Deutsch
STEM Education Group

Table of Contents

1.0 Executive Summary 4

2.0 The Financing 7

2.1 Funds Required 7

2.2 Management and Investor Equity 7

2.3 Exit Strategies 7

3.0 Operations 8

4.0 Overview of the Organization 9

4.1 Registered Name 9

4.2 Commencement of Operations 9

4.3 Mission Statement 9

4.4 Vision Statement 9

4.5 Organizational Objectives 9

5.0 Market and Industry Analysis 10

5.1 External Environmental Analysis 10

5.2 Industry Analysis 10

5.3 Customer Profile 10

5.4 Competitive Analysis 11

6.0 Key Strategic Issues 11

6.1 Sustainable Operations 12

6.2 Basis of Growth 12

7.0 Marketing Plan 13

7.1 Marketing Objectives 13

7.2 Revenue Forecasts 13

7.3 Revenue Assumptions 14

7.4 Marketing Strategies 14

8.0 Organizational Plan 15

8.1 Organizational Hierarchy 15

8.2 Personnel Costs 16

9.0 Financial Plan 17

9.1 Underlying Assumptions 17
9.2 Financial Highlights 17
9.3 Sensitivity Analysis 17
9.4 Source of Funds 17
9.5 Financial Proformas 18
A) Profit and Loss Statement 18
B) Common Size Income Statement 19
C) Cash Flow Analysis 20
D) Balance Sheet 21
9.6 Breakeven Analysis 22
9.7 Business Ratios 22
Appendix A – SWOT Analysis 23
Appendix B – Critical Risks 24
Appendix C – Expanded Profit and Loss Statements 25
Appendix D – Expanded Cash Flow Analysis 31

1.0 Executive Summary

The purpose of this business plan is to acquire $65,000 of debt capital for the development of a STEM focused consulting firm that will concurrently provide kits of educational products. Deutsch STEM Education Group LLC ("the Company") was founded this year with the intention of working with multiple schools throughout the country in order to support STEM initiatives that focus on the expansion of science, technology, engineering, and math teaching within public and private schools. Full scale revenue generating operations will commence in the third-year quarter of this year.

Operations

The primary revenue center for the business will come from providing in-depth consulting for both public schools and private schools that are seeking to integrate STEM based programs into their curriculum. For these operations, the Company will typically produce engagement fees of $2,500 to $10,000 depending on the depth of consulting required.

This will be complimented through the sales of STEM focus kits, which will include art supplies, electronic supplies, educational workbooks, as well as other products that focus on technology. The Company will offer these products directly to its clients as well as through multiple online channels. These kits will have an affordable price of $20 to $100 depending on the items within the package.

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

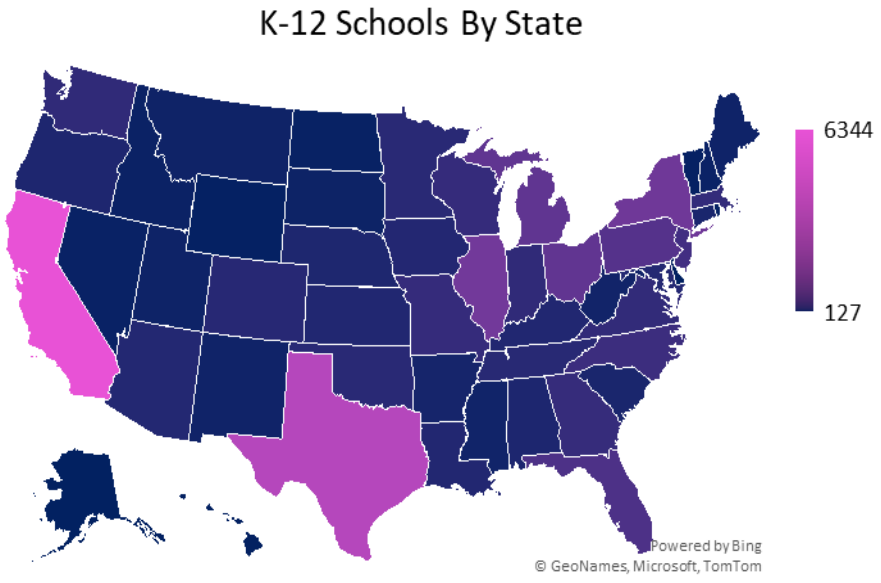
The Financing

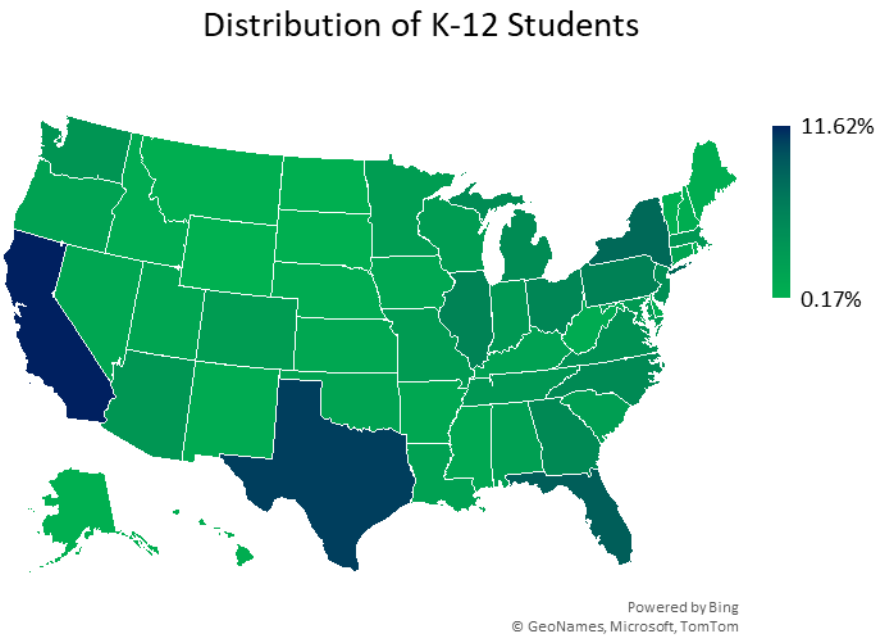
As noted above, the Company is currently in the market for a $65,000 business loan in order to commence operations. A significant portion of his capital will be used for the acquisition of inventory is for the Company's STEM kits. A moderate portion of the capital will be allocated towards ongoing expenditures related to establishing consulting engagements with public and private schools.

The Future

Given the demand among schools to have proper STEM curriculum into their education systems, the Company will be able to easily expand its operations to a national level. Most importantly, the Company will further expand its STEM kit distribution operations as this can be conducted on a nationwide basis.

