DEUTSCH

SOLAR GROUP

Table of Contents

1.0 Executive Summary 4

2.0 The Financing 8

2.1 Funds Required 8

2.2 Management and Investor Equity 8

2.3 Exit Strategies 8

3.0 Operations 9

4.0 Overview of the Organization 10

4.1 Registered Name 10

4.2 Commencement of Operations 10

4.3 Mission Statement 10

4.4 Vision Statement 10

4.5 Organizational Objectives 10

5.0 Market and Industry Analysis 11

5.1 External Environmental Analysis 11

5.2 Industry Analysis 11

5.3 Customer Profile 11

5.4 Competitive Analysis 12

6.0 Key Strategic Issues 12

6.1 Sustainable Operations 13

6.2 Basis of Growth 13

7.0 Marketing Plan 14

7.1 Marketing Objectives 14

7.2 Revenue Forecasts 14

7.3 Revenue Assumptions 14

7.4 Marketing Strategies 15

8.0 Organizational Plan 16

8.1 Organizational Hierarchy 16

8.2 Personnel Costs 17

9.0 Financial Plan 18

9.1 Underlying Assumptions 18
9.2 Financial Highlights 18
9.3 Sensitivity Analysis 18
9.4 Source of Funds 18
9.5 Financial Proformas 19
A) Profit and Loss Statement 19
B) Common Size Income Statement 20
C) Cash Flow Analysis 21
D) Balance Sheet 22
9.6 Breakeven Analysis 23
9.7 Business Ratios 23
Appendix A – SWOT Analysis 24
Appendix B – Critical Risks 25
Appendix C – Expanded Profit and Loss Statements 26
Appendix D – Expanded Cash Flow Analysis 32

1.0 Executive Summary

The purpose of this business plan is to showcase the ongoing development of a solar power installation business based in Sacramento, California. Deutsch Solar Group ("the Company") was founded by Matthew Deutsch and revenue generating operations will commence in the second quarter of next year. At this time, the Company is seeking $350,000 via a revolving credit facility in order to establish operations.

Operations

The primary revenue center for Deutsch Solar Group will come from the ongoing installation of state-of-the-art solar panels for both residential and commercial properties. As there are a number of tax credit programs available to assist with the cost associated with solar panels, Management sees a substantial opportunity to expand within this market. Most importantly, there is an immense demand among homeowners and commercial property owners alike for solar panels given that they substantially reduce utility costs.

Each engagement is expected to generate $15,000 to $100,000 depending on the scope and scale of the installation project.

To complement these operations, the Company will produce substantial revenues from the ongoing maintenance and repair of installed solar system systems. The Company will also have the ability to provide repair services for solar panels that have been installed by third-party contractors.

The third section of this solar panel installation business plan will further discuss operations.

The Financing

As noted above, the Company is currently seeking a $350,000 revolving credit facility to establish operations. Rather than acquire a business loan, the line of credit will allow the business to draw down funding as needed. These funds will be principally used for the acquisition of solar panel inventories, operating assets, and vehicles. Matthew Deutsch will contribute $50,000 toward the venture.

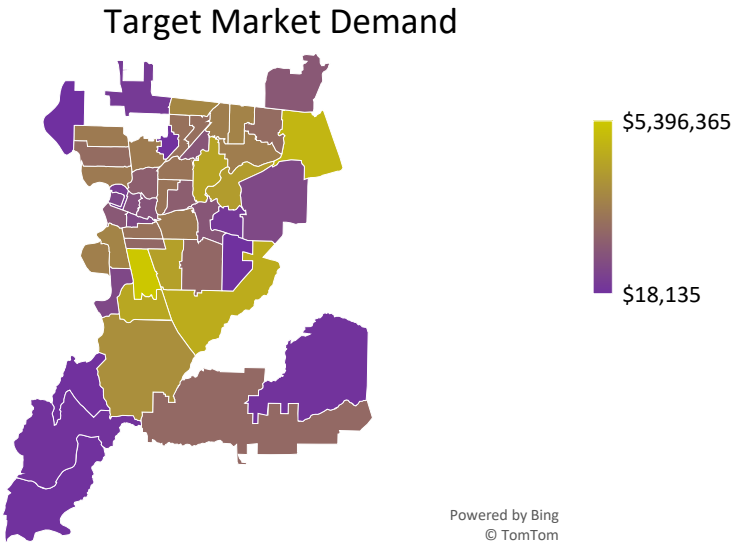
Moving forward, the Company could easily request that its credit line be expanded based on the ongoing demand for solar panel install installation service services within the greater Sacramento market area.

The Future

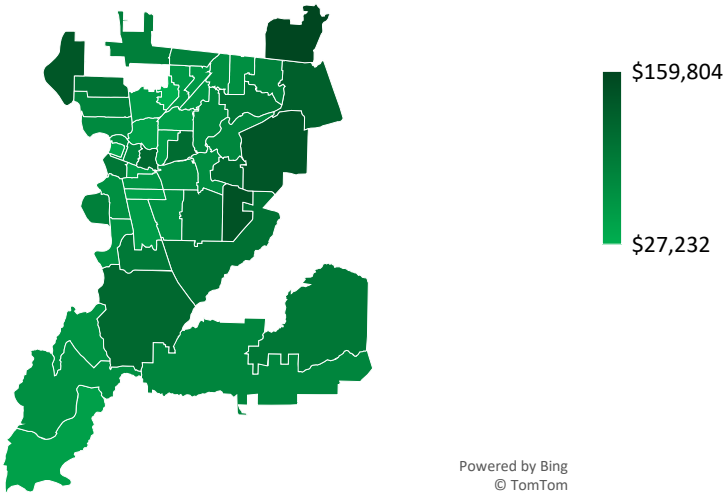
The Company will make ongoing reinvestment into its operating infrastructure in order to ensure that it becomes one of the preeminent solar panel installation businesses within the target market area. The Company will continually acquire new vehicles as well as hiring

installation professionals so that a greater number of engagements can be serviced at any given time.

