DM
DEUTSCH
METALS GROUP

Human Intelligence
Business Plans

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1.0 Executive Summary

The purpose of this business plan is to secure $5 million for the development of a precious metals processing business based in Fargo, North Dakota. Deutsch Metals Group LLC ("the Company") was founded this year with the attention of providing a wide range of refined precious metals that will be smelted and shaped at the Company's state-of-the-art facilities. The Company has specifically chosen the North Dakota market given the cost-effective nature of sourcing labor and lower utility costs.

Operations

The Company will acquire whole ore with the intent of processing it into usable metal. The business will have a specialty in dealing with gold and silver.

Once the order has been processed, standard troy-ounce denominations will be produced and then sold to a wide range of commodities dealers, jewelry companies and electronics companies on a domestic and international basis.

In order to ensure that the business remains economically by at all times, the business will use a number of financial instruments to hedge the value of its underlying gold and silver inventories.

The section of this metal processor business plan will further document the operations of the Company.

The Financing

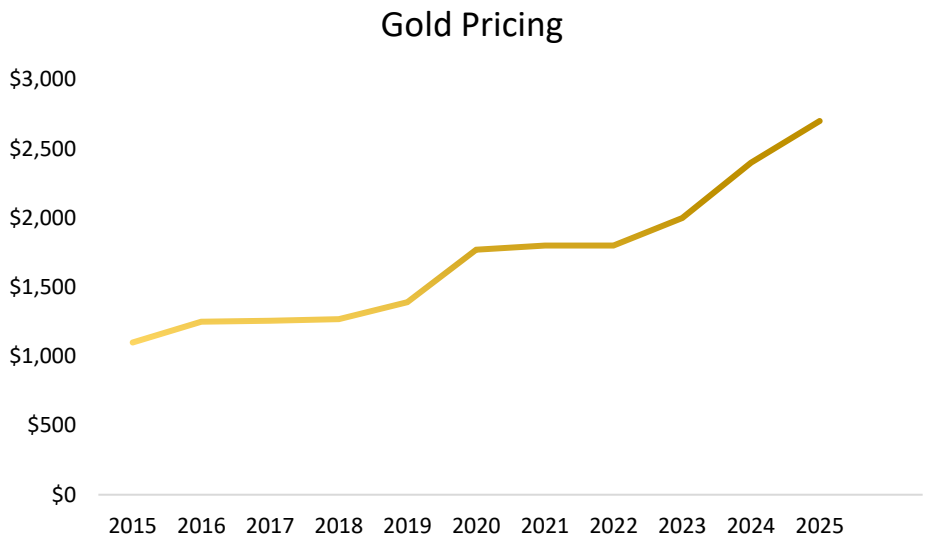
As noted above, the Company is actively seeking a $5 million investment in order to commence operations. These funds will principally use for the development of the Company's processing location in Fargo, acquisition of raw ore, and working capital purposes. The business will lease its equipment for smelting and processing gold and silver.

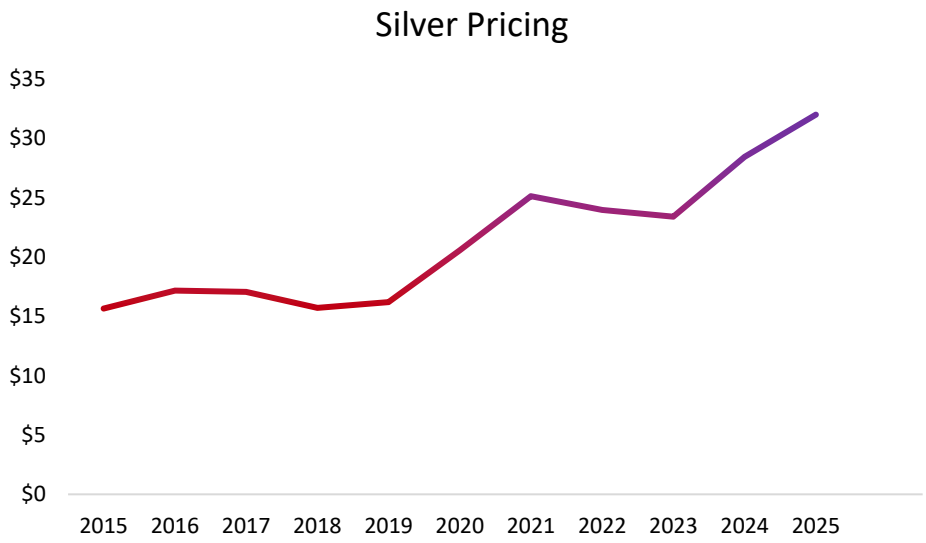
As this is a commodity driven business, the Company could easily secure additional capital on an ongoing basis in order to further the growth objectives of Deutsch Metals Group. This business plan assumes that the Company will use its retained earnings to fuel its growth.

The Future

The Company will continue expand the scope of its operations by acquiring an ever-expanding inventory of raw gold and silver ore in order to process these materials at a greater rate. Once the location in Fargo hits 100% capacity, the Company may establish a second location in order to increase revenues. This would not occur until after the fifth year of operation.

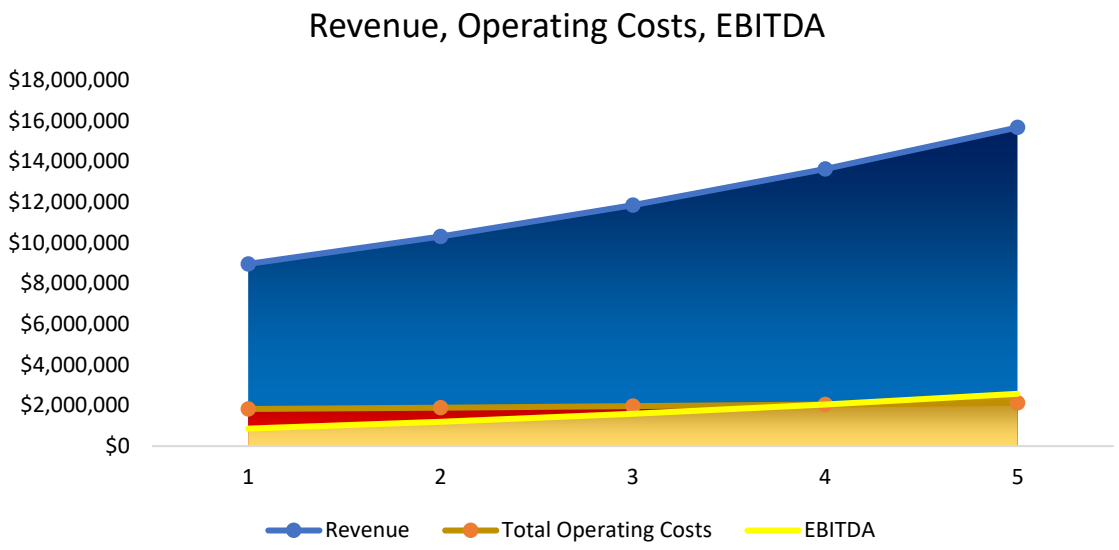
Market Overview





Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$8,964,450	$10,309,118	$11,855,485	$13,633,808	$15,678,879
Cost of Revenue	$6,275,115	$7,216,382	$8,298,840	$9,543,666	$10,975,215
Gross Profit	$2,689,335	$3,092,735	$3,556,646	$4,090,142	$4,703,664
Total Operating Costs	$1,826,394	$1,890,579	$1,961,968	$2,041,603	$2,130,678
EBITDA	**$862,941**	**$1,202,157**	**$1,594,677**	**$2,048,539**	**$2,572,985**

