MDD

MDD

REAL ESTATE SOLUTIONS

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1.0 Executive Summary

The purpose of this business plan is to secure a $125,000 investment for the development of a real estate broker bridge based in Philadelphia, Pennsylvania. MDD Real Estate Solutions ("the Company') was founded in by Matthew Deutsch. The business will specialize in mid-range to high-priced residential properties. Full scale revenue generating operations will commence in the second quarter of next year.

Operations

The principal driver of the Company's revenues will come from the ongoing marketing and arrangement of transactions specific for residential real estate. Generally, the Company will target properties that have value of $500,000 to over $3 million. The business will generate a commission of 2.5% to 3% of the face value of the transaction.

To complement these operations, the business will also provide a moderate degree of residential property management services. This will allow the business to generate highly recurring streams of revenue that will support the underlying operations of this real estate brokerage.

The third section of this document will discuss the operations of MDD Real Estate Solutions.

The Financing

A private investment of $125,000 is sought in order to commence operations. The terms of this equity financing are to be determined during negotiation. Primarily, the funds will be used for the following:

- Office development in Philadelphia
- Furniture, fixtures, and equipment
- Working capital

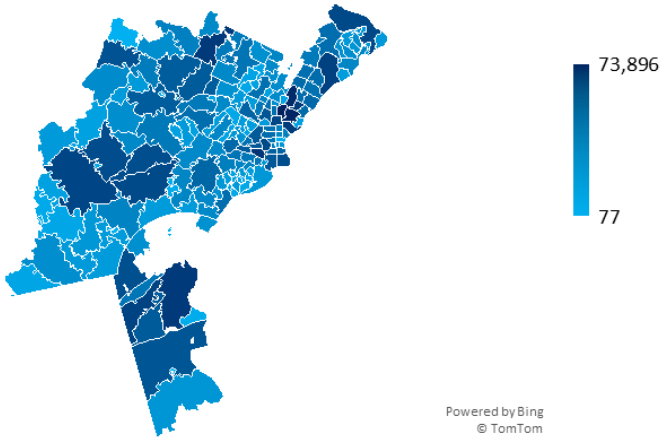
The Company would be a very strong candidate for a revolving credit facility in the future given the substantial profits that are generated from each real estate transaction as well as the recurring income that is produced from residential property management. This document assumes that the Company will use its retained earnings in order to complete the growth objectives outlined in this document.

The Future

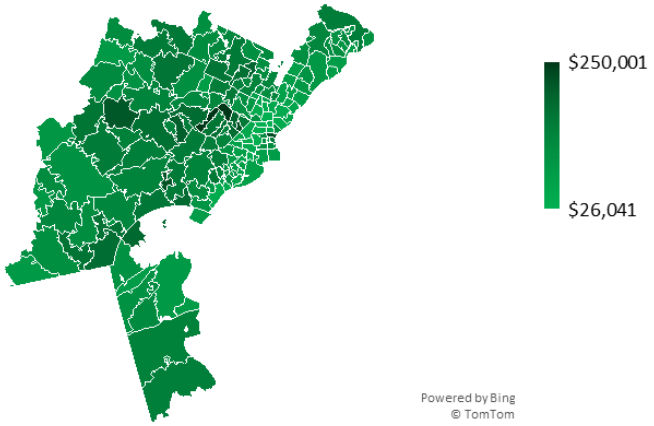
The Company will continue to onboard a number of highly qualified real estate agents that will work on behalf of the business in order to secure listings while also showcasing properties to potential buyers. The business will also continually hire qualified property management specialist as a segment of operations is incredibly important to the overall economic liability of MDD Real Estate Solutions

Market Overview

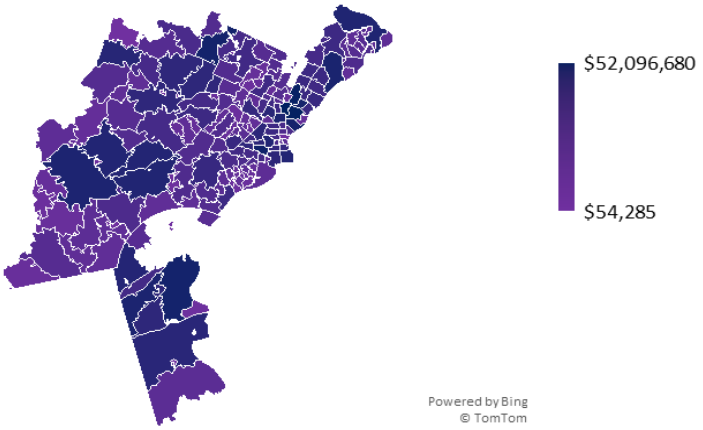
Target Market Population



Target Market Household Income

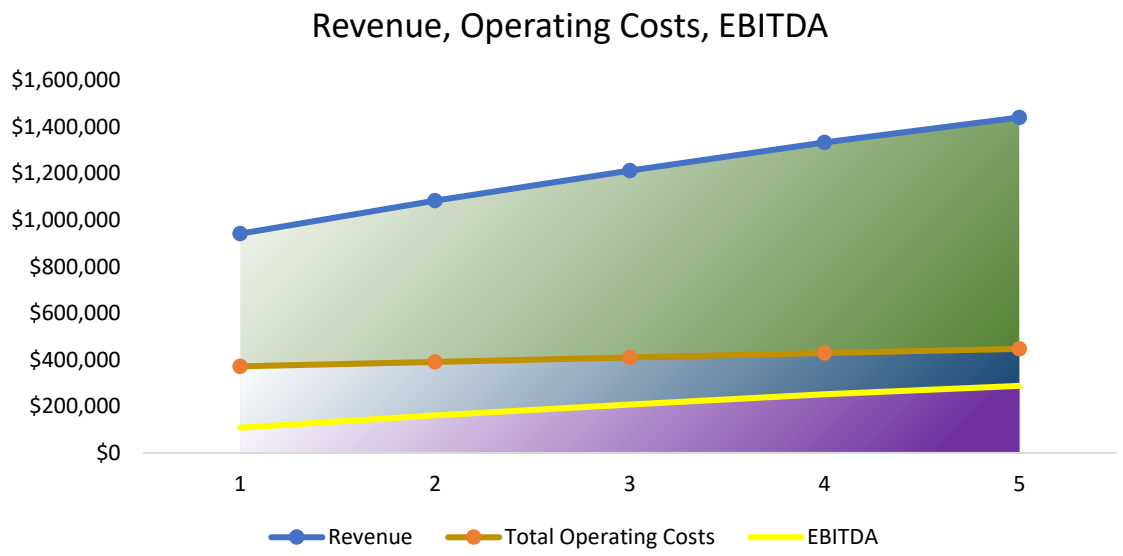


Target Market Demand



Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$941,250	$1,082,438	$1,212,330	$1,333,563	$1,440,248
Cost of Revenue	$461,213	$530,394	$594,042	$653,446	$705,722
Gross Profit	$480,038	$552,043	$618,288	$680,117	$734,527
Total Operating Costs	$371,781	$391,206	$410,124	$428,730	$446,617
EBITDA	**$108,256**	**$160,837**	**$208,164**	**$251,387**	**$287,909**

