DEUTSCH

RENOVATION GROUP

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1.0 Executive Summary

The purpose of this business plan is to showcase the ongoing development and expansion of a property rehabilitation firm based in Dallas, Texas. Deutsch Renovation Group LLC ("the Company") was founded this year by Matthew Deutsch. The Company intends to commence revenue generating operations starting in the second quarter of next year. At this time, the Company is seeking a $500,000 revolving credit facility that will allow the business to acquire properties that are in need of renovation which will ultimately be sold or rented upon their completion.

Operations

The primary revenue generating aspect of Deutsch Renovation Group's operations will come from the ongoing purchase of properties that need to undergo a moderate degree of renovation in order to make them into an exceptional living space. The business will also acquire properties that are in need of modernization on a cosmetic level. The pricing for the completed units will typically range from $350,000 to $600,000. The Company will achieve substantial contribution margins on each sale.

From time to time, the Company may hold a completed property in its portfolio with the intent to rent it to an individual or a family. This will produce highly passive streams of revenue for the business. The Company may also directly acquire properties that are in rental condition to add to the business' portfolio.

The third section of this fix and flip business plan will further document operations.

The Financing

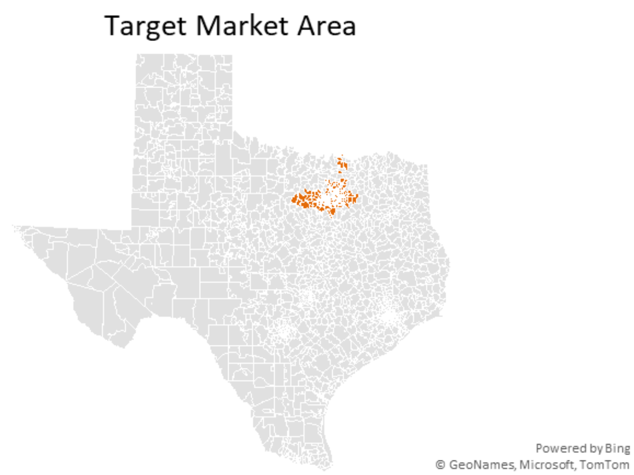
As noted above, the Company is currently seeking a $500,000 credit facility which will be complemented by Matthew Deutsch's contribution of $200,000. The entirety of the Company's debt financing will be used directly for the acquisition of properties that will undergo the property renovation process.

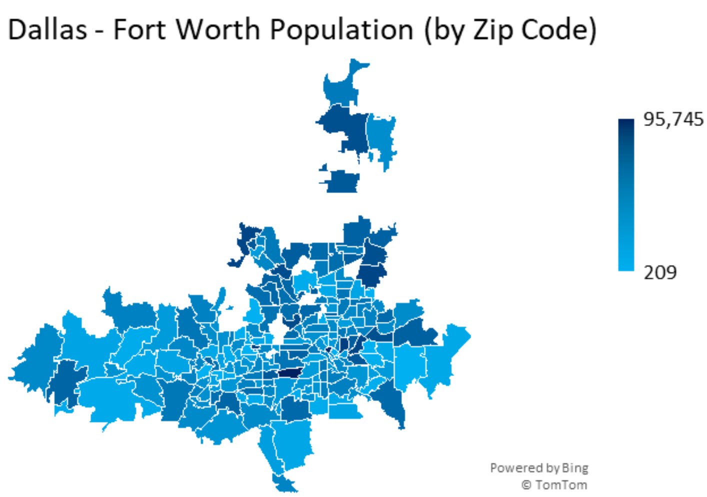
As the Company expands its operations, management Macy to expand its line of credit in order to take on larger property renovation/rehabilitation engagements. There is also a possibility that the Company may expand its operations to include general contracting services.

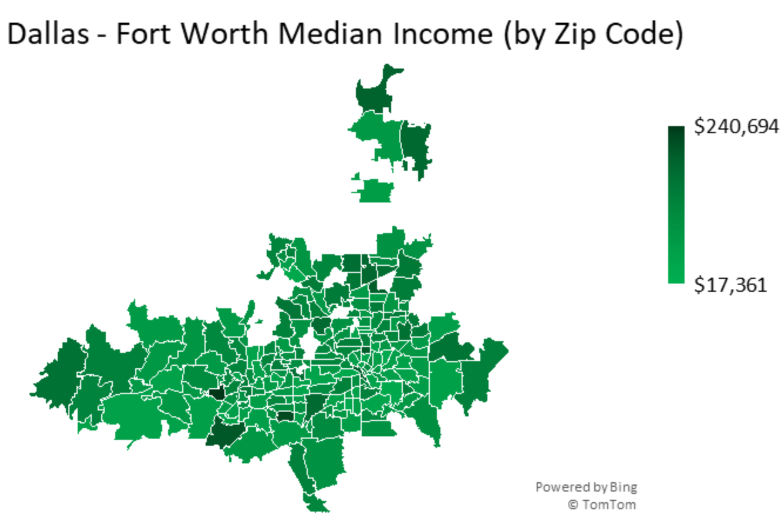
The Future

Management intends to reinvest a significant portion of its after-tax profits into the acquisition of properties that can undergo the renovation process. The Company may also expand its operations to include general contracting services as the business will directly employ at staff in regards to fix and flip operations. This could be a substantial secondary stream of revenue for the business in the coming years.

Market Overview

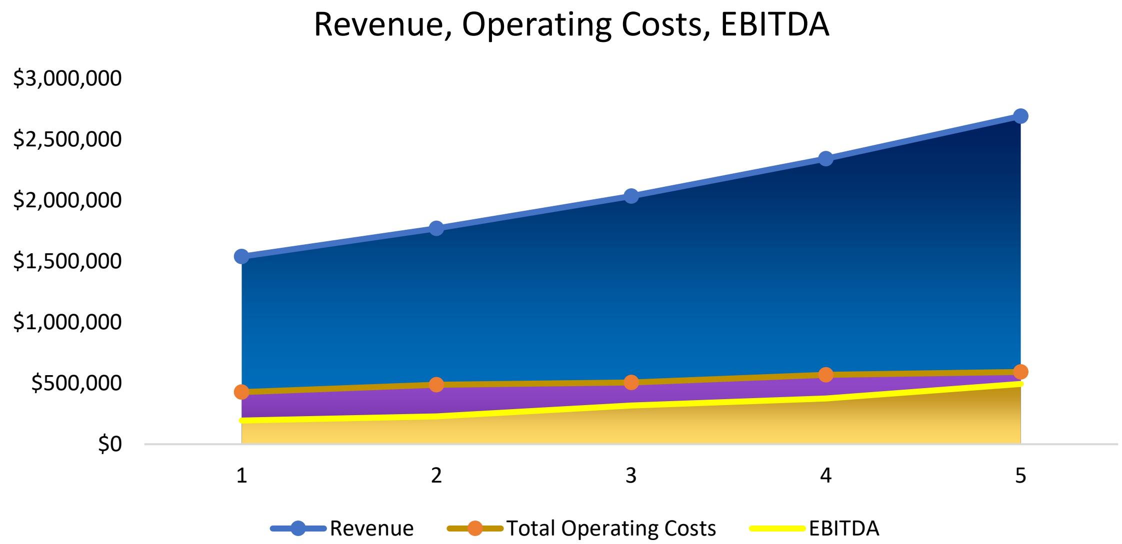






Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$1,540,000	$1,771,000	$2,036,650	$2,342,148	$2,693,470
Cost of Revenue	$918,000	$1,055,700	$1,214,055	$1,396,163	$1,605,588
Gross Profit	$622,000	$715,300	$822,595	$945,984	$1,087,882
Total Operating Costs	$427,653	$487,039	$505,241	$569,958	$593,220
EBITDA	**$194,348**	**$228,261**	**$317,354**	**$376,026**	**$494,662**

