

DHA

DEUTSCH
HAIR AESTHETICS



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1.0 Executive Summary

The purpose of this document is to showcase the continued development of a luxury hair salon based in Miami, Florida. Deutsch Hair Aesthetics LLC (“the Company”) was founded by Matthew Deutsch. The company will specialize in providing a wide range of premium hairstyling and hair care services from an easy to reach location in this market. At this time, the company is seeking a \$175,000 SBA loan in order to commence operations.

Operations

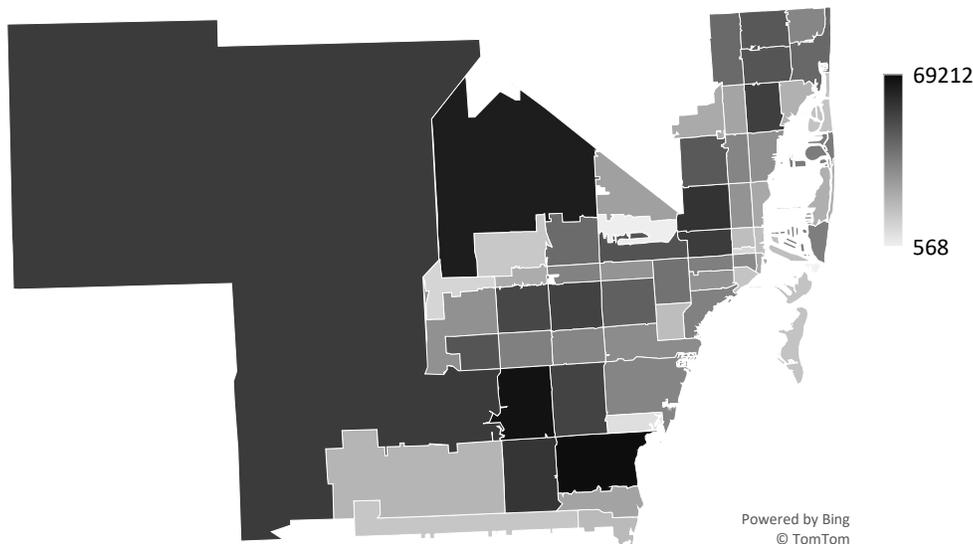
The primary driver of the Company’s revenue will come from the ongoing rendering of exceptional hairstyling and hair care services to the general public. The business will work with highly experienced stylists that will provide their services on an independently contracted basis. They will receive a fee equal to 60% of their billings. The scope of services will include hair styling, blowouts, coloring, and related services.

In addition to generating revenue from hairstyling services, the business will also produce a moderate amount of revenue from the ongoing sale of hair care products on site. The Company will offer its clients a curated list of these goods which can be used at home.

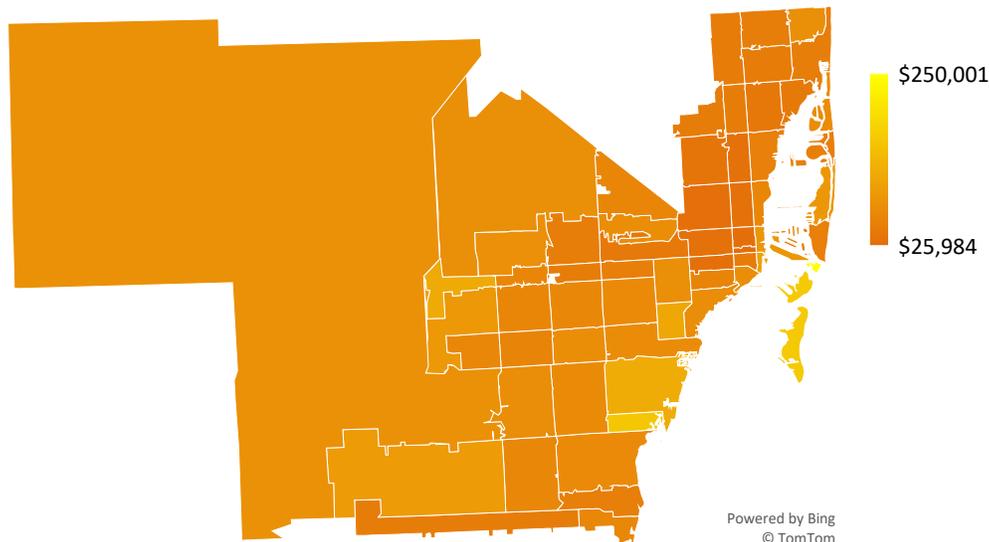
The third section of this hair salon business plan will further document the operations of the business

Market Overview

Target Market Income



Target Market Income



As of this year, the greater South Florida metropolitan area has a population of 6.3 million people. The median household income is \$70,000. Approximately 15% of the total population falls into the Company's demographic profile (correlating to 945,000 people). The total demand for premium hair styling is \$200 million among the targeted demographics.

The Financing

As noted above, the company is currently seeking \$175,000 via an SBA loan to commence operations. This hair salon business plan assumes that a company will receive a 10-year loan carrying an 8% interest rate.

In the event that additional locations are established within the greater South Florida market, Management may seek a business loan in order to develop subsequent facilities. However, this document assumes that no additional capital be used outside of the funding sought in this document.

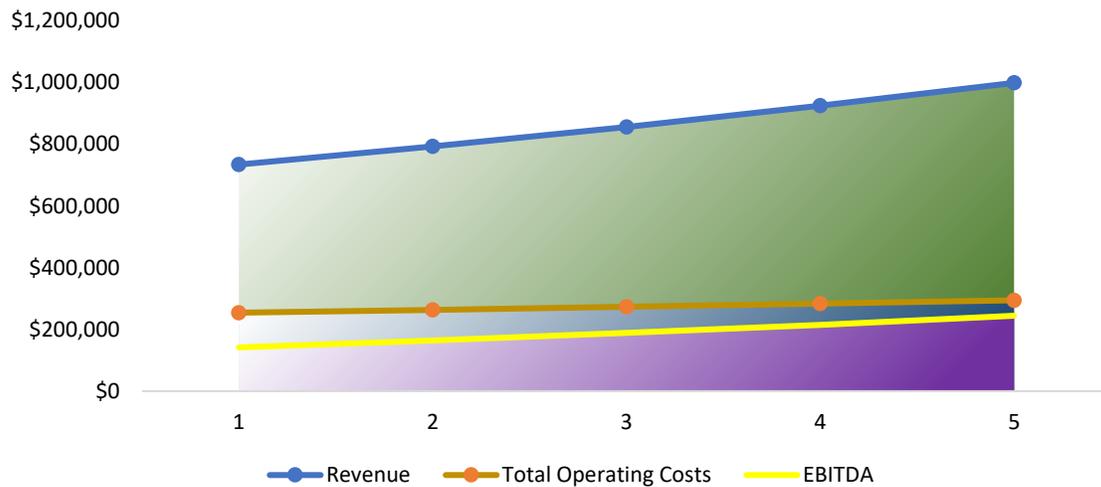
The Future

Management's goal is to make Deutsch Hair Aesthetics the preeminent hair salon within the greater Miami metropolitan area. To that end, the business will engage in a wide range of marketing activities that will properly position the brand in the coming months and years. The Company will also continually onboard highly talented hairstylists that have substantial recognition in order to have them bring their client base to the Deutsch Hair Aesthetics location.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$733,950	\$792,666	\$856,079	\$924,566	\$998,531
Cost of Revenue	\$338,085	\$365,132	\$394,342	\$425,890	\$459,961
Gross Profit	\$395,865	\$427,534	\$461,737	\$498,676	\$538,570
Total Operating Costs	\$254,182	\$263,562	\$273,357	\$283,592	\$294,290
EBITDA	\$141,683	\$163,972	\$188,380	\$215,084	\$244,280