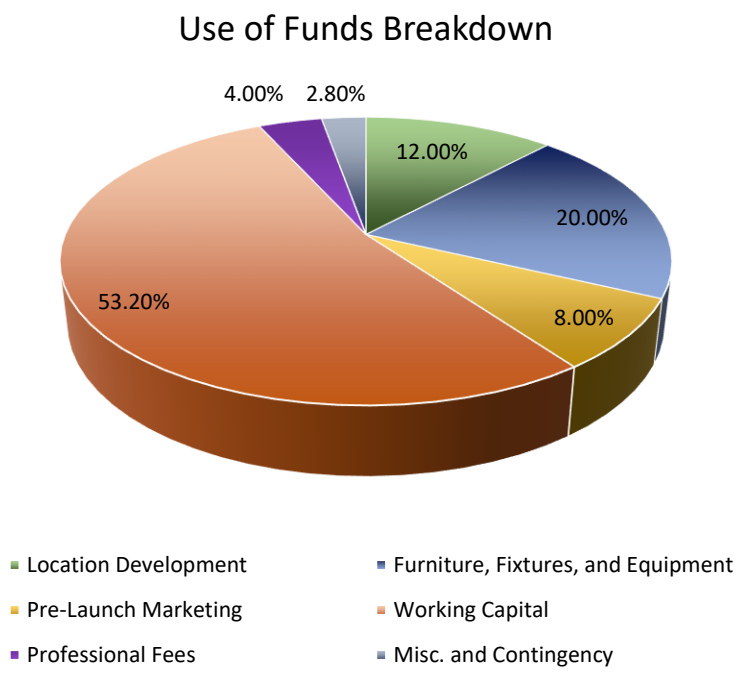


2.0 The Financing

2.1 Funds Required

The funding sought in this document will be used as follows:

Use of Funds	
Location Development	$15,000
Furniture, Fixtures, and Equipment	$25,000
Pre-Launch Marketing	$10,000
Working Capital	$66,500
Professional Fees	$5,000
Misc. and Contingency	$3,500
Total	$125,000



2.2 Management and Investor Equity

The terms of the equity financing will be determined during negotiation.

2.3 Exit Strategies

Given the level of competition within the field of real estate brokering, there is an immense demand for highly established firms in this industry. In the event that the business is going to be sold, the Company will most likely engage in a buyout strategy with its existing staff agents. If this is not feasible, a qualified business broker will be hired to market the business to a larger firm that will absorb the operations of the Company.

3.0 Operations

As discussed in the executive summary, the Company will focus heavily on providing exceptional brokerage and marketing services specifically for the needs of residential property sellers throughout the greater Philadelphia metropolitan area. Given that this area has a substantial population, the Company will have no issues acquiring listings among buyers that are seeking to quickly divest their properties.

The business will generate significant commissions from these operations with an average commission of $25,000 per sale. Matthew Deutsch will directly provide brokering of real estate alongside staff agents.

Of special importance to the Company's operations are the continued residential property management services as it will produce highly recurring reams of revenue, it will ultimately support the underlying operating cost of the business wherein commissions will be pure profit for the MDD Real Estate Solutions.

To that end, the Company will conduct extensive direct outreach with real estate investors that operate within the greater Philadelphia metropolitan area. This will lead to rapid onboarding of property owners that are seeking a hands-off solution for their real estate management needs.

4.0 Overview of the Organization

4.1 Registered Name

MDD Real Estate Solutions LLC. The business is registered as a limited liability company in the Commonwealth of Pennsylvania.

4.2 Commencement of Operations

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

4.3 Mission Statement

MDD Real Estate Solutions' mission is for a provide comprehensive real estate sales and property management solutions.

4.4 Vision Statement

To become the preeminent and widely recognized real estate brokerage firm within the greater Philadelphia metropolitan area.

4.5 Organizational Objectives

- Implement numerous marketing strategies that will allow the business to quickly acquire listing among individual seeking property sales.
- Use multiple forms of online marketing in order to showcase available properties to the general public.
- Conduct direct outreach with real estate investors that are seeking an end-to-end solution for their property management needs.
- Adhere to all laws regarding the marketing and sale of residential real estate within Pennsylvania.
- Properly onboard staff agents that have extensive experience in the field of residential property sales.
- Continued to expand all facets of operation in order to drive higher on your revenue growth.
- Potentially established satellite offices within neighboring New Jersey and Delaware in order to operate throughout the Mid-Atlantic United States.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

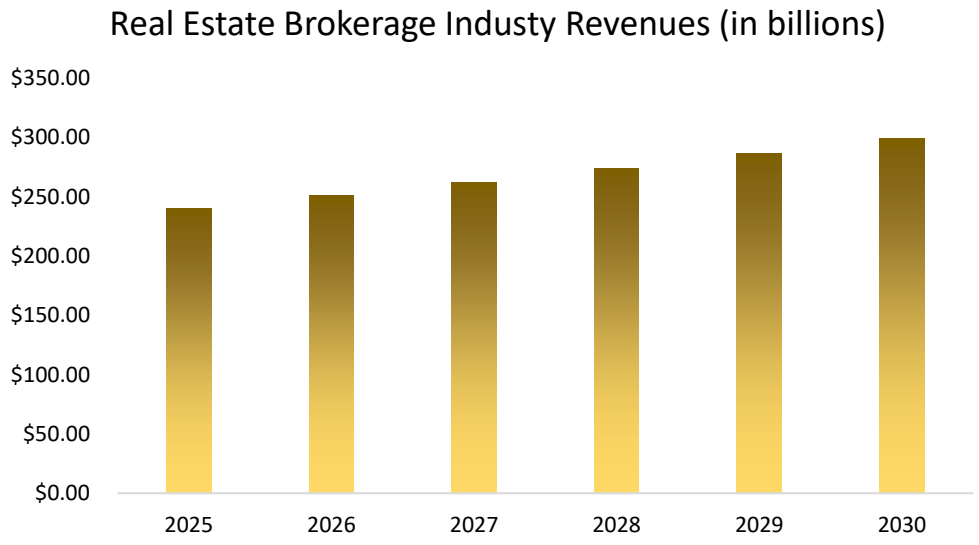
This section of this real estate brokerage business plan will document the industry, the competition, the customer profile, and the ongoing economic issues that may impact operations.

At this time, the economic climate with the United States is moderate. As a result of changing trade policies, there has been a modicum of volatility introduced to the market. The Federal Reserve is taking appropriate measures via physical policy in order to ensure that inflation remains tame and economic growth continues.