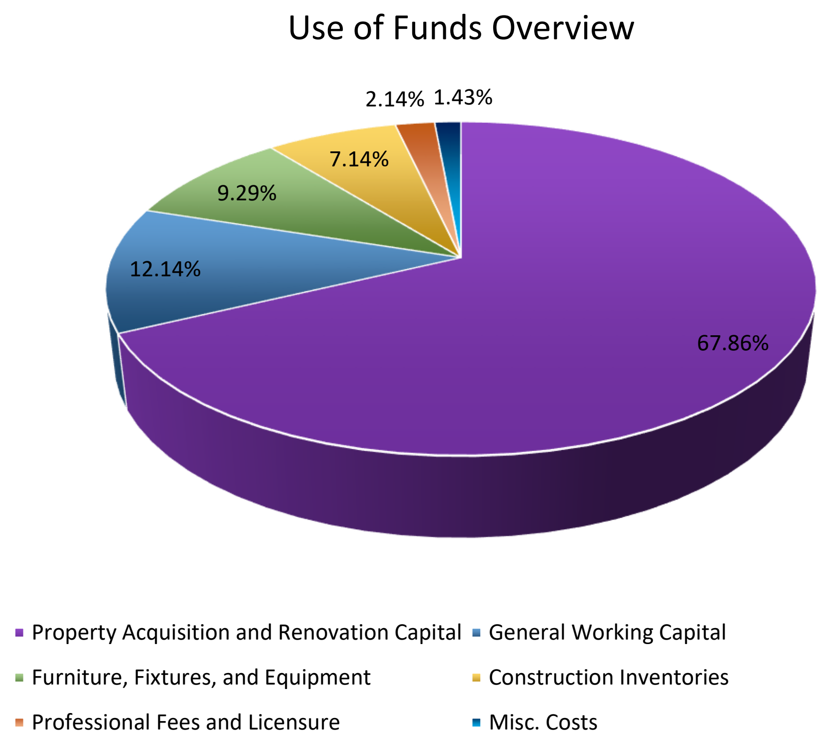


2.0 The Financing

2.1 Funds Required

The funds discussed in the executive summary will be used as follows:

Use of Funds	
Property Acquisition and Renovation Capital	$475,000
General Working Capital	$85,000
Furniture, Fixtures, and Equipment	$65,000
Construction Inventories	$50,000
Professional Fees and Licensure	$15,000
Misc. Costs	$10,000
Total	$700,000



2.2 Management and Investor Equity

Matthew Deutsch retains a 100% ownership interest in the business.

2.3 Exit Strategies

As is a real estate focused business, in all likeliness, the Company would sell all existing properties to third-parties. In this event, a qualified real estate broker will be hired to sell the entire portfolio as a whole to a third-party real estate investor or sell each property individually. This is not expected to occur for at least ten years.

3.0 Operations

As noted in the executive summary, Matthew Deutsch will leverage his extensive expertise in the field of contracting to engage and fix and flip operations throughout the greater Dallas area. The Company has a highly defined program that will allow the business to acquire properties that are in reasonably good condition, but do require a moderate degree of renovation. This will substantially increase the value of the property upon completion.

Once the property has been fully renovated, the Company will use a number of marketing strategies to sell the unit to a third-party. This will include direct advertisement within the greater Dallas area well also retaining real estate brokerages that will place qualified buyers with the business.

In order to ensure exceptional workmanship, the Company will directly employ all staff required to complete the renovation of the property. In some instances, the Company will work with subcontractors as it relates to electrical systems, the installation of HVAC systems, as well as certain components of the property's plumbing systems. This is a more cost-effective way of completing the renovation.

Moving forward, the Company will maintain a moderate portfolio of properties that are specific for passive income generation. Occasionally, the business will retain properties that have undergone the renovation process in order to produce this type of income. This will be a more modest aspect of the Company's operations. The Company will enjoy capital appreciation on properties that are held within the portfolio.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Renovation Group LLC. The business is registered as a limited liability company in the State of Texas.

4.2 Commencement of Operations

Deutsch Renovation Group will begin property renovation operations starting in the second quarter of next year.

4.3 Mission Statement

To provide exceptionally renovated homes on a cost-effective basis to the Dallas general public.

4.4 Vision Statement

To become a well noted real estate fix and flip business.

4.5 Organizational Objectives

- Properly source properties that can undergo the renovation process undertaken by Deutsch Renovation Group.

- Maintain strong relationships as real estate brokerages that will assist in the placement of buyers.

- Implement a proprietary marketing program that will run alongside that of the Company’s retained real estate brokerage.

- Implement fiscally sound protocols so that the business can remain profitable even during high-interest rate environments.

- Established ongoing relationships with real estate investors that may acquire units from the business from time to time.

- Adhere to all federal and state safety regulations regarding construction works sites.

- Potentially expand the operations of the Company outside of the greater Dallas area.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

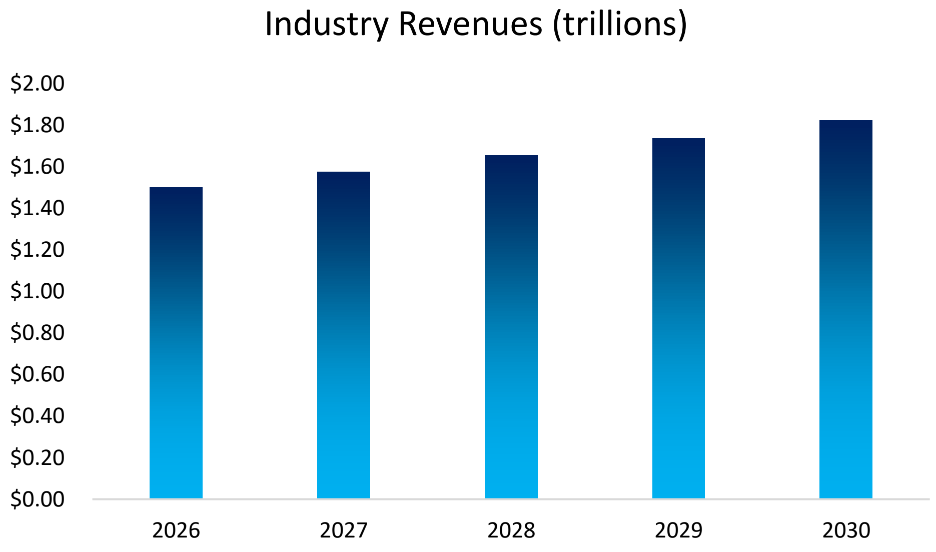
This section of the business plan will document the current economic climate, the buyer profiles, and the ongoing competition at the business will face moving forward.

