

**DEUTSCH**

**ME GROUP**

**MECHANICAL ENGINEERING**

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## **1.0 Executive Summary**

The purpose of this business plan is to secure a \$100,000 line of credit for the development of a mechanical engineering firm based in Doylestown, Pennsylvania. Deutsch ME Group LLC (“the Company”) was founded this year by Matthew Deutsch, a professional engineer that has more than ten years of experience in the field of mechanical engineering. A significant focus of the Company’s operations will be on providing services specific for the development of hydraulic systems. Revenue generating operations are expected to commence in the fourth quarter of this year.

### **Operations**

The primary revenue center for the Company will come from the ongoing design and development of hydraulic systems specific for the needs in industrial enterprises. Given the complexities of these systems, many firms that require that hydraulic equipment design is outsourced to third-party companies like Deutsch ME Group. The Company will generate substantial revenues from these engagements. Each design and development engagement is expected to produce \$50,000 to \$175,000 of revenue.

The Company will also provide ongoing consulting services among entities that have existing hydraulic systems that need to be updated. These services will be rendered on a per hour basis. Generally, the Company will produce \$250 per hour for consultation.

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

### **The Financing**

The \$100,000 of revolving credit will fully support the operations of Deutsch ME Group as it establishes its client base. A significant portion of this funding will be used specifically for working capital purposes. Matthew Deutsch will contribute \$50,000.

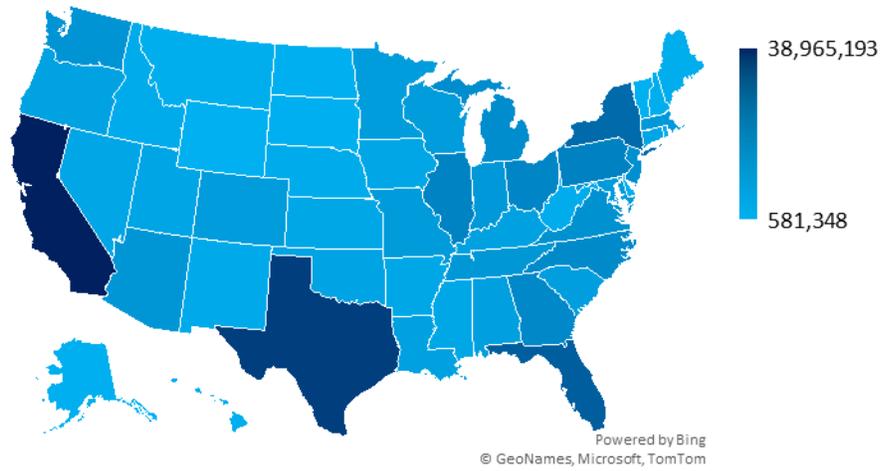
The Company could easily expand its credit facility as the business onboards additional mechanical engineers that will increase the billings of the business and its capability for providing a greater degree of design development services.

### **The Future**

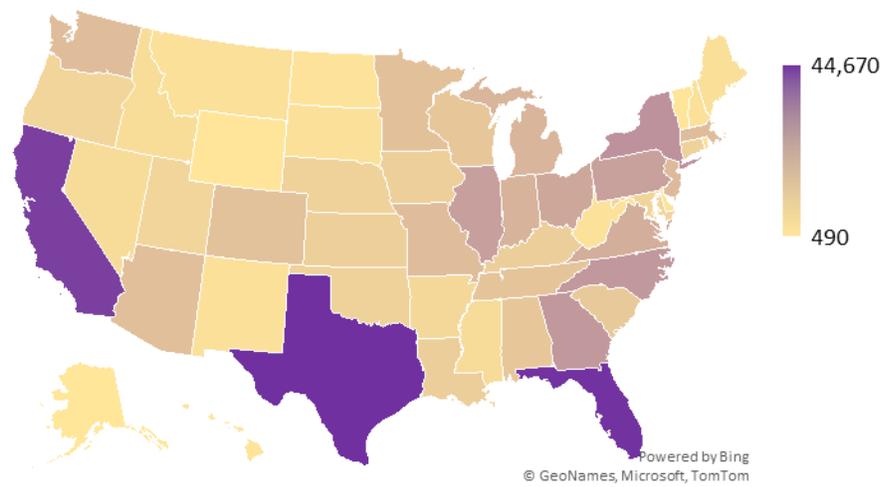
A major component of the Company’s growth will come from the ongoing hiring of highly qualified mechanical engineers that work in tandem with the Founder to provide hydraulic system development services. The Company will also further expand the scope of its marketing operations in order to onboard new industrial clients that have complex mechanical design needs.

## Market Overview

### Market Size (by Population)



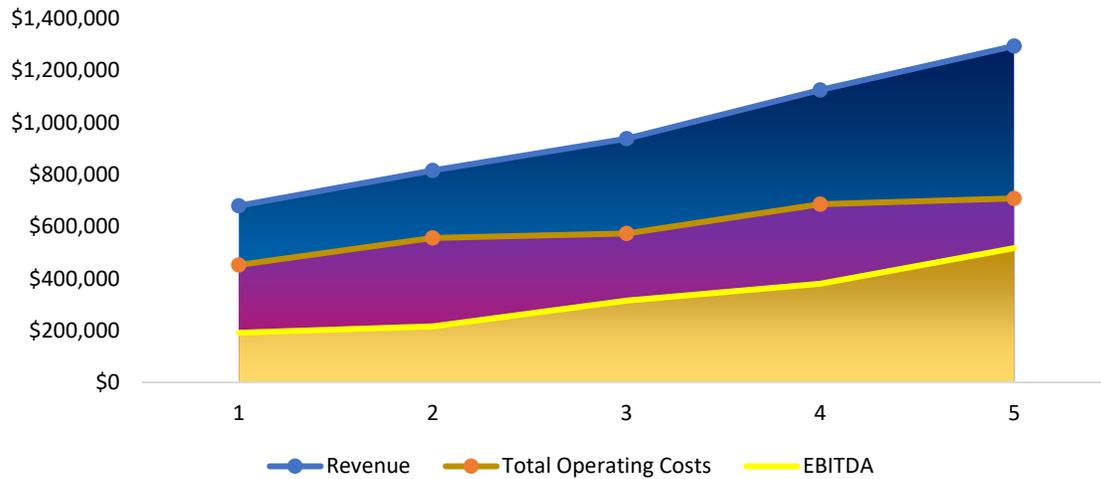
### Potential Clients by State



## Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
<b>Revenue</b>	\$679,900	\$815,880	\$938,262	\$1,125,914	\$1,294,801
Cost of Revenue	\$36,655	\$43,986	\$50,584	\$60,701	\$69,806
<b>Gross Profit</b>	\$643,245	\$771,894	\$887,678	\$1,065,214	\$1,224,996
Total Operating Costs	\$452,130	\$556,486	\$573,416	\$685,618	\$708,158
<b>EBITDA</b>	<b>\$191,115</b>	<b>\$215,408</b>	<b>\$314,262</b>	<b>\$379,596</b>	<b>\$516,838</b>