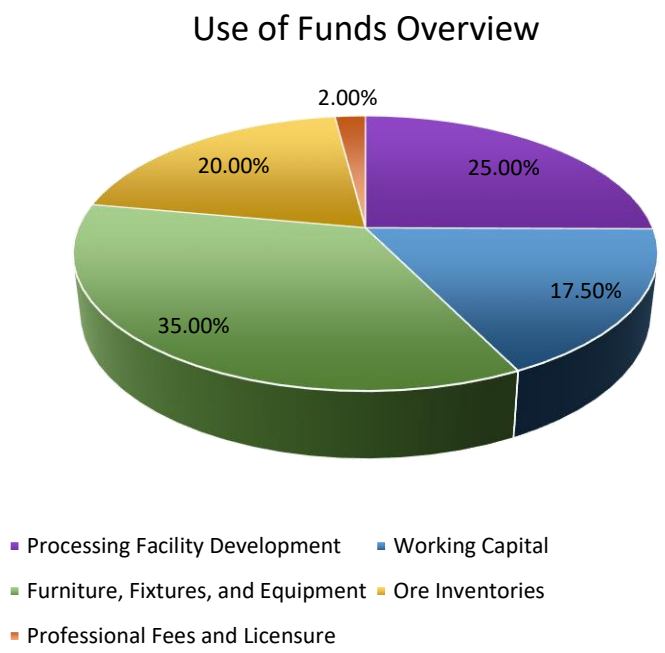


2.0 The Financing

2.1 Funds Required

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

Use of Funds	
Processing Facility Development	$1,250,000
Working Capital	$875,000
Furniture, Fixtures, and Equipment	$1,750,000
Ore Inventories	$1,000,000
Professional Fees and Licensure	$100,000
Misc. Costs	$25,000
Total	$5,000,000



2.2 Management and Investor Equity

This will be determined during negotiations with financial partners.

2.3 Exit Strategies

Given the scale and scope of Deutsch Metals Group's operations, there would be an immense demand among metals processing enterprises to acquire the business. In this event, a qualified investment bank that has extensive experience with commodities businesses would be higher to manage the sale. Matthew Deutsch and intends to aggressively expand these operations for at least ten years before this becomes a potential scenario.

3.0 Operations

As discussed in the executive summary, Deutsch Metals Group will be actively engaged with the acquisition of metal ore and related inventories with the intent to process it at state-of-the-art facility in Fargo, North Dakota. Approximately 20% of the Company startup budget will be allocated for the acquisition of processable inventories.

In regards to sales, the business will be able to easily divest its inventories of both silver and gold once they are processed. All in inventory offered by the business will be 99.999% pure. The Company will coordinate sales office efforts with commodities brokers, jewelry companies, electronics firms, and other enterprises that frequently use silver and gold within the course of their operations. Management anticipates contribution margins of 25% to 30%, depending on the free market value of the underlying metal.

A significant component of why this Company will be successful is that forwards and swap contracts will be used to hedge the value of silver and gold inventory as they are processed through the Company's facilities. The Company will coordinate these efforts with a dedicated commodity trading firm that will conduct this on the business' behalf. Moving forward, the Company may bring these operations in house in order to increase profitability.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Metals Group LLC. The Company is registered as a limited liability company in the state of North Dakota.

4.2 Commencement of Operations

The business will commence full scale revenue generating operations in the first quarter of next year.

4.3 Mission Statement

To provide pure gold and silver to the Company's clients on a cost-effective basis.

4.4 Vision Statement

To become recognized as a preeminent metal processing firm within the United States.

4.5 Organizational Objectives

- Maintain ongoing relationships with entities that will divest raw inventories for processing at the Company's facilities.

- Establish ongoing relationship relationships with commodities dealers, commodities brokers jewelry, entities and manufacturing businesses that frequently use these metals of the course of their productions.

- Maintain a strong relationship with a commodity trading firm in order to hedge values of the Company's underline inventories.

- Adhere to all OSHA regulations as a relates to the operations of the metal processing facility.

- Implement fiscally responsible protocols of the business is able to remain profitable even during significant fluctuations in the underlying cost of gold and silver.

- To provide exceptional above market rate return returns for the Company's investors.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

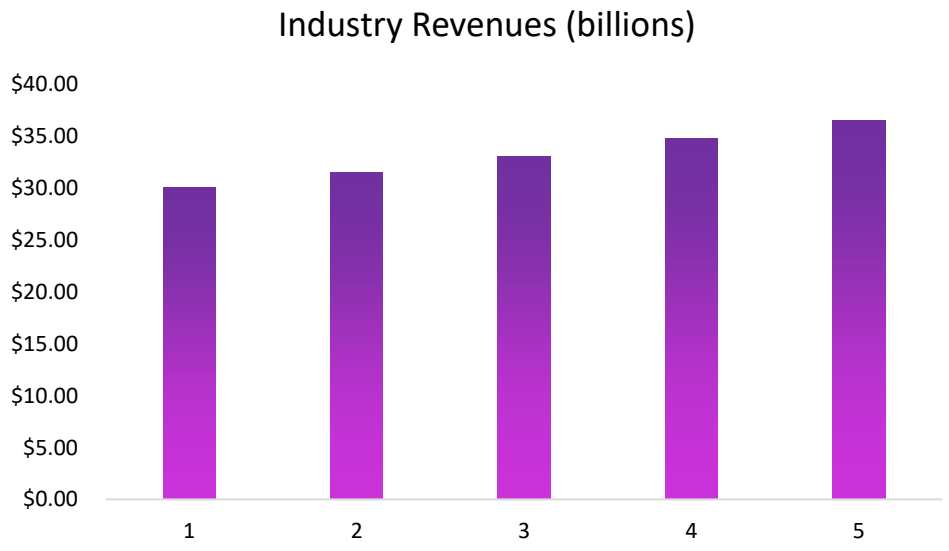
This section of the precious metal processor business plan will discuss the current economic climate, the industry, the competition, and buyer profiles.

At this time, there is a higher-than-expected degree of inflation occurring with the United States. This has been principally due to changing trade policies implemented by the federal government over the past twelve months. It should be noted that for many businesses, inflation can cause a significant issue. However, for precious metal processing companies this is actually a benefit as the prices of gold and silver typically increase in lockstep with the inflation rate.

As needed earlier, the Company will experience fluctuations in the price of its underlying inventories on an ongoing basis as gold and silver subject to free market pricing. The business will use numerous financial instruments, including forwards and swaps, in order to ensure that the value his hedged shed all times.