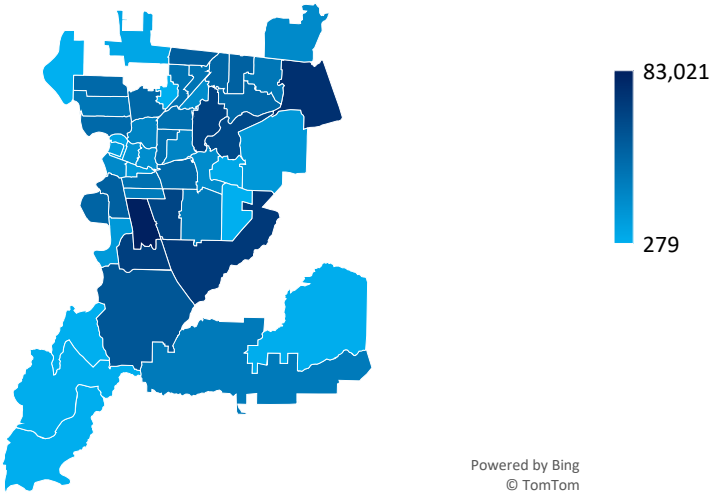
Market Overview



Target Market Household Income

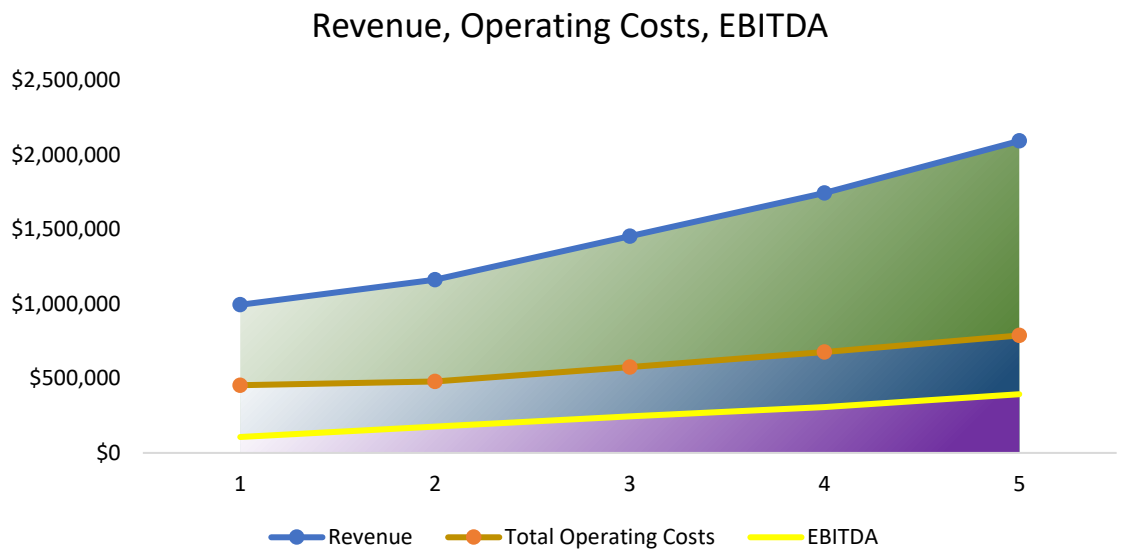


Target Market Population



Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$993,810	$1,162,758	$1,453,447	$1,744,137	$2,092,964
Cost of Revenue	$432,656	$506,207	$632,759	$759,310	$911,172
Gross Profit	$561,155	$656,551	$820,688	$984,826	$1,181,791
Total Operating Costs	$454,364	$479,136	$576,372	$677,776	$787,954
EBITDA	**$106,791**	**$177,415**	**$244,316**	**$307,050**	**$393,837**

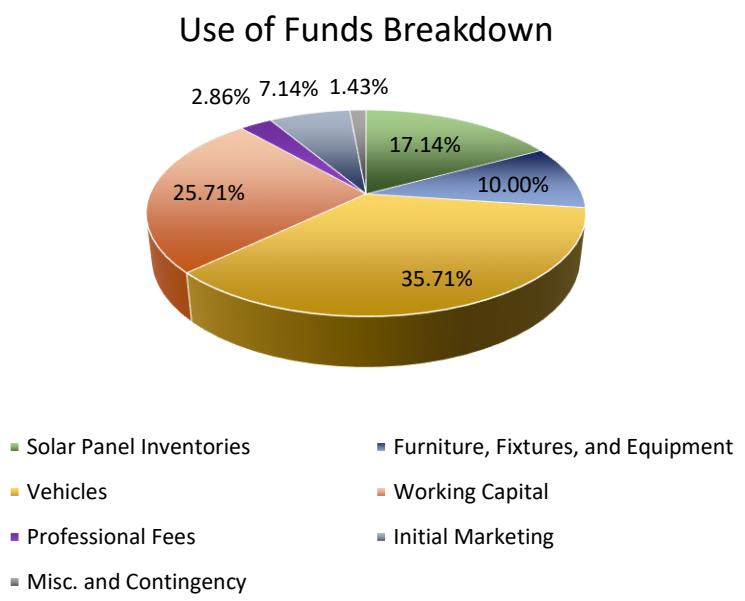


2.0 The Financing

2.1 Funds Required

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

Use of Funds	
Solar Panel Inventories	$60,000
Furniture, Fixtures, and Equipment	$35,000
Vehicles	$125,000
Working Capital	$90,000
Professional Fees	$10,000
Initial Marketing	$25,000
Misc. and Contingency	$5,000
Total	$350,000



2.2 Management and Investor Equity

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

2.3 Exit Strategies

Given the immense profitability of solar panel installation businesses, there is a significant demand among contracting professionals to acquire companies that are established in this field. In the event that it is financially prudent to do so, a qualified business brokerage will be retained in order to complete a formal valuation while concurrently marketing the business to an appropriate buyer. Based on market statistics of similar businesses that have sold in the past, Deutsch Solar Group could have valuation of up to $1.4 million by the fifth year of operation. The sale of this business would not occur for a significant period of time

3.0 Operations

The installation of premium solar panel panels will remain as the primary revenue center for the business. The Company will source panels among numerous domestic and international manufacturers in order to provide a number of cost-effective solutions for both residential property owners and commercial property owners. As noted earlier, each engagement is expected to generate $15,000 to $100,000 of revenue.

The Company will also work with its clients in order to ensure that they receive all of the tax benefits and rebates that are associated with the installation of solar panels. This will provide a substantial differentiating factor for the business.

In addition to installation of new solar power systems, the Company will also produce ongoing revenue for repair repairs and maintenance. From time to time, solar panels do need to be replaced due to exterior wear and tear as well as environmental damage. The Company will keep a large inventory of replacement panels on hand in order to ensure that repairs and maintenance can be done relatively quickly.

4.0 Overview of the Organization

4.1 Registered Name

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

4.2 Commencement of Operations

Operations will commence in the second quarter of next year.

4.3 Mission Statement

To provide cost-effective home and commercial property energy solutions.

4.4 Vision Statement

To become the preeminent solar panel installation business within the greater Sacramento area.

4.5 Organizational Objectives

- Once the capital has been secured, properly acquire the operating assets so the business can commence revenue generation.
- Source solar panels among numerous manufacturers in order to provide a wide range of choice for clients.
- Adhere to all safety regulations regarding the handling installation of solar panel panels.
- Coordinate with real estate developers and general contractors that have solar panel installation needs.
- Implement numerous marketing strategies that will create significant brand awareness within the greater Sacramento area.
- Properly on-board staff that have a deep understanding of how solar panels are properly installed as well as the safe handling electricity.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

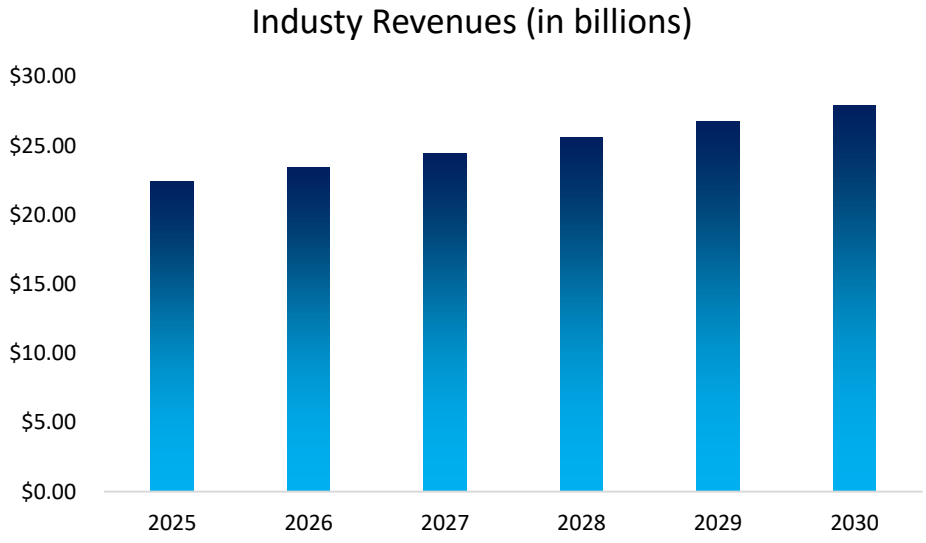
This section of the solar panel installation business plan will discuss the current economic climate, the industry, the client profile, and competitive issues.

