



DEUTSCH

— PERIODONTAL GROUP —



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1.0 Executive Summary

The purpose of this business plan is to showcase the ongoing development of a periodontist dental practice based in Seattle, Washington. Deutsch Periodontal Group PLLC (“the Company”) was founded this year with the intention of providing a wide range of services specific for the needs of treating gum related issues. At this time, the Company is seeking a \$300,000 loan in order to establish the Company’s operations within this population dense and wealthy market. Full scale revenue generating operations will commence in the fourth quarter of this year once the periodontist office has been fully developed.

Operations

The Company will offer the full range of services that are offered by a properly trained periodontist. This will include comprehensive treatments that address issues of the gum and other related dental matters. The business will primarily generate its revenue from reimbursement from dental insurance carriers. Given the substantial population of this area, as well as the large number of major corporations, the vast majority of people in this market have access to dental insurance. The business will also accept direct patient payments.

Each engagement with the patient is expected to produce \$400 to \$2,000 of revenue depending on the complexity of their procedures. For dental implant posts, the Company will typically generate \$2,500 to \$5,000 per engagement.

The third section of this periodontist business plan will further document the operations of the Company.

The Financing

The \$300,000 of funding required to establish operations will be primarily used for the build out of the Company’s state-of-the-art dental clinic within Seattle. These funds will also be used for general working capital purposes, as well as the acquisition of equipment when rendering periodontal services.

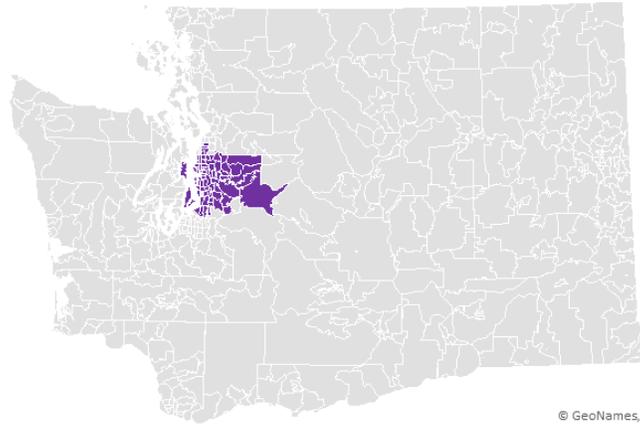
On an as needed basis, Deutsch Periodontal Group could easily acquire additional rounds of to further boost growth. In the event that it is economically viable to develop a second periodontal practice location within the greater Seattle and King County market, the Company may acquire additional capital.

The Future

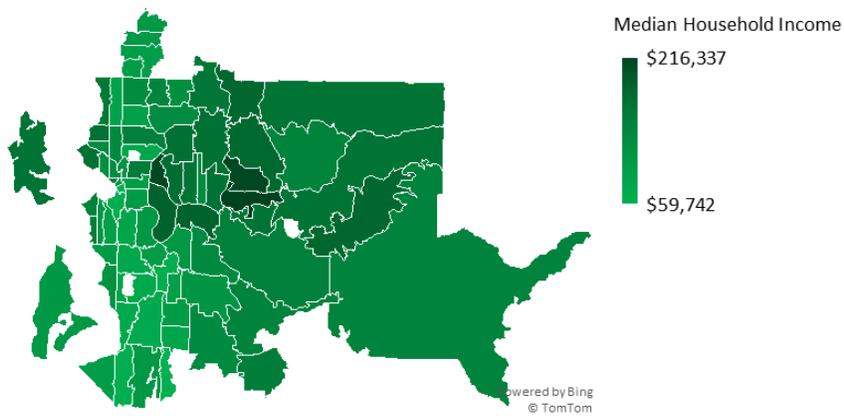
A major component of the Company’s growth will come from the ongoing hiring of staff periodontists that will render services alongside the Owner. The business will make ongoing reinvestment into its marketing operation so that the business becomes the preeminent periodontal practice within the Seattle metropolitan area market.

Market Overview

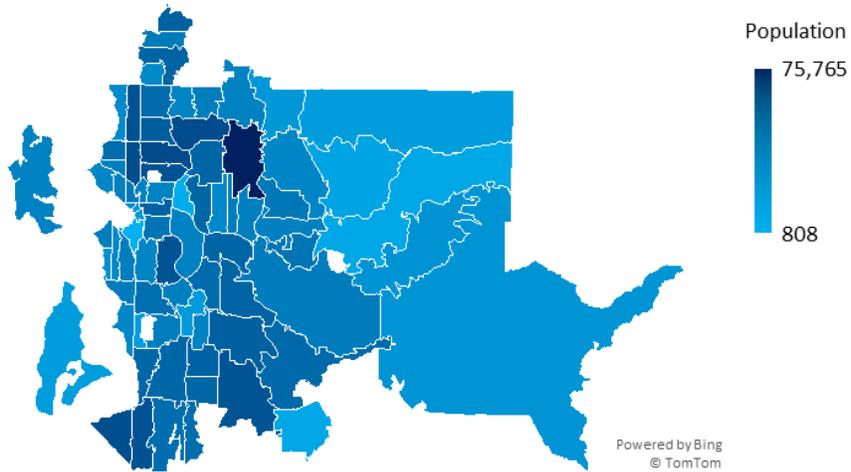
Target Market Area



Seattle Metropolitan Area Median Income



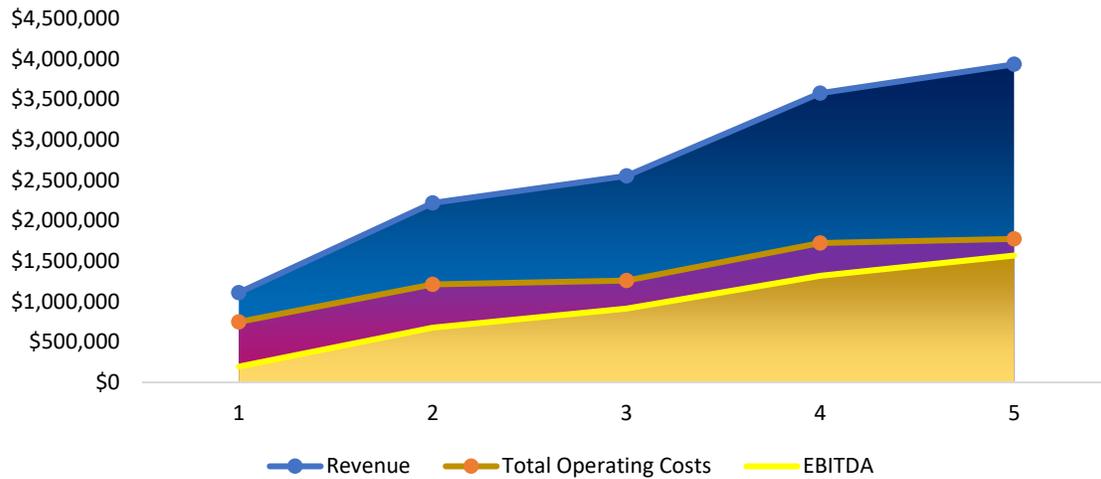
Seattle Metropolitan Area Population by Zip Code



Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$1,110,900	\$2,221,800	\$2,555,070	\$3,577,098	\$3,934,808
Cost of Revenue	\$166,635	\$333,270	\$383,261	\$536,565	\$590,221
Gross Profit	\$944,265	\$1,888,530	\$2,171,810	\$3,040,533	\$3,344,587
Total Operating Costs	\$748,783	\$1,212,650	\$1,258,526	\$1,723,056	\$1,775,216
EBITDA	\$195,482	\$675,880	\$913,284	\$1,317,478	\$1,569,370

Revenue, Operating Costs, EBITDA



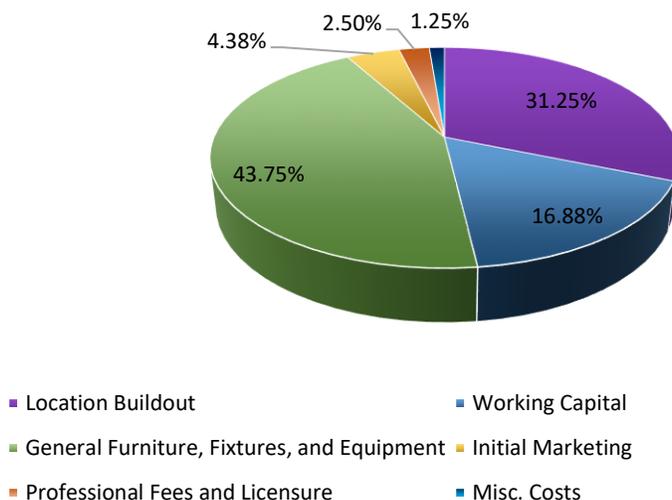
2.0 The Financing

2.1 Funds Required

The funds discussed the executive summary will be allocated as follows:

Use of Funds	
Location Buildout	\$125,000
Working Capital	\$67,500
General Furniture, Fixtures, and Equipment	\$175,000
Initial Marketing	\$17,500
Professional Fees and Licensure	\$10,000
Misc. Costs	\$5,000
Total	\$400,000

Use of Funds Overview



The Founder will contribute \$100,000 towards the development of the practice.

2.2 Management and Investor Equity

The Founder is the 100% owner of Deutsch Periodontal Group LLC.

2.3 Exit Strategies

There would be a significant amount of complexity for divesting Deutsch Periodontal Group to a third-party. This is primarily due to the fact that the business would need to be acquired by someone who is a properly trained periodontist. There is also a possibility that a dental group within the greater Seattle metropolitan area may absorb the operations of the business if they are seeking to provide a greater degree of periodontal services to their clients. In either of these potential sales events, the Company will work with a qualified business broker that has extensive expertise with dental practices.

3.0 Operations

As noted, the executive summary, the Company will offer a wide range of diagnostic and surgical services for treating gum disease issues. The specific types of services that will be offered will include:

- Crown Lengthening
- Cosmetic Procedures
- Deep Gum Cleanings
- Dental Implants
- Grafting
- Laser Therapies
- Pocket Reduction Surgery

The Company will enroll among numerous programs that provide ongoing reimbursement among a wide range of dental insurance carriers. It is expected that each engagement, on average, will produce \$750 of revenue with a range spanning \$400 to \$2,000.

One of the major components of the Company's profitability will be from install installing posts that are appropriate for dental implants. As this technology has evolved over the past twenty years, there is a tremendous demand among dental patients to acquire dental implants rather than using dentures or bridges.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Periodontal Group PLLC. The Company is registered as a professional limited liability Company in the State of Washington.

4.2 Commencement of Operations

The business will commence operations in the fourth quarter of this year.

4.3 Mission Statement

To provide cost-effective treatments that address an individual's gum disease issues.

4.4 Vision Statement

To become the preeminent periodontal practice within the greater Seattle area.

4.5 Organizational Objectives

- Implement numerous marketing campaigns that will drive brand visibility within Seattle among people that have gum disease issues.
- Maintain ongoing relationships with general practitioners throughout the target market area for referrals.
- Maintain a program for continuing education so that the business operates implements best practices when rendering periodontic care.
- Properly onboard staff periodontists that will further expand the billable revenue of the business.
- Potentially develop satellite locations on it as needed basis as the brand grows.
- Adhere to all laws and regulations regarding the practice of dentistry within the State of Washington.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

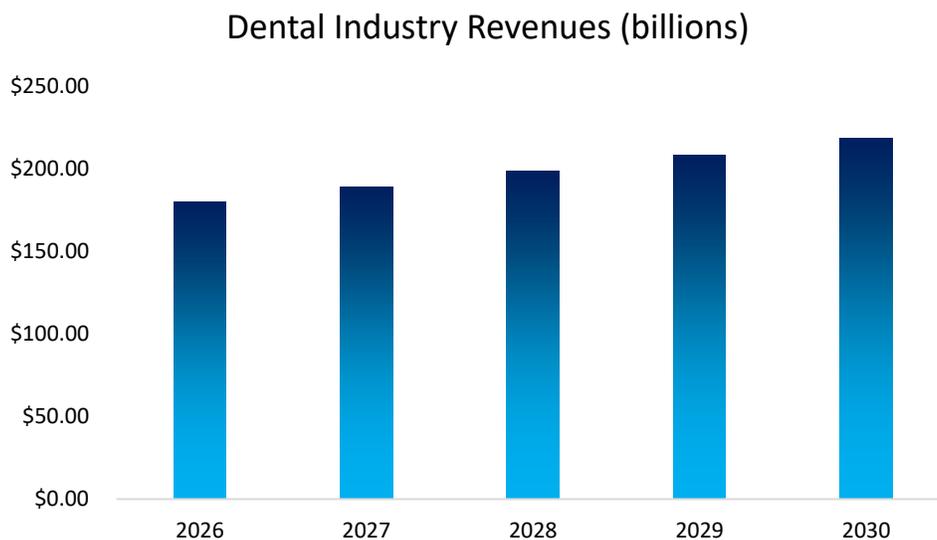
This section of the periodontist business plan will focus on the current economic climate, the industry, the patient profile, and the ongoing competition at the business will face.

At this time, there are some moderate issues with the US economy. Foremost, the issues with inflation have caused the underlying costs of nearly all products and services to increase significantly over the past five years. It should be noted that numerous federal government agencies, including the Federal Reserve, and the United States Treasury, are taking the appropriate measures to address affordability and inflation.

As it relates to rendering periodontal care, issues with the economy should only have a minimal impact on the ability for the practices ability to remain profitable. This is primarily due to the fact that people that have gum disease and related dental issues require comprehensive care as this is imperative for their health. The vast majority of people within the greater Seattle metropolitan area have access to comprehensive dental insurance that covers periodontal procedures.