Revenue, Operating Costs, EBITDA



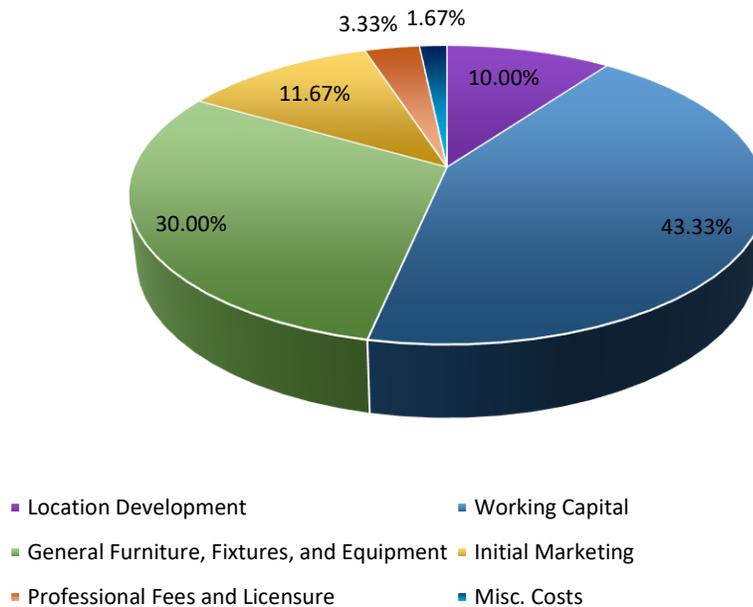
## 2.0 The Financing

### 2.1 Funds Required

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

Use of Funds	
Location Development	\$15,000
Working Capital	\$65,000
General Furniture, Fixtures, and Equipment	\$45,000
Initial Marketing	\$17,500
Professional Fees and Licensure	\$5,000
Misc. Costs	\$2,500
<b>Total</b>	<b>\$150,000</b>

Use of Funds Overview



### 2.2 Management and Investor Equity

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

### 2.3 Exit Strategies

The sale of engineering firms is a complex undertaking given that the owner typically needs to be a highly experienced individual within the field. In all likelihood, the Company will work with its staff engineers to engage in a buyout program so they ultimately become the owners of the firm. This event is not expected to occur for a significant period of time, and prior to this event a formal valuation will be undertaken to determine the fair market value of the business prior to offering a buyout plan.

### 3.0 Operations

As noted in the executive summary, the Company will be actively involved with providing a wide range of mechanical engineering services specific for hydraulic systems. As these types of systems are used extensively within the field of manufacturing and other industrial applications, there is an immense demand among these entities to work with highly qualified mechanical engineers to develop the systems. The Company will typically generate \$50,000 to \$175,000 per design engagement and additional fees may be added based on working with contractors to implement the system systems.

A major and very important part of the Company's revenue generation will come from the ongoing per hour consulting fees that will be provided to industrial enterprises that have existing hydraulic systems that need to be maintained, upgraded, or replaced. This will produce highly predictable streams of revenue that will fully support the underlying operations the business while it sources highly valuable design engagements.

In regards to employment, the Company will directly hire its staff of mechanical engineers, although independently contracted labor will be used from time to time based on the individual's expertise for specific projects.

## **4.0 Overview of the Organization**

### **4.1 Registered Name**

Deutsch ME Group LLC. The Company is registered as a limited liability Company in the Commonwealth of Pennsylvania.

### **4.2 Commencement of Operations**

This mechanical engineering firm will establish its operations in the fourth quarter of this year.

### **4.3 Mission Statement**

To provide comprehensive solutions for companies that have complex hydraulic systems.

### **4.4 Vision Statement**

To become a widely noted and respected mechanical engineering firm with a specialty in hydraulics within the United States.

### **4.5 Organizational Objectives**

- Conducting extensive direct outreach with manufacturing enterprises throughout the country that maintain complex hydraulic system systems.
- Adhere to all best practices as relates to the design of implementation of hydraulic systems.
- Leverage the Founder's existing relationships in order to onboard clients at the onset of operation operations.
- Maintain a committed program for research and development so that the business remains at the forefront of hydraulic system development.
- Remain within the letter of the law as a relates to rendering all mechanical engineering services.
- Provide gainful employment opportunities to the Company's staff, which will encourage long-term retention.

## 5.0 Market and Industry Analysis

### 5.1 External Environmental Analysis

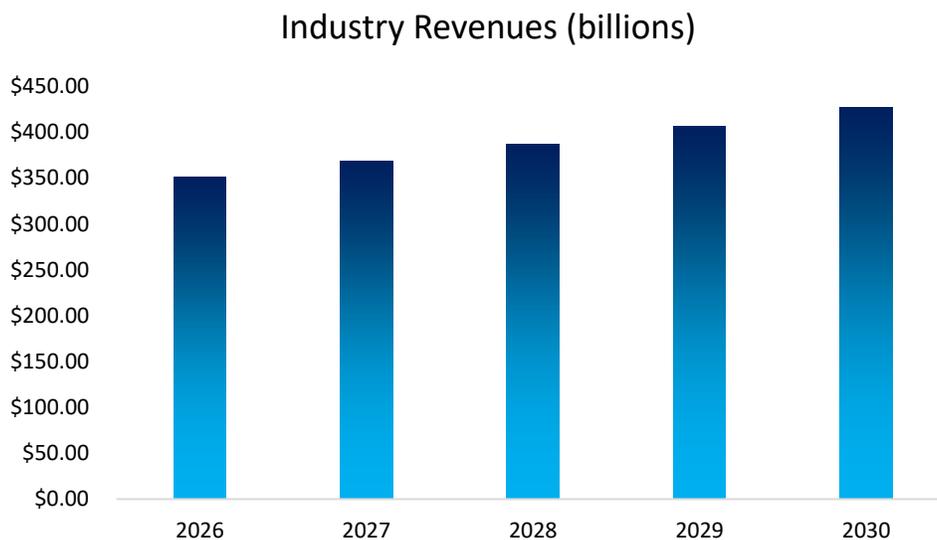
This section of the mechanical engineer business plan will focus on the current economic climate, the industry, the customer profile, and the ongoing competition that the business will face.

The rate of inflation with the United States is currently higher than expected due to evolving trade policies. This has caused the underlying cost for many businesses to increase moderately over the past twelve months. It should be noted that the United States government is taking appropriate measures to reduce the rate of inflation.

Any issues that pertain the economy will only have a modest impact on Deutsch ME Group’s ability to further acquire mechanical engineering engagements. As hydraulic systems are an interval part of many manufacturing enterprises, there is an immense demand among these entities to have ongoing systems that are cost-effective and have a very long operating life.

### 5.2 Industry Analysis

As of this year, mechanical engineering firms, generate \$350 billion a year of revenue while riding jobs for 900,000 people. There are 100,000 companies that are actively involved in providing these services.



Ultimately, the outlook for the industry is positive. Although artificial intelligence and machine learning will become an integral part of the engineering industry in the coming years, the demand for the services will remain incredibly strong from an outsourced perspective. Deutsch ME Group will be able to capitalize on these new technological developments throughout the life of the business.

### **5.3 Customer Profile**

Any entity that is involved in the field of manufacturing or related industrial activity is a potential client of Deutsch ME Group. Generally, these companies will typically have annual revenue ranging from \$10 million to \$100 million. In order to ensure economic stability for the business, the Company will have a specialized niche among manufacturers that specifically produce healthcare related products as this will further contribute economic stability.

### **5.4 Competitive Analysis**

The ongoing competition that the business will face as modest as it relates to work entities that specifically focused their operations on hydraulic systems. The principal way that the Company will differentiate itself is by continuing to hire highly qualified engineers that have worked for at least five years within this specific engineering discipline.

## **6.0 Key Strategic Issues**

### **6.1 Sustainable Operations**

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

- Limited competition among companies that specifically focus on hydraulic system development and implementation.
- A highly experienced owner, Matthew Deutsch, that has more than ten years of experience as a professional engineer within this field.
- The Company will generate substantial revenues from large scale hydraulic system development engagements.
- Highly predictable reams of revenue from the per hour fees that are charged for consulting services.

### **6.2 Basis of Growth**

The Company will expand via the following methods:

- The Company will be able to provide provided services on a nationwide basis from the onset of operations.
- Continued hiring of highly qualified mechanical engineers that will be able to increase the billable revenue on a year-on-year basis.
- Expansion of operations to include other engineering disciplines, including aerospace development as these also requires hydraulic systems.
- Expansion of operations to include international markets.

