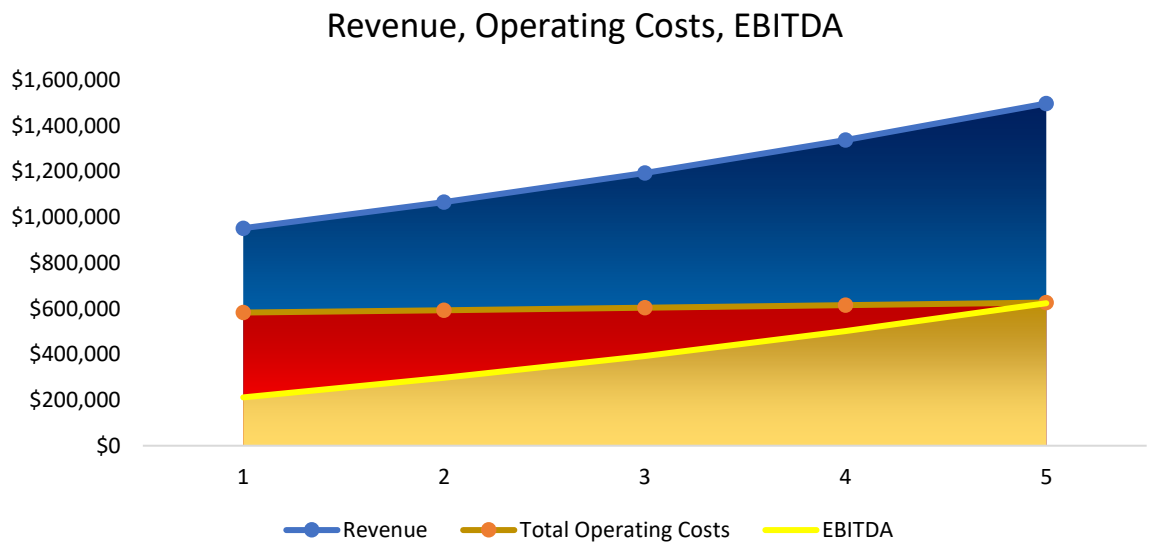
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$500,000.00
Total Equity Financing	$500,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$500,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Revenue	$951,300	$1,065,456	$1,193,311	$1,336,508	$1,496,889
Cost of Revenue	$157,418	$176,308	$197,465	$221,160	$247,699
Gross Margin	83.45%	83.45%	83.45%	83.45%	83.45%
Gross Profit	$793,883	$889,148	$995,846	$1,115,348	$1,249,189
Expenses					
Payroll	$317,500	$320,675	$323,882	$327,121	$330,392
Facility Costs	$165,000	$166,650	$168,317	$170,000	$171,700
General and Administrative	$18,075	$20,244	$22,673	$25,394	$28,441
Professional Fees and Licensure	$3,000	$3,030	$3,060	$3,091	$3,122
Insurance	$30,000	$30,300	$30,603	$30,909	$31,218
Marketing	$9,513	$10,655	$11,933	$13,365	$14,969
Maintenance	$8,000	$8,400	$8,820	$9,261	$9,724
Misc. Costs	$7,135	$7,991	$8,950	$10,024	$11,227
Payroll Taxes	$24,289	$24,532	$24,777	$25,025	$25,275
Total Operating Costs	**$582,511**	**$592,476**	**$603,014**	**$614,188**	**$626,067**
EBITDA	**$211,371**	**$296,673**	**$392,832**	**$501,159**	**$623,123**
Federal Income Tax	$48,843	$70,093	$94,033	$120,990	$151,306
State Income Tax	$9,769	$14,019	$18,807	$24,198	$30,261
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$16,000	$16,300	$16,700	$17,200	$17,900
Net Profit	**$136,760**	**$196,261**	**$263,292**	**$338,772**	**$423,656**
Profit Margin	**14.38%**	**18.42%**	**22.06%**	**25.35%**	**28.30%**