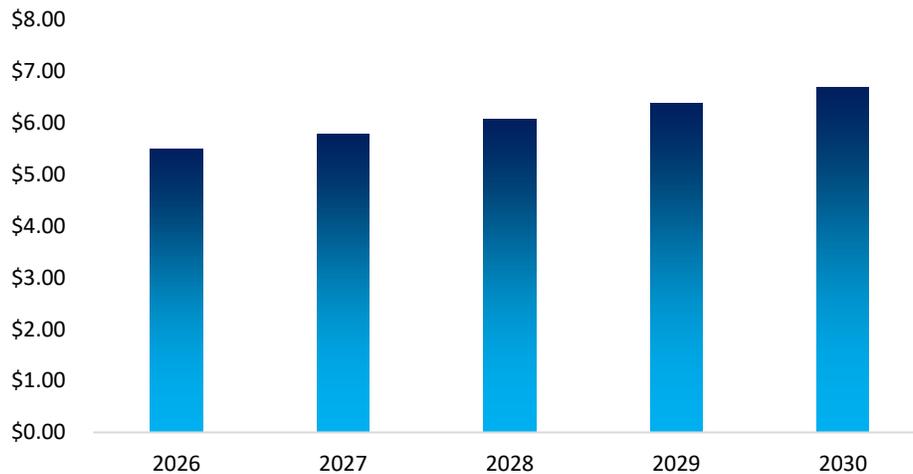
5.2 Industry Analysis

There are 181,000 businesses that provide dentistry services to the general public. These businesses aggregately produce \$180 billion of revenue while employing 900,000 people.



As it relates to the specialty of periodontists, there are approximately 5,500 practitioners that render care for gum disease issues. The demand for periodontal care is expected to increase in the coming years, especially as people from the Baby Boomer generation require a greater degree of dental services.

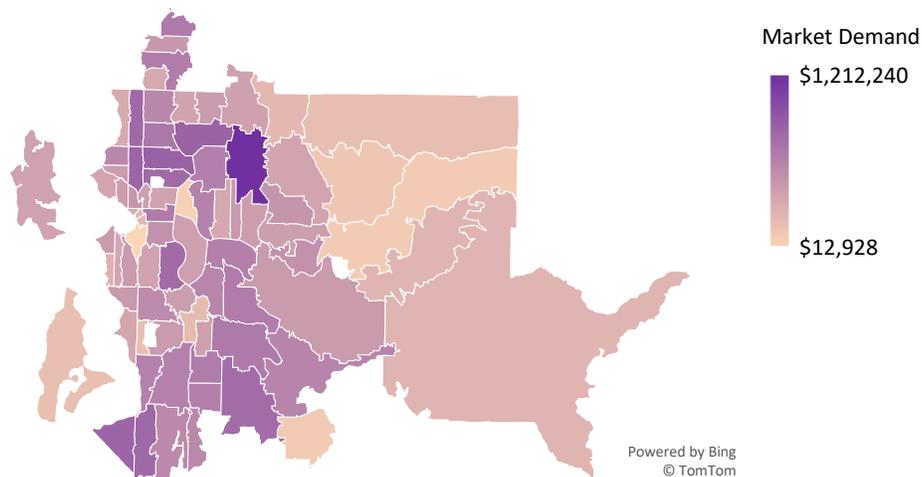
Periodontist Industry Revenues (billions)



5.3 Customer Profile

Any individual that has a gum disease related issue is a potential patient of Deutsch Periodontal Group. As will be noted later in the document, the Company will take a broad-based approach for sourcing patients within this market with a major focus on establishing referral relationships with general dental practitioners. The average client will have an income ranging from \$80,000 to \$200,000 and will have access to dental insurance.

Seattle Metropolitan Area Demand



5.4 Competitive Analysis

The ongoing competitive issues that the business will face as it establishes its periodontal practice are relatively low. The demand for comprehensive gum disease treatments is substantial and there are only a limited number of dentists that have a specialty in the field of periodontics. As such, the Company will be able to quickly establish profitable operations.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The business is operating within a highly in demand specialty of dentistry, which will lead to rapid patient onboarding.
- The Company can provide complete solutions when treating specific gum disease issues.
- The owner has more than ten years of experience as a periodontist and he is board certified in this specialty.
- The Company can easily onboard staff periodontists that will allow the business to increase its billings.

6.2 Basis of Growth

The Company will expand via the following methods:

- The business can establish satellite locations on it as needed basis.
- Continued hiring of periodontists and specialized dental technicians to provide a greater degree of services for the Seattle general public.
- Expansion of operations to include subcontracted labor among endodontists and oral surgeons when rendering treatment.

7.0 Marketing Plan

7.1 Marketing Objectives

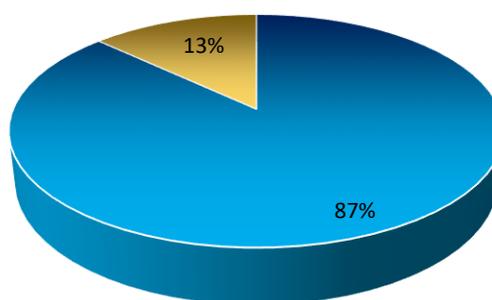
- During the development period, conduct extensive direct outreach with general dentist in the Seattle market for referrals.
- Maintain an expansive online presence that showcases the entire scope of periodontal services offered.
- Use target advertisement among people that have recently conducted searches for addressing gum disease issues within the market area.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Periodontist Services	\$966,000	\$1,932,000	\$2,221,800	\$3,110,520	\$3,421,572
Consumables	\$144,900	\$289,800	\$333,270	\$466,578	\$513,236
Totals	\$1,110,900	\$2,221,800	\$2,555,070	\$3,577,098	\$3,934,808

Gross Profit					
Year	1	2	3	4	5
Total	\$944,265	\$1,888,530	\$2,171,810	\$3,040,533	\$3,344,587

Revenue Generation



■ Periodontist Services ■ Consumables

7.3 Revenue Assumptions

Year 1

- The business will establish its periodontal clinic in Seattle.
- Revenue will reach \$1.1 million.

Year 2

- An associate periodontist will be hired in Year Two.
- Revenue will reach \$2.2 million.

Years 3-5

- By the fifth year of operation, revenue from periodontic services will reach \$3.9 million.
- The business may establish additional locations at this time.

7.4 Marketing Strategies

Management will use a number of marketing strategies that will drive immense interest in the Company's periodontal services. Most importantly, the business will receive the bulk of its patients from ongoing referrals among general dentists that do not have the capability for treating extremely severe periodontal issues. As the practice is being developed, the owner will conduct extensive direct outreach with general dentists within the market in order to inform them that the business is able to cost-effectively provide the full scope of periodontal care.