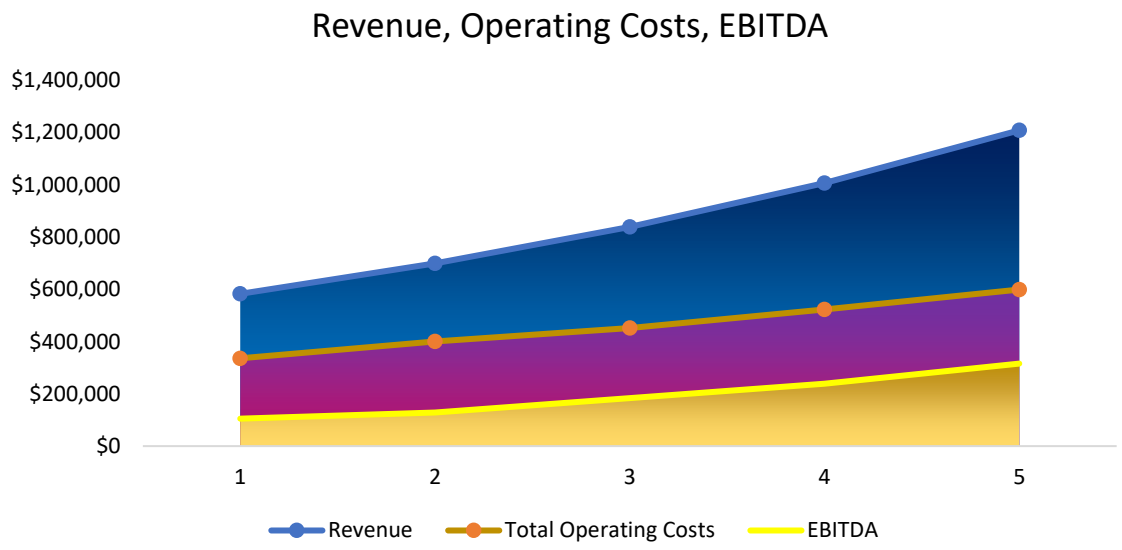
Market Overview





Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$582,750	$699,300	$839,160	$1,006,992	$1,208,390
Cost of Revenue	$141,525	$169,830	$203,796	$244,555	$293,466
Gross Profit	$441,225	$529,470	$635,364	$762,437	$914,924
Total Operating Costs	$336,114	$400,283	$451,486	$523,019	$599,189
EBITDA	**$105,111**	**$129,187**	**$183,878**	**$239,417**	**$315,736**

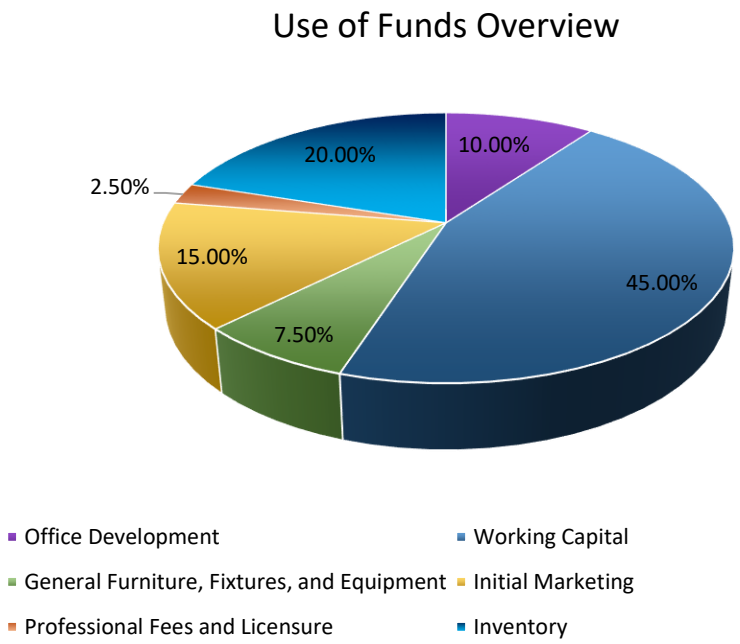


2.0 The Financing

2.1 Funds Required

The $65,000 of debt capital and $35,000 of owner contributed funds will be allocated as follows:

Use of Funds	
Office Development	$10,000
Working Capital	$45,000
General Furniture, Fixtures, and Equipment	$7,500
Initial Marketing	$15,000
Professional Fees and Licensure	$2,500
Inventory	$20,000
Total	$100,000



2.2 Management and Investor Equity

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

2.3 Exit Strategies

The sale of this business would have a moderate degree of complexity given that spans two divisions. In all likeliness, the Company STEM kit distribution operations would be sold as a separate asset, which would include the sale of the e-commerce website. For the consulting aspect of operations, the Company would coordinate with a third-party educational firm to acquire the client list. Management was most likely need to stay on for at least a year in order to carry out a proper transition.

3.0 Operations

As discussed in the executive summary, Deutsch STEM Education Group will operate in a dual capacity. As it relates to its consulting operations, the Founder as well as staff consultants will work with public schools as well as private schools to provide guidance on how to properly integrate STEM based initiatives into their curriculum. The Founder has extensive experience within the field of science, technology, engineering, and mathematics and has a complete understanding of the best approach that provides high impact learning for students. The Company will work on both a direct basis at locations as well as on a virtual basis. This will be a very high margin revenue stream for Deutsch STEM Education Group.

These operations will be complimented through the kits at the Company will develop for multiple disciplines related to STEM education. A major component of these products includes Arduinos, Raspberry Pis, and electronics products in order to focus on the technology component of a STEM based education. These products will be directly sold to schools while also on the Company's e-commerce website.

In the coming years, the Company intends to hire a number of highly qualified educational professionals that will work as consultants for the business. This will allow the Company to achieve significant year-on-year growth.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch STEM Education Group LLC. The Company is registered as a limited liability Company in the State of New Jersey.

4.2 Commencement of Operations

The Company's STEM consulting and product distribution operations will commence in the third quarter of this year.

4.3 Mission Statement

To provide comprehensive advisory services related to the integration of STEM initiatives into public and private schools.

4.4 Vision Statement

To become the preeminent STEM focused enterprise within the United States.

4.5 Organizational Objectives

- Use multiple forms of advertising including direct outreach with public and private schools to foster consulting engagements.

- Develop ongoing relationships with electronics and art supplies distributors so the Company can offer comprehensive STEM kits.

- Implement proper financial control so the Company can scale to a nationwide basis relatively easily.

- Develop the Company's website is an educational resource specific for matters related to STEM.

- Provide substantial compensation packages to employees that further the growth objectives in the business.

- Adhere to all requirements as it relates to rendering educational consulting as well as the distribution of STEM kits.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

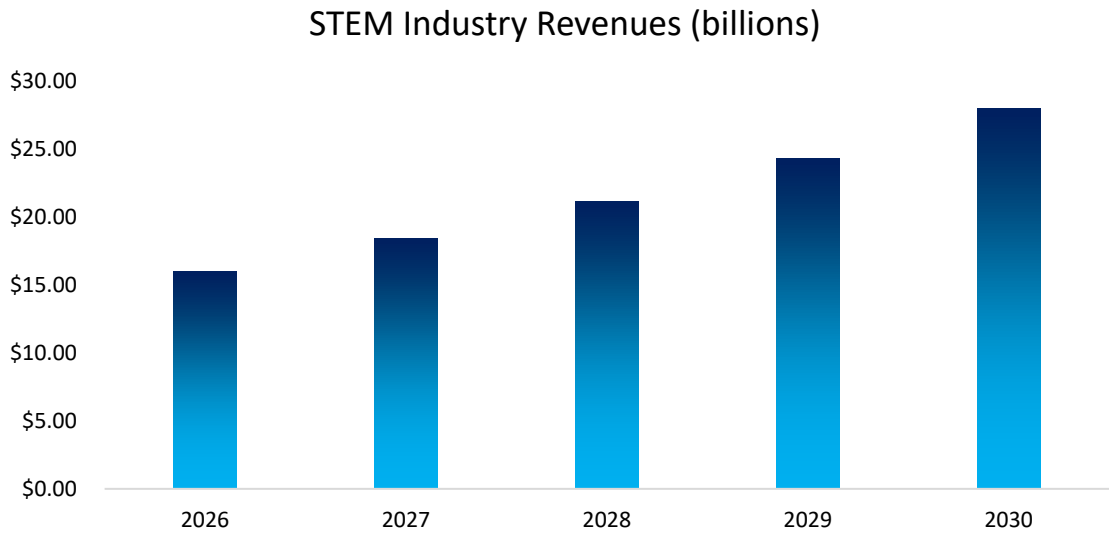
This section of the STEM business plan will focus on the current economic climate, the demographic profile, the competition, and the industry.