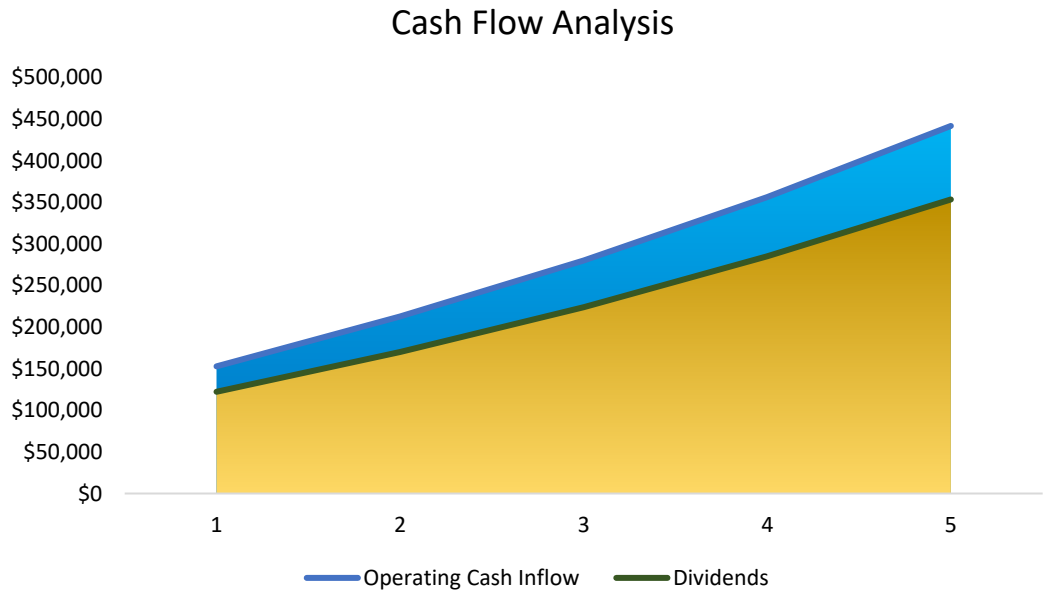


B) Common Size Income Statement

Proforma 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	16.55%	16.55%	16.55%	16.55%	16.55%
Gross Profit	83.45%	83.45%	83.45%	83.45%	83.45%
Expenses					
Payroll	33.38%	30.10%	27.14%	24.48%	22.07%
Facility Costs	17.34%	15.64%	14.11%	12.72%	11.47%
General and Administrative	1.90%	1.90%	1.90%	1.90%	1.90%
Professional Fees and Licensure	0.32%	0.28%	0.26%	0.23%	0.21%
Insurance	3.15%	2.84%	2.56%	2.31%	2.09%
Marketing	1.00%	1.00%	1.00%	1.00%	1.00%
Maintenance	0.84%	0.79%	0.74%	0.69%	0.65%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	2.55%	2.30%	2.08%	1.87%	1.69%
Total Operating Costs	61.23%	55.61%	50.53%	45.95%	41.82%
EBITDA	22.22%	27.84%	32.92%	37.50%	41.63%
Federal Income Tax	5.13%	6.58%	7.88%	9.05%	10.11%
State Income Tax	1.03%	1.32%	1.58%	1.81%	2.02%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expenses	1.68%	1.53%	1.40%	1.29%	1.20%
Net Profit	14.38%	18.42%	22.06%	25.35%	28.30%

