PHOENIX
PREMIUM AUTOMOTIVE
RENTALS

Human Intelligence
Business Plans

Table of Contents

1.0 Executive Summary 4
2.0 The Financing 7
2.1 Funds Required 7
2.2 Management and Investor Equity 7
2.3 Exit Strategies 7
3.0 Operations 8
4.0 Overview of the Organization 9
4.1 Registered Name 9
4.2 Commencement of Operations 9
4.3 Mission Statement 9
4.4 Vision Statement 9
4.5 Organizational Objectives 9
5.0 Market and Industry Analysis 10
5.1 External Environmental Analysis 10
5.2 Industry Analysis 10
5.3 Customer Profile 10
5.4 Competitive Analysis 11
6.0 Key Strategic Issues 11
6.1 Sustainable Operations 12
6.2 Basis of Growth 12
7.0 Marketing Plan 13
7.1 Marketing Objectives 13
7.2 Revenue Forecasts 13
7.3 Revenue Assumptions 13
7.4 Marketing Strategies 14
8.0 Organizational Plan 15
8.1 Organizational Hierarchy 15
8.2 Personnel Costs 16
9.0 Financial Plan 17

9.1 Underlying Assumptions 17
9.2 Financial Highlights 17
9.3 Sensitivity Analysis 17
9.4 Source of Funds 17
9.5 Financial Proformas 18
A) Profit and Loss Statement 18
B) Common Size Income Statement 19
C) Cash Flow Analysis 20
D) Balance Sheet 21
9.6 Breakeven Analysis 22
9.7 Business Ratios 22
Appendix A – SWOT Analysis 23
Appendix B – Critical Risks 24
Appendix C – Expanded Profit and Loss Statements 25
Appendix D – Expanded Cash Flow Analysis 31

1.0 Executive Summary

The purpose of this business plan is to showcase the continued development of a car rental agency based in Phoenix, Arizona. Phoenix Premium Automotive Rentals LLC ("the Company") was founded by Matthew Deutsch. At this time, the Founder is seeking $300,000, via an SBA loan, for the development of the business. Full scale revenue generating operations will commence in the third quarter of this year.

Operations

From its expansive location in Phoenix, the Company will offer a number of different types of vehicles spanning a wide range of pricing points. This will include economy vehicles, standard vehicles, as well as luxury cars. The business will generate substantial per diem fees from the rental of these cars on an ongoing basis. As a secondary revenue center, the Company will produce income from insurance sales as well as from refueling fees.

To ensure that there is near 100% accurate occupancy for the fleet, the Company will use a number of marketing strategies to promote Phoenix Premium Automotive Rentals. This will include a proprietary website, a presence on major booking agency websites, as well as use of Turo.

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

The Financing

As noted above, the business is seeking $300,000 via an SBA loan. Matthew Deutsch will contribute $100,000 towards a venture. The funds we principle use for the following:

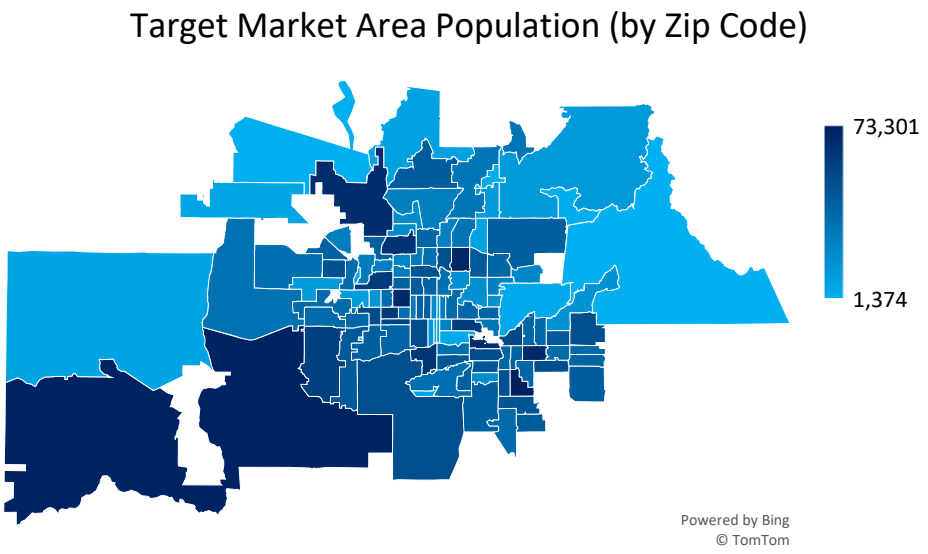
- Lot development near Phoenix Sky Harbor International Airport
- Vehicles
- Working capital

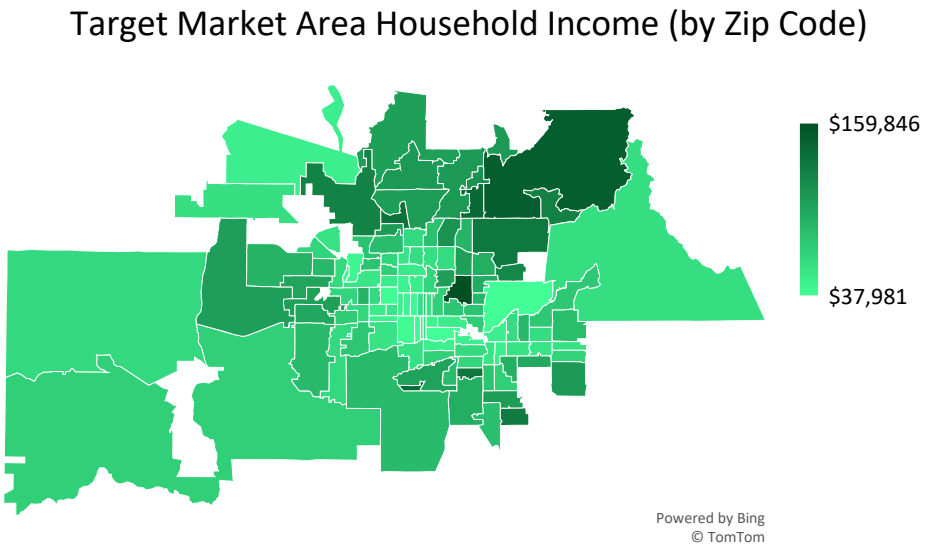
Moving forward, the business could easily secure additional financing given the large number of vehicles that will be owned by the business. From time to time, the Company may lease vehicles that will be used within the fleet over a two-year period. The business could easily secure a revolving credit facility that would allow for the ongoing acquisition of vehicles on it as needed basis.

The Future

Once the business reaches 100% capacity for its lot in Phoenix, a second location may be developed. The Company intends to operate near airport locations in order to provide customers with a substantial degree of convenience. To create a significant differentiating factor, the Company will directly bring cars to airports while also picking up vehicle returns. This added a degree of convenience will onboard a number of renters in the coming years.

