



**DEUTSCH**  
— SPORTS GROUP —



## Table of Contents

1.0 Executive Summary .....	4
2.0 The Financing .....	8
2.1 Funds Required .....	8
2.2 Management and Investor Equity .....	8
2.3 Exit Strategies .....	8
3.0 Operations .....	9
4.0 Overview of the Organization.....	10
4.1 Registered Name .....	10
4.2 Commencement of Operations .....	10
4.3 Mission Statement.....	10
4.4 Vision Statement.....	10
4.5 Organizational Objectives.....	10
5.0 Market and Industry Analysis.....	11
5.1 External Environmental Analysis .....	11
5.2 Industry Analysis .....	11
5.3 Customer Profile .....	11
5.4 Competitive Analysis.....	12
6.0 Key Strategic Issues .....	12
6.1 Sustainable Operations.....	13
6.2 Basis of Growth .....	13
7.0 Marketing Plan.....	14
7.1 Marketing Objectives.....	14
7.2 Revenue Forecasts .....	14
7.3 Revenue Assumptions.....	15
7.4 Marketing Strategies .....	15
8.0 Organizational Plan.....	16
8.1 Organizational Hierarchy.....	16
8.2 Personnel Costs .....	17
9.0 Financial Plan.....	18

9.1 Underlying Assumptions .....	18
9.2 Financial Highlights.....	18
9.3 Sensitivity Analysis .....	18
9.4 Source of Funds .....	18
9.5 Financial Proformas .....	19
A) Profit and Loss Statement.....	19
B) Common Size Income Statement.....	20
C) Cash Flow Analysis .....	20
D) Balance Sheet.....	22
9.6 Breakeven Analysis .....	23
9.7 Business Ratios .....	23
Appendix A – SWOT Analysis.....	24
Appendix B – Critical Risks .....	25
Appendix C – Expanded Profit and Loss Statements .....	26
Appendix D – Expanded Cash Flow Analysis.....	32

## **1.0 Executive Summary**

The purpose of this business plan is to secure \$2.5 million of equity and debt capital for the development of a large-scale sports facility based in Houston, Texas. Deutsch Sports Group LLC (“the Company”) was founded by this year with the intention of providing an indoor sports facility that encompasses basketball courts, paddle courts, and an indoor soccer field. Full scale revenue generating operations will commence in the second quarter of next year once the buildout is completed.

### **Operations**

The Company will operate as a large-scale indoor sports facility (15,000 square feet) that will provide access to a wide range of paddle courts, basketball courts, and an indoor soccer field. The primary driver of revenue will come from membership-based operations, which will be priced at an affordable rate for the Houston market. Individual access is expected to be priced at \$99 per month while family access will be priced at \$199 per month.

In addition to this primary revenue center, the Company will produce significant income from the sales of sporting apparel, equipment, as well as concessions. The business will also provide court rentals so that teams can practice at Deutsch Sports Group.

The third section of this sports facility business plan will further discuss operations.

### **The Financing**

As noted above, the Company is currently seeking an aggregate of \$2.5 million of funding to establish operations. Of this capital, \$500,000 will come from investors while \$2 million will come as a business loan. The funds will be primarily used for the following:

- Location development in Houston
- Furniture, fixtures, and equipment
- Marketing

As a business will produce recurring streams of revenue from its membership operations, the business would be a strong candidate for a credit facility to support the cash flow operations of the business. This document assumes that no additional capital will be sought beyond the funding discussed in this document.

### **The Future**

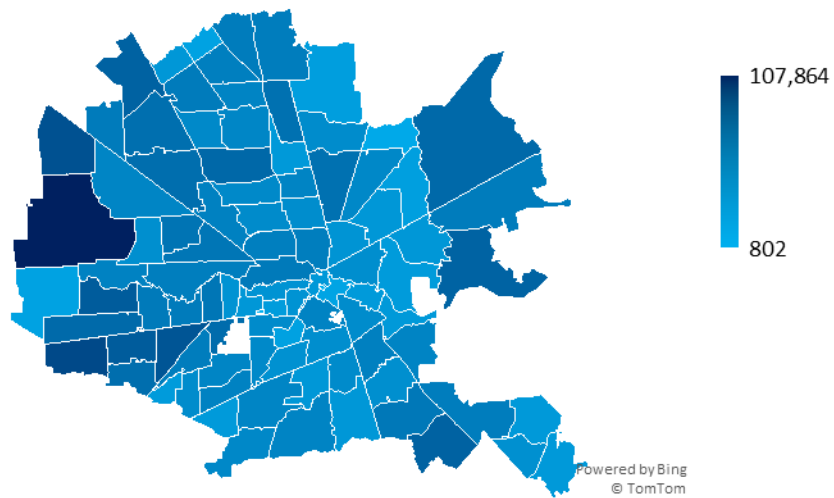
Over the next five years, the Company will make ongoing and sustained investments into the expansion of its marketing campaigns so if it becomes the preeminent indoor sports facility within the Houston market. There is also the potential that the Company may establish additional locations after the fifth year of operation.

