SAGE'S
LEARNING
CENTER

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1.0 Executive Summary

The purpose of this document is to showcase the continued development and expansion of a daycare and early childhood education center based in Phoenix, Arizona. Sage's Learning Center LLC ("the Company") was founded by Sage Morrison. At this time, the Company is seeking an SBA loan of $600,000 to establish operations which are expected to commence in the fall of next year. The location will be able to provide care for up to 50 children ranging from infant age to five years old. A major focus of the Company's operations will be to provide comprehensive learning in tandem with childcare including STEM based initiatives.

The Company will operate on a year-round basis so that childcare can be received seamlessly and affordably. Sage's Learning Center will implement a flat rate system so that all children are cared for at the same price regardless of their age. This will ensure that families remain within the Company's system for the full five years of care required.

The business will onboard highly qualified teachers and support staff so that children receive comprehensive care throughout the course of the day. The location will be open from 7AM to 6PM to accommodate the needs of working families throughout the Phoenix area.

The services offered by the Company will be further expanded in the third section of the business plan.

The Financing

An SBA loan of $600,000 is sought to establish the operations of Sage's Learning Center. This document assumes that the Company will receive a 20-year loan carrying an 8% interest rate. Primarily, the funds will be used for real estate acquisition, location renovation so that it is brought to code, FF&E, and working capital. Sage Morrison will contribute $100,000 towards the venture.

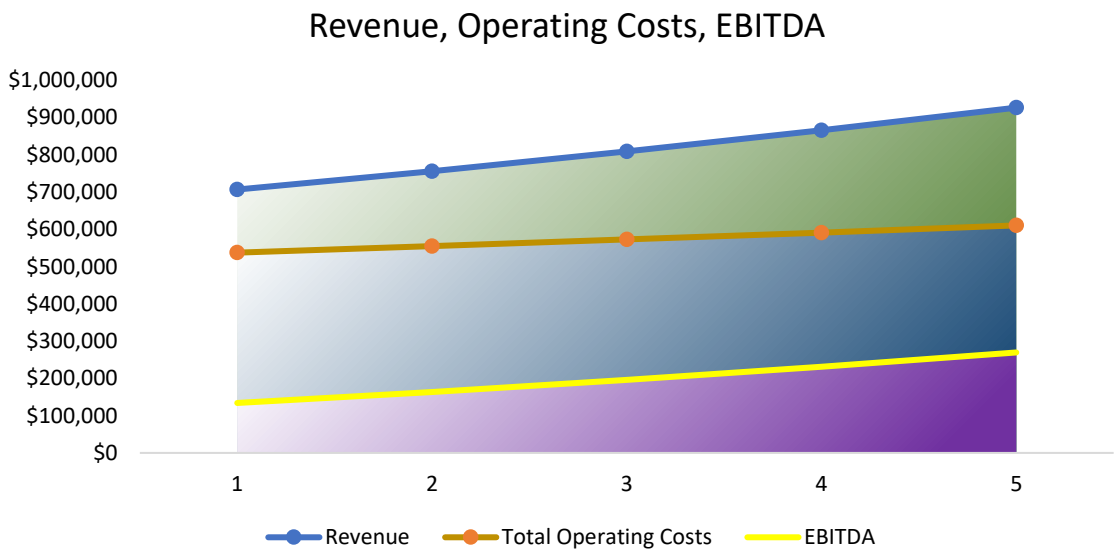
In the event that the Company intends to develop or acquire additional daycare facilities, the Company may seek additional rounds of capital to fuel the growth of the business. An event of this nature is not expected to occur until after the fifth year of operation.

The Future

Until the business reaches maximum capacity, the business will engage a number of marketing strategies for the Phoenix market. This will include direct outreach initiatives, mailed advertising campaigns, and continuous expansion of the Company's online focused marketing. After the fifth year of operations, Management may develop additional locations given the substantial demand for comprehensive daycare and early childhood education in this market.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$706,860	$756,340	$809,284	$865,934	$926,549
Cost of Revenue	$35,343	$37,817	$40,464	$43,297	$46,327
Gross Profit	$671,517	$718,523	$768,820	$822,637	$880,222
Total Operating Costs	$537,458	$554,822	$572,789	$591,381	$610,625
EBITDA	**$134,059**	**$163,701**	**$196,031**	**$231,256**	**$269,596**

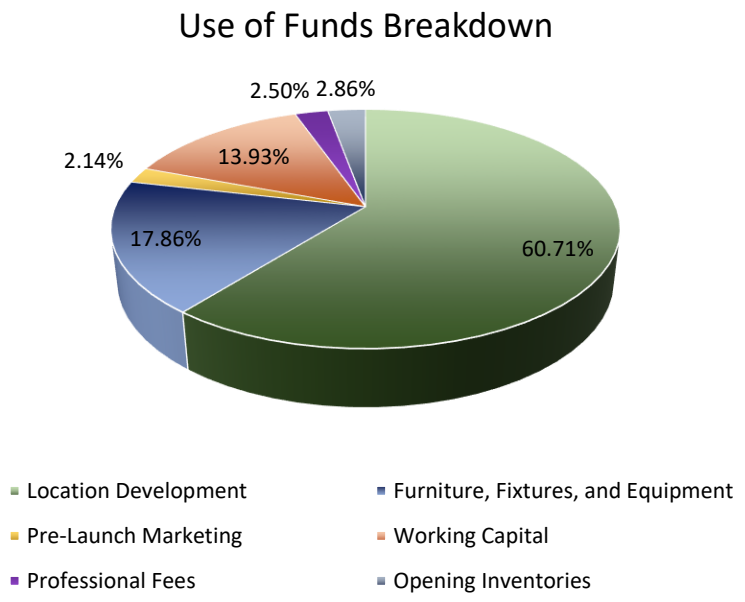


2.0 The Financing

2.1 Funds Required

Management is seeking $600,000 for the development of Sage's Learning Center's operations. The funds will be used as follows:

Use of Funds	
Location Development	$425,000
Furniture, Fixtures, and Equipment	$125,000
Pre-Launch Marketing	$15,000
Working Capital	$97,500
Professional Fees	$17,500
Opening Inventories	$20,000
Total	$700,000



2.2 Investor and Management Equity

Sage Morrison retains a 100% ownership interest in the business.

2.3 Exit Strategies

If it is financially prudent to do so, a quailed business broker will be hired to market Sage's Learning Center for sale to a third party. Based on comparable business sales, the Company could receive a sales premium of three times the prior year's earnings plus the value of real estate. This event is not expected to occur for at least ten years as Sage Morrison intends to aggressively expand the operations of the business. A formal valuation would be conducted prior to the sale of the business.

3.0 Operations

Sage's Learning Center will provide a wide range of services specific for the needs of young children in regards to their daily care needs and early childhood education. The facilities will be licensed to care for up to 50 children at any time.

