DEUTSCH

INSURANCE SOLUTIONS

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1.0 Executive Summary

The purpose of this business plan is to secure $75,000 via a revolving credit facility for the development of an insurance agency based in Bucks County, Pennsylvania. Deutsch Insurance Solutions LLC ("the Company") was founded this year by Matthew Deutsch. Full scale revenue generating operations will commence in the third quarter of this year.

Operations

The primary revenue center for the business will come from the ongoing sale of insurance policies that will be sourced from a number of national level carriers. The business will generate the vast majority of its income through these operations. Matthew Deutsch, along with staff agents, will work closely with clients in order to address all of their personal as well as commercial insurance needs.

Starting in the second year of operation, the business will begin to generate significant revenue from policy renewals. This highly recurring revenue will expand during the course of the first five years of operation.

The operations of the Company will be further discussed in the third section of this insurance agency business plan.

The Financing

As noted above, the Company is currently seeking a working capital line credit in the amount of $75,000 to establish operations. These funds will be primarily used for the following:

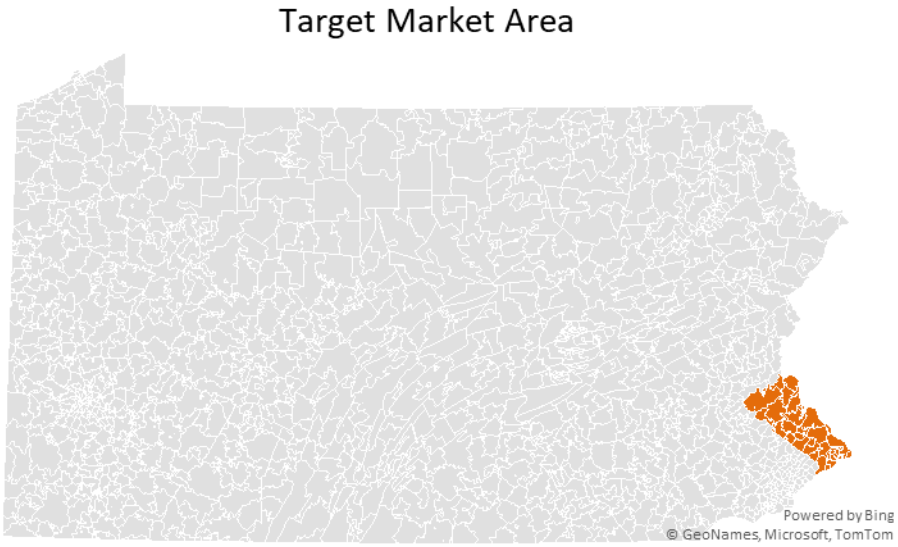
- Location development in Bucks County
- Professional fees and licensure
- Working capital

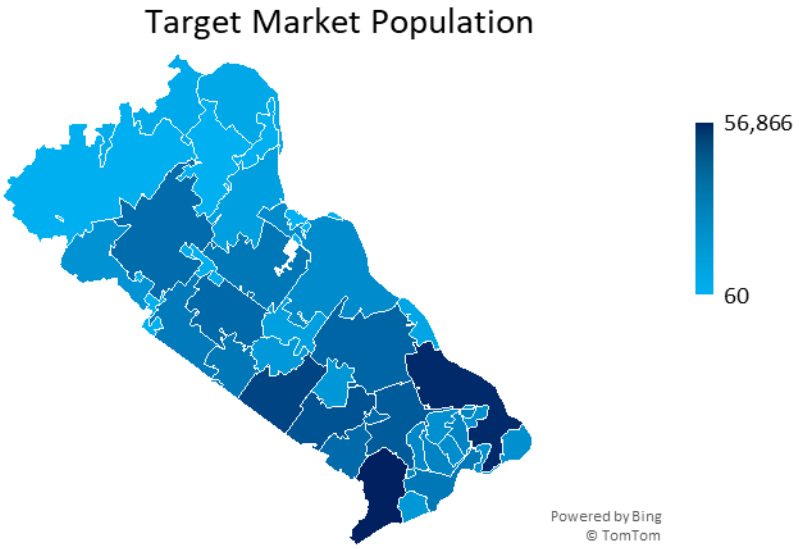
Moving forward, the Company could easily acquire additional rounds of capital in order to further expand the scope of its operations, especially from marking standpoint. There is also the possibility that a business loan may be sourced in the future in order to acquire an existing insurance agency that can be merged into Deutsch Insurance Solutions' operations.

The Future

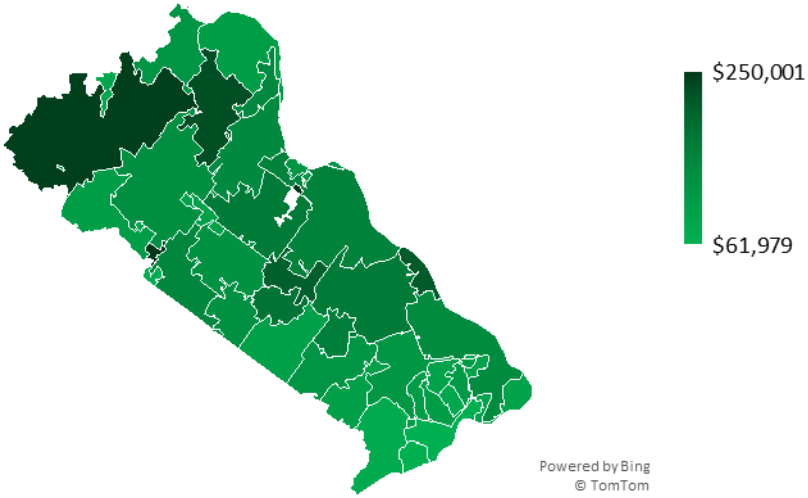
Most importantly, the Company will continue expand the scope of its marketing operations in the coming years. This will include extensive direct outreach with business professionals in the greater Bucks County market in order to receive ongoing referrals among both individuals and businesses that require comprehensive insurance policies.

