



Violet's Bubble Tea



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1.0 Executive Summary

The purpose of this business plan is to secure \$100,000 for the development of a bubble tea shop based in Prince George's County, Maryland. Violet's Bubble Tea LLC ("the Company") was founded by Matthew Deutsch. Full-scale revenue generating operations are expected to commence in the fourth quarter of this year. The business will offer a number of unique bubble teas as well as a number of small food items for this highly populated area.

Operations

The primary revenue driver will come from the sale of bubble tea, which is a popular Asian specialty that has found immense a claim within the United States. The business will offer a number of flavors. It should be noted that the location will also use multiple online platforms to drive take-away and delivery orders. The business will generate contribution margins of 75% on each sale.

The location will also offer a number of small food options, including sandwiches, salads, and freshly prepared pastries to complement its primary bubble tea line.

The third section of this business plan will further discuss the operations of the business.

The Financing

At this time, Matthew Deutsch is seeking a \$100,000 SBA loan in order to commence operations. This business plan assumes that the company will receive a 10-year loan carrying an 8.00% interest rate. The funds we principal used for the following:

- Location development in Prince George's County
- Furniture, fixtures, and equipment
- Working capital
- Initial marketing

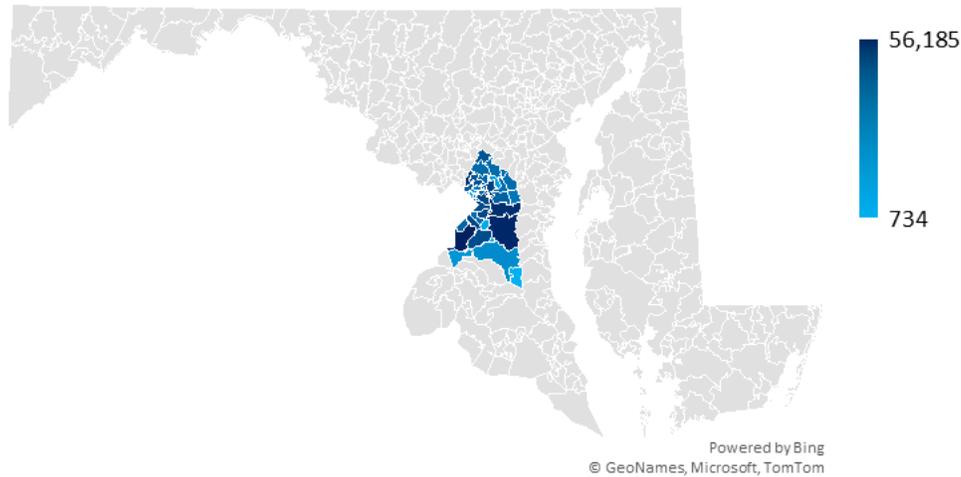
If it is financially prudent introduce so, the company could easily secure additional rounds a capital to establish additional bubble tea shop locations through other major metropolitan areas in Maryland or within the greater Washington DC metropolitan area. The Founder will contribute \$25,000 towards the venture.

The Future

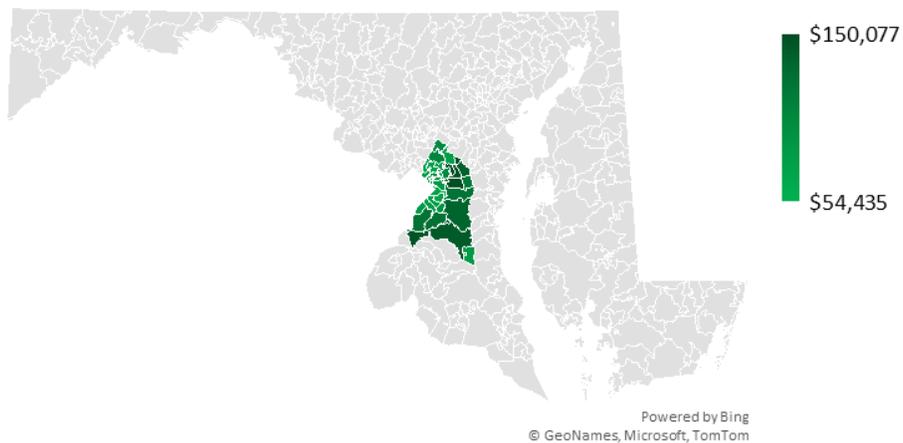
Violet's Bubble Tea will further expand its operations through increased marketing efforts within the greater Prince George's County area. This will include providing a number of delivery and takeaway options that people can place their orders prior to entering the facility or have their bubble teas delivered directly to their homes and offices. This will be a major source of revenue generation moving forward.

Market Overview

Target Market (Population)



Target Market (Household Income)

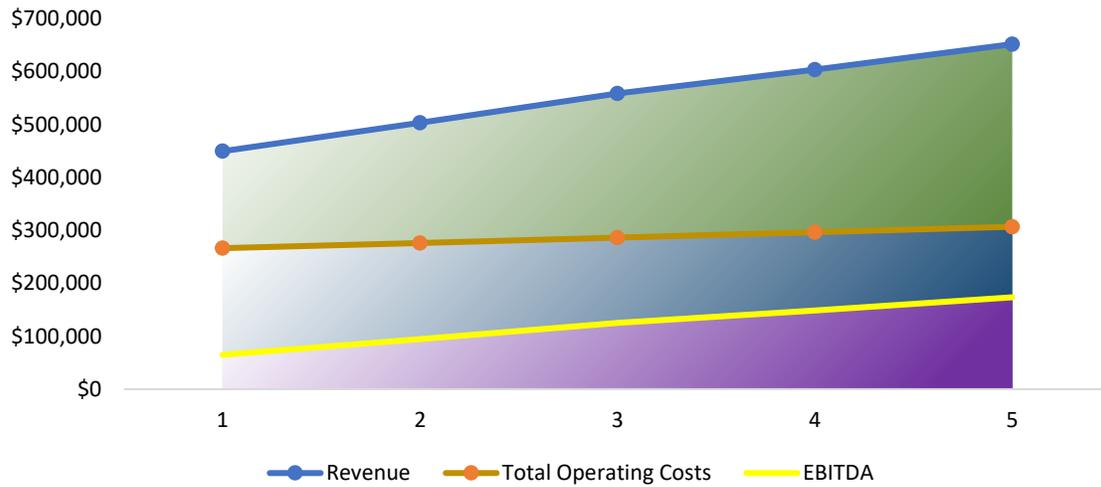


The estimated population of Prince George’s County is 967,000 people. Among these residents, the median household income is approximately \$100,000. The significant population density, wealth, and proximity to Washington DC will ensure the economic viability of Violet’s Bubble Tea. This population dense market will also allow the Company to expand to include new locations with the potential for implementing a franchise program.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$449,550	\$503,496	\$558,881	\$603,591	\$651,878
Cost of Revenue	\$118,215	\$132,401	\$146,965	\$158,722	\$171,420
Gross Profit	\$331,335	\$371,095	\$411,916	\$444,869	\$480,458
Total Operating Costs	\$266,430	\$276,317	\$286,502	\$296,475	\$306,853
EBITDA	\$64,905	\$94,778	\$125,414	\$148,394	\$173,606

