DEUTSCH

HOSPITALITY GROUP

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1.0 Executive Summary

The purpose of this business plan is to secure $2 million for the acquisition of two properties that will be used to provide short term rentals through Airbnb as well as VRBO. Deutsch Hospitality Group ("the Company") was founded by Matthew Deutsch, and it is based in Miami Florida. Full scale revenue generating operations are expected to commence in the fourth quarter of this year

Operations

As noted above, Deutsch Hospitality Group will be actively involved in providing exceptional hospitality services through two single-family properties in South Florida. Management anticipates a nightly rental fee of $450 to $700 depending on the season. The business will also generate moderate fees related cleanup as well as ancillary hospitality services that will be offered on site. At both locations, the business will have jet skis that are available for rent as a value-added benefit.

In addition to using Airbnb and VRBO, the Company will maintain a proprietary website to showcase the two properties that the business is acquiring. This will further ensure near 100% capacity at all times. The website will have functionality that that automatically link to the Company's property management suite.

The third section of the business plan will further discuss the operations of the business.

The Financing

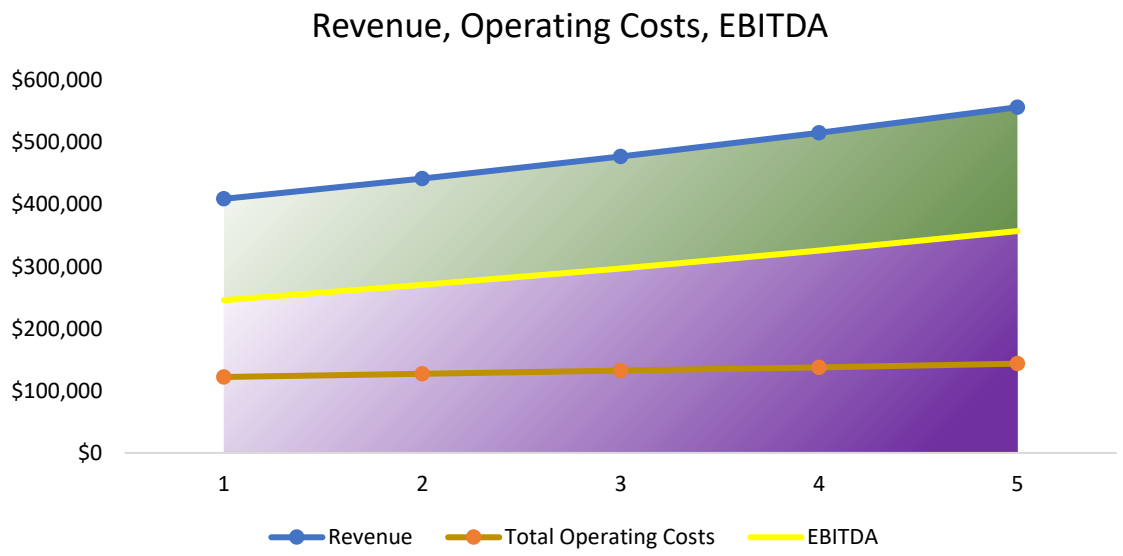
The $2 million of sought in this document will be holy used for the acquisition of two properties. Matthew Deutsch will contribute $300,000 towards the venture. The terms of this financing art determined during negotiation. However, this document assumes that the company will receive a 25-year loan carrying a 7.5% interest rate. The entirety of this financing will be used for the acquisition of real estate.

The Future

Over the next five years, the Company intends to acquire additional properties for its short-term rental portfolio. Given the substantial contribution margins and profits that are going to be generated on nightly basis, the Company will be able to reinvest a substantial portion of it after tax profit into new property purchases. It should be noted, that the business may also acquire properties that will be used for long-term renters with leases of twelve months or more.

Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$409,125	$441,855	$477,203	$515,380	$556,610
Cost of Revenue	$40,913	$44,186	$47,720	$51,538	$55,661
Gross Profit	$368,213	$397,670	$429,483	$463,842	$500,949
Total Operating Costs	$122,251	$127,244	$132,478	$137,968	$143,729
EBITDA	**$245,961**	**$270,426**	**$297,005**	**$325,873**	**$357,220**

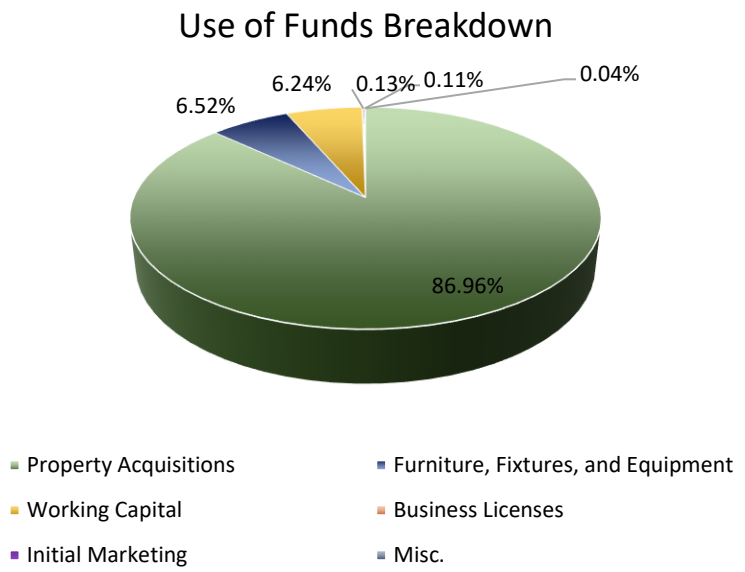


2.0 The Financing

2.1 Funds Required

The business is seeking $2 million for the development of its operations. The entirety of this funding will be used for acquisition or real estate. The $300,000 provided by the Founder will be used for down payment and working capital purposes. The total breakdown is as follows:

Use of Funds	
Property Acquisitions	$2,000,000
Furniture, Fixtures, and Equipment	$150,000
Working Capital	$143,500
Business Licenses	$3,000
Initial Marketing	$2,500
Misc.	$1,000
Total	$2,300,000



2.2 Management and Investor Equity

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

2.3 Exit Strategies

In the event that Mr. Deutsch wishes to retire or relocate, he intends to sell the entirety of the Company and its underlying assets to an individual that is seeking to enter this industry. A real estate broker will be hired for this purpose. There is also the possibility that properties within the portfolio would be sold individually if it is financially prudent to do so.

3.0 Operations

The Company has sourced two 4,000 square-foot properties that will be used to provide exceptional short-term rentals. These properties will each feature three bathrooms and three bedrooms. They'll have a maximum capacity to comfortably house six people at any given time.

In regards to revenue generation, this will be principally accomplished through the use of Airbnb, VRBO, as well as other short-term rental booking sites that will ensure that the business is operating at near 100% capacity at all times.