At this time, the economic climate within the United States is moderate. As a result of changing trade policies, there has been a period of higher-than-expected inflation. This has caused a certain degree of volatility in the real estate market. However, central banks are taking the appropriate steps to ensure that inflation is brought down to more normal levels well also ensuring continued growth of the economy.

It should be noted that while these challenging economic issues exist, a demand for housing within the greater Dallas area is significant. The Company will be able to quickly find buyers and renters for all completed renovated properties.

5.2 Industry Analysis

There are four million companies that are actively involved with development, construction, and renovation of properties. Each year these businesses to generate $1.5 trillion a revenue while providing jobs for six million people.



One of the common trends within the fix and flip in industry is to use the latest and smart home technologies, including systems that are controlled by application suites. In order to maintain a competitive advantage while positioning Deutsch Renovation Group as a pre-eminent property renovation firm, the Company will integrate the latest in these types of electronics into all renovated properties.

5.3 Customer Profile

Among property buyers, the following profile is noted:

- Household income of $75,000 to $175,000
- Has a target price of $350,000
- Will require financing to complete their home purchase

5.4 Competitive Analysis

The Company will face moderate ongoing competition as it expands its operations within Dallas. Most importantly, the Company will provide an exceptional level of workmanship for each property that undergoes the renovation process. Given the number of homes that are available for sale, the Company will use a number of marketing strategies that will ensure that the business is able to effectively reach buyers.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Deutsch Renovation Group will have sustainable operations as a result of the following:

- The Company can scale it to its operations through ongoing reinvestment into larger scale projects.
- The Company will produce passive income from properties that are held in the portfolio, typically among units that have been held specifically for this purpose.
- In the event of a severe economic recession, the Company can contract its operations if needed.
- The Company will integrate the latest in smart home technologies into each renovated property, which will provide a major differentiating factor.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued expansion of the number of renovation projects that are undertaken at any given time.
- Integration of general contracting services into the Company's operations.
- Expansion of operations to include other markets within the State of Texas.

7.0 Marketing Plan

7.1 Marketing Objectives

- Establish strong relationship relationships with real estate brokers that will be instrumental during the sales process.

- Maintain a proprietary online presence so that the business can show completed work and properties that are available for sale through its website.

- Use third-party platforms to showcase properties that are for sale.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Property Sales	$1,480,000	$1,702,000	$1,957,300	$2,250,895	$2,588,529
Other Income	$60,000	$69,000	$79,350	$91,253	$104,940
Total	**$1,540,000**	**$1,771,000**	**$2,036,650**	**$2,342,148**	**$2,693,470**

Gross Profit					
Year	1	2	3	4	5
Total	**$622,000**	**$715,300**	**$822,595**	**$945,984**	**$1,087,882**

7.3 Revenue Assumptions

Year 1

- The Company will complete four property renovations and sales.
- Revenue will reach $1.54 million.

Year 2

- Through reinvestment, the Company will conduct five property renovations.
- Revenue will reach $1.7 million.

Years 3-5

- By Year 5, the Company will conduct nine renovations per annum.
- Revenue will reach $2.6 million.

7.4 Marketing Strategies

Given the demand for quality housing within in Dallas, the Company's marketing strategy will be heavily focused on showcasing the exceptional properties that are available. Most importantly, the Company will maintain an expansive online presence that will feature images as well as walk-through tours of properties that have undergone the renovation process.

The Company will maintain a section of its website that showcases prior renovation work that has been completed by Deutsch Renovation Group. This will foster and immense degree of trust for potential clients. The Company's website will also serve as an educational resource for potential buyers that are looking at renovated properties. Ongoing articles and how to guides will be provided in order to achieve this goal. This will also foster a significant degree of trust while concurrently in increasing brand name visibility.

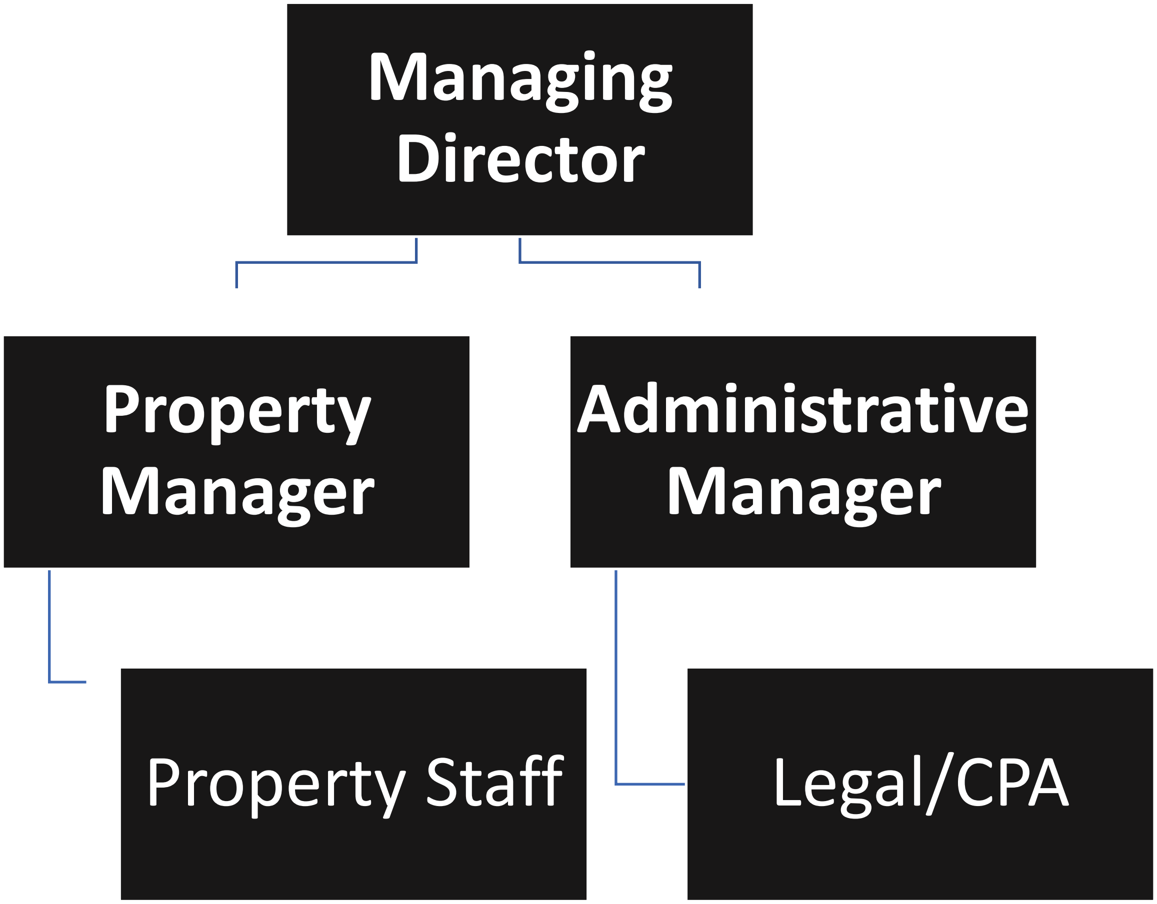
Management will work with numerous real estate brokers and agents within the greater Dallas metropolitan area. As these individuals have extensive rosters of people that are interested in purchasing homes, the business will be able to quickly source both buyers and renters through these relationships. The retained brokerage will concurrently advertise the businesses listings among all major real estate platforms.