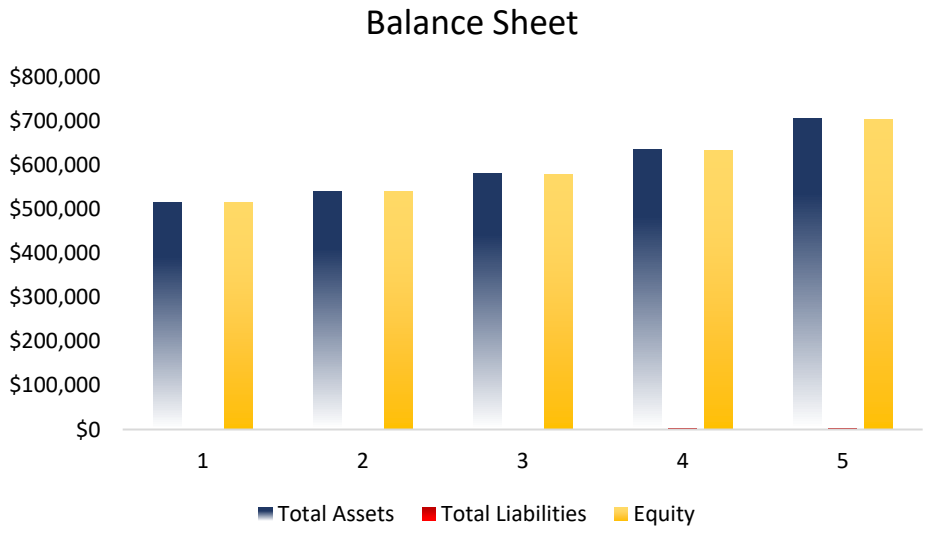
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$152,760	$212,561	$279,992	$355,972	$441,556
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$152,760**	**$212,561**	**$279,992**	**$355,972**	**$441,556**
Other Cash Inflows					
Equity Investment	$500,000	$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	**$501,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$653,760**	**$213,611**	**$281,095**	**$357,129**	**$442,771**
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	$400,000	$31,884	$41,999	$53,396	$66,233
Dividends	$122,208	$170,049	$223,994	$284,777	$353,245
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$522,908**	**$202,668**	**$266,764**	**$338,983**	**$420,329**
Net Cash Flow	**$130,852**	**$10,943**	**$14,330**	**$18,146**	**$22,442**
Cash Balance	**$130,852**	**$141,795**	**$156,125**	**$174,271**	**$196,714**



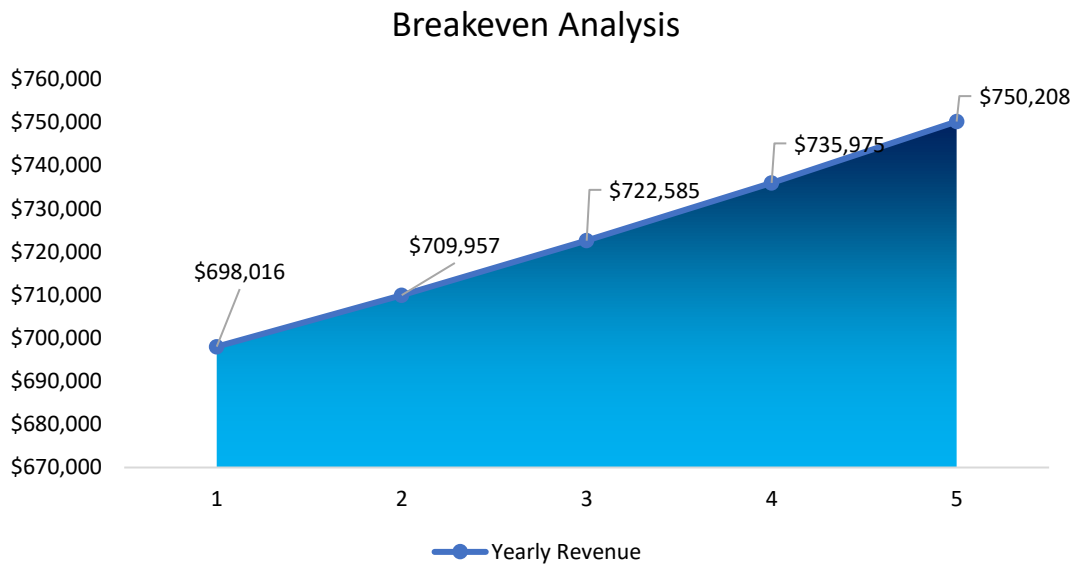
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$130,852	$141,795	$156,125	$174,271	$196,714
Fixed Assets	$400,000	$431,884	$473,883	$527,279	$593,512
Accumulated Depreciation	($16,000)	($32,300)	($49,000)	($66,200)	($84,100)
Total Assets	**$514,852**	**$541,379**	**$581,008**	**$635,350**	**$706,126**
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	**$514,552**	**$540,764**	**$580,063**	**$634,057**	**$704,468**
Total Liabilities and Equity	**$514,852**	**$541,379**	**$581,008**	**$635,350**	**$706,126**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$58,168	$59,163	$60,215	$61,331	$62,517
Yearly Revenue	$698,016	$709,957	$722,585	$735,975	$750,208