Market Overview

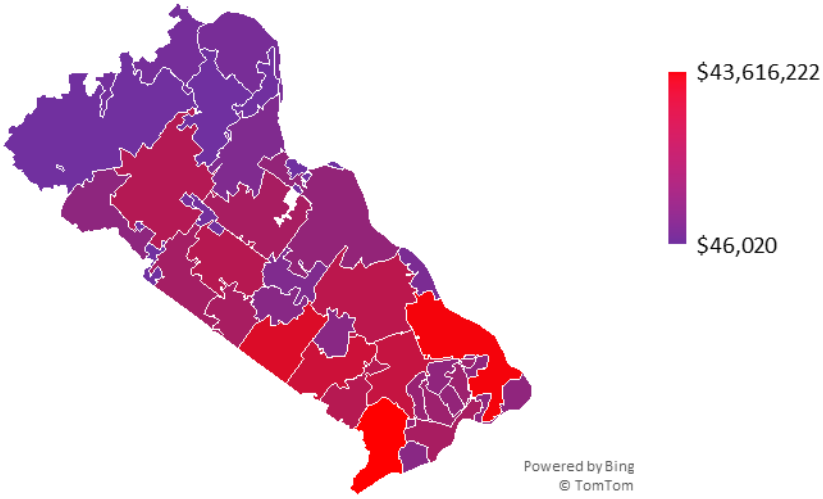




Target Market Household Income

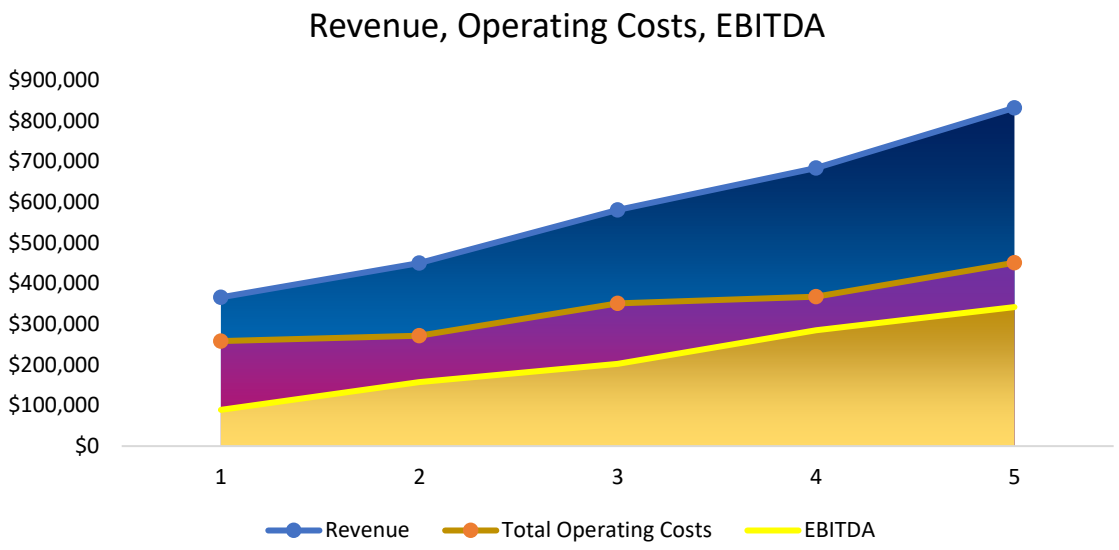


Target Market Population



Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$366,000	$450,180	$580,842	$683,963	$832,246
Cost of Revenue	$18,300	$21,045	$27,359	$32,009	$39,052
Gross Profit	$347,700	$429,135	$553,484	$651,953	$793,194
Total Operating Costs	$258,459	$271,552	$351,129	$367,339	$451,083
EBITDA	**$89,241**	**$157,583**	**$202,355**	**$284,614**	**$342,112**

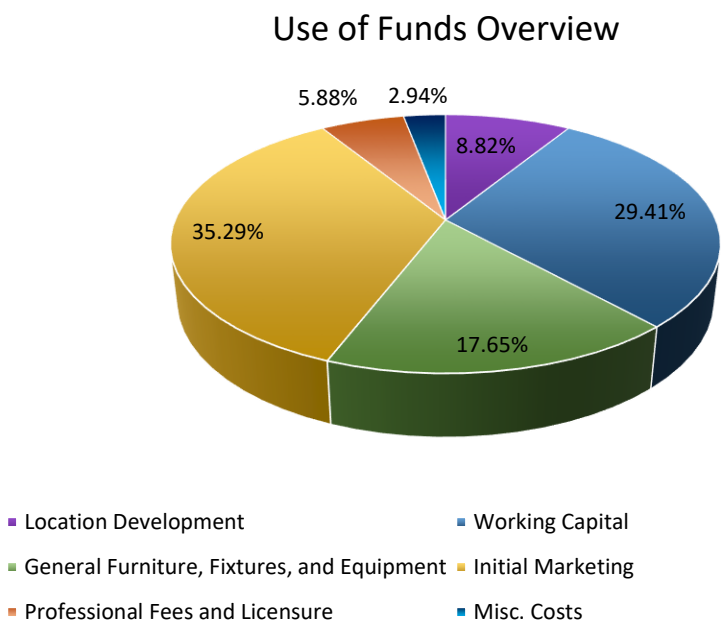


2.0 The Financing

2.1 Funds Required

The funding discussed in the executive summary will be allocated towards the following:

Use of Funds	
Location Development	$7,500
Working Capital	$25,000
General Furniture, Fixtures, and Equipment	$15,000
Initial Marketing	$30,000
Professional Fees and Licensure	$5,000
Misc. Costs	$2,500
Total	$85,000



Matthew Deutsch will contribute $10,000 towards venture.

2.2 Management and Investor Equity

Matthew Deutsch is the 100% owner of Deutsch Insurance Solutions LLC.

2.3 Exit Strategies

Once the operations of this insurance agency are fully established, there would be a significant demand among third-party insurance entities to acquire its book of business. Generally, insurance agencies typically have a sales premium equal to one year of their total billable revenue. This may be higher depending on the amount of recurring revenue that is generated from referrals. Matthew Deutsch has no long-term plans to sell this business to a third-party.

3.0 Operations

As discussed in the executive summary, Deutsch Insurance Solutions will be actively involved providing a wide range of both personal and commercial insurance policies to clients within the greater Bucks County market. The scope of the Company's policies will be as follows:

Commercial Insurance

- Business Liability
- Director and Officers Insurance
- General Liability
- Professional Liability
- Property and Casualty

Personal Insurance

- Automotive Insurance
- Home and Renters Insurance
- Live Insurance
- Supplemental Insurance

The business intends to work extensively with numerous carriers in order to receive the best possible coverage and pricing on behalf of its clients.

One of the major important revenue centers for the business comes from the recurring income that will be produced when insurance policies renew. Over time, this will become a significant revenue stream for the business. Generally, the Company will receive a renewal fee that is equal to 8% of the total annual policy cost.

In order to properly onboard highly qualified insurance agents, the Company will offer a number of training programs as well as continuing education programs, so that best practices are implemented throughout the sales pipeline.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Insurance Solutions LLC. The company is registered as a limited liability company in the Commonwealth of Pennsylvania.

4.2 Commencement of Operations

The business will commence insurance sales starting in Q3 of this year.

4.3 Mission Statement

Provide comprehensive insurance policies spanning a number of carriers on a cost-effective basis.

4.4 Vision Statement

To become the preeminent insurance agency within the Bucks County market.