Inflation has become a major concern with the United States as this is impacting affordability as the prices of products and services continues to increase. It should be noted that numerous government agencies, including the Federal Reserve, have taken a proactive approach to reducing a rate of inflation through fiscal policy.

However, the revenue of Deutsch STEM Education Group will be able to remain stable even during this challenging business climate. Public schools and private schools have large budgets allocated for STEM based initiatives. As such, the business will be able to find a significant audience of elementary schools, middle schools, and high school schools that are seeking these types of services.

5.2 Industry Analysis

As of this year, there are 5,000 companies that are actively involved in providing education based services as well as kits related to STEM. These businesses generate $33 billion revenue of providing jobs to 60,000 people.



The growth profile of this industry is strong. As the United States continues to become a service based in industry, the demand for a STEM based educational initiatives is enormous. Deutsch STEM Education Group will be able to capitalize on this ongoing demand in the coming years.

5.3 Customer Profile

Any public or private school that is seeking to improve their STEM based initiatives is a potential client for the Company. The business will work with any sizes educational organization. As such, it is somewhat difficult to characterize the average client profile given that the demand for STEM based initiatives within schools as ubiquitous.

5.4 Competitive Analysis

The Company is taking a dual approach with operation so that the business can render both educational consulting while concurrently providing a wide range of curated educational goods that will further an individual's knowledge in these fields.

This will create a substantial competitive advantage for the business as there are very few enterprises that operate in this dual capacity.

6.0 Key Strategic Issues

6.1 Sustainable Operations

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

- The Company will be able to operate on nationwide basis through virtual communication channels as well as through product sales.

- The Company will generate substantial contribution margins on the sale of STEM kits.

- The Company can scale its consulting operations by onboarding additional educational professionals.

- Limited competition among STEM based enterprises that operate in a dual capacity.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued use of search engine optimization and target social media marketing in order to drive sales of STEM kits.

- Integrate additional types of consulting related to public and private schools within the country.

- Continued to expansion the Company's website to serve as a resource regarding STEM based initiatives.

7.0 Marketing Plan

7.1 Marketing Objectives

- Create numerous amounts of written content for the online platform that it serves as a resource for educational professional seeking to further implement STEM initiatives.

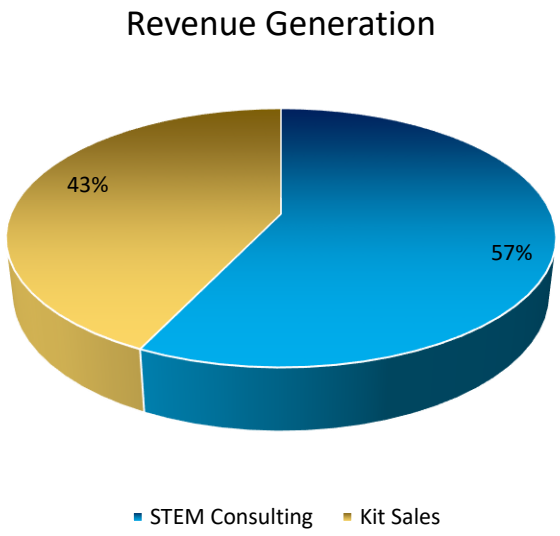
- Frequently attend trade shows and expositions related to education within the United States.

- Use PPC advertising when specific searches related to STEM based education are conducted.

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	**1**	**2**	**3**	**4**	**5**
STEM Consulting	$333,000	$399,600	$479,520	$575,424	$690,509
Kit Sales	$249,750	$299,700	$359,640	$431,568	$517,882
Totals	**$582,750**	**$699,300**	**$839,160**	**$1,006,992**	**$1,208,390**

Gross Profit					
Year	1	2	3	4	5
Total	**$441,225**	**$529,470**	**$635,364**	**$762,437**	**$914,924**



7.3 Revenue Assumptions

Year 1

- The Company will launch its STEM consulting operations.
- First year revenue will reach $582,000.

Year 2

- The business will expand its relationships with public schools.
- Revenue will reach $699,000 in year two.

Years 3-5

- The Company will continue to expand its kit distribution.
- Revenue will reach $1.2 million by year five.

7.4 Marketing Strategies

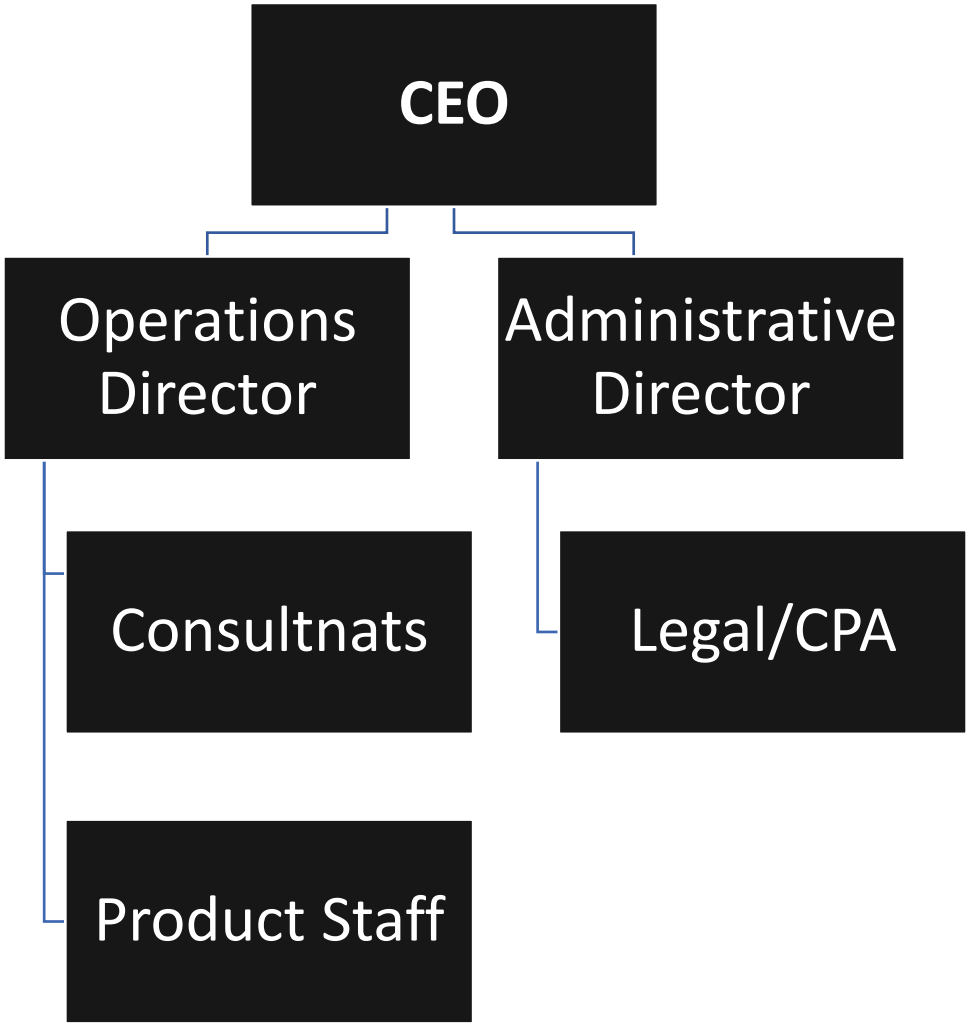
Most importantly, the Company's website is being positioned as an educational resource regarding all matters related to STEM. This platform will undergo immense search engine optimization that it becomes a well-recognized platform among educators that are seeking to integrate a greater degree of curriculum related to science, technology, engineering, and math. This type of marketing will continue throughout the life of the business.

