THE WHITAKER

SAVANNAH

Human Intelligence
Business Plans

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1.0 Executive Summary

The purpose of this business plan is to secure $20 million of capital for the development of a boutique hotel based in Savannah, Georgia. The Whitaker LLC ("the Company") was founded by Matthew Deutsch with the intention of providing an outstanding hospitality experience in a luxurious yet smaller scale hotel facility. Full scale operations are expected to commence two years from now once the capital has been secured in the buildout has been completed.

Operations

The primary driver of the company's revenue will come from the ongoing rental of luxurious hotel rooms on a nightly basis. The pricing point will typically range from $500 to $700 per night depending on the season. Each room will feature a number of amenities that will set the business apart from other hospitality businesses in the Savannah area.

To complement the hospitality operations of the business, The Whitaker will have a full onsite restaurant as well as a bar. There will also be a segment of the facility for specific types of wellness services that will be rendered by independent contractors. The location will also feature a pool, spa, and a moderate size fitness center.

The third section of this document will further discuss the operation of the business.

The Financing

At this time, the Company is seeking an aggregate of $20 million a capital. Of this funding $5 million will come from private investors while a $15 million loan will be sought for the build out of the location.

Given the highly predictable streams of revenue produced on a nightly basis, the Company could easily secure a working capital line of credit based on the substantial equity of the business, and the fact that the business will hold a significant number of tangible assets. However, it is unlikely that additional funding will be required during the first five years of operation.

The Future

The Company will make ongoing reinvestments into the scope of its marketing campaigns so that the location is known as the preeminent boutique hotel within the Savannah market. This will include aggressive use of social media as well as using multiple online booking platforms to ensure that occupancy rates remain near 80% throughout the course of the year. Moving forward, the company may also integrate event hosting operations given the luxury nature of the on-site restaurant.

Market Overview

The population of Savannah is approximately 180,000 residents. The median household income is $70,000. It is a major southeastern tourist location that is popular nationally. Each year, approximately 17 million people travel through Savannah. This will substantially reduce the operational risks of the business.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$10,026,000	$10,527,300	$11,053,665	$11,606,348	$12,186,666
Cost of Revenue	$1,229,550	$1,291,028	$1,355,579	$1,423,358	$1,494,526
Gross Profit	$8,796,450	$9,236,273	$9,698,086	$10,182,990	$10,692,140
Total Operating Costs	$3,919,708	$4,061,355	$4,208,455	$4,361,230	$4,519,915
EBITDA	**$4,876,742**	**$5,174,917**	**$5,489,631**	**$5,821,760**	**$6,172,225**

2.0 The Financing

2.1 Funds Required

The aggregate of $20 million will be allocated as follows:

Use of Funds	
Location Development	$15,000,000
Furniture, Fixtures, and Equipment	$1,750,000
Pre-Launch Marketing	$50,000
Working Capital	$2,625,000
Professional Fees	$350,000
Opening Inventories	$175,000
Misc. and Contingency	$50,000
Total	$20,000,000

2.2 Management and Investor Equity

This will be further discussed during negotiation.

2.3 Exit Strategies

Boutique hotels typically carry a significant price to earnings multiple given that they produce high margins on a predictable basis. Furthermore, The Whitaker will have a higher valuation given the fact that the location will feature a premium American style restaurant, which will also produce immense profits for the business. In the event of a business sale, the company will work with a qualified real estate focused mergers and acquisitions investment bank to find a suitable buyer. Most likely, an existing hotel system will acquire The Whitaker to include within their portfolio of higher end hospitality properties.

3.0 Operations

As noted in the executive summary, The Whitaker will be a premium boutique hotel that will be a sought-after hospitality destination among people traveling through Savannah and its surrounding areas. Each aspect of the location is being designed with luxury in mind. This will allow the business to command a $500 to $700 per night rate. During extremely busy seasons, the business may be able to charge as much as $1,000 per night for suites.

The location will feature 50 rooms. Of these rooms, 40 of them will feature king beds or double beds while 10 of them will operate in a suite capacity. Each room will feature a full bathroom with both a shower and bath bathtub, a mini bar, premium sheets, free access to Wi- Fi, and a large flatscreen TV. All rooms will face we have large windows in order to enjoy the natural beauty of Savannah.

The onsite restaurant will be a major driver of revenue for the business. This restaurant will primarily serve premium American fare. It is fully expected that many residents of Savannah will come to the restaurant given the unique ambience and outstanding cuisine. The restaurant will also serve room service to the Company's guests.

To complement these operations, a full bar will be included in the restaurant area. The Whitaker will maintain a full alcohol alcoholic beverage serving license so that beer, wine, and cocktails can be served. The business will generate substantial gross profits from each sale ranging from 75% to 85% depending on the beverage.