Market Overview

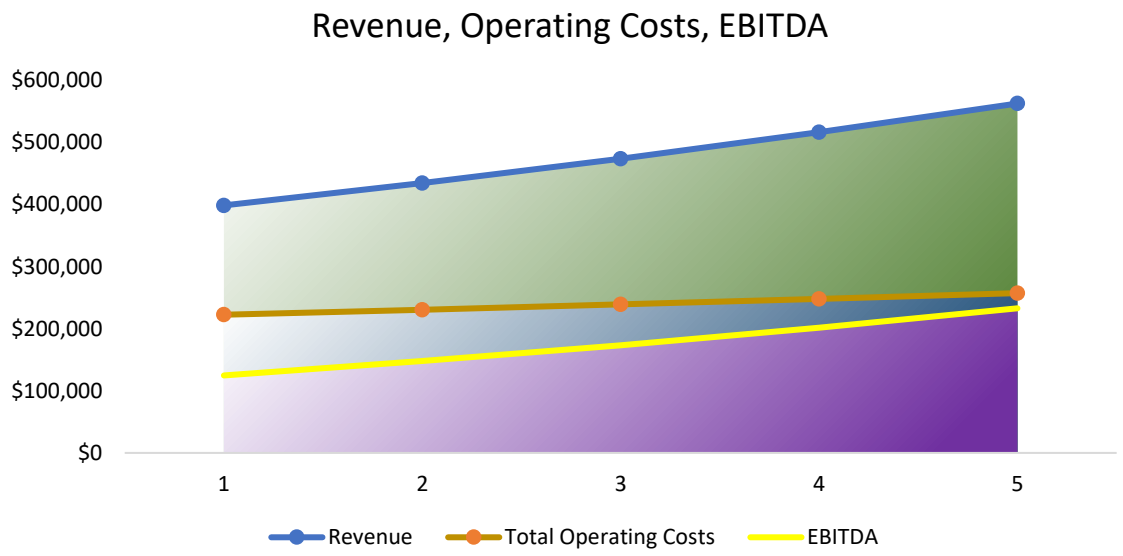




The current population of the greater Phoenix metropolitan area is approximately five million people. Annually, there are 21 million people that visit Phoenix as a tourist or for business travel. Service related to out-of-town travelers generate $5 billion per annum for the city and its surrounding areas. The Company will be able to capitalize on this ongoing demand.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$398,580	$434,452	$473,553	$516,173	$562,628
Cost of Revenue	$51,324	$55,943	$60,978	$66,466	$72,448
Gross Profit	$347,256	$378,509	$412,575	$449,707	$490,180
Total Operating Costs	$222,506	$230,651	$239,154	$248,035	$257,317
EBITDA	**$124,750**	**$147,858**	**$173,421**	**$201,671**	**$232,863**

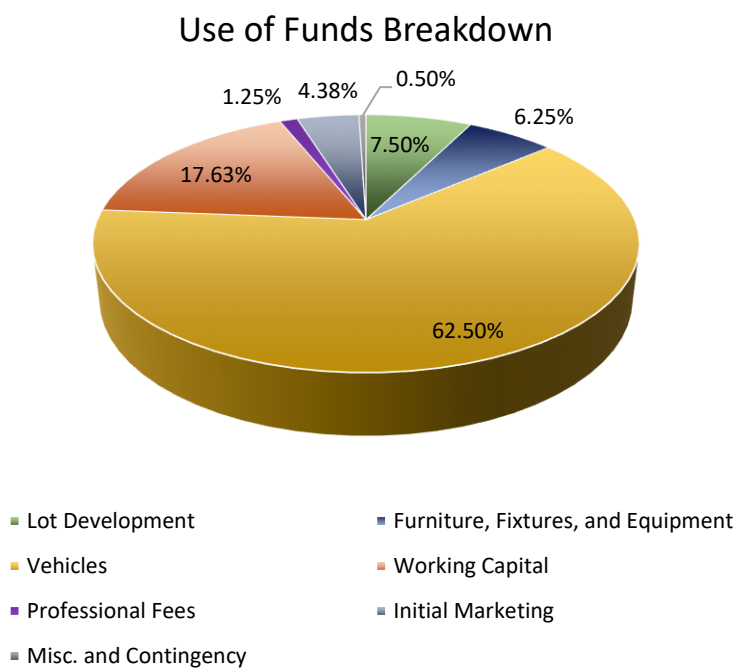


2.0 The Financing

2.1 Funds Required

The funding discussed in the executive summary will be allocated as follows:

Use of Funds	
Lot Development	$30,000
Furniture, Fixtures, and Equipment	$25,000
Vehicles	$250,000
Working Capital	$70,500
Professional Fees	$5,000
Initial Marketing	$17,500
Misc. and Contingency	$2,000
Total	$400,000



2.2 Management and Investor Equity

Matthew Deutsch pertains to 100% ownership interest in the business.

2.3 Exit Strategies

In the event of business is to be sold, a qualified business broker that specializes in automotive businesses will be hired. Prior to this hiring, the Company will have a formal valuation completed. Historically, car rental agencies typically have a price of earnings multiple of three times EBITDA. Based on this, Phoenix Premium Automotive Rentals could have a sales price of almost $700,000 by the fifth year of operation.

3.0 Operations

As discussed in the executive summary, Phoenix Premium Automotive Rentals will be actively involved with providing a number of vehicles to the general public. The vast majority of renters are expected to be tourist and business travelers that are staying for period ranging from two days to one week. The Company, as part of its overall marketing campaign, will conduct direct outreach with numerous travel agencies within the United States that frequently have their clients come to the Phoenix metropolitan area.

As it relates to the revenues, the Company will typically produce $50 to $150 per day for vehicle rentals. The fees will be dependent on a type of vehicle rented. The Company will also produce income from insurance as well as refueling fees from time to time.

As it relates to the use of Turo, the business will incur a fee of 10% on all transactions that occurred to this platform. This is expected to draw a number of regional clients that need a temporary car from time to time.

4.0 Overview of the Organization

4.1 Registered Name

Phoenix Premium Automotive Rentals LLC. The business is registered as a limited liability company in the State of Arizona.

4.2 Commencement of Operations

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

4.3 Mission Statement

Provide exceptional service and exceptional vehicles at a reasonable rate to the Phoenix metropolitan area.

4.4 Vision Statement

To become the preeminent car rental agency within Phoenix.

4.5 Organizational Objectives

- Once the capital in this document has been secured, properly acquire a number of vehicles that can be rented to the journal public.
- Adhere to all laws and regulations regarding the rental vehicles in Arizona.
- Use multiple forms of advertising in order to drive substantial occupancy.
- Continue to expand the scope of the Company's fleet as Phoenix Premium Automotive Rentals expands.
- Establish ongoing relationships with travel agent agencies within Arizona and on a national basis among entities that have clients that frequently traveled to Phoenix.
- Offer a superior level of service to the Company's clients including pick up and drop off services that will create a strong differentiating factor.
- Leverage third-party platforms in order to further car rental engagements.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

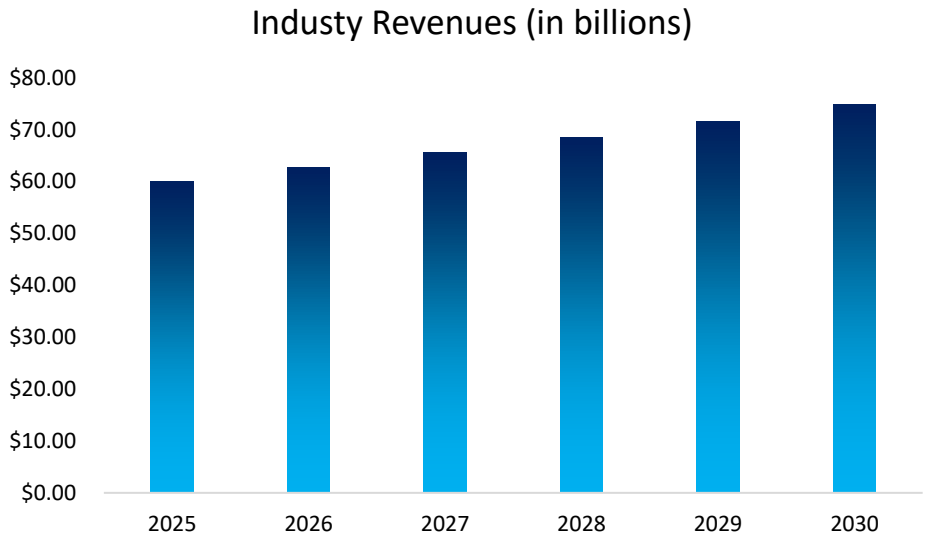
This section of the business plan will discuss the car rental agency industry, the current economic climate, and the ongoing competition that Phoenix Premium Automotive Rentals will face moving forward.

