

DRINKS • SNACKS



DEUTSCH
VENDING GROUP

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1.0 Executive Summary

The purpose of this business plan is to secure \$100,000 for the development of a vending machine enterprise based in Minneapolis, Minnesota. Deutsch Vending Group LLC (“the Company”) was founded this year by Matthew Deutsch with the intention of providing a wide range of vended food and beverages through state-of-the-art machines. The Company intends to commence full scale revenue generating operations in the third quarter of this year.

Operations

Through its state-of-the-art machines, the Company will provide the Minneapolis general public with a wide range of snacks and beverages on a cost-effective basis. It should be noted that the business will maintain all of its own routes in regards to sales. The pricing point for each vending item will range from \$1 to \$3.

In regards to the technology, these will be internet enabled devices that will provide constant feedback regarding the daily volume of sales and whether or not the machines require any level of maintenance. This will drastically reduce the cost associated with operating the business as technicians can be dispatched only when absolutely needed to provide repairs. These machines will also indicate when errors occur.

The third chapter of this vending business plan will further discuss the operations of the business.

The Financing

As noted above, the Company is currently seeking a \$100,000 loan in order to commence operations. Matthew Deutsch will contribute \$25,000 towards the venture which will be principally used for working capital in inventory purchases.

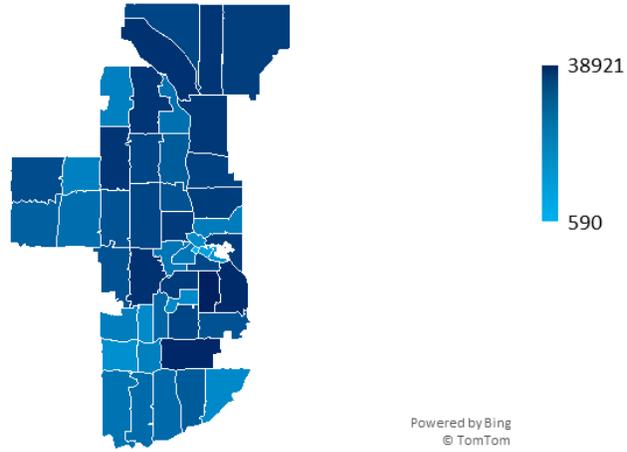
The Company would be a very strong candidate for ongoing expansion capital given the highly predictable streams of revenue that would be produced from the ongoing sale of vended products. The Company may also use specialty financing in order to acquire additional vending machines that will be placed throughout the entire entirety of the greater Minneapolis metropolitan area.

The Future

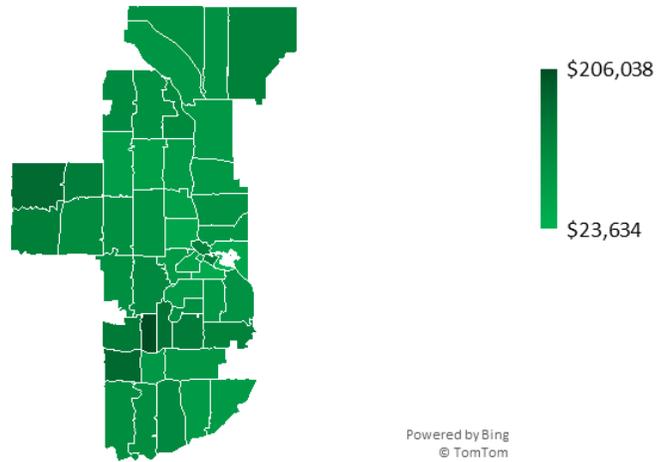
On a yearly basis, management intends to acquire several additional machines that will be placed in highly traffic areas including malls, airports, apartment buildings, academic buildings, and within commercial properties for the target market area. The Company may also expand its operations to include specialty types of vending machines can dispense ice cream as well as hot food.

Market Overview

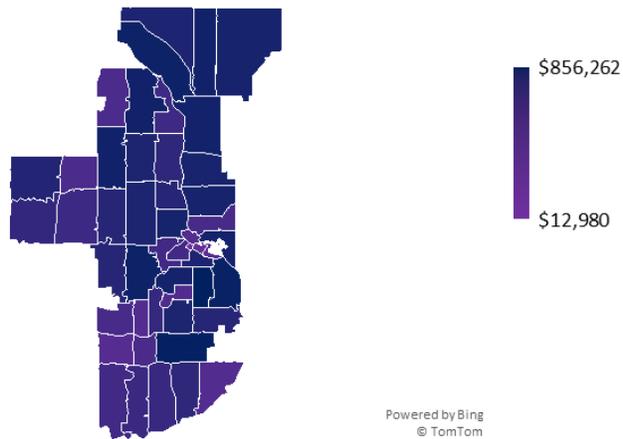
Target Market Populaton Density



Target Market Household Income



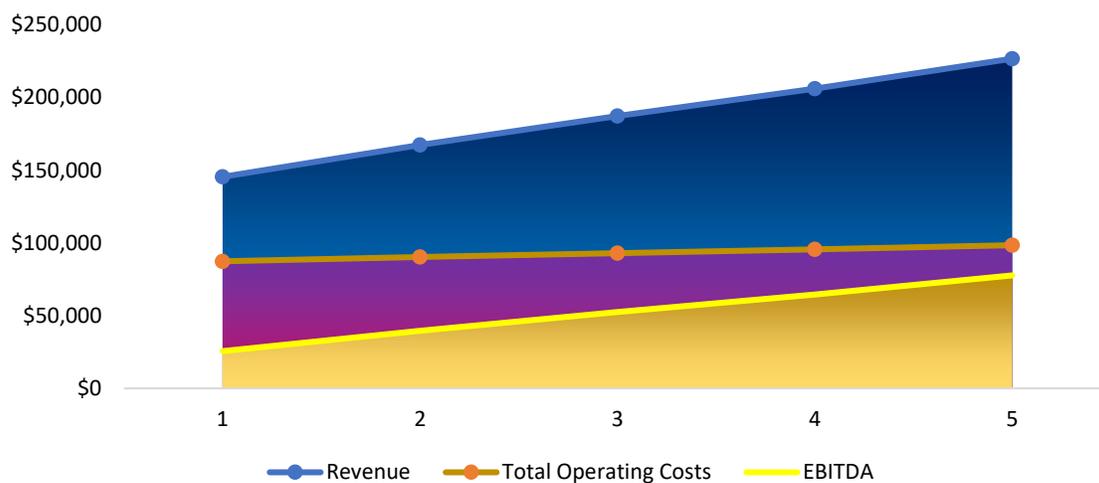
Target Market Household Income



Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$145,410	\$167,222	\$187,288	\$206,017	\$226,619
Cost of Revenue	\$32,423	\$37,286	\$41,760	\$45,936	\$50,530
Gross Profit	\$112,988	\$129,936	\$145,528	\$160,081	\$176,089
Total Operating Costs	\$87,367	\$90,266	\$92,999	\$95,606	\$98,407
EBITDA	\$25,620	\$39,669	\$52,529	\$64,474	\$77,681