Revenue, Operating Costs, EBITDA



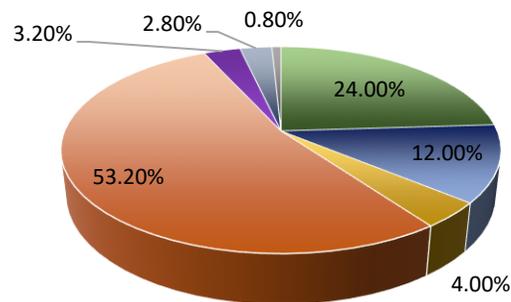
2.0 The Financing

2.1 Funds Required

As noted, a SBA loan of \$100,000 is sought to develop the operations. Mr. Deutsch will contribute \$25,000 towards the business. The funds will be allocated as follows:

Use of Funds	
Location Development	\$30,000
Furniture, Fixtures, and Equipment	\$15,000
Pre-Launch Marketing	\$5,000
Working Capital	\$66,500
Professional Fees	\$4,000
Opening Inventories	\$3,500
Misc. and Contingency	\$1,000
Total	\$125,000

Use of Funds Breakdown



- Location Development
- Furniture, Fixtures, and Equipment
- Pre-Launch Marketing
- Working Capital
- Professional Fees
- Opening Inventories
- Misc. and Contingency

2.2 Management and Investor Equity

Matthew Deutsch owns a 100% interest in Violet's Bubble Tea LLC.

2.3 Exit Strategies

Although Matthew Deutsch has no long-term plans to sell this bubble tea location, food service businesses do command a significant price to earnings ratio given their substantial contribution margins and their relatively low risk. Generally, these businesses sell for three times the prior year's earnings. In the event of a business sale, a qualified business broker will be hired to manage the sale of Violet's Bubble Tea to a third-party. This event is not expected to occur for a substantial period of time.

3.0 Operations

As noted in the executive summary, Violet's Bubble Tea will provide a broad range of bubble teas across many flavors to the Prince George's County general public. The business will only use the freshest ingredients in order to create an offense differentiating factor. These beverages will have a pricing point of \$5.00 to \$7.00 per unit.

To complement these operations, small food items will be served as well. This will be an important secondary revenue center for the business. The scope of this fair will include sandwiches, salads, pastries, and other small food items that are common to bubble tea shops as well as cafés. Management anticipates at the contribution margin generate from these operations will be 65%. The business.

The business will maintain an expansive facility that will feature significant exterior signage will also having a number of e-commerce channels that allow for the facilitation of takeaway and delivery orders.

To further provide a wide range of options to customers, the business will offer coffees, teas, and bottled beverages.

4.0 Overview of the Organization

4.1 Registered Name

Violet's Bubble Tea LLC. The business is registered as a limited liability company in the State of Maryland.

4.2 Commencement of Operations

Revenue generating operations will commence in the third quarter of this year.

4.3 Mission Statement

To provide an outstanding line of bubble teas at an affordable price to the Prince George's County community.

4.4 Vision Statement

To become the preeminent bubble tea location in the Central Maryland market.

4.5 Organizational Objectives

- Properly implement marketing campaigns prior to the launch business to create brand name visibility.
- Adhere to all laws regarding the sale of food and beverages to the general public.
- Provide staff with a gainful place of employment.
- Leverage multiple forms of online marketing in order to create significant brand name awareness that will allow for the seamless development of new locations in the coming years.
- Always source high-quality ingredients for all inputs.
- Potentially implement a franchise program (after the fifth year of operations).
- Implement fiscally sound procedures to ensure that Violet's Bubble Tea is able to remain profitable even during challenging business climates.
- Operate as a community minded enterprise by providing support for a wide range of charities and non-political organizations.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

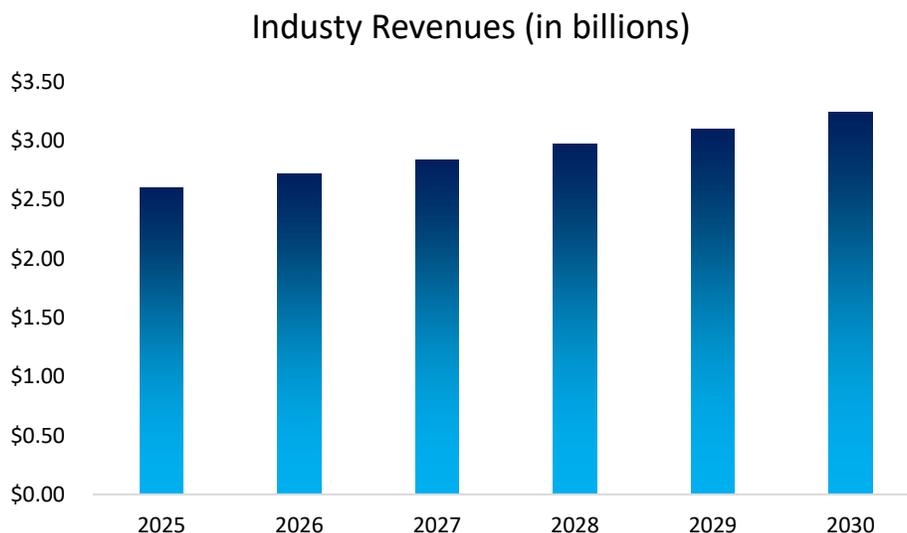
This section of the business plan will focus on the current economic climate, the customer profile of Violet’s Bubble Tea, the competition that the business will face moving forward, and the industry.

At this time, the economic climate in the United States is moderate. As a result of continually changing trade policies, there has been a modicum of volatility in the market. However, central banks are taking the appropriate measures to implement fiscal policies that are keeping inflation in check will also ensuring ongoing economic growth.

It should be immediately noted again that this bubble tea shop is operating in the population dense and wealthy market of Prince George’s County. This will drastically reduce the ongoing economic risk associated with the business. Furthermore, the Company will generate substantial contribution margins from the ongoing sale of bubble teas as well as small food items

5.2 Industry Analysis

As of this year, there are 7,000 locations that operate in a bubble tea shop capacity. These businesses generate \$2.5 billion your revenue. Aggregately, these businesses employ 41,000 people.



