HEARTLAND
CLIMATE CO.

Human Intelligence
Business Plans

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This business plan has been written for sample purposes. It represents a fictious business.

1.0 Executive Summary

The purpose of this business plan is to secure a $400,000 revolving credit facility for the continued development and expansion of an HVAC business based in Omaha, Nebraska. Heartland Climate Co. LLC ("the Company") was founded by Matthew Deutsch. The business will produce revenue across the number of services including new HVAC installations as well as maintenance and repairs. Full scale revenue generating operations are expected to occur in the first quarter of next year.

Operations

A major profit center for Heartland Climate Co. will come from the ongoing installation of HVAC systems into residential and commercial properties throughout the greater Omaha market area. Each of these installations, the Company will produce $10,000 to $50,000 of revenue. Over the course of the next five years, the Company intends to develop ongoing relationships with property management firms to have ongoing needs for replacing their systems.

Beyond the substantial revenues generated from new system installations, the Company will produce highly predictable income from ongoing HVAC system maintenance. The Company will have a number of highly trained technicians that will be able to provide the services throughout the entirety of the greater Omaha market area.

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

The Financing

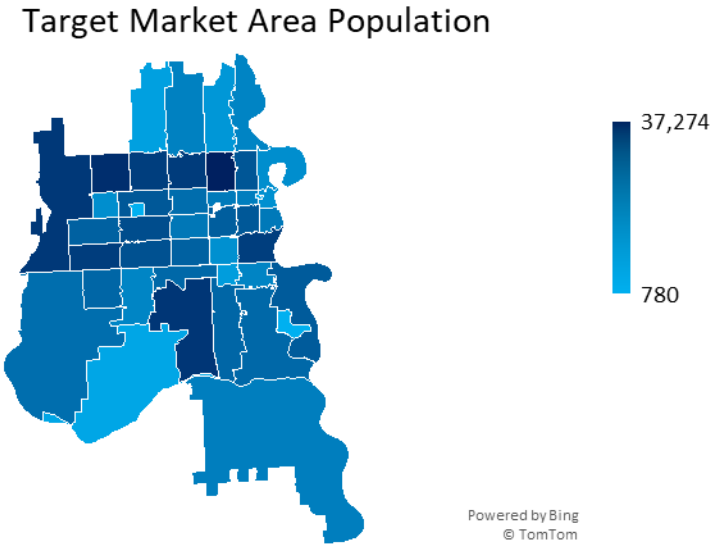
The $400,000 revolving credit facility will allow Heartland Climate Co. to rapidly expand within the Omaha market. Matthew Deutsch will contribute $50,000 towards the venture.

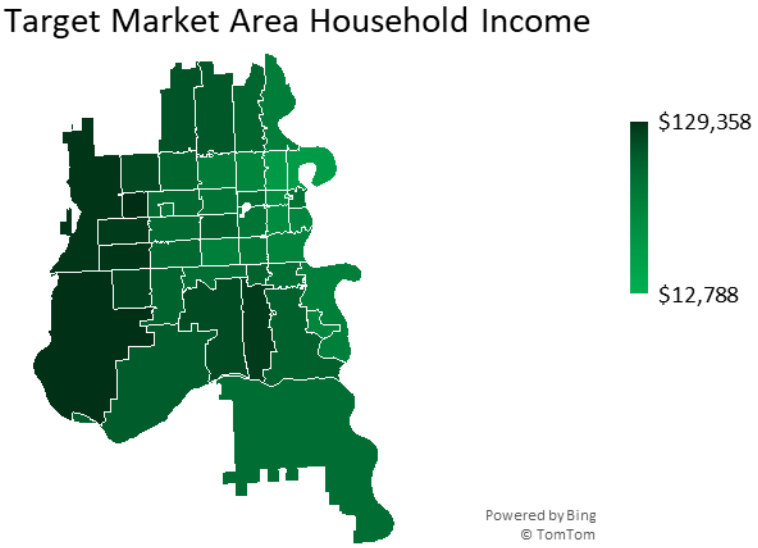
As the business is expected to expand at a rapid rate over the next five years, the Company could request expansions to its credit line in order to facilitate ongoing growth. This document assumes that the amount secured will remain the same over the next five years, and that future growth will be financed with the retained earnings of the business.

The Future

Given that HVAC contracting businesses are highly scalable, the Company will make ongoing reinvestment into its operations so that it becomes the preeminent HVAC company within the Omaha market. Management will continually onboard new technicians so that a greater number of large-scale installations as well as maintenance services can be rendered within this market. The Company may expand into other areas of Nebraska depending on viability.

Market Overview

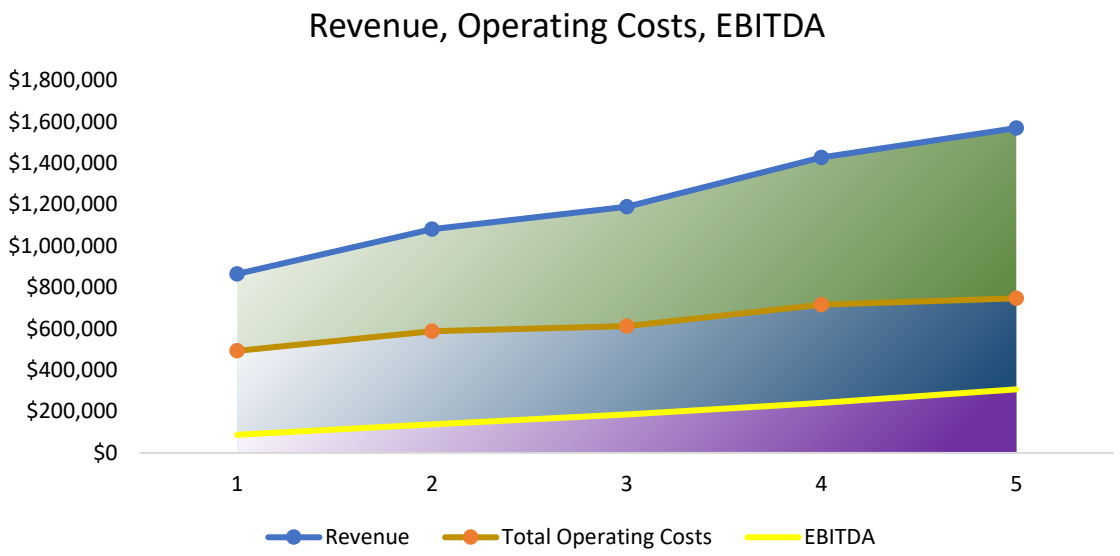




As of this year, Omaha has a total population of over one million people. The median household income of this market is $81,300. There are 397,000 households. The median home price is $300,000.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$864,600	$1,080,750	$1,188,825	$1,426,590	$1,569,249
Cost of Revenue	$283,943	$354,928	$390,421	$468,505	$515,356
Gross Profit	$580,658	$725,822	$798,404	$958,085	$1,053,893
Total Operating Costs	$493,061	$588,199	$612,705	$716,368	$746,823
EBITDA	**$87,596**	**$137,622**	**$185,699**	**$241,717**	**$307,071**