Revenue, Operating Costs, EBITDA



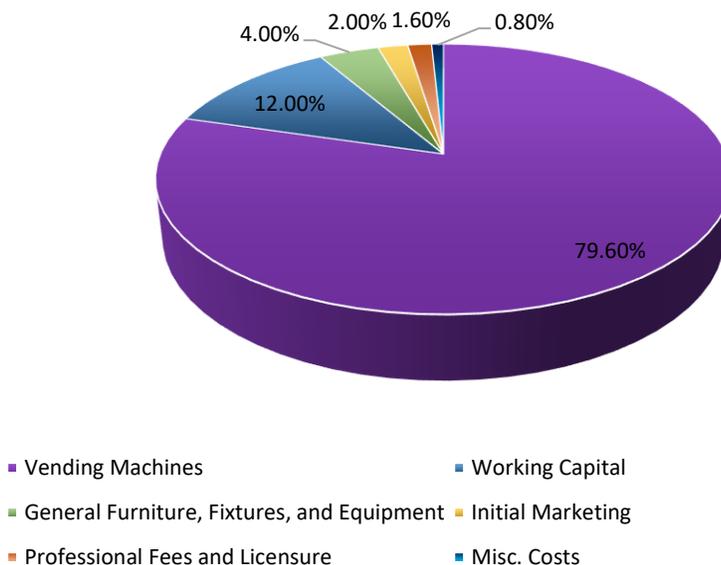
2.0 The Financing

2.1 Funds Required

The \$100,000 of debt and \$25,000 of equity will be allocated towards the following:

Use of Funds	
Vending Machines	\$99,500
Working Capital	\$15,000
General Furniture, Fixtures, and Equipment	\$5,000
Initial Marketing	\$2,500
Professional Fees and Licensure	\$2,000
Misc. Costs	\$1,000
Total	\$125,000

Use of Funds Overview



2.2 Management and Investor Equity

Matthew Deutsch is 100% owner of Deutsch Vending Group LLC.

2.3 Exit Strategies

As vending machine enterprises generate highly predictable streams of revenue from their operations, there would be an immense demand among third-party entrepreneurs to acquire these operations. Historically, vending machine businesses typically receive a sales premium of two times to three times EBITDA. This evaluation may be higher based on the long-term agreements that the Company maintains with property owners that allow the business to place vending machines on their premises.

3.0 Operations

As noted above, the Company will be actively involved with providing a wide range of snacks and beverages through the Company's system of state-of-the-art vending machines. It should be noted that the Company will offer a diverse range of snacks and beverages, including healthy options that are gluten-free and vegan friendly. As numerous people have different dietary restrictions, Management sees a significant opportunity to include items that can be enjoyed by a wide range of consumers.

In regards to placement, the Company will coordinate these efforts with numerous property owners throughout the greater Minneapolis area. Specifically, the Company intends to target airports, academic buildings, commercial properties, common areas within HOA managed properties, and within large scale residential complexes. The Company will provide a standard flat monthly fee for placement of the machine as well as a commission on each sale for the property owner. This will lead to rapid onboarding of property owners that will allow the business to feature machines on their premises. This will be one of the more difficult aspects of managing the Company's operations.

To that end, the Company intends to hire sales associates that will conduct extensive direct outreach with property owners throughout the target market.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Vending Group LLC. The Company is registered as a limited liability company in the state of Minnesota.

4.2 Commencement of Operations

The business will begin sales of its extended product starting in the third quarter of this year.

4.3 Mission Statement

To provide a wide range of affordable snacks and beverages.

4.4 Vision Statement

To become widely recognized vending enterprise within the Minneapolis market.

4.5 Organizational Objectives

- Properly source numerous vending machines once the capital in this vending business plan has been secured.
- Conduct extensive direct outreach with property owners that will have the business place vending machines on their premises.
- Adhere to all laws and regular to ref frameworks regarding the sales of food and beverages in a vended capacity.
- Continue to expand the types of products that can be sold through the Company vending machines.
- Provide sales staff with proper financial incentives each time they established a new relationship with a property owner.
- Maintain an online presence that is specific for the audience of property owners that will have the Company place a machine onsite.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

This section of the vending machine Company business plan will focus on the current economic climate, the industry, the demographic profile, and the ongoing competition that's Deutsch Vending Group will face.

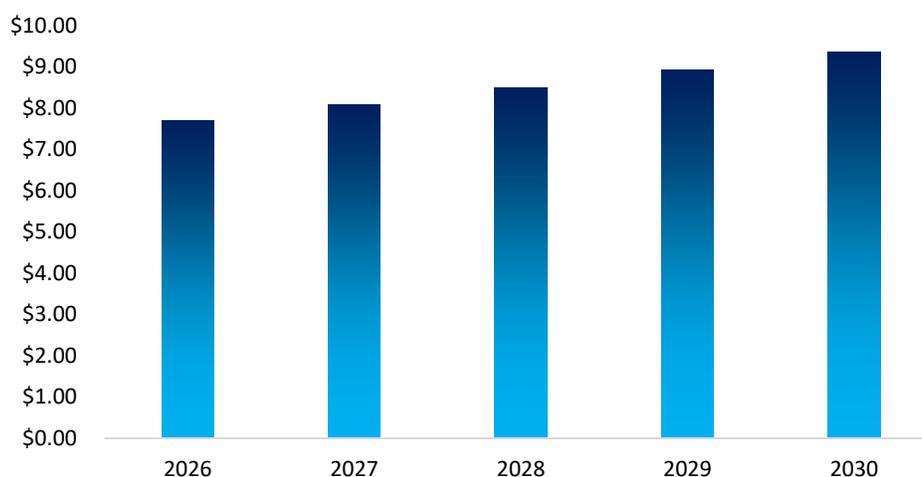
Inflation has taken centerstage as it relates to the primary economic issue facing the United States. As a result of changing trade policies, as well as adjustments to the federal budget, there has been upward inflation over the past several years. It should be noted that many government agencies are implementing appropriate protocols to ultimately reduce the rate of inflation.