The Company will manage these properties in house. This will include maintaining staff that will clean after each client engagement. The Company will also have a team of outsourced repair professionals that can address any emergency or routine repairs on an ongoing basis.

First Property

Second Property

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Hospitality Group 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 fourth quarter of this year.

4.3 Mission Statement

To provide outstanding short-term rentals to visitors within South Florida.

4.4 Vision Statement

Management expects that Deutsch Hospitality Group will generate $556,000 of revenue by the fifth year of operations.

4.5 Organizational Objectives

- Provide exceptional homes that people will enjoy while on vacation in South Florida.
- Properly list and showcase the properties on VRBO and Airbnb.
- Maintain a proprietary website that will also showcase available of rentals.
- Remain within the letter of the law regarding hospitality services within the State of Florida.
- Provide value added amenities for guests that will further provide a memorable experience.
- Maintain referral relationships with area restaurants, bars, nighttime entertainment venues, and related hospitality businesses.
- Leverage multiple forms of online advertising to promote rentals (including targeted advertisements across multiple social media platforms).
- Foster relationships with regional real estate brokers in the event that long-term tenants need to be placed at the properties.
- Implement proper fiscal controls so that Deutsch Hospitality Group can remain profitable in any economic climate.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

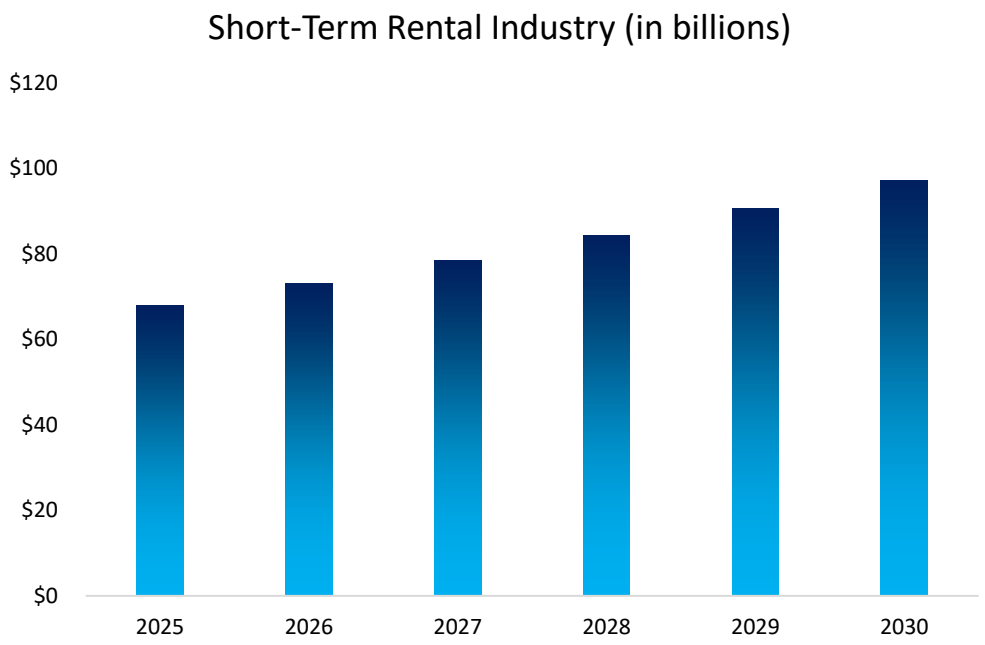
This section analysis will focus on the current economic climate, The competition at the business will face moving forward, and the industry.

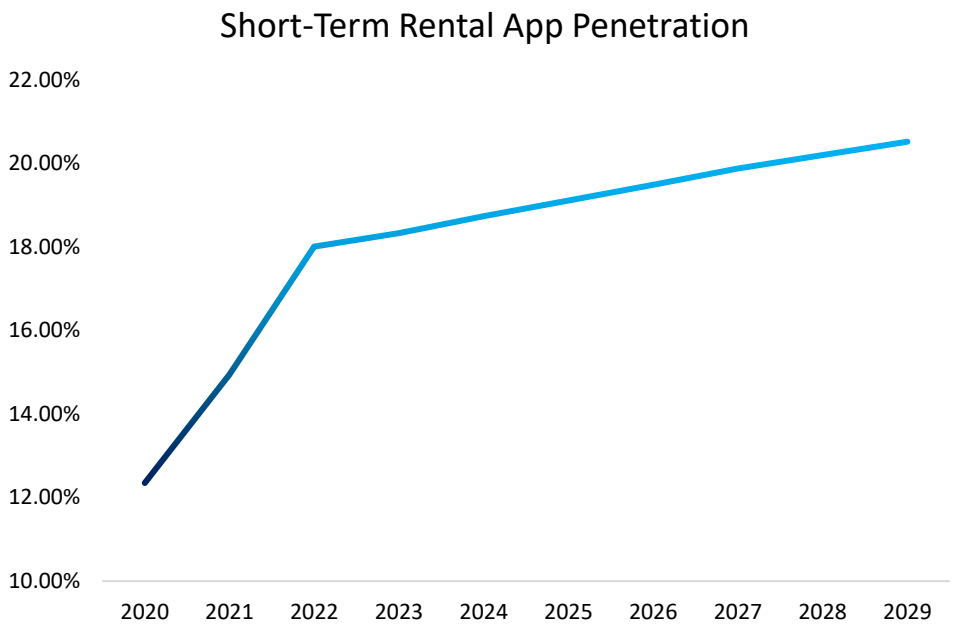
Currently, the economic climate the United States is moderate. As a result of evolving trade policies, there has been a moderate degree of volatility introduced to the market. However, the Federal Reserve and global central banks are taking appropriate measures to keep inflation and check while also fostering economic growth.

However, any challenges with the economy will have a moderate impact on the Company's ability to generate revenue and remain profitable. Miami and South Florida are highly trafficked areas. They receive tens of millions of visitors on a yearly basis. The demand for vacation rentals in this market is substantial. As such, the business will be able to remain profitable while satisfying all underlying obligations.

5.2 Industry Analysis

The demand for short-term rentals in a home environment is substantial since the advent of Airbnb, VRBO, and related booking platforms. As of this year, approximately 19.2% of people use these platforms when sourcing rentals for their vacation or travel needs. The industry currently generates $68 billion per annum. The anticipated CAGR of the industry is expected to remain at 7.4% in the coming years.





5.3 Customer Profile

The demographics of people that will use the Company's two locations are exceptionally broad. Any person that is traveling to South Florida is a potential customer of the business. As has been one of the central themes throughout this document, the Company will use Airbnb as well as VRBO in order to principal secure its nightly rentals. From time to time, the company may also work with corporations that have staff that need to rain in the South Florida area for a significant period of time.