In regards to social media, the Company will upload images and videos of properties that are being ready for sale on Facebook as well as Instagram. Walk-through tours will be uploaded to YouTube and mirrored among all social media platforms. The Company will use targeted advertising among individuals that have recently conducted searches for available properties within the Dallas area.

Matthew Deutsch will also become a member of area chambers of commerce as well as construction focused business associations in order to further increase brand visibility for Deutsch Renovation Group.

8.0 Organizational Plan

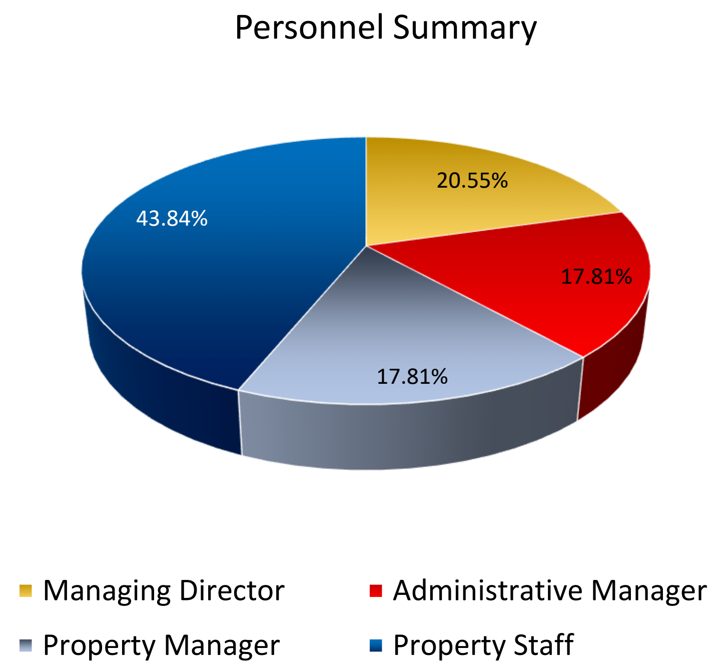
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Managing Director	$75,000	$75,750	$76,508	$77,273	$78,045
Administrative Manager	$65,000	$65,650	$66,307	$66,970	$67,639
Property Manager	$65,000	$65,650	$66,307	$66,970	$67,639
Property Staff	$80,000	$121,200	$122,412	$164,848	$166,497
Total	**$285,000**	**$328,250**	**$331,533**	**$376,060**	**$379,820**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Managing Director	1	1	1	1	1
Administrative Manager	1	1	1	1	1
Property Manager	1	1	1	1	1
Property Staff	2	3	3	4	4
Total	**5**	**6**	**6**	**7**	**7**



9.0 Financial Plan

9.1 Underlying Assumptions

- The Company will acquire a $500,000 line of credit to establish operations.
- Matthew Deutsch will contribute $200,000 towards the development of Deutsch Renovation Group.
- The business will achieve contribution margins of 40% on all sold properties.

9.2 Financial Highlights

- The operations of the business are highly controllable, and they can be expanded or contracted based on underlying economic conditions.
- The Company will generate a moderate secondary stream of revenue from rental operations

9.3 Sensitivity Analysis

As it has been one of the themes throughout this document, the demand for housing within the greater Dallas metropolitan area is significant. The Company will be able to quickly find buyers for each property that has been completed. As a function of each property sale, the direct general administrative costs are relatively low. This will allow the business to operate with a substantial degree of economic stability.

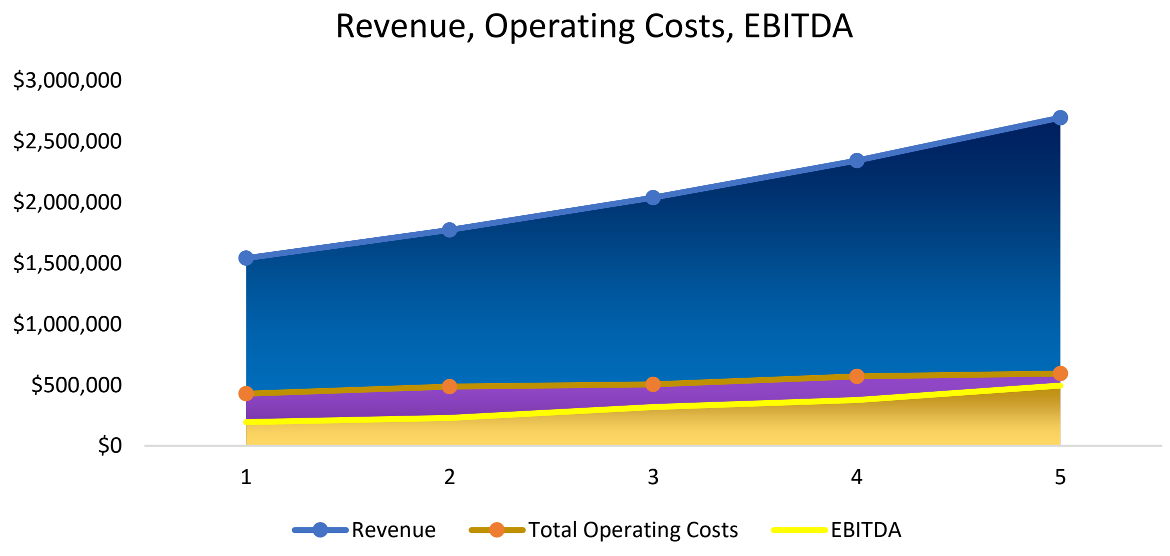
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$200,000.00
Total Equity Financing	$200,000.00
Banks and Lenders	
Revolving Credit Facility	$500,000.00
Total Debt Financing	$500,000.00
Total Financing	**$700,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$1,540,000	$1,771,000	$2,036,650	$2,342,148	$2,693,470
Cost of Revenue	$918,000	$1,055,700	$1,214,055	$1,396,163	$1,605,588
Gross Margin	40.39%	40.39%	40.39%	40.39%	40.39%
Gross Profit	$622,000	$715,300	$822,595	$945,984	$1,087,882
Expenses					
Payroll	$285,000	$328,250	$331,533	$376,060	$379,820
Facility Costs	$10,000	$10,100	$10,201	$10,303	$10,406
General and Administrative	$38,500	$44,275	$50,916	$58,554	$67,337
Professional Fees and Licensure	$10,000	$10,100	$10,201	$10,303	$10,406
Insurance	$12,500	$12,625	$12,751	$12,879	$13,008
Marketing	$30,800	$35,420	$40,733	$46,843	$53,869
Business Development	$7,500	$7,875	$8,269	$8,682	$9,116
Misc. Costs	$11,550	$13,283	$15,275	$17,566	$20,201
Payroll Taxes	$21,803	$25,111	$25,362	$28,769	$29,056
Total Operating Costs	**$427,653**	**$487,039**	**$505,241**	**$569,958**	**$593,220**
EBITDA	**$194,348**	**$228,261**	**$317,354**	**$376,026**	**$494,662**
Federal Income Tax	$33,994	$42,934	$65,714	$80,940	$111,213
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$38,770	$35,946	$32,888	$29,575	$25,988
Depreciation Expenses	$19,600	$20,580	$21,609	$22,689	$23,824
Net Profit	**$101,983**	**$128,801**	**$197,143**	**$242,821**	**$333,638**
Profit Margin	**6.62%**	**7.27%**	**9.68%**	**10.37%**	**12.39%**