Even during challenging economic climates, the demand for vended products remains incredibly strong. The level of convenience afforded to people that make purchases of vended products is substantial. This is a mainstay industry within the United States, and the Company will benefit from the highly predictable streams of revenue that are produced on a daily basis from vended product sales.

5.2 Industry Analysis

As of this year, there are 16,000 companies that operate vending machines in the United States. These businesses produced \$7.8 billion a year over providing jobs for 60,000 people. The ongoing growth rate of this industry is expected to remain in line with the economy as well as natural population growth.

Industry Revenues (billions)



One of the major trends within this industry is to use vending machines that can be monitored remotely through internet and cellular connection connections. All machines that will be operated by Deutsch Vending Group will feature this technology in order to

maintain a highly streamlined operation. Additionally, one of the other trends with business industry is to provide sales of non-food products that are needed by people on a day-to-day basis. An additional trend has been the integration of selling cold and hot products. Deutsch Vending Group will capitalize on these trends of the life of the business.

5.3 Customer Profile

It is difficult to ascertain the demographics of people that will use the Company's machines as they are universally sought after by people across the entire entirety of the socioeconomic spectrum. Any individual that is hungry or wants a beverage is a potential customer for the business. However, the Company intends to place machines in areas of Minneapolis that have a median income of \$75,000 are higher. This will lead to a higher degree of use.

5.4 Competitive Analysis

The ongoing competition that the business will phase is modest. Once the business establishes exclusive relationships with property in order to feature a vending machine at their location, there will be very little in the way of competition outside of restaurants in small eateries that can serve as a substitute.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The Company will use state-of-the-art machines will streamline processes while increasing profitability.
- Limited competition as the Company will seek exclusive contracts with property owners.
- An experienced owner who will be able to properly bring the operations of this business to profitability while scaling operations over the next five years.
- The Company can easily enter additional markets within Minnesota and within the Midwestern United States.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued acquisition of additional state-of-the-art vending machines.
- Expansion of operations to include products that are non-perishable as well as hot and cold food/beverage products.
- Potential acquisition of vending machine routes that operate within target market area.

7.0 Marketing Plan

7.1 Marketing Objectives

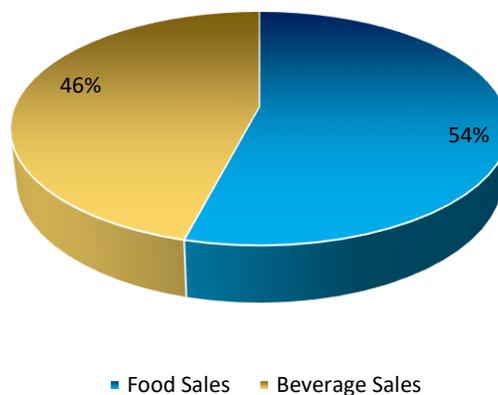
- Properly onboard sales associates that will conduct direct outreach on behalf of the Company.
- Maintain a modest online presence so that property owners can understand the scope of Company's operations.
- Use LinkedIn in order to establish relationships with individuals that list their profession as a property manager.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Food Sales	\$78,600	\$90,390	\$101,237	\$111,360	\$122,497
Beverage Sales	\$66,810	\$76,832	\$86,051	\$94,656	\$104,122
Total	\$145,410	\$167,222	\$187,288	\$206,017	\$226,619

Gross Profit					
Year	1	2	3	4	5
Total	\$112,988	\$129,936	\$145,528	\$160,081	\$176,089

Revenue Generation



7.3 Revenue Assumptions

Year 1

- The business will place ten machines.
- Revenue will reach \$145,000.

Year 2

- The Company will place additional machines.
- Revenue will reach \$167,000.

Years 3-5

- The Company will continually acquire additional vending machines.
- Revenue will reach \$226,000.

7.4 Marketing Strategies

The ongoing marketing that Deutsch Vending Group will need to conduct is relatively minimal. The vast majority of the Company's marketing operations will be geared towards conducting direct outreach initiatives with residential property managers and commercial property managers that will feature the Company's machine at their premises. This will extend to conducting direct outreach with academic institutions, especially among colleges in universities within the greater Minneapolis area.

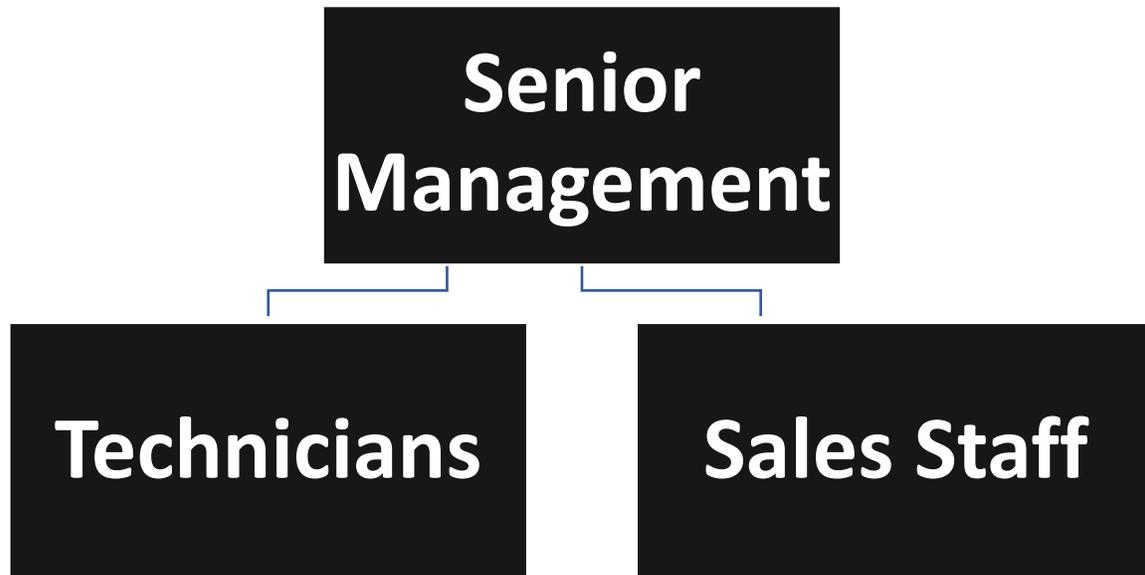
The Company will maintain a modest online presence that showcases the types of vended products that are offered by the Company. This website will undergo a modern degree of search engine optimization specific for the Minneapolis market. The Company will continually add new content as well as images of its vending machine operations.