The Company will also generate significant revenue from the onsite wellness services. The Company will contract with massage therapists, hairstylist, nail technicians, and yoga instructors to provide these wellness services. Is a further provide a luxury experience for patrons while also creating a major differentiating factor. It should be noted that the general public will be also able to use the services

Among fitness focused patrons, the location will feature a full fitness center as well as a heated pool and spa.

4.0 Overview of the Organization

4.1 Registered Name

The Whitaker LLC. The business is registered as a limited liability company in the State of Georgia.

4.2 Commencement of Operations

Revenue generating operations will commence in two years.

4.3 Mission Statement

To provide an exceptional hospitality experience for people traveling through Savannah.

4.4 Vision Statement

To become the preeminent boutique restaurant that is nationally recognized for the quality of its service.

4.5 Organizational Objectives

- Properly complete the build out of the boutique hotel once the capital has been secured.
- Implement a wide-ranging marketing campaign that will brand The Whitaker as a premium hospitality business.
- Properly onboard staff that have a deep understanding of how to provide a luxury experience to hotel guests.
- Leverage multiple forms of online advertising in order to ensure that The Whitaker maintains an exceptionally high occupancy rate.
- Maintaining ongoing relationships with corporations in the Savannah market area in order to ensure that their out-of-town clients and employees will use the facilities when traveling through the area.
- Continue expand the scope of the restaurant's marketing operations is this will further provide revenue and contribute to the overall economic stability of the business.
- Established ongoing relationships with personal concierge services that will have their clients booked at the facility when traveling in Georgia.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

This section of the business plan will document the current economic climate, the hospitality industry, the customer profile, and the ongoing competition that the business will face as it establishes its operations in Savannah.

At this time, economic outlook within the United States is moderate. As a result of changing fiscal policies as well as changing trade policies - there has been a certain degree of volatility introduced to the market. This has caused a higher than anticipated degree of inflation. However, the Federal Reserve as well as major central banks are taking appropriate measures to ensure that inflation is kept tame while also fostering ongoing economic growth.

It should be noted that the revenue of The Whitaker will be less impacted by challenging business climate given the fact that the Company is specifically targeting in upper middle income to upper income earning clientele. These individuals have a greater degree of economic staying power, and they will be able to afford the nightly fees even during times of economic recession.

5.2 Industry Analysis

There are 50,000 companies that own and operate one or more hospitality locations within the United States. Each year of these businesses generate $290 billion revenue while employing two million people. This is a mature industry and its future growth will be similar to the economy as a whole.

One of the common trends within this industry is to integrate the latest in application technology so that guest can book their stays through an e-commerce suite. The Whitaker will capitalize on this not only through its proprietary website, but also through an application that will be developed within the second year of operation. This will be important for fostering repeat patronage to the location in Savannah.

5.3 Customer Profile

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

- Household income of $75,000+
- Will spend $600 per night at the location
- Lives within 100 miles of The Whitaker location (among regional residents)
- Will spend four nights at the location (on average)

5.4 Competitive Analysis

This business plan has been written for sample purposes only. If it was an actual engagement to develop a boutique hotel business plan then a full analysis of the competition within the local and regional market would have been completed. This would have included an overview of the reviews of competing hospitality facilities, their onsite, amenities, and other attributes. Furthermore, a discussion of regarding how this boutique hotel would maintain a differentiating factor would've been thoroughly discussed as well.

6.0 Key Strategic Issues

6.1 Sustainable Operations

The Whitaker will have sustainable operations as a result of the following:

- The unique ambience of The Whitaker will set the business apart as compared to other boutique hotels in the market.

- The onsite restaurant and bar will produce a substantial revenue that will contribute to the overall stability of the business.

- A highly experienced hotelier, Matthew Deutsch, will be able to properly bring the operations of The Whitaker to profitability while concurrently positioning it as a premium hospitality location.

- Immense demand among wealthy travelers for boutique hotels within the Southeastern Georgia market area.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued to expansion the Company's marketing campaigns to brand The Whitaker as an exceptional hotel within the target market.

- Expansion of marketing operations as it relates to restaurant and bar operations as these facilities can be used by local residence.

- Integration of event hosting operations for personal and corporate gatherings.

- Potential development of additional boutique hotel locations in major market areas of the southeastern United States.

7.0 Marketing Plan

7.1 Marketing Objectives

- Implement a wide-ranging marketing campaign that will properly position The Whitaker brand.
- Using an extensive amount of online marketing in order to create a premium brand name for the business which we sought after by wealthy travelers.
- Engage in public relations, so that numerous articles regarding the quality of the hospitality facility are featured in prominent publications.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Hospitality	$7,593,000	$7,972,650	$8,371,283	$8,789,847	$9,229,339
Restaurant and Bar	$1,833,000	$1,924,650	$2,020,883	$2,121,927	$2,228,023
Wellness and Spa	$600,000	$630,000	$661,500	$694,575	$729,304
Totals	**$10,026,000**	**$10,527,300**	**$11,053,665**	**$11,606,348**	**$12,186,666**

Gross Profit					
Year	1	2	3	4	5
Total	**$8,796,450**	**$9,236,273**	**$9,698,086**	**$10,182,990**	**$10,692,140**

7.3 Revenue Assumptions

Year 1

- First year revenue will reach $10 million.
- Gross profits will reach $8.79 million.