At this time, economic outlook within the United States is moderate. Over the past twelve months, there has been an evolution in the way that the country conducts business with other countries. Tariffs as well as other fiscal policy adjustments have caused a higher than anticipated inflation rate. However, the Federal Reserve as well as major central banks are taking appropriate steps abate the risk associated with ongoing inflation.

It should be noted that further issues with economy will only have a modest impact on Deutsch Solar Group's ability to generate revenue. There are numerous tax credits, tax incentives, and rebate programs that are associated with the installation of solar panels for both residential commercial properties. As noted earlier, Deutsch Solar Group will work with its clients in order to ensure that they have a full understanding of these programs which can defer a substantial portion of the cost.

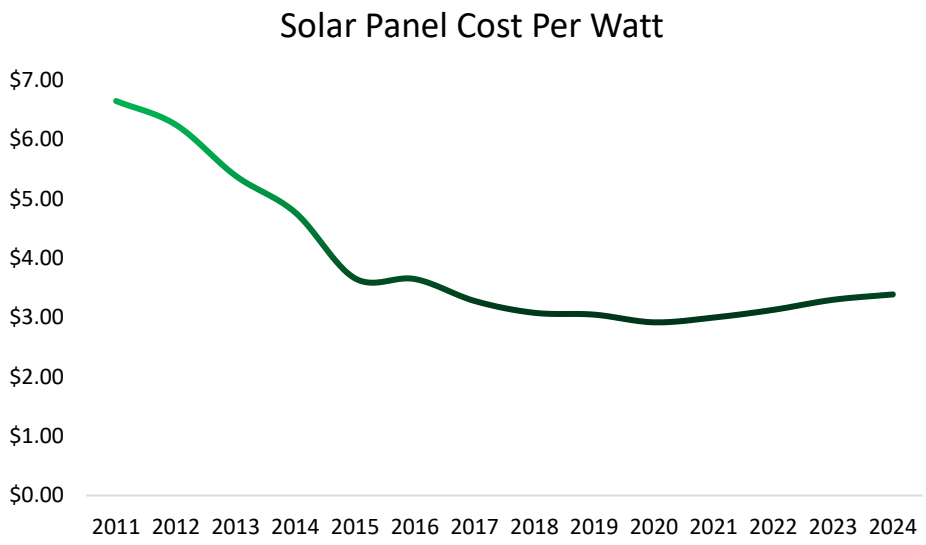
5.2 Industry Analysis

There are 12,000 companies that are actively involved with the installation of solar panels and related alternative energy structures. These businesses generate $23 billion of revenue per year and provide jobs for 58,000 people.



This industry is expected to continue to enjoy a significant growth rate in the coming years as the cost associate with solar power has declined substantially. In addition to all of the tax benefits associated with solar panel installation, property owners can also benefit from

the fact that they can sell electricity back into the grid. Deutsch Solar Group will capitalize on this demand.



5.3 Customer Profile

For residential property owners, the following profile is noted:

- Household income of $150,000+
- Will spend $25,000 per installation (pre-incentive).
- Lives within 100 miles of the Deutsch Solar Group location

For commercial clients, the following profile will be used:

- Operates a commercial building with at least 5,000 square feet.
- The property has a value in excess of $1 million.
- The client will spend $50,000 to $100,000 on the engagement.

5.4 Competitive Analysis

This solar panel insulation service business plan has been developed specifically for potential clients. A formal competitive analysis was not completed. If this was a business plan specific for a client engagement then a deep analysis regarding all other solar panel contractors within target market would have been included.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The ability to provide installation as well as ongoing maintenance will provide a holistic ecosystem for clients.
- The Company will work closely with its clients to ensure that they can reap all of the financial benefits associated with the installation of solar panels.
- The Company will produce highly predictable streams of revenue for maintenance for repair operations that that will fully support the operations of Deutsch Solar Group.
- The Company can easily scale within other markets in Northern California.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continue to hire additional technicians that can complete larger-scale solar panel installation engagements.
- Entry into neighboring markets including San Francisco.
- Expansion of the type of services that can be offered clients, especially within the field of electrical contracting.

7.0 Marketing Plan

7.1 Marketing Objectives

- Establish ongoing relationships of general contractors, and real estate developers that will call on the business for solar panel installation.

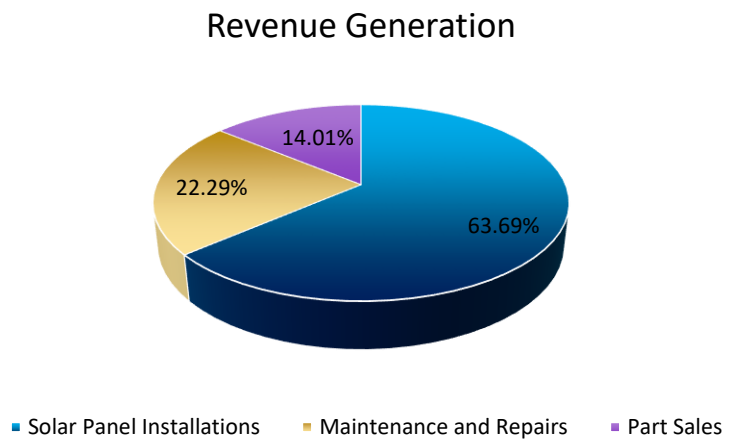
- Participate in numerous initiatives that promote the use of solar panels given their eco-friendly status.

- Implement numerous online strategies spanning, social media and search engine optimization to drive interest among the general republic.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Solar Panel Installations	$633,000	$740,610	$925,763	$1,110,915	$1,333,098
Maintenance and Repairs	$221,550	$259,214	$324,017	$388,820	$466,584
Part Sales	$139,260	$162,934	$203,668	$244,401	$293,282
Totals	**$993,810**	**$1,162,758**	**$1,453,447**	**$1,744,137**	**$2,092,964**

Gross Profit					
Year	1	2	3	4	5
Total	**$561,155**	**$656,551**	**$820,688**	**$984,826**	**$1,181,791**



7.3 Revenue Assumptions

Year 1

- Revenue will reach $993,000.
- Gross profits will be $561,000.

Year 2

- Through new relationship development, total revenue will reach $1.1 million.
- The Company will produce $656,000 of gross profit.

Years 3-5

- By the fifth year of operation, Deutsch Solar Group will produce $2 million.
- The Company will achieve $1.18 million of gross profit.

7.4 Marketing Strategies

There are numerous ways in which Deutsch Solar Group will market its services and solar panels to the general public. Most importantly, the Company will establish ongoing relationship relationships with general contractors, property rehabbers, and real estate developers within the Sacramento market area in order to ensure that the business can be called upon in a subcontracted capacity. Of special importance of these operations is ongoing relationships with real estate developers as many custom homes now feature solar panel panels. Management sees a significant opportunity to establish these types of relationships throughout the life of the business.