This type of food service business has gained substantial popularity over the past 20 years. The concept of bubble tea is not new and it has become extremely popular in Asia, which is seen similar success within the United States. Violet’s Bubble Tea will be able to benefit from the popularity of this type of beverage in the coming years.

5.3 Customer Profile

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

- Household income of \$50,000+
- Will spend \$10 per visit (per person)
- Lives within 3 miles of the Violet's Bubble Tea location

5.4 Competitive Analysis

As this business plan has been written as a sample only, no formal competitive analysis has not been completed. If this business plan had been developed specifically for a client engagement, then a full analysis of all competitors within the target market radius would have been completed. This would have included an overview of their online reviews, length of time and business, and ways that Violet's Bubble Tea would be able to differentiate itself from existing competition in the market.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Violet's Bubble Tea will have sustainable operations as a result of the following:

- The Company will source high-quality ingredients for its bubble teas as well as related fare.
- The business will use a number of online marketing strategies that will create significant brand name awareness.
- The location will have moderate fixed operating costs that will allow for ongoing reinvestment into expansion.
- The operations of this bubble tea shop are highly scalable.
- Management will have access to capital on an as needed basis to further growth given substantial contribution margin generated.

6.2 Basis of Growth

The Company will expand via the following methods:

- Develop additional locations within Prince George's County or other markets within Maryland.
- Continued expansion of the company's marketing operations.
- Introduction of new menu items in order to further repeat patronage.

7.0 Marketing Plan

7.1 Marketing Objectives

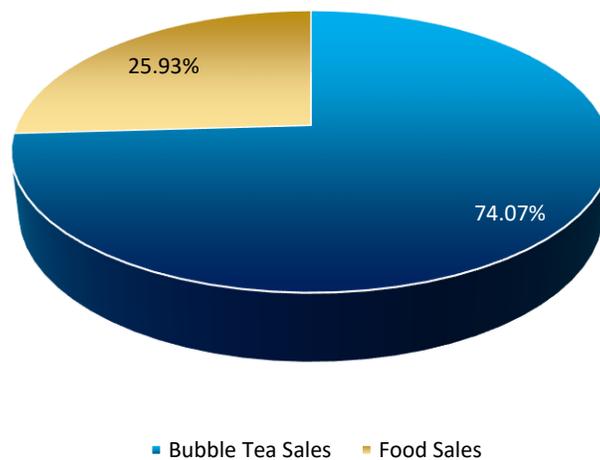
- Maintain an expansive online presence.
- Implement a large-scale pre-launch marketing campaign in order to create significant brand name awareness.
- Established relationships with well-known personalities within the greater Prince George’s County area in order to further create a well-known name.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Bubble Tea Sales	\$333,000	\$372,960	\$413,986	\$447,104	\$482,873
Food Sales	\$116,550	\$130,536	\$144,895	\$156,487	\$169,005
Totals	\$449,550	\$503,496	\$558,881	\$603,591	\$651,878

Gross Profit					
Year	1	2	3	4	5
Total	\$331,335	\$371,095	\$411,916	\$444,869	\$480,458

Revenue Generation



7.3 Revenue Assumptions

Year 1

- First year revenue will reach \$449,000.
- Gross profits will reach \$331,000.

Year 2

- Through greater marketing efforts, revenue will reach \$503,000.
- Gross profits will reach \$371,000.
- Revenue will increase by 12%.

Years 3-5

- By the fifth year of operation, total revenue will reach \$651,000.
- Gross profits will reach \$480,000.

7.4 Marketing Strategies

Violet's Bubble Tea will use a number of marketing strategies that will create a wide range of brand name awareness for the business. Most importantly, a significant portion of the Company's marketing operations will occur prior to the full scale launch. This will include having the business; online presence established during the development.

As it relates to the exterior of the facilities, the locational feature a substantial amount of signage that showcases the premium bubble teas as well as other menu items available. The Company will coordinate these efforts with the business' landlord. At this time, Matthew Deutsch is working with a qualified commercial real estate brokerage in order to find an appropriate location, which is expected to occur within the next three months.

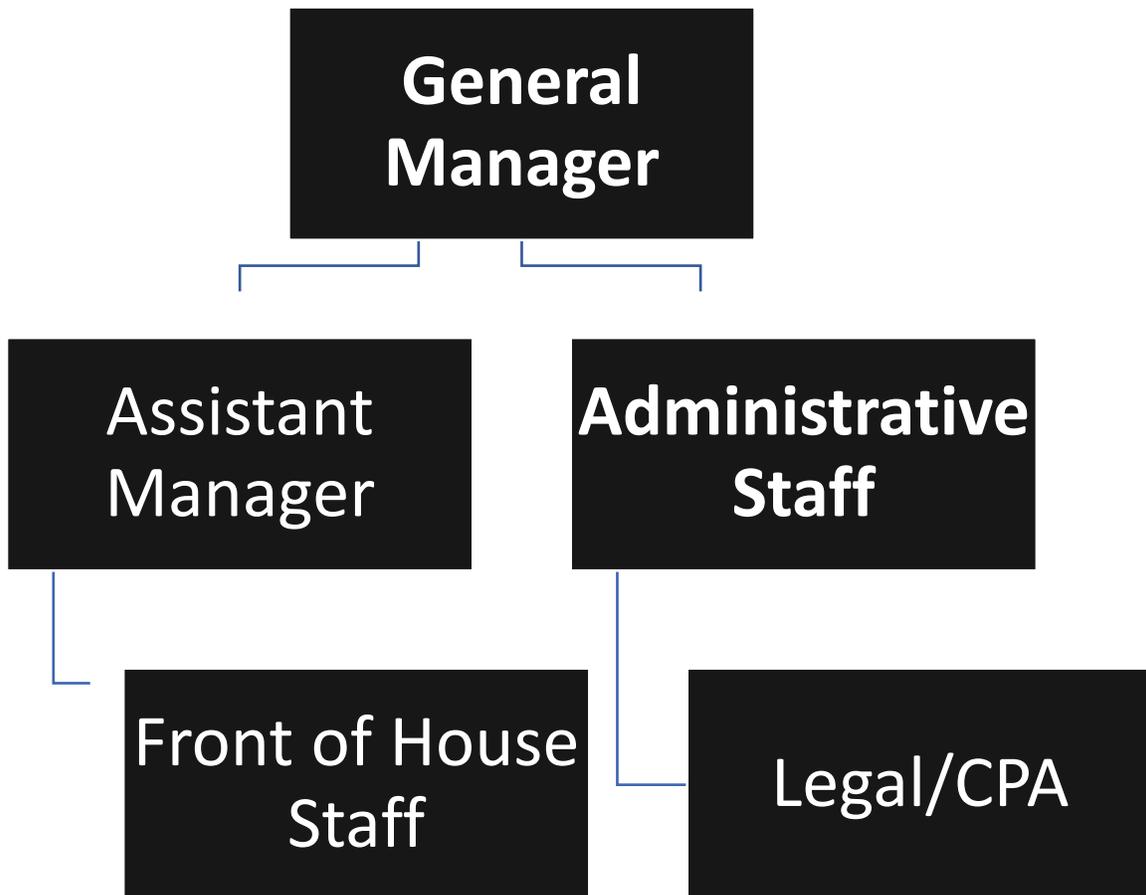
As it relates to facilitating takeaway and delivery orders, the business will enroll among numerous platforms that allow for the placement of orders for pick up as well as for delivery. This will generate substantial revenues in the coming years, given the level of convenience that afforded to the Company's patrons.