Year 2

- Revenue will reach $10.5 million.
- Gross profits will reach $9.23 million.
- Total income will increase by 5%.

Years 3-5

- By the fifth year of operation, total revenue will reach $12.1 million.
- Gross profits will reach $10.6 million.

7.4 Marketing Strategies

The Company will use a number of marketing strategies that will create a significant amount of branding awareness for The Whitaker while positioning the brand as a preeminent boutique hotel within Savannah. To that end, the Company intends to work with a qualified marketing and advertising firm that will assist the business with developing marketing messages that will further these objectives. Although this may translate into a slightly higher cost of the onset of operations, the retained advertising and marking firm's ability to quickly place advertisements will also engaging in public relations will be of immense importance to the business. The Company will retain this firm during the development in order to ensure that a significant amount of press is completed prior to the launcher operations.

The boutique hotel will also maintain an expensive online presence with a fully interactive website that showcases all rooms, the onsite amenities, and e-commerce functionality that will allow for bookings to occur directly to the website. This platform will be developed during the development and tested thoroughly to ensure that it is fully operational on the day of launch.

In furtherance of creating a well-regarded brand name, the business will maintain a presence on all social media pages. Of special importance will be Instagram, as the Company will upload a number of images and videos that showcase the premium nature of the boutique hotel's operations. All social media posts will have links directly back to the Company's website, which will ultimately contribute to the effectiveness of its search engine, optimization campaigns through social signaling.

Through public relations, the Company intends to work closely with publications that discussed and review hospitality facilities. The Company will coordinate these with efforts with its retained marketing firm to ensure that premium placed articles are included in major travel publications.

To further ensure substantial occupancy, the Company will also list all available rooms on all major travel portals. This will ensure that if vacancies are kept to a minimum.

8.0 Organizational Plan

8.1 Organizational Hierarchy

8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$200,000	$206,000	$212,180	$218,545	$225,102
Division Managers	$240,000	$247,200	$254,616	$262,254	$270,122
Administrative Director	$85,000	$87,550	$90,177	$92,882	$95,668
Hospitality Staff	$350,000	$360,500	$371,315	$382,454	$393,928
Restaurant Staff	$375,000	$386,250	$397,838	$409,773	$422,066
Wellness Staff	$200,000	$206,000	$212,180	$218,545	$225,102
Facility Staff	$255,000	$262,650	$270,530	$278,645	$287,005
Administrative Staff	$150,000	$154,500	$159,135	$163,909	$168,826
Total	**$1,855,000**	**$1,910,650**	**$1,967,970**	**$2,027,009**	**$2,087,819**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	2	2	2	2	2
Division Managers	3	3	3	3	3
Administrative Director	1	1	1	1	1
Hospitality Staff	10	10	10	10	10
Restaurant Staff	15	15	15	15	15
Wellness Staff	5	5	5	5	5
Facility Staff	6	6	6	6	6
Administrative Staff	3	3	3	3	3
Total	**45**	**45**	**45**	**45**	**45**

9.0 Financial Plan

9.1 Underlying Assumptions

- The company will secure $15 million, via a long-term mortgage, for the development of the facility.
- Management and investors will contribute $5 million towards the venture.
- Revenues will increase at a compounded annual growth rate of 5.1%.

9.2 Financial Highlights

- Multiple streams of high margin revenue.
- A significant portion of the capital is being used to acquire real estate.
- The property in Savannah will appreciate substantially during the time it is held for boutique hotel operations.

9.3 Sensitivity Analysis

The Company's revenues are only somewhat sensitive to challenging economic climates. As has been one of the themes throughout this document, this boutique hotel is specifically targeting upper-middle income to upper income earning people with a far greater degree of economic staying power. Furthermore, the multiple revenue streams produced by The Whitaker in a boutique hotel capacity will ensure the economics the ability of the business. The restaurant and bar will be able to use by the general public of Savannah, which will further ensure economic liability.

