



DEUTSCH

IMAGING 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 document is to secure \$10 million of capital for the ongoing development of a medical imaging business based in Montgomery County, Maryland. Deutsch Imaging Group LLC (“the Company”) was founded this year by Matthew Deutsch, a highly experienced healthcare executive. The business will provide a wide range of medical imaging services spanning MRIs, CAT scans, x-rays, and ultrasounds. Full scale revenue generating operations are expected to commence in the first quarter of next year once the facility has been developed.

Operations

The business will generate highly predictable streams of revenue from the ongoing medical imaging services that will be rendered onsite. As noted above, the facilities will feature MRI machines, CAT scan machines, X-ray machines, and ultrasound. The business will directly employ two radiologists that will provide reading of medical images. The business will also coordinate with third-party radiologists that will have their patients come to the facility for specific types of medical imaging.

In regards to revenue generation, the Company will produce its income primarily from insurance reimbursement. The business will also be appropriately licensed to receive fees from Medicare as well as Medicaid. To a more modest extent, the Company will receive payments directly from patients.

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

The Financing

In regards to the \$10 million of capital sought, \$2 million of this funding is expected to come from private investors. The remaining \$8 million will be secured through a business loan.

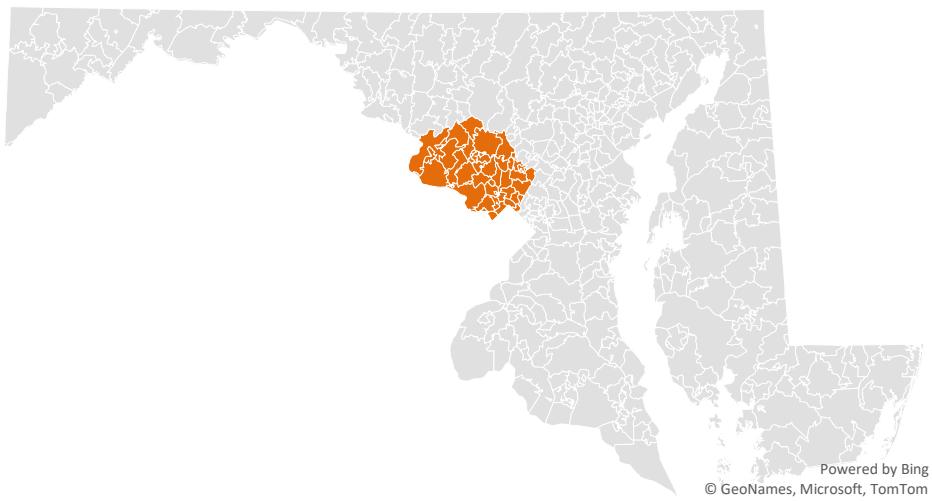
Given that this is a healthcare focused enterprise, the business could easily secure a working capital line of credit or business expansion loan in the future. Ongoing financing may be acquired as the business adds new types of medical imaging equipment. The Company will all still use a significant portion of it after tax cash flow for ongoing expansion.

The Future

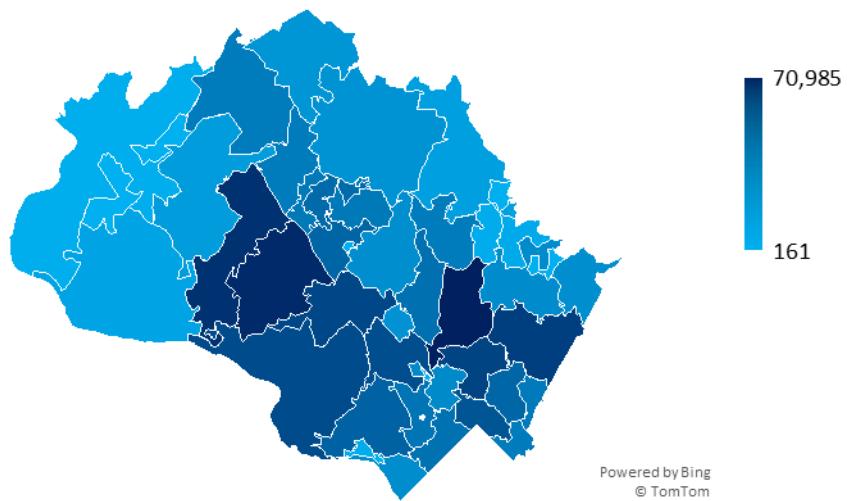
The Company will continue to conduct direct outreach with medical professionals throughout the entire entirety of Montgomery County as well as the Central Maryland area. As this will be a large-scale facility, the Company will be able to easily provide services for patients throughout this highly population dense market.