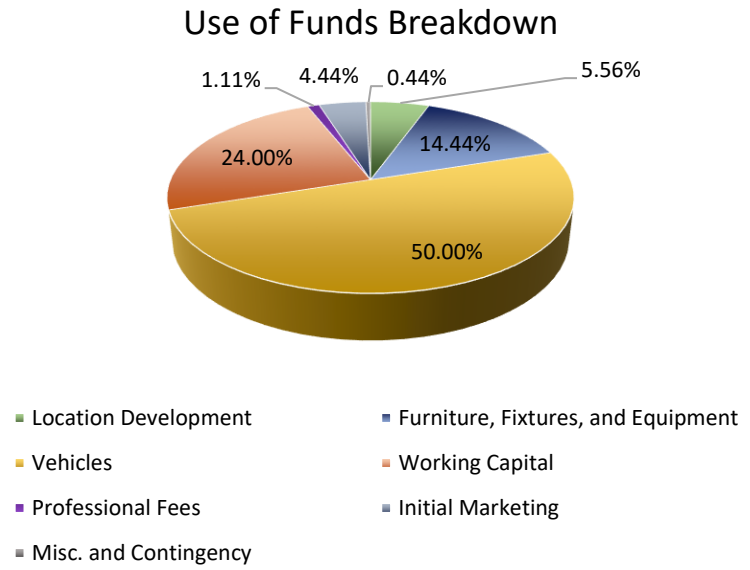


2.0 The Financing

2.1 Funds Required

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

Use of Funds	
Location Development	$25,000
Furniture, Fixtures, and Equipment	$65,000
Vehicles	$225,000
Working Capital	$108,000
Professional Fees	$5,000
Initial Marketing	$20,000
Misc. and Contingency	$2,000
Total	$450,000



2.2 Management and Investor Equity

Matthew Deutsch retains a 100% ownership interest in Heartland Climate Co.

2.3 Exit Strategies

Given the tremendous economic stability of HVAC companies, there is an immense demand for these types of businesses. In fact, a number of private equity firms have begun to roll up established contracting businesses of this discipline given their substantial profitability and economic stability. Historically, HVAC contractors can expect to receive a price to earnings multiple of three to four times the prior year's earnings upon sale. Matthew Deutsch has no long-term plans to sell this business as he intends to aggressively expand within the Omaha market in the coming years.

3.0 Operations

As noted in the executive summary, Heartland Climate Co. will provide the general public with a wide range of HVAC systems and services. Most importantly, the Company will carry a number of systems across a wide range of manufacturers. This will allow a business to offer new systems across a number of different pricing points.

The Company will produce substantial profits from these operations. It should be noted that this aspect of operations is somewhat subject to challenging economic climates. However, the Company intends to work with numerous commercial building owners, including medical building owners that are required by law to have up-to-date systems in their premises.

The Company will produce highly predictable revenue from the ongoing maintenance services of these systems. Through the extensive expertise of the owner, the business is able to provide maintenance for any make and model of HVAC system.

All staff members will undergo substantial training so they have an in-depth understanding of all systems that are commonly used within this market. This stream of revenue is not subject to challenging economic climate given that properly functioning HVAC systems are a necessity.

4.0 Overview of the Organization

4.1 Registered Name

Heartland Climate Co. LLC. The business is registered as a limited liability company in the State of Nebraska.

4.2 Commencement of Operations

Revenue generating operations will commence in the first quarter of next year.

4.3 Mission Statement

To provide the Omaha general public with a broad range of HVAC services that are affordable.

4.4 Vision Statement

To become the preeminent HVAC company within the greater Omaha metropolitan area.

4.5 Organizational Objectives

- Properly onboard and train staff that will render HVAC services.
- Foster ongoing relationships with property management firms as they will have the Company provide maintenance on an ongoing basis.
- Establish relationships with HOAs within Omaha, so that a business can provide services to common areas for large scale residential complexes and neighborhoods.
- Adhere to all safety regulations as it relates to rendering HVAC system installation and service.
- Use multiple forms of online marketing order to create brand name awareness.
- Established referral relationships with general contractors and real estate developers in the Omaha market

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

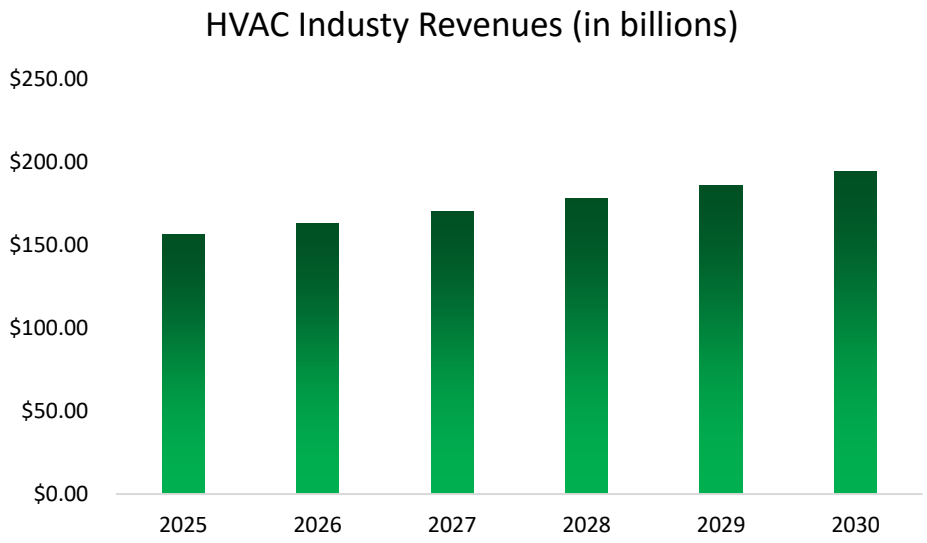
This section of the analysis will focus on the current economic climate, the HVAC industry, ongoing competition that Heartland Climate Co. will face, and the demographic profile that will be used during the course of marketing operations.

At this time, the current economic climate with the United States is moderate. As a result of changing trade policies, there has been a moderate degree of volatility introduced into the overall market. It should be noted that the Federal Reserve is taking appropriate steps in order to control inflation while bolstering economic growth.

However, any issues with the economy will only have a modest impact on Heartland Climate Co.'s ability to generate revenue. This is principally due to the fact that properly functioning HVAC systems, especially within office and medical buildings, are an absolute necessity. The business will produce highly predictable streams of revenue from ongoing maintenance, which will further contribute to the ongoing stability of the business.

5.2 Industry Analysis

There are 120,000 companies that provide HVAC systems and services to the general public. Each year these businesses generate an aggregative $150 billion of revenue. The industry employees 600,000 people.