## Market Overview

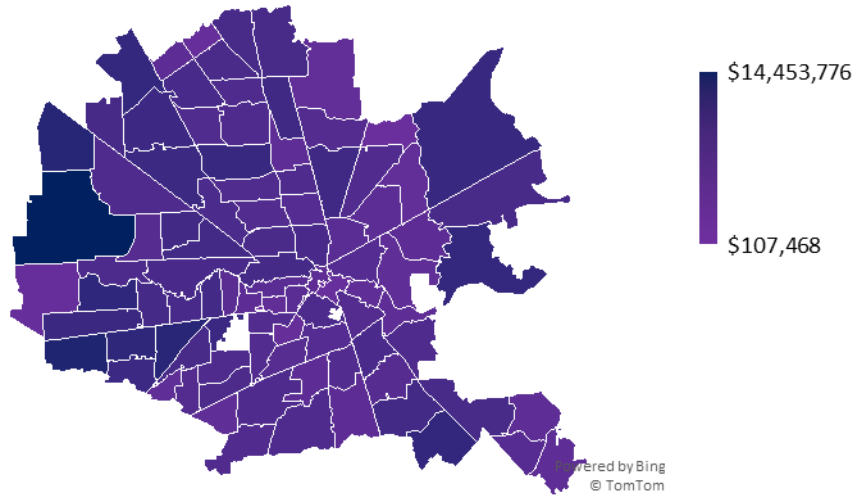
Target Market Radius



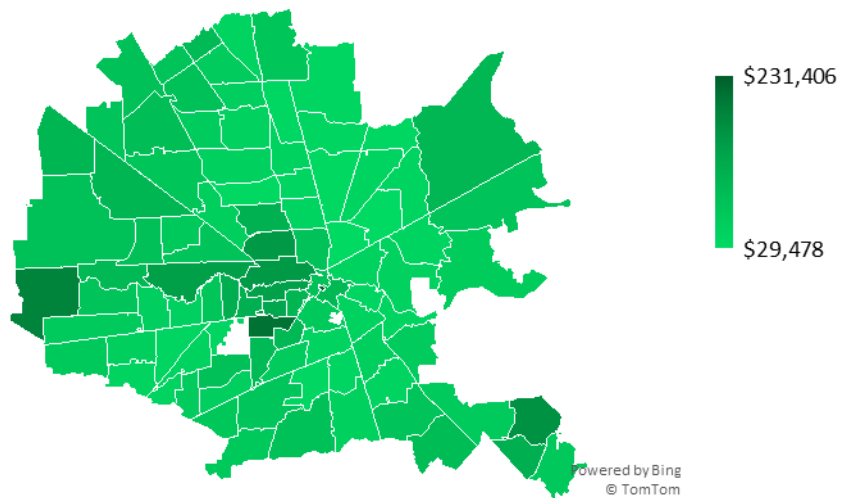
Target Market Population (by Zip Code)



### Target Market Demand (by Zip Code)



### Target Market Household Income (by Zip Code)

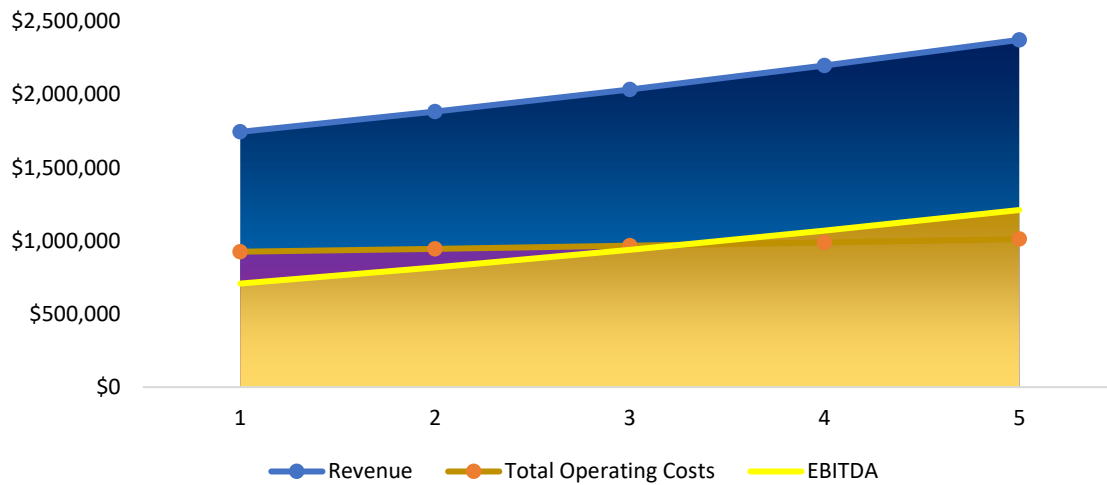




## Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
<b>Revenue</b>	\$1,744,350	\$1,883,898	\$2,034,610	\$2,197,379	\$2,373,169
Cost of Revenue	\$111,218	\$120,115	\$129,724	\$140,102	\$151,310
<b>Gross Profit</b>	\$1,633,133	\$1,763,783	\$1,904,886	\$2,057,277	\$2,221,859
Total Operating Costs	\$925,391	\$945,268	\$966,194	\$988,246	\$1,011,511
<b>EBITDA</b>	<b>\$707,742</b>	<b>\$818,515</b>	<b>\$938,692</b>	<b>\$1,069,030</b>	<b>\$1,210,348</b>

Revenue, Operating Costs, EBITDA



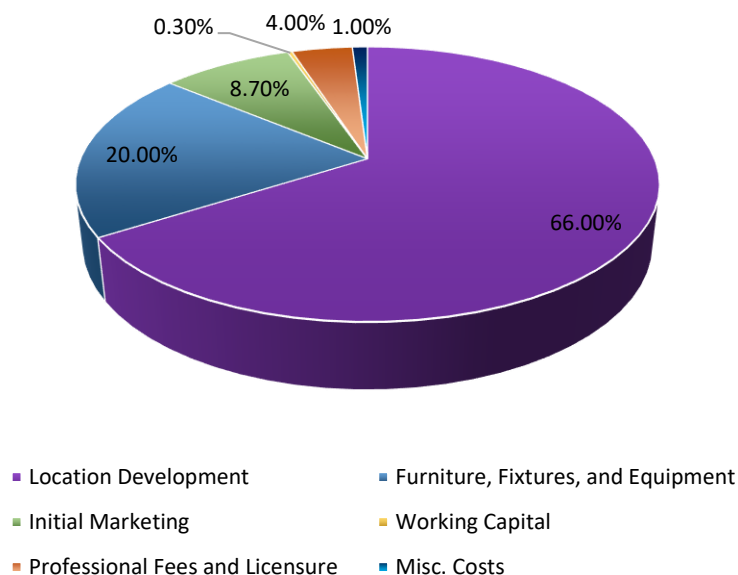
## 2.0 The Financing

### 2.1 Funds Required

The funding will be allocated as follows:

Use of Funds	
Location Development	\$1,650,000
Furniture, Fixtures, and Equipment	\$500,000
Initial Marketing	\$217,500
Working Capital	\$7,500
Professional Fees and Licensure	\$100,000
Misc. Costs	\$25,000
<b>Total</b>	<b>\$2,500,000</b>

Use of Funds Overview



### 2.2 Management and Investor Equity

This will be further discussed during negotiation with the investment group.

### 2.3 Exit Strategies

Given the scope and scale of the Company's operations, there would be some degree of complexity with selling Deutsch Sports Group to a third-party. Prior to this event, the Company will have a valuation completed in order to understand the free market value of the business. From there, a qualified business sales specialist will be hired to market the operations to a third party that is looking to get into the indoor sports facility industry.