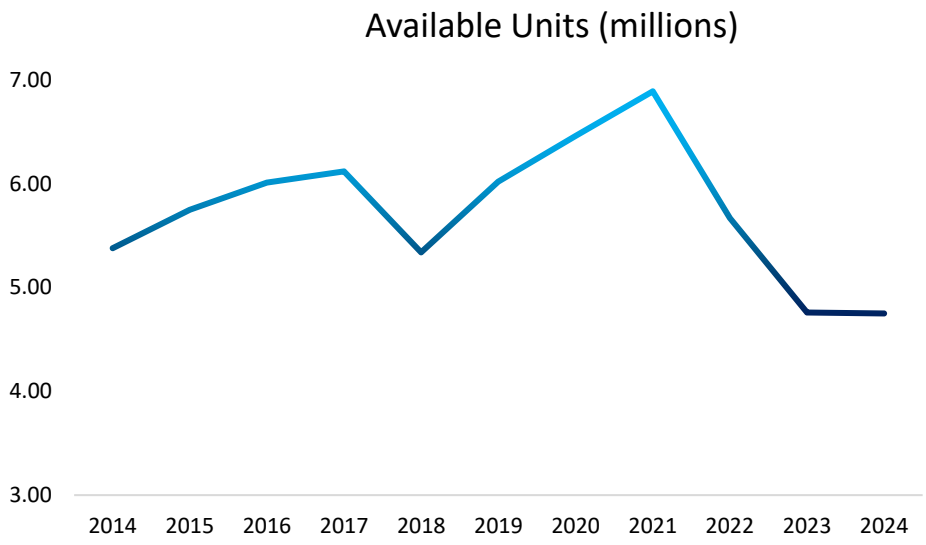
Although this is a slightly higher interest rate in environment than what it has been experience in the past, the demand for real estate continues to remain strong. Furthermore, the Company is operating within the population dense market in Philadelphia, which has a significant number of properties that need to be sold at any given time.

5.2 Industry Analysis

There are 900,000 companies that operate in a real estate brokering capacity with the United States. Each year of these businesses generate $241 billion of revenue while providing jobs for one million people.



One of the major trends within this industry is to leverage multiple forms of online marketing and application technology in order to keep in contact with clients at all times while showcasing properties to potential buyers on the internet. MDD Real Estate Solutions will use the latest in technology in order to maintain a competitive advantage while offering exceptional service to the Company's clients.



5.3 Customer Profile

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

- Household income of $125,000+
- Is selling or buying a home with a value of $500,000 to $3 million
- Lives within 50 miles of the MDD Real Estate Solutions location

5.4 Competitive Analysis

This real estate brokerage business plan has been written for sample purposes only. If this business plan had been completed specifically as an engagement for a client and a thorough analysis of the greater Philadelphia market would have occurred. This would have included the number of real estate brokers within the market, length of time in business, their market reach, and how the business could effectively differentiate itself from the competition.

6.0 Key Strategic Issues

6.1 Sustainable Operations

MDD Real Estate Solutions will have sustainable operations as a result of the following:

- Ability to provide both real estate broker and property management services will be a major advantage for the business.
- The Company can easily scale into neighboring markets within Delaware of New Jersey.
- The business has a highly defined marketing plan that will allow listed properties to be seen by thousands of buyers.
- Recurring income from proper management services will provide a substantial degree of economic stability.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued hiring of real estate agents so that the business can take on a greater number of listings.
- Continued direct outreach with real estate investors that have comprehensive property management needs.
- Establishment of satellite locations and other economically viable markets within Pennsylvania, New Jersey, in Delaware.

7.0 Marketing Plan

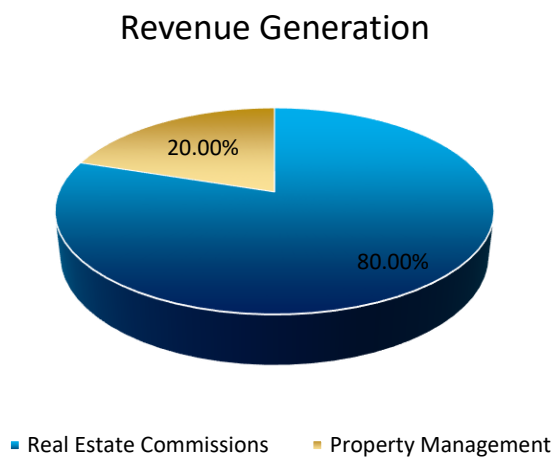
7.1 Marketing Objectives

- Leverage the founders existing contact within the real estate industry to onboard clients.
- Maintain an expansive online presence through a proprietary website as well as the real estate listing platforms.
- Conduct direct outreach with real estate investors who own portfolios of properties within the greater Philadelphia metropolitan area.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Real Estate Commissions	$753,000	$865,950	$969,864	$1,066,850	$1,152,198
Property Management	$188,250	$216,488	$242,466	$266,713	$288,050
Totals	**$941,250**	**$1,082,438**	**$1,212,330**	**$1,333,563**	**$1,440,248**

Gross Profit					
Year	1	2	3	4	5
Total	**$480,038**	**$552,043**	**$618,288**	**$680,117**	**$734,527**



7.3 Revenue Assumptions

Year 1

- First year revenue will reach $941,000.
- Gross profits will reach $480,000.

Year 2

- Through greater marketing efforts, revenue will reach $1.08 million.
- Gross profits will reach $552,000.
- Total income will increase by 15%.

Years 3-5

- By the fifth year of operation, total revenue will reach $1.4 million.
- Gross profits will reach $734,000.

7.4 Marketing Strategies

The Company will use numerous forms of marketing in order to create brand name awareness for MDD Real Estate Solutions while also showcasing all properties available for sale. Most importantly, Matthew Deutsch is a highly experienced real estate professional, and he will be able to use his existing contacts in order to foster ongoing relationships as the Company establishes its operations.

The Company will maintain an expense of online presence that showcases the biographies of all staff brokers/ agents, the properties that are currently available for sale, how to onboard with the business for property management services, and general information about the real estate market within the greater Philadelphia area. This website will be heavily search engine optimized.