5.4 Competitive Analysis

The ongoing competition at the business will faces moderate. Platforms like Airbnb and VRBO are able to provide property owners with access to a wide range of potential customers that will stay at the properties. As such, there are thousands of other operators within the greater South Florida market that use these platforms to generate revenue from their real estate. It should be noted that as this business plan is being developed as a sample, no formal competitive analysis has been completed. If this document was created specifically for a client engagement, then there would be an analysis of the number of Airbnb operators specific for this market as well as hospitality businesses that operate in a competing capacity.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- Immense demand for affordable short-term rentals in South Florida.
- The business is offering a number of complementary amenities that will ensure substantial occupancy.
- Properly showcase all properties on Airbnb and VRBO with numerous images.
- The business is taking a limited capital risk through the acquisition of these properties, which will produce a substantial ROI.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continue to expand the scope of the Company's proprietary marketing operations which will complement the use of Airbnb and VRBO.
- Acquire additional properties for the portfolio.
- Development of operations in other economically viable markets in Florida.
- Acquire portfolios of properties (single-family homes and condos) that can be used for short-term rentals.

7.0 Marketing Plan

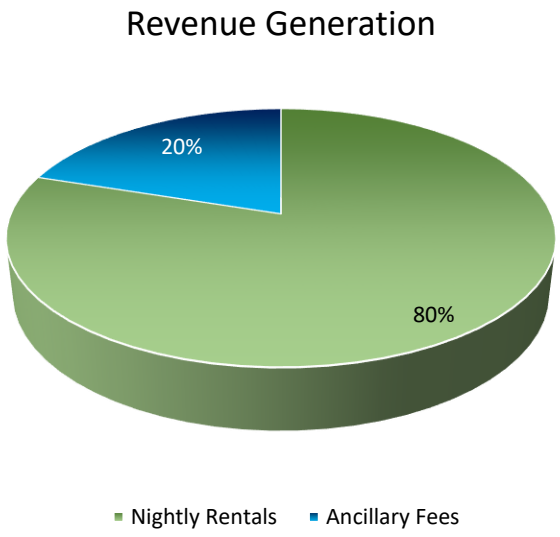
7.1 Marketing Objectives

- Leverage the immense market reach of VRBO and Airbnb.
- Maintain a SEO friendly website to further ensure 100% occupancy.
- Maintain strong relationships with real estate brokers and agents in the event that long-term tenant placement is required.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Nightly Rentals	$327,300	$353,484	$381,763	$412,304	$445,288
Ancillary Fees	$81,825	$88,371	$95,441	$103,076	$111,322
Total	**$409,125**	**$441,855**	**$477,203**	**$515,380**	**$556,610**

Gross Profit					
Year	1	2	3	4	5
Total	**$368,213**	**$397,670**	**$429,483**	**$463,842**	**$500,949**



7.3 Revenue Assumptions

Year 1

- First year revenue will reach $409,000.
- Gross profits will reach $368,000.

Year 2

- Through greater marketing efforts, revenue will reach $441,000.
- Gross profits will reach $397,000.
- Total income will increase by 8%.

Years 3-5

- By the fifth year of operation, total revenue will reach $556,000.
- Gross profits will reach $500,000.

7.4 Marketing Strategies

The ongoing marketing that the company will require is relatively low. On the Company's Airbnb and VRBO profiles - the business will have numerous images of each property, as well as outlining the amenities that are available, including rental jet skis. This will provide a significant differentiating factor for the business as this type of water sport is extremely popular in the south Florida market.

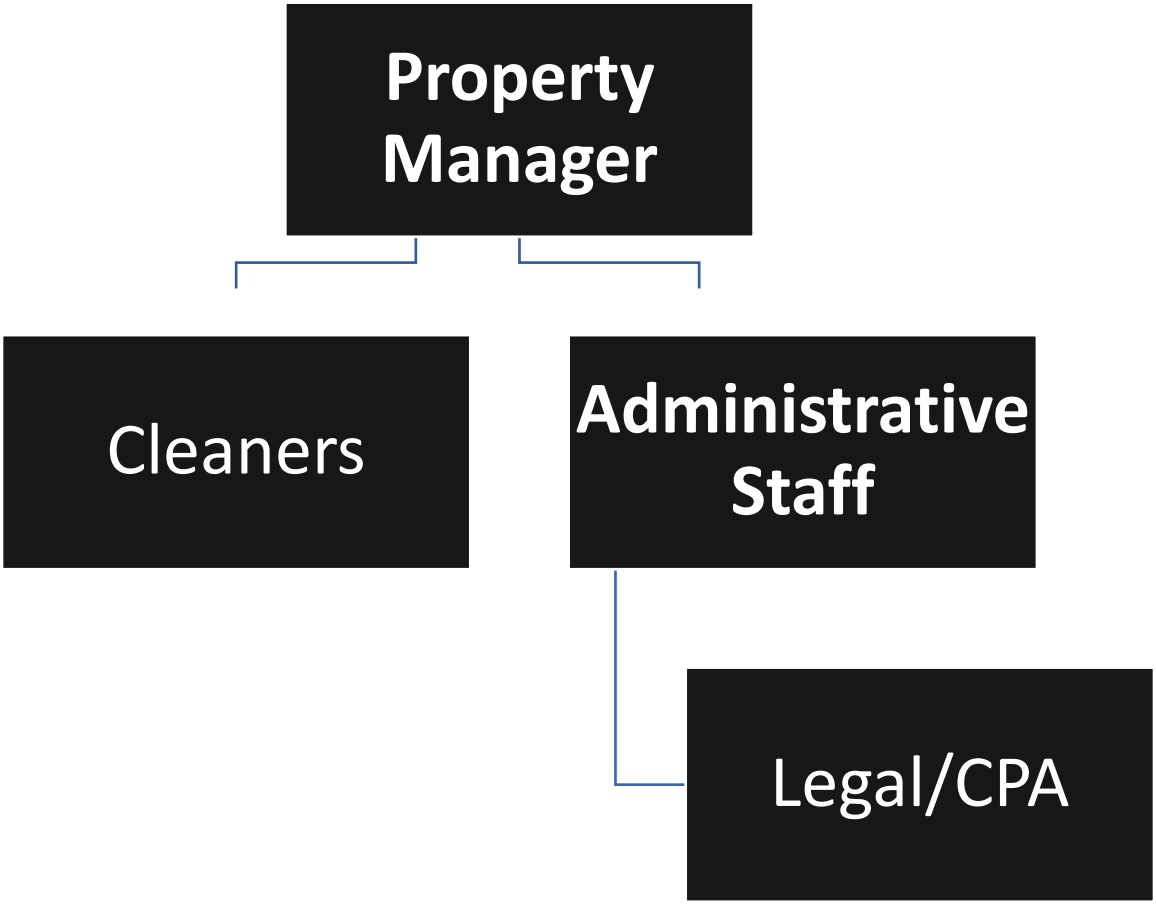
To complement the company's presence on third-party platforms, the business will also maintain proprietary website that showcases these properties. E-commerce functionality will be integrated into the platforms so that people can make direct reservations. This is important because individuals that make direct reservations will not incur the fees that are associated with booking platforms. This website will undergoing a moderate amount of search and optimization specific for the Miami and South Florida market.