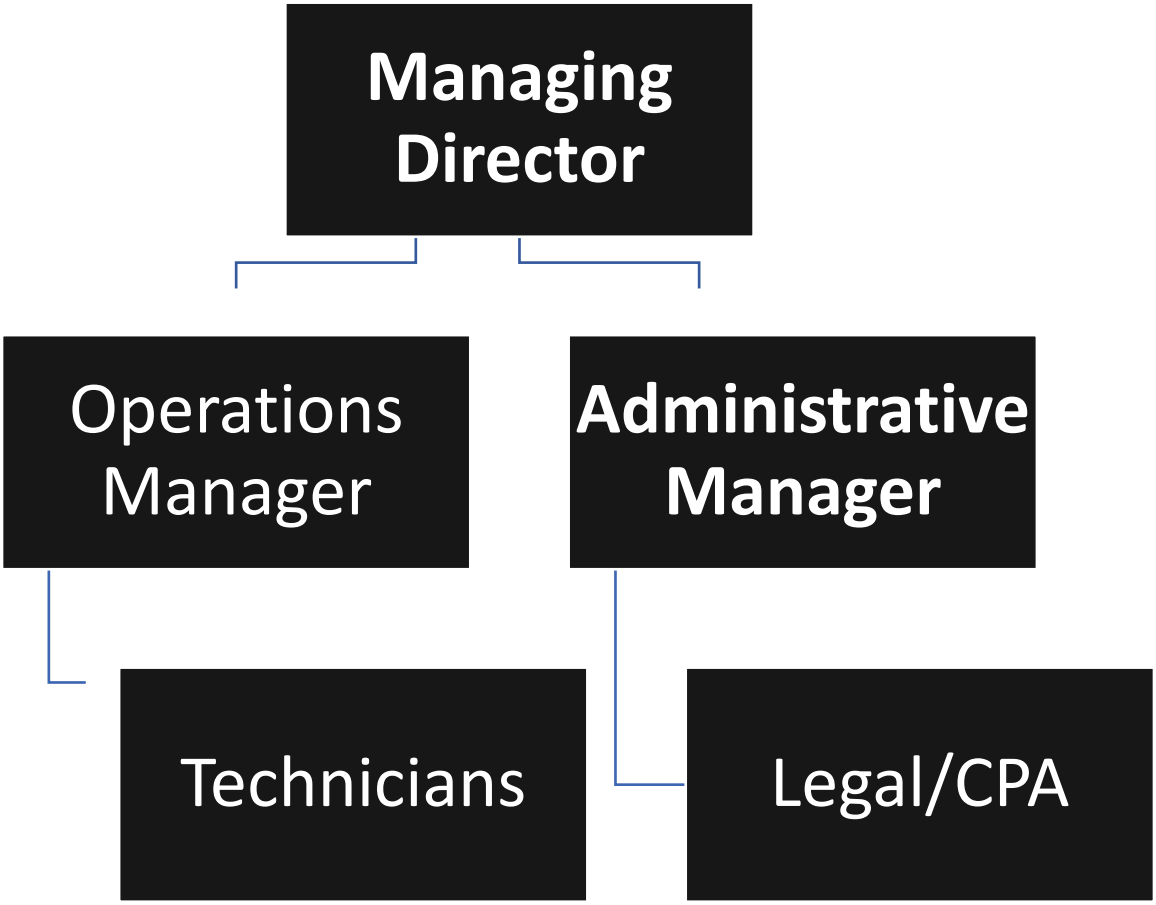
In regards to the Company's website, this platform will showcase all inventory of solar panels that are used during installation process, preliminary pricing information via calculators, general information about the business, licensure information, and contact information. This website will be mobile device friendly. It will also undergo search engine of organization so that when searches for solar panel contractors in the greater Sacramento area are conducted, the business will frequently appear in the search. To accomplish this, the Company will frequently upload content that showcases the numerous benefits of using solar panels within both commercial and residential properties.

To complement these operations, the Company will also maintain a presence on all social media pages. The business will frequently showcase articles relating to the incentives that are associated with the use of solar panel panels. Images of completed installation engagements will be featured prominently on social media platforms.

The Company will also become a member of numerous chambers of commerce as well as organizations that promote the use of solar power as an alternative to traditional energy systems. The business will make ongoing capital contributions to organizations that promote these initiatives.

8.0 Organizational Plan

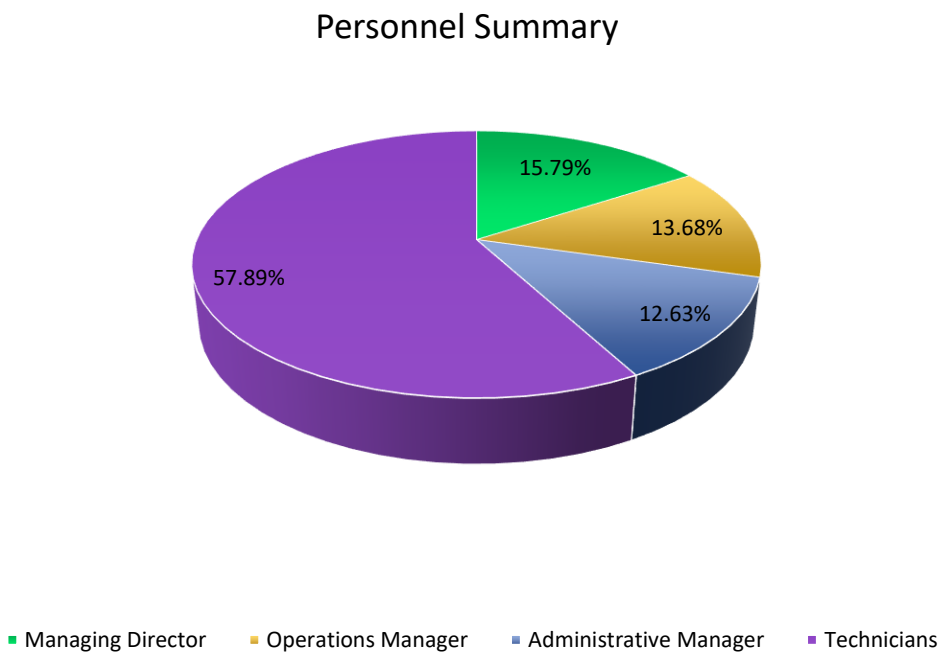
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Managing Director	$75,000	$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
Technicians	$110,000	$113,300	$175,049	$240,400	$309,515
Total	**$310,000**	**$319,300**	**$387,229**	**$458,945**	**$534,617**

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



9.0 Financial Plan

9.1 Underlying Assumptions

- The Company will acquire a $350,000 revolving line of credit to establish operations.
- Matthew Deutsch will contribute $50,000 towards the venture.
- Deutsch Solar Group will achieve a compounded annual growth rate of 21%.

9.2 Financial Highlights

- Substantial profits from the ongoing installation of solar panels for both residential and commercial properties.
- Highly predictable income generated from maintenance and repair services.

9.3 Sensitivity Analysis

During challenging economic climates, the demand for the installation of new solar panel systems may decline slightly. However, there are numerous initiatives that provide significant financial incentives that allow the business to remain affordable, even during economic recession. Additionally, the company will produce highly predictable streamers from its maintenance repair operations that will ensure that Deutsch Solar Group is able to meet its monthly financial obligations.