Revenue, Operating Costs, EBITDA



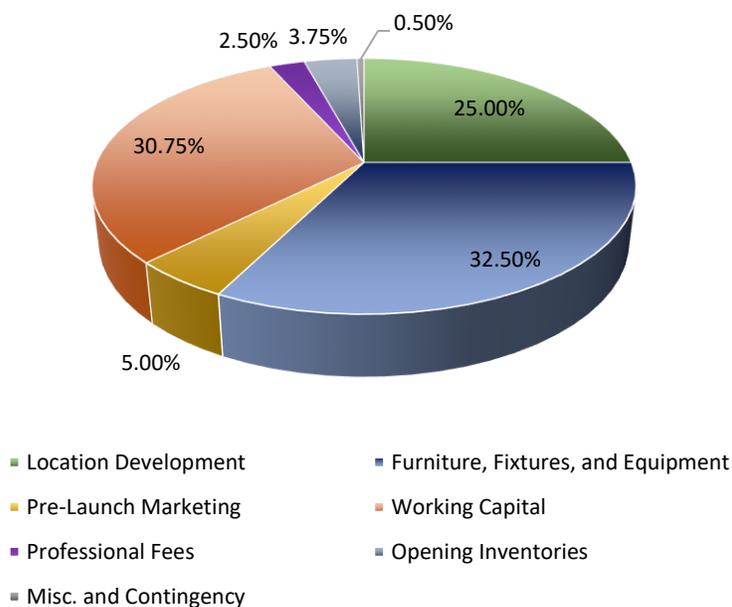
2.0 The Financing

2.1 Funds Required

An SBA loan of \$175,000 is required to commence operations. Matthew Deutsch will contribute \$25,000 toward the venture. The use is as follows:

Use of Funds	
Location Development	\$50,000
Furniture, Fixtures, and Equipment	\$65,000
Pre-Launch Marketing	\$10,000
Working Capital	\$61,500
Professional Fees	\$5,000
Opening Inventories	\$7,500
Misc. and Contingency	\$1,000
Total	\$200,000

Use of Funds Breakdown



2.2 Management and Investor Equity

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

2.3 Exit Strategies

There are no long-term plans to sell this business to a third-party. If it is financially prudent to do so, a formal business valuation will be completed prior to marketing the business for sale. These operations will be conducted in tandem with a qualified business broker.

3.0 Operations

As noted in the executive summary, Deutsch Hair Aesthetics will be a high-end hairstyling location, conveniently located in the heart of downtown Miami. The business will have six chairs available for use by the owner as well as retained hair stylists. All individuals outside of the owner that render services on site will be independent contractors. However, support staff will be directly employed by the business.

In regards to the pricing, it is expected that each engagement will produce \$100 to \$300 of revenue. Mr. Deutsch intends to operate as a hairstylist approximately 80% of his available time. The remaining time will be spent managing the administrative matters of Deutsch Hair Aesthetics. For independently contracted stylists, they will receive 60% of their total billable service revenues, excluding any products that are used during the course of service.

Although it will be a secondary revenue stream, the company will have a number of products available for customers to purchase and take-home. Management expects that approximately 5% of aggregate revenues will come from the sale of hair care products.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Hair Aesthetics LLC. The business is registered as a limited liability company in the State of Florida.

4.2 Commencement of Operations

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

4.3 Mission Statement

Deutsch Hair Aesthetics' mission is to provide exceptional hair styling services in a luxurious environment.

4.4 Vision Statement

To become the preeminent hair salon within the greater South Florida market area.

4.5 Organizational Objectives

- Once the capital has been secured, immediately develop the Company's luxurious location in Miami.
- Properly onboard hairstylists that will render services at the Deutsch Hair Aesthetics location.
- Implement numerous marketing strategies that will position the Deutsch Hair Aesthetics brand as a luxury location.
- Adhered to all laws and regulations regarding hair styling services provided in the State of Florida.
- Continually source new products on a curated basis that can be sold within the location.
- Use multiple forms of social media in order to inform the general public of the companies launch.
- Potentially expand the number of locations within the South Florida metropolitan area.
- Established relationships with cosmetology schools that will have their students complete internships at the location.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

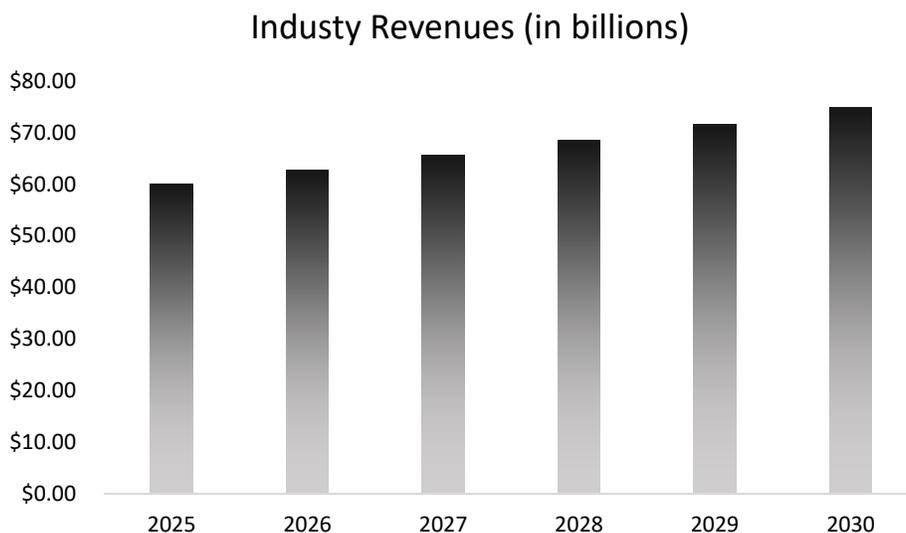
This sectionally analysis will focus on the current economic climate, the hairstyling industry, the customer profile, and the ongoing competition that the business will face moving forward.

At this time, the economic climate when the United States is moderate. This is principally due to the fact that there has been a change in global trade policies over the past year, which has resulted in some uncertainty in the market. However, major central banks are taking appropriate measures to address the issues related to inflation, while ensuring continued economic output growth.

It should be noted that the revenues of Deutsch Hair Aesthetics will be relatively secure even during challenging business climate. The Company is principally targeting upper middle-income women within the greater Miami area. This will ensure that the business has a continuous influx of customers, regardless of the state of the economy.