9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$5,000,000.00
Total Equity Financing	$5,000,000.00
Banks and Lenders	
Business Loan	$15,000,000.00
Total Debt Financing	$15,000,000.00
Total Financing	**$20,000,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$10,026,000	$10,527,300	$11,053,665	$11,606,348	$12,186,666
Cost of Revenue	$1,229,550	$1,291,028	$1,355,579	$1,423,358	$1,494,526
Gross Margin	87.74%	87.74%	87.74%	87.74%	87.74%
Gross Profit	$8,796,450	$9,236,273	$9,698,086	$10,182,990	$10,692,140
Expenses					
Payroll	$1,855,000	$1,910,650	$1,967,970	$2,027,009	$2,087,819
General and Administrative	$401,040	$421,092	$442,147	$464,254	$487,467
Business Development	$75,195	$78,955	$82,902	$87,048	$91,400
Marketing	$501,300	$526,365	$552,683	$580,317	$609,333
Insurance Costs	$125,000	$131,250	$137,813	$144,703	$151,938
Professional Fees	$75,000	$78,750	$82,688	$86,822	$91,163
Facility Costs	$720,000	$741,600	$763,848	$786,763	$810,366
Misc. Costs	$25,266	$26,529	$27,855	$29,248	$30,710
Payroll Taxes	$141,908	$146,165	$150,550	$155,066	$159,718
Total Operating Costs	**$3,919,708**	**$4,061,355**	**$4,208,455**	**$4,361,230**	**$4,519,915**
EBITDA	**$4,876,742**	**$5,174,917**	**$5,489,631**	**$5,821,760**	**$6,172,225**
Federal Income Tax	$812,472	$888,921	$969,799	$1,055,353	$1,145,842
State Income Tax	$162,494	$177,784	$193,960	$211,071	$229,168
Interest Expense	$1,192,904	$1,176,605	$1,158,954	$1,139,838	$1,119,136
Depreciation Expenses	$433,950	$442,629	$451,482	$460,511	$469,721
Net Profit	**$2,274,922**	**$2,488,978**	**$2,715,437**	**$2,954,988**	**$3,208,358**
Profit Margin	**22.69%**	**23.64%**	**24.57%**	**25.46%**	**26.33%**

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	12.26%	12.26%	12.26%	12.26%	12.26%
Gross Profit	87.74%	87.74%	87.74%	87.74%	87.74%
Expenses					
Payroll	18.50%	18.15%	17.80%	17.46%	17.13%
General and Administrative	4.00%	4.00%	4.00%	4.00%	4.00%
Business Development	0.75%	0.75%	0.75%	0.75%	0.75%
Marketing	5.00%	5.00%	5.00%	5.00%	5.00%
Insurance Costs	1.25%	1.25%	1.25%	1.25%	1.25%
Professional Fees	0.75%	0.75%	0.75%	0.75%	0.75%
Facility Costs	7.18%	7.04%	6.91%	6.78%	6.65%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	1.42%	1.39%	1.36%	1.34%	1.31%
Total Operating Costs	39.10%	38.58%	38.07%	37.58%	37.09%
EBITDA	48.64%	49.16%	49.66%	50.16%	50.65%
Federal Income Tax	8.10%	8.44%	8.77%	9.09%	9.40%
State Income Tax	1.62%	1.69%	1.75%	1.82%	1.88%
Interest Expense	11.90%	11.18%	10.48%	9.82%	9.18%
Depreciation Expenses	4.33%	4.20%	4.08%	3.97%	3.85%
Net Profit	22.69%	23.64%	24.57%	25.46%	26.33%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$2,708,872	$2,931,607	$3,166,918	$3,415,499	$3,678,079
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$2,708,872**	**$2,931,607**	**$3,166,918**	**$3,415,499**	**$3,678,079**
Other Cash Inflows					
Equity Investment	$5,000,000	$0	$0	$0	$0
Increased Borrowings	$15,000,000	$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	**$20,001,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$22,709,872**	**$2,932,657**	**$3,168,021**	**$3,416,656**	**$3,679,295**
Cash Outflows					
Repayment of Principal	$196,366	$212,664	$230,315	$249,431	$270,134
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$16,925,000	$146,580	$158,346	$170,775	$183,904
Dividends	$2,167,098	$2,345,286	$2,533,535	$2,732,399	$2,942,463
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$19,289,163**	**$2,705,265**	**$2,922,967**	**$3,153,415**	**$3,397,352**
Net Cash Flow	**$3,420,709**	**$227,392**	**$245,054**	**$263,241**	**$281,943**
Cash Balance	**$3,420,709**	**$3,648,101**	**$3,893,155**	**$4,156,396**	**$4,438,339**

D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$3,420,709	$3,648,101	$3,893,155	$4,156,396	$4,438,339
Fixed Assets	$16,925,000	$17,071,580	$17,229,926	$17,400,701	$17,584,605
Accumulated Depreciation	($433,950)	($876,579)	($1,328,061)	($1,788,572)	($2,258,293)
Total Assets	**$19,911,759**	**$19,843,102**	**$19,795,020**	**$19,768,525**	**$19,764,651**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$14,803,634	$14,590,971	$14,360,656	$14,111,225	$13,841,091
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$14,803,934**	**$14,591,586**	**$14,361,601**	**$14,112,518**	**$13,842,749**
Equity	**$5,107,824**	**$5,251,517**	**$5,433,419**	**$5,656,007**	**$5,921,902**
Total Liabilities and Equity	**$19,911,759**	**$19,843,102**	**$19,795,020**	**$19,768,525**	**$19,764,651**