## 7.0 Marketing Plan

### 7.1 Marketing Objectives

- Conduct extensive direct outreach with industrial enterprises throughout the United States.
- Use multiple forms of online advertising to drive brand visibility on a national level.
- Attend numerous expositions in trade shows specific for industrial companies that have hydraulic systems at their sites.

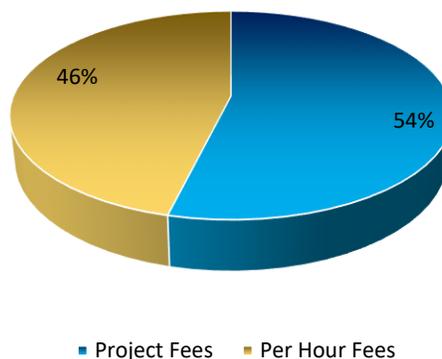
### 7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Project Fees	\$366,000	\$439,200	\$505,080	\$606,096	\$697,010
Per Hour Fees	\$313,900	\$376,680	\$433,182	\$519,818	\$597,791
<b>Total</b>	<b>\$679,900</b>	<b>\$815,880</b>	<b>\$938,262</b>	<b>\$1,125,914</b>	<b>\$1,294,801</b>

Gross Profit					
Year	1	2	3	4	5
<b>Total</b>	<b>\$643,245</b>	<b>\$771,894</b>	<b>\$887,678</b>	<b>\$1,065,214</b>	<b>\$1,224,996</b>

### Revenue Generation



### 7.3 Revenue Assumptions

#### Year 1

- Deutsch ME Group will launch its operations.
- Revenue will reach \$679,000.

## Year 2

- The business will hire an additional mechanical engineer.
- Revenue in Year Two will reach \$815,000.

## Years 3-5

- By Year Five, the Company will have three engineers on staff.
- Revenue will reach \$1.29 million.

### **7.4 Marketing Strategies**

Given that the scope of services offered by Deutsch ME Group are specific for the needs of industrial and manufacturing enterprises, the marketing that will be required is very straightforward. As this is not a consumer facing business, direct outreach will remain as the key for the Company success in the coming years. As noted earlier, Matthew Deutsch will leverage his existing relationships in order to onboard the initial clients that require new hydraulic existing development.

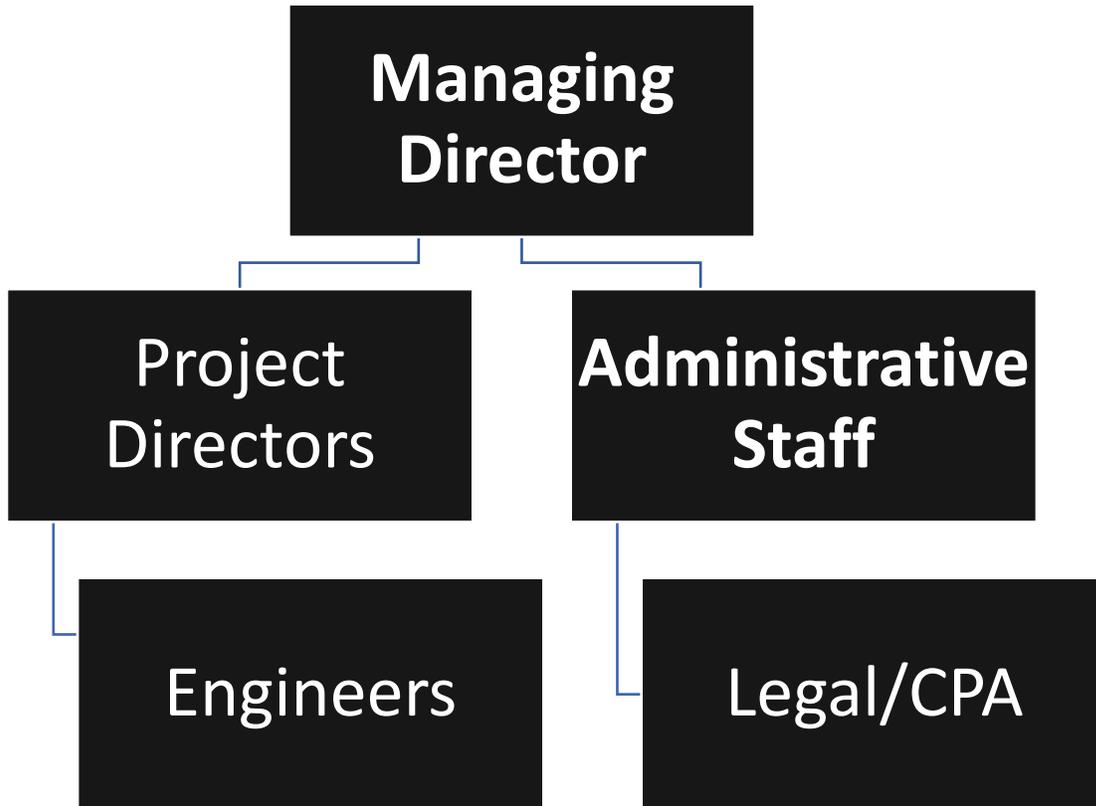
In regards to the Company's website, this platform will showcase the prior portfolio of Matthew Deutsch as well as staff engineers. The website will undergo significant search engine optimization so that when keyword phrases related to hydraulic system development and implementation are completed – the website will be quickly found among individuals. The Company will continue to add additional information regarding hydraulic system development and best practices in order to maintain its standings among major search engine engines.

For social media, the Company will exclusively use LinkedIn with a targeting audience of executives that are employed by industrial entities. Through these operations, the Company will showcase the immense capabilities the business.

The Company will also attend expositions and trade show specific for hydraulic systems, as well as for industrial enterprises in general. At these events, booths will be rented that showcase the design capabilities of Deutsch ME Group.

## 8.0 Organizational Plan

### 8.1 Organizational Hierarchy

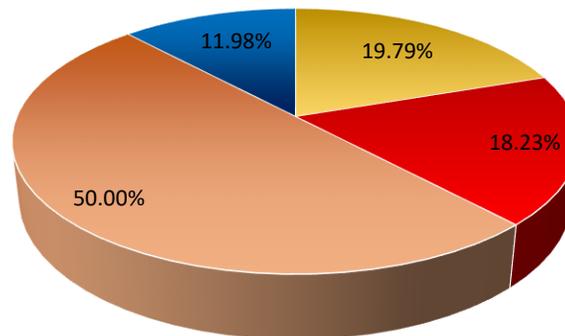


## 8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Managing Director	\$95,000	\$95,950	\$96,910	\$97,879	\$98,857
Project Directors	\$87,500	\$88,375	\$89,259	\$90,151	\$91,053
Engineers	\$80,000	\$161,600	\$163,216	\$247,272	\$249,745
Administrative Staff	\$57,500	\$58,075	\$58,656	\$59,242	\$59,835
<b>Total</b>	<b>\$320,000</b>	<b>\$404,000</b>	<b>\$408,040</b>	<b>\$494,544</b>	<b>\$499,490</b>

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Managing Director	1	1	1	1	1
Project Directors	1	1	1	1	1
Engineers	1	2	2	3	3
Administrative Staff	1	1	1	1	1
<b>Total</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>

### Personnel Summary



■ Managing Director ■ Project Directors ■ Engineers ■ Administrative Staff

## 9.0 Financial Plan

### 9.1 Underlying Assumptions

- The Company will acquire a \$100,000 revolving credit facility to launch operations.
- Matthew Deutsch will contribute \$50,000 towards the development of Deutsch ME Group.
- The Company will have a compounded annual growth rate of 17.4%, which will be facilitated by the continued hiring of staff mechanical engineers.