In addition to search engine optimization, the Company will immediately use pay per click marketing in order to drive traffic to the website. The Company will allocate approximately 40% of its aggregate marketing budget towards this type of advertising.

Management will frequently attend major trade shows specifically for the education community in order to further increase brand-name awareness. Management anticipates that the Company will tend five to six tradeshows per year.

8.0 Organizational Plan

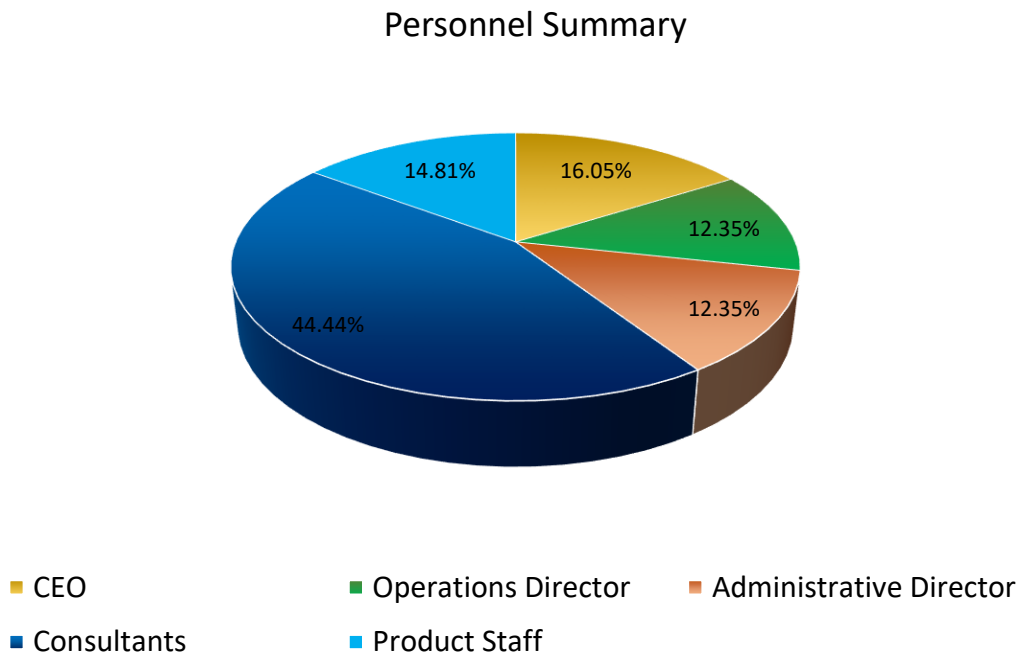
8.1 Organizational Hierarchy



8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
CEO	$65,000	$65,650	$66,307	$66,970	$67,639
Operations Director	$50,000	$50,500	$51,005	$51,515	$52,030
Administrative Director	$50,000	$50,500	$51,005	$51,515	$52,030
Consultants	$45,000	$90,900	$91,809	$139,091	$187,309
Product Staff	$30,000	$30,300	$61,206	$61,818	$62,436
Total	**$240,000**	**$287,850**	**$321,332**	**$370,908**	**$421,445**

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
CEO	1	1	1	1	1
Operations Director	1	1	1	1	1
Administrative Director	1	1	1	1	1
Consultants	1	2	2	3	4
Product Staff	1	1	2	2	2
Total	**5**	**6**	**7**	**8**	**9**



9.0 Financial Plan

9.1 Underlying Assumptions

- Deutsch STEM Education Group achieve a compounded annual growth rate of 20%.
- The Founder will invest $35,000 to establish this educational venture.
- Management will acquire a $65,000 business loan.

9.2 Financial Highlights

- The average engagement for educational consulting will be $3,000.
- The Company will produce contribution origins of 50% on all STEM kit sales.

9.3 Sensitivity Analysis

The Company's revenues are only modestly sensitive to challenging economic climates given that the vast majority of clients will be public schools and private schools. As these are funded by a municipal tax as well as private tuition, these organizations are less swayed by challenging economic times. The Company will generate substantial contribution margins from its STEM consulting operations, which will fully support the operations of the business.

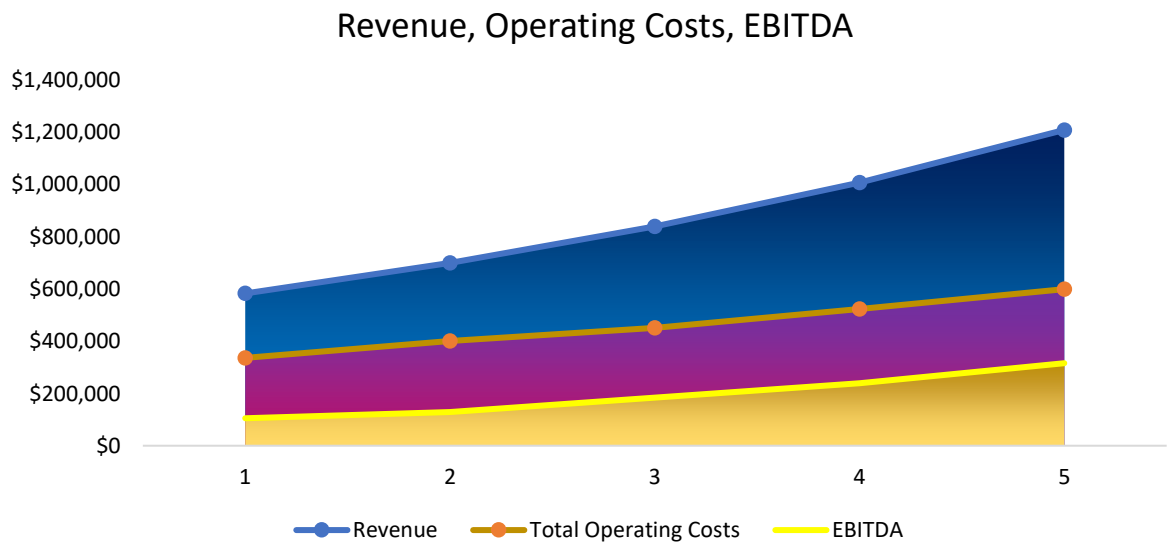
9.4 Source of Funds

Financing	
Equity	
Equity Capitalization	$35,000.00
Total Equity Financing	$35,000.00
Banks and Lenders	
Business Loan	$65,000.00
Total Debt Financing	$65,000.00
Total Financing	**$100,000.00**