4.5 Organizational Objectives

- Properly onboard insurance agents that will work in tandem with Matthew Deutsch when source in clients.
- Foster ongoing relationships with numerous carriers so that preferential pricing can be provided to clients.
- Implement numerous forms of marketing, including direct outreach with the accountants, attorneys, and real estate professionals.
- Maintain relationships with regional vehicle dealers and motorcycle dealers that will refer their clients to the Company when they require new automotive focused insurance policies.
- Use multiple forms of online advertising so that the business can be quickly found in the Bucks County market.
- To provide exceptional financial compensation to agents that further the objectives of the business.
- Adhere to all laws and regulations regarding the sale of insurance within the target market.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

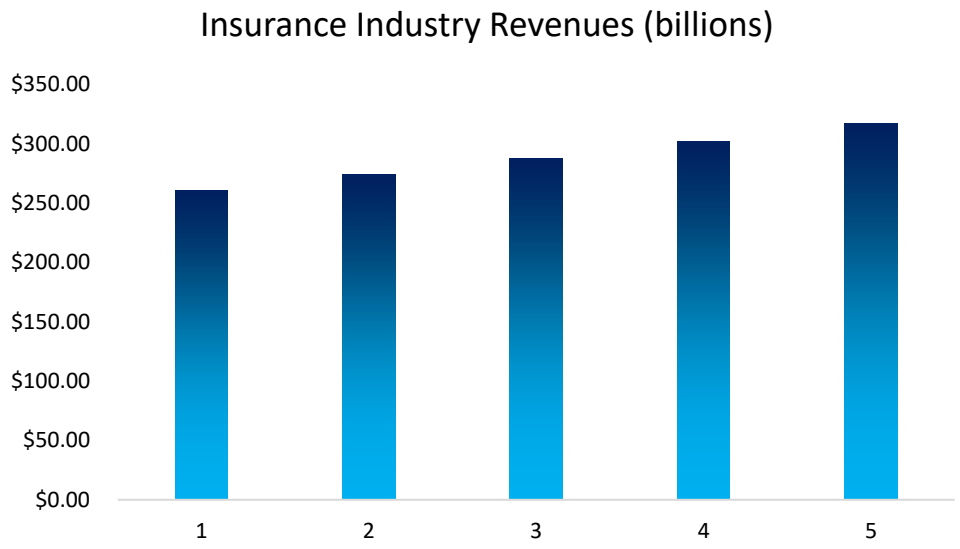
This section of the insurance agency business plan will focus on the current economic climate, the industry, the demographic profile, and the ongoing competition.

At this time, there is a higher than anticipated inflationary period occurring with the United States. This has been principally as a result of evolving government policy regarding trade as well as related budgetary matters.

It should be noted that the revenues of Deutsch Insurance Solutions will remain relatively stable. Despite the fact that inflation is higher than an anticipated, the lines of insurance offered by the business are absolute necessities for both individuals and businesses. Furthermore, the Company is operating in the extremely wealthy market of Bucks County, which will further contribute to the economic viability of Deutsch Insurance Solutions.

5.2 Industry Analysis

As of this year, there are 400,000 companies that are actively involved with the sale of insurance on behalf of underwriters. These businesses generate $260 billion a year revenue and provide jobs for over one million people.



One of the common trends within this industry is provide end-to-end solutions as it relates to both insurance as well as annuity needs. In fact, many major carriers have also begun to integrate specialized financial services such as stock brokering and retirement account management. Moving forward, Deutsch Insurance Solutions may integrate additional services that complement its primary operations of selling comprehensive insurance policies.

5.3 Customer Profile

Any homeowner or business owner within the greater Bucks County market is a potential customer of Deutsch Insurance Solutions. In regards to personal accounts, these individuals will typically be between the ages of 35 to 60 and have a household income exceeding $150,000. The Company will take a broad-based approach when approaching commercial enterprises for their business insurance needs.

5.4 Competitive Analysis

The Company will face sign significant competition from more established instance agencies and independent insurance brokerages within the Bucks County market. One of the primary ways that the Company will differentiate itself is by maintaining ongoing relationships with numerous insurance carriers so that comprehensive and competitive pricing can be offered. Additionally, the ability to provide both personal insurance as well as commercial insurance will be a major differentiating factor.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Deutsch Insurance Solutions will have sustainable operations as a result of the following:

- The Company will operate in both a commercial and personal capacity which will expand its scope of sales operations.
- The Company can seamlessly add in additional services such as annuity placement and surety bonds.
- An experienced owner, Matthew Deutsch, that has more than ten years of experience in the insurance sales industry.
- The Company is operating and a substantial market that is enclose proximity to Philadelphia, which will further reduce economic risk.

6.2 Basis of Growth

The Company will expand via the following methods:

- Expansion of the number of agents working on behalf of Deutsch Insurance Solutions.
- Continued expansion of the types of services offered that complement the primary focus on insurance sales.
- Acquire existing books of business that can be integrated into the Company's operations.

7.0 Marketing Plan

7.1 Marketing Objectives

- Foster ongoing relationships with numerous business professionals, including accountants, attorneys, enrolled agents, and realtors.

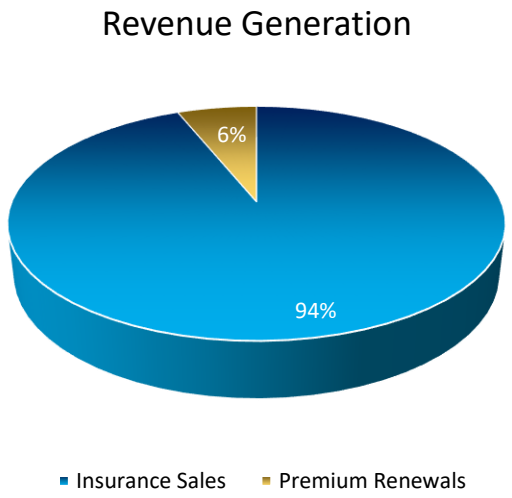
- Use multiple forms of online advertising through the business' search engine optimized website.

- Operate as a community minded business by providing financial support via cobranding opportunities with academic institutions and charities within the Bucks County area.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Insurance Sales	$366,000	$420,900	$547,170	$640,189	$781,030
Premium Renewals	$0	$29,280	$33,672	$43,774	$51,215
Totals	**$366,000**	**$450,180**	**$580,842**	**$683,963**	**$832,246**

Gross Profit					
Year	1	2	3	4	5
Total	**$347,700**	**$429,135**	**$553,484**	**$651,953**	**$793,194**



7.3 Revenue Assumptions

Year 1

- The Company will launch its operations in Bucks County.
- Revenue will reach $366,000.

Year 2

- The Company will expand the scope of its regional marketing campaigns.
- Revenue will reach $450,000.

Years 3-5

- In Year 5, aggregate revenue from insurance sales and renewals will reach $832,000.
- The business may develop additional offices.

7.4 Marketing Strategies

Given the substantial amount of competition that insurance agencies face, Management will take a broad base approach when implementing marketing campaigns. As has been one of the themes throughout this document, the Company will work closely with numerous business and financial professionals that will provide ongoing referrals when their clients need comprehensive insurance policies. This will be one of the primary ways in which the business develops is book of business over the next five years and through the life of the Company.