### 9.2 Financial Highlights

- The Company will achieve contribution margins of 95% on all hydraulic system developments engagements.
- The business will charge \$250 per hour for per hour for consulting fees, which will fully support the underlying operations of the business.

### 9.3 Sensitivity Analysis

The Company's revenues are only modestly sensitive to economic recession. In a highly challenging economic times, the demand for the development of new hydraulic systems may decline slightly. As noted earlier, the Company intends to develop a specific niche among healthcare product manufacturers in order to reduce these risks. The significant contribution margin generated from full scale engagements, as well as per fees, will fully ensure that the business is able to remain profitable.

### 9.4 Source of Funds

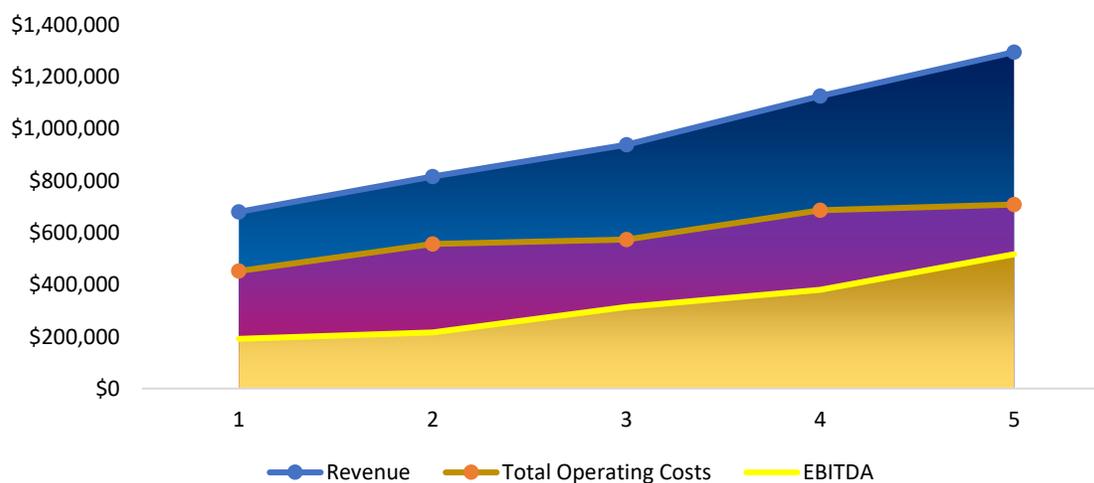
<b>Financing</b>	
<b>Equity</b>	
Equity Capitalization	\$50,000.00
<b>Total Equity Financing</b>	<b>\$50,000.00</b>
<b>Banks and Lenders</b>	
Business Loan	\$100,000.00
<b>Total Debt Financing</b>	<b>\$100,000.00</b>
<b>Total Financing</b>	<b>\$150,000.00</b>

## 9.5 Financial Proformas

### A) Profit and Loss Statement

<b>Proforma Profit and Loss</b>					
Year	1	2	3	4	5
<b>Revenue</b>	\$679,900	\$815,880	\$938,262	\$1,125,914	\$1,294,801
Cost of Revenue	\$36,655	\$43,986	\$50,584	\$60,701	\$69,806
Gross Margin	94.61%	94.61%	94.61%	94.61%	94.61%
<b>Gross Profit</b>	\$643,245	\$771,894	\$887,678	\$1,065,214	\$1,224,996
<b>Expenses</b>					
Payroll	\$320,000	\$404,000	\$408,040	\$494,544	\$499,490
Facility Costs	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015
General and Administrative	\$14,278	\$17,133	\$19,703	\$23,644	\$27,191
Professional Fees and Licensure	\$5,000	\$5,050	\$5,101	\$5,152	\$5,203
Insurance	\$10,000	\$10,100	\$10,201	\$10,303	\$10,406
Marketing	\$27,196	\$32,635	\$37,530	\$45,037	\$51,792
Outside Labor	\$21,077	\$25,292	\$29,086	\$34,903	\$40,139
Misc. Costs	\$5,099	\$6,119	\$7,037	\$8,444	\$9,711
Payroll Taxes	\$24,480	\$30,906	\$31,215	\$37,833	\$38,211
<b>Total Operating Costs</b>	<b>\$452,130</b>	<b>\$556,486</b>	<b>\$573,416</b>	<b>\$685,618</b>	<b>\$708,158</b>
<b>EBITDA</b>	<b>\$191,115</b>	<b>\$215,408</b>	<b>\$314,262</b>	<b>\$379,596</b>	<b>\$516,838</b>
Federal Income Tax	\$44,673	\$50,780	\$75,531	\$91,907	\$126,264
State Income Tax	\$8,935	\$10,156	\$15,106	\$18,381	\$25,253
Interest Expense	\$8,424	\$8,248	\$8,056	\$7,848	\$7,621
Depreciation Expenses	\$4,000	\$4,040	\$4,080	\$4,121	\$4,162
<b>Net Profit</b>	<b>\$125,084</b>	<b>\$142,184</b>	<b>\$211,488</b>	<b>\$257,339</b>	<b>\$353,538</b>
<b>Profit Margin</b>	<b>18.40%</b>	<b>17.43%</b>	<b>22.54%</b>	<b>22.86%</b>	<b>27.30%</b>

Revenue, Operating Costs, EBITDA



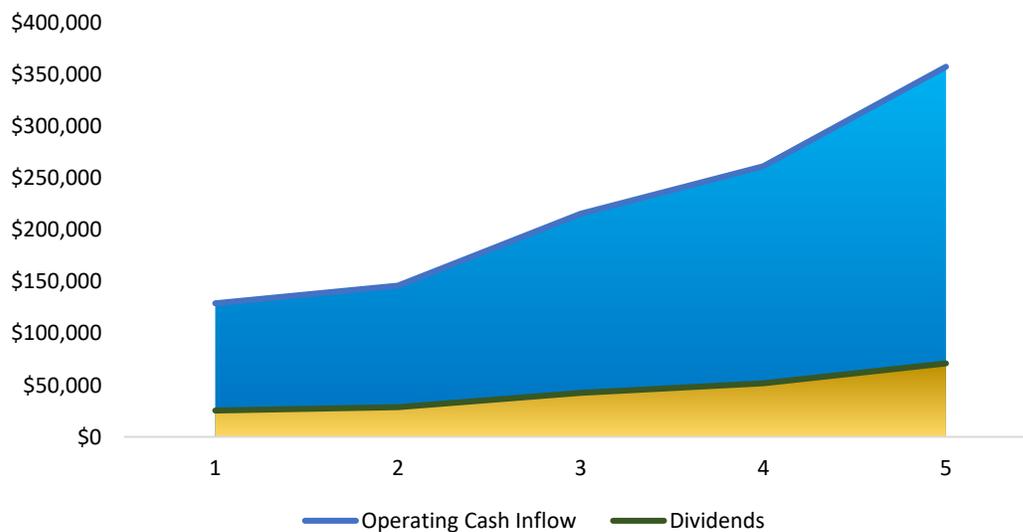
## B) Common Size Income Statement

<b>Proforma Profit and Loss (Common Size)</b>					
Year	1	2	3	4	5
<b>Revenue</b>	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	5.39%	5.39%	5.39%	5.39%	5.39%
<b>Gross Profit</b>	94.61%	94.61%	94.61%	94.61%	94.61%
<b>Expenses</b>					
Payroll	47.07%	49.52%	43.49%	43.92%	38.58%
Facility Costs	3.68%	3.09%	2.72%	2.29%	2.01%
General and Administrative	2.10%	2.10%	2.10%	2.10%	2.10%
Professional Fees and Licensure	0.74%	0.62%	0.54%	0.46%	0.40%
Insurance	1.47%	1.24%	1.09%	0.92%	0.80%
Marketing	4.00%	4.00%	4.00%	4.00%	4.00%
Outside Labor	3.10%	3.10%	3.10%	3.10%	3.10%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	3.60%	3.79%	3.33%	3.36%	2.95%
<b>Total Operating Costs</b>	66.50%	68.21%	61.11%	60.89%	54.69%
<b>EBITDA</b>	28.11%	26.40%	33.49%	33.71%	39.92%
Federal Income Tax	6.57%	6.22%	8.05%	8.16%	9.75%
State Income Tax	1.31%	1.24%	1.61%	1.63%	1.95%
Interest Expense	1.24%	1.01%	0.86%	0.70%	0.59%
Depreciation Expenses	0.59%	0.50%	0.43%	0.37%	0.32%
<b>Net Profit</b>	18.40%	17.43%	22.54%	22.86%	27.30%