9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$372,300	$385,754	$399,725	$414,236	$429,308
Yearly Revenue	$4,467,597	$4,629,043	$4,796,704	$4,970,834	$5,151,699

9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	5.0%	5.0%	5.0%	5.0%
Gross Margin	87.7%	87.7%	87.7%	87.7%	87.7%
Financials					
Profit Margin	22.69%	23.64%	24.57%	25.46%	26.33%
Assets to Liabilities	1.35	1.36	1.38	1.40	1.43
Equity to Liabilities	0.35	0.36	0.38	0.40	0.43
Assets to Equity	3.90	3.78	3.64	3.50	3.34
Liquidity					
Acid Test	0.23	0.25	0.27	0.29	0.32
Cash to Assets	0.17	0.18	0.20	0.21	0.22

Appendix A – SWOT Analysis

Strengths

- Savannah is a highly traffic tourist area that receives numerous visitors on a yearly basis.
- The revenues of the Company are highly predictable in nature.
- The Company will implement a wide-ranging marketing campaign that will position this boutique hotel as a premium hospitality facility.
- Limited competition within Savannah among hospitality businesses that operate a boutique capacity.

Weaknesses

- Operational complexities given the number of divisions within the business.
- Moderately high cost related to payroll.

Opportunities

- Continued to expansion the Company's public relations campaigns so that the business becomes a well-regarded boutique hotel in Savannah.
- Development and expansion of event operations that can occur within the companies, premium restaurant.
- Yearly increases in the pricing in order to keep pace with inflation.

Threats

- A severe economic recession could impact the operations of the business.
- Inflation could cause the underlying operating cost of the business to increase.

Appendix B – Critical Risks

Development Risk – **Low**
Matthew Deutsch has already sourced the potential parcel of land that will be used to build out the boutique hotel business. At this time, the primary matter that needs to be addressed is securing the $20 million a capital to commence construction operations.

Financing Risk – **Low/Moderate**
The vast majority of the funding salt in this document will be specifically used to develop the 50-room boat hotel in Savannah. As a capital will be used for real estate as well as FF&E purchases. This substantially reduces the risk related to this financing.

Marketing Risk **– Low**
As noted in the seventh section of this document, the Company will use a number of marketing strategies that will create significant brand name awareness while positioning The Whitaker as a preeminent boutique hotel in Georgia. The business will use multiple marketing strategies to accomplish these goals.

Management Risk – **Low**
Matthew Deutsch is a highly experienced hotelier who will be able to effectively launch the operation of his business. He is dedicated to providing a premium hospitality experience to all hotel guests.

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

- Substantial assets as nearly all capital will be invested in real estate.
- Multiple high-margin revenue streams.
- The market size of Savannah and its surrounding areas will support The Whitaker in all economic climates.

Exit Risk - **Low**
As noted earlier, there are no long terms to sell this business. If it is financially reasonable to do so, a qualified real estate or hospitality focused investment bank will be hired to market The Whitaker to a potential buyer. The buyer will most likely an existing hospitality group seeking to enter the Georgia market with a boutique hotel.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$830,000**	**$831,000**	**$832,000**	**$833,000**	**$834,000**	**$835,000**	**$836,000**
Cost of Revenue	$101,500	$101,675	$101,850	$102,025	$102,200	$102,375	$102,550
Gross Profit	$728,500	$729,325	$730,150	$730,975	$731,800	$732,625	$733,450
Expenses							
Payroll	$154,583	$154,583	$154,583	$154,583	$154,583	$154,583	$154,583
General and Administrative	$33,420	$33,420	$33,420	$33,420	$33,420	$33,420	$33,420
Business Development	$6,266	$6,266	$6,266	$6,266	$6,266	$6,266	$6,266
Marketing	$41,775	$41,775	$41,775	$41,775	$41,775	$41,775	$41,775
Insurance Costs	$10,417	$10,417	$10,417	$10,417	$10,417	$10,417	$10,417
Professional Fees	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Facility Costs	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000
Misc. Costs	$2,105	$2,105	$2,105	$2,105	$2,105	$2,105	$2,105
Payroll Taxes	$11,826	$11,826	$11,826	$11,826	$11,826	$11,826	$11,826
Total Operating Costs	$326,642	$326,642	$326,642	$326,642	$326,642	$326,642	$326,642
EBITDA	$401,858	$402,683	$403,508	$404,333	$405,158	$405,983	$406,808
Federal Income Tax	$67,260	$67,341	$67,422	$67,503	$67,584	$67,665	$67,747
State Income Tax	$13,452	$13,468	$13,484	$13,501	$13,517	$13,533	$13,549
Interest Expense	$100,000	$99,895	$99,789	$99,682	$99,575	$99,467	$99,358
Depreciation Expenses	$36,163	$36,163	$36,163	$36,163	$36,163	$36,163	$36,163
Net Profit	$184,983	$185,816	$186,649	$187,484	$188,319	$189,154	$189,991