The Company, as it relates to social media, will also maintain a presence on LinkedIn. On this platform, the Company will use targeted advertisements among individuals at their profession as a property manager for any type of residential or commercial property.

Each machine will also feature a small amount of signage that indicates that a machine can be placed in tandem with a third-party property management firm.

8.0 Organizational Plan

8.1 Organizational Hierarchy

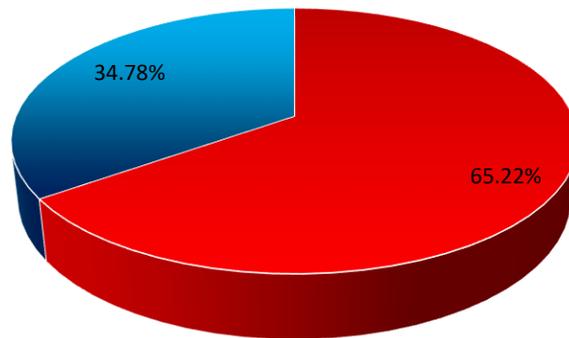


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
Technicians	\$37,500	\$37,875	\$38,254	\$38,636	\$39,023
Sales Staff	\$20,000	\$20,200	\$20,402	\$20,606	\$20,812
Total	\$57,500	\$58,075	\$58,656	\$59,242	\$59,835

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
Technicians	1	1	1	1	1
Sales Staff	1	1	1	1	1
Total	2	2	2	2	2

Personnel Summary



■ Technicians ■ Sales Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- The owner will contribute \$25,000 towards the venture.
- Deutsch Vending Group will acquire a \$100,000 business loan.
- The business will have a compounded annual growth rate of 11.7%.

9.2 Financial Highlights

- The Company will generate contribution margins of 80% on all vended food sales.
- Beverage sales will carry contribution margins of 75%.

9.3 Sensitivity Analysis

As purchasing food from a vending machine is an incredibly convenient method of addressing hunger or thirst, the demand for these products will remain strong given their low pricing point. The business will have very low operating costs which will further contribute to the economic stability of the business while also providing the opportunity to provide revenue sharing with property management firms.

9.4 Source of Funds

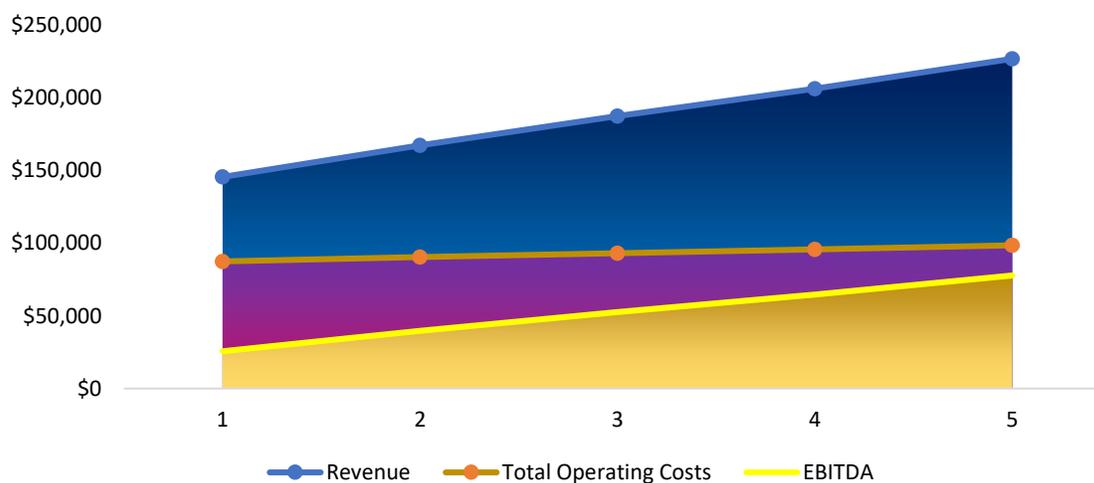
Financing	
Equity	
Equity Capitalization	\$25,000.00
Total Equity Financing	\$25,000.00
Banks and Lenders	
Business Loan	\$100,000.00
Total Debt Financing	\$100,000.00
Total Financing	\$125,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$145,410	\$167,222	\$187,288	\$206,017	\$226,619
Cost of Revenue	\$32,423	\$37,286	\$41,760	\$45,936	\$50,530
Gross Margin	77.70%	77.70%	77.70%	77.70%	77.70%
Gross Profit	\$112,988	\$129,936	\$145,528	\$160,081	\$176,089
Expenses					
Payroll	\$57,500	\$58,075	\$58,656	\$59,242	\$59,835
Facility Costs	\$5,000	\$5,050	\$5,101	\$5,152	\$5,203
General and Administrative	\$3,054	\$3,512	\$3,933	\$4,326	\$4,759
Professional Fees and Licensure	\$3,500	\$3,535	\$3,570	\$3,606	\$3,642
Insurance	\$2,500	\$2,525	\$2,550	\$2,576	\$2,602
Marketing	\$5,816	\$6,689	\$7,492	\$8,241	\$9,065
Vehicle Maintenance	\$4,508	\$5,184	\$5,806	\$6,387	\$7,025
Misc. Costs	\$1,091	\$1,254	\$1,405	\$1,545	\$1,700
Payroll Taxes	\$4,399	\$4,443	\$4,487	\$4,532	\$4,577
Total Operating Costs	\$87,367	\$90,266	\$92,999	\$95,606	\$98,407
EBITDA	\$25,620	\$39,669	\$52,529	\$64,474	\$77,681
Federal Income Tax	\$2,549	\$5,930	\$8,918	\$11,582	\$14,515
State Income Tax	\$510	\$1,186	\$1,784	\$2,316	\$2,903
Interest Expense	\$8,424	\$8,248	\$8,056	\$7,848	\$7,621
Depreciation Expenses	\$7,000	\$7,700	\$8,800	\$10,300	\$12,000
Net Profit	\$7,138	\$16,605	\$24,971	\$32,429	\$40,642
Profit Margin	4.91%	9.93%	13.33%	15.74%	17.93%