Market Overview

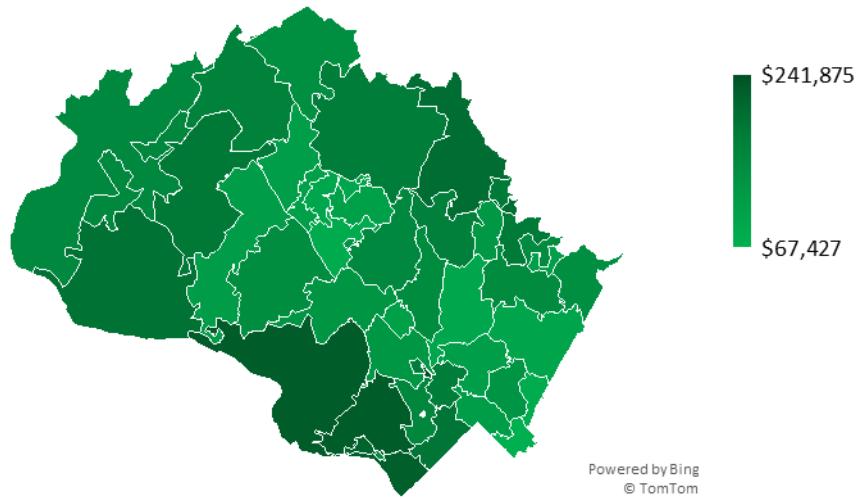
Target Market



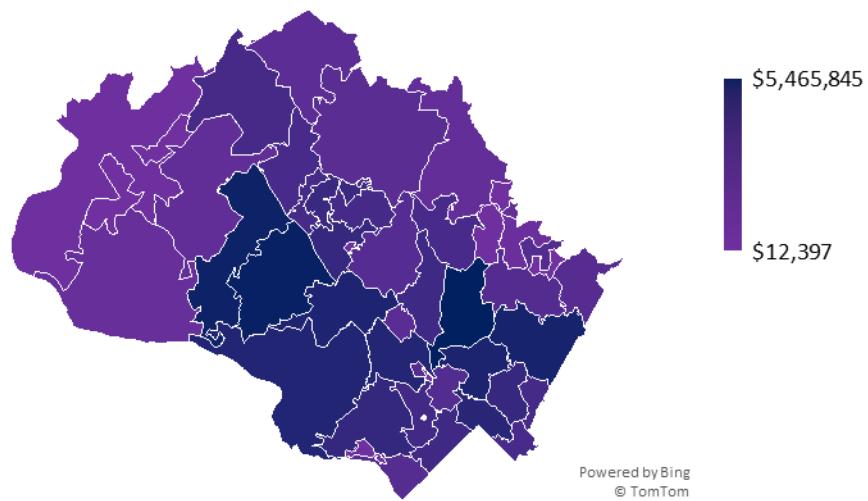
Target Market Population



Target Market Household Income



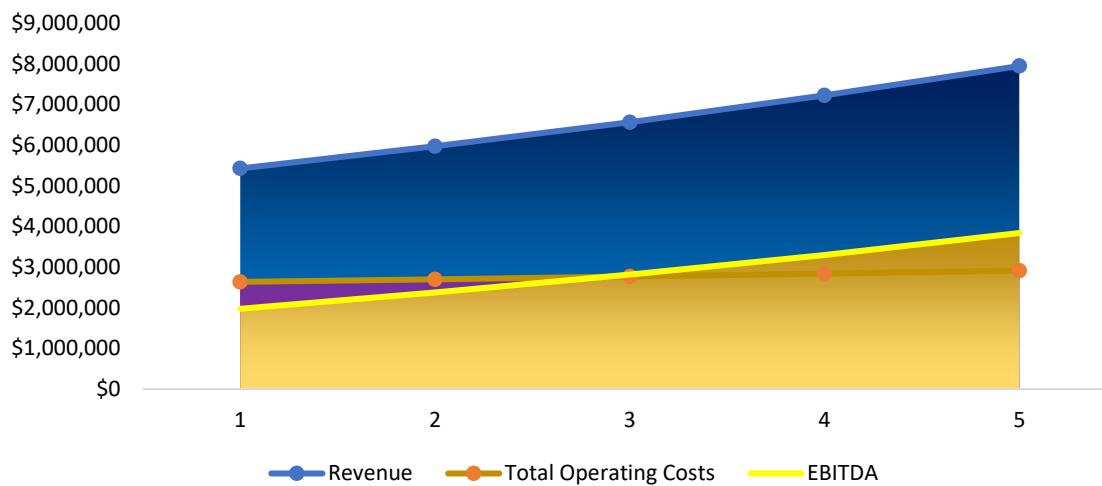
Target Market Demand



Revenue Forecasts

Proforma Profit and Loss		1	2	3	4	5
Year						
Revenue		\$5,428,800	\$5,971,680	\$6,568,848	\$7,225,733	\$7,948,306
Cost of Revenue		\$814,320	\$895,752	\$985,327	\$1,083,860	\$1,192,246
Gross Profit		\$4,614,480	\$5,075,928	\$5,583,521	\$6,141,873	\$6,756,060
Total Operating Costs		\$2,637,966	\$2,700,745	\$2,767,793	\$2,839,515	\$2,916,359
EBITDA		\$1,976,514	\$2,375,183	\$2,815,728	\$3,302,358	\$3,839,701

Revenue, Operating Costs, EBITDA



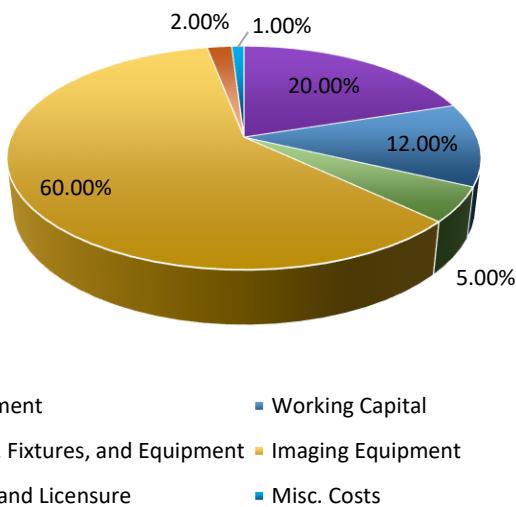
2.0 The Financing

2.1 Funds Required

The \$10 million of aggregate capital sought in this document will be allocated towards the following:

Use of Funds	
Location Development	\$2,000,000
Working Capital	\$1,200,000
General Furniture, Fixtures, and Equipment	\$500,000
Imaging Equipment	\$6,000,000
Professional Fees and Licensure	\$200,000
Misc. Costs	\$100,000
Total	\$10,000,000

Use of Funds Overview



2.2 Management and Investor Equity

It is expected that investors will receive a 50% ownership stake in Deutsch Imaging Group LLC.

2.3 Exit Strategies

As medical imaging business businesses are able to remain profitable in any economic climate, there would be an immense demand among third parties to acquire the business. Potential acquisition candidates would include hospital systems, private equity groups, and specialized medical firms that are seeking to make an entry into the field of medical imaging. Historically, these businesses typically have a price of earnings multiple of six times EBITDA the value of any owned real estate. The sale of this business is not expected to occur for significant period of time.

3.0 Operations

As noted in an executive summary, Deutsch Imaging Group will be an end-to-end medical imaging provider for its patients. The Company will directly employ radiologists as well as several radiology technicians in order to render services.

The most lucrative segment of the Company's operations will come from MRI scans as well as CAT scans. It is expected that each of these engagements will produce \$1,000 to \$3,000 of revenue depending on the scope of services required. The Company will also provide full body scans to the general public, which will be authorized by one of the business' staff radiologists. This is expected to produce \$500 to \$750 per engagement.

To complement these primary operations, the business will maintain state of the art x-ray machines as well as ultrasound technologies. The business will directly employ an ultrasound technician to render services in accordance with a physician's orders.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Imaging Group LLC. The company is registered as a limited liability company in the State of Maryland.

4.2 Commencement of Operations

The Company will establish its medical imaging operations in the first quarter of next year.

4.3 Mission Statement

To provide comprehensive medical imaging services on a cost-effective basis to residents of Montgomery County in the Central Maryland area.

4.4 Vision Statement

To become recognized as one of the preeminent medical imaging facilities within this market.

4.5 Organizational Objectives

- Acquire a state-of-the-art medical imaging equipment in order to reduce future maintenance and replacement costs.
- Established ongoing relationships with physicians and surgeons that frequently require medical imaging for their patients.
- Implement proper fiscal control of business can maintain its profitability while also engaging in expansion strategies.
- Adhere to all laws and regulations regarding the use of radiological equipment.
- Maintain a moderate scale marketing campaign that targets a general public for full body scans.
- Potentially develop additional medical imaging locations after the fifth year of operation.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

This section of the medical imaging business plan will focus on the current economic climate, the industry, the demographic profile, and the ongoing competition at the business will face.

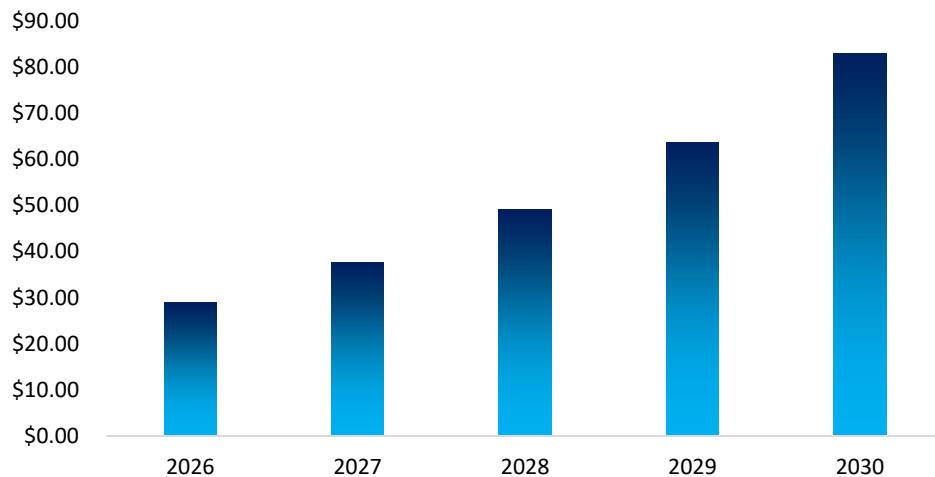
Economic outlook within the United States at this time is moderate. As a result of changing trade policies, as well as adjustments to government budgeting, there has been a higher degree of inflation that has occurred than what was expected. Numerous federal agencies included in the United States Treasury and the United States Federal Reserve are taking appropriate measures to ensure that the inflation rate decreases well also ensuring ongoing economic growth and low unemployment rate.