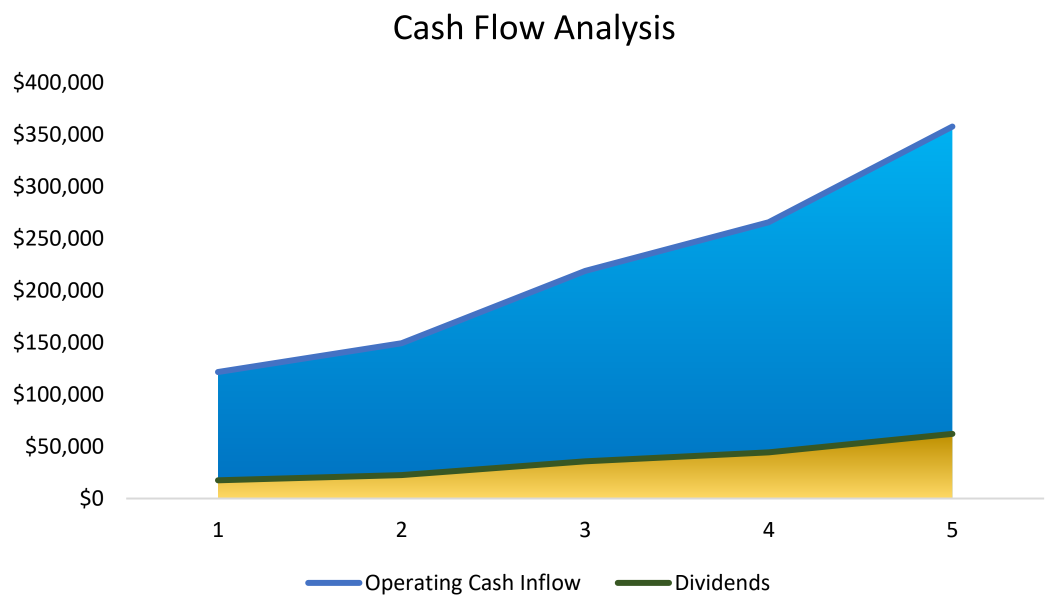


B) Common Size Income Statement

Proforma Profit and Loss (Common Size)					
Year	1	2	3	4	5
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	59.61%	59.61%	59.61%	59.61%	59.61%
Gross Profit	40.39%	40.39%	40.39%	40.39%	40.39%
Expenses					
Payroll	18.51%	18.53%	16.28%	16.06%	14.10%
Facility Costs	0.65%	0.57%	0.50%	0.44%	0.39%
General and Administrative	2.50%	2.50%	2.50%	2.50%	2.50%
Professional Fees and Licensure	0.65%	0.57%	0.50%	0.44%	0.39%
Insurance	0.81%	0.71%	0.63%	0.55%	0.48%
Marketing	2.00%	2.00%	2.00%	2.00%	2.00%
Business Development	0.49%	0.44%	0.41%	0.37%	0.34%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	1.42%	1.42%	1.25%	1.23%	1.08%
Total Operating Costs	27.77%	27.50%	24.81%	24.33%	22.02%
EBITDA	12.62%	12.89%	15.58%	16.05%	18.37%
Federal Income Tax	2.21%	2.42%	3.23%	3.46%	4.13%
State Income Tax	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expense	2.52%	2.03%	1.61%	1.26%	0.96%
Depreciation Expenses	1.27%	1.16%	1.06%	0.97%	0.88%
Net Profit	6.62%	7.27%	9.68%	10.37%	12.39%

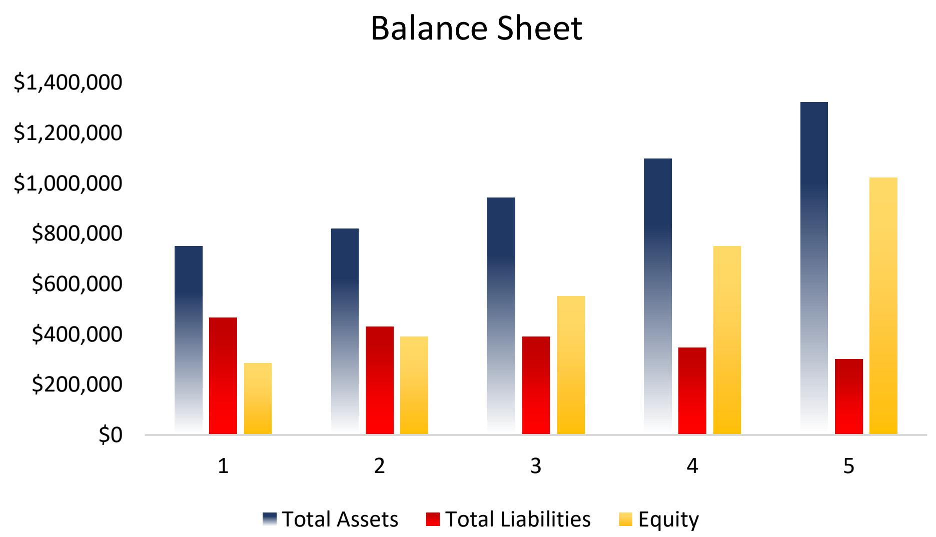
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$121,583	$149,381	$218,752	$265,511	$357,462
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$121,583**	**$149,381**	**$218,752**	**$265,511**	**$357,462**
Other Cash Inflows					
Equity Investment	$200,000	$0	$0	$0	$0
Increased Borrowings	$500,000	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$1,000	$1,050	$1,103	$1,158	$1,216
Total Other Cash Inflows	**$701,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$822,583**	**$150,431**	**$219,855**	**$266,668**	**$358,677**
Cash Outflows					
Repayment of Principal	$34,026	$36,850	$39,909	$43,221	$46,809
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$590,000	$74,691	$109,376	$132,755	$178,731
Dividends	$17,511	$22,506	$35,769	$44,458	$62,131
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$642,238**	**$134,782**	**$185,825**	**$221,245**	**$288,521**
Net Cash Flow	**$180,345**	**$15,649**	**$34,029**	**$45,423**	**$70,156**
Cash Balance	**$180,345**	**$195,994**	**$230,024**	**$275,447**	**$345,603**