Revenue, Operating Costs, EBITDA



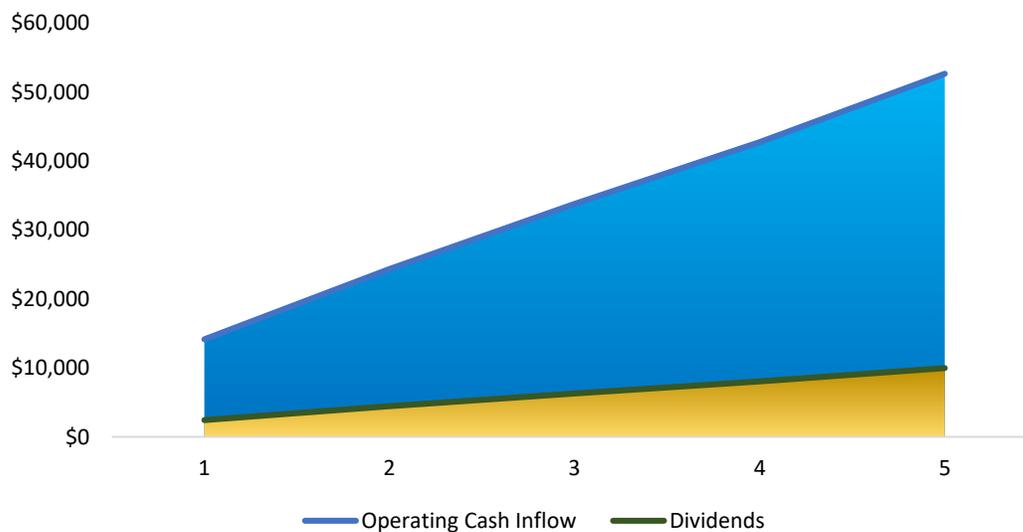
B) Common Size Income Statement

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	22.30%	22.30%	22.30%	22.30%	22.30%
Gross Profit	77.70%	77.70%	77.70%	77.70%	77.70%
Expenses					
Payroll	39.54%	34.73%	31.32%	28.76%	26.40%
Facility Costs	3.44%	3.02%	2.72%	2.50%	2.30%
General and Administrative	2.10%	2.10%	2.10%	2.10%	2.10%
Professional Fees and Licensure	2.41%	2.11%	1.91%	1.75%	1.61%
Insurance	1.72%	1.51%	1.36%	1.25%	1.15%
Marketing	4.00%	4.00%	4.00%	4.00%	4.00%
Vehicle Maintenance	3.10%	3.10%	3.10%	3.10%	3.10%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	3.03%	2.66%	2.40%	2.20%	2.02%
Total Operating Costs	60.08%	53.98%	49.66%	46.41%	43.42%
EBITDA	17.62%	23.72%	28.05%	31.30%	34.28%
Federal Income Tax	1.75%	3.55%	4.76%	5.62%	6.41%
State Income Tax	0.35%	0.71%	0.95%	1.12%	1.28%
Interest Expense	5.79%	4.93%	4.30%	3.81%	3.36%
Depreciation Expenses	4.81%	4.60%	4.70%	5.00%	5.30%
Net Profit	4.91%	9.93%	13.33%	15.74%	17.93%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$14,138	\$24,305	\$33,771	\$42,729	\$52,642
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$14,138	\$24,305	\$33,771	\$42,729	\$52,642
Other Cash Inflows					
Equity Investment	\$25,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Other Cash Inflows	\$126,000	\$1,050	\$1,103	\$1,158	\$1,216
Total Cash Inflow	\$140,138	\$25,355	\$34,873	\$43,886	\$53,858
Cash Outflows					
Repayment of Principal	\$1,990	\$2,166	\$2,358	\$2,566	\$2,793
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$104,500	\$12,153	\$16,885	\$21,364	\$26,321
Dividends	\$2,430	\$4,428	\$6,283	\$8,033	\$9,970
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$109,620	\$19,482	\$26,297	\$32,773	\$39,935
Net Cash Flow	\$30,518	\$5,874	\$8,576	\$11,113	\$13,923
Cash Balance	\$30,518	\$36,392	\$44,968	\$56,081	\$70,004

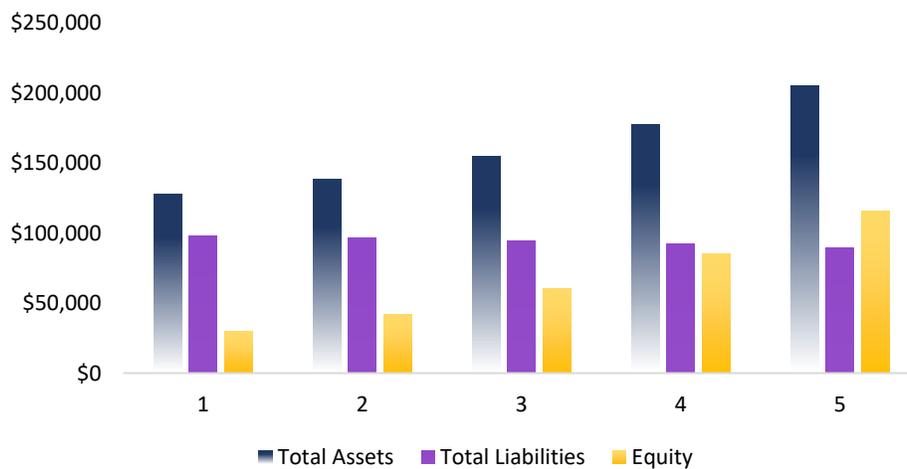
Cash Flow Analysis



D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	\$30,518	\$36,392	\$44,968	\$56,081	\$70,004
Fixed Assets	\$104,500	\$116,653	\$133,538	\$154,902	\$181,223
Accumulated Depreciation	(\$7,000)	(\$14,700)	(\$23,500)	(\$33,800)	(\$45,800)
Total Assets	\$128,018	\$138,344	\$155,005	\$177,183	\$205,427
Liabilities and Equity					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$98,010	\$95,844	\$93,486	\$90,920	\$88,127
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$98,310	\$96,459	\$94,432	\$92,213	\$89,785
Equity	\$29,708	\$41,886	\$60,574	\$84,970	\$115,642
Total Liabilities and Equity	\$128,018	\$138,344	\$155,005	\$177,183	\$205,427