It should be noted that the revenues of Deutsch Imaging Group are immune for negative changes in the economy. Medical imaging is an absolute necessity among patients that may have a very severe underlying issue. As noted earlier, the business will generate the bulk of its revenues from insurance reimbursement as well as publicly funded healthcare systems.

5.2 Industry Analysis

As of this year, there are 5,500 companies that are actively involved with providing medical imaging services to the general public. These businesses produced \$30 billion of revenue while providing employment opportunities for 110,000 people.

Medical Imaging Industry Revenues (billions)



This is a highly established industry that has been around for numerous decades. One of the major trends within this industry, from a business standpoint, is that medical imaging facilities have begun to maintain ongoing affiliations with teaching hospitals. During the

next five years, the Company may establish a relationship with a medical school or university hospital in order to receive an ongoing influx orders when specialized medical imaging is required.

5.3 Customer Profile

As it relates to demographics, any individual of any age as a potential patient of Deutsch Imaging Group. As such, it is difficult to determine the exact demographics of people that will undergo medical imaging at facilities.

5.4 Competitive Analysis

The primary competition that the business will face will come from established hospitals that maintain their own in-house medical imaging division. However, this is a more muted competitive risk as a business intends to work with physicians that will typically have their patients use Deutsch Imaging Group for medical imaging services rather than go to a hospital.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- This substantial population density of Montgomery County will fully support the operations of his medical imaging business.
- A highly experienced CEO, Matthew Deutsch, that has years of direct management experience with healthcare enterprises.
- The Company will have ongoing access to capital as this is a healthcare focused business.
- The Company can easily scale to include other medical imaging facilities in the greater Central Maryland area.

6.2 Basis of Growth

The Company will expand via the following methods:

- Expansion of the whole-body scan services that are offered to the general public.
- Continued development of ongoing relationships with physicians that frequently required medical imaging for their patients.
- Development of additional locations.
- Integration of additional radiology services that can be rendered at the Company's initial facility and potentially at subsequent facilities.

7.0 Marketing Plan

7.1 Marketing Objectives

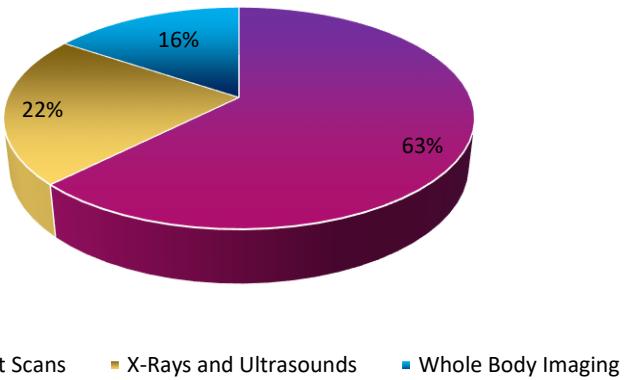
- During the development period, conduct extensive direct outreach with physicians in the market.
- Integration of additional radiology services that can be rendered at the Company's initial facility and potentially at subsequent facilities.
- Place advertisement in medical journals at circulate throughout the greater Philadelphia Matan area.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
MRI and Cat Scans	\$3,393,000	\$3,732,300	\$4,105,530	\$4,516,083	\$4,967,691
X-Rays and Ultrasounds	\$1,187,550	\$1,306,305	\$1,436,936	\$1,580,629	\$1,738,692
Whole Body Imaging	\$848,250	\$933,075	\$1,026,383	\$1,129,021	\$1,241,923
Totals	\$5,428,800	\$5,971,680	\$6,568,848	\$7,225,733	\$7,948,306

Gross Profit					
Year	1	2	3	4	5
Total	\$4,614,480	\$5,075,928	\$5,583,521	\$6,141,873	\$6,756,060

Revenue Generation



7.3 Revenue Assumptions

Year 1

- The business will launch operations in Montgomery County.
- Revenue will reach \$5.4 million.

Year 2

- The business will increase its fees by 10%.
- Total income will reach \$5.9 million.

Years 3-5

- By Year 5, income from medical imaging services will reach \$7.9 million.
- The business may establish additional locations at this time.

7.4 Marketing Strategies

The ongoing marketing required by Deutsch Imaging Group will be relatively limited. As this is a healthcare focused business, the Company will receive the vast majority of its medical imaging orders from physicians that provide referrals.

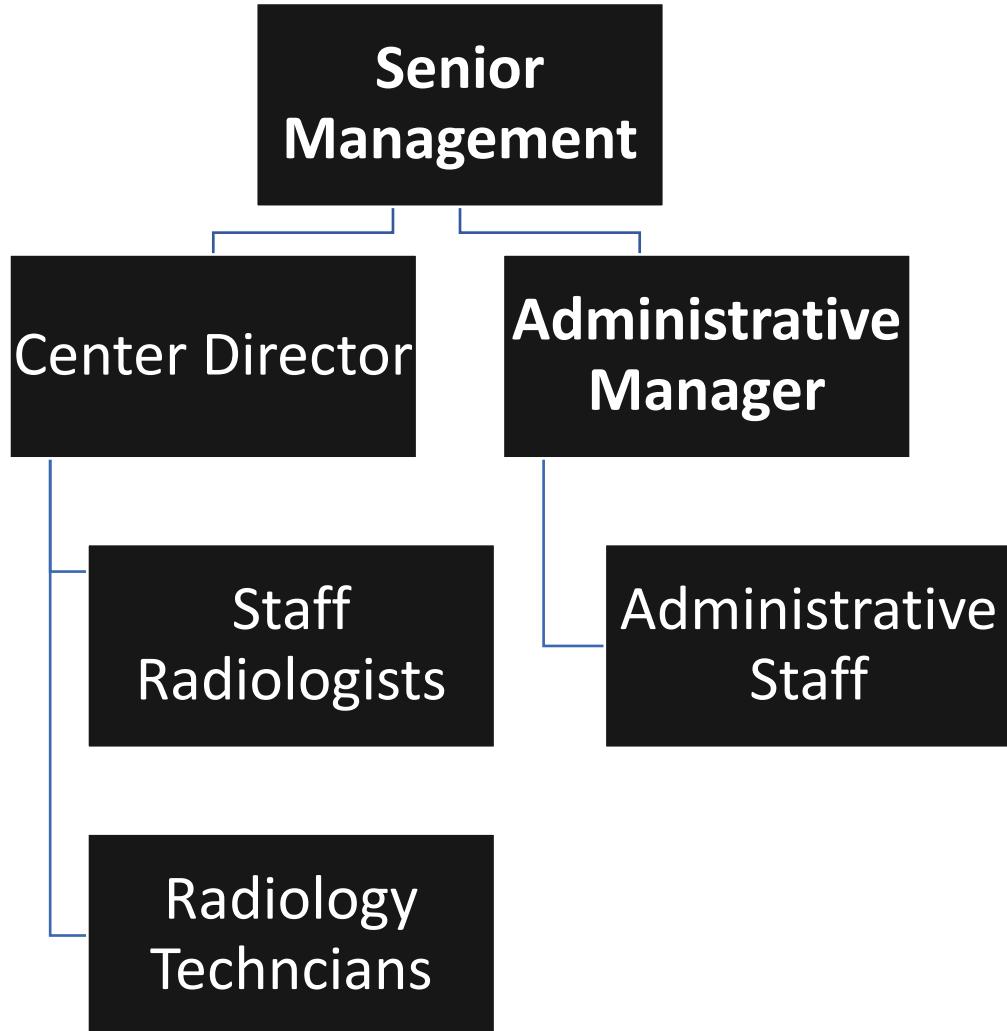
To that end, the Company will conduct extensive direct outreach with Montgomery County based physicians so they become familiar with the MRIs, CAT scans, ultrasound, and x-ray imaging capabilities of the business. Brochures and visually stunning assets will be distributed through the mail to physicians in this market.