At this time, the economic climate within the United States is moderate. Due to continually changing trade policies as well adjustments in fiscal policy, there has been a moderate degree of volatility introduced to the market. It should be noted that the federal government is taking appropriate measures to reduce these matters related to inflation while ensuring ongoing economic growth.

It should be noted that the revenue of Phoenix Premium Automotive Rentals will remain stable even during challenging business climates. This is principally due to the fact that Phoenix is a major market area that receives millions of travelers on an ongoing basis. Furthermore, the Company will produce substantial profits from the ongoing rental of vehicles across a number of pricing spectrums.

5.2 Industry Analysis

Car rental agencies produce $60 billion of year of revenue. The industry consists of 7,000 companies that owner and operate one or more locations that provides short-term vehicle rentals short-term vehicle leases. As a hole, the industry employees 100,000 people.



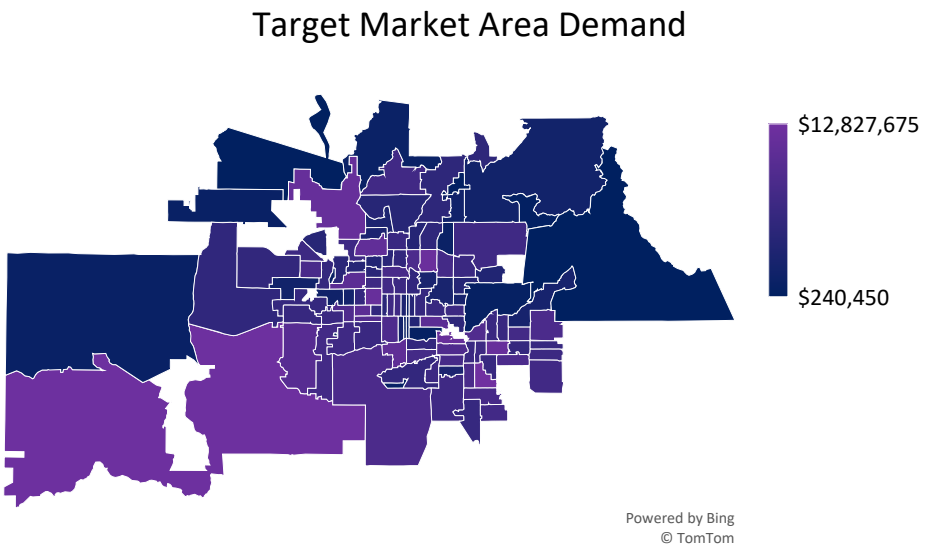
The ongoing growth for the car rental agency industry is expected to be similar to that at the economy as a whole. One of the major trends within this industry is to use multiple platforms in order to ensure substantial occupancy, especially for independent agencies

like Phoenix Premium Automotive Rentals. As will be noted later in this document, the company will use multiple forms of advertising to ensure a significant occupancy rate.

5.3 Customer Profile

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

- Household income of $75,000+
- Will spend $100 per diem for a rental vehicle
- Will rent a vehicle from four to seven days



5.4 Competitive Analysis

This car rental agency business plan has been written specifically as a sample. If this document was specifically designed for a client engagement, then a full analysis of all other car rental agencies within the target market would have been included. This would have addressed the number of years they have been in business, their competitive advantages, and how Phoenix Premium Automotive Rentals would be able to effectively differentiate itself within this competitive market.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Phoenix Premium Automotive Rentals will have sustainable operations as a result of the following:

- The Company will offer a number of vehicles across a wide range of pricing so that people of all socioeconomic levels can have access to the fleet.
- The use of multiple online channels will create significant brand-name awareness within the Phoenix metropolitan area.
- The Company can easily access additional capital as needed, given that the primary asset of the business are vehicles.
- A highly experienced owner, Matthew Deutsch, who will be able to effectively launch the operation with a business while bringing the company to significant profitability

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued expansion of the company fleet in order to accommodate ever increasing demand.
- Established ongoing relationships with travel agencies regionally and on a national basis.
- Expansion of the number of locations at the company operates within the Phoenix metropolitan area.

7.0 Marketing Plan

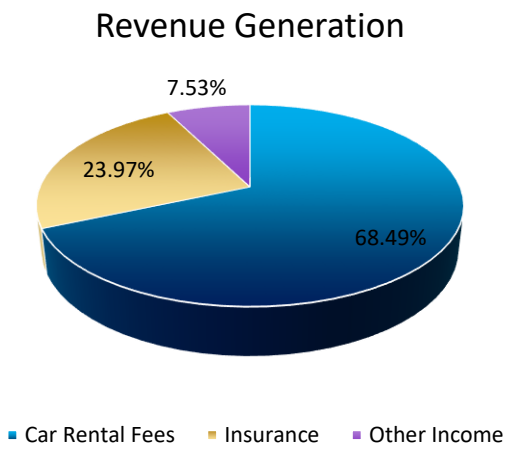
7.1 Marketing Objectives

- Implement wide ranging marketing campaigns that will create significant brand invisibility among the targets.
- Maintain an expansive online presence that encompasses a proprietary website and a presence on third-party booking channels.
- Established direct relationships with companies that have ongoing car rental agency needs.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Car Rental Fees	$273,000	$297,570	$324,351	$353,543	$385,362
Insurance	$95,550	$104,150	$113,523	$123,740	$134,877
Other Income	$30,030	$32,733	$35,679	$38,890	$42,390
Totals	**$398,580**	**$434,452**	**$473,553**	**$516,173**	**$562,628**

Gross Profit					
Year	1	2	3	4	5
Total	**$347,256**	**$378,509**	**$412,575**	**$449,707**	**$490,180**



7.3 Revenue Assumptions

Year 1

- First year revenue will be $398,000.
- Gross profits will reach $347,000.

Year 2

- Through greater marketing efforts, revenue will reach $434,000.
- Gross profits will reach $378,000.
- Total income will increase by 9%.

Years 3-5

- By the fifth year of operation, total revenue will reach $562,000.
- Gross profits will reach $490,000.

7.4 Marketing Strategies

Management will implement a number of marketing campaigns that will drive significant interest in the Company's operations in the coming months and years. Most importantly, the Company intends to use multiple online marketing strategies that will ensure that when searches for car rental agencies in the Phoenix market are completed – the Company's website will appear in the search results.

As it relates to third-party platforms, the Company will use multiple booking agencies, as well as Turo, in order to ensure a significant amount of occupancy for the fleet. Although these agencies do take a moderate commission for each successful placement, this will substantially reduce the ongoing marketing costs in the long run.