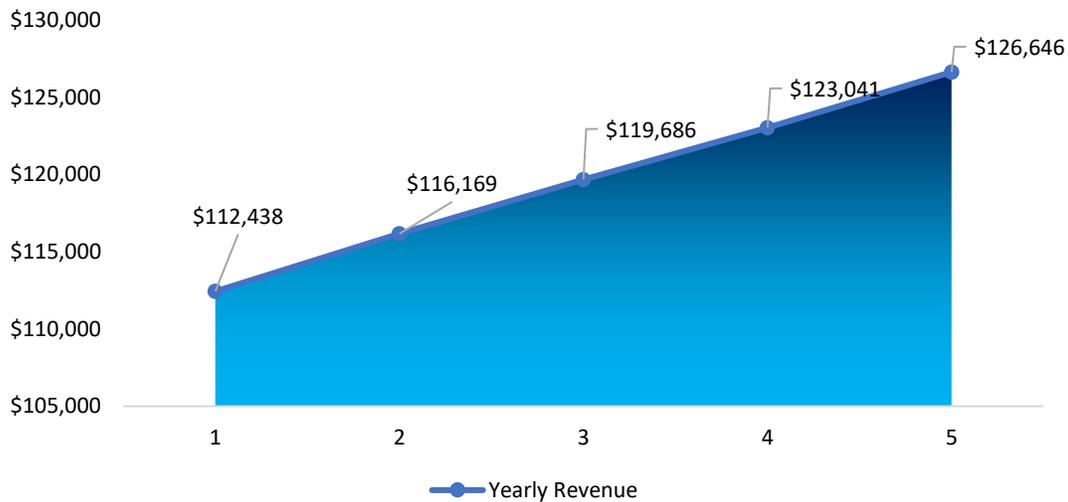
Balance Sheet



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$9,370	\$9,681	\$9,974	\$10,253	\$10,554
Yearly Revenue	\$112,438	\$116,169	\$119,686	\$123,041	\$126,646

Breakeven Analysis



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	15.0%	12.0%	10.0%	10.0%
Gross Margin	77.7%	77.7%	77.7%	77.7%	77.7%
Financials					
Profit Margin	4.91%	9.93%	13.33%	15.74%	17.93%
Assets to Liabilities	1.30	1.43	1.64	1.92	2.29
Equity to Liabilities	0.30	0.43	0.64	0.92	1.29
Assets to Equity	4.31	3.30	2.56	2.09	1.78
Liquidity					
Acid Test	0.31	0.38	0.48	0.61	0.78
Cash to Assets	0.24	0.26	0.29	0.32	0.34

Appendix A – SWOT Analysis

Strengths

- Strong demand for vended product sales in Minneapolis, given the population of this market.
- Limited competition as the Company will be acquiring exclusive vending contracts with property management firms.
- An experienced owner that has more than five years of experience, managing the routes of vending machines.
- The Company will achieve substantial contribution margins on all vended product sales.

Weaknesses

- Moderately high cost related to the revenue sharing agreements with property owners.
- Operational complexities as the business must go to numerous locations throughout Minneapolis.

Opportunities

- Continued expansion of the number of machines that are operated by the Company.
- Expansion of the types of vended products that are offered by the Company.
- Development of operations in other economically viable markets in Minnesota and the Midwestern United States.

Threats

- Inflation could cause the cost of revenue to increase as it relates the purchase of food and beverages.

Appendix B – Critical Risks

Development Risk – **Low**

A primary matter that needs to be addressed to securing the funding sought in this document so the Company can acquire a state of art vending machines. The Company has sourced several manufacturers.

Financing Risk – **Low**

The vast majority of the funding will be used specifically for the acquisition of vending machines. This substantially reduces the financing risk associate of this business. Furthermore, the Company will generate highly predictable streams of income.

Marketing Risk – **Low/Moderate**

The direct outreach approach of the Company will implement will allow for property management firms to quickly work with the Company for the placement of vending machines. This will be complimented by the use of highly targeted online marketing campaigns.

Management Risk – **Low**

The owner is a highly experienced entrepreneur within the field of vended products. He will be able to bring the operations of this business of profitability

Valuation Risk – **Low**

The valuation risk is offset by:

- The Company can easily scale operations to the continued acquisition of additional vending machines.
- Limited competition risks.
- Low operating cost will allow for ongoing reinvestment into expansion.

Exit Risk - **Low**

As noted earlier, the business will be able to quickly find a buyer if it is financially approved to do so. A formal valuation that is conducted by an experienced professional will be complete completed prior to the sale.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$11,100	\$11,285	\$11,470	\$11,655	\$11,840	\$12,025	\$12,210
Cost of Revenue	\$2,475	\$2,516	\$2,558	\$2,599	\$2,640	\$2,681	\$2,723
Gross Profit	\$8,625	\$8,769	\$8,913	\$9,056	\$9,200	\$9,344	\$9,488
Expenses							
Payroll	\$4,792	\$4,792	\$4,792	\$4,792	\$4,792	\$4,792	\$4,792
Facility Costs	\$417	\$417	\$417	\$417	\$417	\$417	\$417
General and Administrative	\$254	\$254	\$254	\$254	\$254	\$254	\$254
Professional Fees and Licensure	\$292	\$292	\$292	\$292	\$292	\$292	\$292
Insurance	\$208	\$208	\$208	\$208	\$208	\$208	\$208
Marketing	\$485	\$485	\$485	\$485	\$485	\$485	\$485
Vehicle Maintenance	\$376	\$376	\$376	\$376	\$376	\$376	\$376
Misc. Costs	\$91	\$91	\$91	\$91	\$91	\$91	\$91
Payroll Taxes	\$367	\$367	\$367	\$367	\$367	\$367	\$367
Total Operating Costs	\$7,281						
EBITDA	\$1,344	\$1,488	\$1,632	\$1,776	\$1,919	\$2,063	\$2,207
Federal Income Tax	\$195	\$198	\$201	\$204	\$208	\$211	\$214
State Income Tax	\$39	\$40	\$40	\$41	\$42	\$42	\$43
Interest Expense	\$708	\$707	\$706	\$705	\$704	\$703	\$701
Depreciation Expenses	\$583	\$583	\$583	\$583	\$583	\$583	\$583
Net Profit	-\$181	-\$40	\$101	\$242	\$383	\$524	\$665