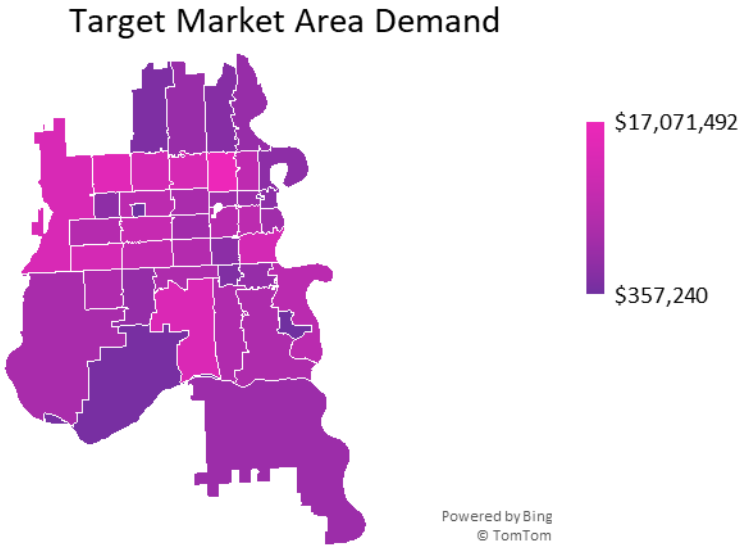


One of the common trends was within this industry is to integrate smart home functionality so that HVAC systems can be managed and viewed from anywhere in the world via mobile applications. Heartland Climate Co. is committed to using the latest in this type of technology in order to provide customers with an exceptional technology driven system.

5.3 Customer Profile

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

- Household income of $75,000+
- Will spend $250 to $500 on annual inspection
- Has a pricing point of $10,000 to $25,000 for residential HVAC systems
- Lives within 50 miles of the Heartland Climate Co. location



5.4 Competitive Analysis

This HVAC business plan has been written specifically as a sample. If this was a business plan that was developed specifically for a client then a wide-ranging competitive analysis would have been undertaken, which would have included the number of competitors in the greater Omaha market, their revenues, length of time in business, and other attributes. A discussion regarding competitive differentiating factors would have also been included.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Heartland Climate Co. will have sustainable operations as a result of the following:

- The company will be able to easily scale throughout the greater Omaha market area.
- A Founder/CEO, Matthew Deutsch, who is properly licensed to provide HVAC services within Nebraska.
- Maintenance services will remain in demand regardless of the economic climate.
- Substantial profits from the ongoing installation of new HVAC systems.
- The business will have reasonable access to capital given the economic stability of HVAC companies.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued expansion of relationships with property management firms throughout the Omaha area.
- Expand into other markets in Nebraska.
- Continued hiring of technicians that a greater number of maintenance engagements can be completed.

7.0 Marketing Plan

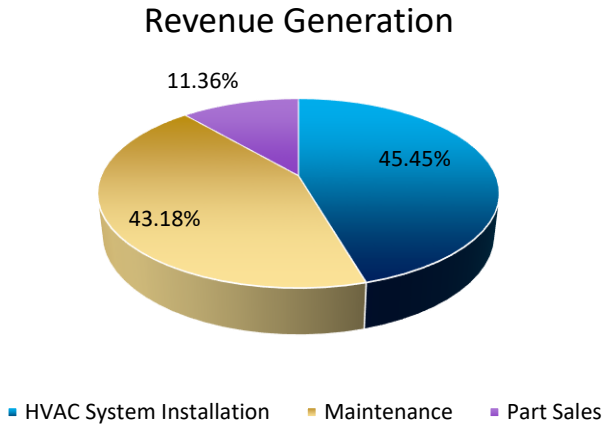
7.1 Marketing Objectives

- Conduct extensive direct outreach with property management firms and homeowners associations within the target market.
- Use numerous online marketing strategies that will create significant awareness for Heartland Climate Co.
- Establish referral relationships with general contractors, construction firms, and real estate developers in Omaha.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
HVAC System Installation	$393,000	$491,250	$540,375	$648,450	$713,295
Maintenance	$373,350	$466,688	$513,356	$616,028	$677,630
Part Sales	$98,250	$122,813	$135,094	$162,113	$178,324
Totals	**$864,600**	**$1,080,750**	**$1,188,825**	**$1,426,590**	**$1,569,249**

Gross Profit					
Year	1	2	3	4	5
Total	**$580,658**	**$725,822**	**$798,404**	**$958,085**	**$1,053,893**



7.3 Revenue Assumptions

Year 1

- First year revenue will reach $864,000
- Gross profits will reach $580,000.

Year 2

- Through greater marketing efforts, revenue will reach $1.08 million.
- Gross profits will reach $725,000.
- Total income will increase by 25%.

Years 3-5

- By the fifth year of operation, total revenue will reach $1.59 million.
- Gross profits will reach $1.05 million.
- At this time, the Company may enter other markets in Nebraska.

7.4 Marketing Strategies

Management will use a number of marketing strategies that will create substantial brand awareness in the coming years. Most importantly, the Company will maintain a search engine optimized website specific for the Omaha market. This platform will feature information about all makes, and models of HVAC systems offered, cost of maintenance services, general information about the business, and contact information. New content will be added to the website and an ongoing basis in order to keep it standing with major research engines.

Throughout the life of the business, the Company will conduct an extensive direct outreach with property management firms, homeowners' associations, construction firms, general contractors, and real estate developers that will call on Heartland Climate Co. when they have needs for new HVAC installation systems as well as ongoing maintenance needs. The business will also work with medical facilities throughout the Omaha area, including hospitals, medical practices, as well as dental offices in order to provide ongoing duct cleaning and maintenance services. Management sees substantial opportunity to expand within the segment given their complete economic stability at all times.

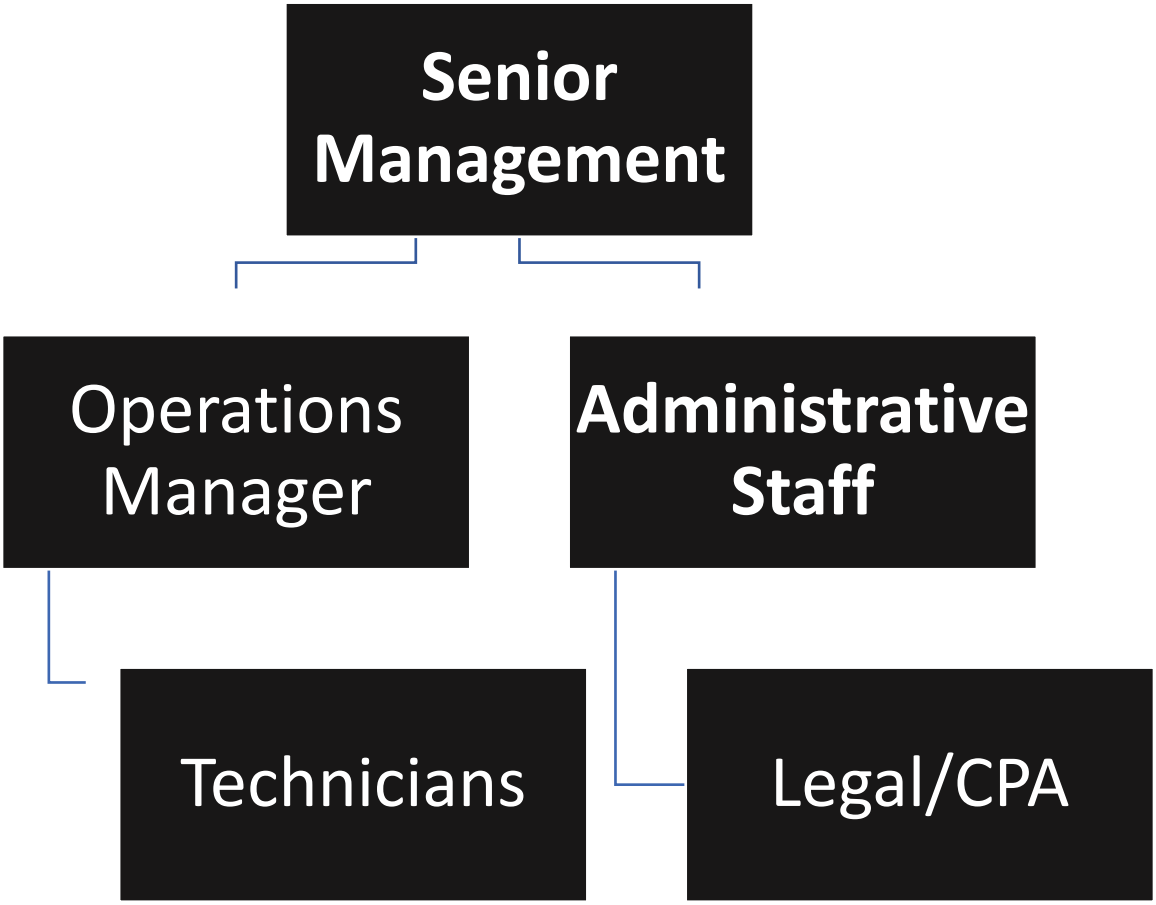
To complement these operations, the business will maintain a presence on all social media platforms. This will allow the company to showcase specific deals and offers, especially as it relates to routine maintenance for HVAC systems.