The business will operate on a year-round basis so that families have seamless access to affordable childcare at all times. Early childhood education will be a major component of the Company's operations as many parents are seeking to provide their children with advancement during their early years (especially as it relates to STEM programs). Education will remain as the central component of the Company's operations throughout the life of the business.

The business will operate five days per week from the hours of 7AM to 6PM. As a value-added benefit to parents, there will not be any further charges for extended care. The business will charge $1,250 per month per child. The business will charge this as a flat rate regardless of age. This will provide a competitive advantage to the business.

All teachers and assistants will undergo a substantial background check to ensure that they are fit to work with children. These background checks will be conducted by a properly licensed third party agency.

4.0 Overview of the Organization

4.1 Registered Name

Sage's Learning Center, LLC. The business is registered as a limited liability company in the State of Arizona.

4.2 Commencement of Operations

Full scale revenue generating operations will commence in the fall of next year.

4.3 Mission Statement

Sage's Learning Center's mission is to provide seamless access to comprehensive childcare that is affordably provided to the Phoenix community.

4.4 Vision Statement

To become a well recognized and highly regarded childcare and early childhood education enterprise in Phoenix.

4.5 Organizational Objectives

- Properly establish Sage's Learning Center's operations within six months of securing capital.
- Onboard numerous families during the pre-launch period.
- Maintain an expansive online presence that is search engine optimized for the Sage's Learning Center market.
- Properly recruit experienced teachers and assistants that will provide their services at the location.
- Conduct direct outreach with regional schools for referrals while also establishing referral relationships with real estate professionals.
- Remain within the letter of the law regarding all facets of operation.
- Implement fiscally sound operating procedures to ensure the profitability and ongoing economic viability of the business.
- Provide gainful employment opportunities for the Company's staff and contractors.
- Implement numerous recruiting protocols so that potential staff can be onboarded when needed.
- Provide young children with a head start on their education including through STEM initiatives.

5.0 Strategic Analysis

5.1 External Environment Analysis

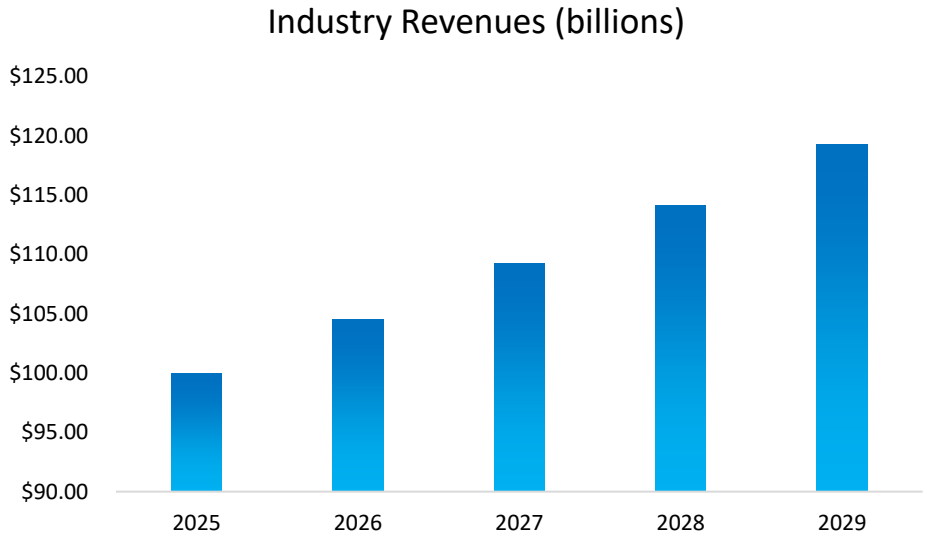
This section of the analysis will focus on the current economic climate, the industry, the demographics, and the competition that the business will face moving forward.

At this time, the economic climate in the United States is moderate. As a result of changing trade policy, there has been upward pressure on inflation rates. However, the Federal Reserve as well as major central banks are taking appropriate measures to stymie inflation through comprehensive fiscal policy.

However, any issues with inflation or the general economic climate will only have a modest impact on revenue generation for Sage's Learning Center. The demand among families to have comprehensive daycare and early childhood education remains strong in any economic climate. The business will generate highly recurring streams of revenue, which will further contribute to the economic stability of the business.

5.2 Industry Analysis

As of this year, there are 65,000 companies that operate one or more locations that provide childcare and early childhood education to the general public. These businesses generate $100 billion of revenue while providing employment for one million people. The industry is expected to achieve strong growth in the coming years as nearly all households are two-income families. The expected CAGR of the industry will remain near 5% over the next five years.

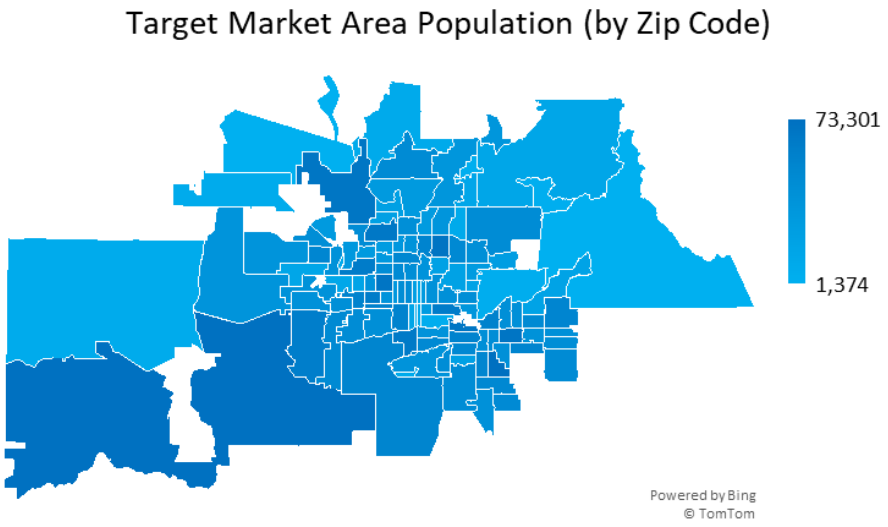


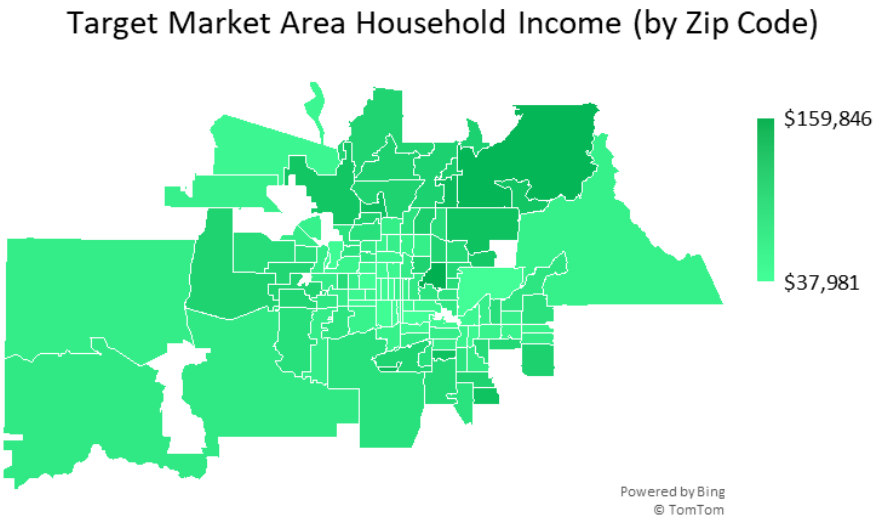
One of the common trends within the industry is to integrate technology into all facets of operation in order to streamline their operations. Sage's Learning Center will use application driven suites that will provide daily reports on each child's progress while concurrently managing matters related to inflation.