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$12,395	\$12,580	\$12,765	\$12,950	\$13,135	\$145,410
Cost of Revenue	\$2,764	\$2,805	\$2,846	\$2,888	\$2,929	\$32,423
Gross Profit	\$9,631	\$9,775	\$9,919	\$10,063	\$10,206	\$112,988
Expenses						
Payroll	\$4,792	\$4,792	\$4,792	\$4,792	\$4,792	\$57,500
Facility Costs	\$417	\$417	\$417	\$417	\$417	\$5,000
General and Administrative	\$254	\$254	\$254	\$254	\$254	\$3,054
Professional Fees and Licensure	\$292	\$292	\$292	\$292	\$292	\$3,500
Insurance	\$208	\$208	\$208	\$208	\$208	\$2,500
Marketing	\$485	\$485	\$485	\$485	\$485	\$5,816
Vehicle Maintenance	\$376	\$376	\$376	\$376	\$376	\$4,508
Misc. Costs	\$91	\$91	\$91	\$91	\$91	\$1,091
Payroll Taxes	\$367	\$367	\$367	\$367	\$367	\$4,399
Total Operating Costs	\$7,281	\$7,281	\$7,281	\$7,281	\$7,281	\$87,367
EBITDA	\$2,351	\$2,494	\$2,638	\$2,782	\$2,926	\$25,620
Federal Income Tax	\$217	\$221	\$224	\$227	\$230	\$2,549
State Income Tax	\$43	\$44	\$45	\$45	\$46	\$510
Interest Expense	\$700	\$699	\$698	\$697	\$695	\$8,424
Depreciation Expenses	\$583	\$583	\$583	\$583	\$583	\$7,000
Net Profit	\$806	\$947	\$1,088	\$1,229	\$1,371	\$7,138

Profit and Loss Statement (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Revenue	\$40,551	\$41,387	\$42,223	\$43,060	\$167,222
Cost of Revenue	\$9,042	\$9,228	\$9,415	\$9,601	\$37,286
Gross Profit	\$31,509	\$32,159	\$32,809	\$33,458	\$129,936
Expenses					
Payroll	\$14,519	\$14,519	\$14,519	\$14,519	\$58,075
Facility Costs	\$1,263	\$1,263	\$1,263	\$1,263	\$5,050
General and Administrative	\$852	\$869	\$887	\$904	\$3,512
Professional Fees and Licensure	\$857	\$875	\$893	\$910	\$3,535
Insurance	\$631	\$631	\$631	\$631	\$2,525
Marketing	\$1,622	\$1,655	\$1,689	\$1,722	\$6,689
Vehicle Maintenance	\$1,296	\$1,296	\$1,296	\$1,296	\$5,184
Misc. Costs	\$304	\$310	\$317	\$323	\$1,254
Payroll Taxes	\$1,077	\$1,100	\$1,122	\$1,144	\$4,443
Total Operating Costs	\$22,421	\$22,518	\$22,615	\$22,712	\$90,266
EBITDA	\$9,089	\$9,641	\$10,194	\$10,746	\$39,669
Federal Income Tax	\$1,438	\$1,468	\$1,497	\$1,527	\$5,930
State Income Tax	\$288	\$294	\$299	\$305	\$1,186
Interest Expense	\$2,079	\$2,068	\$2,056	\$2,045	\$8,248
Depreciation Expenses	\$1,925	\$1,925	\$1,925	\$1,925	\$7,700
Net Profit	\$3,359	\$3,887	\$4,415	\$4,944	\$16,605

Profit and Loss Statement (Third Year)

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$45,417	\$46,354	\$47,290	\$48,227	\$187,288
Cost of Revenue	\$10,127	\$10,336	\$10,544	\$10,753	\$41,760
Gross Profit	\$35,291	\$36,018	\$36,746	\$37,473	\$145,528
Expenses					
Payroll	\$14,664	\$14,664	\$14,664	\$14,664	\$58,656
Facility Costs	\$1,275	\$1,275	\$1,275	\$1,275	\$5,101
General and Administrative	\$954	\$973	\$993	\$1,013	\$3,933
Professional Fees and Licensure	\$866	\$884	\$902	\$919	\$3,570
Insurance	\$638	\$638	\$638	\$638	\$2,550
Marketing	\$1,817	\$1,854	\$1,892	\$1,929	\$7,492
Vehicle Maintenance	\$1,451	\$1,451	\$1,451	\$1,451	\$5,806
Misc. Costs	\$341	\$348	\$355	\$362	\$1,405
Payroll Taxes	\$1,122	\$1,122	\$1,122	\$1,122	\$4,487
Total Operating Costs	\$23,127	\$23,209	\$23,291	\$23,373	\$92,999
EBITDA	\$12,164	\$12,809	\$13,455	\$14,101	\$52,529
Federal Income Tax	\$2,163	\$2,207	\$2,252	\$2,296	\$8,918
State Income Tax	\$433	\$441	\$450	\$459	\$1,784
Interest Expense	\$2,033	\$2,020	\$2,008	\$1,995	\$8,056
Depreciation Expenses	\$2,200	\$2,200	\$2,200	\$2,200	\$8,800
Net Profit	\$5,336	\$5,940	\$6,545	\$7,150	\$24,971

Profit and Loss Statement (Fourth Year)

Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Revenue	\$49,959	\$50,989	\$52,019	\$53,049	\$206,017
Cost of Revenue	\$11,140	\$11,369	\$11,599	\$11,829	\$45,936
Gross Profit	\$38,820	\$39,620	\$40,420	\$41,221	\$160,081
Expenses					
Payroll	\$14,811	\$14,811	\$14,811	\$14,811	\$59,242
Facility Costs	\$1,288	\$1,288	\$1,288	\$1,288	\$5,152
General and Administrative	\$1,049	\$1,071	\$1,092	\$1,114	\$4,326
Professional Fees and Licensure	\$874	\$892	\$911	\$929	\$3,606
Insurance	\$644	\$644	\$644	\$644	\$2,576
Marketing	\$1,998	\$2,040	\$2,081	\$2,122	\$8,241
Vehicle Maintenance	\$1,597	\$1,597	\$1,597	\$1,597	\$6,387
Misc. Costs	\$375	\$382	\$390	\$398	\$1,545
Payroll Taxes	\$1,133	\$1,133	\$1,133	\$1,133	\$4,532
Total Operating Costs	\$23,769	\$23,857	\$23,946	\$24,034	\$95,606
EBITDA	\$15,051	\$15,763	\$16,474	\$17,186	\$64,474
Federal Income Tax	\$2,809	\$2,866	\$2,924	\$2,982	\$11,582
State Income Tax	\$562	\$573	\$585	\$596	\$2,316
Interest Expense	\$1,982	\$1,969	\$1,955	\$1,941	\$7,848
Depreciation Expenses	\$2,575	\$2,575	\$2,575	\$2,575	\$10,300
Net Profit	\$7,123	\$7,779	\$8,435	\$9,091	\$32,429