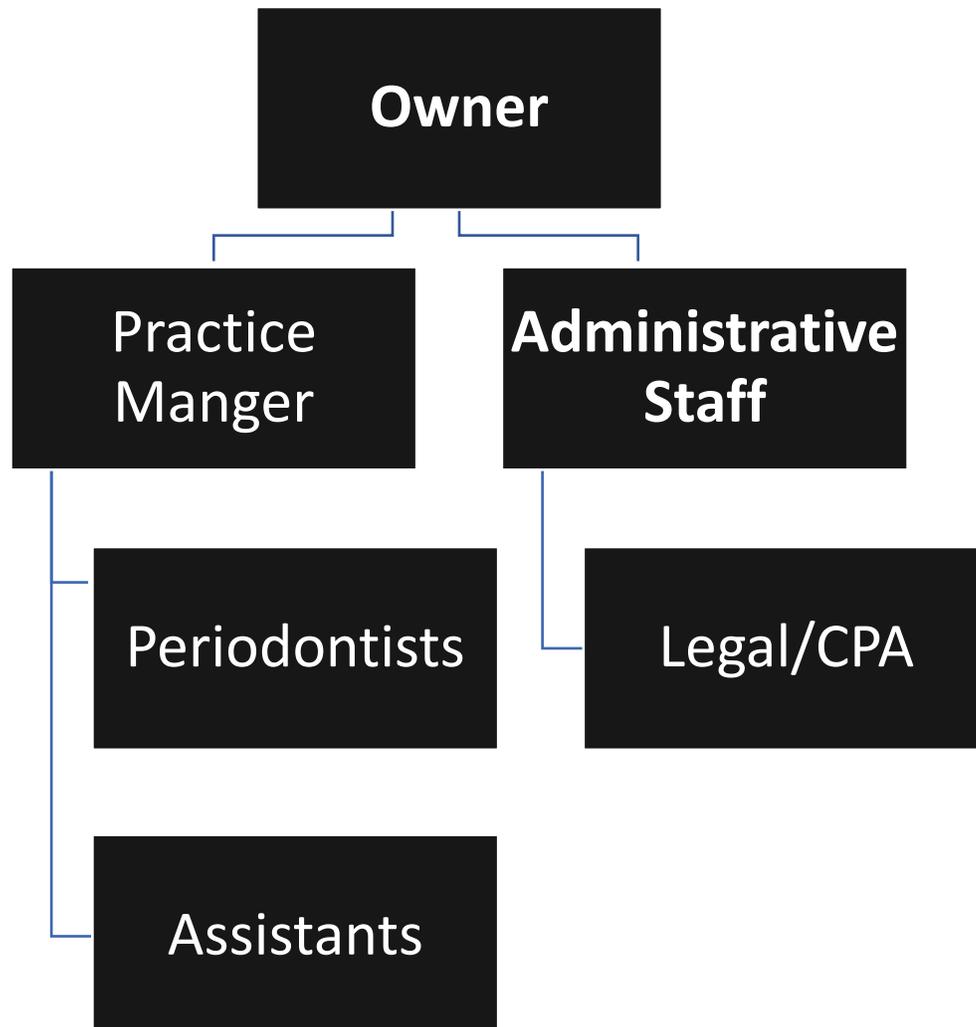
In regards to the Company's website, the business will showcase the end-to-end periodontal solutions including both diagnostic and surgical services. This website will undergo substantial search engine optimization specific for the King County and Seattle area. Numerous articles regarding the proper care of an individual's gums and teeth will be included so that the business can be quickly found among people that are looking to address their dental health needs.

On social media, the Company will use targeted advertisements among people that have recently conducted searches for gum disease issues. The business' profiles will include Facebook and Instagram. On LinkedIn, the Company will maintain a page specific for onboarding periodontists that may work at the practice.

To position the practice as a community minded enterprise, the business will offer free periodontic screenings every quarter is well further increase brand visibility, especially among people that cannot afford comprehensive periodontic care.

8.0 Organizational Plan

8.1 Organizational Hierarchy

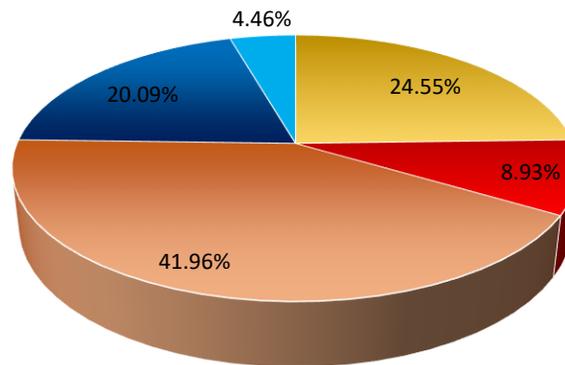


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Owner	\$275,000	\$277,750	\$280,528	\$283,333	\$286,166
Practice Manager	\$100,000	\$101,000	\$102,010	\$103,030	\$104,060
Periodontists	\$0	\$237,350	\$239,724	\$484,241	\$489,084
Assistants	\$75,000	\$151,500	\$153,015	\$231,818	\$234,136
Administrative Staff	\$50,000	\$50,500	\$51,005	\$51,515	\$52,030
Total	\$500,000	\$818,100	\$826,281	\$1,153,937	\$1,165,476

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Owner	1	1	1	1	1
Practice Manager	1	1	1	1	1
Periodontists	0	1	1	2	2
Assistants	1	2	2	3	3
Administrative Staff	1	1	1	1	1
Total	4	6	6	8	8

Personnel Summary



- Owner
- Practice Manager
- Periodontists
- Assistants
- Administrative Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- Deutsch Periodontal Group will achieve a compounded annual growth rate of 37%, which is supported by the ongoing hiring of periodontists.
- The Founder will contribute \$100,000 towards the venture.
- A loan of \$300,000 will be acquired to establish the practice.

9.2 Financial Highlights

- The Company achieve contribution margins of 85% on all periodontal services rendered.
- Staff cost will not exceed 36% percent in any given year.

9.3 Sensitivity Analysis

The business' services will remain in significant demand even during an economic recession. In any economic climate, people suffer from issues related to their gum and dental health. As such, the Company will be able to continually provide diagnostic and surgical services within the scope of the periodontal specialty. This substantial contribution margins generated from all dental and periodontal services want for this business is able for main profitable.