The business will also leverage multiple social media channels in order to promote the business from the on-site of operations as well as throughout the life of the business. New menu items will be frequently introduced through social media platforms. Additionally, live events will be frequently held at the facilities. Among all social media, pages, these events will be promoted in order to drive additional traffic.

The Company will also provide support for non-political organizations, civics, groups, and related associations and worship position, Violet's Bubble Tea as a community minded enterprise.

8.0 Organizational Plan

8.1 Organizational Hierarchy

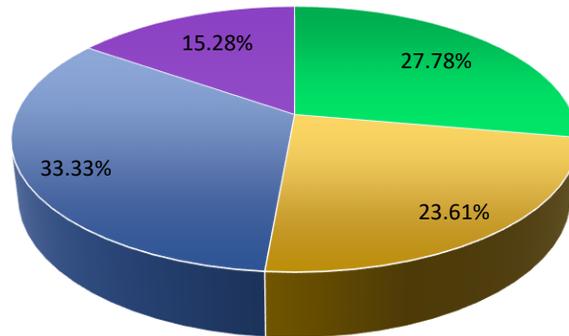


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
General Manager	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
Assistant Manager	\$42,500	\$43,775	\$45,088	\$46,441	\$47,834
Front of House Staff	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Administrative Staff	\$27,500	\$28,325	\$29,175	\$30,050	\$30,951
Total	\$180,000	\$185,400	\$190,962	\$196,691	\$202,592

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
General Manager	1	1	1	1	1
Assistant Manager	1	1	1	1	1
Front of House Staff	3	3	3	3	3
Administrative Staff	1	1	1	1	1
Total	6	6	6	6	6

Personnel Summary



■ General Manager
 ■ Assistant Manager
 ■ Front of House Staff
 ■ Administrative Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- The business will have a compounded annual growth rate of 10%.
- Violet’s Bubble Tea will acquire \$100,000 via an SBA loan (carrying a 10-year term and an 8% interest rate).
- Matthew Deutsch will contribute \$25,000 toward the venture.

9.2 Financial Highlights

- Profitability will be achieved quickly given the substantial contribution margins of Violet’s Bubble Tea.
- Gross profits of 73% on all sales.
- The operations of the business are highly scalable through new location development and delivery operations.

9.3 Sensitivity Analysis

The revenues of the business are only modestly sensitive to negative changes in the economy. Given the substantial contribution margins generated from bubble tea sales as well as small food items - the business will be able to satisfy all underlying operating costs on a monthly basis including the SBA loan sought in this document.

9.4 Source of Funds

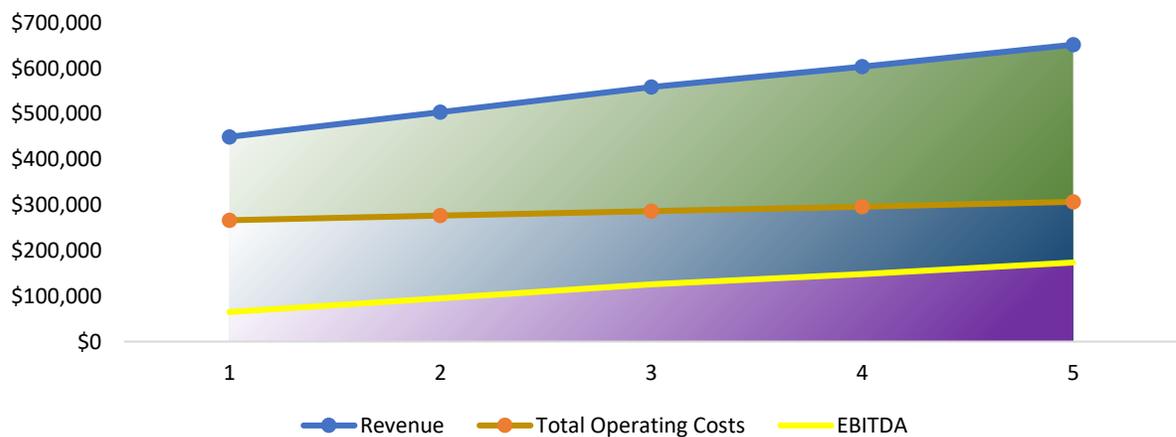
Financing	
Equity	
Equity Capitalization	\$25,000.00
Total Equity Financing	\$25,000.00
Banks and Lenders	
Business Loan	\$100,000.00
Total Debt Financing	\$100,000.00
Total Financing	\$125,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$449,550	\$503,496	\$558,881	\$603,591	\$651,878
Cost of Revenue	\$118,215	\$132,401	\$146,965	\$158,722	\$171,420
Gross Margin	73.70%	73.70%	73.70%	73.70%	73.70%
Gross Profit	\$331,335	\$371,095	\$411,916	\$444,869	\$480,458
Expenses					
Payroll	\$180,000	\$185,400	\$190,962	\$196,691	\$202,592
General and Administrative	\$8,991	\$10,070	\$11,178	\$12,072	\$13,038
Business Development	\$3,372	\$3,776	\$4,192	\$4,527	\$4,889
Marketing	\$5,664	\$6,344	\$7,042	\$7,605	\$8,214
Insurance Costs	\$3,500	\$3,675	\$3,859	\$4,052	\$4,254
Professional Fees	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078
Facility Costs	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648
Misc. Costs	\$1,133	\$1,269	\$1,408	\$1,521	\$1,643
Payroll Taxes	\$13,770	\$14,183	\$14,609	\$15,047	\$15,498
Total Operating Costs	\$266,430	\$276,317	\$286,502	\$296,475	\$306,853
EBITDA	\$64,905	\$94,778	\$125,414	\$148,394	\$173,606
Federal Income Tax	\$12,788	\$20,367	\$28,148	\$34,028	\$40,478
State Income Tax	\$2,558	\$4,073	\$5,630	\$6,806	\$8,096
Interest Expense	\$7,754	\$7,189	\$6,578	\$5,915	\$5,198
Depreciation Expenses	\$6,000	\$6,120	\$6,242	\$6,367	\$6,495
Net Profit	\$35,806	\$57,028	\$78,816	\$95,278	\$113,340
Profit Margin	7.96%	11.33%	14.10%	15.79%	17.39%