5.3 Customer Profile

The Company will use the following demographic profile during the course of marketing operations:

- Average household income of $75,000+
- In instances of two parent households, both parents work
- Will spend $1,250 on daycare service offered by Sage's Learning Center





5.4 Competition

As this business plan has been developed solely as a sample, no formal competitive analysis was performed. For a client engagement, this section would outline all other daycares in the target market area while also indicating future competitive threats.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The Company will be able to thrive in the Phoenix market given the population density and wealth of this area.
- The income from services is recurring, which will lead to a substantial degree of economic stability of the business.
- The demand for comprehensive childcare currently exceeds the supply of providers in the Phoenix market.
- The operations of Sage's Learning Center are highly scalable.

6.2 Basis for Growth

Sage's Learning Center, LLC will grow through two main avenues:

- Expansion through continued increases in marketing efforts until 100% capacity is achieved.
- Development of additional daycare centers and early childhood learning academies throughout Phoenix (in population dense ZIP codes).
- Expansion to include other major markets in Arizona.

7.0 Marketing Plan

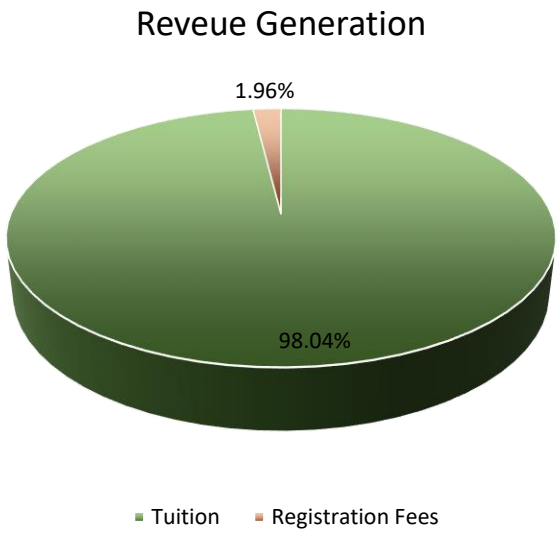
7.1 Marketing Objectives

- Conduct direct outreach with educational professionals for referrals.
- Maintain an expansive online presence.
- Engage in wide spread pre-launch marketing in order to establish enrollment prior to launch next year.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Tuition	$693,000	$741,510	$793,416	$848,955	$908,382
Registration Fees	$13,860	$14,830	$15,868	$16,979	$18,168
Totals	**$706,860**	**$756,340**	**$809,284**	**$865,934**	**$926,549**

Gross Profit					
Year	1	2	3	4	5
Total	**$671,517**	**$718,523**	**$768,820**	**$822,637**	**$880,222**



7.3 Revenue Assumptions

Year 1

- Sage's Learning Center will launch its operations with an initial capacity of 50 people.
- Revenues will reach $706,000

Year 2

- By the start of Year 2, the business will operate at 100% capacity.
- Revenue will reach $756,000.

Years 3-5

- At this time, the Company may establish additional locations in the Phoenix area.
- Revenue will reach $926,00 by the fifth year of operations/

7.4 Marketing Strategies

Foremost, the Company intends to engage in a wide range of pre-launch marketing to ensure that the business has at least 40 enrollees at the time that Sage's Learning Center conducts its grand opening in the fall of next year. This will be principally accomplished through extensive direct outreach initiatives with referring education and real estate professionals during the development period. Given the demand for comprehensive childcare and early childhood education in the Phoenix market, there is an immense opportunity to rapidly onboard families with young children.

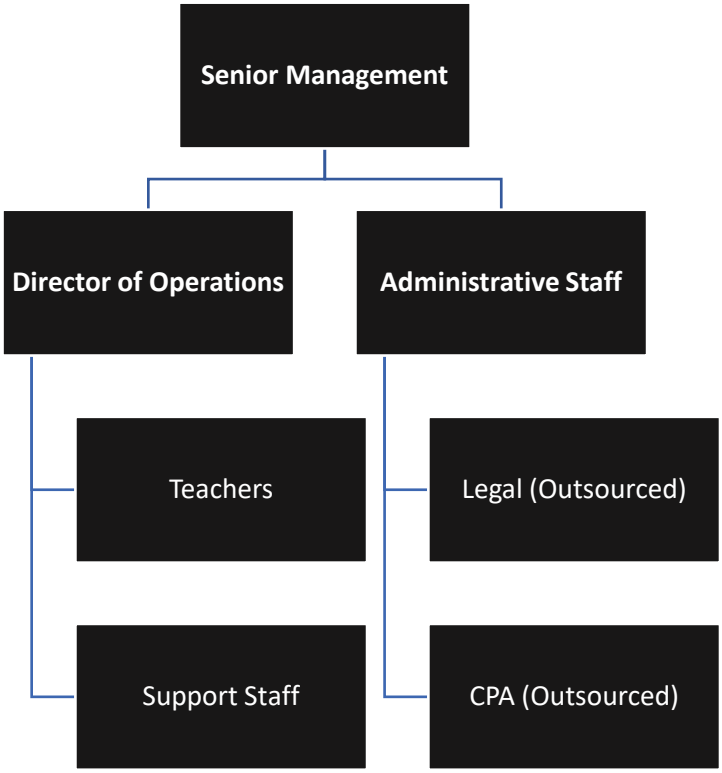
The business will maintain a proprietary website that showcases the hours of operation, fees, and enrollment procedures. The platform will feature functionality so that families can enroll directly through the website (including upload functions for important documents). The website will be professionally developed by a firm in the Phoenix area. It will be appropriate for use among web browsers on desktops as well as mobile devices. New content will be added to the platform on ongoing basis.

In addition to the proprietary website, Sage's Learning Center will also maintain profiles among all social media platforms. This will further increase visibility in the Phoenix market. The business will post images and videos of the facilities on an ongoing basis (of the facility alone with no people present). The Company's social media pages will link back to the Company's website.