For the Company's website, this will be both a consumer facing and physician facing platform. As it relates to the general public, the platform will showcase hours of operation, services offered, cost of full body scans, and related information about having medical imaging completed at the location. For doctors, a specialized portal will be available so that they can review medical imaging that has been completed. This website will undergo a modest and amount of certain engine optimization specific for the Central Maryland market area.

The Company will also conduct printed advertisements in medical journals at circulate throughout Central Maryland. From time to time, the company will take out full page advertisements that showcase the location and numerous types of medical imaging services that can be provided.

8.0 Organizational Plan

8.1 Organizational Hierarchy

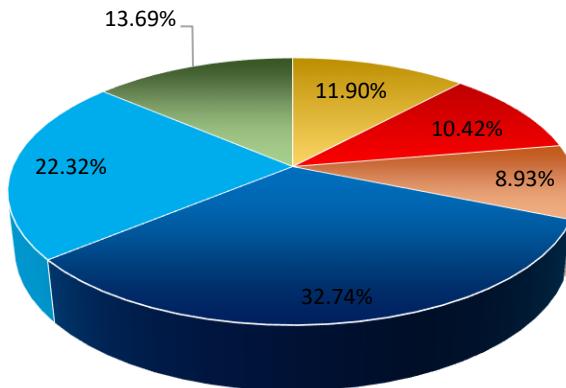


8.2 Personnel Costs

Personnel Plan - Yearly		1	2	3	4	5
Year						
Senior Management	\$200,000	\$202,000	\$204,020	\$206,060	\$208,121	
Center Manager	\$175,000	\$176,750	\$178,518	\$180,303	\$182,106	
Administrative Director	\$150,000	\$151,500	\$153,015	\$154,545	\$156,091	
Radiologists	\$550,000	\$555,500	\$561,055	\$566,666	\$572,332	
Radiology Technicians	\$375,000	\$378,750	\$382,538	\$386,363	\$390,227	
Administrative Staff	\$230,000	\$232,300	\$234,623	\$236,969	\$239,339	
Total	\$1,680,000	\$1,696,800	\$1,713,768	\$1,730,906	\$1,748,215	

Numbers of Personnel (Year End Headcount)						
Year	1	2	3	4	5	
Senior Management	1	1	1	1	1	1
Center Manager	1	1	1	1	1	1
Administrative Director	1	1	1	1	1	1
Radiologists	2	2	2	2	2	2
Radiology Technicians	5	5	5	5	5	5
Administrative Staff	4	4	4	4	4	4
Total	14	14	14	14	14	14

Personnel Summary



- Senior Management
- Center Manager
- Administrative Director
- Radiologists
- Radiology Technicians
- Administrative Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- The business will acquire \$8 million of debt capital to establish its medical imaging operations.
- Investors will contribute \$2 million towards venture.
- Deutsch Imaging Group will achieve a compounded annual growth rate of 10%.

9.2 Financial Highlights

- The average medical imaging engagement will produce \$1,700 of revenue.
- Total payroll will not exceed 31% of revenue in any given year.

9.3 Sensitivity Analysis

As has been one of the themes of this document, medical imaging remains in incredible demand, even during severe economic recession. As this is a health focused enterprise, the demand for the services will remain in incredibly strong, although whole body scan demand may decline slightly during challenging business climates.

9.4 Source of Funds

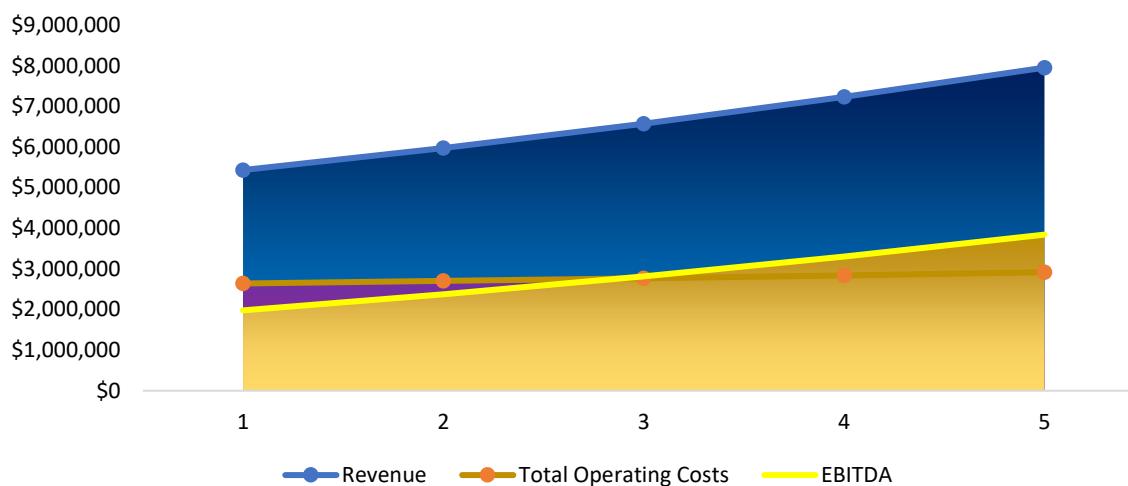
Financing	
Equity	
Equity Capitalization	\$2,000,000.00
Total Equity Financing	\$2,000,000.00
Banks and Lenders	
Business Loan	\$8,000,000.00
Total Debt Financing	\$8,000,000.00
Total Financing	\$10,000,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss		1	2	3	4	5
Year						
Revenue		\$5,428,800	\$5,971,680	\$6,568,848	\$7,225,733	\$7,948,306
Cost of Revenue		\$814,320	\$895,752	\$985,327	\$1,083,860	\$1,192,246
Gross Margin		85.00%	85.00%	85.00%	85.00%	85.00%
Gross Profit		\$4,614,480	\$5,075,928	\$5,583,521	\$6,141,873	\$6,756,060
Expenses						
Payroll		\$1,680,000	\$1,696,800	\$1,713,768	\$1,730,906	\$1,748,215
Facility Costs		\$200,000	\$202,000	\$204,020	\$206,060	\$208,121
General and Administrative		\$81,432	\$89,575	\$98,533	\$108,386	\$119,225
Professional Fees and Licensure		\$50,000	\$50,500	\$51,005	\$51,515	\$52,030
Insurance		\$175,000	\$176,750	\$178,518	\$180,303	\$182,106
Marketing		\$119,434	\$131,377	\$144,515	\$158,966	\$174,863
Equipment Maintenance		\$162,864	\$179,150	\$197,065	\$216,772	\$238,449
Misc. Costs		\$40,716	\$44,788	\$49,266	\$54,193	\$59,612
Payroll Taxes		\$128,520	\$129,805	\$131,103	\$132,414	\$133,738
Total Operating Costs		\$2,637,966	\$2,700,745	\$2,767,793	\$2,839,515	\$2,916,359
EBITDA		\$1,976,514	\$2,375,183	\$2,815,728	\$3,302,358	\$3,839,701
Federal Income Tax		\$219,406	\$317,279	\$425,666	\$545,634	\$678,357
State Income Tax		\$43,881	\$63,456	\$85,133	\$109,127	\$135,671
Interest Expense		\$673,892	\$659,819	\$644,501	\$627,830	\$609,685
Depreciation Expenses		\$425,000	\$446,250	\$468,563	\$491,991	\$516,590
Net Profit		\$614,336	\$888,380	\$1,191,865	\$1,527,776	\$1,899,399
Profit Margin		11.32%	14.88%	18.14%	21.14%	23.90%