## C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$129,084	\$146,224	\$215,568	\$261,460	\$357,701
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$129,084</b>	<b>\$146,224</b>	<b>\$215,568</b>	<b>\$261,460</b>	<b>\$357,701</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$50,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$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
<b>Total Other Cash Inflows</b>	<b>\$151,000</b>	<b>\$1,050</b>	<b>\$1,103</b>	<b>\$1,158</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$280,084</b>	<b>\$147,274</b>	<b>\$216,671</b>	<b>\$262,618</b>	<b>\$358,916</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$1,990	\$2,166	\$2,358	\$2,566	\$2,793
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$60,000	\$7,311	\$107,784	\$13,073	\$178,850
Dividends	\$25,419	\$28,812	\$42,642	\$51,779	\$70,982
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$88,109</b>	<b>\$39,024</b>	<b>\$153,556</b>	<b>\$68,228</b>	<b>\$253,476</b>
<b>Net Cash Flow</b>	<b>\$191,975</b>	<b>\$108,250</b>	<b>\$63,115</b>	<b>\$194,390</b>	<b>\$105,441</b>
<b>Cash Balance</b>	<b>\$191,975</b>	<b>\$300,225</b>	<b>\$363,340</b>	<b>\$557,730</b>	<b>\$663,170</b>

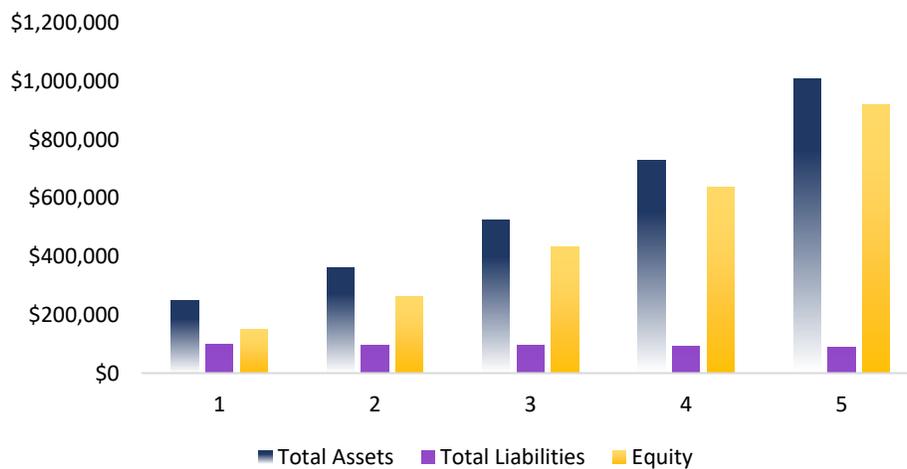
### Cash Flow Analysis



## D) Balance Sheet

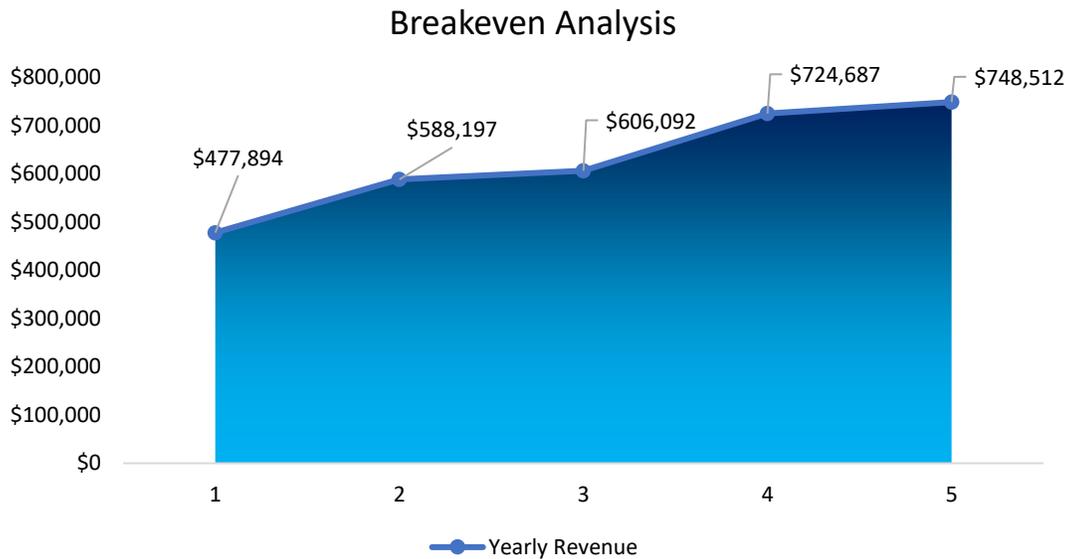
Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
<b>Assets</b>					
Cash	\$191,975	\$300,225	\$363,340	\$557,730	\$663,170
Fixed Assets	\$60,000	\$67,311	\$175,095	\$188,168	\$367,019
Accumulated Depreciation	(\$4,000)	(\$8,040)	(\$12,120)	(\$16,242)	(\$20,404)
<b>Total Assets</b>	<b>\$247,975</b>	<b>\$359,496</b>	<b>\$526,315</b>	<b>\$729,656</b>	<b>\$1,009,785</b>
<b>Liabilities and Equity</b>					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$98,010	\$95,844	\$93,486	\$90,920	\$88,127
Other Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$98,310</b>	<b>\$96,459</b>	<b>\$94,432</b>	<b>\$92,213</b>	<b>\$89,785</b>
<b>Equity</b>	<b>\$149,665</b>	<b>\$263,038</b>	<b>\$431,883</b>	<b>\$637,443</b>	<b>\$920,000</b>
<b>Total Liabilities and Equity</b>	<b>\$247,975</b>	<b>\$359,496</b>	<b>\$526,315</b>	<b>\$729,656</b>	<b>\$1,009,785</b>

Balance Sheet



## 9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$39,825	\$49,016	\$50,508	\$60,391	\$62,376
Yearly Revenue	\$477,894	\$588,197	\$606,092	\$724,687	\$748,512



## 9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
<b>Revenue</b>					
Sales Growth	0.0%	20.0%	15.0%	20.0%	15.0%
Gross Margin	94.6%	94.6%	94.6%	94.6%	94.6%
<b>Financials</b>					
Profit Margin	18.40%	17.43%	22.54%	22.86%	27.30%
Assets to Liabilities	2.52	3.73	5.57	7.91	11.25
Equity to Liabilities	1.52	2.73	4.57	6.91	10.25
Assets to Equity	1.66	1.37	1.22	1.14	1.10
<b>Liquidity</b>					
Acid Test	1.95	3.11	3.85	6.05	7.39
Cash to Assets	0.77	0.84	0.69	0.76	0.66

## Appendix A – SWOT Analysis

### Strengths

- The Company will be able to source clients on a nationwide basis who have complex hydraulic system engineering needs.
- The two streams of revenue will fully support the operations of this mechanical engineering firm.
- The Company will be able to onboard mechanical engineers on it as needed basis, including those that have specialized expertise for hydraulic systems.