Prior to the launch of Sage's Learning Center, the business will distribute mailed advertisements within a 10-mile radius of the Company's location. These brochures will showcase every aspect of the Company's operations as well as the anticipated fees. This type of marketing will be conducted twice per year if additional space at the location is available.

8.0 Organizational Plan

8.1 Corporate Organization

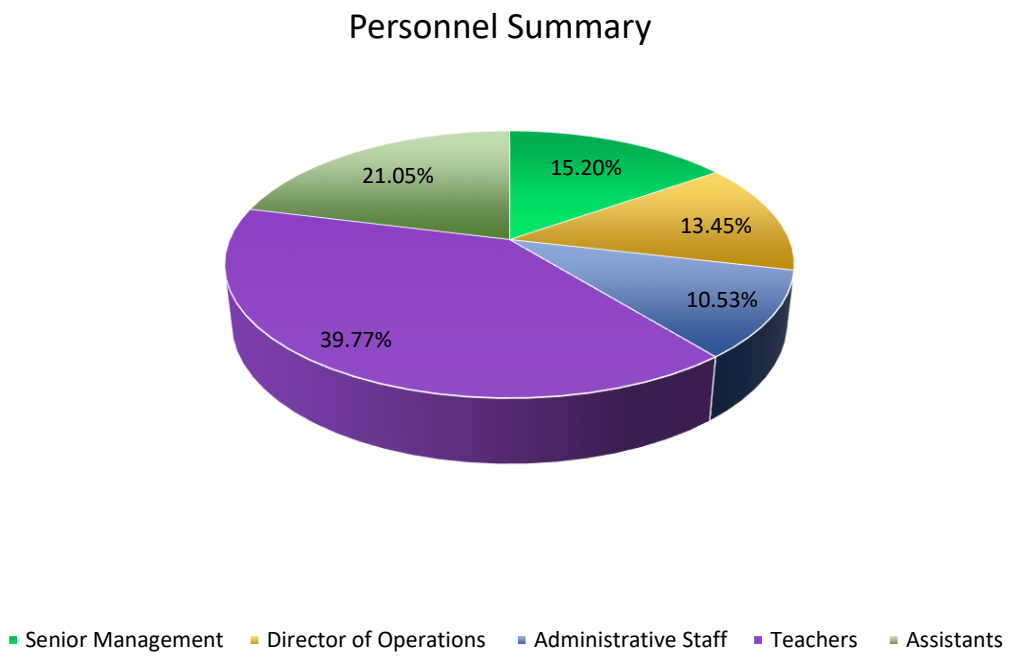


8.2 Organizational Budget

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$65,000	$66,950	$68,959	$71,027	$73,158
Director of Operations	$57,500	$59,225	$61,002	$62,832	$64,717
Administrative Staff	$45,000	$46,350	$47,741	$49,173	$50,648
Teachers	$170,000	$175,100	$180,353	$185,764	$191,336
Assistants	$90,000	$92,700	$95,481	$98,345	$101,296
Total	**$427,500**	**$440,325**	**$453,535**	**$467,141**	**$481,155**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Director of Operations	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Teachers	4	4	4	4	4
Assistants	3	3	3	3	3
Total	**10**	**10**	**10**	**10**	**10**

8.2 Organizational Budget (Cont.)



9.0 Financial Plan

9.1 Underlying Assumptions

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

- The business will acquire a SBA loan of $600,000 to establish operations in Phoenix, Arizona.
- Sage Morrison will contribute $100,000 toward the venture.

9.2 Financial Highlights

- Profitability in each year of operations.
- The Company will produce highly recurring streams of revenue from ongoing tuition and childcare fees.

9.3 Economic Analysis

Sage's Learning Center's revenues will generally not be impacted by an economic recession. The business is operating in a highly population dense market (Phoenix) which has substantial economic staying power given the number of larger employers in the market (including hospital systems). Daycare and early childhood education are an absolute necessity among working parents. Only a severe and prolonged economic recession would have an effect on top line revenue generation.

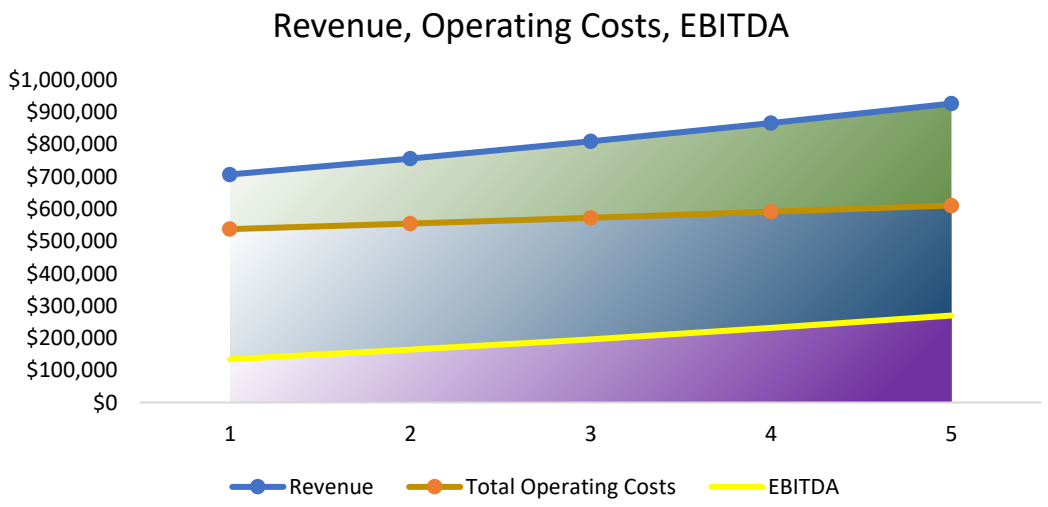
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$100,000.00
Total Equity Financing	$100,000.00
Banks and Lenders	
Business Loan	$600,000.00
Total Debt Financing	$600,000.00
Total Financing	**$700,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$706,860	$756,340	$809,284	$865,934	$926,549
Cost of Revenue	$35,343	$37,817	$40,464	$43,297	$46,327
Gross Margin	95.00%	95.00%	95.00%	95.00%	95.00%
Gross Profit	$671,517	$718,523	$768,820	$822,637	$880,222
Expenses					
Payroll	$427,500	$440,325	$453,535	$467,141	$481,155
General and Administrative	$10,603	$11,345	$12,139	$12,989	$13,898
Maintenance	$5,301	$5,673	$6,070	$6,495	$6,949
Marketing	$7,069	$7,563	$8,093	$8,659	$9,265
Insurance Costs	$5,000	$5,250	$5,513	$5,788	$6,078
Professional Fees	$7,500	$7,875	$8,269	$8,682	$9,116
Facility Costs	$40,000	$41,200	$42,436	$43,709	$45,020
Misc. Costs	$1,781	$1,906	$2,039	$2,182	$2,335
Payroll Taxes	$32,704	$33,685	$34,695	$35,736	$36,808
Total Operating Costs	**$537,458**	**$554,822**	**$572,789**	**$591,381**	**$610,625**
EBITDA	**$134,059**	**$163,701**	**$196,031**	**$231,256**	**$269,596**
Federal Income Tax	$17,529	$25,162	$33,488	$42,561	$52,438
State Income Tax	$3,506	$5,032	$6,698	$8,512	$10,488
Interest Expense	$47,542	$46,489	$45,349	$44,115	$42,777
Depreciation Expenses	$16,400	$16,564	$16,730	$16,897	$17,066
Net Profit	**$49,082**	**$70,454**	**$93,767**	**$119,171**	**$146,827**
Profit Margin	**6.94%**	**9.32%**	**11.59%**	**13.76%**	**15.85%**