### 3.0 Operations

As noted earlier, Deutsch Sports Group will be a large scale 15,000 square foot indoor sports facility located in a heart of Houston. The business will feature one full scale basketball court, a half size indoor soccer field, as well as several paddle courts that are appropriate for this sort of padel. The primary revenue driver will come from membership driven operations, which will produce highly recurring streams of revenue that will fully support the underlying operations of the business. The Company will always strive to maintain affordability, so that families of all income levels can have access to the facilities.

To complement the primary revenue center, the business will have an on-site pro shop that sells apparel and equipment for a wide range of sports. This will be a more moderate revenue center for the business. Of special importance is ongoing rentals of the Company's courts and fields among both youth and adult sports leagues. This will create significant visibility for the business which drive greater membership in the coming years.

The location will also have a certain aspect of its operations here towards concessions. Here, the Company will provide numerous vending machines that are both standard snacks as well as healthy snack snacks. Beverage vending machines will also be available that was serve water and soft drinks.

## **4.0 Overview of the Organization**

### **4.1 Registered Name**

Deutsch Sports Group LLC. The Company is registered as a limited liability Company in the State of Texas.

### **4.2 Commencement of Operations**

The sports facility and sports complex will launch operations in the second quarter of next year.

### **4.3 Mission Statement**

To provide an affordable indoor sports facility for the general public of Houston.

### **4.4 Vision Statement**

To become widely recognized sports complex and sports training facility that is valued for its comprehensive nature.

### **4.5 Organizational Objectives**

- Properly complete the build out of the location once the capital has been secured.
- Onboard numerous sports instructors that can provide services directly onsite in an independently contracted capacity.
- Conduct extensive direct outreach with schools within the greater Houston area.
- Adhere to all regulatory framework regarding all assets of operation.
- Include operation specific for league hosting as this will drastically increase the visibility of the business.
- Continue to expand the types of team participation sports hosted at the facilities.
- Leverage multiple online platforms, including social media, to further increase brand visibility.

## 5.0 Market and Industry Analysis

### 5.1 External Environmental Analysis

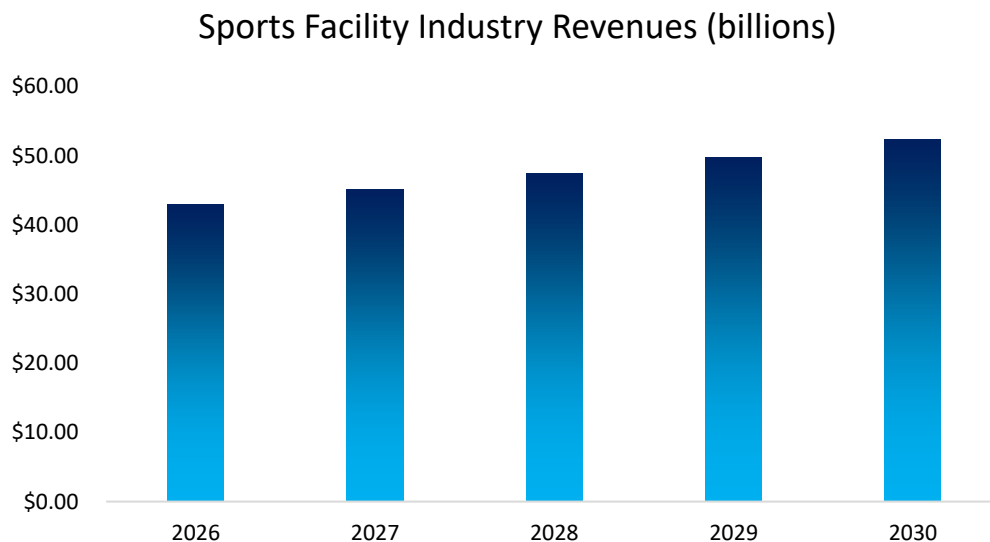
This section of the sports facility business plan will focus on the current economic climate, the industry, the demographic profile, and the ongoing competition that Deutsch Sports Group will face.

Over the past twenty-four months, inflation has caused significant issues with the US economy. The Federal Reserve as well as other federal government agencies are taking appropriate steps in order to reduce the rate of inflation while fostering ongoing economic route.

The Company will benefit from the fact that it is operating within the greater Houston metropolitan area. As this area has over eight million residents, the business will find an immense audience of individuals and families that are seeking access to a premium sports complex at a reasonable rate.

### 5.2 Industry Analysis

As of this year, there are 100,000 sports complexes and indoor sporting facilities within the United States. These businesses produced \$43 billion of revenue over providing jobs for 700,000 people.



This is a mainstay industry within the United States and its future growth rate is expected to remain similar state of the economy. One of the common trends within this industry is to provide event rentals given the scope and scale of these facilities. Deutsch Sports Group will capitalize on this in the coming years.



### **5.3 Customer Profile**

Any individual that has an interest in basketball, paddle sports, or soccer is a potential member of the business. The enjoyment of sports spans all socioeconomic levels and the Company will be able to market its facilities to a broad range of demographics within the Houston area. Typically, most members will have a minimum household income of \$75,000.

### **5.4 Competitive Analysis**

Given the scale and scope of Deutsch Sports Group's operations, the business will only face mode competition as it establishes its operations in Houston. The Company will maintain a substantial differentiating factor as individual individuals can participate in numerous sports at the facility.

## **6.0 Key Strategic Issues**

### **6.1 Sustainable Operations**

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

- Limited competition among sports complexes that operate in the same scale.
- An owner that has more than twenty years of experience in the field of sports facility management.
- The business will achieve recurring revenue through its membership operations, which will support the underlying operating cost of the business.
- The Company will have multiple high margin revenue centers.

### **6.2 Basis of Growth**

The Company will expand via the following methods:

- Continued expansion of the marketing campaigns employed by the business.
- Expansion of on-site training operations via the retention of independently contracted sports professionals.
- Potential development of additional locations, although this would not occur for at least five years.