The Company will also maintain relationships with corporate travel specialists, especially when there are times when these entities require that their staff remain within the Miami area for significant period of time. The Company will work with major corporations as well as law firms that frequently conduct business or address litigation matters in this market. This will further ensure that each property maintains near 100% capacity at all times.

The business will also maintain relationships with area real estate brokerages in the event that a long-term client is placed at either property. Although this scenario is unlikely, it is still important to have this contingency plan in place.

8.0 Organizational Plan

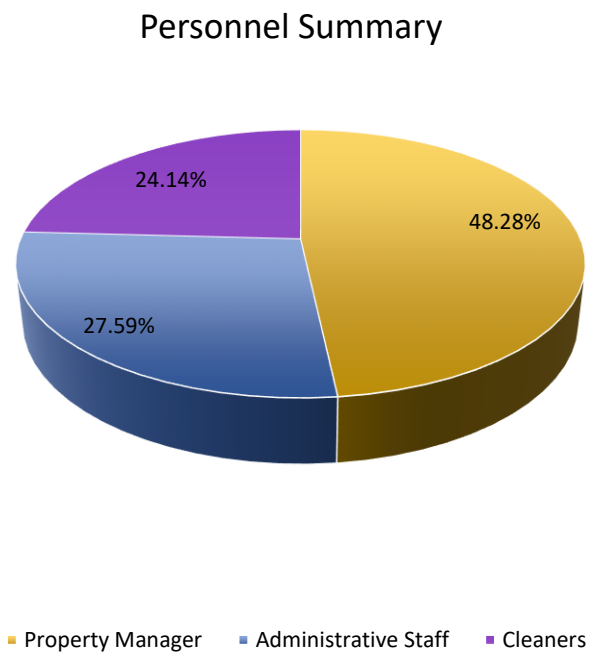
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Property Manager	$35,000	$36,050	$37,132	$38,245	$39,393
Administrative Staff	$20,000	$20,600	$21,218	$21,855	$22,510
Cleaners	$17,500	$18,025	$18,566	$19,123	$19,696
Total	**$72,500**	**$74,675**	**$76,915**	**$79,223**	**$81,599**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Property Manager	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Cleaners	1	1	1	1	1
Total	**3**	**3**	**3**	**3**	**3**



9.0 Financial Plan

9.1 Underlying Assumptions

- The business will have a compounded annual growth rate of 8%
- The Company will acquire $2 million (carrying a 25-year term and a 7.50% interest rate).
- The Owner will contribute $300,000 toward the venture.

9.2 Financial Highlights

- Substantial revenues produced on a year-round basis given the demand for short-term rentals in South Florida.
- The properties in the Company's portfolio will appreciate substantially in the coming years.
- Deutsch Hospitality Group's operations are highly scalable.

9.3 Sensitivity Analysis

The Company's revenues are only modestly sensitive to negative changes in the economy. As discussed in the fifth section of this document, Miami in the greater South Florida metropolitan area are highly trafficked tourist markets. They receive tens of millions of visitors on a yearly basis. The business will operate with a lean infrastructure in order to ensure that the company is able to meet its financial obligations on a month-to-month basis.

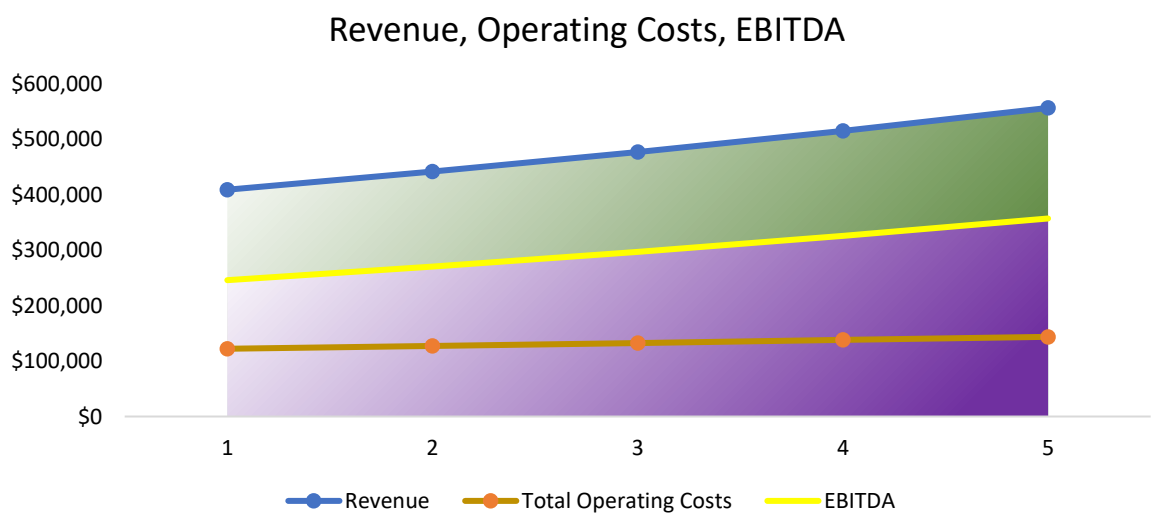
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$300,000.00
Total Equity Financing	$300,000.00
Banks and Lenders	
Property Loan	$2,000,000.00
Total Debt Financing	$2,000,000.00
Total Financing	**$2,300,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Revenue	$409,125	$441,855	$477,203	$515,380	$556,610
Cost of Revenue	$40,913	$44,186	$47,720	$51,538	$55,661
Gross Margin	90.00%	90.00%	90.00%	90.00%	90.00%
Gross Profit	$368,213	$397,670	$429,483	$463,842	$500,949
Expenses					
Payroll	$72,500	$74,675	$76,915	$79,223	$81,599
General and Administrative	$6,137	$6,628	$7,158	$7,731	$8,349
Business Development Costs	$2,005	$2,165	$2,338	$2,525	$2,727
Marketing	$8,592	$9,279	$10,021	$10,823	$11,689
Insurance Costs	$4,000	$4,120	$4,244	$4,371	$4,502
Professional Fees	$3,000	$3,150	$3,308	$3,473	$3,647
Facility Costs	$19,850	$20,843	$21,885	$22,979	$24,128
Misc. Costs	$622	$672	$725	$783	$846
Payroll Taxes	$5,546	$5,713	$5,884	$6,061	$6,242
Total Operating Costs	**$122,251**	**$127,244**	**$132,478**	**$137,968**	**$143,729**
EBITDA	**$245,961**	**$270,426**	**$297,005**	**$325,873**	**$357,220**
Federal Income Tax	$12,958	$19,489	$26,588	$34,300	$42,676
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$139,031	$136,819	$134,447	$131,904	$129,177
Depreciation Expenses	$55,100	$55,651	$56,208	$56,770	$57,337
Net Profit	**$38,873**	**$58,467**	**$79,763**	**$102,900**	**$128,029**
Profit Margin	**9.50%**	**13.23%**	**16.71%**	**19.97%**	**23.00%**