5.2 Industry Analysis

Within the United States, there are 6,000 entities that provide metal processing with the intent to sell the finalized product into the open market. These businesses generate $30 billion a year and provide jobs for 105,000 people.



This is a highly mature industry, and the future rate will be similar to that as the economy as a whole as well as the prevailing rate of inflation.

5.3 Customer Profile

Any entity that is involved in an enterprise that frequently uses gold and silver is a potential buyer for the Company's finalized in inventories. As such, it is difficult to determine the average buyer of the business as this will span a number of company sizes as well as industries. As noted earlier, the business will primarily use commodity trade firms and commodity brokers for arranging sales.

5.4 Competitive Analysis

As this is a free market enterprise, it is difficult to determine competition as any entity that is involved in the buying and selling of gold and silver is a potential competitor. The Company will maintain a significant competitive advantage given that the business will maintain its operations in Fargo, which will allow for lower processing costs which will contribute to a greater degree economic stability.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The business will use multiple financial instruments that will ensure that Deutsch Metals Group is able to remain profitable in any economic climate.
- The business will not face risks related to ongoing inflation.
- An experienced Founder and CEO, Matthew Deutsch, who will be able to properly develop the operations of this business.
- The Company will be able to profit from free market pricing on an ongoing basis.

6.2 Basis of Growth

The Company will expand via the following methods:

- Expansion in the number of precious metal processing facilities operated by the Company.
- Expansion of operations to include other types of precious metals, such as platinum and palladium.
- Engage in direct mining operations, although this is unlikely to occur given the substantial investment required.

7.0 Marketing Plan

7.1 Marketing Objectives

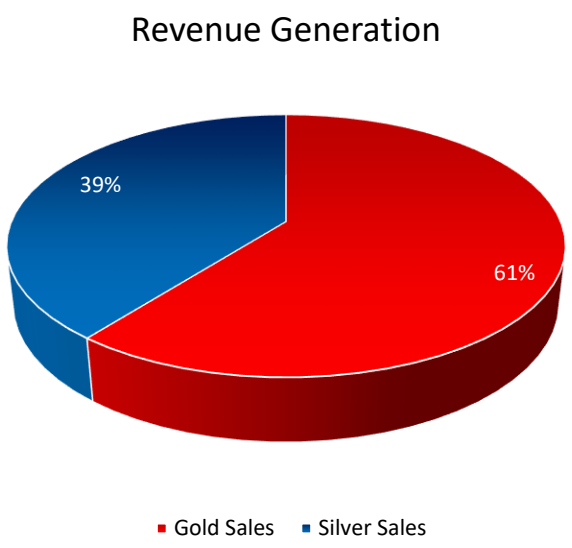
- Conduct extensive direct outreach with commodities brokers throughout the United States as well as selected international markets.

- Maintaining modest online presence that the business can be quickly found among commodities firms that are seeking new sources of gold and silver.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
Gold Sales	$5,433,000	$6,247,950	$7,185,143	$8,262,914	$9,502,351
Silver Sales	$3,531,450	$4,061,168	$4,670,343	$5,370,894	$6,176,528
Total	**$8,964,450**	**$10,309,118**	**$11,855,485**	**$13,633,808**	**$15,678,879**

Gross Profit					
Year	1	2	3	4	5
Total	**$2,689,335**	**$3,092,735**	**$3,556,646**	**$4,090,142**	**$4,703,664**



7.3 Revenue Assumptions

Year 1

- The business will launch its operations in the first quart of next year.
- Revenue will reach $8.9 million.

Year 2

- The business will expand its processing capacity and ore sourcing.
- Revenue will reach $10.3 million.

Years 3-5

- By the fifth year of operation, the Company's top line income will reach $15.6 million.
- A second processing facility may be developed at this time.

7.4 Marketing Strategies

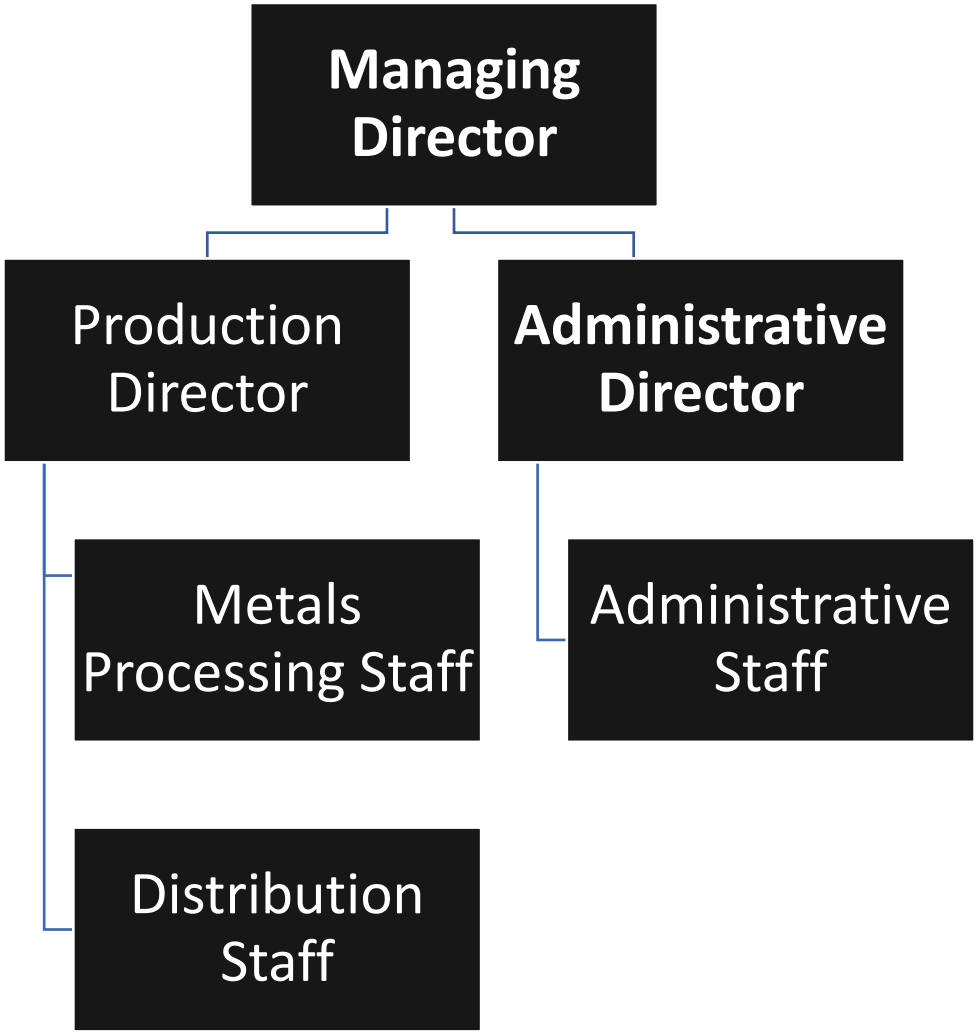
As this is not a consumer facing business, the ongoing marketing required by the Company will be minimal. Most importantly, the Company simply needs to indicate that it has readily available inventories of pure gold and silver that can be sold and used within multiple industrial processes. This will be conducted primarily through direct outreach with commodities brokers and commodity trading firms that will acquire the underlying inventories on an ongoing basis.