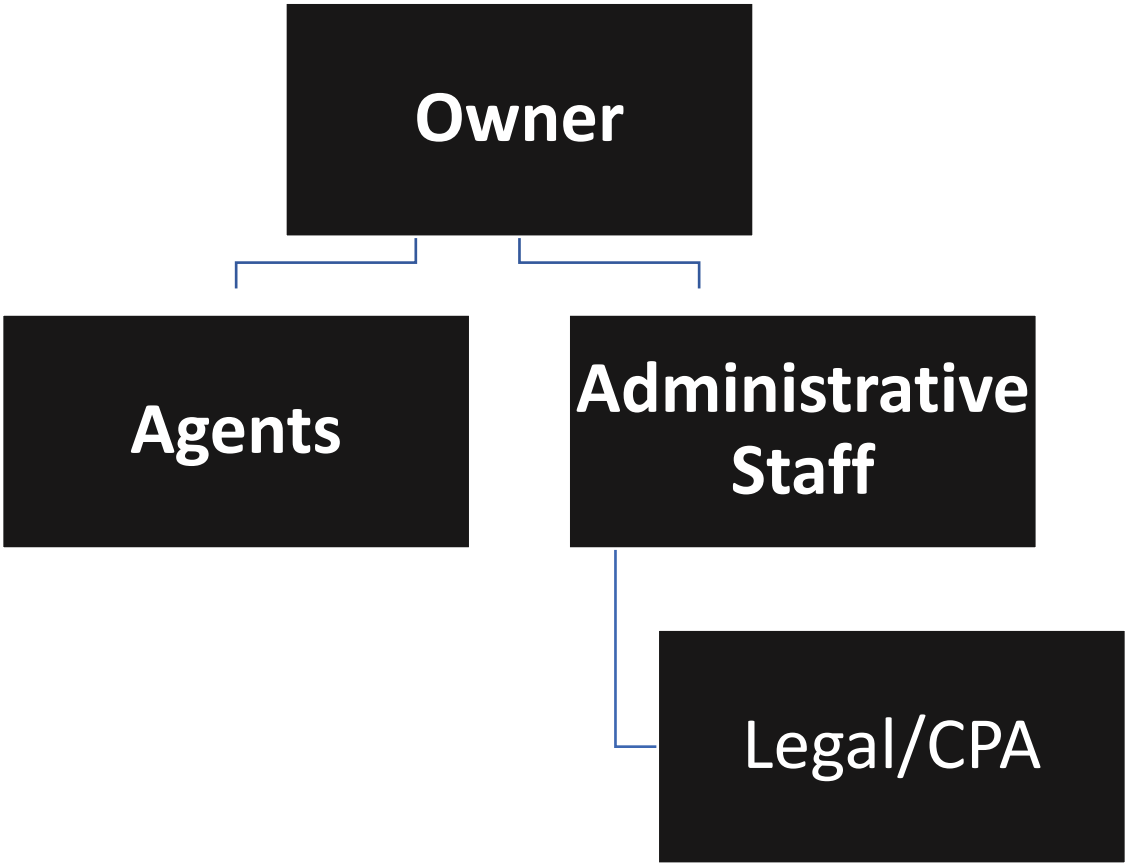
In regards to the Company's website, this platform will undergo substantial search engine optimization so that it can be quickly found when relevant searches related to insurance are conducted for the Bucks County market. This platform will showcase all carriers at the Company uses when placing insurance policies.

For social media, the business will maintain extensive profiles among all social media platforms. On an ongoing basis, the Company will distribute home safety tips, news about the insurance industry, and other relevant information that will position Deutsch Insurance Solutions as a trusted resource for matters related to insurance.

The Company will also engage in numerous co-branding opportunities with regional charities. This position the Company as a community minded business, which will further lead to rapid client onboarding.

8.0 Organizational Plan

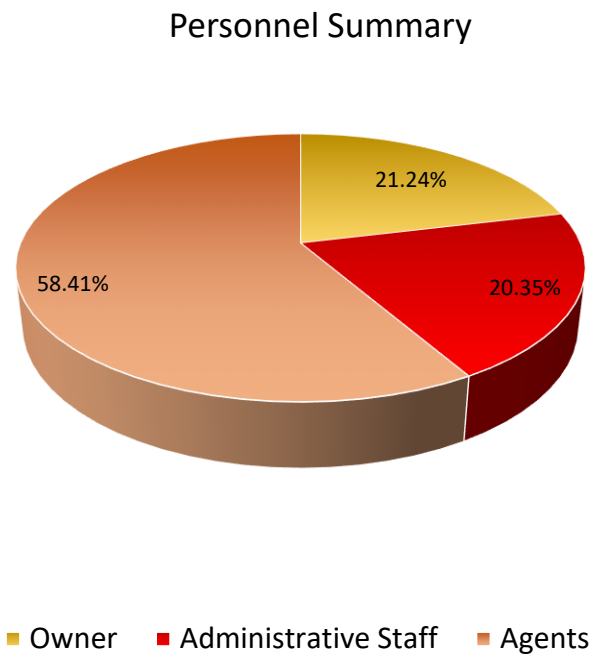
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Owner	$60,000	$60,600	$61,206	$61,818	$62,436
Administrative Staff	$57,500	$58,075	$58,656	$59,242	$59,835
Agents	$55,000	$55,550	$112,211	$113,333	$171,700
Total	**$172,500**	**$174,225**	**$232,073**	**$234,393**	**$293,971**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Owner	1	1	1	1	1
Administrative Staff	1	1	1	1	1
Agents	1	1	2	2	3
Total	**3**	**3**	**4**	**4**	**5**



9.0 Financial Plan

9.1 Underlying Assumptions

- Deutsch Insurance Solutions will acquire a $75,000 revolving credit facility to establish these operations.
- The Company will have a compounded annual growth rate of 23%.
- Matthew Deutsch will contribute $10,000 towards the development of this insurance agency.

9.2 Financial Highlights

- Business will generate contribution margins of 95% on all policy sales.
- The Company's recurring income from renewals will increase at a rate of 8% per year.

9.3 Sensitivity Analysis

Only in a severe sustained economic recession will the demand for new insurance policies for both personal and business use decline. The business is operating in extremely wealthy market that is in close proximity to Philadelphia. As such, many of the economic risks that are commonly found among insurance businesses are substantially reduced for this business. The Company will be able to maintain this profitability and service its underlying financial obligations at all times.