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$837,000**	**$838,000**	**$839,000**	**$840,000**	**$841,000**	**$10,026,000**
Cost of Revenue	$102,725	$102,900	$103,075	$103,250	$103,425	$1,229,550
Gross Profit	$734,275	$735,100	$735,925	$736,750	$737,575	$8,796,450
Expenses						
Payroll	$154,583	$154,583	$154,583	$154,583	$154,583	$1,855,000
General and Administrative	$33,420	$33,420	$33,420	$33,420	$33,420	$401,040
Business Development	$6,266	$6,266	$6,266	$6,266	$6,266	$75,195
Marketing	$41,775	$41,775	$41,775	$41,775	$41,775	$501,300
Insurance Costs	$10,417	$10,417	$10,417	$10,417	$10,417	$125,000
Professional Fees	$6,250	$6,250	$6,250	$6,250	$6,250	$75,000
Facility Costs	$60,000	$60,000	$60,000	$60,000	$60,000	$720,000
Misc. Costs	$2,105	$2,105	$2,105	$2,105	$2,105	$25,266
Payroll Taxes	$11,826	$11,826	$11,826	$11,826	$11,826	$141,908
Total Operating Costs	$326,642	$326,642	$326,642	$326,642	$326,642	$3,919,708
EBITDA	$407,633	$408,458	$409,283	$410,108	$410,933	$4,876,742
Federal Income Tax	$67,828	$67,909	$67,990	$68,071	$68,152	$812,472
State Income Tax	$13,566	$13,582	$13,598	$13,614	$13,630	$162,494
Interest Expense	$99,249	$99,139	$99,028	$98,916	$98,804	$1,192,904
Depreciation Expenses	$36,163	$36,163	$36,163	$36,163	$36,163	$433,950
Net Profit	$190,828	$191,666	$192,505	$193,344	$194,184	$2,274,922

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$2,552,870	$2,605,507	$2,658,143	$2,710,780	$10,527,300
Cost of Revenue	$313,074	$319,529	$325,984	$332,440	$1,291,028
Gross Profit	**$2,239,796**	**$2,285,977**	**$2,332,159**	**$2,378,340**	**$9,236,273**
Expenses					
Payroll	$477,663	$477,663	$477,663	$477,663	$1,910,650
General and Administrative	$105,273	$105,273	$105,273	$105,273	$421,092
Business Development	$19,147	$19,541	$19,936	$20,331	$78,955
Marketing	$127,644	$130,275	$132,907	$135,539	$526,365
Insurance Costs	$32,813	$32,813	$32,813	$32,813	$131,250
Professional Fees	$19,097	$19,491	$19,884	$20,278	$78,750
Facility Costs	$185,400	$185,400	$185,400	$185,400	$741,600
Misc. Costs	$6,433	$6,566	$6,699	$6,831	$26,529
Payroll Taxes	$35,445	$36,176	$36,907	$37,637	$146,165
Total Operating Costs	**$1,008,913**	**$1,013,197**	**$1,017,481**	**$1,021,765**	**$4,061,355**
EBITDA	**$1,230,883**	**$1,272,781**	**$1,314,678**	**$1,356,576**	**$5,174,917**
Federal Income Tax	$215,563	$220,008	$224,452	$228,897	$888,921
State Income Tax	$43,113	$44,002	$44,890	$45,779	$177,784
Interest Expense	$295,730	$294,692	$293,632	$292,551	$1,176,605
Depreciation Expenses	$110,657	$110,657	$110,657	$110,657	$442,629
Net Profit	**$565,820**	**$603,422**	**$641,046**	**$678,691**	**$2,488,978**

Profit and Loss Statement (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$2,680,514	$2,735,782	$2,791,050	$2,846,319	$11,053,665
Cost of Revenue	$328,728	$335,506	$342,284	$349,062	$1,355,579
Gross Profit	**$2,351,786**	**$2,400,276**	**$2,448,767**	**$2,497,257**	**$9,698,086**
Expenses					
Payroll	$491,992	$491,992	$491,992	$491,992	$1,967,970
General and Administrative	$107,221	$109,431	$111,642	$113,853	$442,147
Business Development	$20,104	$20,518	$20,933	$21,347	$82,902
Marketing	$134,026	$136,789	$139,553	$142,316	$552,683
Insurance Costs	$34,453	$34,453	$34,453	$34,453	$137,813
Professional Fees	$20,052	$20,465	$20,879	$21,292	$82,688
Facility Costs	$190,962	$190,962	$190,962	$190,962	$763,848
Misc. Costs	$6,755	$6,894	$7,033	$7,173	$27,855
Payroll Taxes	$37,637	$37,637	$37,637	$37,637	$150,550
Total Operating Costs	**$1,043,202**	**$1,049,143**	**$1,055,084**	**$1,061,026**	**$4,208,455**
EBITDA	**$1,308,584**	**$1,351,133**	**$1,393,682**	**$1,436,231**	**$5,489,631**
Federal Income Tax	$235,176	$240,025	$244,874	$249,723	$969,799
State Income Tax	$47,035	$48,005	$48,975	$49,945	$193,960
Interest Expense	$291,449	$290,324	$289,176	$288,006	$1,158,954
Depreciation Expenses	$112,870	$112,870	$112,870	$112,870	$451,482
Net Profit	**$622,054**	**$659,909**	**$697,787**	**$735,687**	**$2,715,437**