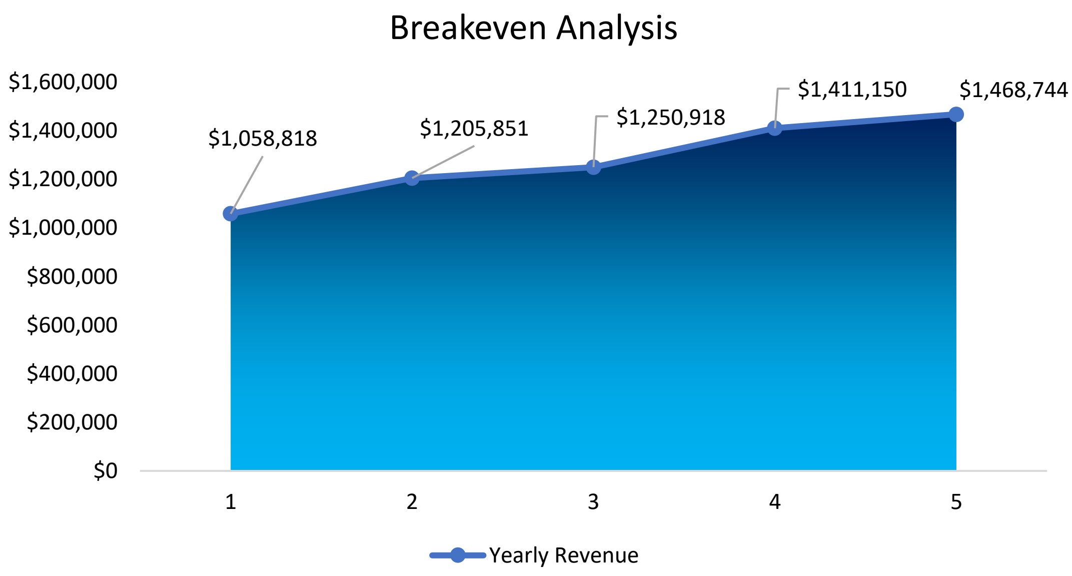
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$180,345	$195,994	$230,024	$275,447	$345,603
Fixed Assets	$590,000	$664,691	$774,067	$906,822	$1,085,553
Accumulated Depreciation	($19,600)	($40,180)	($61,789)	($84,478)	($108,302)
Total Assets	**$750,745**	**$820,505**	**$942,301**	**$1,097,791**	**$1,322,854**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$465,974	$429,123	$389,214	$345,993	$299,184
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$466,274**	**$429,738**	**$390,160**	**$347,286**	**$300,842**
Equity	**$284,472**	**$390,767**	**$552,141**	**$750,505**	**$1,022,012**
Total Liabilities and Equity	**$750,745**	**$820,505**	**$942,301**	**$1,097,791**	**$1,322,854**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$88,235	$100,488	$104,243	$117,596	$122,395
Yearly Revenue	$1,058,818	$1,205,851	$1,250,918	$1,411,150	$1,468,744



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	15.0%	15.0%	15.0%	15.0%
Gross Margin	40.4%	40.4%	40.4%	40.4%	40.4%
Financials					
Profit Margin	6.62%	7.27%	9.68%	10.37%	12.39%
Assets to Liabilities	1.61	1.91	2.42	3.16	4.40
Equity to Liabilities	0.61	0.91	1.42	2.16	3.40
Assets to Equity	2.64	2.10	1.71	1.46	1.29
Liquidity					
Acid Test	0.39	0.46	0.59	0.79	1.15
Cash to Assets	0.24	0.24	0.24	0.25	0.26

Appendix A – SWOT Analysis

Strengths

- The Company will operate a multifaceted capacity which will balance risk.

- The use of smart home electronics and modern construction materials will provide an exceptional degree of workmanship that will facilitate faster sales of properties.

- Passive income from rental operations will support many of the underlying operating cost of the business.

- A highly experienced CEO, Matthew Deutsch, who will be able to provide outstanding properties while ensuring the profitability of the business.

Weaknesses

- General operating complexities given at the businesses dealing in real estate that is undergoing construction.

- This is a highly competitive industry within Dallas.

Opportunities

- Continued to expansion of the Company's revolving credit facility so that larger projects can be undertaken.

- Expansion of operations to include general contracting services as well as the potential development of properties within Dallas.

Threats

- Continually increasing interest rate rates can cause the cost of housing for buyers to increase.

- Potential liabilities from injuries that may occur on job sites which is a limited risk given the insurance policies that will be in place.

Appendix B – Critical Risks

Development Risk – **Low**
The development of the protocols that will be during the renovation process have already been completed by Mr. Deutsch. The primary matter that needs to be addressed is securing the revolving credit facility discussed in this document so that the business can commence renovation operations.

Financing Risk – **Low/Moderate**
The $500,000 of capital will be fully secured by real estate. The Company expects that it will be able to divest its units within a three month to six month timeframe. The risk related to financing our further baited by the recurring income from rental operations.

Marketing Risk **– Low**
The Company will use and expand upon the marketing strategies discussed within this fix and business plan. Most importantly, the Company's website will be an educational resource, which will further the visibility of Deutsch Renovation Group.

Management Risk – **Low**
Matthew Deutsch is a highly experience construction professional that will be able to renovate exceptional properties within Dallas. He will focus on creating a well regarded brand name.

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

- Substantial assets through the continued acquisition of real estate.
- Immense demand in Dallas for affordable housing.
- The business can enter other markets in Texas.
- The Company has the ability to rent completed properties when required or economically viable to do so.

Exit Risk - **Low**
As the businesses primary assets will consist of real estate, a real estate broker would be hired to sell all units individually or as a whole should Mr. Deutsch decide to retire from this business. This is not expected to occur for a significant period of time.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$345,000**	**$5,000**	**$5,000**	**$365,000**	**$5,000**	**$5,000**	**$5,000**
Cost of Revenue	$206,500	$2,500	$2,500	$218,500	$2,500	$2,500	$2,500
Gross Profit	$138,500	$2,500	$2,500	$146,500	$2,500	$2,500	$2,500
Expenses							
Payroll	$23,750	$23,750	$23,750	$23,750	$23,750	$23,750	$23,750
Facility Costs	$833	$833	$833	$833	$833	$833	$833
General and Administrative	$3,208	$3,208	$3,208	$3,208	$3,208	$3,208	$3,208
Professional Fees and Licensure	$833	$833	$833	$833	$833	$833	$833
Insurance	$1,042	$1,042	$1,042	$1,042	$1,042	$1,042	$1,042
Marketing	$2,567	$2,567	$2,567	$2,567	$2,567	$2,567	$2,567
Business Development	$625	$625	$625	$625	$625	$625	$625
Misc. Costs	$963	$963	$963	$963	$963	$963	$963
Payroll Taxes	$1,817	$1,817	$1,817	$1,817	$1,817	$1,817	$1,817
Total Operating Costs	$35,638	$35,638	$35,638	$35,638	$35,638	$35,638	$35,638
EBITDA	$102,862	-$33,138	-$33,138	$110,862	-$33,138	-$33,138	-$33,138
Federal Income Tax	$7,616	$110	$110	$8,057	$110	$110	$110
State Income Tax	$0	$0	$0	$0	$0	$0	$0
Interest Expense	$3,333	$3,315	$3,297	$3,278	$3,260	$3,241	$3,222
Depreciation Expenses	$1,633	$1,633	$1,633	$1,633	$1,633	$1,633	$1,633
Net Profit	$90,280	-$38,197	-$38,178	$97,894	-$38,141	-$38,122	-$38,104