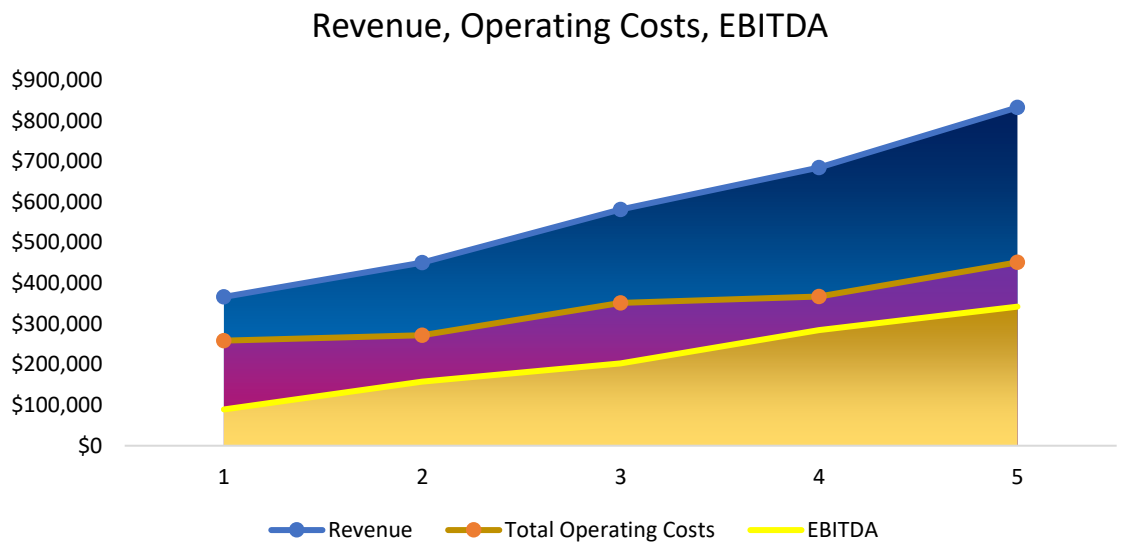
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$10,000.00
Total Equity Financing	$10,000.00
Banks and Lenders	
Revolving Credit Facility	$75,000.00
Total Debt Financing	$75,000.00
Total Financing	**$85,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$366,000	$450,180	$580,842	$683,963	$832,246
Cost of Revenue	$18,300	$21,045	$27,359	$32,009	$39,052
Gross Margin	95.00%	95.33%	95.29%	95.32%	95.31%
Gross Profit	$347,700	$429,135	$553,484	$651,953	$793,194
Expenses					
Payroll	$172,500	$174,225	$232,073	$234,393	$293,971
Facility Costs	$17,500	$17,675	$17,852	$18,030	$18,211
General and Administrative	$7,686	$9,454	$12,198	$14,363	$17,477
Professional Fees and Licensure	$2,500	$2,525	$2,550	$2,576	$2,602
Insurance	$5,000	$5,050	$5,101	$5,152	$5,203
Marketing	$25,620	$31,513	$40,659	$47,877	$58,257
Commissions	$11,712	$14,406	$18,587	$21,887	$26,632
Misc. Costs	$2,745	$3,376	$4,356	$5,130	$6,242
Payroll Taxes	$13,196	$13,328	$17,754	$17,931	$22,489
Total Operating Costs	**$258,459**	**$271,552**	**$351,129**	**$367,339**	**$451,083**
EBITDA	**$89,241**	**$157,583**	**$202,355**	**$284,614**	**$342,112**
Federal Income Tax	$18,006	$34,716	$45,474	$65,538	$79,333
State Income Tax	$3,601	$6,943	$9,095	$13,108	$15,867
Interest Expense	$6,318	$6,186	$6,042	$5,886	$5,716
Depreciation Expenses	$10,900	$12,535	$14,415	$16,578	$19,064
Net Profit	**$50,416**	**$97,204**	**$127,328**	**$183,505**	**$222,132**
Profit Margin	**13.77%**	**21.59%**	**21.92%**	**26.83%**	**26.69%**

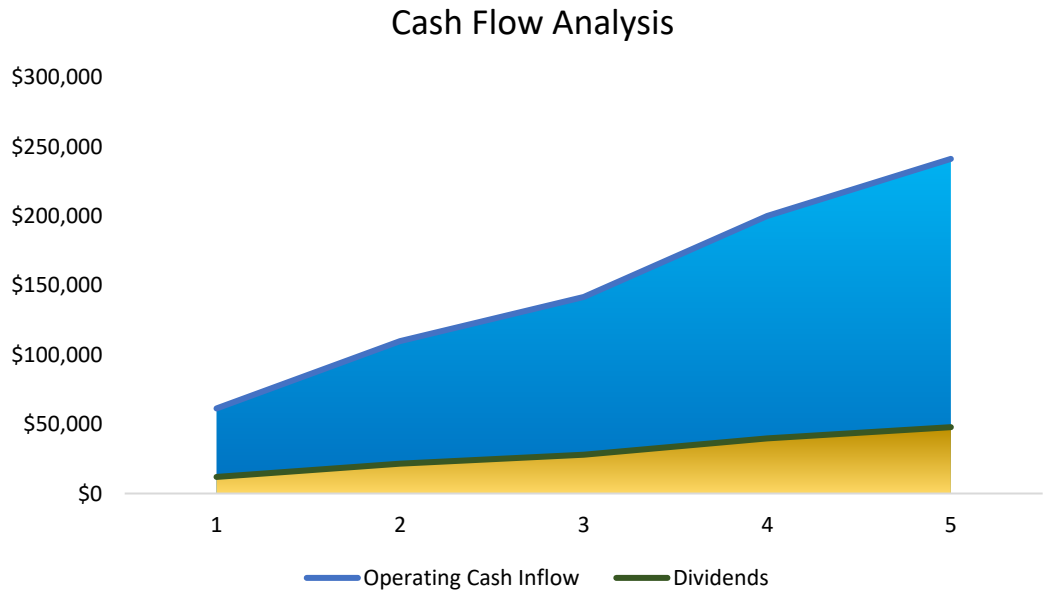


B) Common Size Income Statement

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	5.00%	4.67%	4.71%	4.68%	4.69%
Gross Profit	95.00%	95.33%	95.29%	95.32%	95.31%
Expenses					
Payroll	47.13%	38.70%	39.95%	34.27%	35.32%
Facility Costs	4.78%	3.93%	3.07%	2.64%	2.19%
General and Administrative	2.10%	2.10%	2.10%	2.10%	2.10%
Professional Fees and Licensure	0.68%	0.56%	0.44%	0.38%	0.31%
Insurance	1.37%	1.12%	0.88%	0.75%	0.63%
Marketing	7.00%	7.00%	7.00%	7.00%	7.00%
Commissions	3.20%	3.20%	3.20%	3.20%	3.20%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	3.61%	2.96%	3.06%	2.62%	2.70%
Total Operating Costs	70.62%	60.32%	60.45%	53.71%	54.20%
EBITDA	24.38%	35.00%	34.84%	41.61%	41.11%
Federal Income Tax	4.92%	7.71%	7.83%	9.58%	9.53%
State Income Tax	0.98%	1.54%	1.57%	1.92%	1.91%
Interest Expense	1.73%	1.37%	1.04%	0.86%	0.69%
Depreciation Expenses	2.98%	2.78%	2.48%	2.42%	2.29%
Net Profit	13.77%	21.59%	21.92%	26.83%	26.69%