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	$582,750	$699,300	$839,160	$1,006,992	$1,208,390
Cost of Revenue	$141,525	$169,830	$203,796	$244,555	$293,466
Gross Margin	75.71%	75.71%	75.71%	75.71%	75.71%
Gross Profit	$441,225	$529,470	$635,364	$762,437	$914,924
Expenses					
Payroll	$240,000	$287,850	$321,332	$370,908	$421,445
Facility Costs	$9,200	$9,292	$9,385	$9,479	$9,574
General and Administrative	$14,569	$17,483	$20,979	$25,175	$30,210
Professional Fees and Licensure	$2,500	$2,525	$2,550	$2,576	$2,602
Insurance	$3,525	$3,560	$3,596	$3,632	$3,668
Marketing	$37,879	$45,455	$54,545	$65,454	$78,545
Business Development	$5,828	$6,993	$8,392	$10,070	$12,084
Misc. Costs	$4,254	$5,105	$6,126	$7,351	$8,821
Payroll Taxes	$18,360	$22,021	$24,582	$28,374	$32,241
Total Operating Costs	**$336,114**	**$400,283**	**$451,486**	**$523,019**	**$599,189**
EBITDA	**$105,111**	**$129,187**	**$183,878**	**$239,417**	**$315,736**
Federal Income Tax	$24,284	$30,132	$43,510	$57,004	$75,570
State Income Tax	$4,857	$6,026	$8,702	$11,401	$15,114
Interest Expense	$5,475	$5,361	$5,237	$5,101	$4,954
Depreciation Expenses	$2,500	$3,300	$4,600	$6,300	$8,500
Net Profit	**$67,995**	**$84,368**	**$121,829**	**$159,611**	**$211,597**
Profit Margin	**11.67%**	**12.06%**	**14.52%**	**15.85%**	**17.51%**

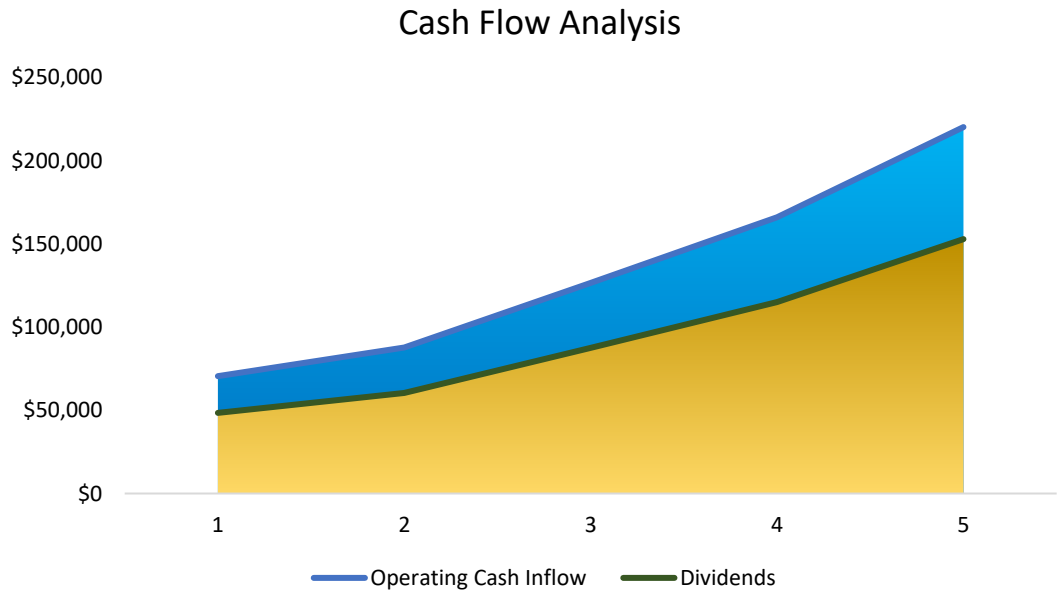


B) Common Size Income Statement

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	24.29%	24.29%	24.29%	24.29%	24.29%
Gross Profit	75.71%	75.71%	75.71%	75.71%	75.71%
Expenses					
Payroll	41.18%	41.16%	38.29%	36.83%	34.88%
Facility Costs	1.58%	1.33%	1.12%	0.94%	0.79%
General and Administrative	2.50%	2.50%	2.50%	2.50%	2.50%
Professional Fees and Licensure	0.43%	0.36%	0.30%	0.26%	0.22%
Insurance	0.60%	0.51%	0.43%	0.36%	0.30%
Marketing	6.50%	6.50%	6.50%	6.50%	6.50%
Business Development	1.00%	1.00%	1.00%	1.00%	1.00%
Misc. Costs	0.73%	0.73%	0.73%	0.73%	0.73%
Payroll Taxes	3.15%	3.15%	2.93%	2.82%	2.67%
Total Operating Costs	57.68%	57.24%	53.80%	51.94%	49.59%
EBITDA	18.04%	18.47%	21.91%	23.78%	26.13%
Federal Income Tax	4.17%	4.31%	5.18%	5.66%	6.25%
State Income Tax	0.83%	0.86%	1.04%	1.13%	1.25%
Interest Expense	0.94%	0.77%	0.62%	0.51%	0.41%
Depreciation Expenses	0.43%	0.47%	0.55%	0.63%	0.70%
Net Profit	11.67%	12.06%	14.52%	15.85%	17.51%

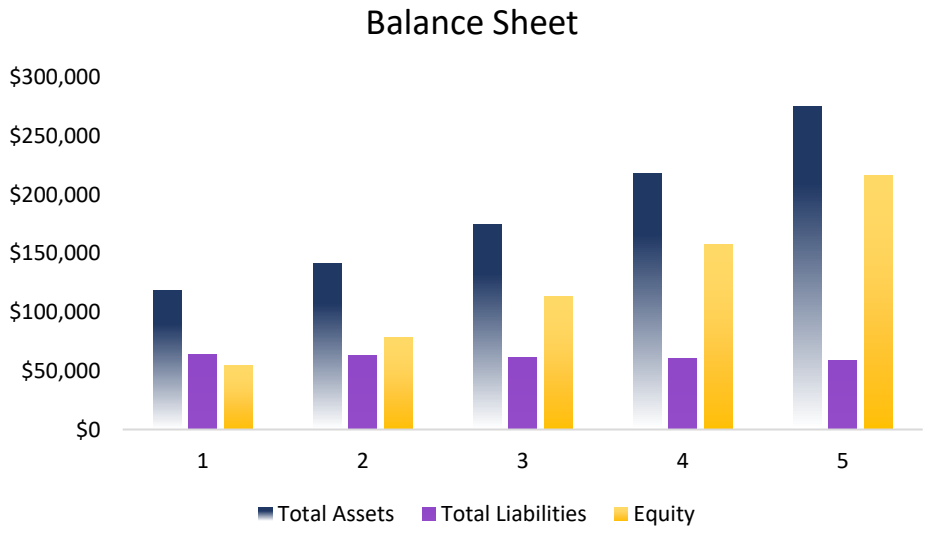
C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	$70,495	$87,668	$126,429	$165,911	$220,097
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$70,495**	**$87,668**	**$126,429**	**$165,911**	**$220,097**
Other Cash Inflows					
Equity Investment	$35,000	$0	$0	$0	$0
Increased Borrowings	$65,000	$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	**$101,000**	**$1,050**	**$1,103**	**$1,158**	**$1,216**
Total Cash Inflow	**$171,495**	**$88,718**	**$127,531**	**$167,069**	**$221,313**
Cash Outflows					
Repayment of Principal	$1,294	$1,408	$1,532	$1,668	$1,815
A/P Decreases	$700	$735	$772	$810	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$37,500	$13,150	$18,964	$24,887	$33,015
Dividends	$48,441	$60,382	$87,427	$114,970	$152,797
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$87,935**	**$75,676**	**$108,696**	**$142,335**	**$188,478**
Net Cash Flow	**$83,560**	**$13,043**	**$18,835**	**$24,734**	**$32,835**
Cash Balance	**$83,560**	**$96,603**	**$115,439**	**$140,172**	**$173,007**