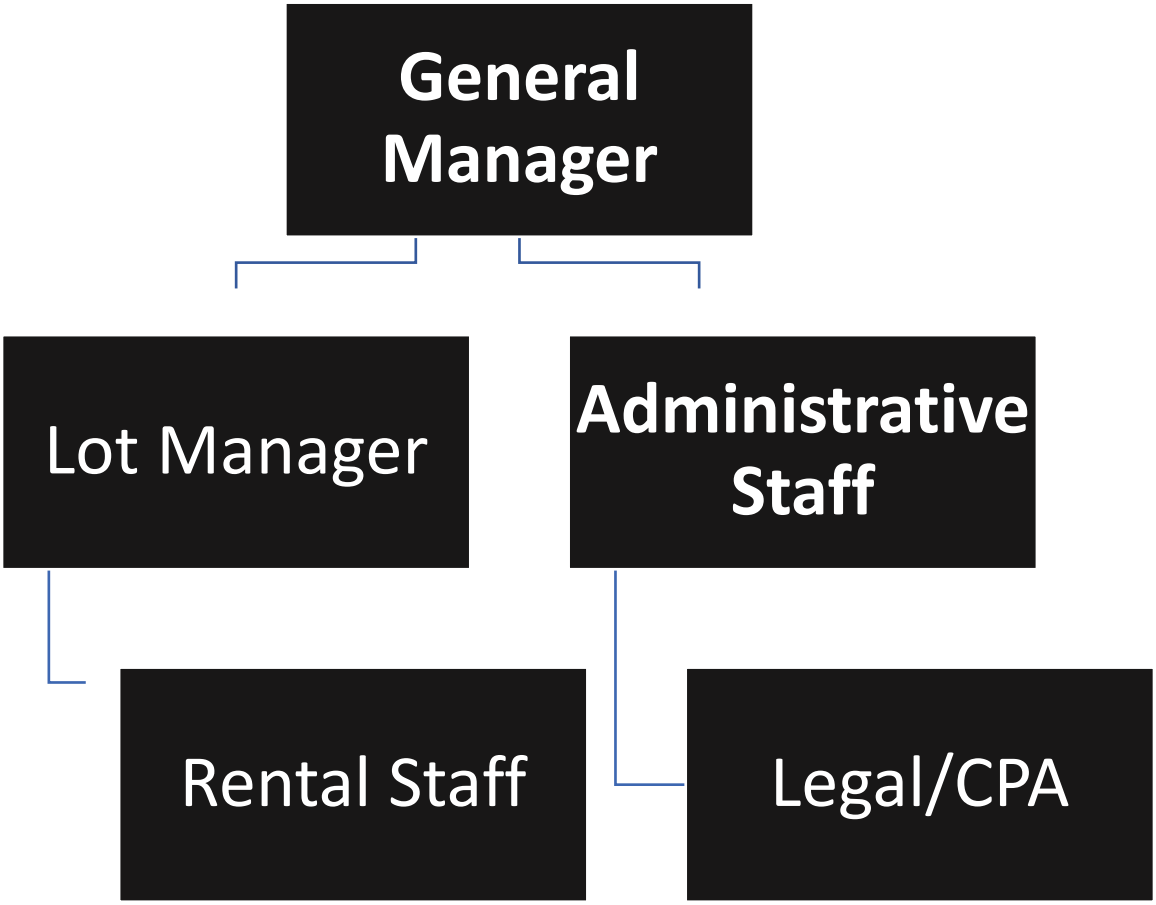
The Company will also conduct extensive direct outreach with travel agencies within Phoenix, as well as on a national basis among entities that have clients that frequently send their employees to this market area. Over time, this will create a highly predictable stream of revenue as these will be ongoing users of the Company's car rental services.

To promote social signaling for the website, the Company will maintain a presence among all social media platforms. This will include uploading images and videos of all cars that are currently in the Company's inventory. Additionally, specialized deals during holidays will be offered in order further increased brand visibility while ensuring significant occupancy at all times.

As earlier, one of the ways that the businesses differentiating itself within this market is providing vehicle drop off and pick up directly at airports throughout the greater Phoenix area. This will ultimately lead to a rapid on boarding of ongoing clients that will use the Company's services whenever they are traveling to Phoenix.

8.0 Organizational Plan

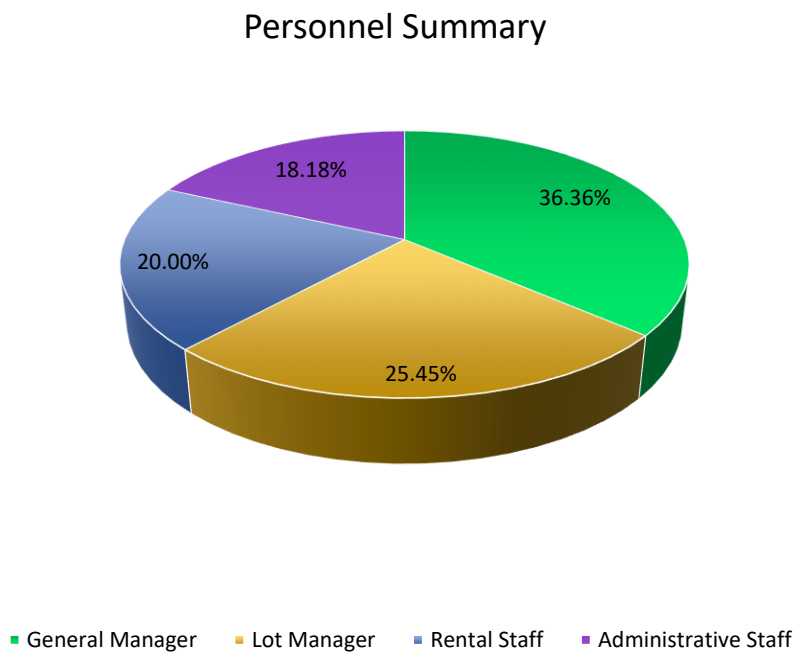
8.1 Organizational Hierarchy



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
Lot Manager	$35,000	$36,050	$37,132	$38,245	$39,393
Rental Staff	$27,500	$28,325	$29,175	$30,050	$30,951
Administrative Staff	$25,000	$25,750	$26,523	$27,318	$28,138
Total	**$137,500**	**$141,625**	**$145,874**	**$150,250**	**$154,757**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
General Manager	1	1	1	1	1
Lot Manager	1	1	1	1	1
Rental Staff	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Total	**4**	**4**	**4**	**4**	**4**



9.0 Financial Plan

9.1 Underlying Assumptions

- Matthew Deutsch will contribute $100,000 towards venture.
- A $300,000 SBA loan will be secured carrying a 10-year term and a 7% interest rate.
- Phoenix Premium Automotive Rentals will have an annual growth rate of 9% per annum.

9.2 Financial Highlights

- Nearly all debt capital will be used for the acquisition of tangible vehicle inventories.
- High gross profits on all service centers outlined in this document.
- The operations of the Company are highly scalable.

9.3 Sensitivity Analysis

The businesses revenues may face a modest amount of downward pressure in the event of a very severe economic procession. However, these risks are elevated by the fact that the Company is operating in the Phoenix Metropolitan area, which is a major hub of business within the Southwestern United States. The significant gross profits from ongoing vehicle rentals will fully support the operations of Phoenix Premium Automotive Rentals at all times.