## 7.0 Marketing Plan

### 7.1 Marketing Objectives

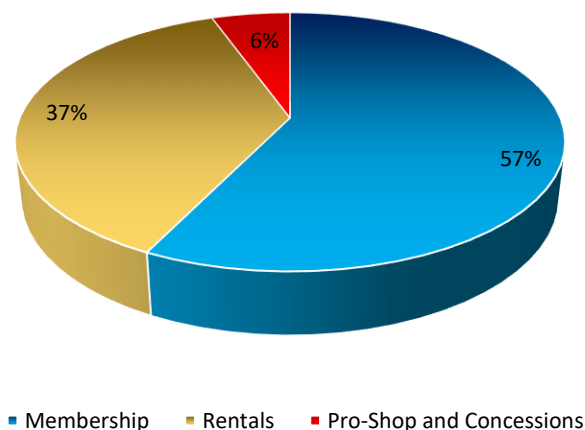
- Conduct extensive direct outreach with athletic directors in schools within Houston.
- Maintain an expansive online presence through the business' proprietary website.
- Operate as a community minded enterprise which will drive membership in the coming years.

### 7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Membership	\$999,000	\$1,078,920	\$1,165,234	\$1,258,452	\$1,359,128
Rentals	\$649,350	\$701,298	\$757,402	\$817,994	\$883,434
Pro-Shop and Concessions	\$96,000	\$103,680	\$111,974	\$120,932	\$130,607
<b>Totals</b>	<b>\$1,744,350</b>	<b>\$1,883,898</b>	<b>\$2,034,610</b>	<b>\$2,197,379</b>	<b>\$2,373,169</b>

Gross Profit					
Year	1	2	3	4	5
<b>Total</b>	<b>\$1,633,133</b>	<b>\$1,763,783</b>	<b>\$1,904,886</b>	<b>\$2,057,277</b>	<b>\$2,221,859</b>

### Revenue Generation





### **7.3 Revenue Assumptions**

#### **Year 1**

- The business will launch its sports facility operations in Houston.
- Revenue from all channels will reach \$1.7 million.

#### **Year 2**

- The business will expand its relationships with adult and youth sports leagues.
- Revenue will reach \$1.8 million.

#### **Years 3-5**

- Deutsch Sports Group will produce \$2.3 million of revenue in year five.
- The business may expand to include additional facilities.

### **7.4 Marketing Strategies**

The Company will use a number of marketing strategies that will drive significant membership enrollment prior to the launch of operations and throughout the life of the business. During the development period, the Company will conduct extensive direct outreach with schools, adult sports leagues, and youth sports leagues in order to onboard them as members.

In regards to the Company's website, this platform will showcase aspect of operations and the state-of-the-art nature of the sports complex facility. This website will undergo search engine organization specific for the Houston metropolitan area. The website will also feature ecommerce functionality in regards to onboarding members as well as reserving court rentals. The platform will feature all links to social media accounts maintained by the Company.

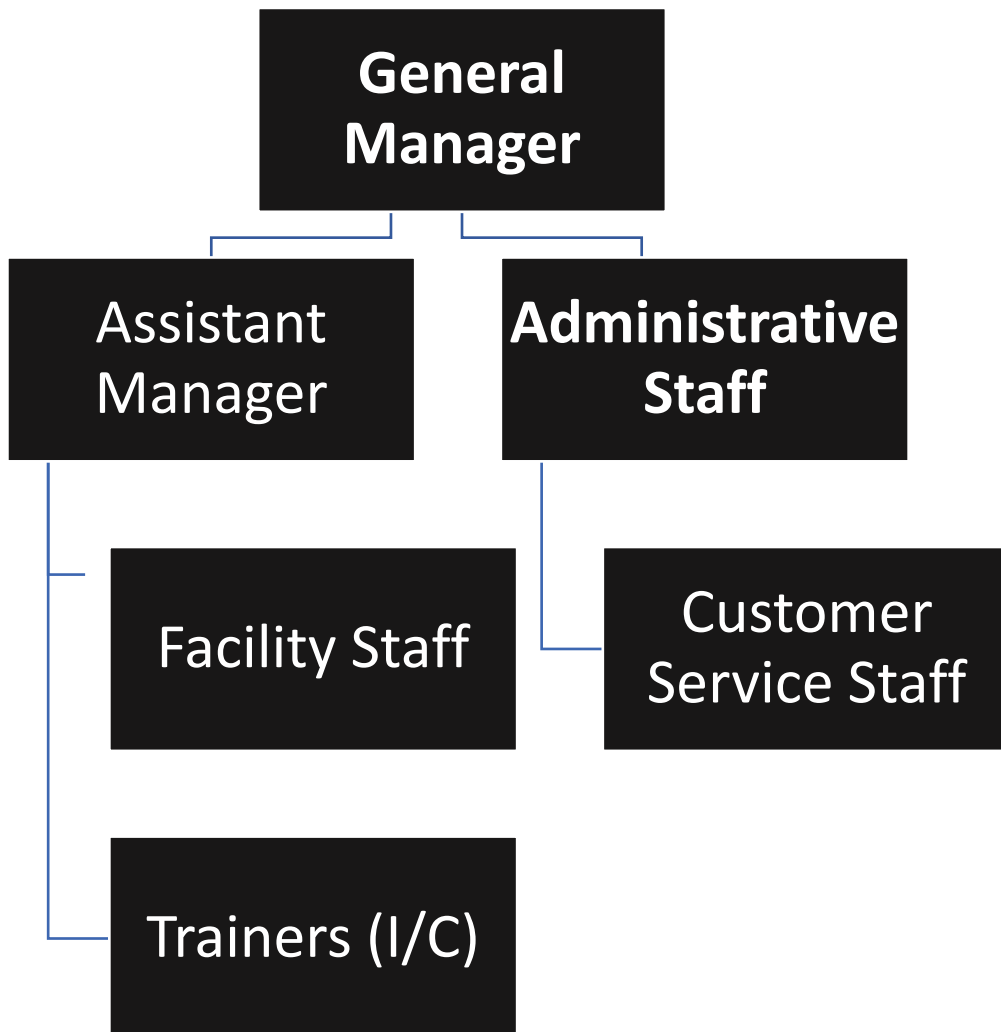
In regards to social media, the Company will maintain expense of profiles on all major platforms. Ongoing news about the business will be distributed through these channels as well as seasonal discounts on new membership opportunities.

In order to position the business as part of the greater Houston community, the business will work closely with youth sports leagues that will receive substantial discounts for using the facilities and for access to the retained sports training personnel.