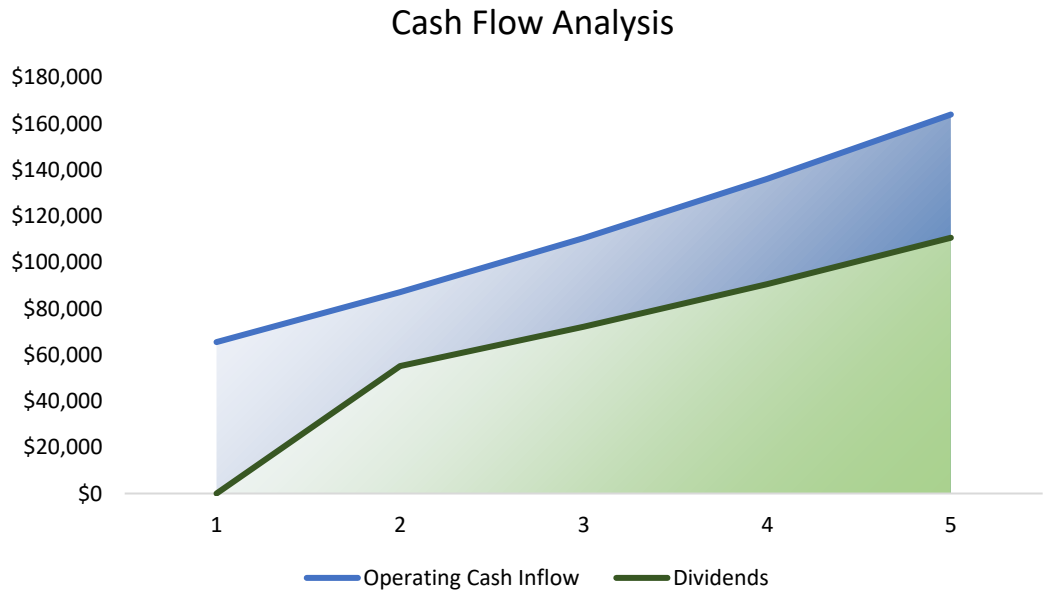


B) Common Size Income Statement

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	60.48%	58.22%	56.04%	53.95%	51.93%
General and Administrative	1.50%	1.50%	1.50%	1.50%	1.50%
Maintenance	0.75%	0.75%	0.75%	0.75%	0.75%
Marketing	1.00%	1.00%	1.00%	1.00%	1.00%
Insurance Costs	0.71%	0.69%	0.68%	0.67%	0.66%
Professional Fees	1.06%	1.04%	1.02%	1.00%	0.98%
Facility Costs	5.66%	5.45%	5.24%	5.05%	4.86%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	4.63%	4.45%	4.29%	4.13%	3.97%
Total Operating Costs	76.03%	73.36%	70.78%	68.29%	65.90%
EBITDA	18.97%	21.64%	24.22%	26.71%	29.10%
Federal Income Tax	2.48%	3.33%	4.14%	4.92%	5.66%
State Income Tax	0.50%	0.67%	0.83%	0.98%	1.13%
Interest Expense	6.73%	6.15%	5.60%	5.09%	4.62%
Depreciation Expenses	2.32%	2.19%	2.07%	1.95%	1.84%
Net Profit	6.94%	9.32%	11.59%	13.76%	15.85%

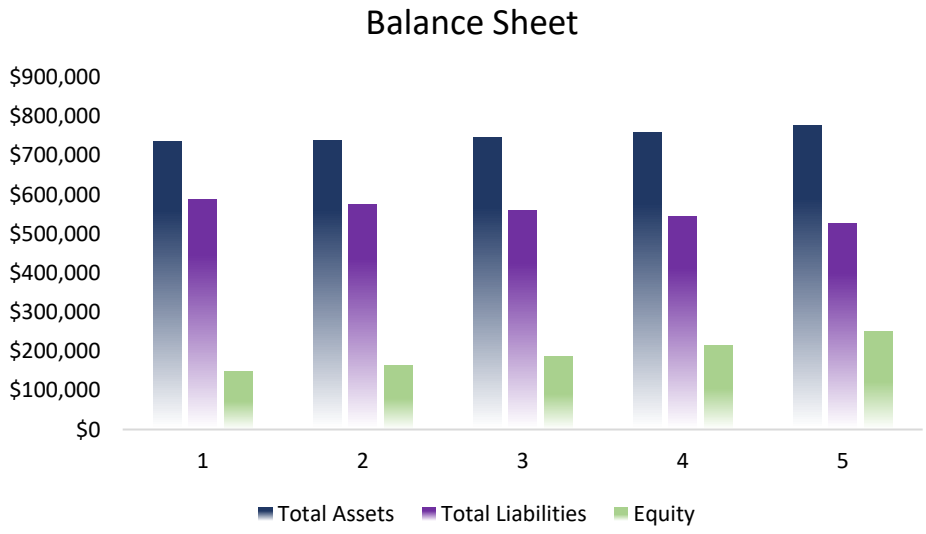
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$65,482	$87,018	$110,496	$136,068	$163,893
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$65,482**	**$87,018**	**$110,496**	**$136,068**	**$163,893**
Other Cash Inflows					
Equity Investment	$100,000	$0	$0	$0	$0
Increased Borrowings	$600,000	$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	**$701,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$766,482**	**$88,068**	**$111,599**	**$137,226**	**$165,109**
Cash Outflows					
Repayment of Principal	$12,682	$13,735	$14,875	$16,109	$17,446
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$575,000	$4,351	$5,525	$6,803	$8,195
Dividends	$0	$55,146	$72,078	$90,524	$110,602
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$588,382**	**$73,966**	**$93,249**	**$114,247**	**$137,093**
Net Cash Flow	**$178,100**	**$14,101**	**$18,350**	**$22,978**	**$28,015**
Cash Balance	**$178,100**	**$192,202**	**$210,552**	**$233,530**	**$261,545**