9.4 Source of Funds

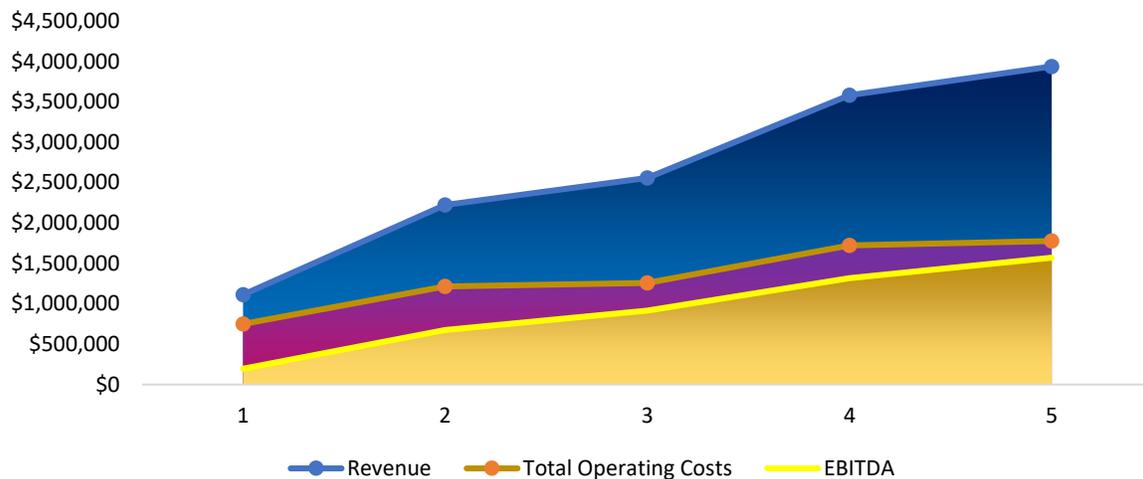
Financing	
Equity	
Equity Capitalization	\$100,000.00
Total Equity Financing	\$100,000.00
Banks and Lenders	
Business Loan	\$300,000.00
Total Debt Financing	\$300,000.00
Total Financing	\$400,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$1,110,900	\$2,221,800	\$2,555,070	\$3,577,098	\$3,934,808
Cost of Revenue	\$166,635	\$333,270	\$383,261	\$536,565	\$590,221
Gross Margin	85.00%	85.00%	85.00%	85.00%	85.00%
Gross Profit	\$944,265	\$1,888,530	\$2,171,810	\$3,040,533	\$3,344,587
Expenses					
Payroll	\$500,000	\$818,100	\$826,281	\$1,153,937	\$1,165,476
Facility Costs	\$50,000	\$50,500	\$51,005	\$51,515	\$52,030
General and Administrative	\$33,327	\$66,654	\$76,652	\$107,313	\$118,044
Professional Fees and Licensure	\$15,000	\$15,150	\$15,302	\$15,455	\$15,609
Insurance	\$25,000	\$25,250	\$25,503	\$25,758	\$26,015
Marketing	\$44,436	\$88,872	\$102,203	\$143,084	\$157,392
Equipment	\$34,438	\$68,876	\$79,207	\$110,890	\$121,979
Misc. Costs	\$8,332	\$16,664	\$19,163	\$26,828	\$29,511
Payroll Taxes	\$38,250	\$62,585	\$63,210	\$88,276	\$89,159
Total Operating Costs	\$748,783	\$1,212,650	\$1,258,526	\$1,723,056	\$1,775,216
EBITDA	\$195,482	\$675,880	\$913,284	\$1,317,478	\$1,569,370
Federal Income Tax	\$37,553	\$157,734	\$217,178	\$318,332	\$381,424
State Income Tax	\$7,511	\$31,547	\$43,436	\$63,666	\$76,285
Interest Expense	\$25,271	\$24,743	\$24,169	\$23,544	\$22,863
Depreciation Expenses	\$20,000	\$20,200	\$20,402	\$20,606	\$20,812
Net Profit	\$105,148	\$441,656	\$608,099	\$891,330	\$1,067,986
Profit Margin	9.47%	19.88%	23.80%	24.92%	27.14%

Revenue, Operating Costs, EBITDA



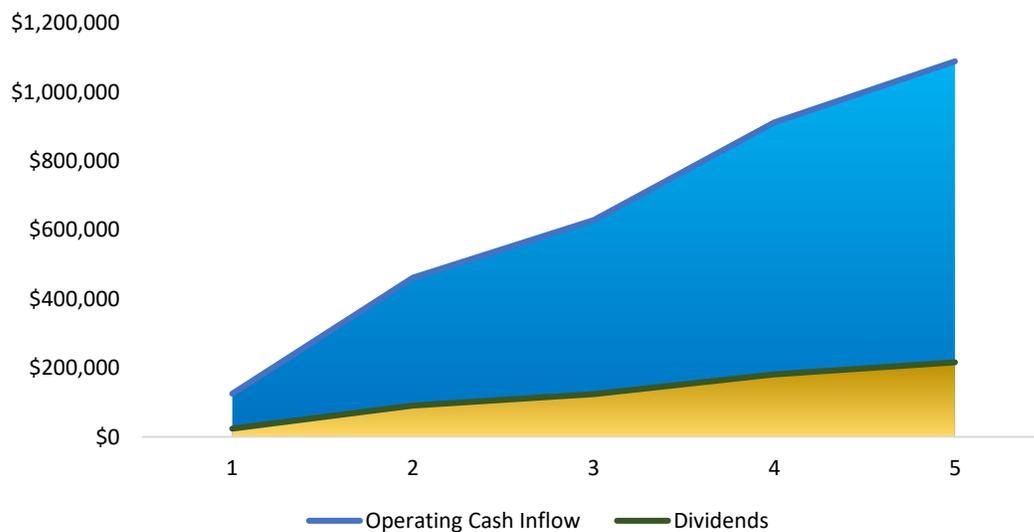
B) Common Size Income Statement

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	45.01%	36.82%	32.34%	32.26%	29.62%
Facility Costs	4.50%	2.27%	2.00%	1.44%	1.32%
General and Administrative	3.00%	3.00%	3.00%	3.00%	3.00%
Professional Fees and Licensure	1.35%	0.68%	0.60%	0.43%	0.40%
Insurance	2.25%	1.14%	1.00%	0.72%	0.66%
Marketing	4.00%	4.00%	4.00%	4.00%	4.00%
Equipment	3.10%	3.10%	3.10%	3.10%	3.10%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	3.44%	2.82%	2.47%	2.47%	2.27%
Total Operating Costs	67.40%	54.58%	49.26%	48.17%	45.12%
EBITDA	17.60%	30.42%	35.74%	36.83%	39.88%
Federal Income Tax	3.38%	7.10%	8.50%	8.90%	9.69%
State Income Tax	0.68%	1.42%	1.70%	1.78%	1.94%
Interest Expense	2.27%	1.11%	0.95%	0.66%	0.58%
Depreciation Expenses	1.80%	0.91%	0.80%	0.58%	0.53%
Net Profit	9.47%	19.88%	23.80%	24.92%	27.14%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$125,148	\$461,856	\$628,501	\$911,936	\$1,088,799
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$125,148	\$461,856	\$628,501	\$911,936	\$1,088,799
Other Cash Inflows					
Equity Investment	\$100,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$300,000	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Other Cash Inflows	\$401,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Cash Inflow	\$526,148	\$462,906	\$629,604	\$913,093	\$1,090,014
Cash Outflows					
Repayment of Principal	\$5,971	\$6,498	\$7,073	\$7,698	\$8,378
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$300,000	\$23,093	\$31,425	\$45,597	\$54,440
Dividends	\$23,835	\$91,071	\$124,286	\$180,848	\$216,084
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$330,506	\$121,398	\$163,555	\$234,953	\$279,753
Net Cash Flow	\$195,642	\$341,508	\$466,048	\$678,141	\$810,261
Cash Balance	\$195,642	\$537,150	\$1,003,198	\$1,681,339	\$2,491,600