### Weaknesses

- Operational complexities as this is a business that deals with high complex industrial systems.
- Payroll cost will be a significant expense for Deutsch ME Group.

### Opportunities

- Expansion of the Company's marketing operations to collect include a greater degree of direct outreach with industrial firms.
- Hiring of additional mechanical engineers on a year-on-year basis.
- Expansion of mechanical engineering operations to include systems outside of the field of hydraulics.

### Threats

- A very severe economic recession could impact demand.

## Appendix B – Critical Risks

### Development Risk – **Low**

The mechanical engineering service architecture that will be used by the business has been developed. The principal matter that needs to be addressed is securing the revolving credit facility discuss this document.

### Financing Risk – **Low/Moderate**

Although a significant portion of the funding sought in this mechanical engineer business plan will be used for working capital purposes, the substantial and highly predictable nature of the Company's revenue will reduce financing risks.

### Marketing Risk – **Low**

As this is not a consumer facing business, Deutsch ME Group will be able to use a laser targeted marketing campaign to attract the intention of industrial enterprises. This will be complimented by leveraging the CEO's existing relationships.

### Management Risk – **Low**

Matthew Deutsch is a highly qualified professional engineer. He will be able to effectively launch the operations of this business to profitability.

### Valuation Risk – **Low**

The valuation risk is offset by:

- The Company will operate on a nationwide basis which will reduce its economic risks.
- There is limited competition when mechanical engineering firms that specialize in industrial hydraulic systems.
- The Company will have the ability to rapidly scale of operations in the coming years.

### Exit Risk - **Low**

As noted earlier, there would be a moderate degree of complexity with diverting Deutsch ME Group to a third-party. In all likelihood, the Company will use a buyout plan with its staff, mechanical engineers. This is not expected to occur for a significant period of time.

## Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
<b>Revenue</b>	<b>\$46,441</b>	<b>\$48,299</b>	<b>\$50,157</b>	<b>\$52,014</b>	<b>\$53,872</b>	<b>\$55,730</b>	<b>\$57,587</b>
Cost of Revenue	\$2,504	\$2,604	\$2,704	\$2,804	\$2,904	\$3,005	\$3,105
<b>Gross Profit</b>	<b>\$43,938</b>	<b>\$45,695</b>	<b>\$47,453</b>	<b>\$49,210</b>	<b>\$50,968</b>	<b>\$52,725</b>	<b>\$54,483</b>
<b>Expenses</b>							
Payroll	\$26,667	\$26,667	\$26,667	\$26,667	\$26,667	\$26,667	\$26,667
Facility Costs	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
General and Administrative	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190
Professional Fees and Licensure	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Insurance	\$833	\$833	\$833	\$833	\$833	\$833	\$833
Marketing	\$2,266	\$2,266	\$2,266	\$2,266	\$2,266	\$2,266	\$2,266
Outside Labor	\$1,756	\$1,756	\$1,756	\$1,756	\$1,756	\$1,756	\$1,756
Misc. Costs	\$425	\$425	\$425	\$425	\$425	\$425	\$425
Payroll Taxes	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040
<b>Total Operating Costs</b>	<b>\$37,678</b>						
<b>EBITDA</b>	<b>\$6,260</b>	<b>\$8,017</b>	<b>\$9,775</b>	<b>\$11,532</b>	<b>\$13,290</b>	<b>\$15,047</b>	<b>\$16,805</b>
Federal Income Tax	\$3,051	\$3,173	\$3,296	\$3,418	\$3,540	\$3,662	\$3,784
State Income Tax	\$610	\$635	\$659	\$684	\$708	\$732	\$757
Interest Expense	\$708	\$707	\$706	\$705	\$704	\$703	\$701
Depreciation Expenses	\$333	\$333	\$333	\$333	\$333	\$333	\$333
<b>Net Profit</b>	<b>\$1,557</b>	<b>\$3,169</b>	<b>\$4,781</b>	<b>\$6,393</b>	<b>\$8,005</b>	<b>\$9,618</b>	<b>\$11,230</b>

<b>Profit and Loss Statement (First Year Cont.)</b>						
Month	8	9	10	11	12	Year 1
<b>Revenue</b>	<b>\$59,445</b>	<b>\$61,302</b>	<b>\$63,160</b>	<b>\$65,018</b>	<b>\$66,875</b>	<b>\$679,900</b>
Cost of Revenue	\$3,205	\$3,305	\$3,405	\$3,505	\$3,605	\$36,655
<b>Gross Profit</b>	<b>\$56,240</b>	<b>\$57,998</b>	<b>\$59,755</b>	<b>\$61,513</b>	<b>\$63,270</b>	<b>\$643,245</b>
<b>Expenses</b>						
Payroll	\$26,667	\$26,667	\$26,667	\$26,667	\$26,667	\$320,000
Facility Costs	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
General and Administrative	\$1,190	\$1,190	\$1,190	\$1,190	\$1,190	\$14,278
Professional Fees and Licensure	\$417	\$417	\$417	\$417	\$417	\$5,000
Insurance	\$833	\$833	\$833	\$833	\$833	\$10,000
Marketing	\$2,266	\$2,266	\$2,266	\$2,266	\$2,266	\$27,196
Outside Labor	\$1,756	\$1,756	\$1,756	\$1,756	\$1,756	\$21,077
Misc. Costs	\$425	\$425	\$425	\$425	\$425	\$5,099
Payroll Taxes	\$2,040	\$2,040	\$2,040	\$2,040	\$2,040	\$24,480
<b>Total Operating Costs</b>	<b>\$37,678</b>	<b>\$37,678</b>	<b>\$37,678</b>	<b>\$37,678</b>	<b>\$37,678</b>	<b>\$452,130</b>
<b>EBITDA</b>	<b>\$18,562</b>	<b>\$20,320</b>	<b>\$22,077</b>	<b>\$23,835</b>	<b>\$25,592</b>	<b>\$191,115</b>
Federal Income Tax	\$3,906	\$4,028	\$4,150	\$4,272	\$4,394	\$44,673
State Income Tax	\$781	\$806	\$830	\$854	\$879	\$8,935
Interest Expense	\$700	\$699	\$698	\$697	\$695	\$8,424
Depreciation Expenses	\$333	\$333	\$333	\$333	\$333	\$4,000
<b>Net Profit</b>	<b>\$12,842</b>	<b>\$14,454</b>	<b>\$16,066</b>	<b>\$17,679</b>	<b>\$19,291</b>	<b>\$125,084</b>

**Profit and Loss Statement (Second Year)**

Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
<b>Revenue</b>	\$197,851	\$201,930	\$206,010	\$210,089	\$815,880
Cost of Revenue	\$10,667	\$10,887	\$11,106	\$11,326	\$43,986
<b>Gross Profit</b>	<b>\$187,184</b>	<b>\$191,044</b>	<b>\$194,903</b>	<b>\$198,763</b>	<b>\$771,894</b>
<b>Expenses</b>					
Payroll	\$101,000	\$101,000	\$101,000	\$101,000	\$404,000
Facility Costs	\$6,313	\$6,313	\$6,313	\$6,313	\$25,250
General and Administrative	\$4,155	\$4,241	\$4,326	\$4,412	\$17,133
Professional Fees and Licensure	\$1,225	\$1,250	\$1,275	\$1,300	\$5,050
Insurance	\$2,525	\$2,525	\$2,525	\$2,525	\$10,100
Marketing	\$7,914	\$8,077	\$8,240	\$8,404	\$32,635
Outside Labor	\$6,323	\$6,323	\$6,323	\$6,323	\$25,292
Misc. Costs	\$1,484	\$1,514	\$1,545	\$1,576	\$6,119
Payroll Taxes	\$7,495	\$7,649	\$7,804	\$7,958	\$30,906
<b>Total Operating Costs</b>	<b>\$138,433</b>	<b>\$138,892</b>	<b>\$139,351</b>	<b>\$139,810</b>	<b>\$556,486</b>
<b>EBITDA</b>	<b>\$48,752</b>	<b>\$52,152</b>	<b>\$55,552</b>	<b>\$58,952</b>	<b>\$215,408</b>
Federal Income Tax	\$12,314	\$12,568	\$12,822	\$13,076	\$50,780
State Income Tax	\$2,463	\$2,514	\$2,564	\$2,615	\$10,156
Interest Expense	\$2,079	\$2,068	\$2,056	\$2,045	\$8,248
Depreciation Expenses	\$1,010	\$1,010	\$1,010	\$1,010	\$4,040
<b>Net Profit</b>	<b>\$30,886</b>	<b>\$33,992</b>	<b>\$37,099</b>	<b>\$40,207</b>	<b>\$142,184</b>