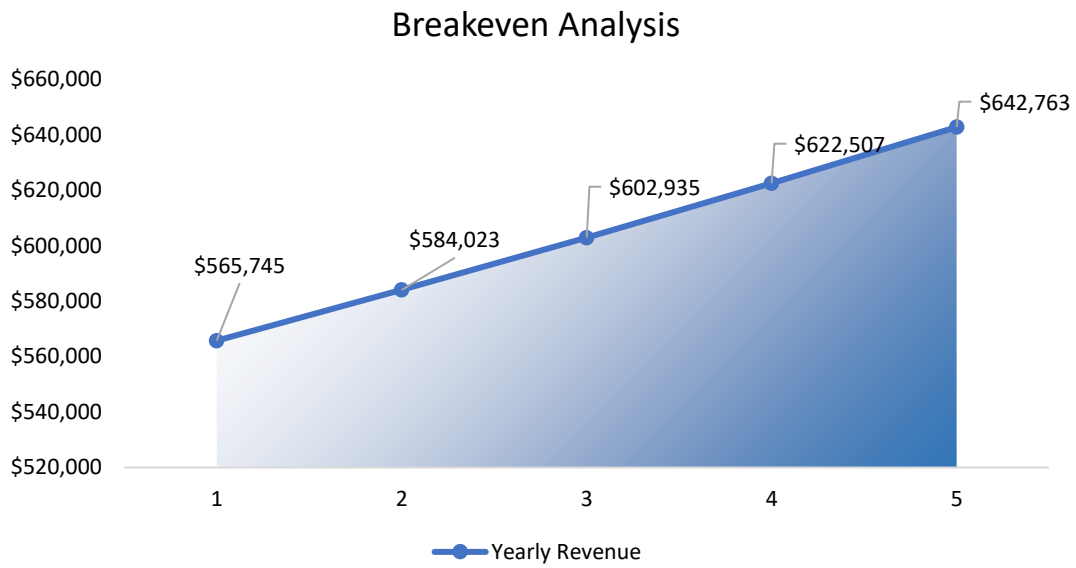
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$178,100	$192,202	$210,552	$233,530	$261,545
Fixed Assets	$575,000	$579,351	$584,876	$591,679	$599,874
Accumulated Depreciation	($16,400)	($32,964)	($49,694)	($66,591)	($83,656)
Total Assets	**$736,700**	**$738,588**	**$745,734**	**$758,619**	**$777,762**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$587,318	$573,583	$558,709	$542,600	$525,154
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$587,618**	**$574,198**	**$559,655**	**$543,893**	**$526,811**
Equity	**$149,082**	**$164,390**	**$186,079**	**$214,726**	**$250,951**
Total Liabilities and Equity	**$736,700**	**$738,588**	**$745,734**	**$758,619**	**$777,762**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$47,145	$48,669	$50,245	$51,876	$53,564
Yearly Revenue	$565,745	$584,023	$602,935	$622,507	$642,763



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	7.0%	7.0%	7.0%	7.0%
Gross Margin	95.0%	95.0%	95.0%	95.0%	95.0%
Financials					
Profit Margin	6.94%	9.32%	11.59%	13.76%	15.85%
Assets to Liabilities	1.25	1.29	1.33	1.39	1.48
Equity to Liabilities	0.25	0.29	0.33	0.39	0.48
Assets to Equity	4.94	4.49	4.01	3.53	3.10
Liquidity					
Acid Test	0.30	0.33	0.38	0.43	0.50
Cash to Assets	0.24	0.26	0.28	0.31	0.34

Appendix A - SWOT Analysis

Strengths

- Sage's Learning Center will produce revenue on a year-round basis.
- The ability to provide extended care from 7AM to 6PM will provide a major competitive advantage.
- Sage's Learning Center will produce highly recurring streams of revenue from its operations.
- Immense demand in the greater Phoenix market area given the large number of families in this market as well as major employers (especially in the energy and healthcare sector).
- The ability to provide early childhood education in tandem with its daycare services will allow the business to rapidly onboard families.

Weaknesses

- Complex operations as this enterprise caters to the needs of children.
- Ongoing competition from highly established integrated daycares within the Phoenix area.

Opportunities

- Continued expansion of the Company's marketing campaigns to ensure 100% capacity use.
- Expansion of the number of locations operated.
- Expansion of the Company's initial facilities in Phoenix.

Threats

- Inflation could cause the operating costs of the business to increase.
- Liabilities from a potential onsite accident (limited risk given the insurance policies that will be in place).

Appendix B – Risk Analysis

Development Risk – **Low**
Management has already sourced the location in Phoenix that will house the operations of Sage's Learning Center. At this time, the primary development risk is Management's ability to secure the capital sought in this document and compete the buildout of the location so that it can conduct its grand opening in the fall of next year.

Financing Risk – **Low**
Sage's Learning Center is seeking an SBA loan of $600,000 to develop the Company's operations. The risks related to this financing are abated by the fact that a significant portion of this capital will be used for real estate. The recurring income from tuition will ensure that the business is able to meet its financial obligations on a monthly basis.

Marketing Risk – **Low/Moderate**
Management will use numerous marketing strategies to ensure that the business is able to rapidly onboard families throughout the Phoenix area. As noted earlier, the Company will conduct a substantial amount of pre-launch marketing to ensure that enrollment is near 100% prior to launch.

Management Risk – **Low**
Sage Morrison is a highly experienced daycare and early childhood education professional. She will be able to properly develop Sage's Learning Center's operations with a focus on reaching maximum enrollment. The Owner will be able to properly manage the day-to-day operations of this business.

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

- Immense regional demand for comprehensive childcare.
- The operations of the business are highly scalable.

Exit Risk - **Low**
If it is financially prudent to do so, the Company will hire a qualified business broker to manage the sale of Sage's Learning Center to a third party. There is a substantial demand for childcare enterprises given that they produce highly recurring streams of revenue. This event is not expected to occur for a substantial period of time.

Appendix C - Reference Sources

All statistics and market information was obtained through:

1. IBISWorld
2. Statista

Appendix D – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$56,100**	**$56,610**	**$57,120**	**$57,630**	**$58,140**	**$58,650**	**$59,160**
Cost of Revenue	$2,805	$2,831	$2,856	$2,882	$2,907	$2,933	$2,958
Gross Profit	$53,295	$53,780	$54,264	$54,749	$55,233	$55,718	$56,202
Expenses							
Payroll	$35,625	$35,625	$35,625	$35,625	$35,625	$35,625	$35,625
General and Administrative	$884	$884	$884	$884	$884	$884	$884
Maintenance	$442	$442	$442	$442	$442	$442	$442
Marketing	$589	$589	$589	$589	$589	$589	$589
Insurance Costs	$417	$417	$417	$417	$417	$417	$417
Professional Fees	$625	$625	$625	$625	$625	$625	$625
Facility Costs	$3,333	$3,333	$3,333	$3,333	$3,333	$3,333	$3,333
Misc. Costs	$148	$148	$148	$148	$148	$148	$148
Payroll Taxes	$2,725	$2,725	$2,725	$2,725	$2,725	$2,725	$2,725
Total Operating Costs	$44,788	$44,788	$44,788	$44,788	$44,788	$44,788	$44,788
EBITDA	$8,507	$8,991	$9,476	$9,960	$10,445	$10,929	$11,414
Federal Income Tax	$1,391	$1,404	$1,417	$1,429	$1,442	$1,454	$1,467
State Income Tax	$278	$281	$283	$286	$288	$291	$293
Interest Expense	$4,000	$3,993	$3,986	$3,979	$3,973	$3,966	$3,959
Depreciation Expenses	$1,367	$1,367	$1,367	$1,367	$1,367	$1,367	$1,367
Net Profit	$1,471	$1,947	$2,423	$2,899	$3,375	$3,852	$4,328