Moving forward, the Company intends provide sponsorship support for little leagues, adult sports teams, and local charities in order to further increase brand name awareness in this market.

From times a time, the business will also distribute mailed advertisement within a 10-mile radius of the companies' location in order to provide a discounted maintenance and inspection service for homeowners in the market. These mailed advertisements will feature QR codes so that individuals that are viewing them can immediately be brought to the Company's website.

8.0 Organizational Plan

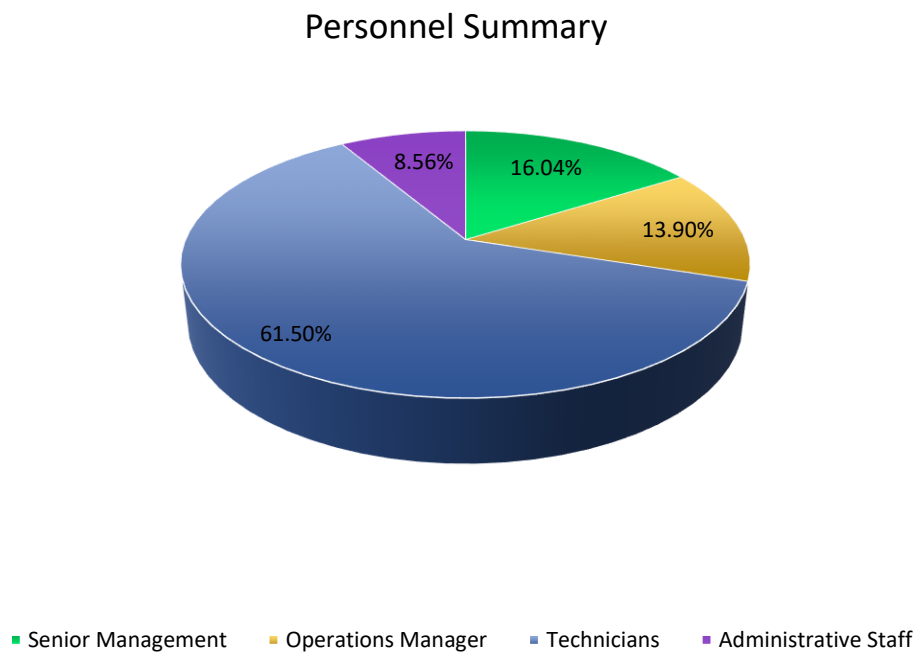
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	$75,000	$77,250	$79,568	$81,955	$84,413
Operations Manager	$65,000	$66,950	$68,959	$71,027	$73,158
Technicians	$172,500	$236,900	$244,007	$314,159	$323,584
Administrative Staff	$40,000	$41,200	$42,436	$43,709	$45,020
Total	**$352,500**	**$422,300**	**$434,969**	**$510,850**	**$526,175**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Operations Manager	1	1	1	1	1
Technicians	3	4	4	5	5
Administrative Staff	1	1	1	1	1
Total	**6**	**7**	**7**	**8**	**8**



9.0 Financial Plan

9.1 Underlying Assumptions

- Heartland Climate Co. will have a compounded annual growth rate of 16%.
- The business will receive a $400,000 revolving credit facility.
- The Founder will contribute $50,000 towards the venture.

9.2 Financial Highlights

- Immense profits from the installation of new HVAC systems.
- Predictable income from HVAC system maintenance.
- A significant portion of capital will be allocated towards vehicles and FF&E.

9.3 Sensitivity Analysis

Heartland Climate Co.'s income will typically remain stable even during challenging business climates. As noted, the Company will render HVAC maintenance services (including to entities such as medical facilities that require these services as a necessity). The multiple forms of revenue produced by this HVAC business will ensure that the Company can remain profitable at all times. As noted earlier, the operations of this busniess are highly scalable.