5.2 Industry Analysis

As of this year, hair salons produced \$60 billion of revenue. There are approximately one million companies that operate in this capacity and the industry employees 1.1 million people as whole.



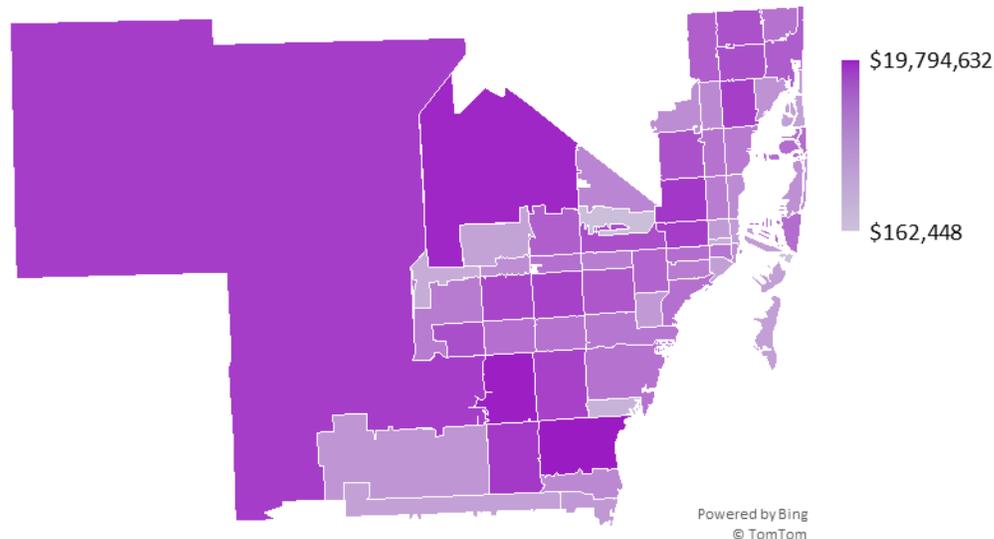
The ongoing growth for this industry is expected to remain similar of that to the economy. The compounded annual growth rate for the hairstyling industry is expected to remain near 3.5% in the coming years.

5.3 Customer Profile

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

- Household income of \$75,000+
- Will spend \$175 per visit (per person)
- Lives within 5 miles of the Deutsch Hair Aesthetics location

Target Market Demand



5.4 Competitive Analysis

This business plan was written for sample purposes only. As such, no formal competitive analysis was completed specific for the Miami metropolitan area. If this document was developed specifically for a client engagement, a substantial analysis regarding the number of competitors and how the company would differentiate themselves from the competition would have been included.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Deutsch Hair Aesthetics will have sustainable operations as a result of the following:

- Immense demand among upper middle-income women within South Florida for luxury hair styling locations.
- The Company will independently retain highly qualified hairstylist that have years of experience which provide a major differentiating factor.
- The Company is sourcing easy to reach location in downtown Miami.
- The significant wealth of this market will contribute to the economic stability of the business.
- An owner, Matthew Deutsch, who will be able to concurrently operate this business on a day to-day basis while rendering exceptional hair styling services to the general public.

6.2 Basis of Growth

The Company will expand via the following methods:

- Increases in yearly price in order to keep pace with inflation.
- Development of additional locations in a greater South Florida area.
- Continued to expansion of the Company's marketing operations.

7.0 Marketing Plan

7.1 Marketing Objectives

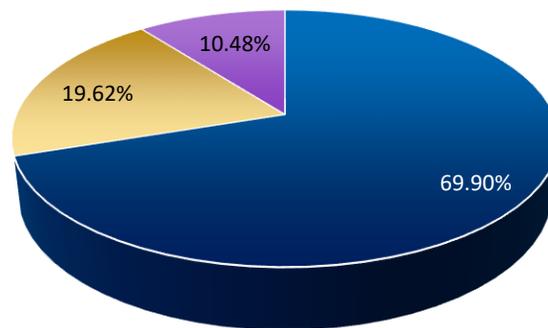
- Engage in a wide-ranging pre-launch campaign.
- Leverage Mr. Deutsch’s existing notoriety within the South Florida market as a hairstylist.
- Properly source a high visibility location in downtown Miami that will feature a significant amount of exterior signage that showcases the luxurious nature of the business.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Hair Styling (I/C)	\$513,000	\$554,040	\$598,363	\$646,232	\$697,931
Hair Styling (Owner)	\$144,000	\$155,520	\$167,962	\$181,399	\$195,910
Product Sales	\$76,950	\$83,106	\$89,754	\$96,935	\$104,690
Total	\$733,950	\$792,666	\$856,079	\$924,566	\$998,531

Gross Profit					
Year	1	2	3	4	5
Total	\$395,865	\$427,534	\$461,737	\$498,676	\$538,570

Revenue Generation



■ Hair Styling (I/C) ■ Hair Styling (Owner) ■ Product Sales

7.3 Revenue Assumptions

Year 1

- First year revenue will reach \$733,000.
- Gross profits will reach \$395,000.

Year 2

- Through greater marketing efforts, revenue will reach \$792,000.
- Gross profits will reach \$365,000.
- Revenue will increase by 8%.

Years 3-5

- By the fifth year of operation, total revenue will reach \$998,000.
- Gross profits will reach \$538,000.

7.4 Marketing Strategies

The Company will use numerous marketing strategies in order to create significant brand name awareness within the Miami in South Florida market. As noted earlier, Matthew Deutsch is a highly experienced and well-regarded hairstylist. At the onset of operations, he will leverage his existing contact within the industry while bringing his current client based to the location to ensure immediate revenue generation.

A presence on social media is also extremely important for Deutsch Hair Aesthetics. The Company will maintain pages on Facebook, Instagram, X, YouTube, and TikTok. A number of videos showcasing the luxurious nature of the location will be uploaded to both YouTube and TikTok. This will create significant early interest in the business. Throughout the life of the business will continue to create similar content in order to drive online engagement.

The business will also maintain a proprietary website. This platform will be mobile device friendly and it will feature e-commerce functionality so that individuals can make appointments at the platform. People browsing the platform will be able to directly select which hairstylist they want to complete their service.