The business, from time to time, will also distribute mailed advertisements within a ten mile radius of the facility.

## 8.0 Organizational Plan

### 8.1 Organizational Hierarchy

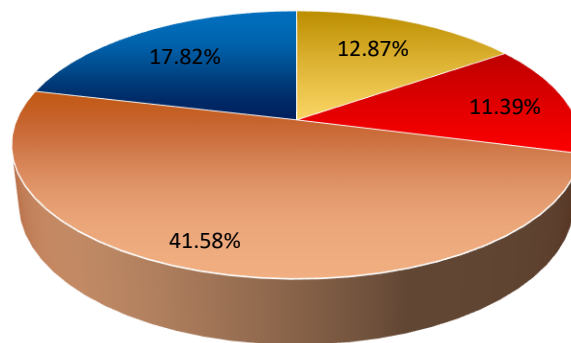


## 8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
General Manager	\$65,000	\$65,650	\$66,307	\$66,970	\$67,639
Assistant Manager	\$57,500	\$58,075	\$58,656	\$59,242	\$59,835
Facility Staff	\$210,000	\$212,100	\$214,221	\$216,363	\$218,527
Administrative Staff	\$90,000	\$90,900	\$91,809	\$92,727	\$93,654
Customer Service Staff	\$82,500	\$83,325	\$84,158	\$85,000	\$85,850
<b>Total</b>	<b>\$505,000</b>	<b>\$510,050</b>	<b>\$515,151</b>	<b>\$520,302</b>	<b>\$525,505</b>

Numbers of Personnel (Year End Headcount)					
Year	1	2	3	4	5
General Manager	1	1	1	1	1
Assistant Manager	1	1	1	1	1
Facility Staff	6	6	6	6	6
Administrative Staff	2	2	2	2	2
Customer Service Staff	3	3	3	3	3
<b>Total</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

### Personnel Summary



■ General Manager ■ Assistant Manager ■ Facility Staff ■ Administrative Staff



## 9.0 Financial Plan

### 9.1 Underlying Assumptions

- An investment of \$500,000 will be acquired.
- Deutsch Sports Group will acquire a \$2 million loan.
- The business will have a compounded annual growth rate of 8%.

### 9.2 Financial Highlights

- For membership driven operations, the business will contribution margins of 98%.
- Secondary revenue streams will produce contribution margins of 80%.

### 9.3 Sensitivity Analysis

In the event of a various severe economic recession, the demand for access indoor sports complex facilities may decline. However, Deutsch Sports Group is pricing its membership so that it will remain affordable even during a challenging economic climate. The businesses contribution margins will fully support the operations of business.

### 9.4 Source of Funds

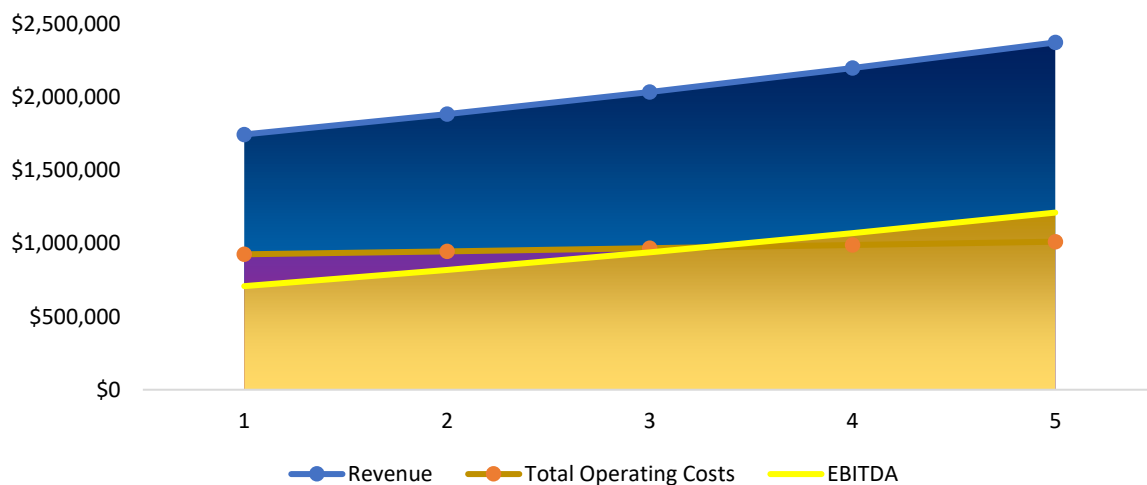
Financing	
Equity	
Equity Capitalization	\$500,000.00
<b>Total Equity Financing</b>	<b>\$500,000.00</b>
Banks and Lenders	
Business Loan	\$2,000,000.00
<b>Total Debt Financing</b>	<b>\$2,000,000.00</b>
<b>Total Financing</b>	<b>\$2,500,000.00</b>

## 9.5 Financial Proformas

### A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
<b>Revenue</b>	\$1,744,350	\$1,883,898	\$2,034,610	\$2,197,379	\$2,373,169
Cost of Revenue	\$111,218	\$120,115	\$129,724	\$140,102	\$151,310
Gross Margin	93.62%	93.62%	93.62%	93.62%	93.62%
<b>Gross Profit</b>	\$1,633,133	\$1,763,783	\$1,904,886	\$2,057,277	\$2,221,859
<b>Expenses</b>					
Payroll	\$505,000	\$510,050	\$515,151	\$520,302	\$525,505
Facility Costs	\$160,000	\$161,600	\$163,216	\$164,848	\$166,497
General and Administrative	\$36,631	\$39,562	\$42,727	\$46,145	\$49,837
Professional Fees and Licensure	\$20,000	\$20,200	\$20,402	\$20,606	\$20,812
Insurance	\$50,000	\$50,500	\$51,005	\$51,515	\$52,030
Marketing	\$71,518	\$77,240	\$83,419	\$90,093	\$97,300
Maintenance	\$30,526	\$32,968	\$35,606	\$38,454	\$41,530
Misc. Costs	\$13,083	\$14,129	\$15,260	\$16,480	\$17,799
Payroll Taxes	\$38,633	\$39,019	\$39,409	\$39,803	\$40,201
<b>Total Operating Costs</b>	<b>\$925,391</b>	<b>\$945,268</b>	<b>\$966,194</b>	<b>\$988,246</b>	<b>\$1,011,511</b>
<b>EBITDA</b>	<b>\$707,742</b>	<b>\$818,515</b>	<b>\$938,692</b>	<b>\$1,069,030</b>	<b>\$1,210,348</b>
Federal Income Tax	\$111,492	\$139,599	\$170,124	\$203,266	\$239,234
State Income Tax	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$168,473	\$164,955	\$161,125	\$156,957	\$152,421
Depreciation Expenses	\$93,300	\$95,166	\$97,069	\$99,011	\$100,991
<b>Net Profit</b>	<b>\$334,476</b>	<b>\$418,796</b>	<b>\$510,373</b>	<b>\$609,797</b>	<b>\$717,702</b>
<b>Profit Margin</b>	<b>19.17%</b>	<b>22.23%</b>	<b>25.08%</b>	<b>27.75%</b>	<b>30.24%</b>