The Company will maintain a modest online presence so that it can be found when specific searches for gold, silver, and precious metal processing firms are conducted. This website undergoing moderate degree search engine optimization. Targeted advertisement will not be used as this is an unnecessary expense for the business.

The Company will also join a number of industry associations so that the Company can foster ongoing relationships with similar firms that might be able to engage in mutually beneficial joint ventures in the future. From time to time, the Company may take out advertisements in these industry publications to further increase brand visibility.

8.0 Organizational Plan

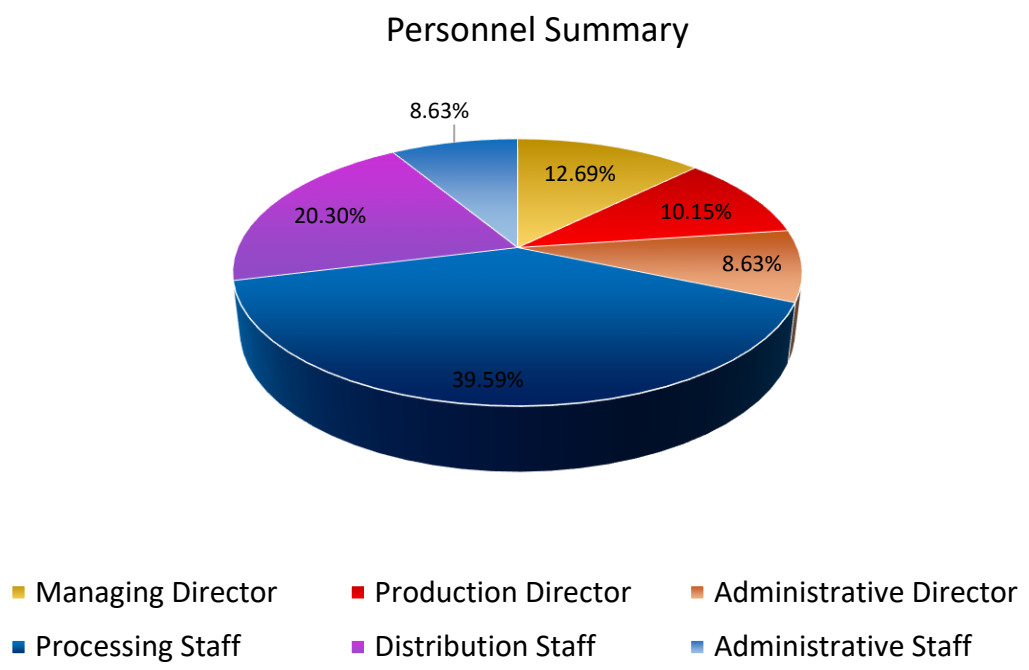
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Managing Director	$125,000	$126,250	$127,513	$128,788	$130,076
Production Director	$100,000	$101,000	$102,010	$103,030	$104,060
Administrative Director	$85,000	$85,850	$86,709	$87,576	$88,451
Processing Staff	$390,000	$393,900	$397,839	$401,817	$405,836
Distribution Staff	$200,000	$202,000	$204,020	$206,060	$208,121
Administrative Staff	$85,000	$85,850	$86,709	$87,576	$88,451
Total	**$985,000**	**$994,850**	**$1,004,799**	**$1,014,846**	**$1,024,995**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Managing Director	1	1	1	1	1
Production Director	1	1	1	1	1
Administrative Director	1	1	1	1	1
Processing Staff	6	6	6	6	6
Distribution Staff	4	4	4	4	4
Administrative Staff	2	2	2	2	2
Total	**15**	**15**	**15**	**15**	**15**



9.0 Financial Plan

9.1 Underlying Assumptions

- The Company will acquire $5 million of investment to launch operations.
- Deutsch Metals Group LLC will achieve a compounded annual growth rate of 15%.
- The Company will achieve contribution margins of 25% to 30% percent on sales of refined gold and silver.

9.2 Financial Highlights

- The business will produce profits from sales of refined metals as well as financial instruments.
- Payroll will not exceed 11% of revenue.

9.3 Sensitivity Analysis

As has been one of the central themes throughout this document, the Company's revenues are subject to market pricing and market fluctuation. This will be remedied through the ongoing use of forwards and swaps that will ensure that the Company is able to lock in its prices when underlying raw inventories are required. The demand for these types of metals typically remains strong in any economic climate given they serve as a hedge for inflation and they are an integral part of numerous manufacturing processes.

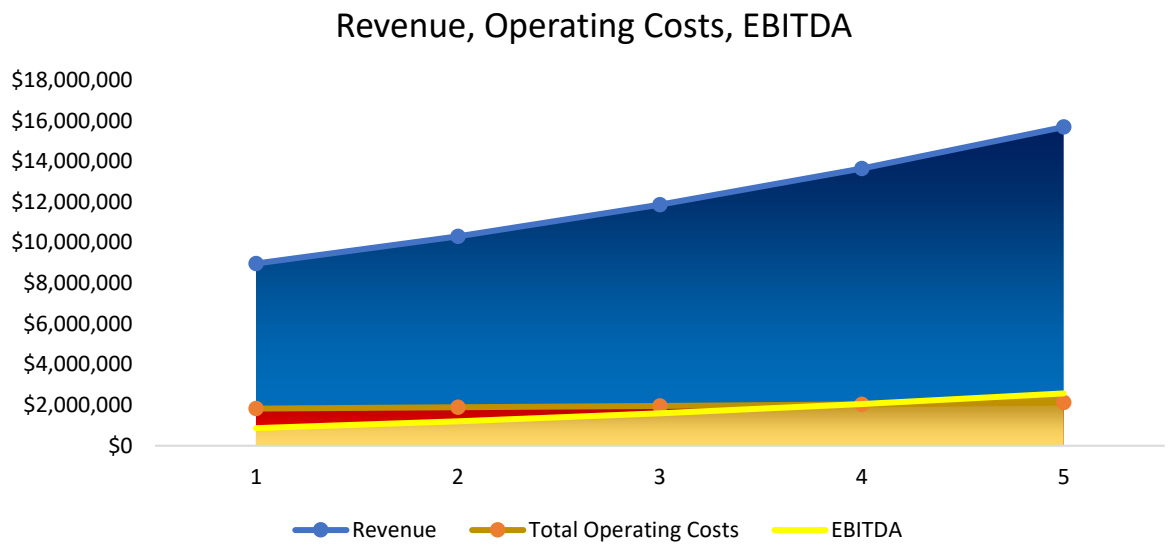
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$5,000,000.00
Total Equity Financing	$5,000,000.00
Banks and Lenders	
Total Debt Financing	$0.00
Total Financing	**$5,000,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss (Yearly)					
Year	1	2	3	4	5
Revenue	$8,964,450	$10,309,118	$11,855,485	$13,633,808	$15,678,879
Cost of Revenue	$6,275,115	$7,216,382	$8,298,840	$9,543,666	$10,975,215
Gross Margin	30.00%	30.00%	30.00%	30.00%	30.00%
Gross Profit	$2,689,335	$3,092,735	$3,556,646	$4,090,142	$4,703,664
Expenses					
Payroll	$985,000	$994,850	$1,004,799	$1,014,846	$1,024,995
Facility Costs	$275,000	$277,750	$280,528	$283,333	$286,166
General and Administrative	$170,325	$195,873	$225,254	$259,042	$297,899
Professional Fees and Licensure	$30,000	$30,300	$30,603	$30,909	$31,218
Insurance	$75,000	$75,750	$76,508	$77,273	$78,045
Marketing	$67,233	$77,318	$88,916	$102,254	$117,592
Equipment Maintenance	$81,250	$85,313	$89,578	$94,057	$98,760
Misc. Costs	$67,233	$77,318	$88,916	$102,254	$117,592
Payroll Taxes	$75,353	$76,106	$76,867	$77,636	$78,412
Total Operating Costs	**$1,826,394**	**$1,890,579**	**$1,961,968**	**$2,041,603**	**$2,130,678**
EBITDA	**$862,941**	**$1,202,157**	**$1,594,677**	**$2,048,539**	**$2,572,985**
Federal Income Tax	$175,735	$259,739	$357,053	$469,686	$599,949
State Income Tax	$35,147	$51,948	$71,411	$93,937	$119,990
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$160,000	$163,200	$166,464	$169,793	$173,189
Net Profit	**$492,059**	**$727,270**	**$999,749**	**$1,315,122**	**$1,679,857**
Profit Margin	**5.49%**	**7.05%**	**8.43%**	**9.65%**	**10.71%**