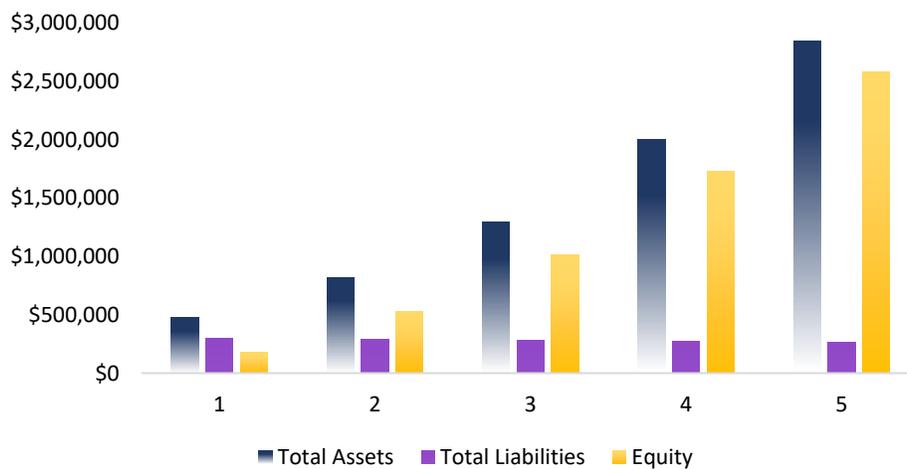
Cash Flow Analysis



D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	\$195,642	\$537,150	\$1,003,198	\$1,681,339	\$2,491,600
Fixed Assets	\$300,000	\$323,093	\$354,518	\$400,115	\$454,555
Accumulated Depreciation	(\$20,000)	(\$40,200)	(\$60,602)	(\$81,208)	(\$102,020)
Total Assets	\$475,642	\$820,043	\$1,297,114	\$2,000,246	\$2,844,134
Liabilities and Equity					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$294,029	\$287,531	\$280,458	\$272,760	\$264,382
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$294,329	\$288,146	\$281,404	\$274,053	\$266,039
Equity	\$181,313	\$531,897	\$1,015,710	\$1,726,193	\$2,578,095
Total Liabilities and Equity	\$475,642	\$820,043	\$1,297,114	\$2,000,246	\$2,844,134

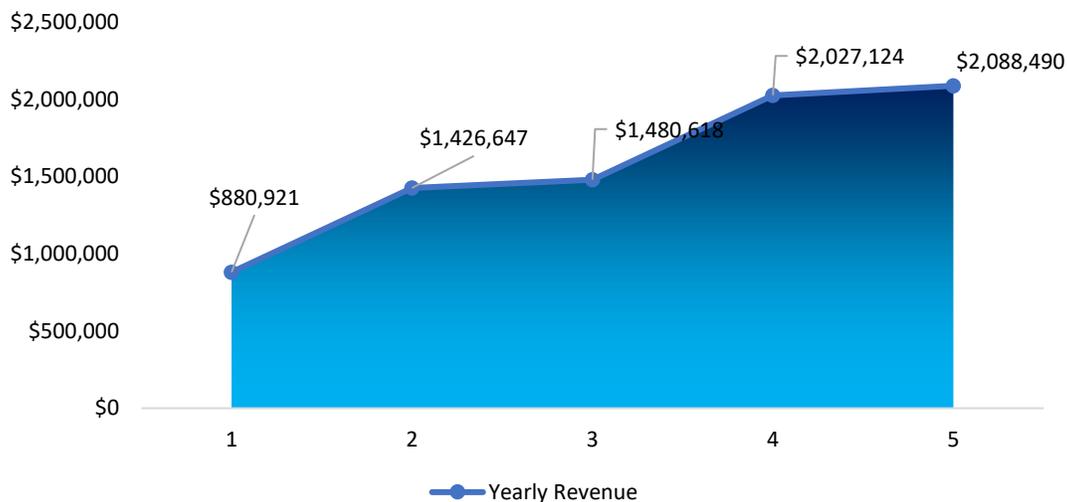
Balance Sheet



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$73,410	\$118,887	\$123,385	\$168,927	\$174,041
Yearly Revenue	\$880,921	\$1,426,647	\$1,480,618	\$2,027,124	\$2,088,490

Breakeven Analysis



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	100.0%	15.0%	40.0%	10.0%
Gross Margin	85.0%	85.0%	85.0%	85.0%	85.0%
Financials					
Profit Margin	9.47%	19.88%	23.80%	24.92%	27.14%
Assets to Liabilities	1.62	2.85	4.61	7.30	10.69
Equity to Liabilities	0.62	1.85	3.61	6.30	9.69
Assets to Equity	2.62	1.54	1.28	1.16	1.10
Liquidity					
Acid Test	0.66	1.86	3.56	6.14	9.37
Cash to Assets	0.41	0.66	0.77	0.84	0.88

Appendix A – SWOT Analysis

Strengths

- Extremely strong demand for periodontal services within the Seattle market.
- A limited number of service providers is driving this demand.
- The Company will receive a highly predictable frame of referrals from general dentists in Seattle.
- The significant size and scope of the target market coupled with the large number of technology companies that operate within this market will contribute to the economic stability of this periodontist practice.

Weaknesses

- Extensive operational complexities given that this is a dental focused enterprise.
- Moderately high cost related to payroll as staff periodontists command significant salaries.

Opportunities

- Continued hiring of specialized staff to further revenue growth.
- Onboarding of adjacent dental professionals, such as oral surgeons, prosthodontists, and endodontists that can render her services in tandem with this periodontic practice.
- Development of additional locations.

Threats

- Ongoing issues with inflation can cause many of the Company's operating cost to increase.
- Changes in policies related to insurance reimbursement could impact profitability.

Appendix B – Critical Risks

Development Risk – **Low**

The service architecture that will be offered through this periodontist practice has already been developed. The primary issue that needs to be addressed is securing the funding in order to establish operations in Seattle.

Financing Risk – **Low/Moderate**

The \$300,000 of debt capital will be prince will use for the build out of this practice's location as well as for periodontic treatment equipment. The economic stability of these types of practices will abate many of the financing risks.

Marketing Risk – **Low**

Referrals from general dentists is the most important aspect of the Company's marketing operations. This will be complimented with general public facing marketing campaigns that will create significant brand-name invisibility.

Management Risk – **Low**

The Owner has been a practicing periodontist for the past 10 years. He will be able to effectively launch the operations of this practice while providing comprehensive care to his patients.

Valuation Risk – **Low**

The valuation risk is offset by:

- Highly limited competition within Seattle given at the demand for periodontic care exceeds the number of service providers.
- The Company will be able to thrive in any economic climate.
- The operations of this practice are highly scalable.

Exit Risk - **Low**

As noted earlier, there would be a significant amount of complexity for transitioning the ownership of this periodontic practice to a third-party practitioner. In all likelihood, associate periodontists will ultimately become the buyers of this practice, although this is not expected to occur for at least fifteen years.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$86,250	\$87,400	\$88,550	\$89,700	\$90,850	\$92,000	\$93,150
Cost of Revenue	\$12,938	\$13,110	\$13,283	\$13,455	\$13,628	\$13,800	\$13,973
Gross Profit	\$73,313	\$74,290	\$75,268	\$76,245	\$77,223	\$78,200	\$79,178
Expenses							
Payroll	\$41,667	\$41,667	\$41,667	\$41,667	\$41,667	\$41,667	\$41,667
Facility Costs	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167
General and Administrative	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777
Professional Fees and Licensure	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Insurance	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Marketing	\$3,703	\$3,703	\$3,703	\$3,703	\$3,703	\$3,703	\$3,703
Equipment	\$2,870	\$2,870	\$2,870	\$2,870	\$2,870	\$2,870	\$2,870
Misc. Costs	\$694	\$694	\$694	\$694	\$694	\$694	\$694
Payroll Taxes	\$3,188	\$3,188	\$3,188	\$3,188	\$3,188	\$3,188	\$3,188
Total Operating Costs	\$62,399						
EBITDA	\$10,914	\$11,891	\$12,869	\$13,846	\$14,824	\$15,801	\$16,779
Federal Income Tax	\$2,916	\$2,954	\$2,993	\$3,032	\$3,071	\$3,110	\$3,149
State Income Tax	\$583	\$591	\$599	\$606	\$614	\$622	\$630
Interest Expense	\$2,125	\$2,122	\$2,118	\$2,115	\$2,111	\$2,108	\$2,104
Depreciation Expenses	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
Net Profit	\$3,624	\$4,558	\$5,492	\$6,426	\$7,361	\$8,295	\$9,229