Revenue, Operating Costs, EBITDA



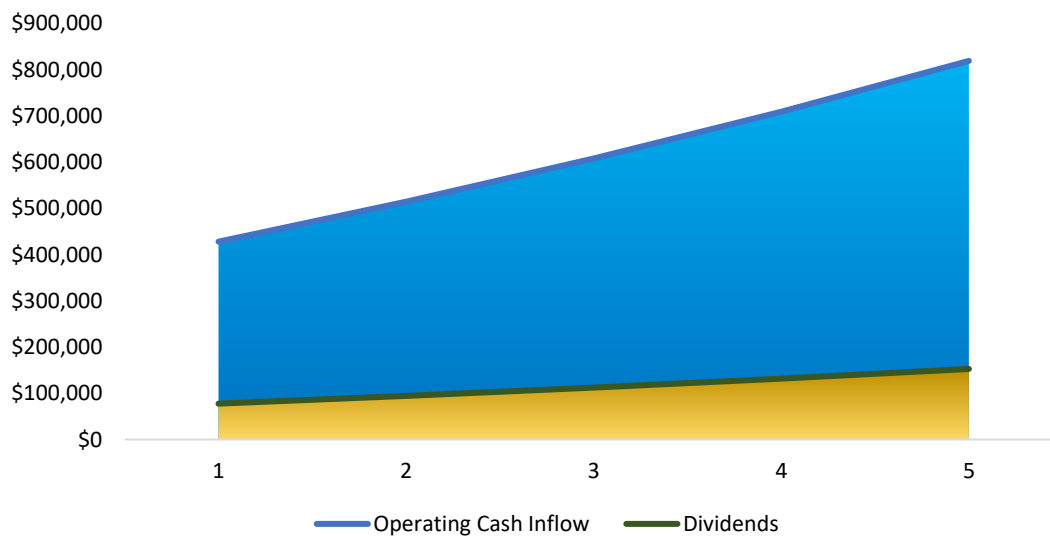
## B) Common Size Income Statement

Proforma Profit and Loss (Common Size)					
Year	1	2	3	4	5
<b>Revenue</b>	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	6.38%	6.38%	6.38%	6.38%	6.38%
<b>Gross Profit</b>	93.62%	93.62%	93.62%	93.62%	93.62%
<b>Expenses</b>					
Payroll	28.95%	27.07%	25.32%	23.68%	22.14%
Facility Costs	9.17%	8.58%	8.02%	7.50%	7.02%
General and Administrative	2.10%	2.10%	2.10%	2.10%	2.10%
Professional Fees and Licensure	1.15%	1.07%	1.00%	0.94%	0.88%
Insurance	2.87%	2.68%	2.51%	2.34%	2.19%
Marketing	4.10%	4.10%	4.10%	4.10%	4.10%
Maintenance	1.75%	1.75%	1.75%	1.75%	1.75%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	2.21%	2.07%	1.94%	1.81%	1.69%
<b>Total Operating Costs</b>	53.05%	50.18%	47.49%	44.97%	42.62%
<b>EBITDA</b>	40.57%	43.45%	46.14%	48.65%	51.00%
Federal Income Tax	6.39%	7.41%	8.36%	9.25%	10.08%
State Income Tax	0.00%	0.00%	0.00%	0.00%	0.00%
Interest Expense	9.66%	8.76%	7.92%	7.14%	6.42%
Depreciation Expenses	5.35%	5.05%	4.77%	4.51%	4.26%
<b>Net Profit</b>	19.17%	22.23%	25.08%	27.75%	30.24%

## C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$427,776	\$513,962	\$607,443	\$708,807	\$818,693
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$427,776</b>	<b>\$513,962</b>	<b>\$607,443</b>	<b>\$708,807</b>	<b>\$818,693</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$500,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$2,000,000	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
<b>Total Other Cash Inflows</b>	<b>\$2,501,000</b>	<b>\$1,050</b>	<b>\$1,103</b>	<b>\$1,158</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$2,928,776</b>	<b>\$515,012</b>	<b>\$608,545</b>	<b>\$709,965</b>	<b>\$819,908</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$39,805	\$43,323	\$47,152	\$51,320	\$55,856
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$1,867,500	\$25,698	\$30,372	\$35,440	\$40,935
Dividends	\$77,594	\$94,128	\$112,058	\$131,497	\$152,567
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$1,985,599</b>	<b>\$163,884</b>	<b>\$190,354</b>	<b>\$219,068</b>	<b>\$250,209</b>
<b>Net Cash Flow</b>	<b>\$943,177</b>	<b>\$351,128</b>	<b>\$418,191</b>	<b>\$490,897</b>	<b>\$569,699</b>
<b>Cash Balance</b>	<b>\$943,177</b>	<b>\$1,294,306</b>	<b>\$1,712,496</b>	<b>\$2,203,393</b>	<b>\$2,773,092</b>