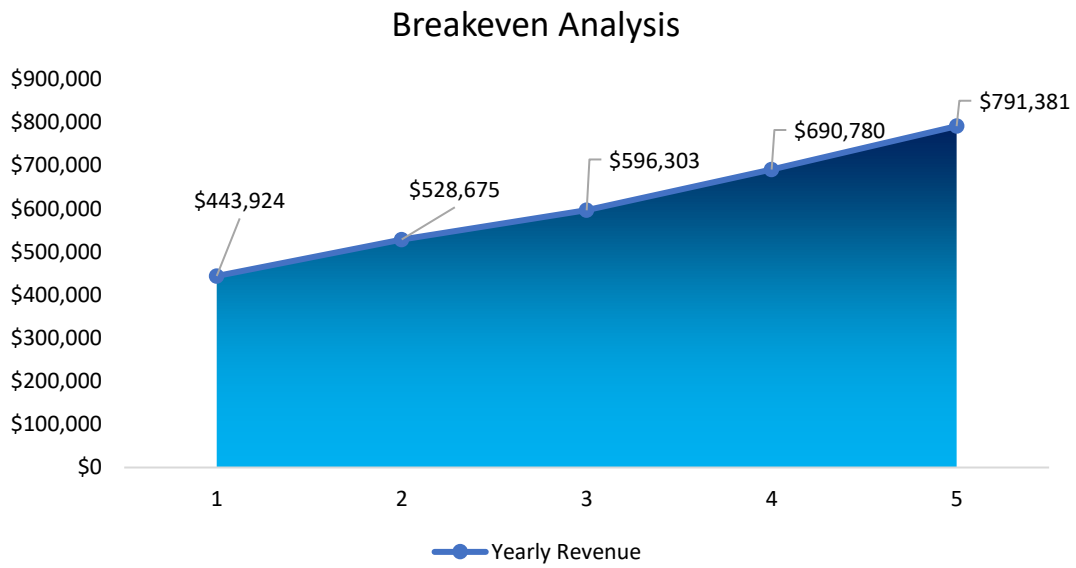
D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	$83,560	$96,603	$115,439	$140,172	$173,007
Fixed Assets	$37,500	$50,650	$69,615	$94,501	$127,516
Accumulated Depreciation	($2,500)	($5,800)	($10,400)	($16,700)	($25,200)
Total Assets	**$118,560**	**$141,453**	**$174,653**	**$217,973**	**$275,323**
Liabilities and Equity					
Accounts Payable	$300	$615	$946	$1,293	$1,658
Long Term Liabilities	$63,706	$62,298	$60,766	$59,098	$57,283
Other Liabilities	$0	$0	$0	$0	$0
Total Liabilities	**$64,006**	**$62,913**	**$61,712**	**$60,391**	**$58,940**
Equity	**$54,554**	**$78,540**	**$112,942**	**$157,582**	**$216,382**
Total Liabilities and Equity	**$118,560**	**$141,453**	**$174,653**	**$217,973**	**$275,323**



9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	$36,994	$44,056	$49,692	$57,565	$65,948
Yearly Revenue	$443,924	$528,675	$596,303	$690,780	$791,381



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	20.0%	20.0%	20.0%	20.0%
Gross Margin	75.7%	75.7%	75.7%	75.7%	75.7%
Financials					
Profit Margin	11.67%	12.06%	14.52%	15.85%	17.51%
Assets to Liabilities	1.85	2.25	2.83	3.61	4.67
Equity to Liabilities	0.85	1.25	1.83	2.61	3.67
Assets to Equity	2.17	1.80	1.55	1.38	1.27
Liquidity					
Acid Test	1.31	1.54	1.87	2.32	2.94
Cash to Assets	0.70	0.68	0.66	0.64	0.63

Appendix A – SWOT Analysis

Strengths

- The Company will produce highly predictable streams of revenue from sales of STEM kits.
- This is a highly scale business that can operate on a nationwide basis for the onset of operations.
- Immense demand among both public and private schools for STEM based initiatives.

Weaknesses

- Moderately high cost related to onboarding clients.
- Payroll expenses will be a major expenditure in the coming years.

Opportunities

- Expansion of the types of STEM kits offered directly to clients as well as through the website.
- Integration of additional consulting services specific for the needs of academic institutions.

Threats

- Continued hiring of educational consultants that work in tandem with the Founder.
- Changes in taxation policy can impact the budgets for STEM based initiatives.
- Tariffs may impact the cost of components within STEM kits.

Appendix B – Critical Risks

Development Risk – **Low**
The STEM based service architecture that will be offered by the Company has already been developed by the Founder. The primary matter that needs to be addressed to securing the funding discussed in this document.

Financing Risk – **Low/Moderate**
The business will generate two primary revenue reams that will fully support the underlying obligation discussed throughout this STEM business plan. These risks are further abated by the highly predictable nature of income generation.

Marketing Risk **– Low**
The Company will continue position itself as a major educational resource related to STEM based initiatives. This will be complemented through the numerous direct outreach and online focus marketing campaigns discussed in chapter seven.

Management Risk – **Low**
Management has more than twenty years of experience as a educator. He will be able to bring the operations of this business to substantial profitability with a focus on the generating a nationally recognized brand name.

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

- Predictable income from STEM kits directly to clients as well as through e-commerce channels.

- The large-scale nature of clients and their operating budgets will ensure ongoing demand.

- The business will be able to properly establish growth objectives in each year.

Exit Risk - **Low**
As noted earlier, the most likely sales scenario would be to sell the two division separately. In this event, the Company will coordinate with several business professionals in order to ensure a fair market value for the Company. This is not expected to occur for at least seven years.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	**$43,750**	**$44,625**	**$45,500**	**$46,375**	**$47,250**	**$48,125**	**$49,000**
Cost of Revenue	$10,625	$10,838	$11,050	$11,263	$11,475	$11,688	$11,900
Gross Profit	$33,125	$33,788	$34,450	$35,113	$35,775	$36,438	$37,100
Expenses							
Payroll	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
Facility Costs	$767	$767	$767	$767	$767	$767	$767
General and Administrative	$1,214	$1,214	$1,214	$1,214	$1,214	$1,214	$1,214
Professional Fees and Licensure	$208	$208	$208	$208	$208	$208	$208
Insurance	$294	$294	$294	$294	$294	$294	$294
Marketing	$3,157	$3,157	$3,157	$3,157	$3,157	$3,157	$3,157
Business Development	$486	$486	$486	$486	$486	$486	$486
Misc. Costs	$355	$355	$355	$355	$355	$355	$355
Payroll Taxes	$1,530	$1,530	$1,530	$1,530	$1,530	$1,530	$1,530
Total Operating Costs	$28,010	$28,010	$28,010	$28,010	$28,010	$28,010	$28,010
EBITDA	$5,115	$5,778	$6,440	$7,103	$7,765	$8,428	$9,090
Federal Income Tax	$1,823	$1,860	$1,896	$1,933	$1,969	$2,005	$2,042
State Income Tax	$365	$372	$379	$387	$394	$401	$408
Interest Expense	$460	$460	$459	$458	$457	$457	$456
Depreciation Expenses	$208	$208	$208	$208	$208	$208	$208
Net Profit	$2,259	$2,878	$3,498	$4,117	$4,737	$5,356	$5,976