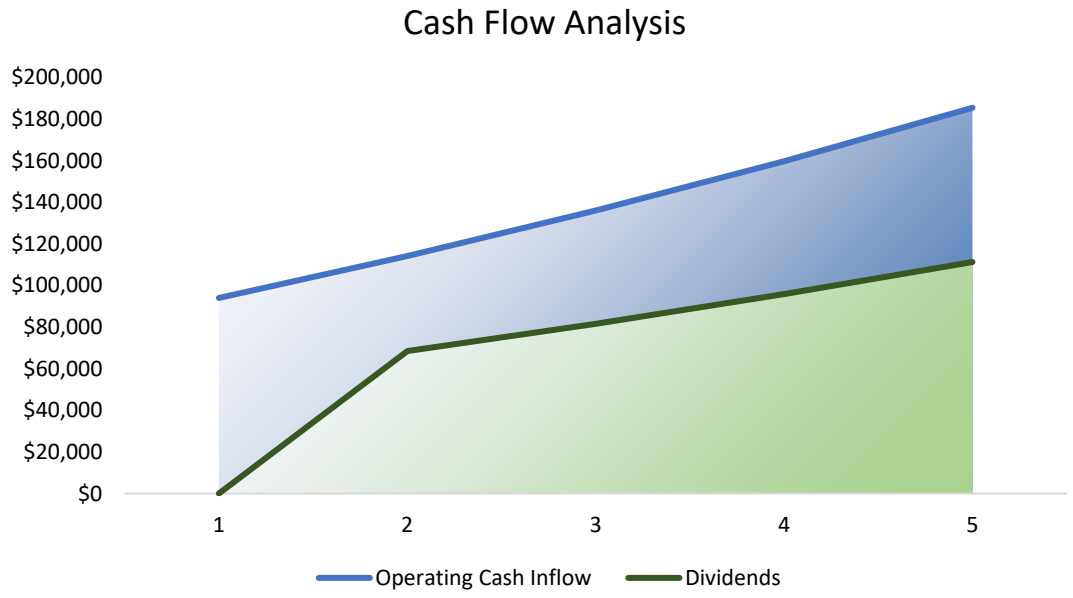


B) Common Size Income Statement

Proforma Profit and Loss (Common Size)					
Year	1	2	3	4	5
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	10.00%	10.00%	10.00%	10.00%	10.00%
Gross Profit	90.00%	90.00%	90.00%	90.00%	90.00%
Expenses					
Payroll	17.72%	16.90%	16.12%	15.37%	14.66%
General and Administrative	1.50%	1.50%	1.50%	1.50%	1.50%
Business Development Costs	0.49%	0.49%	0.49%	0.49%	0.49%
Marketing	2.10%	2.10%	2.10%	2.10%	2.10%
Insurance Costs	0.98%	0.93%	0.89%	0.85%	0.81%
Professional Fees	0.73%	0.71%	0.69%	0.67%	0.66%
Facility Costs	4.85%	4.72%	4.59%	4.46%	4.33%
Misc. Costs	0.15%	0.15%	0.15%	0.15%	0.15%
Payroll Taxes	1.36%	1.29%	1.23%	1.18%	1.12%
Total Operating Costs	29.88%	28.80%	27.76%	26.77%	25.82%
EBITDA	60.12%	61.20%	62.24%	63.23%	64.18%
Federal Income Tax	3.17%	4.41%	5.57%	6.66%	7.67%
State Income Tax	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expense	33.98%	30.96%	28.17%	25.59%	23.21%
Depreciation Expenses	13.47%	12.59%	11.78%	11.02%	10.30%
Net Profit	9.50%	13.23%	16.71%	19.97%	23.00%

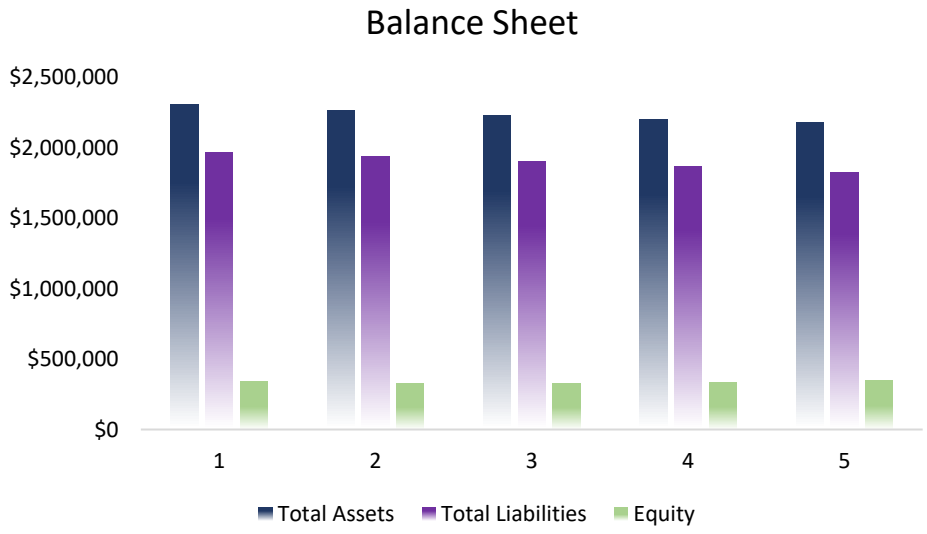
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$93,973	$114,118	$135,970	$159,669	$185,366
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$93,973**	**$114,118**	**$135,970**	**$159,669**	**$185,366**
Other Cash Inflows					
Equity Investment	$300,000	$0	$0	$0	$0
Increased Borrowings	$2,000,000	$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	**$2,301,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$2,394,973**	**$115,168**	**$137,073**	**$160,827**	**$186,582**
Cash Outflows					
Repayment of Principal	$30,596	$32,808	$35,180	$37,723	$40,450
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$2,150,000	$2,282	$2,719	$3,193	$3,707
Dividends	$0	$68,471	$81,582	$95,802	$111,220
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,181,296**	**$104,296**	**$120,253**	**$137,528**	**$156,228**
Net Cash Flow	**$213,677**	**$10,872**	**$16,820**	**$23,299**	**$30,354**
Cash Balance	**$213,677**	**$224,548**	**$241,368**	**$264,667**	**$295,021**