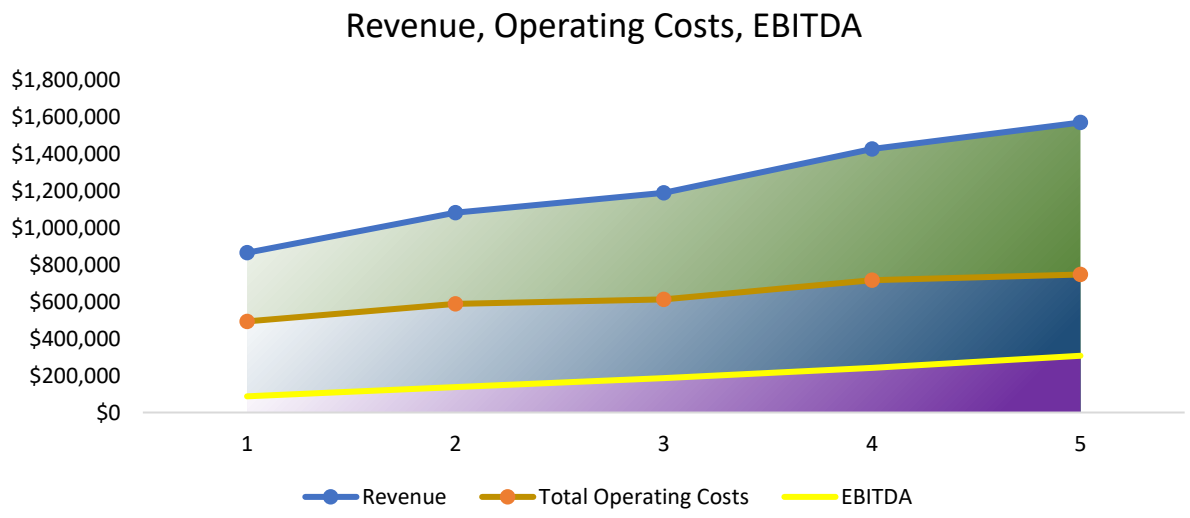
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$50,000.00
Total Equity Financing	$50,000.00
Banks and Lenders	
Revolving Credit Facility	$400,000.00
Total Debt Financing	$400,000.00
Total Financing	**$450,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$864,600	$1,080,750	$1,188,825	$1,426,590	$1,569,249
Cost of Revenue	$283,943	$354,928	$390,421	$468,505	$515,356
Gross Margin	67.16%	67.16%	67.16%	67.16%	67.16%
Gross Profit	$580,658	$725,822	$798,404	$958,085	$1,053,893
Expenses					
Payroll	$352,500	$422,300	$434,969	$510,850	$526,175
General and Administrative	$17,292	$21,615	$23,777	$28,532	$31,385
Vehicle Costs	$43,230	$54,038	$59,441	$71,330	$78,462
Marketing	$10,894	$13,617	$14,979	$17,975	$19,773
Insurance Costs	$15,000	$15,750	$16,538	$17,364	$18,233
Professional Fees	$5,000	$5,250	$5,513	$5,788	$6,078
Facility Costs	$20,000	$20,600	$21,218	$21,855	$22,510
Misc. Costs	$2,179	$2,723	$2,996	$3,595	$3,955
Payroll Taxes	$26,966	$32,306	$33,275	$39,080	$40,252
Total Operating Costs	**$493,061**	**$588,199**	**$612,705**	**$716,368**	**$746,823**
EBITDA	**$87,596**	**$137,622**	**$185,699**	**$241,717**	**$307,071**
Federal Income Tax	$9,876	$22,795	$35,262	$49,752	$66,618
State Income Tax	$1,975	$4,559	$7,052	$9,950	$13,324
Interest Expense	$27,093	$25,022	$22,802	$20,422	$17,869
Depreciation Expenses	$21,000	$21,420	$21,848	$22,285	$22,731
Net Profit	**$27,653**	**$63,826**	**$98,734**	**$139,307**	**$186,529**
Profit Margin	**3.20%**	**5.91%**	**8.31%**	**9.77%**	**11.89%**

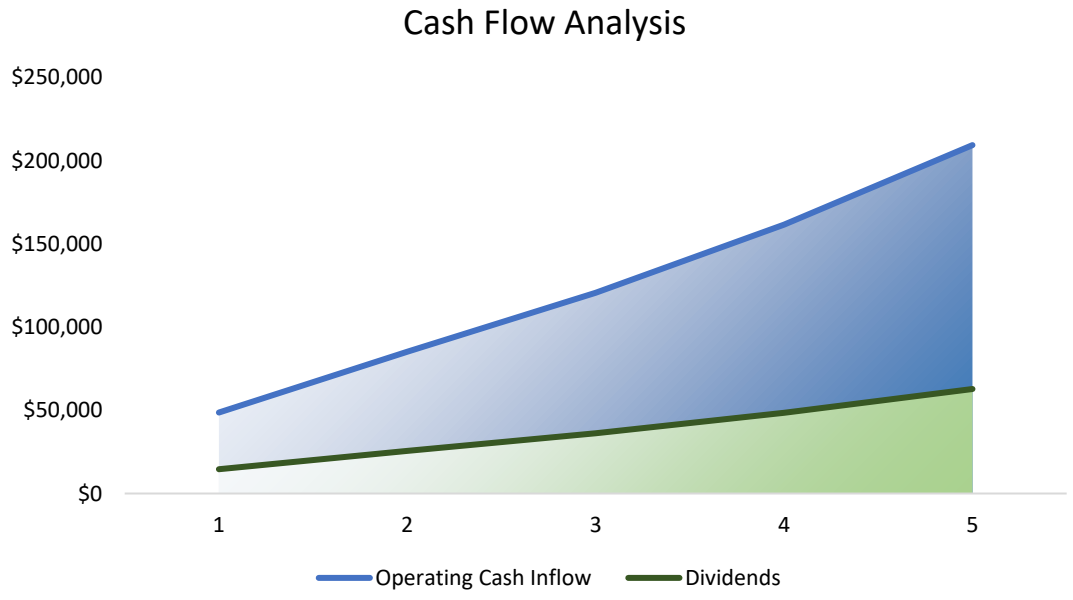


B) Common Size Income Statement

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	32.84%	32.84%	32.84%	32.84%	32.84%
Gross Profit	67.16%	67.16%	67.16%	67.16%	67.16%
Expenses					
Payroll	40.77%	39.07%	36.59%	35.81%	33.53%
General and Administrative	2.00%	2.00%	2.00%	2.00%	2.00%
Vehicle Costs	5.00%	5.00%	5.00%	5.00%	5.00%
Marketing	1.26%	1.26%	1.26%	1.26%	1.26%
Insurance Costs	1.73%	1.46%	1.39%	1.22%	1.16%
Professional Fees	0.58%	0.49%	0.46%	0.41%	0.39%
Facility Costs	2.31%	1.91%	1.78%	1.53%	1.43%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	3.12%	2.99%	2.80%	2.74%	2.57%
Total Operating Costs	57.03%	54.43%	51.54%	50.22%	47.59%
EBITDA	10.13%	12.73%	15.62%	16.94%	19.57%
Federal Income Tax	1.14%	2.11%	2.97%	3.49%	4.25%
State Income Tax	0.23%	0.42%	0.59%	0.70%	0.85%
Interest Expense	3.13%	2.32%	1.92%	1.43%	1.14%
Depreciation Expenses	2.43%	1.98%	1.84%	1.56%	1.45%
Net Profit	3.20%	5.91%	8.31%	9.77%	11.89%

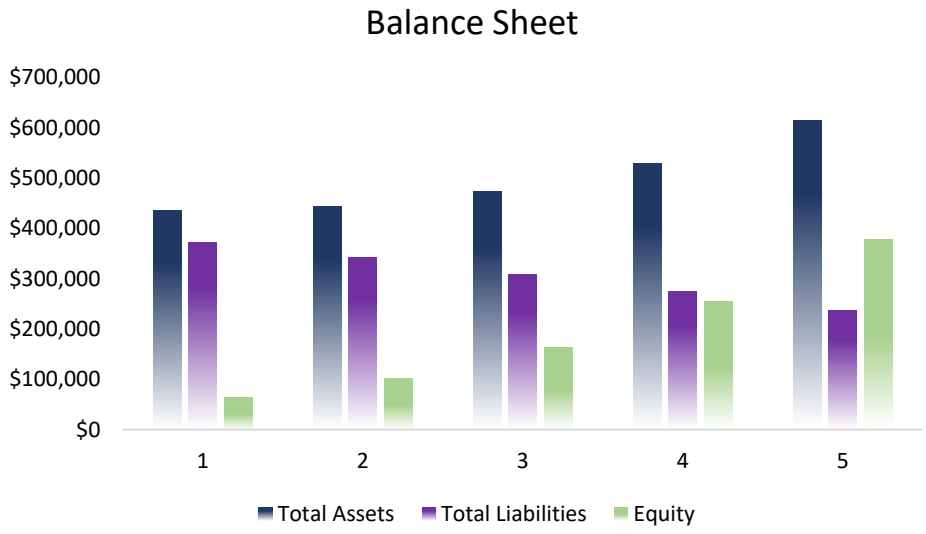
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$48,653	$85,246	$120,582	$161,592	$209,260
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$48,653**	**$85,246**	**$120,582**	**$161,592**	**$209,260**
Other Cash Inflows					
Equity Investment	$50,000	$0	$0	$0	$0
Increased Borrowings	$400,000	$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	**$451,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$499,653**	**$86,296**	**$121,685**	**$162,750**	**$210,476**
Cash Outflows					
Repayment of Principal	$28,639	$30,710	$32,930	$35,310	$37,863
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$315,000	$21,312	$30,146	$40,398	$52,315
Dividends	$14,596	$25,574	$36,175	$48,478	$62,778
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$358,935**	**$78,330**	**$100,022**	**$124,996**	**$153,807**
Net Cash Flow	**$140,718**	**$7,966**	**$21,663**	**$37,753**	**$56,669**
Cash Balance	**$140,718**	**$148,684**	**$170,347**	**$208,100**	**$264,769**