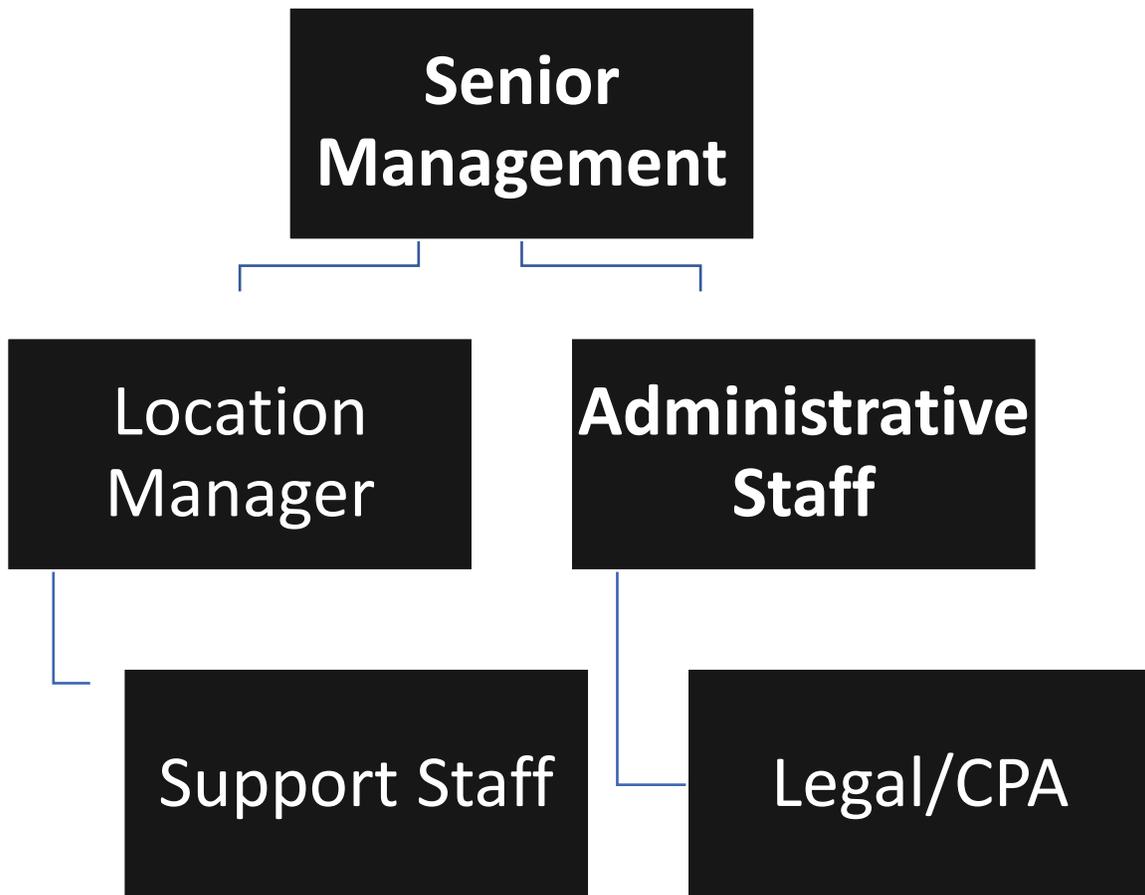
Prior to the launch of the location, the business will distribute beautifully styled mailed advertisements to individuals that fall into the demographic profile discussed in the fifth section of the document. The Company will coordinate these efforts with a regional advertising firm that maintains lists of individuals that meet the age and income thresholds discussed earlier.

The business will also engage in co-branding opportunities when available with area, charities, and civics organizations. This will further create brand name awareness for the business.

As it relates to the ongoing online marketing, the business will distribute ongoing newsletters via email that discussed varying topics related to hair care and hair styling. This will further create ongoing brand name awareness among existing clients as well as potential individuals who have subscribed to the newsletter but have not yet used the Company's services.

8.0 Organizational Plan

8.1 Organizational Hierarchy

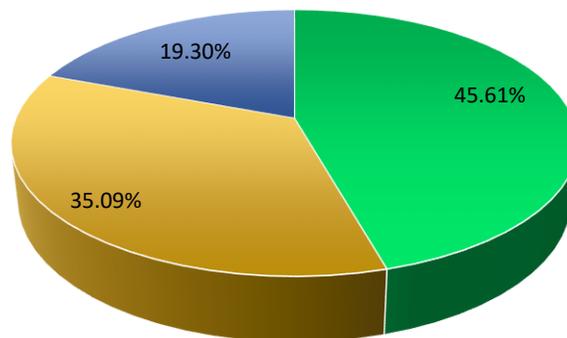


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Senior Management	\$65,000	\$66,950	\$68,959	\$71,027	\$73,158
Location Manager	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
Administrative Staff	\$27,500	\$28,325	\$29,175	\$30,050	\$30,951
Total	\$142,500	\$146,775	\$151,178	\$155,714	\$160,385

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Senior Management	1	1	1	1	1
Location Manager	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Total	3	3	3	3	3

Personnel Summary



■ Senior Management ■ Location Manager ■ Administrative Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- The business will have a compounded annual growth rate of 10%.
- The Company will acquire \$175,000.
- Deutsch Hair Aesthetics will receive a \$25,000 investment from the Founder.

9.2 Financial Highlights

- Immense demand in the Miami market area.
- The business can scale its operations easily as independent contractors are the primary source of labor.
- Multiple revenue streams.

9.3 Sensitivity Analysis

The business' revenues could be modestly impacted by an economic recession. These risks are tempered by the fact that Miami is a highly population dense market that receives millions of visitors on an ongoing basis. As such, this market area is more immune to challenging business climates. The substantial contribution margin is generated from services rendered ensure that the business is able to remain profitable while servicing its underlying financial obligations.

9.4 Source of Funds

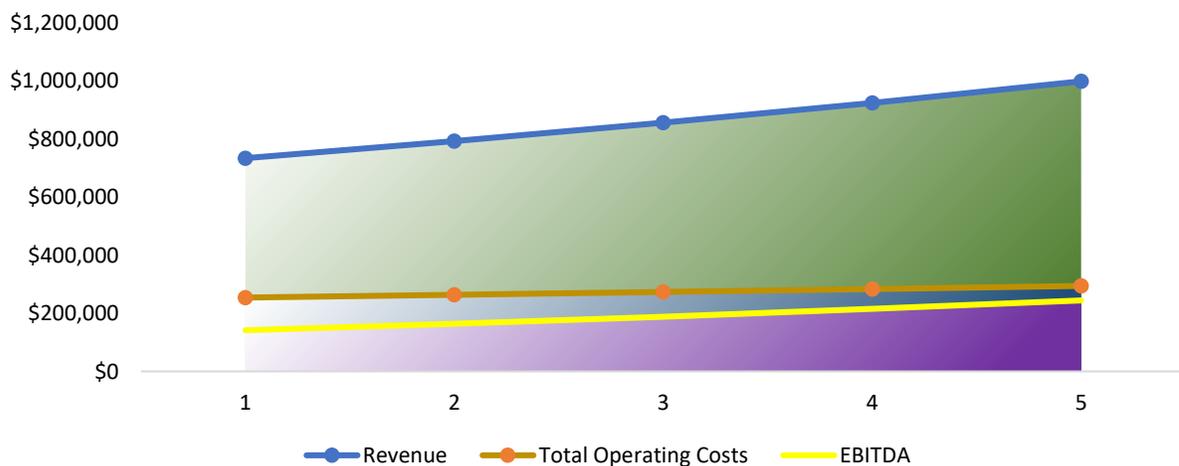
Financing	
Equity	
Equity Capitalization	\$25,000.00
Total Equity Financing	\$25,000.00
Banks and Lenders	
Business Loan	\$175,000.00
Total Debt Financing	\$175,000.00
Total Financing	\$200,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$733,950	\$792,666	\$856,079	\$924,566	\$998,531
Cost of Revenue	\$338,085	\$365,132	\$394,342	\$425,890	\$459,961
Gross Margin	53.94%	53.94%	53.94%	53.94%	53.94%
Gross Profit	\$395,865	\$427,534	\$461,737	\$498,676	\$538,570
Expenses					
Payroll	\$142,500	\$146,775	\$151,178	\$155,714	\$160,385
General and Administrative	\$14,679	\$15,853	\$17,122	\$18,491	\$19,971
Business Development	\$5,505	\$5,945	\$6,421	\$6,934	\$7,489
Marketing	\$9,248	\$9,988	\$10,787	\$11,650	\$12,581
Insurance Costs	\$5,000	\$5,250	\$5,513	\$5,788	\$6,078
Professional Fees	\$4,500	\$4,725	\$4,961	\$5,209	\$5,470
Facility Costs	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Misc. Costs	\$1,850	\$1,998	\$2,157	\$2,330	\$2,516
Payroll Taxes	\$10,901	\$11,228	\$11,565	\$11,912	\$12,269
Total Operating Costs	\$254,182	\$263,562	\$273,357	\$283,592	\$294,290
EBITDA	\$141,683	\$163,972	\$188,380	\$215,084	\$244,280
Federal Income Tax	\$27,665	\$33,431	\$39,750	\$46,670	\$54,243
State Income Tax	\$5,533	\$6,686	\$7,950	\$9,334	\$10,849
Interest Expense	\$15,722	\$14,644	\$13,463	\$12,167	\$10,746
Depreciation Expenses	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561
Net Profit	\$77,463	\$93,605	\$111,299	\$130,677	\$151,881
Profit Margin	10.55%	11.81%	13.00%	14.13%	15.21%