Revenue, Operating Costs, EBITDA



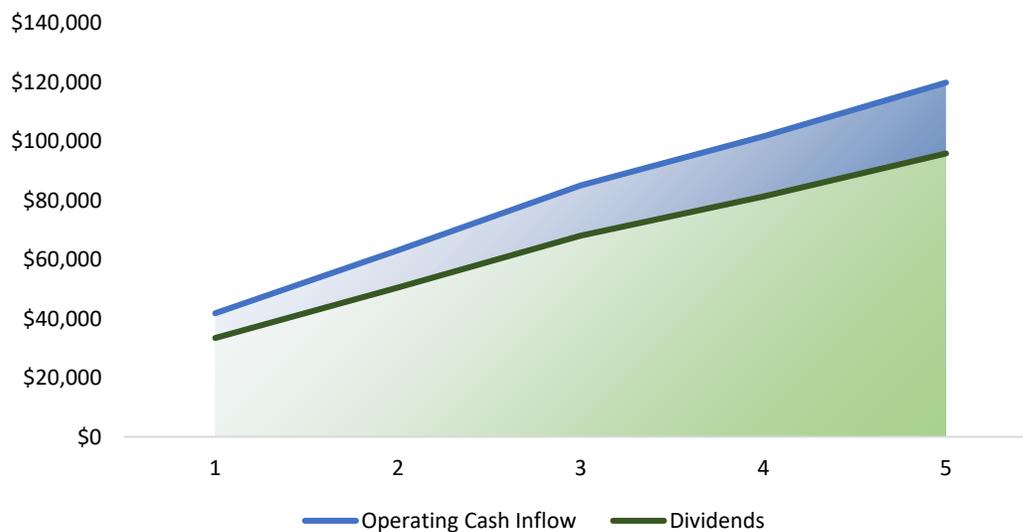
B) Common Size Income Statement

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	26.30%	26.30%	26.30%	26.30%	26.30%
Gross Profit	73.70%	73.70%	73.70%	73.70%	73.70%
Expenses					
Payroll	40.04%	36.82%	34.17%	32.59%	31.08%
General and Administrative	2.00%	2.00%	2.00%	2.00%	2.00%
Business Development	0.75%	0.75%	0.75%	0.75%	0.75%
Marketing	1.26%	1.26%	1.26%	1.26%	1.26%
Insurance Costs	0.78%	0.73%	0.69%	0.67%	0.65%
Professional Fees	1.11%	1.04%	0.99%	0.96%	0.93%
Facility Costs	10.01%	9.21%	8.54%	8.15%	7.77%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	3.06%	2.82%	2.61%	2.49%	2.38%
Total Operating Costs	59.27%	54.88%	51.26%	49.12%	47.07%
EBITDA	14.44%	18.82%	22.44%	24.59%	26.63%
Federal Income Tax	2.84%	4.05%	5.04%	5.64%	6.21%
State Income Tax	0.57%	0.81%	1.01%	1.13%	1.24%
Interest Expense	1.72%	1.43%	1.18%	0.98%	0.80%
Depreciation Expenses	1.33%	1.22%	1.12%	1.05%	1.00%
Net Profit	7.96%	11.33%	14.10%	15.79%	17.39%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$41,806	\$63,148	\$85,058	\$101,645	\$119,834
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$41,806	\$63,148	\$85,058	\$101,645	\$119,834
Other Cash Inflows					
Equity Investment	\$25,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$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	\$126,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Cash Inflow	\$167,806	\$64,198	\$86,161	\$102,803	\$121,050
Cash Outflows					
Repayment of Principal	\$6,805	\$7,370	\$7,982	\$8,644	\$9,362
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$48,500	\$3,157	\$4,253	\$5,082	\$5,992
Dividends	\$33,445	\$50,519	\$68,047	\$81,316	\$95,867
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$89,450	\$61,781	\$81,053	\$95,853	\$112,072
Net Cash Flow	\$78,356	\$2,417	\$5,108	\$6,950	\$8,978
Cash Balance	\$78,356	\$80,773	\$85,881	\$92,831	\$101,809

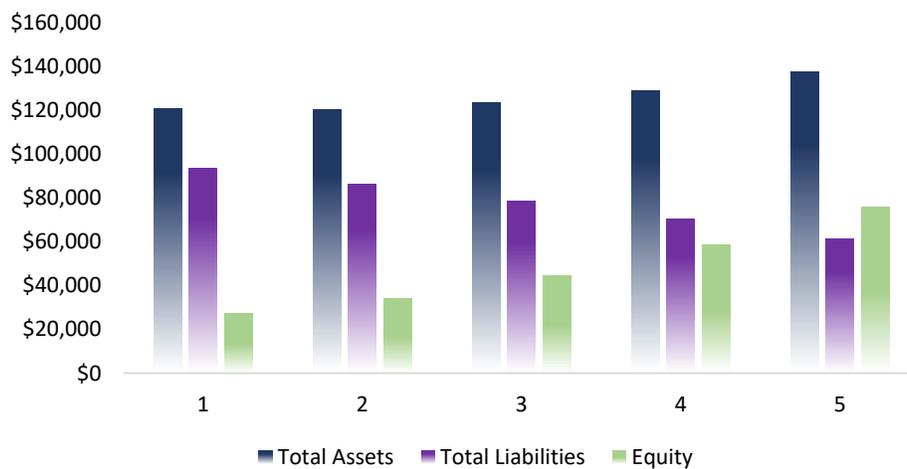
Cash Flow Analysis



D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	\$78,356	\$80,773	\$85,881	\$92,831	\$101,809
Fixed Assets and Inventory	\$48,500	\$51,657	\$55,910	\$60,993	\$66,984
Accumulated Depreciation	(\$6,000)	(\$12,120)	(\$18,362)	(\$24,730)	(\$31,224)
Total Assets	\$120,856	\$120,310	\$123,429	\$129,093	\$137,569
Liabilities and Equity					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$93,195	\$85,825	\$77,843	\$69,199	\$59,837
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$93,495	\$86,440	\$78,789	\$70,492	\$61,495
Equity	\$27,361	\$33,871	\$44,640	\$58,602	\$76,074
Total Liabilities and Equity	\$120,856	\$120,310	\$123,429	\$129,093	\$137,569