Revenue, Operating Costs, EBITDA



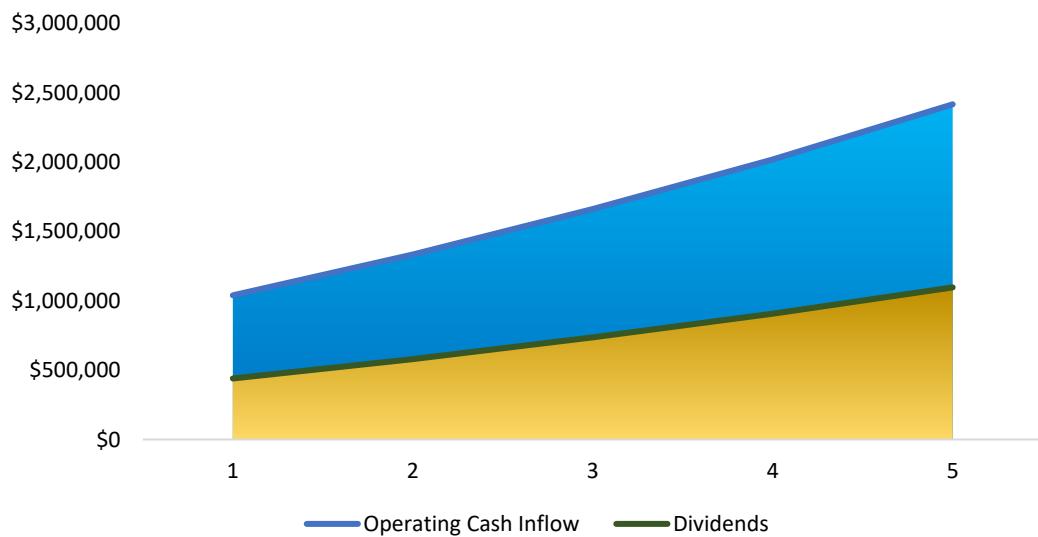
B) Common Size Income Statement

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	15.00%	15.00%	15.00%	15.00%	15.00%
 Gross Profit	 85.00%	 85.00%	 85.00%	 85.00%	 85.00%
 Expenses	 	 	 	 	
Payroll	30.95%	28.41%	26.09%	23.95%	21.99%
Facility Costs	3.68%	3.38%	3.11%	2.85%	2.62%
General and Administrative	1.50%	1.50%	1.50%	1.50%	1.50%
Professional Fees and Licensure	0.92%	0.85%	0.78%	0.71%	0.65%
Insurance	3.22%	2.96%	2.72%	2.50%	2.29%
Marketing	2.20%	2.20%	2.20%	2.20%	2.20%
Equipment Maintenance	3.00%	3.00%	3.00%	3.00%	3.00%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	2.37%	2.17%	2.00%	1.83%	1.68%
Total Operating Costs	48.59%	45.23%	42.14%	39.30%	36.69%
 EBITDA	 36.41%	 39.77%	 42.86%	 45.70%	 48.31%
Federal Income Tax	4.04%	5.31%	6.48%	7.55%	8.53%
State Income Tax	0.81%	1.06%	1.30%	1.51%	1.71%
Interest Expense	12.41%	11.05%	9.81%	8.69%	7.67%
Depreciation Expenses	7.83%	7.47%	7.13%	6.81%	6.50%
 Net Profit	 11.32%	 14.88%	 18.14%	 21.14%	 23.90%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$1,039,336	\$1,334,630	\$1,660,427	\$2,019,767	\$2,415,989
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$1,039,336	\$1,334,630	\$1,660,427	\$2,019,767	\$2,415,989
Other Cash Inflows					
Equity Investment	\$2,000,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$8,000,000	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Other Cash Inflows	\$10,001,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Cash Inflow	\$11,040,336	\$1,335,680	\$1,661,530	\$2,020,925	\$2,417,204
Cash Outflows					
Repayment of Principal	\$159,218	\$173,292	\$188,609	\$205,281	\$223,425
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$8,500,000	\$133,463	\$166,043	\$201,977	\$241,599
Dividends	\$440,059	\$580,669	\$735,909	\$907,243	\$1,096,282
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$9,099,977	\$888,159	\$1,091,333	\$1,315,311	\$1,562,157
Net Cash Flow	\$1,940,359	\$447,521	\$570,197	\$705,614	\$855,047
Cash Balance	\$1,940,359	\$2,387,880	\$2,958,077	\$3,663,691	\$4,518,738