Revenue, Operating Costs, EBITDA



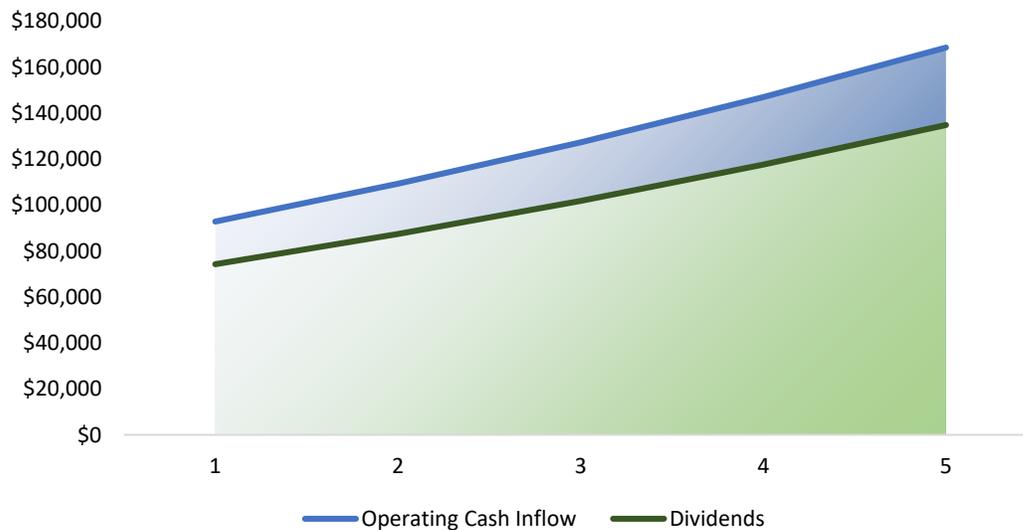
B) Common Size Income Statement

Profit and Loss (Common Size)					
Year	1	2	3	4	5
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	46.06%	46.06%	46.06%	46.06%	46.06%
Gross Profit	53.94%	53.94%	53.94%	53.94%	53.94%
Expenses					
Payroll	19.42%	18.52%	17.66%	16.84%	16.06%
General and Administrative	2.00%	2.00%	2.00%	2.00%	2.00%
Business Development	0.75%	0.75%	0.75%	0.75%	0.75%
Marketing	1.26%	1.26%	1.26%	1.26%	1.26%
Insurance Costs	0.68%	0.66%	0.64%	0.63%	0.61%
Professional Fees	0.61%	0.60%	0.58%	0.56%	0.55%
Facility Costs	8.17%	7.80%	7.44%	7.09%	6.76%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	1.49%	1.42%	1.35%	1.29%	1.23%
Total Operating Costs	34.63%	33.25%	31.93%	30.67%	29.47%
EBITDA	19.30%	20.69%	22.00%	23.26%	24.46%
Federal Income Tax	3.77%	4.22%	4.64%	5.05%	5.43%
State Income Tax	0.75%	0.84%	0.93%	1.01%	1.09%
Interest Expense	2.14%	1.85%	1.57%	1.32%	1.08%
Depreciation Expenses	2.08%	1.97%	1.86%	1.76%	1.66%
Net Profit	10.55%	11.81%	13.00%	14.13%	15.21%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$92,763	\$109,211	\$127,217	\$146,913	\$168,442
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$92,763	\$109,211	\$127,217	\$146,913	\$168,442
Other Cash Inflows					
Equity Investment	\$25,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$175,000	\$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	\$201,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Cash Inflow	\$293,763	\$110,261	\$128,320	\$148,071	\$169,658
Cash Outflows					
Repayment of Principal	\$11,165	\$12,243	\$13,424	\$14,720	\$16,141
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$122,500	\$5,461	\$6,361	\$7,346	\$8,422
Dividends	\$74,210	\$87,369	\$101,774	\$117,530	\$134,754
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$208,575	\$105,807	\$122,331	\$140,406	\$160,168
Net Cash Flow	\$85,188	\$4,454	\$5,989	\$7,664	\$9,490
Cash Balance	\$85,188	\$89,642	\$95,631	\$103,295	\$112,785