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
Revenue	**$49,875**	**$50,750**	**$51,625**	**$52,500**	**$53,375**	**$582,750**
Cost of Revenue	$12,113	$12,325	$12,538	$12,750	$12,963	$141,525
Gross Profit	$37,763	$38,425	$39,088	$39,750	$40,413	$441,225
Expenses						
Payroll	$20,000	$20,000	$20,000	$20,000	$20,000	$240,000
Facility Costs	$767	$767	$767	$767	$767	$9,200
General and Administrative	$1,214	$1,214	$1,214	$1,214	$1,214	$14,569
Professional Fees and Licensure	$208	$208	$208	$208	$208	$2,500
Insurance	$294	$294	$294	$294	$294	$3,525
Marketing	$3,157	$3,157	$3,157	$3,157	$3,157	$37,879
Business Development	$486	$486	$486	$486	$486	$5,828
Misc. Costs	$355	$355	$355	$355	$355	$4,254
Payroll Taxes	$1,530	$1,530	$1,530	$1,530	$1,530	$18,360
Total Operating Costs	$28,010	$28,010	$28,010	$28,010	$28,010	$336,114
EBITDA	$9,753	$10,415	$11,078	$11,740	$12,403	$105,111
Federal Income Tax	$2,078	$2,115	$2,151	$2,188	$2,224	$24,284
State Income Tax	$416	$423	$430	$438	$445	$4,857
Interest Expense	$455	$454	$454	$453	$452	$5,475
Depreciation Expenses	$208	$208	$208	$208	$208	$2,500
Net Profit	$6,595	$7,215	$7,835	$8,454	$9,074	$67,995

Profit and Loss Statement (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Revenue	$169,580	$173,077	$176,573	$180,070	$699,300
Cost of Revenue	$41,184	$42,033	$42,882	$43,731	$169,830
Gross Profit	**$128,396**	**$131,044**	**$133,691**	**$136,339**	**$529,470**
Expenses					
Payroll	$71,963	$71,963	$71,963	$71,963	$287,850
Facility Costs	$2,323	$2,323	$2,323	$2,323	$9,292
General and Administrative	$4,240	$4,327	$4,414	$4,502	$17,483
Professional Fees and Licensure	$612	$625	$638	$650	$2,525
Insurance	$890	$890	$890	$890	$3,560
Marketing	$11,023	$11,250	$11,477	$11,705	$45,455
Business Development	$1,748	$1,748	$1,748	$1,748	$6,993
Misc. Costs	$1,238	$1,263	$1,289	$1,315	$5,105
Payroll Taxes	$5,340	$5,450	$5,560	$5,670	$22,021
Total Operating Costs	**$99,376**	**$99,839**	**$100,302**	**$100,765**	**$400,283**
EBITDA	**$29,020**	**$31,205**	**$33,389**	**$35,573**	**$129,187**
Federal Income Tax	$7,307	$7,458	$7,608	$7,759	$30,132
State Income Tax	$1,461	$1,492	$1,522	$1,552	$6,026
Interest Expense	$1,351	$1,344	$1,337	$1,329	$5,361
Depreciation Expenses	$825	$825	$825	$825	$3,300
Net Profit	**$18,076**	**$20,086**	**$22,098**	**$24,109**	**$84,368**

Profit and Loss Statement (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Revenue	$203,496	$207,692	$211,888	$216,084	$839,160
Cost of Revenue	$49,421	$50,440	$51,458	$52,477	$203,796
Gross Profit	**$154,076**	**$157,253**	**$160,429**	**$163,606**	**$635,364**
Expenses					
Payroll	$80,333	$80,333	$80,333	$80,333	$321,332
Facility Costs	$2,346	$2,346	$2,346	$2,346	$9,385
General and Administrative	$5,087	$5,192	$5,297	$5,402	$20,979
Professional Fees and Licensure	$618	$631	$644	$657	$2,550
Insurance	$899	$899	$899	$899	$3,596
Marketing	$13,227	$13,500	$13,773	$14,045	$54,545
Business Development	$2,098	$2,098	$2,098	$2,098	$8,392
Misc. Costs	$1,486	$1,516	$1,547	$1,577	$6,126
Payroll Taxes	$6,145	$6,145	$6,145	$6,145	$24,582
Total Operating Costs	**$112,240**	**$112,661**	**$113,082**	**$113,503**	**$451,486**
EBITDA	**$41,836**	**$44,592**	**$47,347**	**$50,103**	**$183,878**
Federal Income Tax	$10,551	$10,769	$10,986	$11,204	$43,510
State Income Tax	$2,110	$2,154	$2,197	$2,241	$8,702
Interest Expense	$1,321	$1,313	$1,305	$1,297	$5,237
Depreciation Expenses	$1,150	$1,150	$1,150	$1,150	$4,600
Net Profit	**$26,703**	**$29,206**	**$31,709**	**$34,212**	**$121,829**

Profit and Loss Statement (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Revenue	$244,196	$249,231	$254,265	$259,300	$1,006,992
Cost of Revenue	$59,305	$60,527	$61,750	$62,973	$244,555
Gross Profit	**$184,891**	**$188,703**	**$192,515**	**$196,327**	**$762,437**
Expenses					
Payroll	$92,727	$92,727	$92,727	$92,727	$370,908
Facility Costs	$2,370	$2,370	$2,370	$2,370	$9,479
General and Administrative	$6,105	$6,231	$6,357	$6,483	$25,175
Professional Fees and Licensure	$625	$637	$650	$663	$2,576
Insurance	$908	$908	$908	$908	$3,632
Marketing	$15,873	$16,200	$16,527	$16,855	$65,454
Business Development	$2,517	$2,517	$2,517	$2,517	$10,070
Misc. Costs	$1,783	$1,819	$1,856	$1,893	$7,351
Payroll Taxes	$7,094	$7,094	$7,094	$7,094	$28,374
Total Operating Costs	**$130,001**	**$130,503**	**$131,006**	**$131,509**	**$523,019**
EBITDA	**$54,890**	**$58,200**	**$61,509**	**$64,818**	**$239,417**
Federal Income Tax	$13,823	$14,109	$14,394	$14,679	$57,004
State Income Tax	$2,765	$2,822	$2,879	$2,936	$11,401
Interest Expense	$1,288	$1,280	$1,271	$1,262	$5,101
Depreciation Expenses	$1,575	$1,575	$1,575	$1,575	$6,300
Net Profit	**$35,439**	**$38,415**	**$41,391**	**$44,367**	**$159,611**