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	12.0%	12.0%	12.0%	12.0%
Gross Margin	83.5%	83.5%	83.5%	83.5%	83.5%
Financials					
Profit Margin	14.38%	18.42%	22.06%	25.35%	28.30%
Assets to Liabilities	1716.17	880.29	614.34	491.36	425.97
Equity to Liabilities	1715.17	879.29	613.34	490.36	424.97
Assets to Equity	1.00	1.00	1.00	1.00	1.00
Liquidity					
Acid Test	436.17	230.56	165.08	134.78	118.67
Cash to Assets	0.25	0.26	0.27	0.27	0.28

Appendix A – SWOT Analysis

Strengths

- Integration of virtual reality gaming installations will provide a major differentiating factor for the Company.
- Limited competition in the Princeton market will allow for rapid onboarding of members.
- The business is strategically located near a major university.
- The operations of the business are highly scalable, and the Company can develop new locations quickly.
- Sales of alcohol will generate substantial profits.

Weaknesses

- Operational complexities given the scope and scale of this enterprise.
- Potential liabilities from onsite accidents.

Opportunities

- Development of new locations in Central New Jersey.
- Expanded marketing operations to drive additional members.
- Continued expansion of event hosting operations.
- Continued expansion of the number of arcade games and VR installations on site.

Threats

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

Appendix B – Critical Risks

Development Risk – **Low**
The protocols and concept for Zendex Arcade has been developed. As noted, the business is currently seeking $500,000 a capital to establish operations. Management has already sourced the potential location that will be used to house operations.

Financing Risk – **Low/Moderate**
The risks related to the investment are offset by the fact that the business will generate substantial contribution margins from all facets of operation. Furthermore, the competition among similarly size facilities is limited within Princeton and the greater Mercer County area.

Marketing Risk **– Low**
The business will use multiple forms of advertising to create interest prior to the launch and throughout the life of the business. The business will aggressively use multiple forms of online advertising to create significant brand-name awareness.

Management Risk – **Low**
Matthew Deutsch is a highly experience entrepreneur that has extensive experience in the gaming industry. He will be able to effectively conduct the development of the arcade will also managing the day-to-day operations of the business.

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

- Limited competition in the Princeton market.
- The operations of the arcade are highly scalable.
- Evening hours operations will provide a major differentiating factor for the business.

Exit Risk - **Low**
As noted earlier, if it is financially prudence do so – a qualified business broker will be hired to manage the sale of the arcade to a third-party. Given the multiple revenue streams and economic stability of the arcade - there would be immense number of buyers would want to acquire this type of enterprise. This event is not expected to occur for a significant period of time.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$73,500**	**$74,550**	**$75,600**	**$76,650**	**$77,700**	**$78,750**	**$79,800**
Cost of Revenue	$12,163	$12,336	$12,510	$12,684	$12,858	$13,031	$13,205
Gross Profit	$61,338	$62,214	$63,090	$63,966	$64,843	$65,719	$66,595
Expenses							
Payroll	$26,458	$26,458	$26,458	$26,458	$26,458	$26,458	$26,458
Facility Costs	$13,750	$13,750	$13,750	$13,750	$13,750	$13,750	$13,750
General and Administrative	$1,506	$1,506	$1,506	$1,506	$1,506	$1,506	$1,506
Professional Fees and Licensure	$250	$250	$250	$250	$250	$250	$250
Insurance	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Marketing	$793	$793	$793	$793	$793	$793	$793
Maintenance	$667	$667	$667	$667	$667	$667	$667
Misc. Costs	$595	$595	$595	$595	$595	$595	$595
Payroll Taxes	$2,024	$2,024	$2,024	$2,024	$2,024	$2,024	$2,024
Total Operating Costs	$48,543	$48,543	$48,543	$48,543	$48,543	$48,543	$48,543
EBITDA	$12,795	$13,671	$14,547	$15,424	$16,300	$17,176	$18,052
Federal Income Tax	$3,774	$3,828	$3,882	$3,935	$3,989	$4,043	$4,097
State Income Tax	$755	$766	$776	$787	$798	$809	$819
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333
Net Profit	$6,933	$7,745	$8,556	$9,368	$10,179	$10,991	$11,802