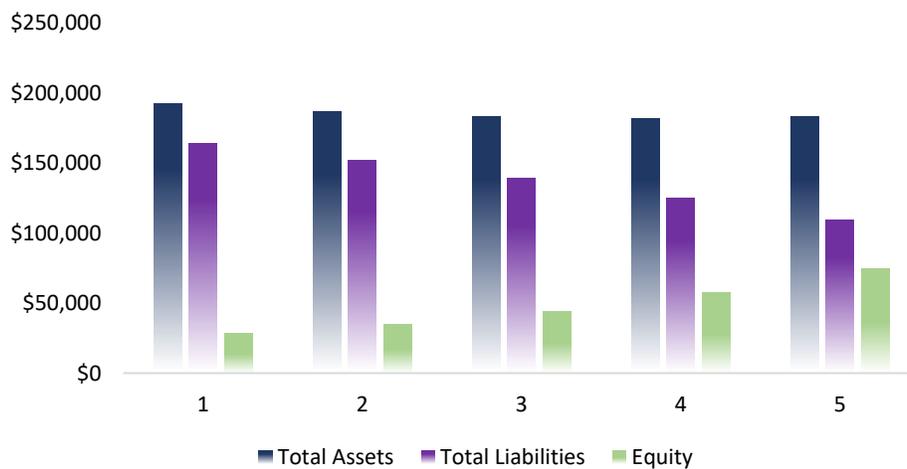
Cash Flow Analysis



D) Balance Sheet

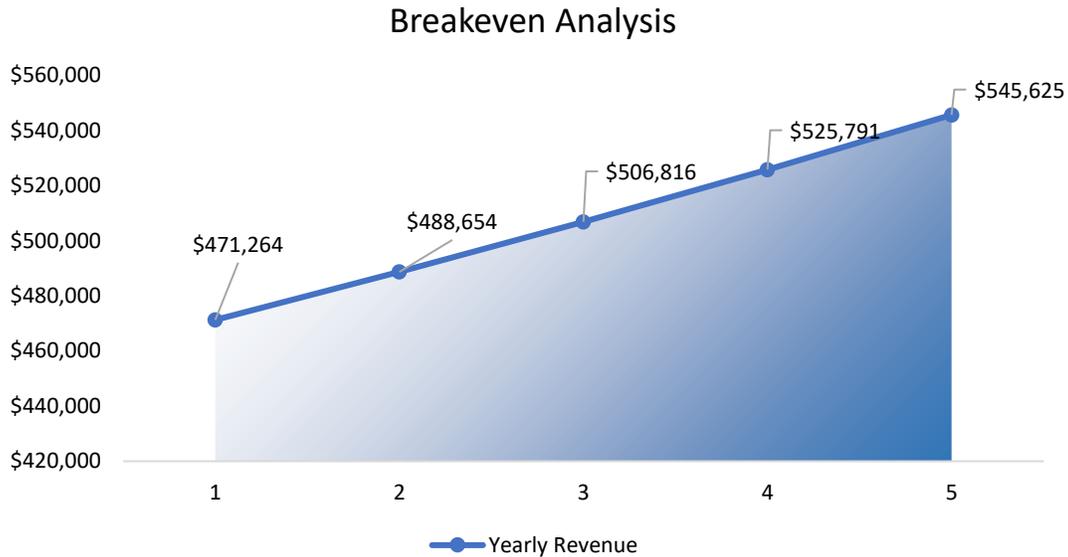
Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	\$85,188	\$89,642	\$95,631	\$103,295	\$112,785
Fixed Assets and Inventory	\$122,500	\$127,961	\$134,321	\$141,667	\$150,089
Accumulated Depreciation	(\$15,300)	(\$30,906)	(\$46,824)	(\$63,061)	(\$79,622)
Total Assets	\$192,388	\$186,696	\$183,128	\$181,902	\$183,253
Liabilities and Equity					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$163,835	\$151,593	\$138,168	\$123,448	\$107,308
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$164,135	\$152,208	\$139,114	\$124,741	\$108,965
Equity	\$28,253	\$34,489	\$44,014	\$57,160	\$74,288
Total Liabilities and Equity	\$192,388	\$186,696	\$183,128	\$181,902	\$183,253

Balance Sheet



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$39,272	\$40,721	\$42,235	\$43,816	\$45,469
Yearly Revenue	\$471,264	\$488,654	\$506,816	\$525,791	\$545,625



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin	53.9%	53.9%	53.9%	53.9%	53.9%
Financials					
Profit Margin	10.55%	11.81%	13.00%	14.13%	15.21%
Assets to Liabilities	1.17	1.23	1.32	1.46	1.68
Equity to Liabilities	0.17	0.23	0.32	0.46	0.68
Assets to Equity	6.81	5.41	4.16	3.18	2.47
Liquidity					
Acid Test	0.52	0.59	0.69	0.83	1.04
Cash to Assets	0.44	0.48	0.52	0.57	0.62

Appendix A – SWOT Analysis

Strengths

- A highly experienced owner, Matthew Deutsch, they will be able to concurrently render services while managing the day-to-day operations of business.
- Modest competition among companies that operate within the same degree of luxury as Deutsch Hair Aesthetics.
- The business will have a highly visible location within downtown Miami that will drive significant patronage.
- Retaining, highly skilled hairstylist that have decades of experience will set the business apart in the market.

Weaknesses

- A severe market recession could impact topline income.
- Operational complexities given the scale and scope of this business.

Opportunities

- Potential development of new locations in the greater South Florida market area.
- Implementation of an internship program that will onboard newly trained hairstylist that are seeking to gain experience.
- Expansion of the number of products that are sold on site.
- Expansion of the types of haircare services offered.

Threats

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

Appendix B – Critical Risks

Development Risk – **Low**

The service architecture that will be employed by Deutsch Hair Aesthetics has already been developed by Matthew Deutsch. At this time, the company is seeking \$175,000 a capital to establish operations. Once this occurs, the primary development risk will come during the launch phase of the business.

Financing Risk – **Low/Moderate**

The funding sought in this document will be principally used for the build out of the hair styling location, furniture, fixtures, and equipment. As the business will generate significant and highly predictable revenues, this will significantly reduce the risk associated with this financing.

Marketing Risk – **Low**

Most importantly, Matthew Deutsch will leverage his experience as a hairstylist in order to drive the initial traffic to the location. This will be complimented by the numerous strategies discussed earlier in this document which will draw an immense audience of upper middle-income women to the location.

Management Risk – **Low**

Matthew Deutsch has been a professional hairstylist for the past 20 years and he has been featured in a number of publications specific for the industry. He will be able to properly launch the operations of this hair salon in the coming years.

Valuation Risk – **Low**

The valuation risk is offset by:

- Substantial demand in the Miami market for premium hair styling options.
- The numerous tourists to the market will further contribute to economic stability.

Exit Risk - **Low**

As noted earlier, there are no long-term plans to sell Deutsch Hair Aesthetics to a third party. A qualified business broker that has experience with personal care businesses will be hired to manage this sale.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$58,000	\$58,575	\$59,150	\$59,725	\$60,300	\$60,875	\$61,450
Cost of Revenue	\$26,400	\$26,723	\$27,045	\$27,368	\$27,690	\$28,013	\$28,335
Gross Profit	\$31,600	\$31,853	\$32,105	\$32,358	\$32,610	\$32,863	\$33,115
Expenses							
Payroll	\$11,875	\$11,875	\$11,875	\$11,875	\$11,875	\$11,875	\$11,875
General and Administrative	\$1,223	\$1,223	\$1,223	\$1,223	\$1,223	\$1,223	\$1,223
Business Development	\$459	\$459	\$459	\$459	\$459	\$459	\$459
Marketing	\$771	\$771	\$771	\$771	\$771	\$771	\$771
Insurance Costs	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Professional Fees	\$375	\$375	\$375	\$375	\$375	\$375	\$375
Facility Costs	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Misc. Costs	\$154	\$154	\$154	\$154	\$154	\$154	\$154
Payroll Taxes	\$908	\$908	\$908	\$908	\$908	\$908	\$908
Total Operating Costs	\$21,182						
EBITDA	\$10,418	\$10,671	\$10,923	\$11,176	\$11,428	\$11,681	\$11,933
Federal Income Tax	\$2,186	\$2,208	\$2,230	\$2,251	\$2,273	\$2,295	\$2,316
State Income Tax	\$437	\$442	\$446	\$450	\$455	\$459	\$463
Interest Expense	\$1,349	\$1,342	\$1,335	\$1,328	\$1,321	\$1,314	\$1,307
Depreciation Expenses	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275
Net Profit	\$5,171	\$5,404	\$5,638	\$5,871	\$6,104	\$6,338	\$6,572