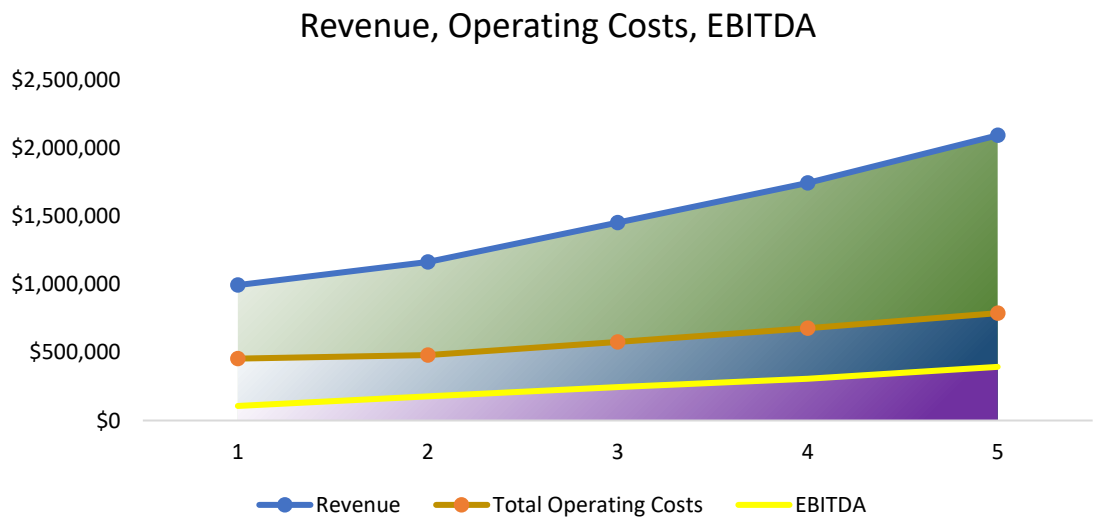
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$50,000.00
Total Equity Financing	$50,000.00
Banks and Lenders	
Business Loan	$350,000.00
Total Debt Financing	$350,000.00
Total Financing	**$400,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$993,810	$1,162,758	$1,453,447	$1,744,137	$2,092,964
Cost of Revenue	$432,656	$506,207	$632,759	$759,310	$911,172
Gross Margin	56.46%	56.46%	56.46%	56.46%	56.46%
Gross Profit	$561,155	$656,551	$820,688	$984,826	$1,181,791
Expenses					
Payroll	$310,000	$319,300	$387,229	$458,945	$534,617
General and Administrative	$20,870	$24,418	$30,522	$36,627	$43,952
Vehicle Costs	$39,752	$46,510	$58,138	$69,765	$83,719
Marketing	$12,522	$14,651	$18,313	$21,976	$26,371
Insurance Costs	$20,000	$21,000	$22,050	$23,153	$24,310
Professional Fees	$7,500	$7,875	$8,269	$8,682	$9,116
Facility Costs	$17,500	$18,025	$18,566	$19,123	$19,696
Misc. Costs	$2,504	$2,930	$3,663	$4,395	$5,274
Payroll Taxes	$23,715	$24,426	$29,623	$35,109	$40,898
Total Operating Costs	**$454,364**	**$479,136**	**$576,372**	**$677,776**	**$787,954**
EBITDA	**$106,791**	**$177,415**	**$244,316**	**$307,050**	**$393,837**
Federal Income Tax	$12,288	$30,286	$47,391	$63,495	$85,658
State Income Tax	$2,458	$6,057	$9,478	$12,699	$17,132
Interest Expense	$27,139	$25,162	$23,021	$20,703	$18,191
Depreciation Expenses	$30,500	$31,110	$31,732	$32,367	$33,014
Net Profit	**$34,406**	**$84,800**	**$132,694**	**$177,787**	**$239,842**
Profit Margin	**3.46%**	**7.29%**	**9.13%**	**10.19%**	**11.46%**

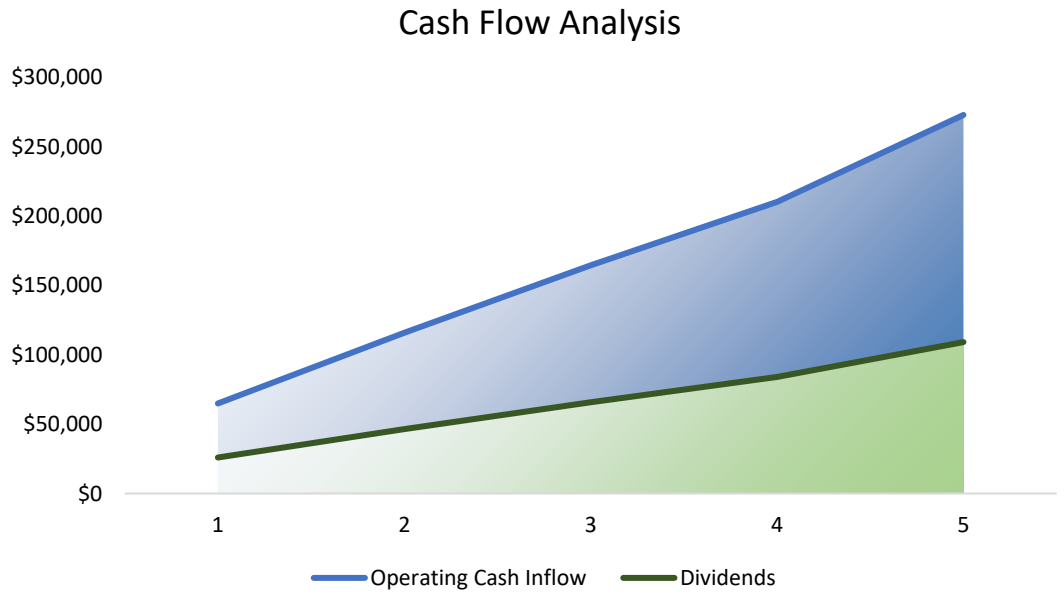


B) Common Size Income Statement

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	43.54%	43.54%	43.54%	43.54%	43.54%
Gross Profit	56.46%	56.46%	56.46%	56.46%	56.46%
Expenses					
Payroll	31.19%	27.46%	26.64%	26.31%	25.54%
General and Administrative	2.10%	2.10%	2.10%	2.10%	2.10%
Vehicle Costs	4.00%	4.00%	4.00%	4.00%	4.00%
Marketing	1.26%	1.26%	1.26%	1.26%	1.26%
Insurance Costs	2.01%	1.81%	1.52%	1.33%	1.16%
Professional Fees	0.75%	0.68%	0.57%	0.50%	0.44%
Facility Costs	1.76%	1.55%	1.28%	1.10%	0.94%
Misc. Costs	0.25%	0.25%	0.25%	0.25%	0.25%
Payroll Taxes	2.39%	2.10%	2.04%	2.01%	1.95%
Total Operating Costs	45.72%	41.21%	39.66%	38.86%	37.65%
EBITDA	10.75%	15.26%	16.81%	17.60%	18.82%
Federal Income Tax	1.24%	2.60%	3.26%	3.64%	4.09%
State Income Tax	0.25%	0.52%	0.65%	0.73%	0.82%
Interest Expense	2.73%	2.16%	1.58%	1.19%	0.87%
Depreciation Expenses	3.07%	2.68%	2.18%	1.86%	1.58%
Net Profit	3.46%	7.29%	9.13%	10.19%	11.46%