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$80,850**	**$81,900**	**$82,950**	**$84,000**	**$85,050**	**$951,300**
Cost of Revenue	$13,379	$13,553	$13,726	$13,900	$14,074	$157,418
Gross Profit	$67,471	$68,348	$69,224	$70,100	$70,976	$793,883
Expenses						
Payroll	$26,458	$26,458	$26,458	$26,458	$26,458	$317,500
Facility Costs	$13,750	$13,750	$13,750	$13,750	$13,750	$165,000
General and Administrative	$1,506	$1,506	$1,506	$1,506	$1,506	$18,075
Professional Fees and Licensure	$250	$250	$250	$250	$250	$3,000
Insurance	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000
Marketing	$793	$793	$793	$793	$793	$9,513
Maintenance	$667	$667	$667	$667	$667	$8,000
Misc. Costs	$595	$595	$595	$595	$595	$7,135
Payroll Taxes	$2,024	$2,024	$2,024	$2,024	$2,024	$24,289
Total Operating Costs	$48,543	$48,543	$48,543	$48,543	$48,543	$582,511
EBITDA	$18,929	$19,805	$20,681	$21,557	$22,434	$211,371
Federal Income Tax	$4,151	$4,205	$4,259	$4,313	$4,367	$48,843
State Income Tax	$830	$841	$852	$863	$873	$9,769
Interest Expense	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$1,333	$1,333	$1,333	$1,333	$1,333	$16,000
Net Profit	$12,614	$13,426	$14,237	$15,049	$15,860	$136,760