**Profit and Loss Statement (Third Year)**

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
<b>Revenue</b>	\$227,529	\$232,220	\$236,911	\$241,602	\$938,262
Cost of Revenue	\$12,267	\$12,519	\$12,772	\$13,025	\$50,584
<b>Gross Profit</b>	<b>\$215,262</b>	<b>\$219,700</b>	<b>\$224,139</b>	<b>\$228,577</b>	<b>\$887,678</b>
<b>Expenses</b>					
Payroll	\$102,010	\$102,010	\$102,010	\$102,010	\$408,040
Facility Costs	\$6,376	\$6,376	\$6,376	\$6,376	\$25,503
General and Administrative	\$4,778	\$4,877	\$4,975	\$5,074	\$19,703
Professional Fees and Licensure	\$1,237	\$1,262	\$1,288	\$1,313	\$5,101
Insurance	\$2,550	\$2,550	\$2,550	\$2,550	\$10,201
Marketing	\$9,101	\$9,289	\$9,476	\$9,664	\$37,530
Outside Labor	\$7,272	\$7,272	\$7,272	\$7,272	\$29,086
Misc. Costs	\$1,706	\$1,742	\$1,777	\$1,812	\$7,037
Payroll Taxes	\$7,804	\$7,804	\$7,804	\$7,804	\$31,215
<b>Total Operating Costs</b>	<b>\$142,834</b>	<b>\$143,181</b>	<b>\$143,527</b>	<b>\$143,874</b>	<b>\$573,416</b>
<b>EBITDA</b>	<b>\$72,428</b>	<b>\$76,520</b>	<b>\$80,611</b>	<b>\$84,703</b>	<b>\$314,262</b>
Federal Income Tax	\$18,316	\$18,694	\$19,072	\$19,449	\$75,531
State Income Tax	\$3,663	\$3,739	\$3,814	\$3,890	\$15,106
Interest Expense	\$2,033	\$2,020	\$2,008	\$1,995	\$8,056
Depreciation Expenses	\$1,020	\$1,020	\$1,020	\$1,020	\$4,080
<b>Net Profit</b>	<b>\$47,396</b>	<b>\$51,046</b>	<b>\$54,697</b>	<b>\$58,348</b>	<b>\$211,488</b>

<b>Profit and Loss Statement (Fourth Year)</b>					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
<b>Revenue</b>	\$273,034	\$278,664	\$284,293	\$289,923	\$1,125,914
Cost of Revenue	\$14,720	\$15,023	\$15,327	\$15,630	\$60,701
<b>Gross Profit</b>	<b>\$258,314</b>	<b>\$263,640</b>	<b>\$268,966</b>	<b>\$274,293</b>	<b>\$1,065,214</b>
<b>Expenses</b>					
Payroll	\$123,636	\$123,636	\$123,636	\$123,636	\$494,544
Facility Costs	\$6,439	\$6,439	\$6,439	\$6,439	\$25,758
General and Administrative	\$5,734	\$5,852	\$5,970	\$6,088	\$23,644
Professional Fees and Licensure	\$1,249	\$1,275	\$1,301	\$1,327	\$5,152
Insurance	\$2,576	\$2,576	\$2,576	\$2,576	\$10,303
Marketing	\$10,921	\$11,147	\$11,372	\$11,597	\$45,037
Outside Labor	\$8,726	\$8,726	\$8,726	\$8,726	\$34,903
Misc. Costs	\$2,048	\$2,090	\$2,132	\$2,174	\$8,444
Payroll Taxes	\$9,458	\$9,458	\$9,458	\$9,458	\$37,833
<b>Total Operating Costs</b>	<b>\$170,787</b>	<b>\$171,199</b>	<b>\$171,610</b>	<b>\$172,021</b>	<b>\$685,618</b>
<b>EBITDA</b>	<b>\$87,527</b>	<b>\$92,442</b>	<b>\$97,356</b>	<b>\$102,271</b>	<b>\$379,596</b>
Federal Income Tax	\$22,287	\$22,747	\$23,206	\$23,666	\$91,907
State Income Tax	\$4,457	\$4,549	\$4,641	\$4,733	\$18,381
Interest Expense	\$1,982	\$1,969	\$1,955	\$1,941	\$7,848
Depreciation Expenses	\$1,030	\$1,030	\$1,030	\$1,030	\$4,121
<b>Net Profit</b>	<b>\$57,770</b>	<b>\$62,146</b>	<b>\$66,523</b>	<b>\$70,900</b>	<b>\$257,339</b>

**Profit and Loss Statement (Fifth Year)**

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
<b>Revenue</b>	\$313,989	\$320,463	\$326,937	\$333,411	\$1,294,801
Cost of Revenue	\$16,928	\$17,277	\$17,626	\$17,975	\$69,806
<b>Gross Profit</b>	<b>\$297,061</b>	<b>\$303,186</b>	<b>\$309,311</b>	<b>\$315,436</b>	<b>\$1,224,996</b>
<b>Expenses</b>					
Payroll	\$124,872	\$124,872	\$124,872	\$124,872	\$499,490
Facility Costs	\$6,504	\$6,504	\$6,504	\$6,504	\$26,015
General and Administrative	\$6,594	\$6,730	\$6,866	\$7,002	\$27,191
Professional Fees and Licensure	\$1,262	\$1,288	\$1,314	\$1,340	\$5,203
Insurance	\$2,602	\$2,602	\$2,602	\$2,602	\$10,406
Marketing	\$12,560	\$12,819	\$13,077	\$13,336	\$51,792
Outside Labor	\$10,035	\$10,035	\$10,035	\$10,035	\$40,139
Misc. Costs	\$2,355	\$2,403	\$2,452	\$2,501	\$9,711
Payroll Taxes	\$9,553	\$9,553	\$9,553	\$9,553	\$38,211
<b>Total Operating Costs</b>	<b>\$176,335</b>	<b>\$176,805</b>	<b>\$177,274</b>	<b>\$177,744</b>	<b>\$708,158</b>
<b>EBITDA</b>	<b>\$120,726</b>	<b>\$126,382</b>	<b>\$132,037</b>	<b>\$137,693</b>	<b>\$516,838</b>
Federal Income Tax	\$30,619	\$31,250	\$31,882	\$32,513	\$126,264
State Income Tax	\$6,124	\$6,250	\$6,376	\$6,503	\$25,253
Interest Expense	\$1,927	\$1,913	\$1,898	\$1,883	\$7,621
Depreciation Expenses	\$1,041	\$1,041	\$1,041	\$1,041	\$4,162
<b>Net Profit</b>	<b>\$81,016</b>	<b>\$85,928</b>	<b>\$90,841</b>	<b>\$95,754</b>	<b>\$353,538</b>

## Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$1,890	\$3,502	\$5,114	\$6,726	\$8,339	\$9,951	\$11,563	\$13,175
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$1,890</b>	<b>\$3,502</b>	<b>\$5,114</b>	<b>\$6,726</b>	<b>\$8,339</b>	<b>\$9,951</b>	<b>\$11,563</b>	<b>\$13,175</b>
<b>Other Cash Inflows</b>								
Equity Investment	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$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
<b>Total Other Cash Inflows</b>	<b>\$150,083</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>
<b>Total Cash Inflow</b>	<b>\$151,973</b>	<b>\$3,585</b>	<b>\$5,198</b>	<b>\$6,810</b>	<b>\$8,422</b>	<b>\$10,034</b>	<b>\$11,646</b>	<b>\$13,259</b>
<b>Cash Outflows</b>								
Repayment of Principal	\$159	\$161	\$162	\$163	\$164	\$165	\$166	\$168
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$60,000	\$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
<b>Total Cash Outflows</b>	<b>\$60,218</b>	<b>\$219</b>	<b>\$220</b>	<b>\$221</b>	<b>\$222</b>	<b>\$224</b>	<b>\$225</b>	<b>\$226</b>
<b>Net Cash Flow</b>	<b>\$91,755</b>	<b>\$3,366</b>	<b>\$4,978</b>	<b>\$6,589</b>	<b>\$8,200</b>	<b>\$9,811</b>	<b>\$11,422</b>	<b>\$13,033</b>
<b>Cash Balance</b>	<b>\$91,755</b>	<b>\$95,122</b>	<b>\$100,099</b>	<b>\$106,688</b>	<b>\$114,888</b>	<b>\$124,698</b>	<b>\$136,120</b>	<b>\$149,153</b>

<b>Cash Flow Analysis (First Year Cont.)</b>					
Month	9	10	11	12	Year 1
Cash From Operations	\$14,787	\$16,400	\$18,012	\$19,624	\$129,084
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$14,787</b>	<b>\$16,400</b>	<b>\$18,012</b>	<b>\$19,624</b>	<b>\$129,084</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$50,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$100,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$1,000
<b>Total Other Cash Inflows</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$151,000</b>
<b>Total Cash Inflow</b>	<b>\$14,871</b>	<b>\$16,483</b>	<b>\$18,095</b>	<b>\$19,708</b>	<b>\$280,084</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$169	\$170	\$171	\$172	\$1,990
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$60,000
Dividends	\$0	\$0	\$0	\$25,419	\$25,419
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$227</b>	<b>\$228</b>	<b>\$229</b>	<b>\$25,649</b>	<b>\$88,109</b>
<b>Net Cash Flow</b>	<b>\$14,644</b>	<b>\$16,255</b>	<b>\$17,866</b>	<b>-\$5,942</b>	<b>\$191,975</b>
<b>Cash Balance</b>	<b>\$163,796</b>	<b>\$180,051</b>	<b>\$197,917</b>	<b>\$191,975</b>	<b>\$191,975</b>

<b>Cash Flow Analysis (Second Year)</b>					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$31,896	\$35,002	\$38,109	\$41,217	\$146,224
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$31,896</b>	<b>\$35,002</b>	<b>\$38,109</b>	<b>\$41,217</b>	<b>\$146,224</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$255</b>	<b>\$260</b>	<b>\$265</b>	<b>\$270</b>	<b>\$1,050</b>
<b>Total Cash Inflow</b>	<b>\$32,150</b>	<b>\$35,262</b>	<b>\$38,375</b>	<b>\$41,487</b>	<b>\$147,274</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$524	\$536	\$547	\$559	\$2,166
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$7,311	\$0	\$0	\$0	\$7,311
Dividends	\$0	\$0	\$0	\$28,812	\$28,812
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$8,014</b>	<b>\$718</b>	<b>\$733</b>	<b>\$29,560</b>	<b>\$39,024</b>
<b>Net Cash Flow</b>	<b>\$24,136</b>	<b>\$34,545</b>	<b>\$37,642</b>	<b>\$11,927</b>	<b>\$108,250</b>
<b>Cash Balance</b>	<b>\$216,111</b>	<b>\$250,656</b>	<b>\$288,298</b>	<b>\$300,225</b>	<b>\$300,225</b>

<b>Cash Flow Analysis (Third Year)</b>					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$48,416	\$52,066	\$55,717	\$59,368	\$215,568
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$48,416</b>	<b>\$52,066</b>	<b>\$55,717</b>	<b>\$59,368</b>	<b>\$215,568</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$267</b>	<b>\$273</b>	<b>\$278</b>	<b>\$284</b>	<b>\$1,103</b>
<b>Total Cash Inflow</b>	<b>\$48,683</b>	<b>\$52,339</b>	<b>\$55,996</b>	<b>\$59,652</b>	<b>\$216,671</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$571	\$583	\$596	\$608	\$2,358
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$107,784	\$0	\$0	\$0	\$107,784
Dividends	\$0	\$0	\$0	\$42,642	\$42,642
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$108,542</b>	<b>\$774</b>	<b>\$790</b>	<b>\$43,449</b>	<b>\$153,556</b>
<b>Net Cash Flow</b>	<b>-\$59,859</b>	<b>\$51,565</b>	<b>\$55,205</b>	<b>\$16,203</b>	<b>\$63,115</b>
<b>Cash Balance</b>	<b>\$240,366</b>	<b>\$291,932</b>	<b>\$347,137</b>	<b>\$363,340</b>	<b>\$363,340</b>

<b>Cash Flow Analysis (Fourth Year)</b>					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$58,800	\$63,176	\$67,553	\$71,930	\$261,460
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$58,800</b>	<b>\$63,176</b>	<b>\$67,553</b>	<b>\$71,930</b>	<b>\$261,460</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$281</b>	<b>\$287</b>	<b>\$292</b>	<b>\$298</b>	<b>\$1,158</b>
<b>Total Cash Inflow</b>	<b>\$59,081</b>	<b>\$63,463</b>	<b>\$67,846</b>	<b>\$72,229</b>	<b>\$262,618</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$621	\$635	\$648	\$662	\$2,566
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$13,073	\$0	\$0	\$0	\$13,073
Dividends	\$0	\$0	\$0	\$51,779	\$51,779
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$13,891</b>	<b>\$835</b>	<b>\$853</b>	<b>\$52,650</b>	<b>\$68,228</b>
<b>Net Cash Flow</b>	<b>\$45,190</b>	<b>\$62,628</b>	<b>\$66,993</b>	<b>\$19,579</b>	<b>\$194,390</b>
<b>Cash Balance</b>	<b>\$408,530</b>	<b>\$471,158</b>	<b>\$538,151</b>	<b>\$557,730</b>	<b>\$557,730</b>

<b>Cash Flow Analysis (Fifth Year)</b>					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$82,056	\$86,969	\$91,881	\$96,794	\$357,701
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$82,056</b>	<b>\$86,969</b>	<b>\$91,881</b>	<b>\$96,794</b>	<b>\$357,701</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$295</b>	<b>\$301</b>	<b>\$307</b>	<b>\$313</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$82,351</b>	<b>\$87,269</b>	<b>\$92,188</b>	<b>\$97,107</b>	<b>\$358,916</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$676	\$691	\$705	\$721	\$2,793
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$178,850	\$0	\$0	\$0	\$178,850
Dividends	\$0	\$0	\$0	\$70,982	\$70,982
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$179,733</b>	<b>\$901</b>	<b>\$920</b>	<b>\$71,921</b>	<b>\$253,476</b>
<b>Net Cash Flow</b>	<b>-\$97,382</b>	<b>\$86,368</b>	<b>\$91,268</b>	<b>\$25,186</b>	<b>\$105,441</b>
<b>Cash Balance</b>	<b>\$460,348</b>	<b>\$546,716</b>	<b>\$637,984</b>	<b>\$663,170</b>	<b>\$663,170</b>