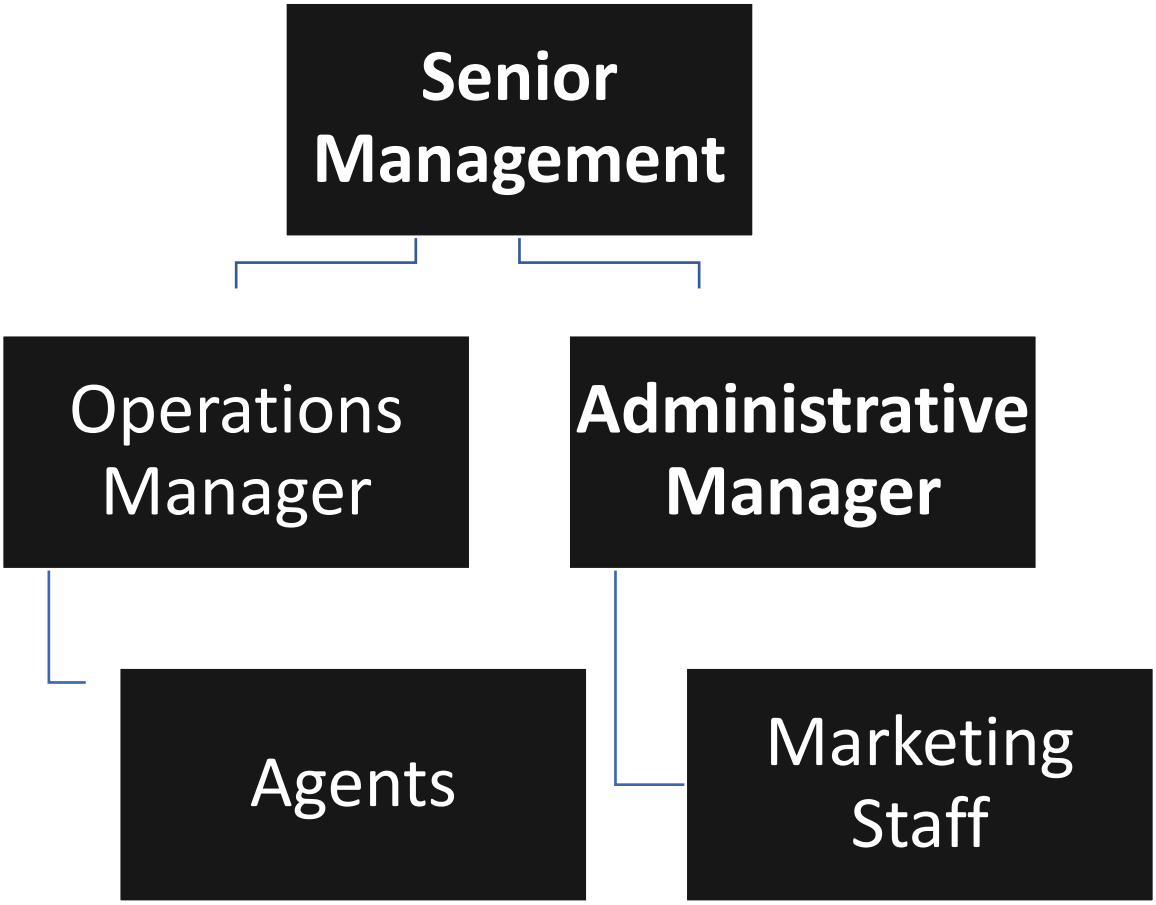
The business will also use all forms of social media in order to promote both the brand name of the real estate brokerage as well as available listings. Several times a day, the Company will post images of properties that are available for sale. Direct links from social media pages back to the Company's website will be included

It is no secret that networking is a major component of why a real estate brokerage becomes successful. The Company's staff agents as well as the Founder will frequently attend real estate focused events within Philadelphia and surrounding market areas. Ultimately, this will lead to stronger relationships with brokers at other firms in order to engage in co-brokering opportunities. This type of marketing will occur throughout the life of the business.

The Company will also list all properties on major platforms, including Trulia, Zillow, RedFin, Loopnet, and other platforms where properties are frequently listed.

8.0 Organizational Plan

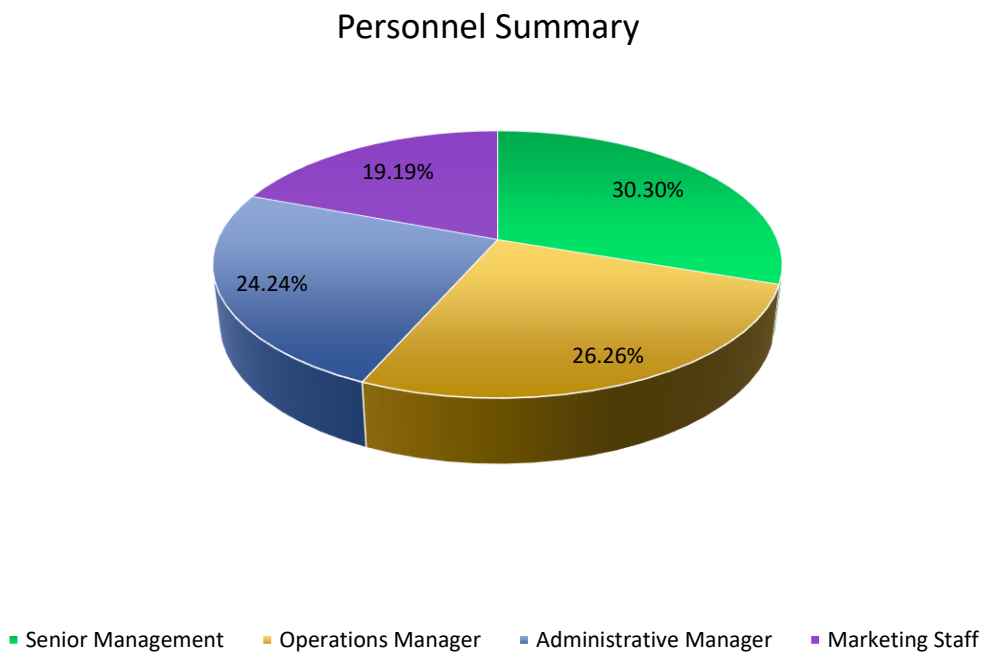
8.1 Organizational Hierarchy



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
Administrative Manager	$60,000	$61,800	$63,654	$65,564	$67,531
Marketing Staff	$47,500	$48,925	$50,393	$51,905	$53,462
Total	**$247,500**	**$254,925**	**$262,573**	**$270,450**	**$278,563**

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
Administrative Manager	1	1	1	1	1
Marketing Staff	1	1	1	1	1
Total	**4**	**4**	**4**	**4**	**4**



9.0 Financial Plan

9.1 Underlying Assumptions

- The company will secure $125,000 or private investment to launch operations.
- This real estate brokerage will achieve a compounded annual growth rate of 11%.
- The Company will not seek any further capital outside of the funding sought in this document.

9.2 Financial Highlights

- Demand for comprehensive real estate broker services is increasing within the Philadelphia area.
- Recurring income from the Company's property management operations.
- MDD Real Estate Solutions can easily scale into new markets with a retained earnings to the business.

9.3 Sensitivity Analysis

The Company's revenues may face downward pressure in the event of a severe economic recession. The prices of housing have increased significantly over the past five years, despite the fact that that interest rate rates have concurrently increased. During challenging, economic climates, the Company will be able to maintain profitability given that the business will produce highly recurring reams of revenue from its property management operations. Furthermore, the significant population density of the greater Philadelphia metropolitan area will ensure that there are always listings available to service.