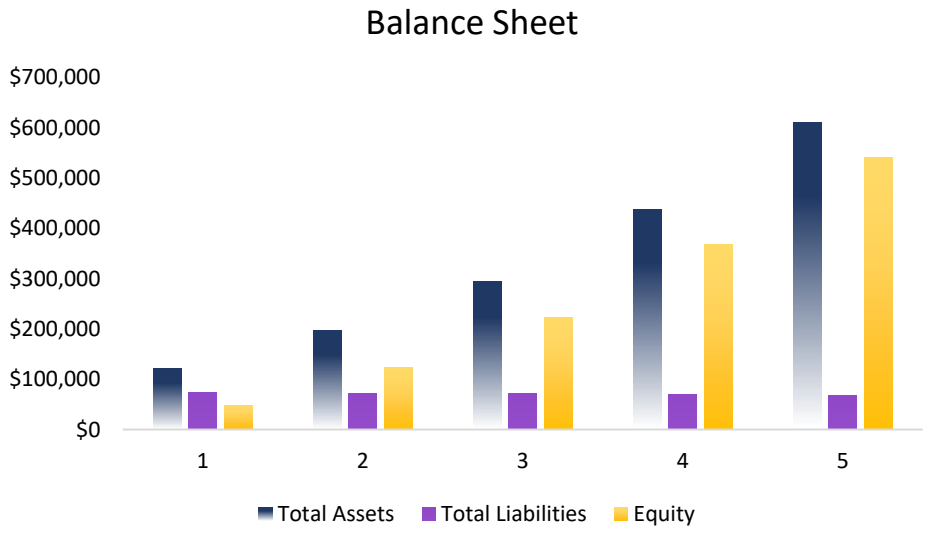
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$61,316	$109,739	$141,743	$200,083	$241,196
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$61,316**	**$109,739**	**$141,743**	**$200,083**	**$241,196**
Other Cash Inflows					
Equity Investment	$10,000	$0	$0	$0	$0
Increased Borrowings	$75,000	$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	**$86,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$147,316**	**$110,789**	**$142,846**	**$201,240**	**$242,412**
Cash Outflows					
Repayment of Principal	$1,493	$1,625	$1,768	$1,925	$2,095
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$22,500	$54,869	$70,872	$100,041	$120,598
Dividends	$11,965	$21,623	$27,995	$39,632	$47,820
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$36,657**	**$78,852**	**$101,407**	**$142,408**	**$171,364**
Net Cash Flow	**$110,659**	**$31,937**	**$41,439**	**$58,833**	**$71,048**
Cash Balance	**$110,659**	**$142,596**	**$184,035**	**$242,867**	**$313,915**



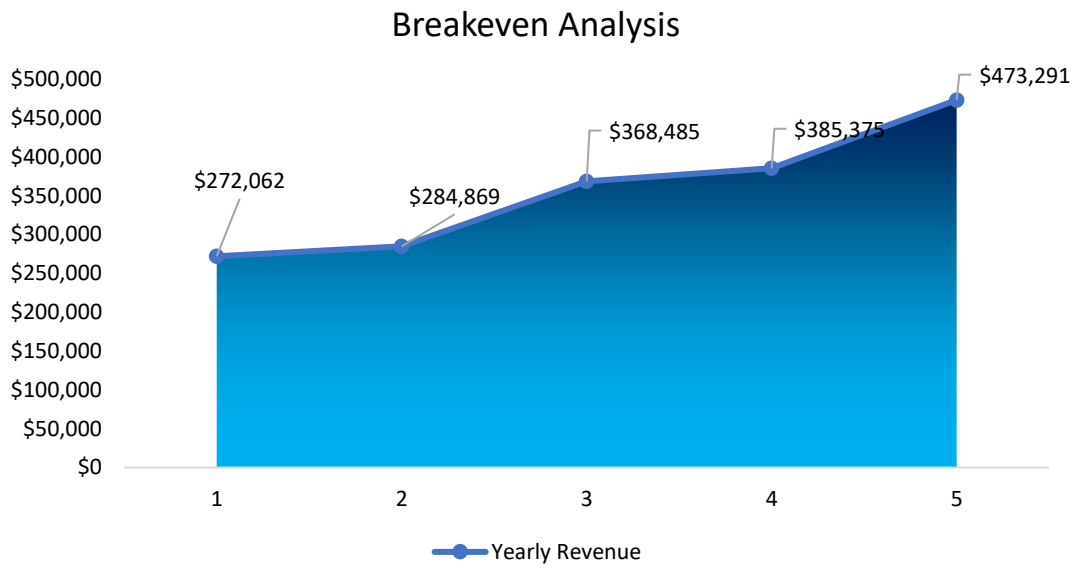
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$110,659	$142,596	$184,035	$242,867	$313,915
Fixed Assets	$22,500	$77,369	$148,241	$248,282	$368,881
Accumulated Depreciation	($10,900)	($23,435)	($37,850)	($54,428)	($73,492)
Total Assets	**$122,259**	**$196,530**	**$294,426**	**$436,722**	**$609,304**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$73,507	$71,883	$70,115	$68,190	$66,095
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$73,807**	**$72,498**	**$71,060**	**$69,483**	**$67,753**
Equity	**$48,451**	**$124,032**	**$223,365**	**$367,239**	**$541,551**
Total Liabilities and Equity	**$122,259**	**$196,530**	**$294,426**	**$436,722**	**$609,304**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$22,672	$23,739	$30,707	$32,115	$39,441
Yearly Revenue	$272,062	$284,869	$368,485	$385,375	$473,291



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	15.0%	30.0%	17.0%	22.0%
Gross Margin	95.0%	95.3%	95.3%	95.3%	95.3%
Financials					
Profit Margin	13.77%	21.59%	21.92%	26.83%	26.69%
Assets to Liabilities	1.66	2.71	4.14	6.29	8.99
Equity to Liabilities	0.66	1.71	3.14	5.29	7.99
Assets to Equity	2.52	1.58	1.32	1.19	1.13
Liquidity					
Acid Test	1.50	1.97	2.59	3.50	4.63
Cash to Assets	0.91	0.73	0.63	0.56	0.52

Appendix A – SWOT Analysis

Strengths

- Substantial ongoing to demand for comprehensive insurance policies for both individuals and businesses.
- Recurring streams of revenue in the coming years from renewals will fully support the operations of the business.
- An experienced Owner, Matthew Deutsch, that will be able to properly guide the operations of the profitability.
- The Company will have access to a wide range of talent in regards to onboarding new insurance agents into the organization.

Weaknesses

- This is a highly complex business that requires adherence to laws and regulations.
- The sales of insurance is a highly competitive industry.

Opportunities

- Expansion of operations to include satellite offices throughout other markets in Pennsylvania and Connecticut.
- Integration of complementary product lines, such as sales of annuities as well as surety bonds.
- Potential acquisition of existing books of business.

Threats

- New competitors can enter the market with relative ease.
- A highly severe economic recession could impact revenue.
- Ongoing issues with inflation could cause the underlying operating costs of the business to increase especially as relates to marketing expenditures.

Appendix B – Critical Risks

Development Risk – **Low**
The service architecture that the Company will offer has been developed and numerous carriers have been sourced that will issue underwritten policies on behalf of the business. The primary matter that needs to be addressed in is securing the credit facility discussed throughout this document.

Financing Risk – **Low/Moderate**
The funding that is being sought will be primarily used for working capital purposes as the Company establishes its operations within Bucks County. These risks are reduced by the fact that the Company will generate recurring fees of revenue in the coming years from policy renewals.

Marketing Risk **– Low**
Direct outreach will remain as the primary methodology in which the business receives referrals for new insurance policies. Matthew Deutsch will conduct this extensive direct outreach in tandem with staff insurance agents.

Management Risk – **Low**
Matthew Deutsch is a highly experienced entrepreneur that has worked extensively in the field of insurance sales.

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

- The target market area is incredibly wealthy and demand for insurance is significant in this area.
- Business can easily scale operations by integrating, annuity sales, surety bonds, and other types of services.
- The business can further scale operations to the continued hiring of staff agents that will increase the book of business.