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$385,000**	**$5,000**	**$5,000**	**$405,000**	**$5,000**	**$1,540,000**
Cost of Revenue	$230,500	$2,500	$2,500	$242,500	$2,500	$918,000
Gross Profit	$154,500	$2,500	$2,500	$162,500	$2,500	$622,000
Expenses						
Payroll	$23,750	$23,750	$23,750	$23,750	$23,750	$285,000
Facility Costs	$833	$833	$833	$833	$833	$10,000
General and Administrative	$3,208	$3,208	$3,208	$3,208	$3,208	$38,500
Professional Fees and Licensure	$833	$833	$833	$833	$833	$10,000
Insurance	$1,042	$1,042	$1,042	$1,042	$1,042	$12,500
Marketing	$2,567	$2,567	$2,567	$2,567	$2,567	$30,800
Business Development	$625	$625	$625	$625	$625	$7,500
Misc. Costs	$963	$963	$963	$963	$963	$11,550
Payroll Taxes	$1,817	$1,817	$1,817	$1,817	$1,817	$21,803
Total Operating Costs	$35,638	$35,638	$35,638	$35,638	$35,638	$427,653
EBITDA	$118,862	-$33,138	-$33,138	$126,862	-$33,138	$194,348
Federal Income Tax	$8,499	$110	$110	$8,940	$110	$33,994
State Income Tax	$0	$0	$0	$0	$0	$0
Interest Expense	$3,203	$3,184	$3,165	$3,146	$3,126	$38,770
Depreciation Expenses	$1,633	$1,633	$1,633	$1,633	$1,633	$19,600
Net Profit	$105,527	-$38,066	-$38,046	$113,143	-$38,008	$101,983

Human Intelligence Business Plans

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$429,468	$438,323	$447,178	$456,033	$1,771,000
Cost of Revenue	$256,007	$261,286	$266,564	$271,843	$1,055,700
Gross Profit	**$173,460**	**$177,037**	**$180,613**	**$184,190**	**$715,300**
Expenses					
Payroll	$82,063	$82,063	$82,063	$82,063	$328,250
Facility Costs	$2,525	$2,525	$2,525	$2,525	$10,100
General and Administrative	$10,737	$10,958	$11,179	$11,401	$44,275
Professional Fees and Licensure	$2,449	$2,500	$2,550	$2,601	$10,100
Insurance	$3,156	$3,156	$3,156	$3,156	$12,625
Marketing	$8,589	$8,766	$8,944	$9,121	$35,420
Business Development	$1,969	$1,969	$1,969	$1,969	$7,875
Misc. Costs	$3,221	$3,287	$3,354	$3,420	$13,283
Payroll Taxes	$6,089	$6,215	$6,341	$6,466	$25,111
Total Operating Costs	**$120,798**	**$121,439**	**$122,080**	**$122,721**	**$487,039**
EBITDA	**$52,662**	**$55,598**	**$58,533**	**$61,469**	**$228,261**
Federal Income Tax	$10,411	$10,626	$10,841	$11,055	$42,934
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$9,260	$9,080	$8,897	$8,709	$35,946
Depreciation Expenses	$5,145	$5,145	$5,145	$5,145	$20,580
Net Profit	**$27,845**	**$30,746**	**$33,651**	**$36,559**	**$128,801**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$493,888	$504,071	$514,254	$524,437	$2,036,650
Cost of Revenue	$294,408	$300,479	$306,549	$312,619	$1,214,055
Gross Profit	**$199,479**	**$203,592**	**$207,705**	**$211,818**	**$822,595**
Expenses					
Payroll	$82,883	$82,883	$82,883	$82,883	$331,533
Facility Costs	$2,550	$2,550	$2,550	$2,550	$10,201
General and Administrative	$12,347	$12,602	$12,856	$13,111	$50,916
Professional Fees and Licensure	$2,474	$2,525	$2,576	$2,627	$10,201
Insurance	$3,188	$3,188	$3,188	$3,188	$12,751
Marketing	$9,878	$10,081	$10,285	$10,489	$40,733
Business Development	$2,067	$2,067	$2,067	$2,067	$8,269
Misc. Costs	$3,704	$3,781	$3,857	$3,933	$15,275
Payroll Taxes	$6,341	$6,341	$6,341	$6,341	$25,362
Total Operating Costs	**$125,432**	**$126,017**	**$126,603**	**$127,189**	**$505,241**
EBITDA	**$74,048**	**$77,575**	**$81,102**	**$84,630**	**$317,354**
Federal Income Tax	$15,936	$16,264	$16,593	$16,921	$65,714
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$8,518	$8,323	$8,124	$7,922	$32,888
Depreciation Expenses	$5,402	$5,402	$5,402	$5,402	$21,609
Net Profit	**$44,191**	**$47,585**	**$50,983**	**$54,384**	**$197,143**