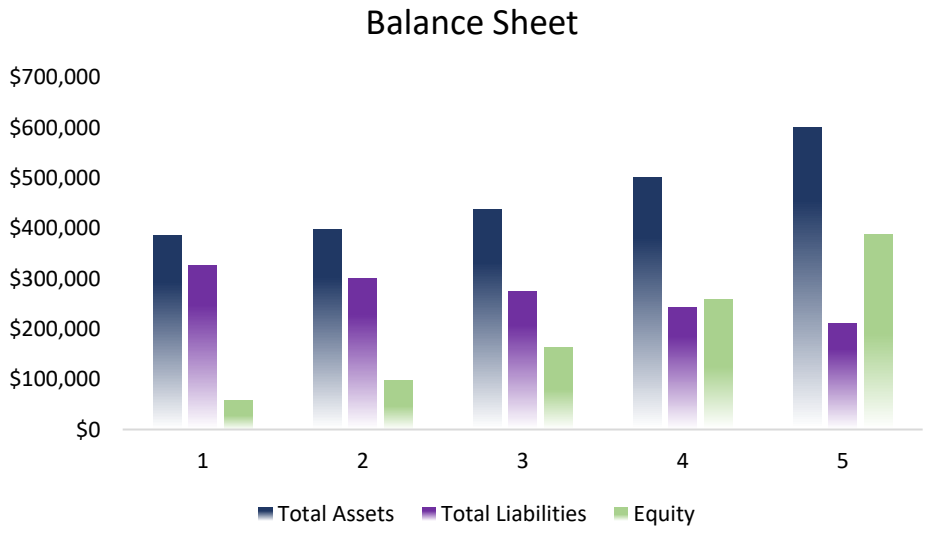
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$64,906	$115,910	$164,426	$210,153	$272,856
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$64,906**	**$115,910**	**$164,426**	**$210,153**	**$272,856**
Other Cash Inflows					
Equity Investment	$50,000	$0	$0	$0	$0
Increased Borrowings	$350,000	$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	**$401,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$465,906**	**$116,960**	**$165,528**	**$211,311**	**$274,072**
Cash Outflows					
Repayment of Principal	$23,818	$25,795	$27,936	$30,255	$32,766
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$220,000	$28,978	$41,106	$52,538	$68,214
Dividends	$25,962	$46,364	$65,770	$84,061	$109,143
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$270,481**	**$101,872**	**$135,585**	**$167,665**	**$210,974**
Net Cash Flow	**$195,425**	**$15,088**	**$29,944**	**$43,646**	**$63,098**
Cash Balance	**$195,425**	**$210,513**	**$240,457**	**$284,103**	**$347,201**



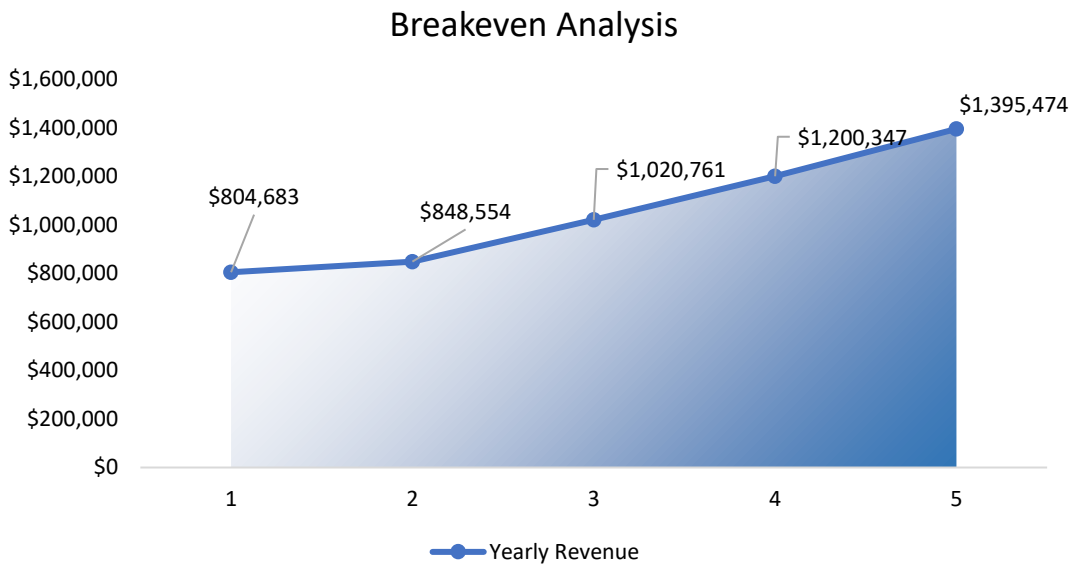
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$195,425	$210,513	$240,457	$284,103	$347,201
Fixed Assets and Inventory	$220,000	$248,978	$290,084	$342,622	$410,836
Accumulated Depreciation	($30,500)	($61,610)	($93,342)	($125,709)	($158,723)
Total Assets	**$384,925**	**$397,881**	**$437,199**	**$501,016**	**$599,315**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$326,182	$300,386	$272,450	$242,195	$209,429
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$326,482**	**$301,001**	**$273,396**	**$243,488**	**$211,087**
Equity	**$58,444**	**$96,880**	**$163,803**	**$257,528**	**$388,228**
Total Liabilities and Equity	**$384,925**	**$397,881**	**$437,199**	**$501,016**	**$599,315**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$67,057	$70,713	$85,063	$100,029	$116,290
Yearly Revenue	$804,683	$848,554	$1,020,761	$1,200,347	$1,395,474



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	17.0%	25.0%	20.0%	20.0%
Gross Margin	56.5%	56.5%	56.5%	56.5%	56.5%
Financials					
Profit Margin	3.46%	7.29%	9.13%	10.19%	11.46%
Assets to Liabilities	1.18	1.32	1.60	2.06	2.84
Equity to Liabilities	0.18	0.32	0.60	1.06	1.84
Assets to Equity	6.59	4.11	2.67	1.95	1.54
Liquidity					
Acid Test	0.60	0.70	0.88	1.17	1.64
Cash to Assets	0.51	0.53	0.55	0.57	0.58

Appendix A – SWOT Analysis

Strengths

- Significant demand in the Sacramento market for solar panels given the amount of sun that the area receives.
- The Company will operate as an end-to-end solution provider as relates to matters related to the installation of solar panels.
- Predictable income from maintenance operations want to ensure the economic viability of Deutsch Solar Group.
- The Company can scale its operations as demand naturally increases in the coming years.

Weaknesses

- Operational complexity is given that this is a contracting focus business that deals with solar power and electricity.
- Ongoing competition from highly established solar panel installation contractors within Sacramento.

Opportunities

- Expansion of operations include other types of electrical services.
- Continued expansion of the number of vehicles that are maintained by the business.
- Expansion to include other economically viable markets within California.

Threats

- Matters related to tariffs can impact the underlying cost of solar panels.
- Potential liabilities resulting from onside injuries, although this is a limited risk given the comprehensive insurance policies that will be in place.

Appendix B – Critical Risks

Development Risk – **Low**
Matthew Deutsch's has sourced numerous solar panel manufacturers that will provide the underlying inventories that will be used during the course of installation engagements. The principal matter that needs to be addressed to secure in the revolving credit facility discussed in this business plan.

Financing Risk – **Low/Moderate**
The $350,000 working capital line of credit will be principally secured with tangible assets, including vehicles, installation assets, as well as general furniture, fixtures, and equipment. The business will produce highly predictable streams of income, which will reduce the risk associated with his financing.

Marketing Risk **– Low**
As discussed earlier in this document, the Company has developed a comprehensive marketing plan that show that the business is widely known among real estate professionals, contracting firms, as well as a general public. The business will engage numerous direct outreach strategies to further increased brand new awareness within Northern California.

Management Risk – **Low**
Matthew Deutsch is a highly experienced solar panel installation contractor. He has more than 15 years of experience in industry, and he will be able to quickly bring the operations of Deutsch Solar Group to significant profitability.

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

- Numerous incentives are in place to further facilitate sales of solar panels in the coming years.
- The business will produce predictable income from solar panel maintenance and repairs, which remain in demand at all times.
- The demand for residential and commercial solar power is increasing.