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$59,670**	**$60,180**	**$60,690**	**$61,200**	**$61,710**	**$706,860**
Cost of Revenue	$2,984	$3,009	$3,035	$3,060	$3,086	$35,343
Gross Profit	$56,687	$57,171	$57,656	$58,140	$58,625	$671,517
Expenses						
Payroll	$35,625	$35,625	$35,625	$35,625	$35,625	$427,500
General and Administrative	$884	$884	$884	$884	$884	$10,603
Maintenance	$442	$442	$442	$442	$442	$5,301
Marketing	$589	$589	$589	$589	$589	$7,069
Insurance Costs	$417	$417	$417	$417	$417	$5,000
Professional Fees	$625	$625	$625	$625	$625	$7,500
Facility Costs	$3,333	$3,333	$3,333	$3,333	$3,333	$40,000
Misc. Costs	$148	$148	$148	$148	$148	$1,781
Payroll Taxes	$2,725	$2,725	$2,725	$2,725	$2,725	$32,704
Total Operating Costs	$44,788	$44,788	$44,788	$44,788	$44,788	$537,458
EBITDA	$11,898	$12,383	$12,867	$13,352	$13,836	$134,059
Federal Income Tax	$1,480	$1,492	$1,505	$1,518	$1,530	$17,529
State Income Tax	$296	$298	$301	$304	$306	$3,506
Interest Expense	$3,952	$3,944	$3,937	$3,930	$3,923	$47,542
Depreciation Expenses	$1,367	$1,367	$1,367	$1,367	$1,367	$16,400
Net Profit	$4,804	$5,281	$5,757	$6,234	$6,711	$49,082

Profit and Loss Statement (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$183,412	$187,194	$190,976	$194,758	$756,340
Cost of Revenue	$9,171	$9,360	$9,549	$9,738	$37,817
Gross Profit	**$174,242**	**$177,834**	**$181,427**	**$185,020**	**$718,523**
Expenses					
Payroll	$110,081	$110,081	$110,081	$110,081	$440,325
General and Administrative	$2,836	$2,836	$2,836	$2,836	$11,345
Maintenance	$1,376	$1,404	$1,432	$1,461	$5,673
Marketing	$1,834	$1,872	$1,910	$1,948	$7,563
Insurance Costs	$1,313	$1,313	$1,313	$1,313	$5,250
Professional Fees	$1,910	$1,949	$1,988	$2,028	$7,875
Facility Costs	$10,300	$10,300	$10,300	$10,300	$41,200
Misc. Costs	$462	$472	$481	$491	$1,906
Payroll Taxes	$8,169	$8,337	$8,505	$8,674	$33,685
Total Operating Costs	**$138,280**	**$138,564**	**$138,847**	**$139,131**	**$554,822**
EBITDA	**$35,962**	**$39,271**	**$42,580**	**$45,889**	**$163,701**
Federal Income Tax	$6,102	$6,228	$6,353	$6,479	$25,162
State Income Tax	$1,220	$1,246	$1,271	$1,296	$5,032
Interest Expense	$11,724	$11,657	$11,589	$11,519	$46,489
Depreciation Expenses	$4,141	$4,141	$4,141	$4,141	$16,564
Net Profit	**$12,774**	**$15,999**	**$19,226**	**$22,454**	**$70,454**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$196,251	$200,298	$204,344	$208,391	$809,284
Cost of Revenue	$9,813	$10,015	$10,217	$10,420	$40,464
Gross Profit	**$186,439**	**$190,283**	**$194,127**	**$197,971**	**$768,820**
Expenses					
Payroll	$113,384	$113,384	$113,384	$113,384	$453,535
General and Administrative	$2,944	$3,004	$3,065	$3,126	$12,139
Maintenance	$1,472	$1,502	$1,533	$1,563	$6,070
Marketing	$1,963	$2,003	$2,043	$2,084	$8,093
Insurance Costs	$1,378	$1,378	$1,378	$1,378	$5,513
Professional Fees	$2,005	$2,047	$2,088	$2,129	$8,269
Facility Costs	$10,609	$10,609	$10,609	$10,609	$42,436
Misc. Costs	$495	$505	$515	$525	$2,039
Payroll Taxes	$8,674	$8,674	$8,674	$8,674	$34,695
Total Operating Costs	**$142,923**	**$143,106**	**$143,289**	**$143,472**	**$572,789**
EBITDA	**$43,516**	**$47,177**	**$50,838**	**$54,499**	**$196,031**
Federal Income Tax	$8,121	$8,288	$8,456	$8,623	$33,488
State Income Tax	$1,624	$1,658	$1,691	$1,725	$6,698
Interest Expense	$11,448	$11,375	$11,301	$11,225	$45,349
Depreciation Expenses	$4,182	$4,182	$4,182	$4,182	$16,730
Net Profit	**$18,141**	**$21,674**	**$25,208**	**$28,744**	**$93,767**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$209,989	$214,319	$218,648	$222,978	$865,934
Cost of Revenue	$10,499	$10,716	$10,932	$11,149	$43,297
Gross Profit	**$199,490**	**$203,603**	**$207,716**	**$211,829**	**$822,637**
Expenses					
Payroll	$116,785	$116,785	$116,785	$116,785	$467,141
General and Administrative	$3,150	$3,215	$3,280	$3,345	$12,989
Maintenance	$1,575	$1,607	$1,640	$1,672	$6,495
Marketing	$2,100	$2,143	$2,186	$2,230	$8,659
Insurance Costs	$1,447	$1,447	$1,447	$1,447	$5,788
Professional Fees	$2,105	$2,149	$2,192	$2,236	$8,682
Facility Costs	$10,927	$10,927	$10,927	$10,927	$43,709
Misc. Costs	$529	$540	$551	$562	$2,182
Payroll Taxes	$8,934	$8,934	$8,934	$8,934	$35,736
Total Operating Costs	**$147,553**	**$147,748**	**$147,943**	**$148,138**	**$591,381**
EBITDA	**$51,937**	**$55,855**	**$59,773**	**$63,691**	**$231,256**
Federal Income Tax	$10,321	$10,534	$10,747	$10,959	$42,561
State Income Tax	$2,064	$2,107	$2,149	$2,192	$8,512
Interest Expense	$11,148	$11,070	$10,989	$10,907	$44,115
Depreciation Expenses	$4,224	$4,224	$4,224	$4,224	$16,897
Net Profit	**$24,179**	**$27,920**	**$31,663**	**$35,408**	**$119,171**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$224,688	$229,321	$233,954	$238,586	$926,549
Cost of Revenue	$11,234	$11,466	$11,698	$11,929	$46,327
Gross Profit	**$213,454**	**$217,855**	**$222,256**	**$226,657**	**$880,222**
Expenses					
Payroll	$120,289	$120,289	$120,289	$120,289	$481,155
General and Administrative	$3,370	$3,440	$3,509	$3,579	$13,898
Maintenance	$1,685	$1,720	$1,755	$1,789	$6,949
Marketing	$2,247	$2,293	$2,340	$2,386	$9,265
Insurance Costs	$1,519	$1,519	$1,519	$1,519	$6,078
Professional Fees	$2,211	$2,256	$2,302	$2,347	$9,116
Facility Costs	$11,255	$11,255	$11,255	$11,255	$45,020
Misc. Costs	$566	$578	$590	$601	$2,335
Payroll Taxes	$9,202	$9,202	$9,202	$9,202	$36,808
Total Operating Costs	**$152,345**	**$152,552**	**$152,760**	**$152,968**	**$610,625**
EBITDA	**$61,109**	**$65,302**	**$69,496**	**$73,689**	**$269,596**
Federal Income Tax	$12,716	$12,978	$13,241	$13,503	$52,438
State Income Tax	$2,543	$2,596	$2,648	$2,701	$10,488
Interest Expense	$10,824	$10,739	$10,652	$10,563	$42,777
Depreciation Expenses	$4,266	$4,266	$4,266	$4,266	$17,066
Net Profit	**$30,759**	**$34,723**	**$38,689**	**$42,656**	**$146,827**