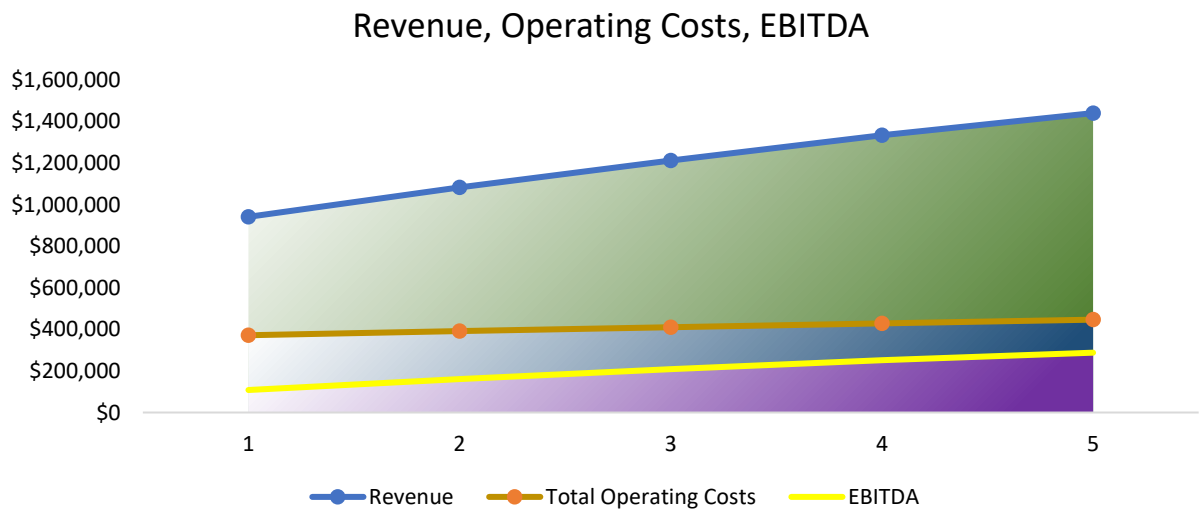
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$125,000.00
Total Equity Financing	$125,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$125,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$941,250	$1,082,438	$1,212,330	$1,333,563	$1,440,248
Cost of Revenue	$461,213	$530,394	$594,042	$653,446	$705,722
Gross Margin	51.00%	51.00%	51.00%	51.00%	51.00%
Gross Profit	$480,038	$552,043	$618,288	$680,117	$734,527
Expenses					
Payroll	$247,500	$254,925	$262,573	$270,450	$278,563
General and Administrative	$19,766	$22,731	$25,459	$28,005	$30,245
Business Development	$7,059	$8,118	$9,092	$10,002	$10,802
Marketing	$37,650	$43,298	$48,493	$53,343	$57,610
Insurance Costs	$5,000	$5,250	$5,513	$5,788	$6,078
Professional Fees	$7,500	$7,875	$8,269	$8,682	$9,116
Facility Costs	$26,000	$26,780	$27,583	$28,411	$29,263
Misc. Costs	$2,372	$2,728	$3,055	$3,361	$3,629
Payroll Taxes	$18,934	$19,502	$20,087	$20,689	$21,310
Total Operating Costs	**$371,781**	**$391,206**	**$410,124**	**$428,730**	**$446,617**
EBITDA	**$108,256**	**$160,837**	**$208,164**	**$251,387**	**$287,909**
Federal Income Tax	$25,714	$38,832	$50,637	$61,414	$70,516
State Income Tax	$5,143	$7,766	$10,127	$12,283	$14,103
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$5,400	$5,508	$5,618	$5,731	$5,845
Net Profit	**$71,999**	**$108,730**	**$141,782**	**$171,959**	**$197,445**
Profit Margin	**7.65%**	**10.04%**	**11.70%**	**12.89%**	**13.71%**

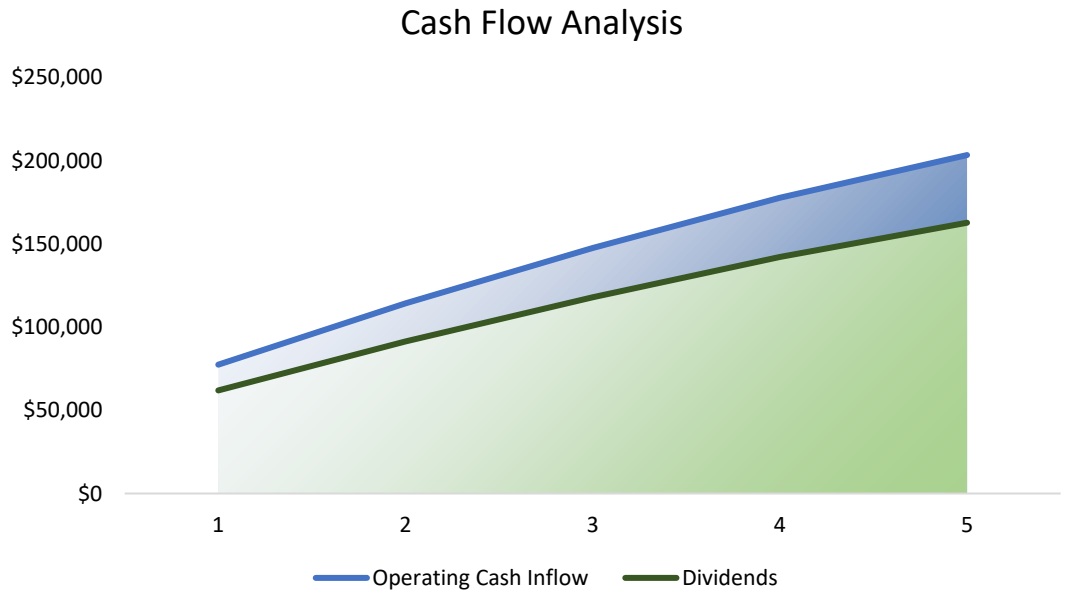


B) Common Size Income Statement

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	49.00%	49.00%	49.00%	49.00%	49.00%
Gross Profit	51.00%	51.00%	51.00%	51.00%	51.00%
Expenses					
Payroll	26.29%	23.55%	21.66%	20.28%	19.34%
General and Administrative	2.10%	2.10%	2.10%	2.10%	2.10%
Business Development	0.75%	0.75%	0.75%	0.75%	0.75%
Marketing	4.00%	4.00%	4.00%	4.00%	4.00%
Insurance Costs	0.53%	0.49%	0.45%	0.43%	0.42%
Professional Fees	0.80%	0.73%	0.68%	0.65%	0.63%
Facility Costs	2.76%	2.47%	2.28%	2.13%	2.03%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	2.01%	1.80%	1.66%	1.55%	1.48%
Total Operating Costs	39.50%	36.14%	33.83%	32.15%	31.01%
EBITDA	11.50%	14.86%	17.17%	18.85%	19.99%
Federal Income Tax	2.73%	3.59%	4.18%	4.61%	4.90%
State Income Tax	0.55%	0.72%	0.84%	0.92%	0.98%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expenses	0.57%	0.51%	0.46%	0.43%	0.41%
Net Profit	7.65%	10.04%	11.70%	12.89%	13.71%