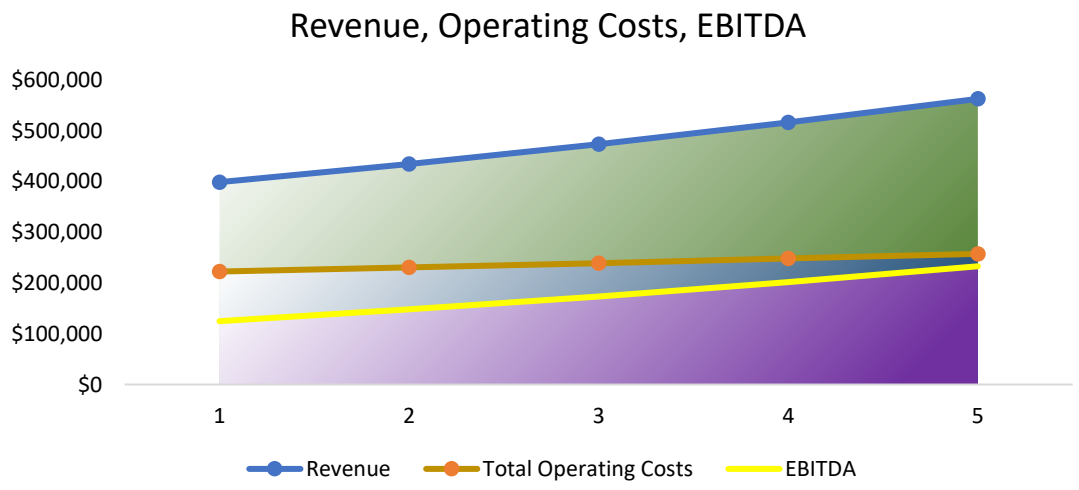
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$100,000.00
Total Equity Financing	$100,000.00
Banks and Lenders	
Business Loan	$300,000.00
Total Debt Financing	$300,000.00
Total Financing	**$400,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$398,580	$434,452	$473,553	$516,173	$562,628
Cost of Revenue	$51,324	$55,943	$60,978	$66,466	$72,448
Gross Margin	87.12%	87.12%	87.12%	87.12%	87.12%
Gross Profit	$347,256	$378,509	$412,575	$449,707	$490,180
Expenses					
Payroll	$137,500	$141,625	$145,874	$150,250	$154,757
General and Administrative	$7,972	$8,689	$9,471	$10,323	$11,253
Business Development	$2,989	$3,258	$3,552	$3,871	$4,220
Marketing	$5,022	$5,474	$5,967	$6,504	$7,089
Insurance Costs	$17,500	$18,375	$19,294	$20,258	$21,271
Professional Fees	$5,000	$5,250	$5,513	$5,788	$6,078
Facility Costs	$35,000	$36,050	$37,132	$38,245	$39,393
Misc. Costs	$1,004	$1,095	$1,193	$1,301	$1,418
Payroll Taxes	$10,519	$10,834	$11,159	$11,494	$11,839
Total Operating Costs	**$222,506**	**$230,651**	**$239,154**	**$248,035**	**$257,317**
EBITDA	**$124,750**	**$147,858**	**$173,421**	**$201,671**	**$232,863**
Federal Income Tax	$18,483	$24,495	$31,147	$38,497	$46,612
State Income Tax	$3,697	$4,899	$6,229	$7,699	$9,322
Interest Expense	$20,320	$18,767	$17,102	$15,316	$13,402
Depreciation Expenses	$30,500	$31,110	$31,732	$32,367	$33,014
Net Profit	**$51,751**	**$68,587**	**$87,211**	**$107,792**	**$130,513**
Profit Margin	**12.98%**	**15.79%**	**18.42%**	**20.88%**	**23.20%**

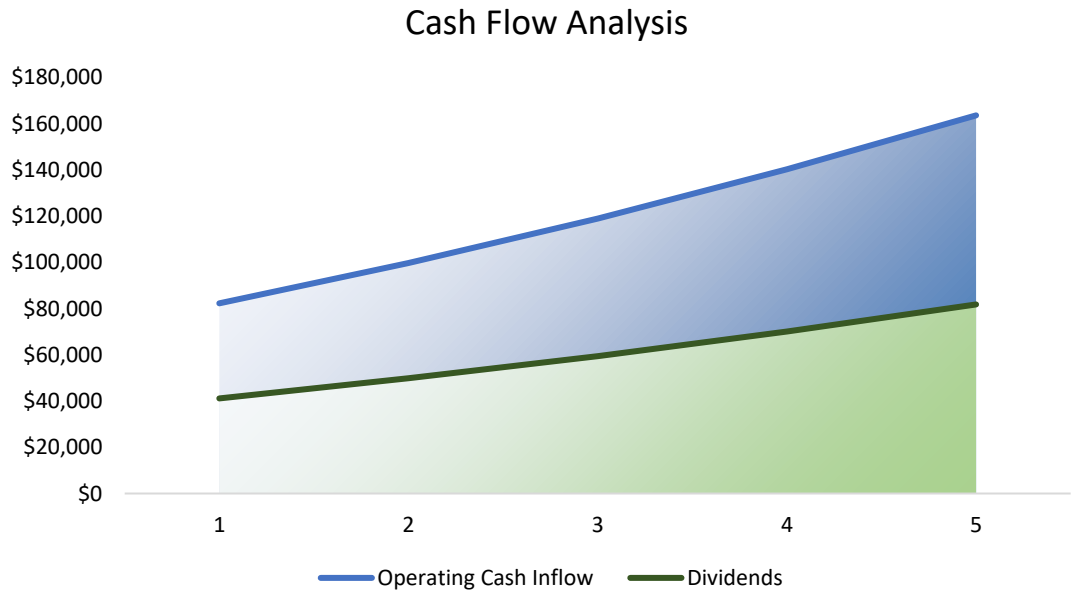


B) Common Size Income Statement

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	12.88%	12.88%	12.88%	12.88%	12.88%
Gross Profit	87.12%	87.12%	87.12%	87.12%	87.12%
Expenses					
Payroll	34.50%	32.60%	30.80%	29.11%	27.51%
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	4.39%	4.23%	4.07%	3.92%	3.78%
Professional Fees	1.25%	1.21%	1.16%	1.12%	1.08%
Facility Costs	8.78%	8.30%	7.84%	7.41%	7.00%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	2.64%	2.49%	2.36%	2.23%	2.10%
Total Operating Costs	55.82%	53.09%	50.50%	48.05%	45.73%
EBITDA	31.30%	34.03%	36.62%	39.07%	41.39%
Federal Income Tax	4.64%	5.64%	6.58%	7.46%	8.28%
State Income Tax	0.93%	1.13%	1.32%	1.49%	1.66%
Interest Expense	5.10%	4.32%	3.61%	2.97%	2.38%
Depreciation Expenses	7.65%	7.16%	6.70%	6.27%	5.87%
Net Profit	12.98%	15.79%	18.42%	20.88%	23.20%