Profit and Loss Statement (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$2,814,539	$2,872,571	$2,930,603	$2,988,635	$11,606,348
Cost of Revenue	$345,164	$352,281	$359,398	$366,515	$1,423,358
Gross Profit	**$2,469,375**	**$2,520,290**	**$2,571,205**	**$2,622,120**	**$10,182,990**
Expenses					
Payroll	$506,752	$506,752	$506,752	$506,752	$2,027,009
General and Administrative	$112,582	$114,903	$117,224	$119,545	$464,254
Business Development	$21,109	$21,544	$21,980	$22,415	$87,048
Marketing	$140,727	$143,629	$146,530	$149,432	$580,317
Insurance Costs	$36,176	$36,176	$36,176	$36,176	$144,703
Professional Fees	$21,054	$21,488	$21,923	$22,357	$86,822
Facility Costs	$196,691	$196,691	$196,691	$196,691	$786,763
Misc. Costs	$7,093	$7,239	$7,385	$7,531	$29,248
Payroll Taxes	$38,767	$38,767	$38,767	$38,767	$155,066
Total Operating Costs	**$1,080,950**	**$1,087,188**	**$1,093,427**	**$1,099,665**	**$4,361,230**
EBITDA	**$1,388,425**	**$1,433,102**	**$1,477,778**	**$1,522,455**	**$5,821,760**
Federal Income Tax	$255,923	$261,200	$266,477	$271,753	$1,055,353
State Income Tax	$51,185	$52,240	$53,295	$54,351	$211,071
Interest Expense	$286,812	$285,593	$284,351	$283,083	$1,139,838
Depreciation Expenses	$115,128	$115,128	$115,128	$115,128	$460,511
Net Profit	**$679,378**	**$718,941**	**$758,528**	**$798,140**	**$2,954,988**