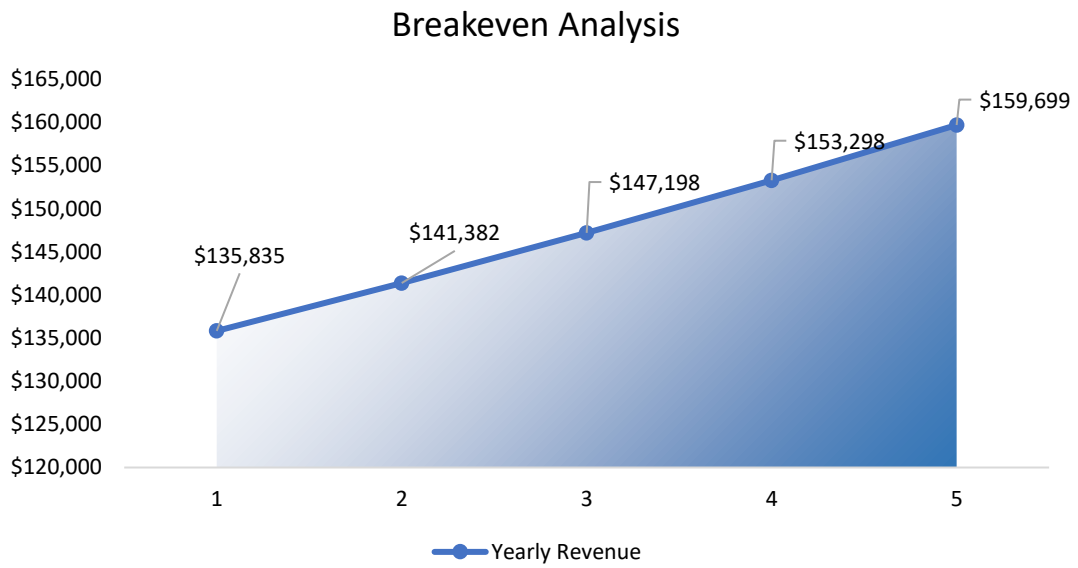
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$213,677	$224,548	$241,368	$264,667	$295,021
Fixed Assets	$2,150,000	$2,152,282	$2,155,002	$2,158,195	$2,161,902
Accumulated Depreciation	($55,100)	($110,751)	($166,959)	($223,728)	($281,065)
Total Assets	**$2,308,577**	**$2,266,080**	**$2,229,411**	**$2,199,134**	**$2,175,858**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$1,969,404	$1,936,596	$1,901,416	$1,863,693	$1,823,243
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$1,969,704**	**$1,937,211**	**$1,902,362**	**$1,864,986**	**$1,824,901**
Equity	**$338,873**	**$328,869**	**$327,050**	**$334,148**	**$350,957**
Total Liabilities and Equity	**$2,308,577**	**$2,266,080**	**$2,229,411**	**$2,199,134**	**$2,175,858**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$11,320	$11,782	$12,266	$12,775	$13,308
Yearly Revenue	$135,835	$141,382	$147,198	$153,298	$159,699



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	90.0%	90.0%	90.0%	90.0%	90.0%
Financials					
Profit Margin	9.50%	13.23%	16.71%	19.97%	23.00%
Assets to Liabilities	1.17	1.17	1.17	1.18	1.19
Equity to Liabilities	0.17	0.17	0.17	0.18	0.19
Assets to Equity	6.81	6.89	6.82	6.58	6.20
Liquidity					
Acid Test	0.11	0.12	0.13	0.14	0.16
Cash to Assets	0.09	0.10	0.11	0.12	0.14

Appendix A – SWOT Analysis

Strengths

- Substantial year-round demand will drive near 100% occupancy.
- Nearly all capital will be in real estate as well as furniture, fixtures, and equipment.
- An experienced real estate entrepreneur (Matthew Deutsch) who will be able to bring the operations of Deutsch Hospitality Group to profitability.
- Use of Airbnb and VRBO will allow for national visibility for the Company's properties.

Weaknesses

- Ongoing competition among entities that own properties in South Florida and operate in the same capacity.
- Potential damage to properties can occur.

Opportunities

- Expansion of the Company's property portfolio in South Florida.
- Development of operations in other markets.
- Hypothecation of properties to access additional capital for expansion.
- Integration of complementary services such as car rentals (which can be offered through platforms like Turo).

Threats

- Changes in the economy could impact demand for South Florida based short-term rentals.
- Inflation could cause the operating costs of the business to increase.

Appendix B – Critical Risks

Development Risk – **Low**
The properties that will be used during the course of operation have already been sourced. Matthew Deutsch is prepared to make the down payment for both properties as soon as the capital commitment for long-term mortgages are secured.

Financing Risk – **Low/Moderate**
As noted, business is seeking $2 million in order to acquire these two 4,000 square-foot properties. The risks relates is financing are significantly reduced by the fact that 100% of the capital will be collateralized with real estate. Furthermore, the highly predictable streams of high margin revenue produced from nightly rentals will further contribute to the economic stability of the business.

Marketing Risk **– Low**
The use of Airbnb and VRBO will ensure the business maintains near 100% occupancy for both properties. This will be complemented through the use of a proprietary website. This will further create awareness and availability for the Company.

Management Risk – **Low**
Matthew Deutsch is a highly experienced real estate professional. He will be able to properly manage the properties on a year-round basis while expanding the scope of operations in the coming years.

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

- All capital will be invested in properties and FF&E.
- Strong demand given that South Florida is a major tourist destination.
- Deutsch Hospitality Group can place long-term renters if needed.

Exit Risk - **Low**
In the event that Mr. Deutsch wants to retire or if it is economically prudent to do so, the business will work with a qualified real estate overage in order two properties. It should be noted that the Company as a whole may also be divested given the fact that the business will have numerous positive reviews spanning a wide range of short-term rental websites. This event is not expected to a significant period of time given that Mr. Deutsch wants to expand the scope of the Company's portfolio within the greater South Florida area.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$33,750**	**$33,813**	**$33,875**	**$33,938**	**$34,000**	**$34,063**	**$34,125**
Cost of Revenue	$3,375	$3,381	$3,388	$3,394	$3,400	$3,406	$3,413
Gross Profit	$30,375	$30,431	$30,488	$30,544	$30,600	$30,656	$30,713
Expenses							
Payroll	$6,042	$6,042	$6,042	$6,042	$6,042	$6,042	$6,042
General and Administrative	$511	$511	$511	$511	$511	$511	$511
Business Development Costs	$167	$167	$167	$167	$167	$167	$167
Marketing	$716	$716	$716	$716	$716	$716	$716
Insurance Costs	$333	$333	$333	$333	$333	$333	$333
Professional Fees	$250	$250	$250	$250	$250	$250	$250
Facility Costs	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654
Misc. Costs	$52	$52	$52	$52	$52	$52	$52
Payroll Taxes	$462	$462	$462	$462	$462	$462	$462
Total Operating Costs	$10,188	$10,188	$10,188	$10,188	$10,188	$10,188	$10,188
EBITDA	$20,187	$20,244	$20,300	$20,356	$20,412	$20,469	$20,525
Federal Income Tax	$1,069	$1,071	$1,073	$1,075	$1,077	$1,079	$1,081
State Income Tax	$0	$0	$0	$0	$0	$0	$0
Interest Expense	$11,667	$11,652	$11,638	$11,623	$11,609	$11,594	$11,579
Depreciation Expenses	$4,592	$4,592	$4,592	$4,592	$4,592	$4,592	$4,592
Net Profit	$2,860	$2,929	$2,998	$3,066	$3,135	$3,204	$3,273