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$54,955	\$56,088	\$57,221	\$58,354	\$226,619
Cost of Revenue	\$12,253	\$12,506	\$12,759	\$13,011	\$50,530
Gross Profit	\$42,702	\$43,582	\$44,462	\$45,343	\$176,089
Expenses					
Payroll	\$14,959	\$14,959	\$14,959	\$14,959	\$59,835
Facility Costs	\$1,301	\$1,301	\$1,301	\$1,301	\$5,203
General and Administrative	\$1,154	\$1,178	\$1,202	\$1,225	\$4,759
Professional Fees and Licensure	\$883	\$901	\$920	\$938	\$3,642
Insurance	\$650	\$650	\$650	\$650	\$2,602
Marketing	\$2,198	\$2,244	\$2,289	\$2,334	\$9,065
Vehicle Maintenance	\$1,756	\$1,756	\$1,756	\$1,756	\$7,025
Misc. Costs	\$412	\$421	\$429	\$438	\$1,700
Payroll Taxes	\$1,144	\$1,144	\$1,144	\$1,144	\$4,577
Total Operating Costs	\$24,458	\$24,554	\$24,650	\$24,746	\$98,407
EBITDA	\$18,243	\$19,028	\$19,813	\$20,597	\$77,681
Federal Income Tax	\$3,520	\$3,592	\$3,665	\$3,738	\$14,515
State Income Tax	\$704	\$718	\$733	\$748	\$2,903
Interest Expense	\$1,927	\$1,913	\$1,898	\$1,883	\$7,621
Depreciation Expenses	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Net Profit	\$9,092	\$9,804	\$10,517	\$11,229	\$40,642

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$403	\$544	\$685	\$826	\$967	\$1,108	\$1,249	\$1,390
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$403	\$544	\$685	\$826	\$967	\$1,108	\$1,249	\$1,390
Other Cash Inflows								
Equity Investment	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
Total Other Cash Inflows	\$125,083	\$83						
Total Cash Inflow	\$125,486	\$627	\$768	\$909	\$1,050	\$1,191	\$1,332	\$1,473
Cash Outflows								
Repayment of Principal	\$159	\$161	\$162	\$163	\$164	\$165	\$166	\$168
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$104,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$104,718	\$219	\$220	\$221	\$222	\$224	\$225	\$226
Net Cash Flow	\$20,768	\$408	\$548	\$688	\$828	\$967	\$1,107	\$1,247
Cash Balance	\$20,768	\$21,176	\$21,724	\$22,411	\$23,239	\$24,206	\$25,314	\$26,561

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$1,531	\$1,672	\$1,813	\$1,954	\$14,138
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$1,531	\$1,672	\$1,813	\$1,954	\$14,138
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$25,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$100,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$1,000
Total Other Cash Inflows	\$83	\$83	\$83	\$83	\$126,000
Total Cash Inflow	\$1,614	\$1,755	\$1,896	\$2,037	\$140,138
Cash Outflows					
Repayment of Principal	\$169	\$170	\$171	\$172	\$1,990
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$104,500
Dividends	\$0	\$0	\$0	\$2,430	\$2,430
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$227	\$228	\$229	\$2,660	\$109,620
Net Cash Flow	\$1,387	\$1,527	\$1,667	-\$623	\$30,518
Cash Balance	\$27,948	\$29,474	\$31,141	\$30,518	\$30,518

Cash Flow Analysis (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$5,284	\$5,812	\$6,340	\$6,869	\$24,305
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$5,284	\$5,812	\$6,340	\$6,869	\$24,305
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	\$5,538	\$6,072	\$6,605	\$7,139	\$25,355
Cash Outflows					
Repayment of Principal	\$524	\$536	\$547	\$559	\$2,166
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$12,153	\$0	\$0	\$0	\$12,153
Dividends	\$0	\$0	\$0	\$4,428	\$4,428
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$12,855	\$718	\$733	\$5,176	\$19,482
Net Cash Flow	-\$7,317	\$5,354	\$5,873	\$1,963	\$5,874
Cash Balance	\$23,201	\$28,555	\$34,428	\$36,392	\$36,392

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$7,536	\$8,140	\$8,745	\$9,350	\$33,771
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$7,536	\$8,140	\$8,745	\$9,350	\$33,771
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	\$7,803	\$8,413	\$9,023	\$9,634	\$34,873
Cash Outflows					
Repayment of Principal	\$571	\$583	\$596	\$608	\$2,358
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$16,885	\$0	\$0	\$0	\$16,885
Dividends	\$0	\$0	\$0	\$6,283	\$6,283
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$17,643	\$774	\$790	\$7,090	\$26,297
Net Cash Flow	-\$9,840	\$7,639	\$8,233	\$2,544	\$8,576
Cash Balance	\$26,552	\$34,191	\$42,424	\$44,968	\$44,968

Cash Flow Analysis (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$9,698	\$10,354	\$11,010	\$11,666	\$42,729
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$9,698	\$10,354	\$11,010	\$11,666	\$42,729
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	\$9,979	\$10,641	\$11,302	\$11,964	\$43,886
Cash Outflows					
Repayment of Principal	\$621	\$635	\$648	\$662	\$2,566
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$21,364	\$0	\$0	\$0	\$21,364
Dividends	\$0	\$0	\$0	\$8,033	\$8,033
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$22,182	\$835	\$853	\$8,903	\$32,773
Net Cash Flow	-\$12,203	\$9,805	\$10,449	\$3,061	\$11,113
Cash Balance	\$32,765	\$42,570	\$53,020	\$56,081	\$56,081

Cash Flow Analysis (Fifth Year)					
Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$12,092	\$12,804	\$13,517	\$14,229	\$52,642
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$12,092	\$12,804	\$13,517	\$14,229	\$52,642
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	\$12,387	\$13,105	\$13,823	\$14,542	\$53,858
Cash Outflows					
Repayment of Principal	\$676	\$691	\$705	\$721	\$2,793
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$26,321	\$0	\$0	\$0	\$26,321
Dividends	\$0	\$0	\$0	\$9,970	\$9,970
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$27,204	\$901	\$920	\$10,910	\$39,935
Net Cash Flow	-\$14,817	\$12,204	\$12,903	\$3,633	\$13,923
Cash Balance	\$41,264	\$53,468	\$66,371	\$70,004	\$70,004