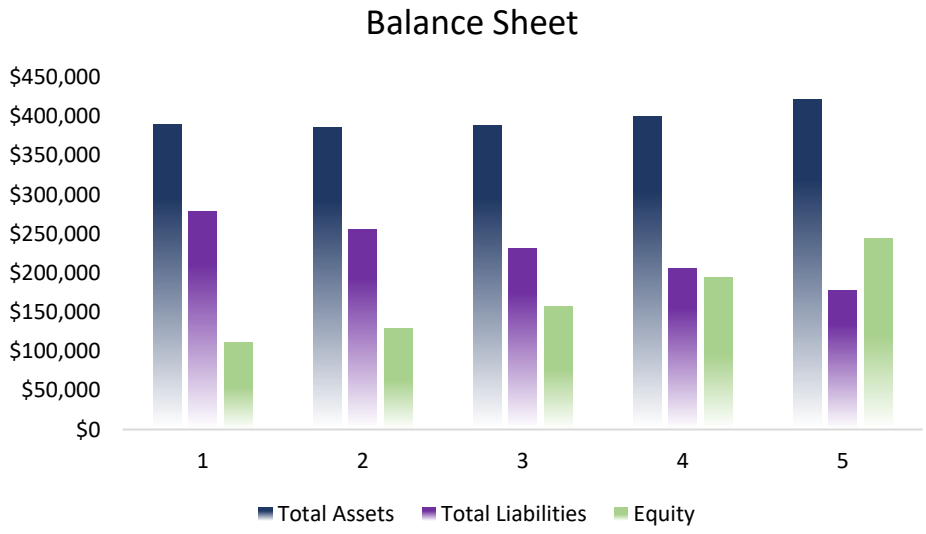
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$82,251	$99,697	$118,943	$140,158	$163,527
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$82,251**	**$99,697**	**$118,943**	**$140,158**	**$163,527**
Other Cash Inflows					
Equity Investment	$100,000	$0	$0	$0	$0
Increased Borrowings	$300,000	$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	**$401,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$483,251**	**$100,747**	**$120,046**	**$141,316**	**$164,742**
Cash Outflows					
Repayment of Principal	$21,480	$23,032	$24,697	$26,483	$28,397
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$305,000	$24,924	$29,736	$35,040	$40,882
Dividends	$41,126	$49,849	$59,472	$70,079	$81,763
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$368,305**	**$98,540**	**$114,676**	**$132,412**	**$151,893**
Net Cash Flow	**$114,946**	**$2,207**	**$5,369**	**$8,904**	**$12,849**
Cash Balance	**$114,946**	**$117,153**	**$122,522**	**$131,427**	**$144,276**



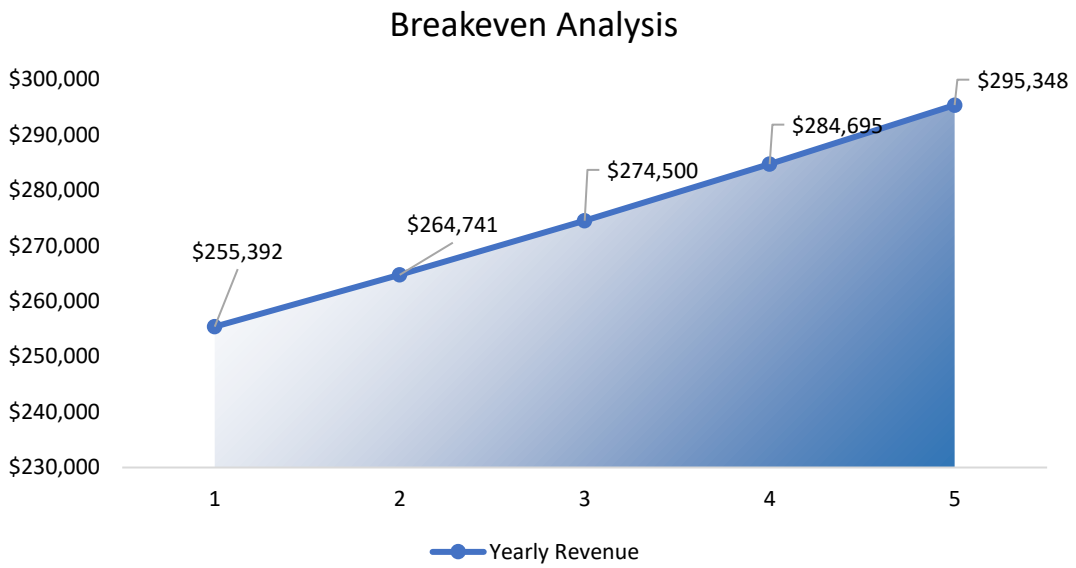
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$114,946	$117,153	$122,522	$131,427	$144,276
Fixed Assets and Inventory	$305,000	$329,924	$359,660	$394,700	$435,581
Accumulated Depreciation	($30,500)	($61,610)	($93,342)	($125,709)	($158,723)
Total Assets	**$389,446**	**$385,467**	**$388,840**	**$400,417**	**$421,134**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$278,520	$255,488	$230,791	$204,308	$175,911
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$278,820**	**$256,103**	**$231,737**	**$205,601**	**$177,569**
Equity	**$110,626**	**$129,364**	**$157,104**	**$194,816**	**$243,565**
Total Liabilities and Equity	**$389,446**	**$385,467**	**$388,840**	**$400,417**	**$421,134**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$21,283	$22,062	$22,875	$23,725	$24,612
Yearly Revenue	$255,392	$264,741	$274,500	$284,695	$295,348



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	9.0%	9.0%	9.0%	9.0%
Gross Margin	87.1%	87.1%	87.1%	87.1%	87.1%
Financials					
Profit Margin	12.98%	15.79%	18.42%	20.88%	23.20%
Assets to Liabilities	1.40	1.51	1.68	1.95	2.37
Equity to Liabilities	0.40	0.51	0.68	0.95	1.37
Assets to Equity	3.52	2.98	2.48	2.06	1.73
Liquidity					
Acid Test	0.41	0.46	0.53	0.64	0.81
Cash to Assets	0.30	0.30	0.32	0.33	0.34

Appendix A – SWOT Analysis

Strengths

- Immense demand for affordable vehicles within the greater Phoenix metropolitan area among travelers to the area.
- Once 100% capacity is achieved for the initial location, the Company can easily scale into other locations within Phoenix.
- The substantial population density of this market will contribute to economic stability.
- Offering vehicles among different pricing points for a provide a competitive advantage.
- Pick up and drop off service services will be highly valued by customers for the level of convenience offered.

Weaknesses

- Operational complexities, given the fact that the business is renting high value vehicles to individuals.
- Ongoing competition from nationally recognized car rental agency chains.

Opportunities

- Continued expansion of the companies marking operations to establish relationships with travel agencies.
- Continued to expansion of the number of vehicles in the Company's fleet.
- Development of satellite locations within Phoenix or other economically viable markets in the southwestern United States.

Threats

- Ongoing issues with inflation could cause the operating cost of the business to increase.

Appendix B – Critical Risks

Development Risk – **Low**
Matthew Deutsch has already sourced the potential location that will be used to house the car rental agencies operations. Once the capital sought in this business plan has been secured, the business will immediately begin acquiring the vehicles discussed in this document.

Financing Risk – **Low/Moderate**
The $300,000 a debt capital will be principal used for the acquisition of vehicles. This will substantially reduce the risks associated with this financing. Furthermore, the company will generate highly predictable income from the ongoing rental vehicles.

Marketing Risk **– Low**
The Company will use the marketing strategies outlined earlier in order to create a well-respected brand name in the Phoenix market. This will be complimented by the numerous online marketing strategies discussed earlier.

Management Risk – **Low**
Matthew Deutsch is a highly experienced entrepreneur that will be able to properly establish and expand the operations of Phoenix Premium Automotive Rentals in the coming months. He has extensive experiencing operating car rental agencies throughout his entrepreneurial career.

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

- Immense tangible assets on the balance sheet.
- Strong demand in Phoenix for quality vehicle rentals.
- The business can seamlessly expand its operations through reinvestment into the fleet.