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$34,188**	**$34,250**	**$34,313**	**$34,375**	**$34,438**	**$409,125**
Cost of Revenue	$3,419	$3,425	$3,431	$3,438	$3,444	$40,913
Gross Profit	$30,769	$30,825	$30,881	$30,938	$30,994	$368,213
Expenses						
Payroll	$6,042	$6,042	$6,042	$6,042	$6,042	$72,500
General and Administrative	$511	$511	$511	$511	$511	$6,137
Business Development Costs	$167	$167	$167	$167	$167	$2,005
Marketing	$716	$716	$716	$716	$716	$8,592
Insurance Costs	$333	$333	$333	$333	$333	$4,000
Professional Fees	$250	$250	$250	$250	$250	$3,000
Facility Costs	$1,654	$1,654	$1,654	$1,654	$1,654	$19,850
Misc. Costs	$52	$52	$52	$52	$52	$622
Payroll Taxes	$462	$462	$462	$462	$462	$5,546
Total Operating Costs	$10,188	$10,188	$10,188	$10,188	$10,188	$122,251
EBITDA	$20,581	$20,637	$20,694	$20,750	$20,806	$245,961
Federal Income Tax	$1,083	$1,085	$1,087	$1,089	$1,091	$12,958
State Income Tax	$0	$0	$0	$0	$0	$0
Interest Expense	$11,564	$11,549	$11,534	$11,519	$11,504	$139,031
Depreciation Expenses	$4,592	$4,592	$4,592	$4,592	$4,592	$55,100
Net Profit	$3,343	$3,412	$3,481	$3,551	$3,620	$38,873