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$258,373	$263,700	$269,028	$274,355	$1,065,456
Cost of Revenue	$42,755	$43,636	$44,518	$45,399	$176,308
Gross Profit	**$215,618**	**$220,064**	**$224,510**	**$228,956**	**$889,148**
Expenses					
Payroll	$80,169	$80,169	$80,169	$80,169	$320,675
Facility Costs	$41,663	$41,663	$41,663	$41,663	$166,650
General and Administrative	$4,909	$5,010	$5,112	$5,213	$20,244
Professional Fees and Licensure	$735	$750	$765	$780	$3,030
Insurance	$7,575	$7,575	$7,575	$7,575	$30,300
Marketing	$2,584	$2,637	$2,690	$2,744	$10,655
Maintenance	$2,100	$2,100	$2,100	$2,100	$8,400
Misc. Costs	$1,938	$1,978	$2,018	$2,058	$7,991
Payroll Taxes	$5,949	$6,072	$6,194	$6,317	$24,532
Total Operating Costs	**$147,621**	**$147,953**	**$148,285**	**$148,617**	**$592,476**
EBITDA	**$67,998**	**$72,111**	**$76,225**	**$80,338**	**$296,673**
Federal Income Tax	$16,998	$17,348	$17,699	$18,049	$70,093
State Income Tax	$3,400	$3,470	$3,540	$3,610	$14,019
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$4,075	$4,075	$4,075	$4,075	$16,300
Net Profit	**$43,526**	**$47,219**	**$50,912**	**$54,605**	**$196,261**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$289,378	$295,344	$301,311	$307,278	$1,193,311
Cost of Revenue	$47,885	$48,872	$49,860	$50,847	$197,465
Gross Profit	**$241,493**	**$246,472**	**$251,451**	**$256,430**	**$995,846**
Expenses					
Payroll	$80,970	$80,970	$80,970	$80,970	$323,882
Facility Costs	$42,079	$42,079	$42,079	$42,079	$168,317
General and Administrative	$5,498	$5,612	$5,725	$5,838	$22,673
Professional Fees and Licensure	$742	$757	$773	$788	$3,060
Insurance	$7,651	$7,651	$7,651	$7,651	$30,603
Marketing	$2,894	$2,953	$3,013	$3,073	$11,933
Maintenance	$2,205	$2,205	$2,205	$2,205	$8,820
Misc. Costs	$2,170	$2,215	$2,260	$2,305	$8,950
Payroll Taxes	$6,194	$6,194	$6,194	$6,194	$24,777
Total Operating Costs	**$150,404**	**$150,637**	**$150,870**	**$151,103**	**$603,014**
EBITDA	**$91,089**	**$95,835**	**$100,581**	**$105,327**	**$392,832**
Federal Income Tax	$22,803	$23,273	$23,743	$24,213	$94,033
State Income Tax	$4,561	$4,655	$4,749	$4,843	$18,807
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$4,175	$4,175	$4,175	$4,175	$16,700
Net Profit	**$59,550**	**$63,732**	**$67,914**	**$72,096**	**$263,292**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$324,103	$330,786	$337,468	$344,151	$1,336,508
Cost of Revenue	$53,631	$54,737	$55,843	$56,949	$221,160
Gross Profit	**$270,472**	**$276,049**	**$281,625**	**$287,202**	**$1,115,348**
Expenses					
Payroll	$81,780	$81,780	$81,780	$81,780	$327,121
Facility Costs	$42,500	$42,500	$42,500	$42,500	$170,000
General and Administrative	$6,158	$6,285	$6,412	$6,539	$25,394
Professional Fees and Licensure	$750	$765	$780	$796	$3,091
Insurance	$7,727	$7,727	$7,727	$7,727	$30,909
Marketing	$3,241	$3,308	$3,375	$3,442	$13,365
Maintenance	$2,315	$2,315	$2,315	$2,315	$9,261
Misc. Costs	$2,431	$2,481	$2,531	$2,581	$10,024
Payroll Taxes	$6,256	$6,256	$6,256	$6,256	$25,025
Total Operating Costs	**$153,158**	**$153,417**	**$153,677**	**$153,936**	**$614,188**
EBITDA	**$117,314**	**$122,631**	**$127,949**	**$133,266**	**$501,159**
Federal Income Tax	$29,340	$29,945	$30,550	$31,155	$120,990
State Income Tax	$5,868	$5,989	$6,110	$6,231	$24,198
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$4,300	$4,300	$4,300	$4,300	$17,200
Net Profit	**$77,806**	**$82,397**	**$86,989**	**$91,580**	**$338,772**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$362,996	$370,480	$377,964	$385,449	$1,496,889
Cost of Revenue	$60,067	$61,306	$62,544	$63,783	$247,699
Gross Profit	**$302,928**	**$309,174**	**$315,420**	**$321,666**	**$1,249,189**
Expenses					
Payroll	$82,598	$82,598	$82,598	$82,598	$330,392
Facility Costs	$42,925	$42,925	$42,925	$42,925	$171,700
General and Administrative	$6,897	$7,039	$7,181	$7,324	$28,441
Professional Fees and Licensure	$757	$773	$788	$804	$3,122
Insurance	$7,805	$7,805	$7,805	$7,805	$31,218
Marketing	$3,630	$3,705	$3,780	$3,854	$14,969
Maintenance	$2,431	$2,431	$2,431	$2,431	$9,724
Misc. Costs	$2,722	$2,779	$2,835	$2,891	$11,227
Payroll Taxes	$6,319	$6,319	$6,319	$6,319	$25,275
Total Operating Costs	**$156,084**	**$156,372**	**$156,661**	**$156,950**	**$626,067**
EBITDA	**$146,845**	**$152,802**	**$158,759**	**$164,716**	**$623,123**
Federal Income Tax	$36,692	$37,448	$38,205	$38,961	$151,306
State Income Tax	$7,338	$7,490	$7,641	$7,792	$30,261
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$4,475	$4,475	$4,475	$4,475	$17,900