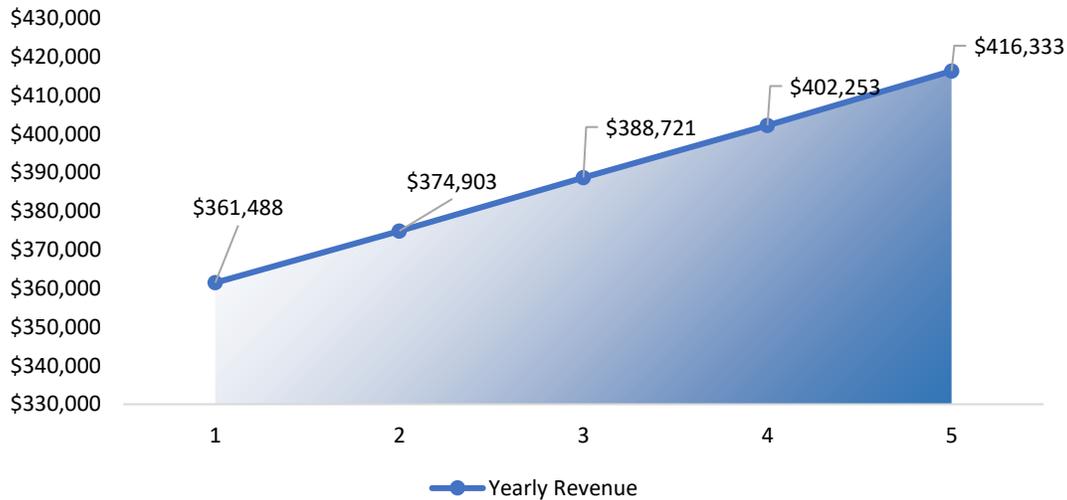
Balance Sheet



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$30,124	\$31,242	\$32,393	\$33,521	\$34,694
Yearly Revenue	\$361,488	\$374,903	\$388,721	\$402,253	\$416,333

Breakeven Analysis



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	12.0%	11.0%	8.0%	8.0%
Gross Margin	73.7%	73.7%	73.7%	73.7%	73.7%
Financials					
Profit Margin	7.96%	11.33%	14.10%	15.79%	17.39%
Assets to Liabilities	1.29	1.39	1.57	1.83	2.24
Equity to Liabilities	0.29	0.39	0.57	0.83	1.24
Assets to Equity	4.42	3.55	2.76	2.20	1.81
Liquidity					
Acid Test	0.84	0.93	1.09	1.32	1.66
Cash to Assets	0.65	0.67	0.70	0.72	0.74

Appendix A – SWOT Analysis

Strengths

- Modest competition in the greater Prince George’s County market area among businesses that operating a similar capacity.
- The business will only use the best ingredients within the course of its operations, which will provide a significant differentiating factor.
- Use of online delivery applications will drive substantial revenue.
- The operations of the business are highly scalable, and the company can establish additional Violet’s Bubble Tea branded locations relatively easily.
- Many new items can be entered into rotation with a relatively low cost.

Weaknesses

- Operational complexities given that this is a food and beverage service business.
- Competition can enter the market relatively easily.

Opportunities

- Development of additional locations within the greater Prince George’s County Politan area.
- Continued expansion of the online operating operations to the business.
- Continued development of new menu items which will foster repeat patronage.
- Potential implementation of a franchise program.

Threats

- The ongoing issues with inflation can cause the inventory input costs to increase.

Appendix B – Critical Risks

Development Risk – Low

The Company is currently in the process of sourcing location as well as completing the process for acquiring an SBA loan. Once these matters are addressed and completed, the primary development risk will be managing ability to launch a large-scale marketing campaign that creates substantial interest in Violet’s Bubble Tea.

Financing Risk – Low/Moderate

The \$100,000 sought in this business plan will allow for the proper development of Violet’s Bubble Tea in the coming months. These risks are tempered through the significant transactional value that the business will achieve as well as its moderate operating costs.

Marketing Risk – Low

Management will use multiple forms of marketing in order to create brand name awareness prior to the launch of operations as well as to the life of the business. This risk will be tempered through a laser focused marketing campaign specific for the greater Prince George’s County metropolitan area.

Management Risk – Low

Matthew Deutsch is a highly qualified food service entrepreneur that will be able to properly develop the operations of this bubble tea shop. He will be able to bring the business to substantial profitability in the coming years.

Valuation Risk – Low

The valuation risk is offset by:

- Extremely high transactional volume from bubble tea sales coupled with significant contribution margins.
- The operations are highly scalable given the wealth of Prince George’s County.
- There is the potential to implement a franchising program.

Exit Risk - Low

As noted earlier, Matthew Deutsch has no long-term plans to sell this business to any third-party. He intends to develop multiple locations in the coming years while creating Violet’s Bubble Tea as a regional brand. If necessary, a qualified business broker will be hired to diversify the business. A formal valuation will be completed prior to marketing the business for sale.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$33,750	\$34,425	\$35,100	\$35,775	\$36,450	\$37,125	\$37,800
Cost of Revenue	\$8,875	\$9,053	\$9,230	\$9,408	\$9,585	\$9,763	\$9,940
Gross Profit	\$24,875	\$25,373	\$25,870	\$26,368	\$26,865	\$27,363	\$27,860
Expenses							
Payroll	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
General and Administrative	\$749	\$749	\$749	\$749	\$749	\$749	\$749
Business Development	\$281	\$281	\$281	\$281	\$281	\$281	\$281
Marketing	\$472	\$472	\$472	\$472	\$472	\$472	\$472
Insurance Costs	\$292	\$292	\$292	\$292	\$292	\$292	\$292
Professional Fees	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Facility Costs	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Misc. Costs	\$94	\$94	\$94	\$94	\$94	\$94	\$94
Payroll Taxes	\$1,148	\$1,148	\$1,148	\$1,148	\$1,148	\$1,148	\$1,148
Total Operating Costs	\$22,202						
EBITDA	\$2,673	\$3,170	\$3,668	\$4,165	\$4,663	\$5,160	\$5,658
Federal Income Tax	\$960	\$979	\$998	\$1,018	\$1,037	\$1,056	\$1,075
State Income Tax	\$192	\$196	\$200	\$204	\$207	\$211	\$215
Interest Expense	\$667	\$663	\$659	\$656	\$652	\$648	\$644
Depreciation Expenses	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Net Profit	\$354	\$832	\$1,310	\$1,788	\$2,266	\$2,745	\$3,223