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$107,150	$109,359	$111,568	$113,778	$441,855
Cost of Revenue	$10,715	$10,936	$11,157	$11,378	$44,186
Gross Profit	**$96,435**	**$98,423**	**$100,412**	**$102,400**	**$397,670**
Expenses					
Payroll	$18,669	$18,669	$18,669	$18,669	$74,675
General and Administrative	$1,657	$1,657	$1,657	$1,657	$6,628
Business Development Costs	$525	$536	$547	$558	$2,165
Marketing	$2,250	$2,297	$2,343	$2,389	$9,279
Insurance Costs	$1,030	$1,030	$1,030	$1,030	$4,120
Professional Fees	$764	$780	$795	$811	$3,150
Facility Costs	$5,211	$5,211	$5,211	$5,211	$20,843
Misc. Costs	$163	$166	$170	$173	$672
Payroll Taxes	$1,385	$1,414	$1,442	$1,471	$5,713
Total Operating Costs	**$31,654**	**$31,758**	**$31,863**	**$31,968**	**$127,244**
EBITDA	**$64,781**	**$66,665**	**$68,548**	**$70,432**	**$270,426**
Federal Income Tax	$4,726	$4,824	$4,921	$5,018	$19,489
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$34,418	$34,278	$34,134	$33,989	$136,819
Depreciation Expenses	$13,913	$13,913	$13,913	$13,913	$55,651
Net Profit	**$11,724**	**$13,651**	**$15,580**	**$17,512**	**$58,467**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$115,722	$118,108	$120,494	$122,880	$477,203
Cost of Revenue	$11,572	$11,811	$12,049	$12,288	$47,720
Gross Profit	**$104,150**	**$106,297**	**$108,444**	**$110,592**	**$429,483**
Expenses					
Payroll	$19,229	$19,229	$19,229	$19,229	$76,915
General and Administrative	$1,736	$1,772	$1,807	$1,843	$7,158
Business Development Costs	$567	$579	$590	$602	$2,338
Marketing	$2,430	$2,480	$2,530	$2,580	$10,021
Insurance Costs	$1,061	$1,061	$1,061	$1,061	$4,244
Professional Fees	$802	$819	$835	$852	$3,308
Facility Costs	$5,471	$5,471	$5,471	$5,471	$21,885
Misc. Costs	$176	$180	$183	$187	$725
Payroll Taxes	$1,471	$1,471	$1,471	$1,471	$5,884
Total Operating Costs	**$32,943**	**$33,061**	**$33,178**	**$33,296**	**$132,478**
EBITDA	**$71,207**	**$73,236**	**$75,266**	**$77,296**	**$297,005**
Federal Income Tax	$6,447	$6,580	$6,713	$6,846	$26,588
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$33,841	$33,690	$33,536	$33,380	$134,447
Depreciation Expenses	$14,052	$14,052	$14,052	$14,052	$56,208
Net Profit	**$16,867**	**$18,914**	**$20,964**	**$23,017**	**$79,763**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$124,980	$127,556	$130,133	$132,710	$515,380
Cost of Revenue	$12,498	$12,756	$13,013	$13,271	$51,538
Gross Profit	**$112,482**	**$114,801**	**$117,120**	**$119,439**	**$463,842**
Expenses					
Payroll	$19,806	$19,806	$19,806	$19,806	$79,223
General and Administrative	$1,875	$1,913	$1,952	$1,991	$7,731
Business Development Costs	$612	$625	$638	$650	$2,525
Marketing	$2,625	$2,679	$2,733	$2,787	$10,823
Insurance Costs	$1,093	$1,093	$1,093	$1,093	$4,371
Professional Fees	$842	$860	$877	$894	$3,473
Facility Costs	$5,745	$5,745	$5,745	$5,745	$22,979
Misc. Costs	$190	$194	$198	$202	$783
Payroll Taxes	$1,515	$1,515	$1,515	$1,515	$6,061
Total Operating Costs	**$34,302**	**$34,429**	**$34,555**	**$34,682**	**$137,968**
EBITDA	**$78,180**	**$80,372**	**$82,565**	**$84,757**	**$325,873**
Federal Income Tax	$8,318	$8,489	$8,661	$8,832	$34,300
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$33,221	$33,060	$32,895	$32,728	$131,904
Depreciation Expenses	$14,192	$14,192	$14,192	$14,192	$56,770
Net Profit	**$22,448**	**$24,631**	**$26,816**	**$29,005**	**$102,900**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$134,978	$137,761	$140,544	$143,327	$556,610
Cost of Revenue	$13,498	$13,776	$14,054	$14,333	$55,661
Gross Profit	**$121,480**	**$123,985**	**$126,490**	**$128,994**	**$500,949**
Expenses					
Payroll	$20,400	$20,400	$20,400	$20,400	$81,599
General and Administrative	$2,025	$2,066	$2,108	$2,150	$8,349
Business Development Costs	$661	$675	$689	$702	$2,727
Marketing	$2,835	$2,893	$2,951	$3,010	$11,689
Insurance Costs	$1,126	$1,126	$1,126	$1,126	$4,502
Professional Fees	$884	$903	$921	$939	$3,647
Facility Costs	$6,032	$6,032	$6,032	$6,032	$24,128
Misc. Costs	$205	$209	$214	$218	$846
Payroll Taxes	$1,561	$1,561	$1,561	$1,561	$6,242
Total Operating Costs	**$35,728**	**$35,864**	**$36,001**	**$36,137**	**$143,729**
EBITDA	**$85,752**	**$88,121**	**$90,489**	**$92,858**	**$357,220**
Federal Income Tax	$10,349	$10,562	$10,776	$10,989	$42,676
State Income Tax	$0	$0	$0	$0	$0
Interest Expense	$32,557	$32,384	$32,208	$32,028	$129,177
Depreciation Expenses	$14,334	$14,334	$14,334	$14,334	$57,337
Net Profit	**$28,511**	**$30,840**	**$33,171**	**$35,506**	**$128,029**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$7,452	$7,520	$7,589	$7,658	$7,727	$7,796	$7,865	$7,934
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$7,452	$7,520	$7,589	$7,658	$7,727	$7,796	$7,865	$7,934
Other Cash Inflows								
Equity Investment	$300,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$2,000,000	$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	**$2,300,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$2,307,535**	**$7,604**	**$7,673**	**$7,741**	**$7,810**	**$7,879**	**$7,948**	**$8,018**
Cash Outflows								
Repayment of Principal	$2,469	$2,483	$2,498	$2,512	$2,527	$2,542	$2,557	$2,572
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$2,150,000	$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	**$2,152,527**	**$2,542**	**$2,556**	**$2,571**	**$2,585**	**$2,600**	**$2,615**	**$2,630**
Net Cash Flow	**$155,008**	**$5,062**	**$5,116**	**$5,171**	**$5,225**	**$5,279**	**$5,334**	**$5,388**
Cash Balance	**$155,008**	**$160,070**	**$165,186**	**$170,357**	**$175,582**	**$180,861**	**$186,195**	**$191,583**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$8,004	$8,073	$8,142	$8,212	$93,973
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$8,004**	**$8,073**	**$8,142**	**$8,212**	**$93,973**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$300,000
Increased Borrowings	$0	$0	$0	$0	$2,000,000
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	$2,301,000
Total Cash Inflow	**$8,087**	**$8,156**	**$8,226**	**$8,295**	**$2,394,973**
Cash Outflows					
Repayment of Principal	$2,587	$2,602	$2,617	$2,632	$30,596
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$2,150,000
Dividends	$0	$0	$0	$0	$0
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,645**	**$2,660**	**$2,675**	**$2,690**	**$2,181,296**
Net Cash Flow	**$5,442**	**$5,496**	**$5,551**	**$5,605**	**$213,677**
Cash Balance	**$197,025**	**$202,521**	**$208,072**	**$213,677**	**$213,677**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$25,637	$27,564	$29,493	$31,424	$114,118
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$25,637**	**$27,564**	**$29,493**	**$31,424**	**$114,118**
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	**$25,892**	**$27,824**	**$29,758**	**$31,695**	**$115,168**
Cash Outflows					
Repayment of Principal	$7,989	$8,129	$8,272	$8,418	$32,808
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$2,282	$0	$0	$0	$2,282
Dividends	$0	$0	$0	$68,471	$68,471
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$10,449**	**$8,311**	**$8,458**	**$77,078**	**$104,296**
Net Cash Flow	**$15,442**	**$19,512**	**$21,300**	**-$45,383**	**$10,872**
Cash Balance	**$229,119**	**$248,631**	**$269,931**	**$224,548**	**$224,548**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$30,919	$32,966	$35,016	$37,069	$135,970
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$30,919**	**$32,966**	**$35,016**	**$37,069**	**$135,970**
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	**$31,186**	**$33,239**	**$35,295**	**$37,353**	**$137,073**
Cash Outflows					
Repayment of Principal	$8,566	$8,717	$8,870	$9,026	$35,180
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,360	$1,360	$0	$0	$2,719
Dividends	$0	$0	$0	$81,582	$81,582
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$10,113**	**$10,268**	**$9,065**	**$90,807**	**$120,253**
Net Cash Flow	**$21,073**	**$22,971**	**$26,230**	**-$53,454**	**$16,820**
Cash Balance	**$245,621**	**$268,593**	**$294,822**	**$241,368**	**$241,368**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$36,640	$38,823	$41,009	$43,197	$159,669
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$36,640**	**$38,823**	**$41,009**	**$43,197**	**$159,669**
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	**$36,921**	**$39,110**	**$41,301**	**$43,495**	**$160,827**
Cash Outflows					
Repayment of Principal	$9,185	$9,347	$9,512	$9,679	$37,723
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,597	$1,597	$0	$0	$3,193
Dividends	$0	$0	$0	$95,802	$95,802
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$10,979**	**$11,144**	**$9,716**	**$105,689**	**$137,528**
Net Cash Flow	**$25,943**	**$27,965**	**$31,585**	**-$62,194**	**$23,299**
Cash Balance	**$267,311**	**$295,276**	**$326,861**	**$264,667**	**$264,667**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$42,846	$45,174	$47,506	$49,840	$185,366
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$42,846**	**$45,174**	**$47,506**	**$49,840**	**$185,366**
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	**$43,141**	**$45,475**	**$47,813**	**$50,153**	**$186,582**
Cash Outflows					
Repayment of Principal	$9,849	$10,023	$10,199	$10,379	$40,450
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,854	$1,854	$0	$0	$3,707
Dividends	$0	$0	$0	$111,220	$111,220
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$11,909**	**$12,087**	**$10,414**	**$121,817**	**$156,228**
Net Cash Flow	**$31,231**	**$33,388**	**$37,399**	**-$71,664**	**$30,354**
Cash Balance	**$295,898**	**$329,286**	**$366,685**	**$295,021**	**$295,021**