Exit Risk - **Low**
Although there are no long-term plans to sell the business to a third-party, the demand for solar power installation contractors remains incredibly strong. Given the incentives that are involved with this industry, the Company could easily be sold to an existing contractor that operates within this field.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$78,500**	**$79,285**	**$80,070**	**$80,855**	**$81,640**	**$82,425**	**$83,210**
Cost of Revenue	$34,175	$34,517	$34,859	$35,200	$35,542	$35,884	$36,226
Gross Profit	$44,325	$44,768	$45,212	$45,655	$46,098	$46,541	$46,985
Expenses							
Payroll	$25,833	$25,833	$25,833	$25,833	$25,833	$25,833	$25,833
General and Administrative	$1,739	$1,739	$1,739	$1,739	$1,739	$1,739	$1,739
Vehicle Costs	$3,313	$3,313	$3,313	$3,313	$3,313	$3,313	$3,313
Marketing	$1,044	$1,044	$1,044	$1,044	$1,044	$1,044	$1,044
Insurance Costs	$1,667	$1,667	$1,667	$1,667	$1,667	$1,667	$1,667
Professional Fees	$625	$625	$625	$625	$625	$625	$625
Facility Costs	$1,458	$1,458	$1,458	$1,458	$1,458	$1,458	$1,458
Misc. Costs	$209	$209	$209	$209	$209	$209	$209
Payroll Taxes	$1,976	$1,976	$1,976	$1,976	$1,976	$1,976	$1,976
Total Operating Costs	$37,864	$37,864	$37,864	$37,864	$37,864	$37,864	$37,864
EBITDA	$6,461	$6,905	$7,348	$7,791	$8,234	$8,678	$9,121
Federal Income Tax	$971	$980	$990	$1,000	$1,009	$1,019	$1,029
State Income Tax	$194	$196	$198	$200	$202	$204	$206
Interest Expense	$2,333	$2,321	$2,308	$2,295	$2,282	$2,269	$2,256
Depreciation Expenses	$2,542	$2,542	$2,542	$2,542	$2,542	$2,542	$2,542
Net Profit	$422	$866	$1,310	$1,755	$2,200	$2,644	$3,089

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$83,995**	**$84,780**	**$85,565**	**$86,350**	**$87,135**	**$993,810**
Cost of Revenue	$36,567	$36,909	$37,251	$37,593	$37,934	$432,656
Gross Profit	$47,428	$47,871	$48,314	$48,758	$49,201	$561,155
Expenses						
Payroll	$25,833	$25,833	$25,833	$25,833	$25,833	$310,000
General and Administrative	$1,739	$1,739	$1,739	$1,739	$1,739	$20,870
Vehicle Costs	$3,313	$3,313	$3,313	$3,313	$3,313	$39,752
Marketing	$1,044	$1,044	$1,044	$1,044	$1,044	$12,522
Insurance Costs	$1,667	$1,667	$1,667	$1,667	$1,667	$20,000
Professional Fees	$625	$625	$625	$625	$625	$7,500
Facility Costs	$1,458	$1,458	$1,458	$1,458	$1,458	$17,500
Misc. Costs	$209	$209	$209	$209	$209	$2,504
Payroll Taxes	$1,976	$1,976	$1,976	$1,976	$1,976	$23,715
Total Operating Costs	$37,864	$37,864	$37,864	$37,864	$37,864	$454,364
EBITDA	$9,564	$10,007	$10,451	$10,894	$11,337	$106,791
Federal Income Tax	$1,039	$1,048	$1,058	$1,068	$1,077	$12,288
State Income Tax	$208	$210	$212	$214	$215	$2,458
Interest Expense	$2,242	$2,229	$2,215	$2,202	$2,188	$27,139
Depreciation Expenses	$2,542	$2,542	$2,542	$2,542	$2,542	$30,500
Net Profit	$3,534	$3,979	$4,424	$4,869	$5,314	$34,406