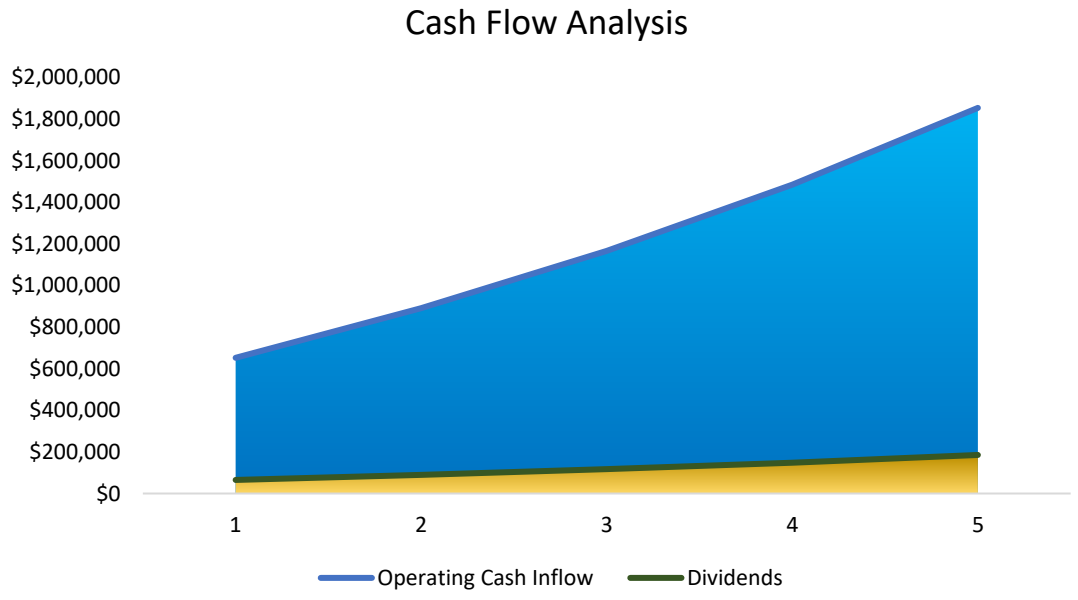


B) Common Size Income Statement

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	70.00%	70.00%	70.00%	70.00%	70.00%
Gross Profit	30.00%	30.00%	30.00%	30.00%	30.00%
Expenses					
Payroll	10.99%	9.65%	8.48%	7.44%	6.54%
Facility Costs	3.07%	2.69%	2.37%	2.08%	1.83%
General and Administrative	1.90%	1.90%	1.90%	1.90%	1.90%
Professional Fees and Licensure	0.33%	0.29%	0.26%	0.23%	0.20%
Insurance	0.84%	0.73%	0.65%	0.57%	0.50%
Marketing	0.75%	0.75%	0.75%	0.75%	0.75%
Equipment Maintenance	0.91%	0.83%	0.76%	0.69%	0.63%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	0.84%	0.74%	0.65%	0.57%	0.50%
Total Operating Costs	20.37%	18.34%	16.55%	14.97%	13.59%
EBITDA	9.63%	11.66%	13.45%	15.03%	16.41%
Federal Income Tax	1.96%	2.52%	3.01%	3.45%	3.83%
State Income Tax	0.39%	0.50%	0.60%	0.69%	0.77%
Interest Expense	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expenses	1.78%	1.58%	1.40%	1.25%	1.10%
Net Profit	5.49%	7.05%	8.43%	9.65%	10.71%

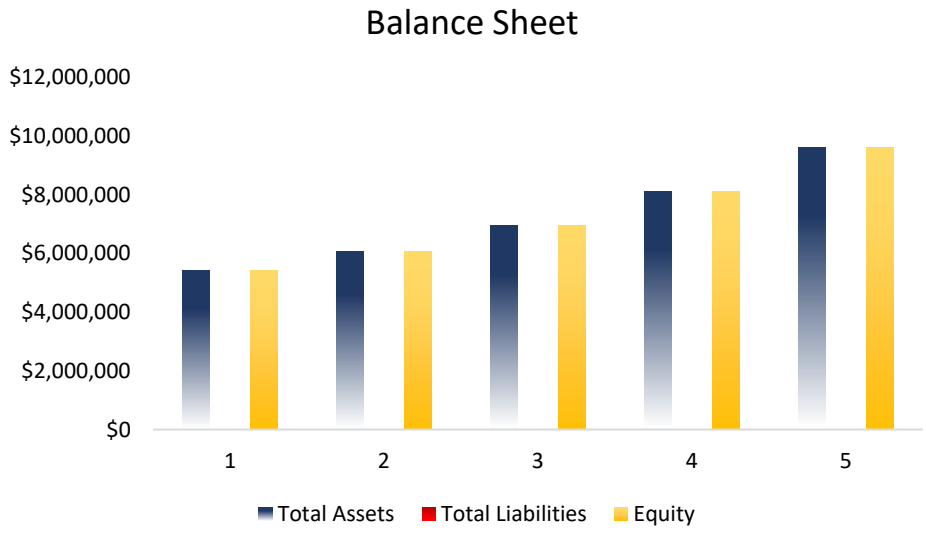
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$652,059	$890,470	$1,166,213	$1,484,915	$1,853,046
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$652,059**	**$890,470**	**$1,166,213**	**$1,484,915**	**$1,853,046**
Other Cash Inflows					
Equity Investment	$5,000,000	$0	$0	$0	$0
Increased Borrowings	$0	$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	**$5,001,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$5,653,059**	**$891,520**	**$1,167,316**	**$1,486,073**	**$1,854,262**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$4,000,000	$623,329	$816,349	$1,039,441	$1,297,133
Dividends	$65,206	$89,047	$116,621	$148,492	$185,305
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$4,065,906**	**$713,111**	**$933,742**	**$1,188,743**	**$1,483,288**
Net Cash Flow	**$1,587,153**	**$178,409**	**$233,573**	**$297,330**	**$370,974**
Cash Balance	**$1,587,153**	**$1,765,562**	**$1,999,135**	**$2,296,466**	**$2,667,440**