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$62,025	\$62,600	\$63,175	\$63,750	\$64,325	\$733,950
Cost of Revenue	\$28,658	\$28,980	\$29,303	\$29,625	\$29,948	\$338,085
Gross Profit	\$33,368	\$33,620	\$33,873	\$34,125	\$34,378	\$395,865
Expenses						
Payroll	\$11,875	\$11,875	\$11,875	\$11,875	\$11,875	\$142,500
General and Administrative	\$1,223	\$1,223	\$1,223	\$1,223	\$1,223	\$14,679
Business Development	\$459	\$459	\$459	\$459	\$459	\$5,505
Marketing	\$771	\$771	\$771	\$771	\$771	\$9,248
Insurance Costs	\$417	\$417	\$417	\$417	\$417	\$5,000
Professional Fees	\$375	\$375	\$375	\$375	\$375	\$4,500
Facility Costs	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Misc. Costs	\$154	\$154	\$154	\$154	\$154	\$1,850
Payroll Taxes	\$908	\$908	\$908	\$908	\$908	\$10,901
Total Operating Costs	\$21,182	\$21,182	\$21,182	\$21,182	\$21,182	\$254,182
EBITDA	\$12,186	\$12,438	\$12,691	\$12,943	\$13,196	\$141,683
Federal Income Tax	\$2,338	\$2,360	\$2,381	\$2,403	\$2,425	\$27,665
State Income Tax	\$468	\$472	\$476	\$481	\$485	\$5,533
Interest Expense	\$1,300	\$1,292	\$1,285	\$1,278	\$1,270	\$15,722
Depreciation Expenses	\$1,275	\$1,275	\$1,275	\$1,275	\$1,275	\$15,300
Net Profit	\$6,805	\$7,039	\$7,273	\$7,507	\$7,741	\$77,463

Profit and Loss Statement (Second Year)

Quarter	Year 2				Year 2
	Q1	Q2	Q3	Q4	
Revenue	\$192,222	\$196,185	\$200,148	\$204,111	\$792,666
Cost of Revenue	\$88,544	\$90,370	\$92,196	\$94,021	\$365,132
Gross Profit	\$103,677	\$105,815	\$107,952	\$110,090	\$427,534
Expenses					
Payroll	\$36,694	\$36,694	\$36,694	\$36,694	\$146,775
General and Administrative	\$3,963	\$3,963	\$3,963	\$3,963	\$15,853
Business Development	\$1,442	\$1,471	\$1,501	\$1,531	\$5,945
Marketing	\$2,422	\$2,472	\$2,522	\$2,572	\$9,988
Insurance Costs	\$1,313	\$1,313	\$1,313	\$1,313	\$5,250
Professional Fees	\$1,146	\$1,169	\$1,193	\$1,217	\$4,725
Facility Costs	\$15,450	\$15,450	\$15,450	\$15,450	\$61,800
Misc. Costs	\$484	\$494	\$504	\$514	\$1,998
Payroll Taxes	\$2,723	\$2,779	\$2,835	\$2,891	\$11,228
Total Operating Costs	\$65,636	\$65,806	\$65,975	\$66,145	\$263,562
EBITDA	\$38,041	\$40,009	\$41,977	\$43,946	\$163,972
Federal Income Tax	\$8,107	\$8,274	\$8,441	\$8,608	\$33,431
State Income Tax	\$1,621	\$1,655	\$1,688	\$1,722	\$6,686
Interest Expense	\$3,766	\$3,697	\$3,627	\$3,555	\$14,644
Depreciation Expenses	\$3,902	\$3,902	\$3,902	\$3,902	\$15,606
Net Profit	\$20,645	\$22,481	\$24,320	\$26,159	\$93,605

Profit and Loss Statement (Third Year)

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$207,599	\$211,880	\$216,160	\$220,440	\$856,079
Cost of Revenue	\$95,628	\$97,600	\$99,571	\$101,543	\$394,342
Gross Profit	\$111,971	\$114,280	\$116,589	\$118,897	\$461,737
Expenses					
Payroll	\$37,795	\$37,795	\$37,795	\$37,795	\$151,178
General and Administrative	\$4,152	\$4,238	\$4,323	\$4,409	\$17,122
Business Development	\$1,557	\$1,589	\$1,621	\$1,653	\$6,421
Marketing	\$2,616	\$2,670	\$2,724	\$2,778	\$10,787
Insurance Costs	\$1,378	\$1,378	\$1,378	\$1,378	\$5,513
Professional Fees	\$1,203	\$1,228	\$1,253	\$1,278	\$4,961
Facility Costs	\$15,914	\$15,914	\$15,914	\$15,914	\$63,654
Misc. Costs	\$523	\$534	\$545	\$556	\$2,157
Payroll Taxes	\$2,891	\$2,891	\$2,891	\$2,891	\$11,565
Total Operating Costs	\$68,028	\$68,236	\$68,443	\$68,650	\$273,357
EBITDA	\$43,943	\$46,044	\$48,146	\$50,247	\$188,380
Federal Income Tax	\$9,639	\$9,838	\$10,037	\$10,236	\$39,750
State Income Tax	\$1,928	\$1,968	\$2,007	\$2,047	\$7,950
Interest Expense	\$3,481	\$3,405	\$3,328	\$3,249	\$13,463
Depreciation Expenses	\$3,980	\$3,980	\$3,980	\$3,980	\$15,918
Net Profit	\$24,915	\$26,854	\$28,794	\$30,736	\$111,299

Profit and Loss Statement (Fourth Year)

Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Revenue	\$224,207	\$228,830	\$233,453	\$238,076	\$924,566
Cost of Revenue	\$103,278	\$105,408	\$107,537	\$109,667	\$425,890
Gross Profit	\$120,929	\$123,422	\$125,916	\$128,409	\$498,676
Expenses					
Payroll	\$38,928	\$38,928	\$38,928	\$38,928	\$155,714
General and Administrative	\$4,484	\$4,577	\$4,669	\$4,762	\$18,491
Business Development	\$1,682	\$1,716	\$1,751	\$1,786	\$6,934
Marketing	\$2,825	\$2,883	\$2,942	\$3,000	\$11,650
Insurance Costs	\$1,447	\$1,447	\$1,447	\$1,447	\$5,788
Professional Fees	\$1,263	\$1,289	\$1,315	\$1,341	\$5,209
Facility Costs	\$16,391	\$16,391	\$16,391	\$16,391	\$65,564
Misc. Costs	\$565	\$577	\$588	\$600	\$2,330
Payroll Taxes	\$2,978	\$2,978	\$2,978	\$2,978	\$11,912
Total Operating Costs	\$70,563	\$70,786	\$71,009	\$71,233	\$283,592
EBITDA	\$50,366	\$52,636	\$54,906	\$57,177	\$215,084
Federal Income Tax	\$11,318	\$11,551	\$11,784	\$12,018	\$46,670
State Income Tax	\$2,264	\$2,310	\$2,357	\$2,404	\$9,334
Interest Expense	\$3,168	\$3,085	\$3,000	\$2,914	\$12,167
Depreciation Expenses	\$4,059	\$4,059	\$4,059	\$4,059	\$16,236
Net Profit	\$29,558	\$31,631	\$33,706	\$35,783	\$130,677