### Cash Flow Analysis

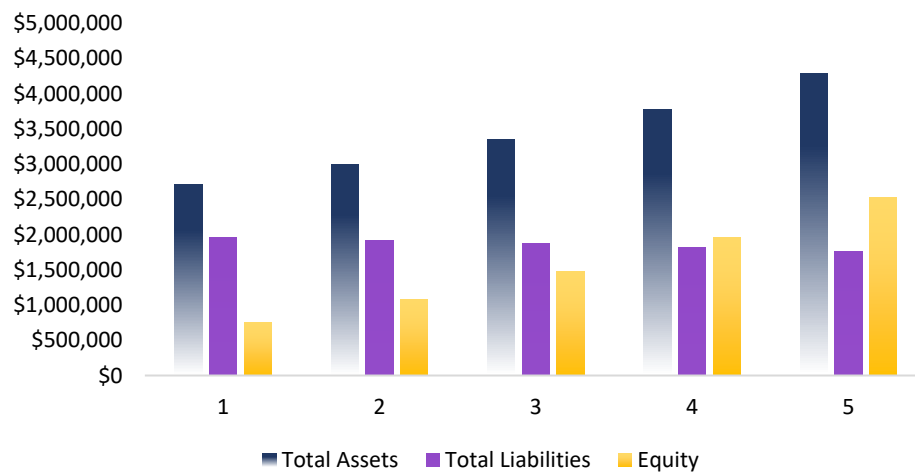




## D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
<b>Assets</b>					
Cash	\$943,177	\$1,294,306	\$1,712,496	\$2,203,393	\$2,773,092
Fixed Assets	\$1,867,500	\$1,893,198	\$1,923,570	\$1,959,011	\$1,999,945
Accumulated Depreciation	(\$93,300)	(\$188,466)	(\$285,535)	(\$384,546)	(\$485,537)
<b>Total Assets</b>	<b>\$2,717,377</b>	<b>\$2,999,038</b>	<b>\$3,350,531</b>	<b>\$3,777,858</b>	<b>\$4,287,500</b>
<b>Liabilities and Equity</b>					
Accounts Payable	\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities	\$1,960,195	\$1,916,872	\$1,869,720	\$1,818,400	\$1,762,544
Other Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$1,960,495</b>	<b>\$1,917,487</b>	<b>\$1,870,666</b>	<b>\$1,819,693</b>	<b>\$1,764,201</b>
<b>Equity</b>	<b>\$756,882</b>	<b>\$1,081,550</b>	<b>\$1,479,865</b>	<b>\$1,958,164</b>	<b>\$2,523,299</b>
<b>Total Liabilities and Equity</b>	<b>\$2,717,377</b>	<b>\$2,999,038</b>	<b>\$3,350,531</b>	<b>\$3,777,858</b>	<b>\$4,287,500</b>

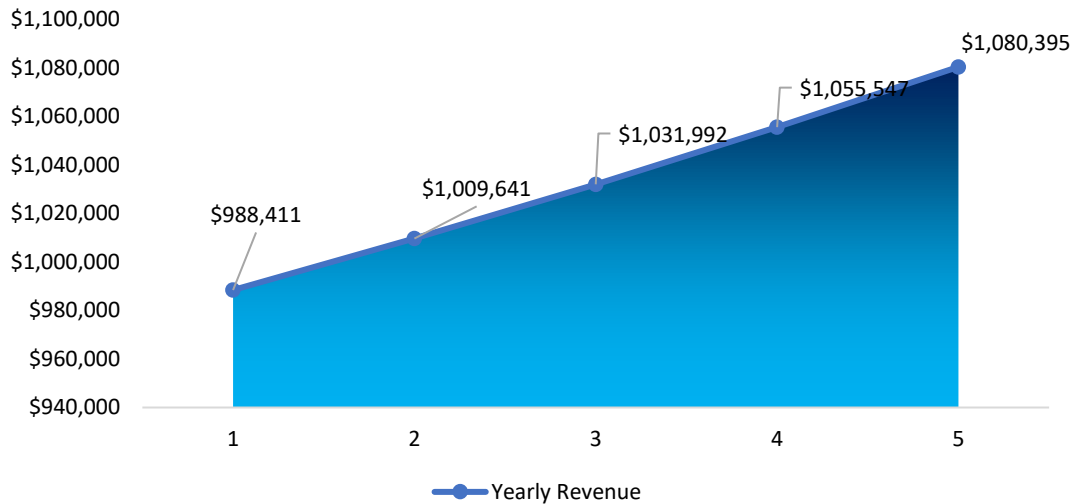
Balance Sheet



## 9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$82,368	\$84,137	\$85,999	\$87,962	\$90,033
Yearly Revenue	\$988,411	\$1,009,641	\$1,031,992	\$1,055,547	\$1,080,395

### Breakeven Analysis



## 9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
<b>Revenue</b>					
Sales Growth	0.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin	93.6%	93.6%	93.6%	93.6%	93.6%
<b>Financials</b>					
Profit Margin	19.17%	22.23%	25.08%	27.75%	30.24%
Assets to Liabilities	1.39	1.56	1.79	2.08	2.43
Equity to Liabilities	0.39	0.56	0.79	1.08	1.43
Assets to Equity	3.59	2.77	2.26	1.93	1.70
<b>Liquidity</b>					
Acid Test	0.48	0.68	0.92	1.21	1.57
Cash to Assets	0.35	0.43	0.51	0.58	0.65

## **Appendix A – SWOT Analysis**

### **Strengths**

- Strong demand in Houston for indoor sports facilities.
- The Company will work with numerous sports leagues that will onboard as members and ongoing users of the Company's courts.
- Limited competition among sports facilities that operate in a similar capacity.
- Multiple high margin revenue centers will support the operations of the business.

### **Weaknesses**

- Moderately high cost related to maintaining the facilities.
- An extremely severe economic recession could impact revenue.

### **Opportunities**

- Development of additional locations in the greater Houston metropolitan area.
- Expansion of the Company sports training operations during weekdays.
- Implementation of tournament and league hosting.
- Continued hiring of highly qualified sports instructors.
- Expansion of operations to include event hosting.

### **Threats**

- Issues with inflation could impact the demand for membership as well as causing the underlying cost to increase.

## Appendix B – Critical Risks

### Development Risk – **Low**

The primary matter that needs to be addressed to securing the \$2.5 million at the aggregate capital discussed in this document. The business has already sourced the potential location that will be used.

### Financing Risk – **Low**

A significant portion of the funding will be used specifically for the development of the Company's facilities, as well as furniture, fixtures, and equipment. The multiple revenue streams reduce the financing risk.

### Marketing Risk – **Low**

The Company will continue to use the marketing strategies discussed earlier in order to on board members throughout the Houston area. Direct outreach will complement these operations to reduce marketing risks.