Profit and Loss Statement (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$281,969	$287,783	$293,596	$299,410	$1,162,758
Cost of Revenue	$122,755	$125,286	$127,817	$130,348	$506,207
Gross Profit	**$159,214**	**$162,496**	**$165,779**	**$169,062**	**$656,551**
Expenses					
Payroll	$79,825	$79,825	$79,825	$79,825	$319,300
General and Administrative	$6,104	$6,104	$6,104	$6,104	$24,418
Vehicle Costs	$11,279	$11,511	$11,744	$11,976	$46,510
Marketing	$3,553	$3,626	$3,699	$3,773	$14,651
Insurance Costs	$5,250	$5,250	$5,250	$5,250	$21,000
Professional Fees	$1,910	$1,949	$1,988	$2,028	$7,875
Facility Costs	$4,506	$4,506	$4,506	$4,506	$18,025
Misc. Costs	$711	$725	$740	$755	$2,930
Payroll Taxes	$5,923	$6,046	$6,168	$6,290	$24,426
Total Operating Costs	**$119,061**	**$119,543**	**$120,025**	**$120,507**	**$479,136**
EBITDA	**$40,153**	**$42,953**	**$45,754**	**$48,555**	**$177,415**
Federal Income Tax	$7,344	$7,496	$7,647	$7,799	$30,286
State Income Tax	$1,469	$1,499	$1,529	$1,560	$6,057
Interest Expense	$6,482	$6,356	$6,228	$6,096	$25,162
Depreciation Expenses	$7,778	$7,778	$7,778	$7,778	$31,110
Net Profit	**$17,080**	**$19,825**	**$22,573**	**$25,323**	**$84,800**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$352,461	$359,728	$366,995	$374,263	$1,453,447
Cost of Revenue	$153,444	$156,608	$159,772	$162,935	$632,759
Gross Profit	**$199,017**	**$203,120**	**$207,224**	**$211,327**	**$820,688**
Expenses					
Payroll	$96,807	$96,807	$96,807	$96,807	$387,229
General and Administrative	$7,402	$7,554	$7,707	$7,860	$30,522
Vehicle Costs	$14,098	$14,389	$14,680	$14,971	$58,138
Marketing	$4,441	$4,533	$4,624	$4,716	$18,313
Insurance Costs	$5,513	$5,513	$5,513	$5,513	$22,050
Professional Fees	$2,005	$2,047	$2,088	$2,129	$8,269
Facility Costs	$4,641	$4,641	$4,641	$4,641	$18,566
Misc. Costs	$888	$907	$925	$943	$3,663
Payroll Taxes	$7,406	$7,406	$7,406	$7,406	$29,623
Total Operating Costs	**$143,201**	**$143,796**	**$144,390**	**$144,985**	**$576,372**
EBITDA	**$55,816**	**$59,325**	**$62,833**	**$66,342**	**$244,316**
Federal Income Tax	$11,492	$11,729	$11,966	$12,203	$47,391
State Income Tax	$2,298	$2,346	$2,393	$2,441	$9,478
Interest Expense	$5,963	$5,826	$5,687	$5,545	$23,021
Depreciation Expenses	$7,933	$7,933	$7,933	$7,933	$31,732
Net Profit	**$28,129**	**$31,490**	**$34,854**	**$38,220**	**$132,694**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$422,953	$431,674	$440,394	$449,115	$1,744,137
Cost of Revenue	$184,133	$187,929	$191,726	$195,522	$759,310
Gross Profit	**$238,820**	**$243,744**	**$248,669**	**$253,593**	**$984,826**
Expenses					
Payroll	$114,736	$114,736	$114,736	$114,736	$458,945
General and Administrative	$8,882	$9,065	$9,248	$9,431	$36,627
Vehicle Costs	$16,918	$17,267	$17,616	$17,965	$69,765
Marketing	$5,329	$5,439	$5,549	$5,659	$21,976
Insurance Costs	$5,788	$5,788	$5,788	$5,788	$23,153
Professional Fees	$2,105	$2,149	$2,192	$2,236	$8,682
Facility Costs	$4,781	$4,781	$4,781	$4,781	$19,123
Misc. Costs	$1,066	$1,088	$1,110	$1,132	$4,395
Payroll Taxes	$8,777	$8,777	$8,777	$8,777	$35,109
Total Operating Costs	**$168,383**	**$169,090**	**$169,798**	**$170,505**	**$677,776**
EBITDA	**$70,437**	**$74,654**	**$78,871**	**$83,088**	**$307,050**
Federal Income Tax	$15,398	$15,715	$16,033	$16,350	$63,495
State Income Tax	$3,080	$3,143	$3,207	$3,270	$12,699
Interest Expense	$5,400	$5,253	$5,102	$4,948	$20,703
Depreciation Expenses	$8,092	$8,092	$8,092	$8,092	$32,367
Net Profit	**$38,468**	**$42,452**	**$46,438**	**$50,428**	**$177,787**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$507,544	$518,009	$528,473	$538,938	$2,092,964
Cost of Revenue	$220,959	$225,515	$230,071	$234,627	$911,172
Gross Profit	**$286,584**	**$292,493**	**$298,402**	**$304,311**	**$1,181,791**
Expenses					
Payroll	$133,654	$133,654	$133,654	$133,654	$534,617
General and Administrative	$10,658	$10,878	$11,098	$11,318	$43,952
Vehicle Costs	$20,302	$20,720	$21,139	$21,558	$83,719
Marketing	$6,395	$6,527	$6,659	$6,791	$26,371
Insurance Costs	$6,078	$6,078	$6,078	$6,078	$24,310
Professional Fees	$2,211	$2,256	$2,302	$2,347	$9,116
Facility Costs	$4,924	$4,924	$4,924	$4,924	$19,696
Misc. Costs	$1,279	$1,305	$1,332	$1,358	$5,274
Payroll Taxes	$10,225	$10,225	$10,225	$10,225	$40,898
Total Operating Costs	**$195,725**	**$196,567**	**$197,410**	**$198,252**	**$787,954**
EBITDA	**$90,859**	**$95,926**	**$100,993**	**$106,060**	**$393,837**
Federal Income Tax	$20,772	$21,200	$21,629	$22,057	$85,658
State Income Tax	$4,154	$4,240	$4,326	$4,411	$17,132
Interest Expense	$4,791	$4,631	$4,468	$4,301	$18,191
Depreciation Expenses	$8,254	$8,254	$8,254	$8,254	$33,014
Net Profit	**$52,888**	**$57,601**	**$62,317**	**$67,036**	**$239,842**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$2,963	$3,408	$3,852	$4,297	$4,741	$5,186	$5,631	$6,076
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$2,963	$3,408	$3,852	$4,297	$4,741	$5,186	$5,631	$6,076
Other Cash Inflows								
Equity Investment	$50,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$350,000	$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	**$400,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$403,047**	**$3,491**	**$3,935**	**$4,380**	**$4,825**	**$5,269**	**$5,714**	**$6,159**
Cash Outflows								
Repayment of Principal	$1,913	$1,926	$1,939	$1,952	$1,965	$1,978	$1,991	$2,004
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$220,000	$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	**$221,971**	**$1,984**	**$1,997**	**$2,010**	**$2,023**	**$2,036**	**$2,049**	**$2,063**
Net Cash Flow	**$181,075**	**$1,507**	**$1,938**	**$2,370**	**$2,802**	**$3,233**	**$3,665**	**$4,096**
Cash Balance	**$181,075**	**$182,582**	**$184,520**	**$186,890**	**$189,692**	**$192,925**	**$196,590**	**$200,686**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$6,521	$6,966	$7,411	$7,856	$64,906
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$6,521**	**$6,966**	**$7,411**	**$7,856**	**$64,906**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$50,000
Increased Borrowings	$0	$0	$0	$0	$350,000
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	$401,000
Total Cash Inflow	**$6,604**	**$7,049**	**$7,494**	**$7,939**	**$465,906**
Cash Outflows					
Repayment of Principal	$2,018	$2,031	$2,045	$2,058	$23,818
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$220,000
Dividends	$0	$0	$0	$25,962	$25,962
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$2,076**	**$2,089**	**$2,103**	**$28,079**	**$270,481**
Net Cash Flow	**$4,528**	**$4,960**	**$5,391**	**-$20,140**	**$195,425**
Cash Balance	**$205,214**	**$210,174**	**$215,565**	**$195,425**	**$195,425**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$24,857	$27,602	$30,350	$33,100	$115,910
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$24,857**	**$27,602**	**$30,350**	**$33,100**	**$115,910**
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	**$25,112**	**$27,862**	**$30,615**	**$33,371**	**$116,960**
Cash Outflows					
Repayment of Principal	$6,257	$6,383	$6,512	$6,643	$25,795
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$28,978	$0	$0	$0	$28,978
Dividends	$0	$0	$0	$46,364	$46,364
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$35,413**	**$6,565**	**$6,697**	**$53,196**	**$101,872**
Net Cash Flow	**-$10,301**	**$21,297**	**$23,918**	**-$19,826**	**$15,088**
Cash Balance	**$185,124**	**$206,421**	**$230,339**	**$210,513**	**$210,513**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$36,062	$39,423	$42,787	$46,154	$164,426
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$36,062**	**$39,423**	**$42,787**	**$46,154**	**$164,426**
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	**$36,330**	**$39,696**	**$43,065**	**$46,437**	**$165,528**
Cash Outflows					
Repayment of Principal	$6,777	$6,913	$7,052	$7,194	$27,936
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$41,106	$0	$0	$0	$41,106
Dividends	$0	$0	$0	$65,770	$65,770
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$48,070**	**$7,104**	**$7,247**	**$73,163**	**$135,585**
Net Cash Flow	**-$11,741**	**$32,592**	**$35,818**	**-$26,726**	**$29,944**
Cash Balance	**$198,773**	**$231,365**	**$267,183**	**$240,457**	**$240,457**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$46,560	$50,544	$54,530	$58,520	$210,153
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$46,560**	**$50,544**	**$54,530**	**$58,520**	**$210,153**
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	**$46,841**	**$50,830**	**$54,823**	**$58,818**	**$211,311**
Cash Outflows					
Repayment of Principal	$7,339	$7,487	$7,638	$7,791	$30,255
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$26,269	$26,269	$0	$0	$52,538
Dividends	$0	$0	$0	$84,061	$84,061
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$33,805**	**$33,957**	**$7,842**	**$92,061**	**$167,665**
Net Cash Flow	**$13,036**	**$16,873**	**$46,980**	**-$33,243**	**$43,646**
Cash Balance	**$253,493**	**$270,366**	**$317,347**	**$284,103**	**$284,103**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$61,142	$65,854	$70,570	$75,290	$272,856
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$61,142**	**$65,854**	**$70,570**	**$75,290**	**$272,856**
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	**$61,436**	**$66,155**	**$70,877**	**$75,603**	**$274,072**
Cash Outflows					
Repayment of Principal	$7,948	$8,108	$8,272	$8,438	$32,766
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$34,107	$34,107	$0	$0	$68,214
Dividends	$0	$0	$0	$109,143	$109,143
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$42,262**	**$42,426**	**$8,486**	**$117,800**	**$210,974**
Net Cash Flow	**$19,175**	**$23,729**	**$62,391**	**-$42,197**	**$63,098**
Cash Balance	**$303,278**	**$327,007**	**$389,398**	**$347,201**	**$347,201**