Net Profit	**$98,340**	**$103,389**	**$108,439**	**$113,488**	**$423,656**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$8,266	$9,078	$9,890	$10,701	$11,513	$12,324	$13,136	$13,947
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$8,266	$9,078	$9,890	$10,701	$11,513	$12,324	$13,136	$13,947
Other Cash Inflows								
Equity Investment	$500,000	$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	**$500,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$508,350**	**$9,161**	**$9,973**	**$10,784**	**$11,596**	**$12,408**	**$13,219**	**$14,031**
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	$400,000	$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	**$400,058**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**
Net Cash Flow	**$108,291**	**$9,103**	**$9,915**	**$10,726**	**$11,538**	**$12,349**	**$13,161**	**$13,972**
Cash Balance	**$108,291**	**$117,394**	**$127,309**	**$138,035**	**$149,573**	**$161,922**	**$175,083**	**$189,055**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$14,759	$15,570	$16,382	$17,194	$152,760
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$14,759**	**$15,570**	**$16,382**	**$17,194**	**$152,760**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$500,000
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	$501,000
Total Cash Inflow	**$14,842**	**$15,654**	**$16,465**	**$17,277**	**$653,760**
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	$400,000
Dividends	$0	$0	$0	$122,208	$122,208
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$58**	**$58**	**$58**	**$122,266**	**$522,908**
Net Cash Flow	**$14,784**	**$15,595**	**$16,407**	**-$104,989**	**$130,852**
Cash Balance	**$203,839**	**$219,434**	**$235,841**	**$130,852**	**$130,852**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$47,601	$51,294	$54,987	$58,680	$212,561
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$47,601**	**$51,294**	**$54,987**	**$58,680**	**$212,561**
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	**$47,855**	**$51,554**	**$55,252**	**$58,950**	**$213,611**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$31,884	$0	$0	$0	$31,884
Dividends	$0	$0	$0	$170,049	$170,049
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$32,062**	**$182**	**$186**	**$170,238**	**$202,668**
Net Cash Flow	**$15,793**	**$51,372**	**$55,066**	**-$111,288**	**$10,943**
Cash Balance	**$146,645**	**$198,017**	**$253,083**	**$141,795**	**$141,795**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$63,725	$67,907	$72,089	$76,271	$279,992
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$63,725**	**$67,907**	**$72,089**	**$76,271**	**$279,992**
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	**$63,993**	**$68,180**	**$72,367**	**$76,555**	**$281,095**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$41,999	$0	$0	$0	$41,999
Dividends	$0	$0	$0	$223,994	$223,994
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$42,186**	**$191**	**$195**	**$224,193**	**$266,764**
Net Cash Flow	**$21,807**	**$67,989**	**$72,173**	**-$147,638**	**$14,330**
Cash Balance	**$163,602**	**$231,590**	**$303,763**	**$156,125**	**$156,125**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$82,106	$86,697	$91,289	$95,880	$355,972
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$82,106**	**$86,697**	**$91,289**	**$95,880**	**$355,972**
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	**$82,386**	**$86,984**	**$91,581**	**$96,178**	**$357,129**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$53,396	$0	$0	$0	$53,396
Dividends	$0	$0	$0	$284,777	$284,777
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$53,592**	**$201**	**$205**	**$284,986**	**$338,983**
Net Cash Flow	**$28,794**	**$86,783**	**$91,376**	**-$188,808**	**$18,146**
Cash Balance	**$184,920**	**$271,703**	**$363,079**	**$174,271**	**$174,271**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$102,815	$107,864	$112,914	$117,963	$441,556
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$102,815**	**$107,864**	**$112,914**	**$117,963**	**$441,556**
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	**$103,110**	**$108,165**	**$113,221**	**$118,276**	**$442,771**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$66,233	$0	$0	$0	$66,233
Dividends	$0	$0	$0	$353,245	$353,245
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$66,440**	**$211**	**$215**	**$353,464**	**$420,329**
Net Cash Flow	**$36,670**	**$107,955**	**$113,006**	**-$235,188**	**$22,442**
Cash Balance	**$210,941**	**$318,896**	**$431,902**	**$196,714**	**$196,714**