Exit Risk - **Low**
Once established, there would be a substantial sales premium associated with the divestiture of Deutsch Insurance Solutions. In this event, a formal valuation will be completed and a suitable buyer that has extensive experience in the insurance industry will be sourced.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$25,000**	**$26,000**	**$27,000**	**$28,000**	**$29,000**	**$30,000**	**$31,000**
Cost of Revenue	$1,250	$1,300	$1,350	$1,400	$1,450	$1,500	$1,550
Gross Profit	$23,750	$24,700	$25,650	$26,600	$27,550	$28,500	$29,450
Expenses							
Payroll	$14,375	$14,375	$14,375	$14,375	$14,375	$14,375	$14,375
Facility Costs	$1,458	$1,458	$1,458	$1,458	$1,458	$1,458	$1,458
General and Administrative	$641	$641	$641	$641	$641	$641	$641
Professional Fees and Licensure	$208	$208	$208	$208	$208	$208	$208
Insurance	$417	$417	$417	$417	$417	$417	$417
Marketing	$2,135	$2,135	$2,135	$2,135	$2,135	$2,135	$2,135
Commissions	$976	$976	$976	$976	$976	$976	$976
Misc. Costs	$229	$229	$229	$229	$229	$229	$229
Payroll Taxes	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100
Total Operating Costs	$21,538	$21,538	$21,538	$21,538	$21,538	$21,538	$21,538
EBITDA	$2,212	$3,162	$4,112	$5,062	$6,012	$6,962	$7,912
Federal Income Tax	$1,230	$1,279	$1,328	$1,377	$1,427	$1,476	$1,525
State Income Tax	$246	$256	$266	$275	$285	$295	$305
Interest Expense	$531	$530	$530	$529	$528	$527	$526
Depreciation Expenses	$908	$908	$908	$908	$908	$908	$908
Net Profit	-$704	$188	$1,080	$1,972	$2,864	$3,755	$4,647

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$32,000**	**$33,000**	**$34,000**	**$35,000**	**$36,000**	**$366,000**
Cost of Revenue	$1,600	$1,650	$1,700	$1,750	$1,800	$18,300
Gross Profit	$30,400	$31,350	$32,300	$33,250	$34,200	$347,700
Expenses						
Payroll	$14,375	$14,375	$14,375	$14,375	$14,375	$172,500
Facility Costs	$1,458	$1,458	$1,458	$1,458	$1,458	$17,500
General and Administrative	$641	$641	$641	$641	$641	$7,686
Professional Fees and Licensure	$208	$208	$208	$208	$208	$2,500
Insurance	$417	$417	$417	$417	$417	$5,000
Marketing	$2,135	$2,135	$2,135	$2,135	$2,135	$25,620
Commissions	$976	$976	$976	$976	$976	$11,712
Misc. Costs	$229	$229	$229	$229	$229	$2,745
Payroll Taxes	$1,100	$1,100	$1,100	$1,100	$1,100	$13,196
Total Operating Costs	$21,538	$21,538	$21,538	$21,538	$21,538	$258,459
EBITDA	$8,862	$9,812	$10,762	$11,712	$12,662	$89,241
Federal Income Tax	$1,574	$1,623	$1,673	$1,722	$1,771	$18,006
State Income Tax	$315	$325	$335	$344	$354	$3,601
Interest Expense	$525	$524	$523	$523	$522	$6,318
Depreciation Expenses	$908	$908	$908	$908	$908	$10,900
Net Profit	$5,539	$6,431	$7,323	$8,215	$9,107	$50,416