Appendix E – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$2,837	$3,313	$3,790	$4,266	$4,742	$5,218	$5,695	$6,171
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$2,837	$3,313	$3,790	$4,266	$4,742	$5,218	$5,695	$6,171
Other Cash Inflows								
Equity Investment	$100,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$600,000	$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	**$700,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$702,921**	**$3,397**	**$3,873**	**$4,349**	**$4,825**	**$5,302**	**$5,778**	**$6,254**
Cash Outflows								
Repayment of Principal	$1,019	$1,025	$1,032	$1,039	$1,046	$1,053	$1,060	$1,067
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$575,000	$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	**$576,077**	**$1,084**	**$1,091**	**$1,097**	**$1,104**	**$1,111**	**$1,118**	**$1,125**
Net Cash Flow	**$126,844**	**$2,313**	**$2,782**	**$3,252**	**$3,721**	**$4,190**	**$4,660**	**$5,129**
Cash Balance	**$126,844**	**$129,157**	**$131,939**	**$135,191**	**$138,912**	**$143,102**	**$147,762**	**$152,891**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$6,648	$7,124	$7,601	$8,077	$65,482
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$6,648**	**$7,124**	**$7,601**	**$8,077**	**$65,482**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$100,000
Increased Borrowings	$0	$0	$0	$0	$600,000
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	$701,000
Total Cash Inflow	**$6,731**	**$7,207**	**$7,684**	**$8,161**	**$766,482**
Cash Outflows					
Repayment of Principal	$1,074	$1,081	$1,089	$1,096	$12,682
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$575,000
Dividends	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,133**	**$1,140**	**$1,147**	**$1,154**	**$588,382**
Net Cash Flow	**$5,598**	**$6,068**	**$6,537**	**$7,006**	**$178,100**
Cash Balance	**$158,489**	**$164,557**	**$171,094**	**$178,100**	**$178,100**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$16,915	$20,140	$23,367	$26,595	$87,018
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$16,915**	**$20,140**	**$23,367**	**$26,595**	**$87,018**
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	**$17,170**	**$20,400**	**$23,632**	**$26,865**	**$88,068**
Cash Outflows					
Repayment of Principal	$3,332	$3,399	$3,467	$3,537	$13,735
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$4,351	$0	$0	$0	$4,351
Dividends	$0	$0	$0	$55,146	$55,146
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$7,861**	**$3,581**	**$3,653**	**$58,872**	**$73,966**
Net Cash Flow	**$9,309**	**$16,820**	**$19,979**	**-$32,007**	**$14,101**
Cash Balance	**$187,409**	**$204,229**	**$224,208**	**$192,202**	**$192,202**

Cash Flow Analysis (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$22,323	$25,856	$29,390	$32,926	$110,496
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$22,323**	**$25,856**	**$29,390**	**$32,926**	**$110,496**
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	**$22,591**	**$26,129**	**$29,669**	**$33,210**	**$111,599**
Cash Outflows					
Repayment of Principal	$3,608	$3,681	$3,755	$3,831	$14,875
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$2,762	$2,762	$0	$0	$5,525
Dividends	$0	$0	$0	$72,078	$72,078
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$6,558**	**$6,634**	**$3,950**	**$76,107**	**$93,249**
Net Cash Flow	**$16,033**	**$19,495**	**$25,719**	**-$42,897**	**$18,350**
Cash Balance	**$208,235**	**$227,730**	**$253,449**	**$210,552**	**$210,552**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$28,403	$32,145	$35,888	$39,632	$136,068
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$28,403**	**$32,145**	**$35,888**	**$39,632**	**$136,068**
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	**$28,684**	**$32,431**	**$36,180**	**$39,930**	**$137,226**
Cash Outflows					
Repayment of Principal	$3,908	$3,986	$4,067	$4,148	$16,109
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$3,402	$3,402	$0	$0	$6,803
Dividends	$0	$0	$0	$90,524	$90,524
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$7,506**	**$7,589**	**$4,271**	**$94,881**	**$114,247**
Net Cash Flow	**$21,178**	**$24,843**	**$31,909**	**-$54,951**	**$22,978**
Cash Balance	**$231,730**	**$256,572**	**$288,481**	**$233,530**	**$233,530**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$35,026	$38,990	$42,955	$46,923	$163,893
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$35,026**	**$38,990**	**$42,955**	**$46,923**	**$163,893**
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	**$35,321**	**$39,290**	**$43,262**	**$47,236**	**$165,109**
Cash Outflows					
Repayment of Principal	$4,232	$4,317	$4,404	$4,493	$17,446
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$4,097	$4,097	$0	$0	$8,195
Dividends	$0	$0	$0	$110,602	$110,602
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$8,536**	**$8,625**	**$4,619**	**$115,314**	**$137,093**
Net Cash Flow	**$26,785**	**$30,665**	**$38,643**	**-$68,078**	**$28,015**
Cash Balance	**$260,315**	**$290,980**	**$329,623**	**$261,545**	**$261,545**