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$94,300	\$95,450	\$96,600	\$97,750	\$98,900	\$1,110,900
Cost of Revenue	\$14,145	\$14,318	\$14,490	\$14,663	\$14,835	\$166,635
Gross Profit	\$80,155	\$81,133	\$82,110	\$83,088	\$84,065	\$944,265
Expenses						
Payroll	\$41,667	\$41,667	\$41,667	\$41,667	\$41,667	\$500,000
Facility Costs	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
General and Administrative	\$2,777	\$2,777	\$2,777	\$2,777	\$2,777	\$33,327
Professional Fees and Licensure	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
Insurance	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
Marketing	\$3,703	\$3,703	\$3,703	\$3,703	\$3,703	\$44,436
Equipment	\$2,870	\$2,870	\$2,870	\$2,870	\$2,870	\$34,438
Misc. Costs	\$694	\$694	\$694	\$694	\$694	\$8,332
Payroll Taxes	\$3,188	\$3,188	\$3,188	\$3,188	\$3,188	\$38,250
Total Operating Costs	\$62,399	\$62,399	\$62,399	\$62,399	\$62,399	\$748,783
EBITDA	\$17,756	\$18,734	\$19,711	\$20,689	\$21,666	\$195,482
Federal Income Tax	\$3,188	\$3,227	\$3,265	\$3,304	\$3,343	\$37,553
State Income Tax	\$638	\$645	\$653	\$661	\$669	\$7,511
Interest Expense	\$2,101	\$2,097	\$2,094	\$2,090	\$2,086	\$25,271
Depreciation Expenses	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$20,000
Net Profit	\$10,164	\$11,098	\$12,033	\$12,967	\$13,902	\$105,148

Profit and Loss Statement (Second Year)

Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Revenue	\$538,787	\$549,896	\$561,005	\$572,114	\$2,221,800
Cost of Revenue	\$80,818	\$82,484	\$84,151	\$85,817	\$333,270
Gross Profit	\$457,969	\$467,411	\$476,854	\$486,296	\$1,888,530
Expenses					
Payroll	\$204,525	\$204,525	\$204,525	\$204,525	\$818,100
Facility Costs	\$12,625	\$12,625	\$12,625	\$12,625	\$50,500
General and Administrative	\$16,164	\$16,497	\$16,830	\$17,163	\$66,654
Professional Fees and Licensure	\$3,674	\$3,750	\$3,825	\$3,901	\$15,150
Insurance	\$6,313	\$6,313	\$6,313	\$6,313	\$25,250
Marketing	\$21,551	\$21,996	\$22,440	\$22,885	\$88,872
Equipment	\$17,219	\$17,219	\$17,219	\$17,219	\$68,876
Misc. Costs	\$4,041	\$4,124	\$4,208	\$4,291	\$16,664
Payroll Taxes	\$15,177	\$15,490	\$15,803	\$16,116	\$62,585
Total Operating Costs	\$301,288	\$302,538	\$303,787	\$305,037	\$1,212,650
EBITDA	\$156,680	\$164,873	\$173,067	\$181,260	\$675,880
Federal Income Tax	\$38,251	\$39,039	\$39,828	\$40,617	\$157,734
State Income Tax	\$7,650	\$7,808	\$7,966	\$8,123	\$31,547
Interest Expense	\$6,237	\$6,203	\$6,169	\$6,134	\$24,743
Depreciation Expenses	\$5,050	\$5,050	\$5,050	\$5,050	\$20,200
Net Profit	\$99,493	\$106,773	\$114,054	\$121,336	\$441,656

Profit and Loss Statement (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$619,604	\$632,380	\$645,155	\$657,931	\$2,555,070
Cost of Revenue	\$92,941	\$94,857	\$96,773	\$98,690	\$383,261
Gross Profit	\$526,664	\$537,523	\$548,382	\$559,241	\$2,171,810
Expenses					
Payroll	\$206,570	\$206,570	\$206,570	\$206,570	\$826,281
Facility Costs	\$12,751	\$12,751	\$12,751	\$12,751	\$51,005
General and Administrative	\$18,588	\$18,971	\$19,355	\$19,738	\$76,652
Professional Fees and Licensure	\$3,711	\$3,787	\$3,864	\$3,940	\$15,302
Insurance	\$6,376	\$6,376	\$6,376	\$6,376	\$25,503
Marketing	\$24,784	\$25,295	\$25,806	\$26,317	\$102,203
Equipment	\$19,802	\$19,802	\$19,802	\$19,802	\$79,207
Misc. Costs	\$4,647	\$4,743	\$4,839	\$4,934	\$19,163
Payroll Taxes	\$15,803	\$15,803	\$15,803	\$15,803	\$63,210
Total Operating Costs	\$313,032	\$314,098	\$315,165	\$316,231	\$1,258,526
EBITDA	\$213,632	\$223,425	\$233,217	\$243,010	\$913,284
Federal Income Tax	\$52,666	\$53,752	\$54,838	\$55,923	\$217,178
State Income Tax	\$10,533	\$10,750	\$10,968	\$11,185	\$43,436
Interest Expense	\$6,098	\$6,061	\$6,024	\$5,986	\$24,169
Depreciation Expenses	\$5,101	\$5,101	\$5,101	\$5,101	\$20,402
Net Profit	\$139,235	\$147,761	\$156,288	\$164,815	\$608,099

Profit and Loss Statement (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Revenue	\$867,446	\$885,332	\$903,217	\$921,103	\$3,577,098
Cost of Revenue	\$130,117	\$132,800	\$135,483	\$138,165	\$536,565
Gross Profit	\$737,329	\$752,532	\$767,735	\$782,937	\$3,040,533
Expenses					
Payroll	\$288,484	\$288,484	\$288,484	\$288,484	\$1,153,937
Facility Costs	\$12,879	\$12,879	\$12,879	\$12,879	\$51,515
General and Administrative	\$26,023	\$26,560	\$27,097	\$27,633	\$107,313
Professional Fees and Licensure	\$3,748	\$3,825	\$3,902	\$3,980	\$15,455
Insurance	\$6,439	\$6,439	\$6,439	\$6,439	\$25,758
Marketing	\$34,698	\$35,413	\$36,129	\$36,844	\$143,084
Equipment	\$27,723	\$27,723	\$27,723	\$27,723	\$110,890
Misc. Costs	\$6,506	\$6,640	\$6,774	\$6,908	\$26,828
Payroll Taxes	\$22,069	\$22,069	\$22,069	\$22,069	\$88,276
Total Operating Costs	\$428,569	\$430,032	\$431,496	\$432,959	\$1,723,056
EBITDA	\$308,761	\$322,500	\$336,239	\$349,978	\$1,317,478
Federal Income Tax	\$77,196	\$78,787	\$80,379	\$81,970	\$318,332
State Income Tax	\$15,439	\$15,757	\$16,076	\$16,394	\$63,666
Interest Expense	\$5,947	\$5,907	\$5,866	\$5,824	\$23,544
Depreciation Expenses	\$5,152	\$5,152	\$5,152	\$5,152	\$20,606
Net Profit	\$205,028	\$216,897	\$228,767	\$240,638	\$891,330