Exit Risk - **Low**
As noted earlier, there are no long-term plans to sell this car rental agency to a third-party. In this event, a highly qualified business program specializes in automotive business businesses would be hired to manage the sale.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$29,200**	**$29,930**	**$30,660**	**$31,390**	**$32,120**	**$32,850**	**$33,580**
Cost of Revenue	$3,760	$3,854	$3,948	$4,042	$4,136	$4,230	$4,324
Gross Profit	$25,440	$26,076	$26,712	$27,348	$27,984	$28,620	$29,256
Expenses							
Payroll	$11,458	$11,458	$11,458	$11,458	$11,458	$11,458	$11,458
General and Administrative	$664	$664	$664	$664	$664	$664	$664
Business Development	$249	$249	$249	$249	$249	$249	$249
Marketing	$419	$419	$419	$419	$419	$419	$419
Insurance Costs	$1,458	$1,458	$1,458	$1,458	$1,458	$1,458	$1,458
Professional Fees	$417	$417	$417	$417	$417	$417	$417
Facility Costs	$2,917	$2,917	$2,917	$2,917	$2,917	$2,917	$2,917
Misc. Costs	$84	$84	$84	$84	$84	$84	$84
Payroll Taxes	$877	$877	$877	$877	$877	$877	$877
Total Operating Costs	$18,542	$18,542	$18,542	$18,542	$18,542	$18,542	$18,542
EBITDA	$6,898	$7,534	$8,170	$8,806	$9,442	$10,078	$10,714
Federal Income Tax	$1,354	$1,388	$1,422	$1,456	$1,489	$1,523	$1,557
State Income Tax	$271	$278	$284	$291	$298	$305	$311
Interest Expense	$1,750	$1,740	$1,730	$1,719	$1,709	$1,699	$1,688
Depreciation Expenses	$2,542	$2,542	$2,542	$2,542	$2,542	$2,542	$2,542
Net Profit	$981	$1,587	$2,192	$2,798	$3,404	$4,009	$4,615

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$34,310**	**$35,040**	**$35,770**	**$36,500**	**$37,230**	**$398,580**
Cost of Revenue	$4,418	$4,512	$4,606	$4,700	$4,794	$51,324
Gross Profit	$29,892	$30,528	$31,164	$31,800	$32,436	$347,256
Expenses						
Payroll	$11,458	$11,458	$11,458	$11,458	$11,458	$137,500
General and Administrative	$664	$664	$664	$664	$664	$7,972
Business Development	$249	$249	$249	$249	$249	$2,989
Marketing	$419	$419	$419	$419	$419	$5,022
Insurance Costs	$1,458	$1,458	$1,458	$1,458	$1,458	$17,500
Professional Fees	$417	$417	$417	$417	$417	$5,000
Facility Costs	$2,917	$2,917	$2,917	$2,917	$2,917	$35,000
Misc. Costs	$84	$84	$84	$84	$84	$1,004
Payroll Taxes	$877	$877	$877	$877	$877	$10,519
Total Operating Costs	$18,542	$18,542	$18,542	$18,542	$18,542	$222,506
EBITDA	$11,350	$11,986	$12,622	$13,258	$13,894	$124,750
Federal Income Tax	$1,591	$1,625	$1,659	$1,693	$1,726	$18,483
State Income Tax	$318	$325	$332	$339	$345	$3,697
Interest Expense	$1,678	$1,667	$1,657	$1,646	$1,635	$20,320
Depreciation Expenses	$2,542	$2,542	$2,542	$2,542	$2,542	$30,500
Net Profit	$5,221	$5,827	$6,433	$7,039	$7,645	$51,751