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$38,475	\$39,150	\$39,825	\$40,500	\$41,175	\$449,550
Cost of Revenue	\$10,118	\$10,295	\$10,473	\$10,650	\$10,828	\$118,215
Gross Profit	\$28,358	\$28,855	\$29,353	\$29,850	\$30,348	\$331,335
Expenses						
Payroll	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$180,000
General and Administrative	\$749	\$749	\$749	\$749	\$749	\$8,991
Business Development	\$281	\$281	\$281	\$281	\$281	\$3,372
Marketing	\$472	\$472	\$472	\$472	\$472	\$5,664
Insurance Costs	\$292	\$292	\$292	\$292	\$292	\$3,500
Professional Fees	\$417	\$417	\$417	\$417	\$417	\$5,000
Facility Costs	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$45,000
Misc. Costs	\$94	\$94	\$94	\$94	\$94	\$1,133
Payroll Taxes	\$1,148	\$1,148	\$1,148	\$1,148	\$1,148	\$13,770
Total Operating Costs	\$22,202	\$22,202	\$22,202	\$22,202	\$22,202	\$266,430
EBITDA	\$6,155	\$6,653	\$7,150	\$7,648	\$8,145	\$64,905
Federal Income Tax	\$1,094	\$1,114	\$1,133	\$1,152	\$1,171	\$12,788
State Income Tax	\$219	\$223	\$227	\$230	\$234	\$2,558
Interest Expense	\$641	\$637	\$633	\$629	\$625	\$7,754
Depreciation Expenses	\$500	\$500	\$500	\$500	\$500	\$6,000
Net Profit	\$3,701	\$4,179	\$4,658	\$5,136	\$5,614	\$35,806

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$38,475	\$39,150	\$39,825	\$40,500	\$41,175	\$449,550
Cost of Revenue	\$10,118	\$10,295	\$10,473	\$10,650	\$10,828	\$118,215
Gross Profit	\$28,358	\$28,855	\$29,353	\$29,850	\$30,348	\$331,335
Expenses						
Payroll	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$180,000
General and Administrative	\$749	\$749	\$749	\$749	\$749	\$8,991
Business Development	\$281	\$281	\$281	\$281	\$281	\$3,372
Marketing	\$472	\$472	\$472	\$472	\$472	\$5,664
Insurance Costs	\$292	\$292	\$292	\$292	\$292	\$3,500
Professional Fees	\$417	\$417	\$417	\$417	\$417	\$5,000
Facility Costs	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$45,000
Misc. Costs	\$94	\$94	\$94	\$94	\$94	\$1,133
Payroll Taxes	\$1,148	\$1,148	\$1,148	\$1,148	\$1,148	\$13,770
Total Operating Costs	\$22,202	\$22,202	\$22,202	\$22,202	\$22,202	\$266,430
EBITDA	\$6,155	\$6,653	\$7,150	\$7,648	\$8,145	\$64,905
Federal Income Tax	\$1,094	\$1,114	\$1,133	\$1,152	\$1,171	\$12,788
State Income Tax	\$219	\$223	\$227	\$230	\$234	\$2,558
Interest Expense	\$641	\$637	\$633	\$629	\$625	\$7,754
Depreciation Expenses	\$500	\$500	\$500	\$500	\$500	\$6,000
Net Profit	\$3,701	\$4,179	\$4,658	\$5,136	\$5,614	\$35,806

Profit and Loss Statement (Third Year)

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$135,529	\$138,323	\$141,117	\$143,912	\$558,881
Cost of Revenue	\$35,639	\$36,374	\$37,109	\$37,843	\$146,965
Gross Profit	\$99,890	\$101,949	\$104,009	\$106,068	\$411,916
Expenses					
Payroll	\$47,741	\$47,741	\$47,741	\$47,741	\$190,962
General and Administrative	\$2,711	\$2,766	\$2,822	\$2,878	\$11,178
Business Development	\$1,016	\$1,037	\$1,058	\$1,079	\$4,192
Marketing	\$1,708	\$1,743	\$1,778	\$1,813	\$7,042
Insurance Costs	\$965	\$965	\$965	\$965	\$3,859
Professional Fees	\$1,337	\$1,364	\$1,392	\$1,419	\$5,513
Facility Costs	\$11,935	\$11,935	\$11,935	\$11,935	\$47,741
Misc. Costs	\$342	\$349	\$356	\$363	\$1,408
Payroll Taxes	\$3,652	\$3,652	\$3,652	\$3,652	\$14,609
Total Operating Costs	\$71,405	\$71,552	\$71,699	\$71,845	\$286,502
EBITDA	\$28,484	\$30,397	\$32,310	\$34,223	\$125,414
Federal Income Tax	\$6,826	\$6,967	\$7,107	\$7,248	\$28,148
State Income Tax	\$1,365	\$1,393	\$1,421	\$1,450	\$5,630
Interest Expense	\$1,704	\$1,665	\$1,625	\$1,584	\$6,578
Depreciation Expenses	\$1,561	\$1,561	\$1,561	\$1,561	\$6,242
Net Profit	\$17,029	\$18,812	\$20,595	\$22,380	\$78,816

Profit and Loss Statement (Fourth Year)

Quarter	Year 4				Year 4
	Q1	Q2	Q3	Q4	
Revenue	\$146,371	\$149,389	\$152,407	\$155,425	\$603,591
Cost of Revenue	\$38,490	\$39,284	\$40,077	\$40,871	\$158,722
Gross Profit	\$107,881	\$110,105	\$112,329	\$114,554	\$444,869
Expenses					
Payroll	\$49,173	\$49,173	\$49,173	\$49,173	\$196,691
General and Administrative	\$2,927	\$2,988	\$3,048	\$3,108	\$12,072
Business Development	\$1,098	\$1,120	\$1,143	\$1,166	\$4,527
Marketing	\$1,844	\$1,882	\$1,920	\$1,958	\$7,605
Insurance Costs	\$1,013	\$1,013	\$1,013	\$1,013	\$4,052
Professional Fees	\$1,404	\$1,433	\$1,462	\$1,490	\$5,788
Facility Costs	\$12,293	\$12,293	\$12,293	\$12,293	\$49,173
Misc. Costs	\$369	\$376	\$384	\$392	\$1,521
Payroll Taxes	\$3,762	\$3,762	\$3,762	\$3,762	\$15,047
Total Operating Costs	\$73,882	\$74,040	\$74,198	\$74,355	\$296,475
EBITDA	\$33,998	\$36,065	\$38,132	\$40,199	\$148,394
Federal Income Tax	\$8,252	\$8,422	\$8,592	\$8,762	\$34,028
State Income Tax	\$1,650	\$1,684	\$1,718	\$1,752	\$6,806
Interest Expense	\$1,543	\$1,501	\$1,458	\$1,414	\$5,915
Depreciation Expenses	\$1,592	\$1,592	\$1,592	\$1,592	\$6,367
Net Profit	\$20,961	\$22,866	\$24,772	\$26,678	\$95,278