Profit and Loss Statement (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$2,955,266	$3,016,200	$3,077,133	$3,138,066	$12,186,666
Cost of Revenue	$362,422	$369,895	$377,368	$384,840	$1,494,526
Gross Profit	**$2,592,844**	**$2,646,305**	**$2,699,765**	**$2,753,226**	**$10,692,140**
Expenses					
Payroll	$521,955	$521,955	$521,955	$521,955	$2,087,819
General and Administrative	$118,211	$120,648	$123,085	$125,523	$487,467
Business Development	$22,164	$22,621	$23,078	$23,535	$91,400
Marketing	$147,763	$150,810	$153,857	$156,903	$609,333
Insurance Costs	$37,985	$37,985	$37,985	$37,985	$151,938
Professional Fees	$22,107	$22,563	$23,019	$23,474	$91,163
Facility Costs	$202,592	$202,592	$202,592	$202,592	$810,366
Misc. Costs	$7,447	$7,601	$7,754	$7,908	$30,710
Payroll Taxes	$39,930	$39,930	$39,930	$39,930	$159,718
Total Operating Costs	**$1,120,153**	**$1,126,704**	**$1,133,254**	**$1,139,804**	**$4,519,915**
EBITDA	**$1,472,691**	**$1,519,601**	**$1,566,511**	**$1,613,422**	**$6,172,225**
Federal Income Tax	$277,867	$283,596	$289,325	$295,054	$1,145,842
State Income Tax	$55,573	$56,719	$57,865	$59,011	$229,168
Interest Expense	$281,790	$280,470	$279,124	$277,751	$1,119,136
Depreciation Expenses	$117,430	$117,430	$117,430	$117,430	$469,721
Net Profit	**$740,031**	**$781,385**	**$822,767**	**$864,175**	**$3,208,358**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$221,145	$221,978	$222,812	$223,646	$224,481	$225,317	$226,153	$226,991
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$221,145	$221,978	$222,812	$223,646	$224,481	$225,317	$226,153	$226,991
Other Cash Inflows								
Equity Investment	$5,000,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$15,000,000	$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	**$20,000,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$20,221,229**	**$222,062**	**$222,895**	**$223,729**	**$224,564**	**$225,400**	**$226,237**	**$227,074**
Cash Outflows								
Repayment of Principal	$15,772	$15,878	$15,983	$16,090	$16,197	$16,305	$16,414	$16,523
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$16,925,000	$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	**$16,940,831**	**$15,936**	**$16,042**	**$16,148**	**$16,256**	**$16,364**	**$16,472**	**$16,582**
Net Cash Flow	**$3,280,398**	**$206,126**	**$206,853**	**$207,581**	**$208,309**	**$209,037**	**$209,764**	**$210,492**
Cash Balance	**$3,280,398**	**$3,486,523**	**$3,693,377**	**$3,900,958**	**$4,109,267**	**$4,318,304**	**$4,528,068**	**$4,738,560**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$227,828	$228,667	$229,506	$230,347	$2,708,872
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$227,828**	**$228,667**	**$229,506**	**$230,347**	**$2,708,872**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$5,000,000
Increased Borrowings	$0	$0	$0	$0	$15,000,000
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	$20,001,000
Total Cash Inflow	**$227,912**	**$228,750**	**$229,590**	**$230,430**	**$22,709,872**
Cash Outflows					
Repayment of Principal	$16,634	$16,744	$16,856	$16,968	$196,366
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$16,925,000
Dividends	$0	$0	$0	$2,167,098	$2,167,098
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$16,692**	**$16,803**	**$16,914**	**$2,184,124**	**$19,289,163**
Net Cash Flow	**$211,220**	**$211,948**	**$212,675**	**-$1,953,694**	**$3,420,709**
Cash Balance	**$4,949,780**	**$5,161,728**	**$5,374,403**	**$3,420,709**	**$3,420,709**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$676,477	$714,079	$751,703	$789,348	$2,931,607
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$676,477**	**$714,079**	**$751,703**	**$789,348**	**$2,931,607**
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	**$676,731**	**$714,339**	**$751,968**	**$789,618**	**$2,932,657**
Cash Outflows					
Repayment of Principal	$51,587	$52,626	$53,685	$54,766	$212,664
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$146,580	$0	$0	$0	$146,580
Dividends	$0	$0	$0	$2,345,286	$2,345,286
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$198,346**	**$52,808**	**$53,871**	**$2,400,241**	**$2,705,265**
Net Cash Flow	**$478,386**	**$661,532**	**$698,097**	**-$1,610,623**	**$227,392**
Cash Balance	**$3,899,095**	**$4,560,626**	**$5,258,724**	**$3,648,101**	**$3,648,101**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$734,924	$772,779	$810,657	$848,558	$3,166,918
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$734,924**	**$772,779**	**$810,657**	**$848,558**	**$3,166,918**
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	**$735,192**	**$773,052**	**$810,935**	**$848,842**	**$3,168,021**
Cash Outflows					
Repayment of Principal	$55,869	$56,994	$58,141	$59,312	$230,315
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$158,346	$0	$0	$0	$158,346
Dividends	$0	$0	$0	$2,533,535	$2,533,535
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$214,402**	**$57,185**	**$58,336**	**$2,593,045**	**$2,922,967**
Net Cash Flow	**$520,790**	**$715,868**	**$752,600**	**-$1,744,203**	**$245,054**
Cash Balance	**$4,168,891**	**$4,884,758**	**$5,637,358**	**$3,893,155**	**$3,893,155**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$794,506	$834,069	$873,656	$913,268	$3,415,499
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$794,506**	**$834,069**	**$873,656**	**$913,268**	**$3,415,499**
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	**$794,787**	**$834,355**	**$873,948**	**$913,566**	**$3,416,656**
Cash Outflows					
Repayment of Principal	$60,506	$61,724	$62,967	$64,234	$249,431
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$85,387	$85,387	$0	$0	$170,775
Dividends	$0	$0	$0	$2,732,399	$2,732,399
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$146,090**	**$147,312**	**$63,171**	**$2,796,842**	**$3,153,415**
Net Cash Flow	**$648,697**	**$687,043**	**$810,777**	**-$1,883,276**	**$263,241**
Cash Balance	**$4,541,852**	**$5,228,895**	**$6,039,672**	**$4,156,396**	**$4,156,396**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$857,461	$898,816	$940,197	$981,605	$3,678,079
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$857,461**	**$898,816**	**$940,197**	**$981,605**	**$3,678,079**
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	**$857,756**	**$899,117**	**$940,504**	**$981,918**	**$3,679,295**
Cash Outflows					
Repayment of Principal	$65,528	$66,847	$68,193	$69,566	$270,134
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$91,952	$91,952	$0	$0	$183,904
Dividends	$0	$0	$0	$2,942,463	$2,942,463
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$157,686**	**$159,010**	**$68,408**	**$3,012,248**	**$3,397,352**
Net Cash Flow	**$700,070**	**$740,107**	**$872,096**	**-$2,030,330**	**$281,943**
Cash Balance	**$4,856,466**	**$5,596,573**	**$6,468,669**	**$4,438,339**	**$4,438,339**