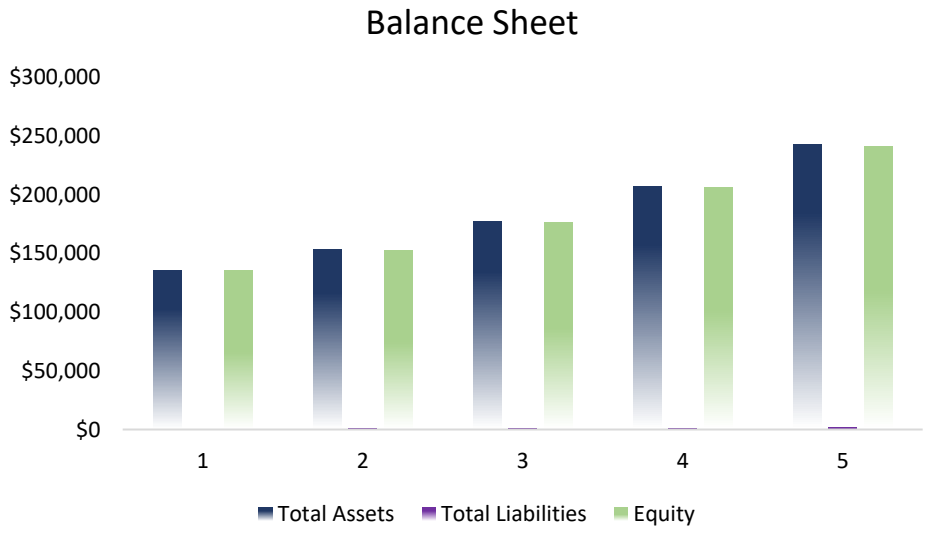
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$77,399	$114,238	$147,401	$177,690	$203,290
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$77,399**	**$114,238**	**$147,401**	**$177,690**	**$203,290**
Other Cash Inflows					
Equity Investment	$125,000	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$1,000	$1,050	$1,103	$1,158	$1,216
Total Other Cash Inflows	**$126,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$203,399**	**$115,288**	**$148,503**	**$178,848**	**$204,506**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$43,500	$5,712	$7,370	$8,885	$10,165
Dividends	$61,919	$91,390	$117,920	$142,152	$162,632
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$106,119**	**$97,837**	**$126,062**	**$151,847**	**$173,648**
Net Cash Flow	**$97,280**	**$17,451**	**$22,441**	**$27,001**	**$30,858**
Cash Balance	**$97,280**	**$114,731**	**$137,171**	**$164,172**	**$195,030**



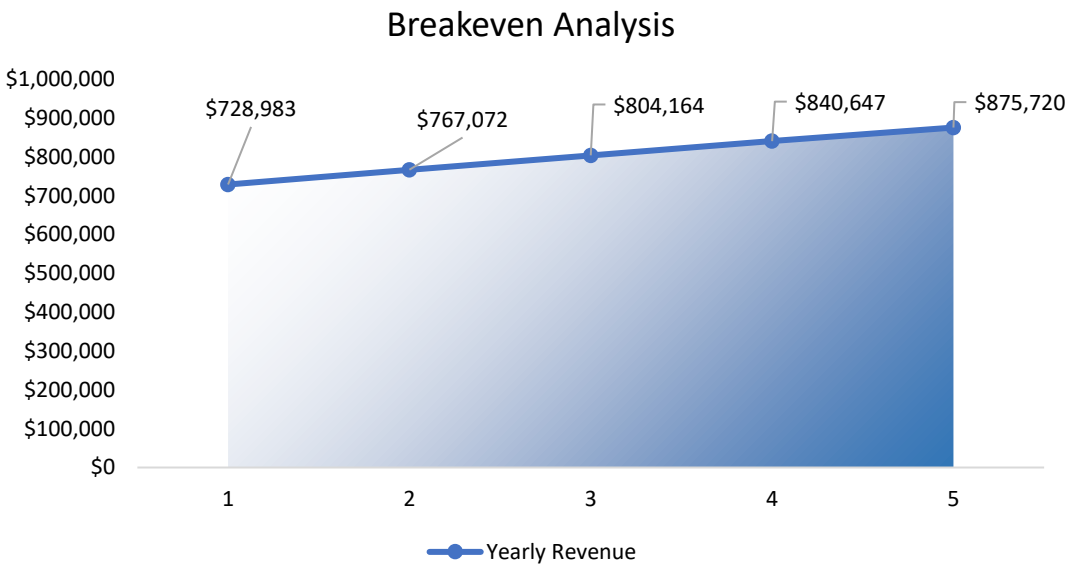
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$97,280	$114,731	$137,171	$164,172	$195,030
Fixed Assets	$43,500	$49,212	$56,582	$65,466	$75,631
Accumulated Depreciation	($5,400)	($10,908)	($16,526)	($22,257)	($28,102)
Total Assets	**$135,380**	**$153,034**	**$177,227**	**$207,382**	**$242,559**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$0	$0	$0	$0	$0
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$300**	**$615**	**$946**	**$1,293**	**$1,658**
Equity	**$135,080**	**$152,419**	**$176,281**	**$206,089**	**$240,902**
Total Liabilities and Equity	**$135,380**	**$153,034**	**$177,227**	**$207,382**	**$242,559**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$60,749	$63,923	$67,014	$70,054	$72,977
Yearly Revenue	$728,983	$767,072	$804,164	$840,647	$875,720



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	15.0%	12.0%	10.0%	8.0%
Gross Margin	51.0%	51.0%	51.0%	51.0%	51.0%
Financials					
Profit Margin	7.65%	10.04%	11.70%	12.89%	13.71%
Assets to Liabilities	451.27	248.84	187.39	160.38	146.32
Equity to Liabilities	450.27	247.84	186.39	159.38	145.32
Assets to Equity	1.00	1.00	1.01	1.01	1.01
Liquidity					
Acid Test	324.27	186.55	145.04	126.97	117.65
Cash to Assets	0.72	0.75	0.77	0.79	0.80

Appendix A – SWOT Analysis

Strengths

- Limited competition among companies that operate in both a real estate brokering and real estate management capacity.
- A Founder, Matthew Deutsch, that has over ten years of experience operating as a real estate professional.
- The recurring income from property management will not only support the operations of a business but will also significantly boost its value.
- Substantial profits on each transaction that is closed through MDD Real Estate Solutions.

Weaknesses

- Very high cost related to marketing.
- Onboarding highly qualified and experienced real estate agents is a complex process.

Opportunities

- Continued to expansion the company's property management operations through greater direct outreach efforts.
- Expansion of the types of properties that can be sold through MDD Real Estate Solutions including commercial properties.
- Potential development of satellite locations in other nearby major markets

Threats

- Continued increases in inflation and the underlying prime interest rate can impact the demand for properties.
- This is a highly competitive industry within a greater Philadelphia metropolitan area.

Appendix B – Critical Risks

Development Risk – **Low**
The development of the protocols and sales techniques of the Company will use from the onset of operations has been developed. The primary matter that needs to be addressed is securing the private investment saw in this document.

Financing Risk – **Moderate**
The $125,000 of capital that will be used to launch operations will be principally used for initial marketing and working capital purposes. The risks related to this financing are abated by the fact that the business will generate highly recurring income from property management as well as significant proper profits on each residential property sale.

Marketing Risk **– Low**
Management will use the ongoing marketing strategies discussed earlier in this document to create a significant brand name for the brokerage will also showcasing available listings to as many people as possible. The Company will make ongoing and sustain re-investments into these operations in the coming years.