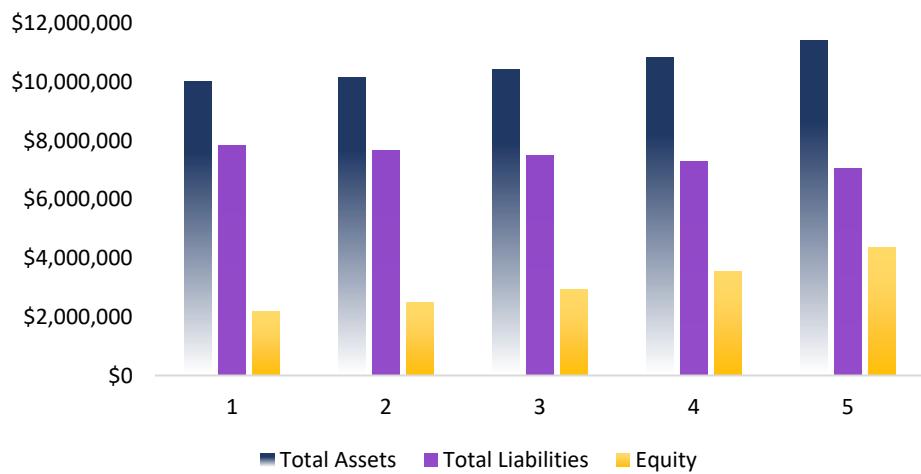
Cash Flow Analysis



D) Balance Sheet

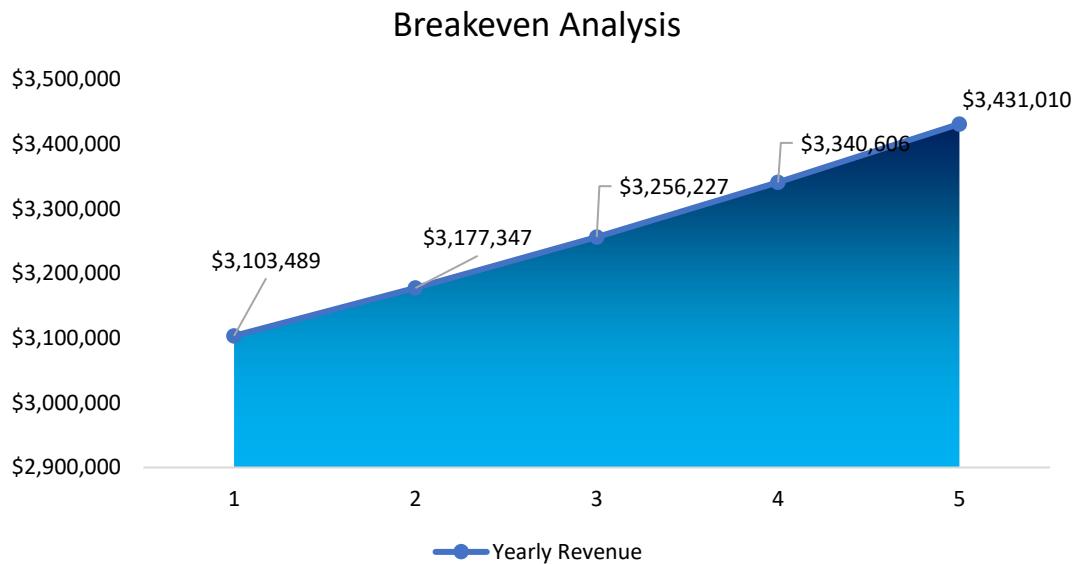
Proforma Balance Sheet - Yearly		1	2	3	4	5
Year						
Assets						
Cash		\$1,940,359	\$2,387,880	\$2,958,077	\$3,663,691	\$4,518,738
Fixed Assets		\$8,500,000	\$8,633,463	\$8,799,506	\$9,001,482	\$9,243,081
Accumulated Depreciation		(\$425,000)	(\$871,250)	(\$1,339,813)	(\$1,831,803)	(\$2,348,393)
Total Assets		\$10,015,359	\$10,150,093	\$10,417,770	\$10,833,370	\$11,413,426
Liabilities and Equity						
Accounts Payable		\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities		\$7,840,782	\$7,667,490	\$7,478,881	\$7,273,600	\$7,050,175
Other Liabilities		\$0	\$0	\$0	\$0	\$0
Total Liabilities		\$7,841,082	\$7,668,105	\$7,479,826	\$7,274,893	\$7,051,832
Equity		\$2,174,277	\$2,481,988	\$2,937,944	\$3,558,477	\$4,361,594
Total Liabilities and Equity		\$10,015,359	\$10,150,093	\$10,417,770	\$10,833,370	\$11,413,426

Balance Sheet



9.6 Breakeven Analysis

Break Even Analysis		1	2	3	4	5
Year						
Monthly Revenue		\$258,624	\$264,779	\$271,352	\$278,384	\$285,918
Yearly Revenue		\$3,103,489	\$3,177,347	\$3,256,227	\$3,340,606	\$3,431,010



9.7 Business Ratios

Business Ratios - Yearly						
Year	1	2	3	4	5	
Revenue						
Sales Growth	0.0%	10.0%	10.0%	10.0%	10.0%	
Gross Margin	85.0%	85.0%	85.0%	85.0%	85.0%	
Financials						
Profit Margin	11.32%	14.88%	18.14%	21.14%	23.90%	
Assets to Liabilities	1.28	1.32	1.39	1.49	1.62	
Equity to Liabilities	0.28	0.32	0.39	0.49	0.62	
Assets to Equity	4.61	4.09	3.55	3.04	2.62	
Liquidity						
Acid Test	0.25	0.31	0.40	0.50	0.64	
Cash to Assets	0.19	0.24	0.28	0.34	0.40	

Appendix A – SWOT Analysis

Strengths

- The ability to render MRIs, CAT scans, ultrasounds, and x-rayed through one facility will provide a major differentiating factor.
- The business is operating a population dense market that has a number of medical schools and university hospitals that will provide referrals.
- The Company has a unique approach for establishing ongoing relationships with doctors that will send their patients to Deutsch Imaging Group.

Weaknesses

- General operational complexities that this is a healthcare focused enterprise.
- Moderately high cost related to equipment maintenance and facility expenses.

Opportunities

- Continued hiring of radiologists and radiology technicians that the business can accommodate a greater number of patients.
- Establishment of secondary campus locations within Maryland.
- Expansion of operations to include interventional radiology treatments.

Threats

- Changes in government policy can affect the revenue produce from public health funded healthcare systems.
- Inflation could cause the operating cost of the business to increase including the acquisition of state-of-the-art medical imaging equipment.

Appendix B – Critical Risks

Development Risk – Low

The primary issue that needs to be addressed to securing the \$10 million of aggregate funding discussed this document. Management has already sourced the manufacturers that will provide medical imaging equipment once to build out of the facility is complete.

Financing Risk – Low

Nearly all of the funding salt in this document will be secured by medical imaging equipment, real estate, as well as general, furniture, fixtures, and equipment. The risks release this financing are all set by the fact that the business will produce substantial revenues in an economic climate.

Marketing Risk – Low

Most importantly, the Company will conduct direct outreach with numerous physicians and group practices within Central Maryland in order to receive ongoing referrals. This will be complemented by the Company's consumer facing operations that will be conducted online.

Management Risk – Low

Matthew Deutsch is a highly experienced and competent healthcare executive that has work extensively with medical imaging businesses. He will be able to guide the operations to profitability prior to launch.

Valuation Risk – Low

The valuation risk is offset by:

- The business will have highly valuable medical imaging assets, which are the primary use of funds.
- The Company will have ongoing access to capital to further expand its operations as needed.
- The Company can easily establish additional medical imaging campuses within the target market.

Exit Risk - Low

As noted earlier, there would be a significant demand for the operation of Deutsch Imaging Group given his economic stability. In the event that the business is be sold, the Company will coordinate these efforts with an investment bank that has extensive experience with the sales of healthcare focused enterprises.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$448,000	\$448,800	\$449,600	\$450,400	\$451,200	\$452,000	\$452,800
Cost of Revenue	\$67,200	\$67,320	\$67,440	\$67,560	\$67,680	\$67,800	\$67,920
Gross Profit	\$380,800	\$381,480	\$382,160	\$382,840	\$383,520	\$384,200	\$384,880
Expenses							
Payroll	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000
Facility Costs	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667
General and Administrative	\$6,786	\$6,786	\$6,786	\$6,786	\$6,786	\$6,786	\$6,786
Professional Fees and Licensure	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167
Insurance	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583
Marketing	\$9,953	\$9,953	\$9,953	\$9,953	\$9,953	\$9,953	\$9,953
Equipment Maintenance	\$13,572	\$13,572	\$13,572	\$13,572	\$13,572	\$13,572	\$13,572
Misc. Costs	\$3,393	\$3,393	\$3,393	\$3,393	\$3,393	\$3,393	\$3,393
Payroll Taxes	\$10,710	\$10,710	\$10,710	\$10,710	\$10,710	\$10,710	\$10,710
Total Operating Costs	\$219,830						
EBITDA	\$160,970	\$161,650	\$162,330	\$163,010	\$163,690	\$164,370	\$165,050
Federal Income Tax	\$18,106	\$18,138	\$18,171	\$18,203	\$18,235	\$18,268	\$18,300
State Income Tax	\$3,621	\$3,628	\$3,634	\$3,641	\$3,647	\$3,654	\$3,660
Interest Expense	\$56,667	\$56,576	\$56,485	\$56,394	\$56,301	\$56,208	\$56,115
Depreciation Expenses	\$35,417	\$35,417	\$35,417	\$35,417	\$35,417	\$35,417	\$35,417
Net Profit	\$47,159	\$47,891	\$48,623	\$49,356	\$50,089	\$50,823	\$51,558