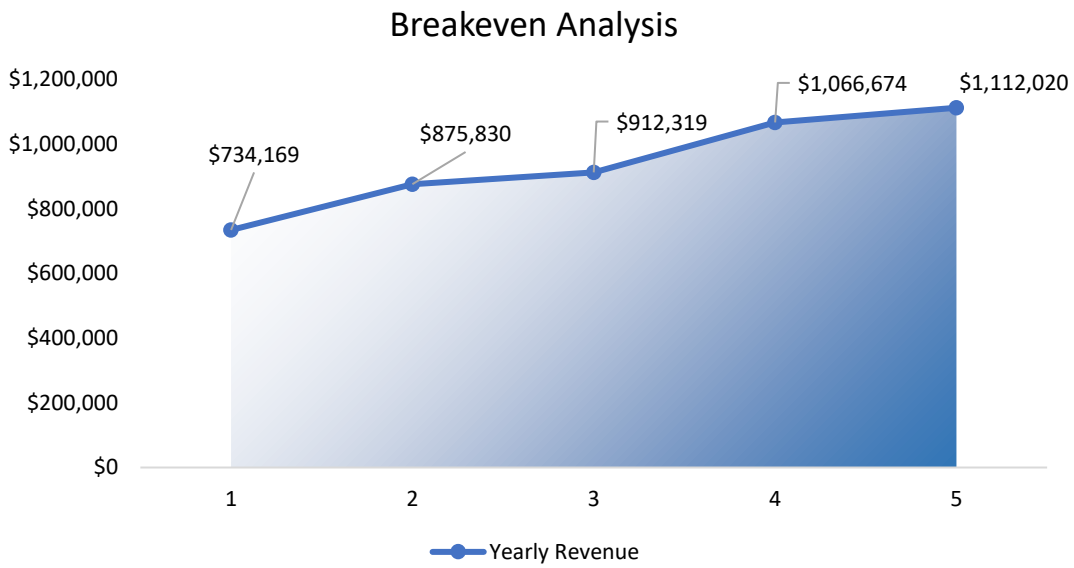
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$140,718	$148,684	$170,347	$208,100	$264,769
Fixed Assets and Inventory	$315,000	$336,312	$366,457	$406,855	$459,170
Accumulated Depreciation	($21,000)	($42,420)	($64,268)	($86,554)	($109,285)
Total Assets	**$434,718**	**$442,575**	**$472,535**	**$528,401**	**$614,654**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$371,361	$340,651	$307,721	$272,411	$234,548
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$371,661**	**$341,266**	**$308,667**	**$273,704**	**$236,206**
Equity	**$63,057**	**$101,309**	**$163,868**	**$254,697**	**$378,448**
Total Liabilities and Equity	**$434,718**	**$442,575**	**$472,535**	**$528,401**	**$614,654**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$61,181	$72,986	$76,027	$88,889	$92,668
Yearly Revenue	$734,169	$875,830	$912,319	$1,066,674	$1,112,020



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	25.0%	10.0%	20.0%	10.0%
Gross Margin	67.2%	67.2%	67.2%	67.2%	67.2%
Financials					
Profit Margin	3.20%	5.91%	8.31%	9.77%	11.89%
Assets to Liabilities	1.17	1.30	1.53	1.93	2.60
Equity to Liabilities	0.17	0.30	0.53	0.93	1.60
Assets to Equity	6.89	4.37	2.88	2.07	1.62
Liquidity					
Acid Test	0.38	0.44	0.55	0.76	1.12
Cash to Assets	0.32	0.34	0.36	0.39	0.43

Appendix A – SWOT Analysis

Strengths

- The business is operating in a population dense area of Nebraska, which is in continued need of HVAC services.
- The company will produce substantial profits from the installation of HVAC systems across a wide range of manufacturers.
- Predictable streams of income from HVAC maintenance will contribute to the ongoing economic stability of the business.
- A highly experienced Founder, Matthew Deutsch, who will be able to effectively expand the operations in the coming years.
- Ability to provide services specifically for medical facilities will provide a differentiating factor.

Weaknesses

- Substantial and ongoing competition for more established firms in Omaha.
- Moderately high cost related to payroll, especially related to HVAC technicians.

Opportunities

- Expansion of operations to include other markets in Nebraska.
- Continued hiring of technicians to take on a greater number of maintenance engagements.
- Potential acquisition of HVAC companies that can be integrated into the business' operations.

Threats

- Potential liabilities from improper installations or onsite injury.
- Continued issues with inflation can cause the operating cost of the business to increase.

Appendix B – Critical Risks

Development Risk – **Low**
The development of the service architecture that will be employed by Heartland Climate Co. has been finalized. At this time, the primary matter that needs to be addressed to securing the $400,000 revolving credit facility discussed in this document.

Financing Risk – **Low/Moderate**
If financing sought in this business plan will be principally used to support the early operations of this HVAC contracting business as well as for vehicles, furniture, fixtures, and equipment. The risk raises financing are baited by the economically secure nature of operations.

Marketing Risk **– Low/Moderate**
The Company will use multiple forms of online advertising, coupled with direct outreach in order to establish a brand name in the Omaha market. Mr. Deutsch will directly work with numerous contracting firms and property management firms to establish ongoing contracts throughout the life of the Company.

Management Risk – **Low**
Matthew Deutsch is a highly experienced contractor that has over a decade experience in the HVAC industry. He will be able to effectively launch the operations of Heartland Climate Co. to profitability.

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

- Numerous high margin revenue streams.
- Immense demand in all economic climates for HVAC services.
- The Company can scale as necessary.