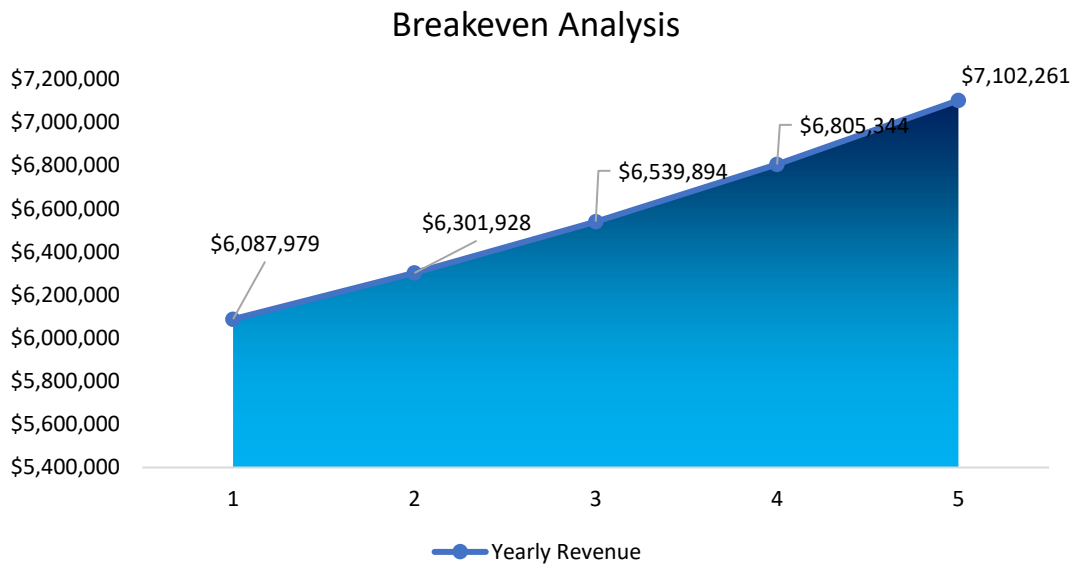
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$1,587,153	$1,765,562	$1,999,135	$2,296,466	$2,667,440
Fixed Assets	$4,000,000	$4,623,329	$5,439,678	$6,479,119	$7,776,252
Accumulated Depreciation	($160,000)	($323,200)	($489,664)	($659,457)	($832,646)
Total Assets	**$5,427,153**	**$6,065,691**	**$6,949,149**	**$8,116,127**	**$9,611,045**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$0	$0	$0	$0	$0
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$300**	**$615**	**$946**	**$1,293**	**$1,658**
Equity	**$5,426,853**	**$6,065,076**	**$6,948,204**	**$8,114,834**	**$9,609,387**
Total Liabilities and Equity	**$5,427,153**	**$6,065,691**	**$6,949,149**	**$8,116,127**	**$9,611,045**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$507,332	$525,161	$544,991	$567,112	$591,855
Yearly Revenue	$6,087,979	$6,301,928	$6,539,894	$6,805,344	$7,102,261



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	15.0%	15.0%	15.0%	15.0%
Gross Margin	30.0%	30.0%	30.0%	30.0%	30.0%
Financials					
Profit Margin	5.49%	7.05%	8.43%	9.65%	10.71%
Assets to Liabilities	18090.51	9862.91	7347.77	6276.79	5797.86
Equity to Liabilities	18089.51	9861.91	7346.77	6275.79	5796.86
Assets to Equity	1.00	1.00	1.00	1.00	1.00
Liquidity					
Acid Test	5290.51	2870.83	2113.81	1776.02	1609.13
Cash to Assets	0.29	0.29	0.29	0.28	0.28

Appendix A – SWOT Analysis

Strengths

- The business will be able to sell its inventory of refined silver and gold into an open market.
- Ongoing to demand for processed metals in any economic climate.
- Limited inventory holding risks.
- The Company can easily scale its operations to the development of additional metal processing facilities.

Weaknesses

- Severe fluctuations and metal pricing can impact profitability
- Moderately high cost related to utility expenses.

Opportunities

- Expansion of the Company's processing capacity.
- Development of satellite processing locations.
- Expansion types of metals that are processed to include platinum and palladium.

Threats

- Substantial increases in inflation could increase operating cost, although this is offset by the concurrent increase in precious metals pricing.

Appendix B – Critical Risks

Development Risk – **Low/Moderate**
The primary matter that needs to be addressed to securing the $5 million a capital discussed in this document. The Company has already sourced the number of distributors of gold ore and silver ore.

Financing Risk – **Low/Moderate**
A substantial portion of the capital so it will be used for the acquisition of real estate as well as processing equipment for gold and silver inventories. As noted in this document, the Company will use numerous financial instruments to hedge the value of its metal inventories.

Marketing Risk **– Very Low**
Given that this is a free market business, very little market is required to establish sales relationships. This will be principally accomplished through coordination with commodities brokers.

Management Risk – **Low**
Matthew Deutsch is a highly experienced metals trading professional that will be able to effectively launch the operations of this business.

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

- The vast majority of the funding will be used for tangible asset purchases.
- The Company will profit in any economic climate given its ability to use financial instruments in tandem with its processing operations.
- The Company can easily expand to include additional processing locations as needed.