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	\$453,600	\$454,400	\$455,200	\$456,000	\$456,800	\$5,428,800
Cost of Revenue	\$68,040	\$68,160	\$68,280	\$68,400	\$68,520	\$814,320
Gross Profit	\$385,560	\$386,240	\$386,920	\$387,600	\$388,280	\$4,614,480
Expenses						
Payroll	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$1,680,000
Facility Costs	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$200,000
General and Administrative	\$6,786	\$6,786	\$6,786	\$6,786	\$6,786	\$81,432
Professional Fees and Licensure	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
Insurance	\$14,583	\$14,583	\$14,583	\$14,583	\$14,583	\$175,000
Marketing	\$9,953	\$9,953	\$9,953	\$9,953	\$9,953	\$119,434
Equipment Maintenance	\$13,572	\$13,572	\$13,572	\$13,572	\$13,572	\$162,864
Misc. Costs	\$3,393	\$3,393	\$3,393	\$3,393	\$3,393	\$40,716
Payroll Taxes	\$10,710	\$10,710	\$10,710	\$10,710	\$10,710	\$128,520
Total Operating Costs	\$219,830	\$219,830	\$219,830	\$219,830	\$219,830	\$2,637,966
EBITDA	\$165,730	\$166,410	\$167,090	\$167,770	\$168,450	\$1,976,514
Federal Income Tax	\$18,332	\$18,365	\$18,397	\$18,429	\$18,462	\$219,406
State Income Tax	\$3,666	\$3,673	\$3,679	\$3,686	\$3,692	\$43,881
Interest Expense	\$56,020	\$55,925	\$55,830	\$55,734	\$55,637	\$673,892
Depreciation Expenses	\$35,417	\$35,417	\$35,417	\$35,417	\$35,417	\$425,000
Net Profit	\$52,294	\$53,030	\$53,767	\$54,504	\$55,242	\$614,336

Profit and Loss Statement (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Revenue	\$1,448,132	\$1,477,991	\$1,507,849	\$1,537,708	\$5,971,680
Cost of Revenue	\$217,220	\$221,699	\$226,177	\$230,656	\$895,752
Gross Profit	\$1,230,913	\$1,256,292	\$1,281,672	\$1,307,051	\$5,075,928
Expenses					
Payroll	\$424,200	\$424,200	\$424,200	\$424,200	\$1,696,800
Facility Costs	\$50,500	\$50,500	\$50,500	\$50,500	\$202,000
General and Administrative	\$21,722	\$22,170	\$22,618	\$23,066	\$89,575
Professional Fees and Licensure	\$12,246	\$12,499	\$12,751	\$13,004	\$50,500
Insurance	\$44,188	\$44,188	\$44,188	\$44,188	\$176,750
Marketing	\$31,859	\$32,516	\$33,173	\$33,830	\$131,377
Equipment Maintenance	\$44,788	\$44,788	\$44,788	\$44,788	\$179,150
Misc. Costs	\$10,861	\$11,085	\$11,309	\$11,533	\$44,788
Payroll Taxes	\$31,478	\$32,127	\$32,776	\$33,425	\$129,805
Total Operating Costs	\$671,841	\$674,071	\$676,301	\$678,532	\$2,700,745
EBITDA	\$559,072	\$582,221	\$605,370	\$628,520	\$2,375,183
Federal Income Tax	\$76,940	\$78,526	\$80,113	\$81,699	\$317,279
State Income Tax	\$15,388	\$15,705	\$16,023	\$16,340	\$63,456
Interest Expense	\$166,321	\$165,423	\$164,506	\$163,569	\$659,819
Depreciation Expenses	\$111,563	\$111,563	\$111,563	\$111,563	\$446,250
Net Profit	\$188,860	\$211,004	\$233,167	\$255,349	\$888,380

Profit and Loss Statement (Third Year)

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$1,592,946	\$1,625,790	\$1,658,634	\$1,691,478	\$6,568,848
Cost of Revenue	\$238,942	\$243,868	\$248,795	\$253,722	\$985,327
Gross Profit	\$1,354,004	\$1,381,921	\$1,409,839	\$1,437,757	\$5,583,521
Expenses					
Payroll	\$428,442	\$428,442	\$428,442	\$428,442	\$1,713,768
Facility Costs	\$51,005	\$51,005	\$51,005	\$51,005	\$204,020
General and Administrative	\$23,894	\$24,387	\$24,880	\$25,372	\$98,533
Professional Fees and Licensure	\$12,369	\$12,624	\$12,879	\$13,134	\$51,005
Insurance	\$44,629	\$44,629	\$44,629	\$44,629	\$178,518
Marketing	\$35,045	\$35,767	\$36,490	\$37,213	\$144,515
Equipment Maintenance	\$49,266	\$49,266	\$49,266	\$49,266	\$197,065
Misc. Costs	\$11,947	\$12,193	\$12,440	\$12,686	\$49,266
Payroll Taxes	\$32,776	\$32,776	\$32,776	\$32,776	\$131,103
Total Operating Costs	\$689,373	\$691,090	\$692,807	\$694,523	\$2,767,793
EBITDA	\$664,630	\$690,831	\$717,032	\$743,233	\$2,815,728
Federal Income Tax	\$103,224	\$105,352	\$107,481	\$109,609	\$425,666
State Income Tax	\$20,645	\$21,070	\$21,496	\$21,922	\$85,133
Interest Expense	\$162,612	\$161,635	\$160,637	\$159,617	\$644,501
Depreciation Expenses	\$117,141	\$117,141	\$117,141	\$117,141	\$468,563
Net Profit	\$261,009	\$285,633	\$310,278	\$334,945	\$1,191,865

Profit and Loss Statement (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Revenue	\$1,752,240	\$1,788,369	\$1,824,498	\$1,860,626	\$7,225,733
Cost of Revenue	\$262,836	\$268,255	\$273,675	\$279,094	\$1,083,860
Gross Profit	\$1,489,404	\$1,520,114	\$1,550,823	\$1,581,532	\$6,141,873
Expenses					
Payroll	\$432,726	\$432,726	\$432,726	\$432,726	\$1,730,906
Facility Costs	\$51,515	\$51,515	\$51,515	\$51,515	\$206,060
General and Administrative	\$26,284	\$26,826	\$27,367	\$27,909	\$108,386
Professional Fees and Licensure	\$12,492	\$12,750	\$13,008	\$13,265	\$51,515
Insurance	\$45,076	\$45,076	\$45,076	\$45,076	\$180,303
Marketing	\$38,549	\$39,344	\$40,139	\$40,934	\$158,966
Equipment Maintenance	\$54,193	\$54,193	\$54,193	\$54,193	\$216,772
Misc. Costs	\$13,142	\$13,413	\$13,684	\$13,955	\$54,193
Payroll Taxes	\$33,104	\$33,104	\$33,104	\$33,104	\$132,414
Total Operating Costs	\$707,081	\$708,946	\$710,811	\$712,677	\$2,839,515
EBITDA	\$782,323	\$811,167	\$840,012	\$868,856	\$3,302,358
Federal Income Tax	\$132,316	\$135,045	\$137,773	\$140,501	\$545,634
State Income Tax	\$26,463	\$27,009	\$27,555	\$28,100	\$109,127
Interest Expense	\$158,576	\$157,512	\$156,426	\$155,316	\$627,830
Depreciation Expenses	\$122,998	\$122,998	\$122,998	\$122,998	\$491,991
Net Profit	\$341,970	\$368,604	\$395,261	\$421,941	\$1,527,776