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$109,169	$111,420	$113,670	$115,921	$450,180
Cost of Revenue	$5,103	$5,209	$5,314	$5,419	$21,045
Gross Profit	**$104,065**	**$106,211**	**$108,357**	**$110,502**	**$429,135**
Expenses					
Payroll	$43,556	$43,556	$43,556	$43,556	$174,225
Facility Costs	$4,419	$4,419	$4,419	$4,419	$17,675
General and Administrative	$2,293	$2,340	$2,387	$2,434	$9,454
Professional Fees and Licensure	$612	$625	$638	$650	$2,525
Insurance	$1,263	$1,263	$1,263	$1,263	$5,050
Marketing	$7,642	$7,799	$7,957	$8,114	$31,513
Commissions	$3,601	$3,601	$3,601	$3,601	$14,406
Misc. Costs	$819	$836	$853	$869	$3,376
Payroll Taxes	$3,232	$3,299	$3,365	$3,432	$13,328
Total Operating Costs	**$67,436**	**$67,737**	**$68,038**	**$68,339**	**$271,552**
EBITDA	**$36,629**	**$38,473**	**$40,318**	**$42,163**	**$157,583**
Federal Income Tax	$8,419	$8,592	$8,766	$8,939	$34,716
State Income Tax	$1,684	$1,718	$1,753	$1,788	$6,943
Interest Expense	$1,559	$1,551	$1,542	$1,533	$6,186
Depreciation Expenses	$3,134	$3,134	$3,134	$3,134	$12,535
Net Profit	**$21,834**	**$23,478**	**$25,123**	**$26,769**	**$97,204**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$140,854	$143,758	$146,663	$149,567	$580,842
Cost of Revenue	$6,634	$6,771	$6,908	$7,045	$27,359
Gross Profit	**$134,220**	**$136,987**	**$139,755**	**$142,522**	**$553,484**
Expenses					
Payroll	$58,018	$58,018	$58,018	$58,018	$232,073
Facility Costs	$4,463	$4,463	$4,463	$4,463	$17,852
General and Administrative	$2,958	$3,019	$3,080	$3,141	$12,198
Professional Fees and Licensure	$618	$631	$644	$657	$2,550
Insurance	$1,275	$1,275	$1,275	$1,275	$5,101
Marketing	$9,860	$10,063	$10,266	$10,470	$40,659
Commissions	$4,647	$4,647	$4,647	$4,647	$18,587
Misc. Costs	$1,056	$1,078	$1,100	$1,122	$4,356
Payroll Taxes	$4,438	$4,438	$4,438	$4,438	$17,754
Total Operating Costs	**$87,334**	**$87,633**	**$87,932**	**$88,230**	**$351,129**
EBITDA	**$46,886**	**$49,354**	**$51,823**	**$54,292**	**$202,355**
Federal Income Tax	$11,028	$11,255	$11,482	$11,710	$45,474
State Income Tax	$2,206	$2,251	$2,296	$2,342	$9,095
Interest Expense	$1,524	$1,515	$1,506	$1,496	$6,042
Depreciation Expenses	$3,604	$3,604	$3,604	$3,604	$14,415
Net Profit	**$28,524**	**$30,729**	**$32,934**	**$35,140**	**$127,328**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$165,861	$169,281	$172,701	$176,120	$683,963
Cost of Revenue	$7,762	$7,922	$8,082	$8,242	$32,009
Gross Profit	**$158,099**	**$161,358**	**$164,618**	**$167,878**	**$651,953**
Expenses					
Payroll	$58,598	$58,598	$58,598	$58,598	$234,393
Facility Costs	$4,508	$4,508	$4,508	$4,508	$18,030
General and Administrative	$3,483	$3,555	$3,627	$3,699	$14,363
Professional Fees and Licensure	$625	$637	$650	$663	$2,576
Insurance	$1,288	$1,288	$1,288	$1,288	$5,152
Marketing	$11,610	$11,850	$12,089	$12,328	$47,877
Commissions	$5,472	$5,472	$5,472	$5,472	$21,887
Misc. Costs	$1,244	$1,270	$1,295	$1,321	$5,130
Payroll Taxes	$4,483	$4,483	$4,483	$4,483	$17,931
Total Operating Costs	**$91,310**	**$91,660**	**$92,010**	**$92,359**	**$367,339**
EBITDA	**$66,788**	**$69,698**	**$72,608**	**$75,519**	**$284,614**
Federal Income Tax	$15,893	$16,221	$16,548	$16,876	$65,538
State Income Tax	$3,179	$3,244	$3,310	$3,375	$13,108
Interest Expense	$1,487	$1,477	$1,466	$1,456	$5,886
Depreciation Expenses	$4,144	$4,144	$4,144	$4,144	$16,578
Net Profit	**$42,086**	**$44,613**	**$47,140**	**$49,667**	**$183,505**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$201,820	$205,981	$210,142	$214,303	$832,246
Cost of Revenue	$9,470	$9,665	$9,861	$10,056	$39,052
Gross Profit	**$192,350**	**$196,316**	**$200,281**	**$204,247**	**$793,194**
Expenses					
Payroll	$73,493	$73,493	$73,493	$73,493	$293,971
Facility Costs	$4,553	$4,553	$4,553	$4,553	$18,211
General and Administrative	$4,238	$4,326	$4,413	$4,500	$17,477
Professional Fees and Licensure	$631	$644	$657	$670	$2,602
Insurance	$1,301	$1,301	$1,301	$1,301	$5,203
Marketing	$14,127	$14,419	$14,710	$15,001	$58,257
Commissions	$6,658	$6,658	$6,658	$6,658	$26,632
Misc. Costs	$1,514	$1,545	$1,576	$1,607	$6,242
Payroll Taxes	$5,622	$5,622	$5,622	$5,622	$22,489
Total Operating Costs	**$112,136**	**$112,559**	**$112,982**	**$113,405**	**$451,083**
EBITDA	**$80,213**	**$83,756**	**$87,299**	**$90,843**	**$342,112**
Federal Income Tax	$19,238	$19,635	$20,032	$20,428	$79,333
State Income Tax	$3,848	$3,927	$4,006	$4,086	$15,867
Interest Expense	$1,445	$1,435	$1,424	$1,412	$5,716
Depreciation Expenses	$4,766	$4,766	$4,766	$4,766	$19,064
Net Profit	**$50,916**	**$53,994**	**$57,072**	**$60,150**	**$222,132**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$205	$1,096	$1,988	$2,880	$3,772	$4,664	$5,556	$6,447
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$205	$1,096	$1,988	$2,880	$3,772	$4,664	$5,556	$6,447
Other Cash Inflows								
Equity Investment	$10,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$75,000	$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	**$85,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$85,288**	**$1,180**	**$2,072**	**$2,963**	**$3,855**	**$4,747**	**$5,639**	**$6,531**
Cash Outflows								
Repayment of Principal	$120	$120	$121	$122	$123	$124	$125	$126
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$22,500	$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	**$22,678**	**$179**	**$180**	**$181**	**$181**	**$182**	**$183**	**$184**
Net Cash Flow	**$62,610**	**$1,001**	**$1,892**	**$2,783**	**$3,674**	**$4,565**	**$5,456**	**$6,347**
Cash Balance	**$62,610**	**$63,611**	**$65,503**	**$68,286**	**$71,960**	**$76,524**	**$81,980**	**$88,327**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$7,339	$8,231	$9,123	$10,015	$61,316
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$7,339**	**$8,231**	**$9,123**	**$10,015**	**$61,316**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$10,000
Increased Borrowings	$0	$0	$0	$0	$75,000
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	$86,000
Total Cash Inflow	**$7,423**	**$8,314**	**$9,206**	**$10,098**	**$147,316**
Cash Outflows					
Repayment of Principal	$127	$127	$128	$129	$1,493
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$22,500
Dividends	$0	$0	$0	$11,965	$11,965
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$185**	**$186**	**$187**	**$12,152**	**$36,657**
Net Cash Flow	**$7,238**	**$8,129**	**$9,020**	**-$2,054**	**$110,659**
Cash Balance	**$95,565**	**$103,693**	**$112,713**	**$110,659**	**$110,659**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$24,967	$26,612	$28,257	$29,902	$109,739
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$24,967**	**$26,612**	**$28,257**	**$29,902**	**$109,739**
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	**$25,222**	**$26,872**	**$28,522**	**$30,173**	**$110,789**
Cash Outflows					
Repayment of Principal	$393	$402	$410	$419	$1,625
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$54,869	$0	$0	$0	$54,869
Dividends	$0	$0	$0	$21,623	$21,623
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$55,441**	**$584**	**$596**	**$22,231**	**$78,852**
Net Cash Flow	**-$30,219**	**$26,288**	**$27,926**	**$7,941**	**$31,937**
Cash Balance	**$80,440**	**$106,728**	**$134,654**	**$142,596**	**$142,596**

Cash Flow Analysis (Third Year)					
	Year 3				
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$32,128	$34,333	$36,538	$38,744	$141,743
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$32,128**	**$34,333**	**$36,538**	**$38,744**	**$141,743**
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	**$32,396**	**$34,606**	**$36,817**	**$39,028**	**$142,846**
Cash Outflows					
Repayment of Principal	$428	$437	$447	$456	$1,768
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$70,872	$0	$0	$0	$70,872
Dividends	$0	$0	$0	$27,995	$27,995
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$71,487**	**$628**	**$641**	**$28,650**	**$101,407**
Net Cash Flow	**-$39,091**	**$33,978**	**$36,175**	**$10,378**	**$41,439**
Cash Balance	**$103,504**	**$137,482**	**$173,657**	**$184,035**	**$184,035**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$46,230	$48,757	$51,284	$53,811	$200,083
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$46,230**	**$48,757**	**$51,284**	**$53,811**	**$200,083**
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	**$46,511**	**$49,044**	**$51,576**	**$54,109**	**$201,240**
Cash Outflows					
Repayment of Principal	$466	$476	$486	$497	$1,925
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$100,041	$0	$0	$0	$100,041
Dividends	$0	$0	$0	$39,632	$39,632
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$100,704**	**$676**	**$691**	**$40,337**	**$142,408**
Net Cash Flow	**-$54,193**	**$48,367**	**$50,886**	**$13,773**	**$58,833**
Cash Balance	**$129,842**	**$178,209**	**$229,095**	**$242,867**	**$242,867**

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$55,682	$58,760	$61,838	$64,916	$241,196
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$55,682**	**$58,760**	**$61,838**	**$64,916**	**$241,196**
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	**$55,977**	**$59,061**	**$62,145**	**$65,229**	**$242,412**
Cash Outflows					
Repayment of Principal	$507	$518	$529	$540	$2,095
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$120,598	$0	$0	$0	$120,598
Dividends	$0	$0	$0	$47,820	$47,820
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$121,312**	**$729**	**$744**	**$48,580**	**$171,364**
Net Cash Flow	**-$65,335**	**$58,332**	**$61,401**	**$16,650**	**$71,048**
Cash Balance	**$177,533**	**$235,865**	**$297,266**	**$313,915**	**$313,915**