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$242,144	\$247,136	\$252,129	\$257,122	\$998,531
Cost of Revenue	\$111,541	\$113,840	\$116,140	\$118,440	\$459,961
Gross Profit	\$130,603	\$133,296	\$135,989	\$138,682	\$538,570
Expenses					
Payroll	\$40,096	\$40,096	\$40,096	\$40,096	\$160,385
General and Administrative	\$4,843	\$4,943	\$5,043	\$5,142	\$19,971
Business Development	\$1,816	\$1,854	\$1,891	\$1,928	\$7,489
Marketing	\$3,051	\$3,114	\$3,177	\$3,240	\$12,581
Insurance Costs	\$1,519	\$1,519	\$1,519	\$1,519	\$6,078
Professional Fees	\$1,326	\$1,354	\$1,381	\$1,408	\$5,470
Facility Costs	\$16,883	\$16,883	\$16,883	\$16,883	\$67,531
Misc. Costs	\$610	\$623	\$635	\$648	\$2,516
Payroll Taxes	\$3,067	\$3,067	\$3,067	\$3,067	\$12,269
Total Operating Costs	\$73,212	\$73,452	\$73,692	\$73,933	\$294,290
EBITDA	\$57,391	\$59,844	\$62,296	\$64,749	\$244,280
Federal Income Tax	\$13,154	\$13,425	\$13,696	\$13,968	\$54,243
State Income Tax	\$2,631	\$2,685	\$2,739	\$2,794	\$10,849
Interest Expense	\$2,825	\$2,734	\$2,641	\$2,546	\$10,746
Depreciation Expenses	\$4,140	\$4,140	\$4,140	\$4,140	\$16,561
Net Profit	\$34,641	\$36,859	\$39,079	\$41,302	\$151,881

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$6,446	\$6,679	\$6,913	\$7,146	\$7,379	\$7,613	\$7,847	\$8,080
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$6,446	\$6,679	\$6,913	\$7,146	\$7,379	\$7,613	\$7,847	\$8,080
Other Cash Inflows								
Equity Investment	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$175,000	\$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	\$200,083	\$83	\$83	\$83	\$83	\$83	\$83	\$83
Total Cash Inflow	\$206,529	\$6,762	\$6,996	\$7,229	\$7,463	\$7,696	\$7,930	\$8,164
Cash Outflows								
Repayment of Principal	\$892	\$898	\$905	\$912	\$919	\$927	\$934	\$941
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$122,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$123,450	\$957	\$964	\$971	\$978	\$985	\$992	\$999
Net Cash Flow	\$83,079	\$5,806	\$6,032	\$6,259	\$6,485	\$6,712	\$6,938	\$7,165
Cash Balance	\$83,079	\$88,885	\$94,917	\$101,175	\$107,660	\$114,372	\$121,310	\$128,475

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$8,314	\$8,548	\$8,782	\$9,016	\$92,763
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$8,314	\$8,548	\$8,782	\$9,016	\$92,763
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$25,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$175,000
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	\$201,000
Total Cash Inflow	\$8,397	\$8,631	\$8,865	\$9,099	\$293,763
Cash Outflows					
Repayment of Principal	\$948	\$955	\$963	\$970	\$11,165
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$122,500
Dividends	\$0	\$0	\$0	\$74,210	\$74,210
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$1,006	\$1,014	\$1,021	\$75,239	\$208,575
Net Cash Flow	\$7,391	\$7,618	\$7,844	-\$66,140	\$85,188
Cash Balance	\$135,866	\$143,483	\$151,327	\$85,188	\$85,188

Cash Flow Analysis (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$24,546	\$26,383	\$28,221	\$30,061	\$109,211
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$24,546	\$26,383	\$28,221	\$30,061	\$109,211
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	\$24,801	\$26,643	\$28,486	\$30,331	\$110,261
Cash Outflows					
Repayment of Principal	\$2,956	\$3,025	\$3,095	\$3,167	\$12,243
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$5,461	\$0	\$0	\$0	\$5,461
Dividends	\$0	\$0	\$0	\$87,369	\$87,369
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$8,595	\$3,206	\$3,281	\$90,726	\$105,807
Net Cash Flow	\$16,207	\$23,436	\$25,206	-\$60,394	\$4,454
Cash Balance	\$101,394	\$124,831	\$150,036	\$89,642	\$89,642

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$28,895	\$30,833	\$32,774	\$34,716	\$127,217
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$28,895	\$30,833	\$32,774	\$34,716	\$127,217
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	\$29,162	\$31,106	\$33,052	\$35,000	\$128,320
Cash Outflows					
Repayment of Principal	\$3,241	\$3,317	\$3,394	\$3,473	\$13,424
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$6,361	\$0	\$0	\$0	\$6,361
Dividends	\$0	\$0	\$0	\$101,774	\$101,774
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$9,789	\$3,508	\$3,589	\$105,446	\$122,331
Net Cash Flow	\$19,373	\$27,599	\$29,463	-\$70,446	\$5,989
Cash Balance	\$109,015	\$136,614	\$166,077	\$95,631	\$95,631

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$33,617	\$35,690	\$37,765	\$39,842	\$146,913
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$33,617	\$35,690	\$37,765	\$39,842	\$146,913
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	\$33,897	\$35,976	\$38,057	\$40,140	\$148,071
Cash Outflows					
Repayment of Principal	\$3,554	\$3,637	\$3,721	\$3,808	\$14,720
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$3,673	\$3,673	\$0	\$0	\$7,346
Dividends	\$0	\$0	\$0	\$117,530	\$117,530
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$7,423	\$7,510	\$3,926	\$121,547	\$140,406
Net Cash Flow	\$26,474	\$28,466	\$34,131	-\$81,407	\$7,664
Cash Balance	\$122,105	\$150,571	\$184,703	\$103,295	\$103,295

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$38,781	\$40,999	\$43,220	\$45,442	\$168,442
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$38,781	\$40,999	\$43,220	\$45,442	\$168,442
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	\$39,076	\$41,300	\$43,527	\$45,755	\$169,658
Cash Outflows					
Repayment of Principal	\$3,897	\$3,988	\$4,081	\$4,176	\$16,141
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$4,211	\$4,211	\$0	\$0	\$8,422
Dividends	\$0	\$0	\$0	\$134,754	\$134,754
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$8,314	\$8,409	\$4,295	\$139,149	\$160,168
Net Cash Flow	\$30,762	\$32,891	\$39,231	-\$93,394	\$9,490
Cash Balance	\$134,057	\$166,948	\$206,179	\$112,785	\$112,785