Profit and Loss Statement (Fourth Year)					
			Year 4		
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$567,971	$579,682	$591,392	$603,103	$2,342,148
Cost of Revenue	$338,570	$345,550	$352,531	$359,512	$1,396,163
Gross Profit	**$229,401**	**$234,131**	**$238,861**	**$243,591**	**$945,984**
Expenses					
Payroll	$94,015	$94,015	$94,015	$94,015	$376,060
Facility Costs	$2,576	$2,576	$2,576	$2,576	$10,303
General and Administrative	$14,199	$14,492	$14,785	$15,078	$58,554
Professional Fees and Licensure	$2,498	$2,550	$2,602	$2,653	$10,303
Insurance	$3,220	$3,220	$3,220	$3,220	$12,879
Marketing	$11,359	$11,594	$11,828	$12,062	$46,843
Business Development	$2,171	$2,171	$2,171	$2,171	$8,682
Misc. Costs	$4,260	$4,348	$4,435	$4,523	$17,566
Payroll Taxes	$7,192	$7,192	$7,192	$7,192	$28,769
Total Operating Costs	**$141,490**	**$142,156**	**$142,823**	**$143,489**	**$569,958**
EBITDA	**$87,911**	**$91,975**	**$96,038**	**$100,102**	**$376,026**
Federal Income Tax	$19,628	$20,033	$20,437	$20,842	$80,940
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$7,715	$7,504	$7,288	$7,069	$29,575
Depreciation Expenses	$5,672	$5,672	$5,672	$5,672	$22,689
Net Profit	**$54,896**	**$58,766**	**$62,640**	**$66,519**	**$242,821**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$653,166	$666,634	$680,101	$693,568	$2,693,470
Cost of Revenue	$389,355	$397,383	$405,411	$413,439	$1,605,588
Gross Profit	**$263,811**	**$269,251**	**$274,690**	**$280,130**	**$1,087,882**
Expenses					
Payroll	$94,955	$94,955	$94,955	$94,955	$379,820
Facility Costs	$2,602	$2,602	$2,602	$2,602	$10,406
General and Administrative	$16,329	$16,666	$17,003	$17,339	$67,337
Professional Fees and Licensure	$2,523	$2,575	$2,628	$2,680	$10,406
Insurance	$3,252	$3,252	$3,252	$3,252	$13,008
Marketing	$13,063	$13,333	$13,602	$13,871	$53,869
Business Development	$2,279	$2,279	$2,279	$2,279	$9,116
Misc. Costs	$4,899	$5,000	$5,101	$5,202	$20,201
Payroll Taxes	$7,264	$7,264	$7,264	$7,264	$29,056
Total Operating Costs	**$147,166**	**$147,925**	**$148,684**	**$149,444**	**$593,220**
EBITDA	**$116,645**	**$121,325**	**$126,006**	**$130,686**	**$494,662**
Federal Income Tax	$26,969	$27,525	$28,081	$28,637	$111,213
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$6,844	$6,616	$6,383	$6,145	$25,988
Depreciation Expenses	$5,956	$5,956	$5,956	$5,956	$23,824
Net Profit	**$76,875**	**$81,228**	**$85,586**	**$89,948**	**$333,638**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$91,913	-$36,563	-$36,545	$99,527	-$36,508	-$36,489	-$36,470	$107,161
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$91,913	-$36,563	-$36,545	$99,527	-$36,508	-$36,489	-$36,470	$107,161
Other Cash Inflows								
Equity Investment	$200,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$500,000	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$83	$83	$83	$83
Total Other Cash Inflows	**$700,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$791,997**	**-$36,480**	**-$36,462**	**$99,610**	**-$36,424**	**-$36,406**	**-$36,387**	**$107,244**
Cash Outflows								
Repayment of Principal	$2,733	$2,751	$2,770	$2,788	$2,807	$2,825	$2,844	$2,863
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$590,000	$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	**$592,791**	**$2,810**	**$2,828**	**$2,846**	**$2,865**	**$2,884**	**$2,903**	**$2,922**
Net Cash Flow	**$199,205**	**-$39,289**	**-$39,289**	**$96,764**	**-$39,289**	**-$39,289**	**-$39,289**	**$104,322**
Cash Balance	**$199,205**	**$159,916**	**$120,626**	**$217,390**	**$178,101**	**$138,811**	**$99,522**	**$203,844**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	-$36,432	-$36,413	$114,777	-$36,374	$121,583
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**-$36,432**	**-$36,413**	**$114,777**	**-$36,374**	**$121,583**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$200,000
Increased Borrowings	$0	$0	$0	$0	$500,000
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$1,000
Total Other Cash Inflows	$83	$83	$83	$83	$701,000
Total Cash Inflow	**-$36,349**	**-$36,330**	**$114,860**	**-$36,291**	**$822,583**
Cash Outflows					
Repayment of Principal	$2,882	$2,901	$2,921	$2,940	$34,026
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$590,000
Dividends	$0	$0	$0	$17,511	$17,511
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,941**	**$2,960**	**$2,979**	**$20,510**	**$642,238**
Net Cash Flow	**-$39,289**	**-$39,289**	**$111,881**	**-$56,801**	**$180,345**
Cash Balance	**$164,555**	**$125,265**	**$237,146**	**$180,345**	**$180,345**

Cash Flow Analysis (Second Year)					
			Year 2		
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$32,990	$35,891	$38,796	$41,704	$149,381
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$32,990**	**$35,891**	**$38,796**	**$41,704**	**$149,381**
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	**$33,245**	**$36,151**	**$39,061**	**$41,974**	**$150,431**
Cash Outflows					
Repayment of Principal	$8,939	$9,119	$9,303	$9,490	$36,850
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$74,691	$0	$0	$0	$74,691
Dividends	$0	$0	$0	$22,506	$22,506
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$83,808**	**$9,301**	**$9,488**	**$32,185**	**$134,782**
Net Cash Flow	**-$50,563**	**$26,850**	**$29,573**	**$9,789**	**$15,649**
Cash Balance	**$129,782**	**$156,633**	**$186,205**	**$195,994**	**$195,994**

Cash Flow Analysis (Third Year)					
			Year 3		
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$49,594	$52,987	$56,385	$59,786	$218,752
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$49,594**	**$52,987**	**$56,385**	**$59,786**	**$218,752**
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	**$49,861**	**$53,260**	**$56,663**	**$60,070**	**$219,855**
Cash Outflows					
Repayment of Principal	$9,681	$9,876	$10,075	$10,278	$39,909
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$109,376	$0	$0	$0	$109,376
Dividends	$0	$0	$0	$35,769	$35,769
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$119,244**	**$10,067**	**$10,270**	**$46,245**	**$185,825**
Net Cash Flow	**-$69,383**	**$43,193**	**$46,394**	**$13,825**	**$34,029**
Cash Balance	**$126,611**	**$169,804**	**$216,198**	**$230,024**	**$230,024**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$60,568	$64,438	$68,313	$72,191	$265,511
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$60,568**	**$64,438**	**$68,313**	**$72,191**	**$265,511**
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	**$60,849**	**$64,725**	**$68,605**	**$72,489**	**$266,668**
Cash Outflows					
Repayment of Principal	$10,484	$10,696	$10,911	$11,131	$43,221
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$132,755	$0	$0	$0	$132,755
Dividends	$0	$0	$0	$44,458	$44,458
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$143,436**	**$10,896**	**$11,115**	**$55,797**	**$221,245**
Net Cash Flow	**-$82,587**	**$53,829**	**$57,489**	**$16,692**	**$45,423**
Cash Balance	**$147,437**	**$201,265**	**$258,755**	**$275,447**	**$275,447**

Cash Flow Analysis (Fifth Year)					
			Year 5		
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$82,831	$87,184	$91,542	$95,904	$357,462
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$82,831**	**$87,184**	**$91,542**	**$95,904**	**$357,462**
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	**$83,126**	**$87,485**	**$91,849**	**$96,217**	**$358,677**
Cash Outflows					
Repayment of Principal	$11,355	$11,583	$11,816	$12,054	$46,809
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$178,731	$0	$0	$0	$178,731
Dividends	$0	$0	$0	$62,131	$62,131
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$190,292**	**$11,794**	**$12,031**	**$74,404**	**$288,521**
Net Cash Flow	**-$107,166**	**$75,691**	**$79,817**	**$21,813**	**$70,156**
Cash Balance	**$168,281**	**$243,973**	**$323,790**	**$345,603**	**$345,603**