Exit Risk - **Low**
As noted earlier, there are numerous opportunities to sell the business for a substantial profit. The Company that would most likely work with a qualified business broker they would market Heartland Climate Co. to a private equity firm. However, there are no long-term plans to sell this business given the Founder's plan to aggressively expand operations in the coming years

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$66,000**	**$67,100**	**$68,200**	**$69,300**	**$70,400**	**$71,500**	**$72,600**
Cost of Revenue	$21,675	$22,036	$22,398	$22,759	$23,120	$23,481	$23,843
Gross Profit	$44,325	$45,064	$45,803	$46,541	$47,280	$48,019	$48,758
Expenses							
Payroll	$29,375	$29,375	$29,375	$29,375	$29,375	$29,375	$29,375
General and Administrative	$1,441	$1,441	$1,441	$1,441	$1,441	$1,441	$1,441
Vehicle Costs	$3,603	$3,603	$3,603	$3,603	$3,603	$3,603	$3,603
Marketing	$908	$908	$908	$908	$908	$908	$908
Insurance Costs	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250
Professional Fees	$417	$417	$417	$417	$417	$417	$417
Facility Costs	$1,667	$1,667	$1,667	$1,667	$1,667	$1,667	$1,667
Misc. Costs	$182	$182	$182	$182	$182	$182	$182
Payroll Taxes	$2,247	$2,247	$2,247	$2,247	$2,247	$2,247	$2,247
Total Operating Costs	$41,088	$41,088	$41,088	$41,088	$41,088	$41,088	$41,088
EBITDA	$3,237	$3,975	$4,714	$5,453	$6,192	$6,930	$7,669
Federal Income Tax	$754	$766	$779	$792	$804	$817	$829
State Income Tax	$151	$153	$156	$158	$161	$163	$166
Interest Expense	$2,333	$2,320	$2,306	$2,293	$2,279	$2,265	$2,251
Depreciation Expenses	$1,750	$1,750	$1,750	$1,750	$1,750	$1,750	$1,750
Net Profit	-$1,751	-$1,014	-$277	$460	$1,198	$1,935	$2,673

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$73,700**	**$74,800**	**$75,900**	**$77,000**	**$78,100**	**$864,600**
Cost of Revenue	$24,204	$24,565	$24,926	$25,288	$25,649	$283,943
Gross Profit	$49,496	$50,235	$50,974	$51,713	$52,451	$580,658
Expenses						
Payroll	$29,375	$29,375	$29,375	$29,375	$29,375	$352,500
General and Administrative	$1,441	$1,441	$1,441	$1,441	$1,441	$17,292
Vehicle Costs	$3,603	$3,603	$3,603	$3,603	$3,603	$43,230
Marketing	$908	$908	$908	$908	$908	$10,894
Insurance Costs	$1,250	$1,250	$1,250	$1,250	$1,250	$15,000
Professional Fees	$417	$417	$417	$417	$417	$5,000
Facility Costs	$1,667	$1,667	$1,667	$1,667	$1,667	$20,000
Misc. Costs	$182	$182	$182	$182	$182	$2,179
Payroll Taxes	$2,247	$2,247	$2,247	$2,247	$2,247	$26,966
Total Operating Costs	$41,088	$41,088	$41,088	$41,088	$41,088	$493,061
EBITDA	$8,408	$9,147	$9,885	$10,624	$11,363	$87,596
Federal Income Tax	$842	$854	$867	$880	$892	$9,876
State Income Tax	$168	$171	$173	$176	$178	$1,975
Interest Expense	$2,237	$2,223	$2,209	$2,195	$2,181	$27,093
Depreciation Expenses	$1,750	$1,750	$1,750	$1,750	$1,750	$21,000
Net Profit	$3,410	$4,148	$4,886	$5,624	$6,362	$27,653