Management Risk – **Low**
As noted, Matthew Deutsch in experience real estate entrepreneur that has the ability to bring this brokerage to substantial profitability. He will focus heavily on year-on-year growth among all divisions.

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

- The operations of MDD Real Estate Solutions can be expanded across multiple markets.
- Recurring income from residential property management.
- The business can seamless enter the lucrative commercial property sales market.

Exit Risk - **Low**
In all likeliness, in the event of a business sale, the Company will work with his staff agents through a buyout plan. If this is not a tenable situation then a qualified business broker will be hired to mark the firm to a larger entity.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$75,000**	**$75,625**	**$76,250**	**$76,875**	**$77,500**	**$78,125**	**$78,750**
Cost of Revenue	$36,750	$37,056	$37,363	$37,669	$37,975	$38,281	$38,588
Gross Profit	$38,250	$38,569	$38,888	$39,206	$39,525	$39,844	$40,163
Expenses							
Payroll	$20,625	$20,625	$20,625	$20,625	$20,625	$20,625	$20,625
General and Administrative	$1,647	$1,647	$1,647	$1,647	$1,647	$1,647	$1,647
Business Development	$588	$588	$588	$588	$588	$588	$588
Marketing	$3,138	$3,138	$3,138	$3,138	$3,138	$3,138	$3,138
Insurance Costs	$417	$417	$417	$417	$417	$417	$417
Professional Fees	$625	$625	$625	$625	$625	$625	$625
Facility Costs	$2,167	$2,167	$2,167	$2,167	$2,167	$2,167	$2,167
Misc. Costs	$198	$198	$198	$198	$198	$198	$198
Payroll Taxes	$1,578	$1,578	$1,578	$1,578	$1,578	$1,578	$1,578
Total Operating Costs	$30,982	$30,982	$30,982	$30,982	$30,982	$30,982	$30,982
EBITDA	$7,268	$7,587	$7,906	$8,224	$8,543	$8,862	$9,181
Federal Income Tax	$2,049	$2,066	$2,083	$2,100	$2,117	$2,134	$2,151
State Income Tax	$410	$413	$417	$420	$423	$427	$430
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$450	$450	$450	$450	$450	$450	$450
Net Profit	$4,360	$4,658	$4,956	$5,254	$5,553	$5,851	$6,149

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$79,375**	**$80,000**	**$80,625**	**$81,250**	**$81,875**	**$941,250**
Cost of Revenue	$38,894	$39,200	$39,506	$39,813	$40,119	$461,213
Gross Profit	$40,481	$40,800	$41,119	$41,438	$41,756	$480,038
Expenses						
Payroll	$20,625	$20,625	$20,625	$20,625	$20,625	$247,500
General and Administrative	$1,647	$1,647	$1,647	$1,647	$1,647	$19,766
Business Development	$588	$588	$588	$588	$588	$7,059
Marketing	$3,138	$3,138	$3,138	$3,138	$3,138	$37,650
Insurance Costs	$417	$417	$417	$417	$417	$5,000
Professional Fees	$625	$625	$625	$625	$625	$7,500
Facility Costs	$2,167	$2,167	$2,167	$2,167	$2,167	$26,000
Misc. Costs	$198	$198	$198	$198	$198	$2,372
Payroll Taxes	$1,578	$1,578	$1,578	$1,578	$1,578	$18,934
Total Operating Costs	$30,982	$30,982	$30,982	$30,982	$30,982	$371,781
EBITDA	$9,499	$9,818	$10,137	$10,456	$10,774	$108,256
Federal Income Tax	$2,168	$2,186	$2,203	$2,220	$2,237	$25,714
State Income Tax	$434	$437	$441	$444	$447	$5,143
Interest Expense	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$450	$450	$450	$450	$450	$5,400
Net Profit	$6,447	$6,746	$7,044	$7,342	$7,640	$71,999