Exit Risk - **Low**
There would be a significant demand for the operations of Deutsch Metals Group given the highly predictable streams of profit that are produced on a yearly basis. The sale of this business 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
Revenue	**$742,500**	**$743,325**	**$744,150**	**$744,975**	**$745,800**	**$746,625**	**$747,450**
Cost of Revenue	$519,750	$520,328	$520,905	$521,483	$522,060	$522,638	$523,215
Gross Profit	$222,750	$222,998	$223,245	$223,493	$223,740	$223,988	$224,235
Expenses							
Payroll	$82,083	$82,083	$82,083	$82,083	$82,083	$82,083	$82,083
Facility Costs	$22,917	$22,917	$22,917	$22,917	$22,917	$22,917	$22,917
General and Administrative	$14,194	$14,194	$14,194	$14,194	$14,194	$14,194	$14,194
Professional Fees and Licensure	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Insurance	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Marketing	$5,603	$5,603	$5,603	$5,603	$5,603	$5,603	$5,603
Equipment Maintenance	$6,771	$6,771	$6,771	$6,771	$6,771	$6,771	$6,771
Misc. Costs	$5,603	$5,603	$5,603	$5,603	$5,603	$5,603	$5,603
Payroll Taxes	$6,279	$6,279	$6,279	$6,279	$6,279	$6,279	$6,279
Total Operating Costs	$152,199	$152,199	$152,199	$152,199	$152,199	$152,199	$152,199
EBITDA	$70,551	$70,798	$71,046	$71,293	$71,541	$71,788	$72,036
Federal Income Tax	$14,556	$14,572	$14,588	$14,604	$14,620	$14,637	$14,653
State Income Tax	$2,911	$2,914	$2,918	$2,921	$2,924	$2,927	$2,931
Interest Expense	$0	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$13,333	$13,333	$13,333	$13,333	$13,333	$13,333	$13,333
Net Profit	$39,750	$39,978	$40,207	$40,435	$40,663	$40,891	$41,119

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$748,275**	**$749,100**	**$749,925**	**$750,750**	**$751,575**	**$8,964,450**
Cost of Revenue	$523,793	$524,370	$524,948	$525,525	$526,103	$6,275,115
Gross Profit	$224,483	$224,730	$224,978	$225,225	$225,473	$2,689,335
Expenses						
Payroll	$82,083	$82,083	$82,083	$82,083	$82,083	$985,000
Facility Costs	$22,917	$22,917	$22,917	$22,917	$22,917	$275,000
General and Administrative	$14,194	$14,194	$14,194	$14,194	$14,194	$170,325
Professional Fees and Licensure	$2,500	$2,500	$2,500	$2,500	$2,500	$30,000
Insurance	$6,250	$6,250	$6,250	$6,250	$6,250	$75,000
Marketing	$5,603	$5,603	$5,603	$5,603	$5,603	$67,233
Equipment Maintenance	$6,771	$6,771	$6,771	$6,771	$6,771	$81,250
Misc. Costs	$5,603	$5,603	$5,603	$5,603	$5,603	$67,233
Payroll Taxes	$6,279	$6,279	$6,279	$6,279	$6,279	$75,353
Total Operating Costs	$152,199	$152,199	$152,199	$152,199	$152,199	$1,826,394
EBITDA	$72,283	$72,531	$72,778	$73,026	$73,273	$862,941
Federal Income Tax	$14,669	$14,685	$14,701	$14,717	$14,734	$175,735
State Income Tax	$2,934	$2,937	$2,940	$2,943	$2,947	$35,147
Interest Expense	$0	$0	$0	$0	$0	$0
Depreciation Expenses	$13,333	$13,333	$13,333	$13,333	$13,333	$160,000
Net Profit	$41,347	$41,575	$41,803	$42,031	$42,259	$492,059