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$105,355	$107,527	$109,699	$111,871	$434,452
Cost of Revenue	$13,566	$13,846	$14,126	$14,405	$55,943
Gross Profit	**$91,788**	**$93,681**	**$95,574**	**$97,466**	**$378,509**
Expenses					
Payroll	$35,406	$35,406	$35,406	$35,406	$141,625
General and Administrative	$2,172	$2,172	$2,172	$2,172	$8,689
Business Development	$790	$806	$823	$839	$3,258
Marketing	$1,327	$1,355	$1,382	$1,410	$5,474
Insurance Costs	$4,594	$4,594	$4,594	$4,594	$18,375
Professional Fees	$1,273	$1,299	$1,326	$1,352	$5,250
Facility Costs	$9,013	$9,013	$9,013	$9,013	$36,050
Misc. Costs	$265	$271	$276	$282	$1,095
Payroll Taxes	$2,627	$2,681	$2,736	$2,790	$10,834
Total Operating Costs	**$57,468**	**$57,598**	**$57,727**	**$57,857**	**$230,651**
EBITDA	**$34,320**	**$36,083**	**$37,846**	**$39,609**	**$147,858**
Federal Income Tax	$5,940	$6,063	$6,185	$6,308	$24,495
State Income Tax	$1,188	$1,213	$1,237	$1,262	$4,899
Interest Expense	$4,842	$4,743	$4,642	$4,540	$18,767
Depreciation Expenses	$7,778	$7,778	$7,778	$7,778	$31,110
Net Profit	**$14,573**	**$16,288**	**$18,004**	**$19,722**	**$68,587**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$114,837	$117,204	$119,572	$121,940	$473,553
Cost of Revenue	$14,787	$15,092	$15,397	$15,702	$60,978
Gross Profit	**$100,049**	**$102,112**	**$104,175**	**$106,238**	**$412,575**
Expenses					
Payroll	$36,468	$36,468	$36,468	$36,468	$145,874
General and Administrative	$2,297	$2,344	$2,391	$2,439	$9,471
Business Development	$861	$879	$897	$915	$3,552
Marketing	$1,447	$1,477	$1,507	$1,536	$5,967
Insurance Costs	$4,823	$4,823	$4,823	$4,823	$19,294
Professional Fees	$1,337	$1,364	$1,392	$1,419	$5,513
Facility Costs	$9,283	$9,283	$9,283	$9,283	$37,132
Misc. Costs	$289	$295	$301	$307	$1,193
Payroll Taxes	$2,790	$2,790	$2,790	$2,790	$11,159
Total Operating Costs	**$59,596**	**$59,724**	**$59,853**	**$59,981**	**$239,154**
EBITDA	**$40,454**	**$42,388**	**$44,322**	**$46,257**	**$173,421**
Federal Income Tax	$7,553	$7,709	$7,865	$8,020	$31,147
State Income Tax	$1,511	$1,542	$1,573	$1,604	$6,229
Interest Expense	$4,436	$4,330	$4,223	$4,113	$17,102
Depreciation Expenses	$7,933	$7,933	$7,933	$7,933	$31,732
Net Profit	**$19,021**	**$20,874**	**$22,729**	**$24,587**	**$87,211**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$125,172	$127,753	$130,334	$132,914	$516,173
Cost of Revenue	$16,118	$16,450	$16,783	$17,115	$66,466
Gross Profit	**$109,054**	**$111,302**	**$113,551**	**$115,799**	**$449,707**
Expenses					
Payroll	$37,562	$37,562	$37,562	$37,562	$150,250
General and Administrative	$2,503	$2,555	$2,607	$2,658	$10,323
Business Development	$939	$958	$978	$997	$3,871
Marketing	$1,577	$1,610	$1,642	$1,675	$6,504
Insurance Costs	$5,065	$5,065	$5,065	$5,065	$20,258
Professional Fees	$1,404	$1,433	$1,462	$1,490	$5,788
Facility Costs	$9,561	$9,561	$9,561	$9,561	$38,245
Misc. Costs	$315	$322	$328	$335	$1,301
Payroll Taxes	$2,874	$2,874	$2,874	$2,874	$11,494
Total Operating Costs	**$61,800**	**$61,939**	**$62,078**	**$62,217**	**$248,035**
EBITDA	**$47,253**	**$49,363**	**$51,473**	**$53,582**	**$201,671**
Federal Income Tax	$9,336	$9,528	$9,720	$9,913	$38,497
State Income Tax	$1,867	$1,906	$1,944	$1,983	$7,699
Interest Expense	$4,001	$3,888	$3,772	$3,655	$15,316
Depreciation Expenses	$8,092	$8,092	$8,092	$8,092	$32,367
Net Profit	**$23,958**	**$25,950**	**$27,944**	**$29,940**	**$107,792**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$136,437	$139,250	$142,064	$144,877	$562,628
Cost of Revenue	$17,569	$17,931	$18,293	$18,655	$72,448
Gross Profit	**$118,869**	**$121,320**	**$123,770**	**$126,221**	**$490,180**
Expenses					
Payroll	$38,689	$38,689	$38,689	$38,689	$154,757
General and Administrative	$2,729	$2,785	$2,841	$2,898	$11,253
Business Development	$1,023	$1,044	$1,065	$1,087	$4,220
Marketing	$1,719	$1,755	$1,790	$1,825	$7,089
Insurance Costs	$5,318	$5,318	$5,318	$5,318	$21,271
Professional Fees	$1,474	$1,504	$1,535	$1,565	$6,078
Facility Costs	$9,848	$9,848	$9,848	$9,848	$39,393
Misc. Costs	$344	$351	$358	$365	$1,418
Payroll Taxes	$2,960	$2,960	$2,960	$2,960	$11,839
Total Operating Costs	**$64,104**	**$64,254**	**$64,404**	**$64,555**	**$257,317**
EBITDA	**$54,765**	**$57,065**	**$59,366**	**$61,667**	**$232,863**
Federal Income Tax	$11,303	$11,536	$11,769	$12,003	$46,612
State Income Tax	$2,261	$2,307	$2,354	$2,401	$9,322
Interest Expense	$3,535	$3,414	$3,290	$3,164	$13,402
Depreciation Expenses	$8,254	$8,254	$8,254	$8,254	$33,014
Net Profit	**$29,412**	**$31,555**	**$33,699**	**$35,846**	**$130,513**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$3,523	$4,128	$4,734	$5,340	$5,945	$6,551	$7,157	$7,763
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$3,523	$4,128	$4,734	$5,340	$5,945	$6,551	$7,157	$7,763
Other Cash Inflows								
Equity Investment	$100,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$300,000	$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	**$400,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$403,606**	**$4,212**	**$4,817**	**$5,423**	**$6,029**	**$6,634**	**$7,240**	**$7,846**
Cash Outflows								
Repayment of Principal	$1,733	$1,743	$1,754	$1,764	$1,774	$1,784	$1,795	$1,805
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$305,000	$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	**$306,792**	**$1,802**	**$1,812**	**$1,822**	**$1,832**	**$1,843**	**$1,853**	**$1,864**
Net Cash Flow	**$96,815**	**$2,410**	**$3,005**	**$3,601**	**$4,196**	**$4,792**	**$5,387**	**$5,982**
Cash Balance	**$96,815**	**$99,225**	**$102,230**	**$105,831**	**$110,027**	**$114,819**	**$120,206**	**$126,188**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$8,369	$8,975	$9,581	$10,187	$82,251
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$8,369**	**$8,975**	**$9,581**	**$10,187**	**$82,251**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$100,000
Increased Borrowings	$0	$0	$0	$0	$300,000
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	$401,000
Total Cash Inflow	**$8,452**	**$9,058**	**$9,664**	**$10,270**	**$483,251**
Cash Outflows					
Repayment of Principal	$1,816	$1,826	$1,837	$1,848	$21,480
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$305,000
Dividends	$0	$0	$0	$41,126	$41,126
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,874**	**$1,885**	**$1,895**	**$43,032**	**$368,305**
Net Cash Flow	**$6,578**	**$7,173**	**$7,769**	**-$32,762**	**$114,946**
Cash Balance	**$132,766**	**$139,939**	**$147,708**	**$114,946**	**$114,946**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$22,350	$24,065	$25,782	$27,500	$99,697
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$22,350**	**$24,065**	**$25,782**	**$27,500**	**$99,697**
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	**$22,605**	**$24,325**	**$26,047**	**$27,770**	**$100,747**
Cash Outflows					
Repayment of Principal	$5,608	$5,707	$5,807	$5,910	$23,032
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$24,924	$0	$0	$0	$24,924
Dividends	$0	$0	$0	$49,849	$49,849
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$30,711**	**$5,889**	**$5,993**	**$55,947**	**$98,540**
Net Cash Flow	**-$8,106**	**$18,436**	**$20,054**	**-$28,177**	**$2,207**
Cash Balance	**$106,840**	**$125,277**	**$145,330**	**$117,153**	**$117,153**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$26,954	$28,807	$30,662	$32,520	$118,943
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$26,954**	**$28,807**	**$30,662**	**$32,520**	**$118,943**
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	**$27,221**	**$29,080**	**$30,941**	**$32,804**	**$120,046**
Cash Outflows					
Repayment of Principal	$6,014	$6,120	$6,227	$6,337	$24,697
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$29,736	$0	$0	$0	$29,736
Dividends	$0	$0	$0	$59,472	$59,472
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$35,937**	**$6,311**	**$6,422**	**$66,007**	**$114,676**
Net Cash Flow	**-$8,715**	**$22,770**	**$24,519**	**-$33,204**	**$5,369**
Cash Balance	**$108,438**	**$131,207**	**$155,726**	**$122,522**	**$122,522**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$32,049	$34,042	$36,036	$38,032	$140,158
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$32,049**	**$34,042**	**$36,036**	**$38,032**	**$140,158**
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	**$32,330**	**$34,328**	**$36,328**	**$38,330**	**$141,316**
Cash Outflows					
Repayment of Principal	$6,448	$6,562	$6,677	$6,795	$26,483
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$17,520	$17,520	$0	$0	$35,040
Dividends	$0	$0	$0	$70,079	$70,079
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$24,165**	**$24,282**	**$6,882**	**$77,083**	**$132,412**
Net Cash Flow	**$8,165**	**$10,046**	**$29,446**	**-$38,753**	**$8,904**
Cash Balance	**$130,688**	**$140,734**	**$170,180**	**$131,427**	**$131,427**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$37,666	$39,808	$41,953	$44,100	$163,527
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$37,666**	**$39,808**	**$41,953**	**$44,100**	**$163,527**
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	**$37,960**	**$40,109**	**$42,260**	**$44,413**	**$164,742**
Cash Outflows					
Repayment of Principal	$6,915	$7,036	$7,160	$7,286	$28,397
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$20,441	$20,441	$0	$0	$40,882
Dividends	$0	$0	$0	$81,763	$81,763
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$27,562**	**$27,688**	**$7,375**	**$89,269**	**$151,893**
Net Cash Flow	**$10,399**	**$12,421**	**$34,885**	**-$44,856**	**$12,849**
Cash Balance	**$141,825**	**$154,247**	**$189,132**	**$144,276**	**$144,276**