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$262,082	$267,486	$272,889	$278,293	$1,080,750
Cost of Revenue	$86,070	$87,845	$89,619	$91,394	$354,928
Gross Profit	**$176,012**	**$179,641**	**$183,270**	**$186,899**	**$725,822**
Expenses					
Payroll	$105,575	$105,575	$105,575	$105,575	$422,300
General and Administrative	$5,404	$5,404	$5,404	$5,404	$21,615
Vehicle Costs	$13,104	$13,374	$13,644	$13,915	$54,038
Marketing	$3,302	$3,370	$3,438	$3,506	$13,617
Insurance Costs	$3,938	$3,938	$3,938	$3,938	$15,750
Professional Fees	$1,273	$1,299	$1,326	$1,352	$5,250
Facility Costs	$5,150	$5,150	$5,150	$5,150	$20,600
Misc. Costs	$660	$674	$688	$701	$2,723
Payroll Taxes	$7,834	$7,996	$8,157	$8,319	$32,306
Total Operating Costs	**$146,240**	**$146,780**	**$147,320**	**$147,859**	**$588,199**
EBITDA	**$29,771**	**$32,861**	**$35,950**	**$39,040**	**$137,622**
Federal Income Tax	$5,528	$5,642	$5,756	$5,870	$22,795
State Income Tax	$1,106	$1,128	$1,151	$1,174	$4,559
Interest Expense	$6,455	$6,324	$6,190	$6,053	$25,022
Depreciation Expenses	$5,355	$5,355	$5,355	$5,355	$21,420
Net Profit	**$11,328**	**$14,412**	**$17,499**	**$20,588**	**$63,826**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$288,290	$294,234	$300,178	$306,122	$1,188,825
Cost of Revenue	$94,677	$96,629	$98,581	$100,533	$390,421
Gross Profit	**$193,613**	**$197,605**	**$201,597**	**$205,589**	**$798,404**
Expenses					
Payroll	$108,742	$108,742	$108,742	$108,742	$434,969
General and Administrative	$5,766	$5,885	$6,004	$6,122	$23,777
Vehicle Costs	$14,415	$14,712	$15,009	$15,306	$59,441
Marketing	$3,632	$3,707	$3,782	$3,857	$14,979
Insurance Costs	$4,134	$4,134	$4,134	$4,134	$16,538
Professional Fees	$1,337	$1,364	$1,392	$1,419	$5,513
Facility Costs	$5,305	$5,305	$5,305	$5,305	$21,218
Misc. Costs	$726	$741	$756	$771	$2,996
Payroll Taxes	$8,319	$8,319	$8,319	$8,319	$33,275
Total Operating Costs	**$152,376**	**$152,909**	**$153,443**	**$153,977**	**$612,705**
EBITDA	**$41,237**	**$44,696**	**$48,154**	**$51,613**	**$185,699**
Federal Income Tax	$8,551	$8,727	$8,904	$9,080	$35,262
State Income Tax	$1,710	$1,745	$1,781	$1,816	$7,052
Interest Expense	$5,915	$5,774	$5,630	$5,484	$22,802
Depreciation Expenses	$5,462	$5,462	$5,462	$5,462	$21,848
Net Profit	**$19,599**	**$22,987**	**$26,377**	**$29,771**	**$98,734**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$345,948	$353,081	$360,214	$367,347	$1,426,590
Cost of Revenue	$113,612	$115,955	$118,298	$120,640	$468,505
Gross Profit	**$232,336**	**$237,126**	**$241,916**	**$246,707**	**$958,085**
Expenses					
Payroll	$127,712	$127,712	$127,712	$127,712	$510,850
General and Administrative	$6,919	$7,062	$7,204	$7,347	$28,532
Vehicle Costs	$17,297	$17,654	$18,011	$18,367	$71,330
Marketing	$4,359	$4,449	$4,539	$4,629	$17,975
Insurance Costs	$4,341	$4,341	$4,341	$4,341	$17,364
Professional Fees	$1,404	$1,433	$1,462	$1,490	$5,788
Facility Costs	$5,464	$5,464	$5,464	$5,464	$21,855
Misc. Costs	$872	$890	$908	$926	$3,595
Payroll Taxes	$9,770	$9,770	$9,770	$9,770	$39,080
Total Operating Costs	**$178,138**	**$178,774**	**$179,410**	**$180,046**	**$716,368**
EBITDA	**$54,198**	**$58,352**	**$62,506**	**$66,661**	**$241,717**
Federal Income Tax	$12,065	$12,314	$12,562	$12,811	$49,752
State Income Tax	$2,413	$2,463	$2,512	$2,562	$9,950
Interest Expense	$5,335	$5,184	$5,030	$4,873	$20,422
Depreciation Expenses	$5,571	$5,571	$5,571	$5,571	$22,285
Net Profit	**$28,813**	**$32,820**	**$36,830**	**$40,843**	**$139,307**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$380,543	$388,389	$396,235	$404,082	$1,569,249
Cost of Revenue	$124,974	$127,551	$130,127	$132,704	$515,356
Gross Profit	**$255,569**	**$260,839**	**$266,108**	**$271,378**	**$1,053,893**
Expenses					
Payroll	$131,544	$131,544	$131,544	$131,544	$526,175
General and Administrative	$7,611	$7,768	$7,925	$8,082	$31,385
Vehicle Costs	$19,027	$19,419	$19,812	$20,204	$78,462
Marketing	$4,795	$4,894	$4,993	$5,091	$19,773
Insurance Costs	$4,558	$4,558	$4,558	$4,558	$18,233
Professional Fees	$1,474	$1,504	$1,535	$1,565	$6,078
Facility Costs	$5,628	$5,628	$5,628	$5,628	$22,510
Misc. Costs	$959	$979	$999	$1,018	$3,955
Payroll Taxes	$10,063	$10,063	$10,063	$10,063	$40,252
Total Operating Costs	**$185,658**	**$186,357**	**$187,055**	**$187,753**	**$746,823**
EBITDA	**$69,911**	**$74,482**	**$79,053**	**$83,625**	**$307,071**
Federal Income Tax	$16,155	$16,488	$16,821	$17,154	$66,618
State Income Tax	$3,231	$3,298	$3,364	$3,431	$13,324
Interest Expense	$4,714	$4,551	$4,386	$4,218	$17,869
Depreciation Expenses	$5,683	$5,683	$5,683	$5,683	$22,731
Net Profit	**$40,129**	**$44,463**	**$48,799**	**$53,139**	**$186,529**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	-$1	$736	$1,473	$2,210	$2,948	$3,685	$4,423	$5,160
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	-$1	$736	$1,473	$2,210	$2,948	$3,685	$4,423	$5,160
Other Cash Inflows								
Equity Investment	$50,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$400,000	$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	**$450,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$450,082**	**$819**	**$1,556**	**$2,294**	**$3,031**	**$3,768**	**$4,506**	**$5,244**
Cash Outflows								
Repayment of Principal	$2,311	$2,324	$2,338	$2,352	$2,365	$2,379	$2,393	$2,407
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$315,000	$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	**$317,369**	**$2,383**	**$2,396**	**$2,410**	**$2,424**	**$2,438**	**$2,451**	**$2,465**
Net Cash Flow	**$132,713**	**-$1,564**	**-$840**	**-$116**	**$607**	**$1,331**	**$2,055**	**$2,778**
Cash Balance	**$132,713**	**$131,149**	**$130,309**	**$130,192**	**$130,800**	**$132,131**	**$134,185**	**$136,963**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$5,898	$6,636	$7,374	$8,112	$48,653
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$5,898**	**$6,636**	**$7,374**	**$8,112**	**$48,653**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$50,000
Increased Borrowings	$0	$0	$0	$0	$400,000
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	$451,000
Total Cash Inflow	**$5,981**	**$6,719**	**$7,457**	**$8,195**	**$499,653**
Cash Outflows					
Repayment of Principal	$2,421	$2,435	$2,449	$2,464	$28,639
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$315,000
Dividends	$0	$0	$0	$14,596	$14,596
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,479**	**$2,494**	**$2,508**	**$17,118**	**$358,935**
Net Cash Flow	**$3,502**	**$4,226**	**$4,949**	**-$8,923**	**$140,718**
Cash Balance	**$140,465**	**$144,691**	**$149,640**	**$140,718**	**$140,718**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$16,683	$19,767	$22,854	$25,943	$85,246
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$16,683**	**$19,767**	**$22,854**	**$25,943**	**$85,246**
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	**$16,937**	**$20,027**	**$23,119**	**$26,213**	**$86,296**
Cash Outflows					
Repayment of Principal	$7,478	$7,609	$7,743	$7,880	$30,710
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$21,312	$0	$0	$0	$21,312
Dividends	$0	$0	$0	$25,574	$25,574
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$28,967**	**$7,791**	**$7,929**	**$33,643**	**$78,330**
Net Cash Flow	**-$12,030**	**$12,236**	**$15,190**	**-$7,430**	**$7,966**
Cash Balance	**$128,687**	**$140,923**	**$156,113**	**$148,684**	**$148,684**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$25,061	$28,449	$31,840	$35,233	$120,582
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$25,061**	**$28,449**	**$31,840**	**$35,233**	**$120,582**
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	**$25,328**	**$28,722**	**$32,118**	**$35,517**	**$121,685**
Cash Outflows					
Repayment of Principal	$8,018	$8,159	$8,303	$8,449	$32,930
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$30,146	$0	$0	$0	$30,146
Dividends	$0	$0	$0	$36,175	$36,175
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$38,351**	**$8,350**	**$8,498**	**$44,823**	**$100,022**
Net Cash Flow	**-$13,023**	**$20,372**	**$23,620**	**-$9,306**	**$21,663**
Cash Balance	**$135,661**	**$156,033**	**$179,653**	**$170,347**	**$170,347**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$34,385	$38,392	$42,402	$46,414	$161,592
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$34,385**	**$38,392**	**$42,402**	**$46,414**	**$161,592**
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	**$34,665**	**$38,678**	**$42,694**	**$46,712**	**$162,750**
Cash Outflows					
Repayment of Principal	$8,598	$8,749	$8,903	$9,060	$35,310
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$20,199	$20,199	$0	$0	$40,398
Dividends	$0	$0	$0	$48,478	$48,478
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$28,993**	**$29,149**	**$9,108**	**$57,746**	**$124,996**
Net Cash Flow	**$5,672**	**$9,529**	**$33,586**	**-$11,034**	**$37,753**
Cash Balance	**$176,019**	**$185,548**	**$219,134**	**$208,100**	**$208,100**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$45,812	$50,145	$54,482	$58,822	$209,260
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$45,812**	**$50,145**	**$54,482**	**$58,822**	**$209,260**
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	**$46,106**	**$50,446**	**$54,789**	**$59,135**	**$210,476**
Cash Outflows					
Repayment of Principal	$9,219	$9,382	$9,547	$9,715	$37,863
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$26,158	$26,158	$0	$0	$52,315
Dividends	$0	$0	$0	$62,778	$62,778
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$35,583**	**$35,750**	**$9,762**	**$72,712**	**$153,807**
Net Cash Flow	**$10,523**	**$14,696**	**$45,027**	**-$13,578**	**$56,669**
Cash Balance	**$218,623**	**$233,320**	**$278,347**	**$264,769**	**$264,769**