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$158,080	\$161,340	\$164,599	\$167,859	\$651,878
Cost of Revenue	\$41,569	\$42,426	\$43,284	\$44,141	\$171,420
Gross Profit	\$116,511	\$118,913	\$121,316	\$123,718	\$480,458
Expenses					
Payroll	\$50,648	\$50,648	\$50,648	\$50,648	\$202,592
General and Administrative	\$3,162	\$3,227	\$3,292	\$3,357	\$13,038
Business Development	\$1,186	\$1,210	\$1,234	\$1,259	\$4,889
Marketing	\$1,992	\$2,033	\$2,074	\$2,115	\$8,214
Insurance Costs	\$1,064	\$1,064	\$1,064	\$1,064	\$4,254
Professional Fees	\$1,474	\$1,504	\$1,535	\$1,565	\$6,078
Facility Costs	\$12,662	\$12,662	\$12,662	\$12,662	\$50,648
Misc. Costs	\$398	\$407	\$415	\$423	\$1,643
Payroll Taxes	\$3,875	\$3,875	\$3,875	\$3,875	\$15,498
Total Operating Costs	\$76,459	\$76,628	\$76,798	\$76,967	\$306,853
EBITDA	\$40,052	\$42,285	\$44,518	\$46,751	\$173,606
Federal Income Tax	\$9,816	\$10,018	\$10,221	\$10,423	\$40,478
State Income Tax	\$1,963	\$2,004	\$2,044	\$2,085	\$8,096
Interest Expense	\$1,369	\$1,323	\$1,277	\$1,229	\$5,198
Depreciation Expenses	\$1,624	\$1,624	\$1,624	\$1,624	\$6,495
Net Profit	\$25,280	\$27,316	\$29,353	\$31,391	\$113,340

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$854	\$1,332	\$1,810	\$2,288	\$2,766	\$3,245	\$3,723	\$4,201
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$854	\$1,332	\$1,810	\$2,288	\$2,766	\$3,245	\$3,723	\$4,201
Other Cash Inflows								
Equity Investment	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$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	\$125,083	\$83						
Total Cash Inflow	\$125,937	\$1,415	\$1,893	\$2,372	\$2,850	\$3,328	\$3,806	\$4,284
Cash Outflows								
Repayment of Principal	\$547	\$550	\$554	\$558	\$561	\$565	\$569	\$573
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$48,500	\$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	\$49,105	\$609	\$612	\$616	\$620	\$623	\$627	\$631
Net Cash Flow	\$76,832	\$807	\$1,281	\$1,756	\$2,230	\$2,704	\$3,179	\$3,653
Cash Balance	\$76,832	\$77,639	\$78,920	\$80,676	\$82,906	\$85,610	\$88,789	\$92,442

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$4,679	\$5,158	\$5,636	\$6,114	\$41,806
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$4,679	\$5,158	\$5,636	\$6,114	\$41,806
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$25,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$100,000
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	\$126,000
Total Cash Inflow	\$4,763	\$5,241	\$5,719	\$6,198	\$167,806
Cash Outflows					
Repayment of Principal	\$576	\$580	\$584	\$588	\$6,805
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$48,500
Dividends	\$0	\$0	\$0	\$33,445	\$33,445
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$635	\$639	\$642	\$34,091	\$89,450
Net Cash Flow	\$4,128	\$4,602	\$5,077	-\$27,893	\$78,356
Cash Balance	\$96,570	\$101,173	\$106,249	\$78,356	\$78,356

Cash Flow Analysis (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$13,364	\$14,979	\$16,595	\$18,211	\$63,148
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$13,364	\$14,979	\$16,595	\$18,211	\$63,148
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	\$13,618	\$15,239	\$16,860	\$18,482	\$64,198
Cash Outflows					
Repayment of Principal	\$1,788	\$1,824	\$1,861	\$1,898	\$7,370
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$3,157	\$0	\$0	\$0	\$3,157
Dividends	\$0	\$0	\$0	\$50,519	\$50,519
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$5,123	\$2,006	\$2,046	\$52,606	\$61,781
Net Cash Flow	\$8,495	\$13,233	\$14,814	-\$34,124	\$2,417
Cash Balance	\$86,851	\$100,084	\$114,897	\$80,773	\$80,773

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$18,589	\$20,372	\$22,156	\$23,941	\$85,058
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$18,589	\$20,372	\$22,156	\$23,941	\$85,058
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	\$18,857	\$20,645	\$22,434	\$24,225	\$86,161
Cash Outflows					
Repayment of Principal	\$1,936	\$1,975	\$2,015	\$2,056	\$7,982
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$4,253	\$0	\$0	\$0	\$4,253
Dividends	\$0	\$0	\$0	\$68,047	\$68,047
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$6,376	\$2,166	\$2,210	\$70,301	\$81,053
Net Cash Flow	\$12,480	\$18,479	\$20,225	-\$46,076	\$5,108
Cash Balance	\$93,253	\$111,732	\$131,957	\$85,881	\$85,881

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$22,553	\$24,458	\$26,364	\$28,270	\$101,645
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$22,553	\$24,458	\$26,364	\$28,270	\$101,645
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	\$22,834	\$24,745	\$26,656	\$28,568	\$102,803
Cash Outflows					
Repayment of Principal	\$2,097	\$2,139	\$2,182	\$2,226	\$8,644
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$2,541	\$2,541	\$0	\$0	\$5,082
Dividends	\$0	\$0	\$0	\$81,316	\$81,316
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$4,835	\$4,881	\$2,387	\$83,751	\$95,853
Net Cash Flow	\$17,999	\$19,864	\$24,269	-\$55,183	\$6,950
Cash Balance	\$103,880	\$123,744	\$148,013	\$92,831	\$92,831

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$26,904	\$28,940	\$30,976	\$33,014	\$119,834
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$26,904	\$28,940	\$30,976	\$33,014	\$119,834
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	\$27,199	\$29,241	\$31,283	\$33,327	\$121,050
Cash Outflows					
Repayment of Principal	\$2,271	\$2,317	\$2,363	\$2,411	\$9,362
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$2,996	\$2,996	\$0	\$0	\$5,992
Dividends	\$0	\$0	\$0	\$95,867	\$95,867
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$5,473	\$5,523	\$2,578	\$98,497	\$112,072
Net Cash Flow	\$21,726	\$23,717	\$28,705	-\$65,170	\$8,978
Cash Balance	\$114,556	\$138,273	\$166,979	\$101,809	\$101,809