Profit and Loss Statement (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$262,491	$267,903	$273,315	$278,728	$1,082,438
Cost of Revenue	$128,621	$131,273	$133,925	$136,577	$530,394
Gross Profit	**$133,870**	**$136,631**	**$139,391**	**$142,151**	**$552,043**
Expenses					
Payroll	$63,731	$63,731	$63,731	$63,731	$254,925
General and Administrative	$5,683	$5,683	$5,683	$5,683	$22,731
Business Development	$1,969	$2,009	$2,050	$2,090	$8,118
Marketing	$10,500	$10,716	$10,933	$11,149	$43,298
Insurance Costs	$1,313	$1,313	$1,313	$1,313	$5,250
Professional Fees	$1,910	$1,949	$1,988	$2,028	$7,875
Facility Costs	$6,695	$6,695	$6,695	$6,695	$26,780
Misc. Costs	$661	$675	$689	$702	$2,728
Payroll Taxes	$4,729	$4,827	$4,924	$5,022	$19,502
Total Operating Costs	**$97,190**	**$97,598**	**$98,005**	**$98,413**	**$391,206**
EBITDA	**$36,680**	**$39,033**	**$41,385**	**$43,738**	**$160,837**
Federal Income Tax	$9,417	$9,611	$9,805	$9,999	$38,832
State Income Tax	$1,883	$1,922	$1,961	$2,000	$7,766
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$1,377	$1,377	$1,377	$1,377	$5,508
Net Profit	**$24,003**	**$26,123**	**$28,242**	**$30,362**	**$108,730**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$293,990	$300,052	$306,113	$312,175	$1,212,330
Cost of Revenue	$144,055	$147,025	$149,996	$152,966	$594,042
Gross Profit	**$149,935**	**$153,026**	**$156,118**	**$159,209**	**$618,288**
Expenses					
Payroll	$65,643	$65,643	$65,643	$65,643	$262,573
General and Administrative	$6,174	$6,301	$6,428	$6,556	$25,459
Business Development	$2,205	$2,250	$2,296	$2,341	$9,092
Marketing	$11,760	$12,002	$12,245	$12,487	$48,493
Insurance Costs	$1,378	$1,378	$1,378	$1,378	$5,513
Professional Fees	$2,005	$2,047	$2,088	$2,129	$8,269
Facility Costs	$6,896	$6,896	$6,896	$6,896	$27,583
Misc. Costs	$741	$756	$771	$787	$3,055
Payroll Taxes	$5,022	$5,022	$5,022	$5,022	$20,087
Total Operating Costs	**$101,823**	**$102,295**	**$102,767**	**$103,239**	**$410,124**
EBITDA	**$48,112**	**$50,731**	**$53,351**	**$55,971**	**$208,164**
Federal Income Tax	$12,279	$12,533	$12,786	$13,039	$50,637
State Income Tax	$2,456	$2,507	$2,557	$2,608	$10,127
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$1,405	$1,405	$1,405	$1,405	$5,618
Net Profit	**$31,972**	**$34,288**	**$36,603**	**$38,919**	**$141,782**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$323,389	$330,057	$336,725	$343,392	$1,333,563
Cost of Revenue	$158,461	$161,728	$164,995	$168,262	$653,446
Gross Profit	**$164,928**	**$168,329**	**$171,730**	**$175,130**	**$680,117**
Expenses					
Payroll	$67,612	$67,612	$67,612	$67,612	$270,450
General and Administrative	$6,791	$6,931	$7,071	$7,211	$28,005
Business Development	$2,425	$2,475	$2,525	$2,575	$10,002
Marketing	$12,936	$13,202	$13,469	$13,736	$53,343
Insurance Costs	$1,447	$1,447	$1,447	$1,447	$5,788
Professional Fees	$2,105	$2,149	$2,192	$2,236	$8,682
Facility Costs	$7,103	$7,103	$7,103	$7,103	$28,411
Misc. Costs	$815	$832	$849	$865	$3,361
Payroll Taxes	$5,172	$5,172	$5,172	$5,172	$20,689
Total Operating Costs	**$106,407**	**$106,924**	**$107,441**	**$107,958**	**$428,730**
EBITDA	**$58,521**	**$61,405**	**$64,289**	**$67,172**	**$251,387**
Federal Income Tax	$14,893	$15,200	$15,507	$15,814	$61,414
State Income Tax	$2,979	$3,040	$3,101	$3,163	$12,283
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$1,433	$1,433	$1,433	$1,433	$5,731
Net Profit	**$39,217**	**$41,732**	**$44,247**	**$46,763**	**$171,959**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$349,260	$356,461	$363,663	$370,864	$1,440,248
Cost of Revenue	$171,137	$174,666	$178,195	$181,723	$705,722
Gross Profit	**$178,123**	**$181,795**	**$185,468**	**$189,141**	**$734,527**
Expenses					
Payroll	$69,641	$69,641	$69,641	$69,641	$278,563
General and Administrative	$7,334	$7,486	$7,637	$7,788	$30,245
Business Development	$2,619	$2,673	$2,727	$2,781	$10,802
Marketing	$13,970	$14,258	$14,547	$14,835	$57,610
Insurance Costs	$1,519	$1,519	$1,519	$1,519	$6,078
Professional Fees	$2,211	$2,256	$2,302	$2,347	$9,116
Facility Costs	$7,316	$7,316	$7,316	$7,316	$29,263
Misc. Costs	$880	$898	$916	$935	$3,629
Payroll Taxes	$5,328	$5,328	$5,328	$5,328	$21,310
Total Operating Costs	**$110,819**	**$111,376**	**$111,933**	**$112,490**	**$446,617**
EBITDA	**$67,304**	**$70,420**	**$73,535**	**$76,651**	**$287,909**
Federal Income Tax	$17,100	$17,453	$17,805	$18,158	$70,516
State Income Tax	$3,420	$3,491	$3,561	$3,632	$14,103
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$1,461	$1,461	$1,461	$1,461	$5,845
Net Profit	**$45,322**	**$48,015**	**$50,708**	**$53,400**	**$197,445**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$4,810	$5,108	$5,406	$5,704	$6,003	$6,301	$6,599	$6,897
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$4,810	$5,108	$5,406	$5,704	$6,003	$6,301	$6,599	$6,897
Other Cash Inflows								
Equity Investment	$125,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$83	$83	$83	$83
Total Other Cash Inflows	**$125,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$129,893**	**$5,191**	**$5,489**	**$5,788**	**$6,086**	**$6,384**	**$6,682**	**$6,981**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$43,500	$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	**$43,558**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**
Net Cash Flow	**$86,335**	**$5,133**	**$5,431**	**$5,729**	**$6,028**	**$6,326**	**$6,624**	**$6,922**
Cash Balance	**$86,335**	**$91,467**	**$96,898**	**$102,628**	**$108,655**	**$114,981**	**$121,605**	**$128,527**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$7,196	$7,494	$7,792	$8,090	$77,399
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$7,196**	**$7,494**	**$7,792**	**$8,090**	**$77,399**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$125,000
Increased Borrowings	$0	$0	$0	$0	$0
Sales of Business Assets	$0	$0	$0	$0	$0
A/P Increases	$83	$83	$83	$83	$1,000
Total Other Cash Inflows	$83	$83	$83	$83	$126,000
Total Cash Inflow	**$7,279**	**$7,577**	**$7,875**	**$8,174**	**$203,399**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$43,500
Dividends	$0	$0	$0	$61,919	$61,919
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$58**	**$58**	**$58**	**$61,978**	**$106,119**
Net Cash Flow	**$7,221**	**$7,519**	**$7,817**	**-$53,804**	**$97,280**
Cash Balance	**$135,748**	**$143,267**	**$151,084**	**$97,280**	**$97,280**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$25,380	$27,500	$29,619	$31,739	$114,238
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$25,380**	**$27,500**	**$29,619**	**$31,739**	**$114,238**
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	**$25,635**	**$27,760**	**$29,884**	**$32,009**	**$115,288**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$5,712	$0	$0	$0	$5,712
Dividends	$0	$0	$0	$91,390	$91,390
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$5,890**	**$182**	**$186**	**$91,580**	**$97,837**
Net Cash Flow	**$19,745**	**$27,578**	**$29,699**	**-$59,570**	**$17,451**
Cash Balance	**$117,024**	**$144,602**	**$174,301**	**$114,731**	**$114,731**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$33,376	$35,692	$38,008	$40,324	$147,401
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$33,376**	**$35,692**	**$38,008**	**$40,324**	**$147,401**
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	**$33,644**	**$35,965**	**$38,286**	**$40,608**	**$148,503**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$7,370	$0	$0	$0	$7,370
Dividends	$0	$0	$0	$117,920	$117,920
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$7,557**	**$191**	**$195**	**$118,119**	**$126,062**
Net Cash Flow	**$26,087**	**$35,774**	**$38,092**	**-$77,511**	**$22,441**
Cash Balance	**$140,817**	**$176,591**	**$214,683**	**$137,171**	**$137,171**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$40,650	$43,165	$45,680	$48,195	$177,690
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$40,650**	**$43,165**	**$45,680**	**$48,195**	**$177,690**
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	**$40,931**	**$43,451**	**$45,972**	**$48,493**	**$178,848**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$4,442	$4,442	$0	$0	$8,885
Dividends	$0	$0	$0	$142,152	$142,152
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$4,639**	**$4,643**	**$205**	**$142,361**	**$151,847**
Net Cash Flow	**$36,292**	**$38,809**	**$45,768**	**-$93,867**	**$27,001**
Cash Balance	**$173,463**	**$212,272**	**$258,040**	**$164,172**	**$164,172**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$46,784	$49,476	$52,169	$54,861	$203,290
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$46,784**	**$49,476**	**$52,169**	**$54,861**	**$203,290**
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	**$47,079**	**$49,777**	**$52,476**	**$55,174**	**$204,506**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$5,082	$5,082	$0	$0	$10,165
Dividends	$0	$0	$0	$162,632	$162,632
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$5,289**	**$5,293**	**$215**	**$162,851**	**$173,648**
Net Cash Flow	**$41,790**	**$44,484**	**$52,261**	**-$107,677**	**$30,858**
Cash Balance	**$205,962**	**$250,446**	**$302,707**	**$195,030**	**$195,030**