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$1,927,464	\$1,967,206	\$2,006,947	\$2,046,689	\$7,948,306
Cost of Revenue	\$289,120	\$295,081	\$301,042	\$307,003	\$1,192,246
Gross Profit	\$1,638,345	\$1,672,125	\$1,705,905	\$1,739,685	\$6,756,060
Expenses					
Payroll	\$437,054	\$437,054	\$437,054	\$437,054	\$1,748,215
Facility Costs	\$52,030	\$52,030	\$52,030	\$52,030	\$208,121
General and Administrative	\$28,912	\$29,508	\$30,104	\$30,700	\$119,225
Professional Fees and Licensure	\$12,617	\$12,877	\$13,138	\$13,398	\$52,030
Insurance	\$45,526	\$45,526	\$45,526	\$45,526	\$182,106
Marketing	\$42,404	\$43,279	\$44,153	\$45,027	\$174,863
Equipment Maintenance	\$59,612	\$59,612	\$59,612	\$59,612	\$238,449
Misc. Costs	\$14,456	\$14,754	\$15,052	\$15,350	\$59,612
Payroll Taxes	\$33,435	\$33,435	\$33,435	\$33,435	\$133,738
Total Operating Costs	\$726,047	\$728,075	\$730,104	\$732,133	\$2,916,359
EBITDA	\$912,298	\$944,050	\$975,801	\$1,007,553	\$3,839,701
Federal Income Tax	\$164,501	\$167,893	\$171,285	\$174,677	\$678,357
State Income Tax	\$32,900	\$33,579	\$34,257	\$34,935	\$135,671
Interest Expense	\$154,183	\$153,025	\$151,842	\$150,635	\$609,685
Depreciation Expenses	\$129,148	\$129,148	\$129,148	\$129,148	\$516,590
Net Profit	\$431,566	\$460,405	\$489,269	\$518,158	\$1,899,399

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$82,576	\$83,307	\$84,039	\$84,772	\$85,506	\$86,240	\$86,975	\$87,710
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$82,576	\$83,307	\$84,039	\$84,772	\$85,506	\$86,240	\$86,975	\$87,710
Other Cash Inflows								
Equity Investment	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$8,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
Total Other Cash Inflows	\$10,000,083	\$83						
Total Cash Inflow	\$10,082,659	\$83,391	\$84,123	\$84,856	\$85,589	\$86,323	\$87,058	\$87,794
Cash Outflows								
Repayment of Principal	\$12,759	\$12,850	\$12,941	\$13,032	\$13,125	\$13,218	\$13,311	\$13,405
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$8,500,000	\$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	\$8,512,818	\$12,908	\$12,999	\$13,091	\$13,183	\$13,276	\$13,369	\$13,464
Net Cash Flow	\$1,569,842	\$70,483	\$71,124	\$71,765	\$72,406	\$73,048	\$73,689	\$74,330
Cash Balance	\$1,569,842	\$1,640,324	\$1,711,448	\$1,783,213	\$1,855,620	\$1,928,667	\$2,002,356	\$2,076,686

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$88,447	\$89,183	\$89,921	\$90,659	\$1,039,336
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$88,447	\$89,183	\$89,921	\$90,659	\$1,039,336
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$2,000,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$8,000,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$1,000
Total Other Cash Inflows	\$83	\$83	\$83	\$83	\$10,001,000
Total Cash Inflow	\$88,530	\$89,267	\$90,004	\$90,742	\$11,040,336
Cash Outflows					
Repayment of Principal	\$13,500	\$13,596	\$13,692	\$13,789	\$159,218
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$8,500,000
Dividends	\$0	\$0	\$0	\$440,059	\$440,059
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$13,559	\$13,654	\$13,751	\$453,906	\$9,099,977
Net Cash Flow	\$74,971	\$75,612	\$76,254	-\$363,164	\$1,940,359
Cash Balance	\$2,151,657	\$2,227,269	\$2,303,523	\$1,940,359	\$1,940,359

Cash Flow Analysis (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$300,423	\$322,566	\$344,729	\$366,912	\$1,334,630
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$300,423	\$322,566	\$344,729	\$366,912	\$1,334,630
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	\$300,677	\$322,826	\$344,994	\$367,182	\$1,335,680
Cash Outflows					
Repayment of Principal	\$41,957	\$42,855	\$43,772	\$44,709	\$173,292
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$133,463	\$0	\$0	\$0	\$133,463
Dividends	\$0	\$0	\$0	\$580,669	\$580,669
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$175,598	\$43,037	\$43,957	\$625,567	\$888,159
Net Cash Flow	\$125,079	\$279,790	\$301,037	-\$258,385	\$447,521
Cash Balance	\$2,065,438	\$2,345,228	\$2,646,265	\$2,387,880	\$2,387,880

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$378,149	\$402,774	\$427,419	\$452,085	\$1,660,427
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$378,149	\$402,774	\$427,419	\$452,085	\$1,660,427
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	\$378,417	\$403,047	\$427,697	\$452,369	\$1,661,530
Cash Outflows					
Repayment of Principal	\$45,665	\$46,643	\$47,641	\$48,660	\$188,609
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$166,043	\$0	\$0	\$0	\$166,043
Dividends	\$0	\$0	\$0	\$735,909	\$735,909
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$211,895	\$46,834	\$47,836	\$784,768	\$1,091,333
Net Cash Flow	\$166,522	\$356,213	\$379,862	-\$332,399	\$570,197
Cash Balance	\$2,554,401	\$2,910,614	\$3,290,476	\$2,958,077	\$2,958,077

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$464,968	\$491,602	\$518,259	\$544,938	\$2,019,767
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$464,968	\$491,602	\$518,259	\$544,938	\$2,019,767
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	\$465,249	\$491,888	\$518,551	\$545,237	\$2,020,925
Cash Outflows					
Repayment of Principal	\$49,702	\$50,765	\$51,852	\$52,962	\$205,281
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$201,977	\$0	\$0	\$0	\$201,977
Dividends	\$0	\$0	\$0	\$907,243	\$907,243
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$251,875	\$50,966	\$52,056	\$960,413	\$1,315,311
Net Cash Flow	\$213,374	\$440,922	\$466,494	-\$415,177	\$705,614
Cash Balance	\$3,171,451	\$3,612,373	\$4,078,867	\$3,663,691	\$3,663,691

Cash Flow Analysis (Fifth Year)					
Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$560,713	\$589,553	\$618,417	\$647,306	\$2,415,989
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$560,713	\$589,553	\$618,417	\$647,306	\$2,415,989
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	\$561,008	\$589,854	\$618,724	\$647,619	\$2,417,204
Cash Outflows					
Repayment of Principal	\$54,095	\$55,253	\$56,435	\$57,643	\$223,425
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$241,599	\$0	\$0	\$0	\$241,599
Dividends	\$0	\$0	\$0	\$1,096,282	\$1,096,282
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$295,900	\$55,463	\$56,650	\$1,154,144	\$1,562,157
Net Cash Flow	\$265,108	\$534,390	\$562,074	-\$506,525	\$855,047
Cash Balance	\$3,928,799	\$4,463,189	\$5,025,263	\$4,518,738	\$4,518,738