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$954,191	\$973,865	\$993,539	\$1,013,213	\$3,934,808
Cost of Revenue	\$143,129	\$146,080	\$149,031	\$151,982	\$590,221
Gross Profit	\$811,062	\$827,785	\$844,508	\$861,231	\$3,344,587
Expenses					
Payroll	\$291,369	\$291,369	\$291,369	\$291,369	\$1,165,476
Facility Costs	\$13,008	\$13,008	\$13,008	\$13,008	\$52,030
General and Administrative	\$28,626	\$29,216	\$29,806	\$30,396	\$118,044
Professional Fees and Licensure	\$3,785	\$3,863	\$3,941	\$4,019	\$15,609
Insurance	\$6,504	\$6,504	\$6,504	\$6,504	\$26,015
Marketing	\$38,168	\$38,955	\$39,742	\$40,529	\$157,392
Equipment	\$30,495	\$30,495	\$30,495	\$30,495	\$121,979
Misc. Costs	\$7,156	\$7,304	\$7,452	\$7,599	\$29,511
Payroll Taxes	\$22,290	\$22,290	\$22,290	\$22,290	\$89,159
Total Operating Costs	\$441,400	\$443,003	\$444,606	\$446,208	\$1,775,216
EBITDA	\$369,662	\$384,782	\$399,903	\$415,023	\$1,569,370
Federal Income Tax	\$92,495	\$94,402	\$96,309	\$98,217	\$381,424
State Income Tax	\$18,499	\$18,880	\$19,262	\$19,643	\$76,285
Interest Expense	\$5,782	\$5,738	\$5,694	\$5,649	\$22,863
Depreciation Expenses	\$5,203	\$5,203	\$5,203	\$5,203	\$20,812
Net Profit	\$247,683	\$260,558	\$273,434	\$286,311	\$1,067,986

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$5,290	\$6,224	\$7,159	\$8,093	\$9,027	\$9,962	\$10,896	\$11,830
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$5,290	\$6,224	\$7,159	\$8,093	\$9,027	\$9,962	\$10,896	\$11,830
Other Cash Inflows								
Equity Investment	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
Total Other Cash Inflows	\$400,083	\$83						
Total Cash Inflow	\$405,374	\$6,308	\$7,242	\$8,176	\$9,111	\$10,045	\$10,979	\$11,914
Cash Outflows								
Repayment of Principal	\$478	\$482	\$485	\$489	\$492	\$496	\$499	\$503
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$300,000	\$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	\$300,537	\$540	\$544	\$547	\$551	\$554	\$558	\$561
Net Cash Flow	\$104,837	\$5,768	\$6,698	\$7,629	\$8,560	\$9,491	\$10,422	\$11,353
Cash Balance	\$104,837	\$110,604	\$117,303	\$124,932	\$133,492	\$142,983	\$153,405	\$164,758

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$12,765	\$13,699	\$14,634	\$15,568	\$125,148
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$12,765	\$13,699	\$14,634	\$15,568	\$125,148
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$100,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$300,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$1,000
Total Other Cash Inflows	\$83	\$83	\$83	\$83	\$401,000
Total Cash Inflow	\$12,848	\$13,783	\$14,717	\$15,652	\$526,148
Cash Outflows					
Repayment of Principal	\$506	\$510	\$513	\$517	\$5,971
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$300,000
Dividends	\$0	\$0	\$0	\$23,835	\$23,835
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$565	\$568	\$572	\$24,411	\$330,506
Net Cash Flow	\$12,284	\$13,214	\$14,145	-\$8,759	\$195,642
Cash Balance	\$177,041	\$190,256	\$204,401	\$195,642	\$195,642

Cash Flow Analysis (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$104,543	\$111,823	\$119,104	\$126,386	\$461,856
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$104,543	\$111,823	\$119,104	\$126,386	\$461,856
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$255	\$260	\$265	\$270	\$1,050
Total Other Cash Inflows	\$255	\$260	\$265	\$270	\$1,050
Total Cash Inflow	\$104,797	\$112,083	\$119,369	\$126,656	\$462,906
Cash Outflows					
Repayment of Principal	\$1,573	\$1,607	\$1,641	\$1,677	\$6,498
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$23,093	\$0	\$0	\$0	\$23,093
Dividends	\$0	\$0	\$0	\$91,071	\$91,071
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$24,844	\$1,789	\$1,827	\$92,937	\$121,398
Net Cash Flow	\$79,953	\$110,294	\$117,542	\$33,719	\$341,508
Cash Balance	\$275,595	\$385,889	\$503,431	\$537,150	\$537,150

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$144,335	\$152,861	\$161,388	\$169,916	\$628,501
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$144,335	\$152,861	\$161,388	\$169,916	\$628,501
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	\$144,603	\$153,134	\$161,667	\$170,200	\$629,604
Cash Outflows					
Repayment of Principal	\$1,712	\$1,749	\$1,787	\$1,825	\$7,073
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$31,425	\$0	\$0	\$0	\$31,425
Dividends	\$0	\$0	\$0	\$124,286	\$124,286
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$33,325	\$1,940	\$1,981	\$126,309	\$163,555
Net Cash Flow	\$111,278	\$151,194	\$159,685	\$43,891	\$466,048
Cash Balance	\$648,428	\$799,622	\$959,308	\$1,003,198	\$1,003,198

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$210,179	\$222,048	\$233,919	\$245,789	\$911,936
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$210,179	\$222,048	\$233,919	\$245,789	\$911,936
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	\$210,460	\$222,335	\$234,211	\$246,087	\$913,093
Cash Outflows					
Repayment of Principal	\$1,864	\$1,904	\$1,944	\$1,986	\$7,698
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$45,597	\$0	\$0	\$0	\$45,597
Dividends	\$0	\$0	\$0	\$180,848	\$180,848
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$47,657	\$2,104	\$2,149	\$183,042	\$234,953
Net Cash Flow	\$162,803	\$220,231	\$232,062	\$63,045	\$678,141
Cash Balance	\$1,166,001	\$1,386,232	\$1,618,294	\$1,681,339	\$1,681,339

Cash Flow Analysis (Fifth Year)					
Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$252,886	\$265,761	\$278,637	\$291,514	\$1,088,799
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$252,886	\$265,761	\$278,637	\$291,514	\$1,088,799
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	\$253,181	\$266,062	\$278,944	\$291,827	\$1,090,014
Cash Outflows					
Repayment of Principal	\$2,029	\$2,072	\$2,116	\$2,162	\$8,378
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$54,440	\$0	\$0	\$0	\$54,440
Dividends	\$0	\$0	\$0	\$216,084	\$216,084
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$56,675	\$2,283	\$2,331	\$218,465	\$279,753
Net Cash Flow	\$196,506	\$263,779	\$276,613	\$73,362	\$810,261
Cash Balance	\$1,877,845	\$2,141,625	\$2,418,237	\$2,491,600	\$2,491,600