Profit and Loss Statement (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Revenue	$293,035	$299,077	$305,119	$311,161	$1,208,390
Cost of Revenue	$71,166	$72,633	$74,100	$75,568	$293,466
Gross Profit	**$221,869**	**$226,444**	**$231,018**	**$235,593**	**$914,924**
Expenses					
Payroll	$105,361	$105,361	$105,361	$105,361	$421,445
Facility Costs	$2,393	$2,393	$2,393	$2,393	$9,574
General and Administrative	$7,326	$7,477	$7,628	$7,779	$30,210
Professional Fees and Licensure	$631	$644	$657	$670	$2,602
Insurance	$917	$917	$917	$917	$3,668
Marketing	$19,047	$19,440	$19,833	$20,225	$78,545
Business Development	$3,021	$3,021	$3,021	$3,021	$12,084
Misc. Costs	$2,139	$2,183	$2,227	$2,271	$8,821
Payroll Taxes	$8,060	$8,060	$8,060	$8,060	$32,241
Total Operating Costs	**$148,896**	**$149,497**	**$150,098**	**$150,698**	**$599,189**
EBITDA	**$72,973**	**$76,947**	**$80,921**	**$84,894**	**$315,736**
Federal Income Tax	$18,326	$18,704	$19,082	$19,459	$75,570
State Income Tax	$3,665	$3,741	$3,816	$3,892	$15,114
Interest Expense	$1,253	$1,243	$1,234	$1,224	$4,954
Depreciation Expenses	$2,125	$2,125	$2,125	$2,125	$8,500
Net Profit	**$47,605**	**$51,134**	**$54,664**	**$58,194**	**$211,597**

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	$2,467	$3,087	$3,706	$4,326	$4,945	$5,565	$6,184	$6,804
Cash From Receivables	$0	$0	$0	$0	$0	$0	$0	$0
Operating Cash Inflow	$2,467	$3,087	$3,706	$4,326	$4,945	$5,565	$6,184	$6,804
Other Cash Inflows								
Equity Investment	$35,000	$0	$0	$0	$0	$0	$0	$0
Increased Borrowings	$65,000	$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	**$100,083**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**	**$83**
Total Cash Inflow	**$102,551**	**$3,170**	**$3,790**	**$4,409**	**$5,029**	**$5,648**	**$6,268**	**$6,887**
Cash Outflows								
Repayment of Principal	$104	$104	$105	$106	$107	$107	$108	$109
A/P Decreases	$58	$58	$58	$58	$58	$58	$58	$58
A/R Increases	$0	$0	$0	$0	$0	$0	$0	$0
Asset Purchases	$37,500	$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	**$37,662**	**$163**	**$163**	**$164**	**$165**	**$166**	**$166**	**$167**
Net Cash Flow	**$64,889**	**$3,007**	**$3,626**	**$4,245**	**$4,864**	**$5,482**	**$6,101**	**$6,720**
Cash Balance	**$64,889**	**$67,896**	**$71,522**	**$75,767**	**$80,631**	**$86,113**	**$92,214**	**$98,934**

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	$7,423	$8,043	$8,662	$9,282	$70,495
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$7,423**	**$8,043**	**$8,662**	**$9,282**	**$70,495**
Other Cash Inflows					
Equity Investment	$0	$0	$0	$0	$35,000
Increased Borrowings	$0	$0	$0	$0	$65,000
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	$101,000
Total Cash Inflow	**$7,507**	**$8,126**	**$8,746**	**$9,365**	**$171,495**
Cash Outflows					
Repayment of Principal	$110	$110	$111	$112	$1,294
A/P Decreases	$58	$58	$58	$58	$700
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$0	$0	$0	$0	$37,500
Dividends	$0	$0	$0	$48,441	$48,441
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$168**	**$169**	**$170**	**$48,611**	**$87,935**
Net Cash Flow	**$7,339**	**$7,957**	**$8,576**	**-$39,246**	**$83,560**
Cash Balance	**$106,273**	**$114,230**	**$122,806**	**$83,560**	**$83,560**

Cash Flow Analysis (Second Year)					
		Year 2			
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	$18,901	$20,911	$22,923	$24,934	$87,668
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$18,901**	**$20,911**	**$22,923**	**$24,934**	**$87,668**
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	**$19,155**	**$21,171**	**$23,188**	**$25,204**	**$88,718**
Cash Outflows					
Repayment of Principal	$341	$348	$356	$363	$1,408
A/P Decreases	$178	$182	$186	$189	$735
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$13,150	$0	$0	$0	$13,150
Dividends	$0	$0	$0	$60,382	$60,382
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$13,669**	**$530**	**$541**	**$60,935**	**$75,676**
Net Cash Flow	**$5,486**	**$20,641**	**$22,646**	**-$35,731**	**$13,043**
Cash Balance	**$89,046**	**$109,687**	**$132,334**	**$96,603**	**$96,603**

Cash Flow Analysis (Third Year)					
		Year 3			
Quarter	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	$27,853	$30,356	$32,859	$35,362	$126,429
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$27,853**	**$30,356**	**$32,859**	**$35,362**	**$126,429**
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	**$28,120**	**$30,629**	**$33,137**	**$35,645**	**$127,531**
Cash Outflows					
Repayment of Principal	$371	$379	$387	$395	$1,532
A/P Decreases	$187	$191	$195	$199	$772
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$18,964	$0	$0	$0	$18,964
Dividends	$0	$0	$0	$87,427	$87,427
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$19,523**	**$570**	**$582**	**$88,022**	**$108,696**
Net Cash Flow	**$8,598**	**$30,059**	**$32,555**	**-$52,376**	**$18,835**
Cash Balance	**$105,201**	**$135,260**	**$167,815**	**$115,439**	**$115,439**

Cash Flow Analysis (Fourth Year)					
		Year 4			
Quarter	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	$37,014	$39,990	$42,966	$45,942	$165,911
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$37,014**	**$39,990**	**$42,966**	**$45,942**	**$165,911**
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	**$37,294**	**$40,276**	**$43,258**	**$46,240**	**$167,069**
Cash Outflows					
Repayment of Principal	$404	$412	$421	$430	$1,668
A/P Decreases	$197	$201	$205	$209	$810
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$24,887	$0	$0	$0	$24,887
Dividends	$0	$0	$0	$114,970	$114,970
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$25,487**	**$613**	**$626**	**$115,609**	**$142,335**
Net Cash Flow	**$11,807**	**$39,663**	**$42,632**	**-$69,369**	**$24,734**
Cash Balance	**$127,246**	**$166,909**	**$209,541**	**$140,172**	**$140,172**

Cash Flow Analysis (Fifth Year)					
		Year 5			
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	$49,730	$53,259	$56,789	$60,319	$220,097
Cash From Receivables	$0	$0	$0	$0	$0
Operating Cash Inflow	**$49,730**	**$53,259**	**$56,789**	**$60,319**	**$220,097**
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	**$50,024**	**$53,560**	**$57,096**	**$60,632**	**$221,313**
Cash Outflows					
Repayment of Principal	$440	$449	$459	$468	$1,815
A/P Decreases	$206	$211	$215	$219	$851
A/R Increases	$0	$0	$0	$0	$0
Asset Purchases	$33,015	$0	$0	$0	$33,015
Dividends	$0	$0	$0	$152,797	$152,797
Preferred Equity Payment	$0	$0	$0	$0	$0
Total Cash Outflows	**$33,660**	**$660**	**$673**	**$153,485**	**$188,478**
Net Cash Flow	**$16,364**	**$52,901**	**$56,423**	**-$92,853**	**$32,835**
Cash Balance	**$156,536**	**$209,437**	**$265,859**	**$173,007**	**$173,007**