Profit and Loss Statement (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$2,499,961	$2,551,507	$2,603,052	$2,654,598	$10,309,118
Cost of Revenue	$1,749,973	$1,786,055	$1,822,137	$1,858,218	$7,216,382
Gross Profit	**$749,988**	**$765,452**	**$780,916**	**$796,379**	**$3,092,735**
Expenses					
Payroll	$248,713	$248,713	$248,713	$248,713	$994,850
Facility Costs	$69,438	$69,438	$69,438	$69,438	$277,750
General and Administrative	$47,499	$48,479	$49,458	$50,437	$195,873
Professional Fees and Licensure	$7,348	$7,499	$7,651	$7,802	$30,300
Insurance	$18,938	$18,938	$18,938	$18,938	$75,750
Marketing	$18,750	$19,136	$19,523	$19,909	$77,318
Equipment Maintenance	$21,328	$21,328	$21,328	$21,328	$85,313
Misc. Costs	$18,750	$19,136	$19,523	$19,909	$77,318
Payroll Taxes	$18,456	$18,836	$19,217	$19,597	$76,106
Total Operating Costs	**$469,218**	**$471,502**	**$473,787**	**$476,072**	**$1,890,579**
EBITDA	**$280,771**	**$293,950**	**$307,129**	**$320,308**	**$1,202,157**
Federal Income Tax	$62,987	$64,285	$65,584	$66,883	$259,739
State Income Tax	$12,597	$12,857	$13,117	$13,377	$51,948
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$40,800	$40,800	$40,800	$40,800	$163,200
Net Profit	**$164,386**	**$176,007**	**$187,628**	**$199,248**	**$727,270**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$2,874,955	$2,934,233	$2,993,510	$3,052,787	$11,855,485
Cost of Revenue	$2,012,469	$2,053,963	$2,095,457	$2,136,951	$8,298,840
Gross Profit	**$862,487**	**$880,270**	**$898,053**	**$915,836**	**$3,556,646**
Expenses					
Payroll	$251,200	$251,200	$251,200	$251,200	$1,004,799
Facility Costs	$70,132	$70,132	$70,132	$70,132	$280,528
General and Administrative	$54,624	$55,750	$56,877	$58,003	$225,254
Professional Fees and Licensure	$7,421	$7,574	$7,727	$7,880	$30,603
Insurance	$19,127	$19,127	$19,127	$19,127	$76,508
Marketing	$21,562	$22,007	$22,451	$22,896	$88,916
Equipment Maintenance	$22,395	$22,395	$22,395	$22,395	$89,578
Misc. Costs	$21,562	$22,007	$22,451	$22,896	$88,916
Payroll Taxes	$19,217	$19,217	$19,217	$19,217	$76,867
Total Operating Costs	**$487,239**	**$489,408**	**$491,576**	**$493,745**	**$1,961,968**
EBITDA	**$375,247**	**$390,862**	**$406,477**	**$422,092**	**$1,594,677**
Federal Income Tax	$86,585	$88,371	$90,156	$91,941	$357,053
State Income Tax	$17,317	$17,674	$18,031	$18,388	$71,411
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$41,616	$41,616	$41,616	$41,616	$166,464
Net Profit	**$229,729**	**$243,201**	**$256,674**	**$270,146**	**$999,749**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$3,306,198	$3,374,367	$3,442,536	$3,510,706	$13,633,808
Cost of Revenue	$2,314,339	$2,362,057	$2,409,776	$2,457,494	$9,543,666
Gross Profit	**$991,860**	**$1,012,310**	**$1,032,761**	**$1,053,212**	**$4,090,142**
Expenses					
Payroll	$253,712	$253,712	$253,712	$253,712	$1,014,846
Facility Costs	$70,833	$70,833	$70,833	$70,833	$283,333
General and Administrative	$62,818	$64,113	$65,408	$66,703	$259,042
Professional Fees and Licensure	$7,495	$7,650	$7,805	$7,959	$30,909
Insurance	$19,318	$19,318	$19,318	$19,318	$77,273
Marketing	$24,796	$25,308	$25,819	$26,330	$102,254
Equipment Maintenance	$23,514	$23,514	$23,514	$23,514	$94,057
Misc. Costs	$24,796	$25,308	$25,819	$26,330	$102,254
Payroll Taxes	$19,409	$19,409	$19,409	$19,409	$77,636
Total Operating Costs	**$506,692**	**$509,165**	**$511,637**	**$514,109**	**$2,041,603**
EBITDA	**$485,167**	**$503,146**	**$521,124**	**$539,102**	**$2,048,539**
Federal Income Tax	$113,899	$116,247	$118,596	$120,944	$469,686
State Income Tax	$22,780	$23,249	$23,719	$24,189	$93,937
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$42,448	$42,448	$42,448	$42,448	$169,793
Net Profit	**$306,040**	**$321,200**	**$336,361**	**$351,521**	**$1,315,122**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$3,802,128	$3,880,523	$3,958,917	$4,037,311	$15,678,879
Cost of Revenue	$2,661,490	$2,716,366	$2,771,242	$2,826,118	$10,975,215
Gross Profit	**$1,140,638**	**$1,164,157**	**$1,187,675**	**$1,211,193**	**$4,703,664**
Expenses					
Payroll	$256,249	$256,249	$256,249	$256,249	$1,024,995
Facility Costs	$71,542	$71,542	$71,542	$71,542	$286,166
General and Administrative	$72,240	$73,730	$75,219	$76,709	$297,899
Professional Fees and Licensure	$7,570	$7,726	$7,883	$8,039	$31,218
Insurance	$19,511	$19,511	$19,511	$19,511	$78,045
Marketing	$28,516	$29,104	$29,692	$30,280	$117,592
Equipment Maintenance	$24,690	$24,690	$24,690	$24,690	$98,760
Misc. Costs	$28,516	$29,104	$29,692	$30,280	$117,592
Payroll Taxes	$19,603	$19,603	$19,603	$19,603	$78,412
Total Operating Costs	**$528,437**	**$531,259**	**$534,080**	**$536,902**	**$2,130,678**
EBITDA	**$612,201**	**$632,898**	**$653,595**	**$674,292**	**$2,572,985**
Federal Income Tax	$145,488	$148,487	$151,487	$154,487	$599,949
State Income Tax	$29,098	$29,697	$30,297	$30,897	$119,990
Interest Expense	$0	$0	$0	$0	$0
Depreciation Expenses	$43,297	$43,297	$43,297	$43,297	$173,189
Net Profit	**$394,319**	**$411,416**	**$428,513**	**$445,610**	**$1,679,857**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$53,084	$53,312	$53,540	$53,768	$53,996	$54,224	$54,452	$54,680
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$53,084	$53,312	$53,540	$53,768	$53,996	$54,224	$54,452	$54,680
Other Cash Inflows								
Equity Investment	$5,000,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$0	$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	**$5,000,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$5,053,167**	**$53,395**	**$53,623**	**$53,851**	**$54,079**	**$54,308**	**$54,536**	**$54,764**
Cash Outflows								
Repayment of Principal	$0	$0	$0	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$4,000,000	$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	**$4,000,058**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**	**$58**
Net Cash Flow	**$1,053,109**	**$53,337**	**$53,565**	**$53,793**	**$54,021**	**$54,249**	**$54,477**	**$54,705**
Cash Balance	**$1,053,109**	**$1,106,446**	**$1,160,010**	**$1,213,803**	**$1,267,825**	**$1,322,074**	**$1,376,551**	**$1,431,256**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$54,908	$55,137	$55,365	$55,593	$652,059
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$54,908**	**$55,137**	**$55,365**	**$55,593**	**$652,059**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$5,000,000
Increased Borrowings	$0	$0	$0	$0	$0
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	$5,001,000
Total Cash Inflow	**$54,992**	**$55,220**	**$55,448**	**$55,676**	**$5,653,059**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$4,000,000
Dividends	$0	$0	$0	$65,206	$65,206
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$58**	**$58**	**$58**	**$65,264**	**$4,065,906**
Net Cash Flow	**$54,933**	**$55,162**	**$55,390**	**-$9,588**	**$1,587,153**
Cash Balance	**$1,486,190**	**$1,541,351**	**$1,596,741**	**$1,587,153**	**$1,587,153**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$205,186	$216,807	$228,428	$240,048	$890,470
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$205,186**	**$216,807**	**$228,428**	**$240,048**	**$890,470**
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	**$205,441**	**$217,067**	**$228,693**	**$240,319**	**$891,520**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$623,329	$0	$0	$0	$623,329
Dividends	$0	$0	$0	$89,047	$89,047
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$623,507**	**$182**	**$186**	**$89,236**	**$713,111**
Net Cash Flow	**-$418,066**	**$216,885**	**$228,507**	**$151,083**	**$178,409**
Cash Balance	**$1,169,087**	**$1,385,972**	**$1,614,479**	**$1,765,562**	**$1,765,562**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$271,345	$284,817	$298,290	$311,762	$1,166,213
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$271,345**	**$284,817**	**$298,290**	**$311,762**	**$1,166,213**
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	**$271,612**	**$285,090**	**$298,568**	**$312,046**	**$1,167,316**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$816,349	$0	$0	$0	$816,349
Dividends	$0	$0	$0	$116,621	$116,621
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$816,536**	**$191**	**$195**	**$116,820**	**$933,742**
Net Cash Flow	**-$544,924**	**$284,899**	**$298,373**	**$195,226**	**$233,573**
Cash Balance	**$1,220,637**	**$1,505,536**	**$1,803,909**	**$1,999,135**	**$1,999,135**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$348,488	$363,649	$378,809	$393,969	$1,484,915
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$348,488**	**$363,649**	**$378,809**	**$393,969**	**$1,484,915**
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	**$348,769**	**$363,935**	**$379,101**	**$394,267**	**$1,486,073**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,039,441	$0	$0	$0	$1,039,441
Dividends	$0	$0	$0	$148,492	$148,492
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,039,637**	**$201**	**$205**	**$148,700**	**$1,188,743**
Net Cash Flow	**-$690,868**	**$363,735**	**$378,897**	**$245,567**	**$297,330**
Cash Balance	**$1,308,267**	**$1,672,002**	**$2,050,898**	**$2,296,466**	**$2,296,466**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$437,616	$454,713	$471,810	$488,907	$1,853,046
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$437,616**	**$454,713**	**$471,810**	**$488,907**	**$1,853,046**
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	**$437,911**	**$455,014**	**$472,117**	**$489,220**	**$1,854,262**
Cash Outflows					
Repayment of Principal	$0	$0	$0	$0	$0
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$1,297,133	$0	$0	$0	$1,297,133
Dividends	$0	$0	$0	$185,305	$185,305
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$1,297,339**	**$211**	**$215**	**$185,524**	**$1,483,288**
Net Cash Flow	**-$859,428**	**$454,803**	**$471,902**	**$303,697**	**$370,974**
Cash Balance	**$1,437,038**	**$1,891,841**	**$2,363,743**	**$2,667,440**	**$2,667,440**