### Management Risk – **Low**

The owner has more than twenty years of experience in the sports facility management industry. He will be able to quickly bring the operation to Deutsch Sports Group to profitability.

### Valuation Risk – **Low**

The valuation risk is offset by:

- Substantial real estate and tangible assets will be the principal use of funds.
- Recurring income from membership operations.
- The Company can easily scale into other markets within Texas given a demand for indoor sports facilities.

### Exit Risk - **Low**

As noted earlier, the Company will enact the exit strategy discussed in the event. If it is financially prudent to sell the business to a third-party. This is not expected to occur for at least ten years.



## Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
<b>Revenue</b>	<b>\$131,750</b>	<b>\$134,225</b>	<b>\$136,700</b>	<b>\$139,175</b>	<b>\$141,650</b>	<b>\$144,125</b>	<b>\$146,600</b>
Cost of Revenue	\$8,588	\$8,711	\$8,835	\$8,959	\$9,083	\$9,206	\$9,330
<b>Gross Profit</b>	<b>\$123,163</b>	<b>\$125,514</b>	<b>\$127,865</b>	<b>\$130,216</b>	<b>\$132,568</b>	<b>\$134,919</b>	<b>\$137,270</b>
<b>Expenses</b>							
Payroll	\$42,083	\$42,083	\$42,083	\$42,083	\$42,083	\$42,083	\$42,083
Facility Costs	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333
General and Administrative	\$3,053	\$3,053	\$3,053	\$3,053	\$3,053	\$3,053	\$3,053
Professional Fees and Licensure	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
Insurance	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167
Marketing	\$5,960	\$5,960	\$5,960	\$5,960	\$5,960	\$5,960	\$5,960
Maintenance	\$2,544	\$2,544	\$2,544	\$2,544	\$2,544	\$2,544	\$2,544
Misc. Costs	\$1,090	\$1,090	\$1,090	\$1,090	\$1,090	\$1,090	\$1,090
Payroll Taxes	\$3,219	\$3,219	\$3,219	\$3,219	\$3,219	\$3,219	\$3,219
<b>Total Operating Costs</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>
<b>EBITDA</b>	<b>\$46,047</b>	<b>\$48,398</b>	<b>\$50,749</b>	<b>\$53,100</b>	<b>\$55,452</b>	<b>\$57,803</b>	<b>\$60,154</b>
Federal Income Tax	\$8,421	\$8,579	\$8,737	\$8,896	\$9,054	\$9,212	\$9,370
State Income Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$14,167	\$14,144	\$14,121	\$14,098	\$14,075	\$14,052	\$14,029
Depreciation Expenses	\$7,775	\$7,775	\$7,775	\$7,775	\$7,775	\$7,775	\$7,775
<b>Net Profit</b>	<b>\$15,684</b>	<b>\$17,900</b>	<b>\$20,115</b>	<b>\$22,331</b>	<b>\$24,548</b>	<b>\$26,764</b>	<b>\$28,980</b>

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	Year 1
<b>Revenue</b>	<b>\$149,075</b>	<b>\$151,550</b>	<b>\$154,025</b>	<b>\$156,500</b>	<b>\$158,975</b>	<b>\$1,744,350</b>
Cost of Revenue	\$9,454	\$9,578	\$9,701	\$9,825	\$9,949	\$111,218
<b>Gross Profit</b>	<b>\$139,621</b>	<b>\$141,973</b>	<b>\$144,324</b>	<b>\$146,675</b>	<b>\$149,026</b>	<b>\$1,633,133</b>
<b>Expenses</b>						
Payroll	\$42,083	\$42,083	\$42,083	\$42,083	\$42,083	\$505,000
Facility Costs	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$160,000
General and Administrative	\$3,053	\$3,053	\$3,053	\$3,053	\$3,053	\$36,631
Professional Fees and Licensure	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$20,000
Insurance	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
Marketing	\$5,960	\$5,960	\$5,960	\$5,960	\$5,960	\$71,518
Maintenance	\$2,544	\$2,544	\$2,544	\$2,544	\$2,544	\$30,526
Misc. Costs	\$1,090	\$1,090	\$1,090	\$1,090	\$1,090	\$13,083
Payroll Taxes	\$3,219	\$3,219	\$3,219	\$3,219	\$3,219	\$38,633
<b>Total Operating Costs</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$77,116</b>	<b>\$925,391</b>
<b>EBITDA</b>	<b>\$62,505</b>	<b>\$64,857</b>	<b>\$67,208</b>	<b>\$69,559</b>	<b>\$71,910</b>	<b>\$707,742</b>
Federal Income Tax	\$9,528	\$9,686	\$9,845	\$10,003	\$10,161	\$111,492
State Income Tax	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$14,005	\$13,981	\$13,957	\$13,933	\$13,909	\$168,473
Depreciation Expenses	\$7,775	\$7,775	\$7,775	\$7,775	\$7,775	\$93,300
<b>Net Profit</b>	<b>\$31,197</b>	<b>\$33,414</b>	<b>\$35,631</b>	<b>\$37,848</b>	<b>\$40,065</b>	<b>\$334,476</b>

**Profit and Loss Statement (Second Year)**

Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
<b>Revenue</b>	\$456,845	\$466,265	\$475,684	\$485,104	\$1,883,898
Cost of Revenue	\$29,128	\$29,728	\$30,329	\$30,930	\$120,115
<b>Gross Profit</b>	<b>\$427,717</b>	<b>\$436,536</b>	<b>\$445,355</b>	<b>\$454,174</b>	<b>\$1,763,783</b>
<b>Expenses</b>					
Payroll	\$127,513	\$127,513	\$127,513	\$127,513	\$510,050
Facility Costs	\$40,400	\$40,400	\$40,400	\$40,400	\$161,600
General and Administrative	\$9,594	\$9,792	\$9,989	\$10,187	\$39,562
Professional Fees and Licensure	\$4,899	\$5,000	\$5,101	\$5,202	\$20,200
Insurance	\$12,625	\$12,625	\$12,625	\$12,625	\$50,500
Marketing	\$18,731	\$19,117	\$19,503	\$19,889	\$77,240
Maintenance	\$8,242	\$8,242	\$8,242	\$8,242	\$32,968
Misc. Costs	\$3,426	\$3,497	\$3,568	\$3,638	\$14,129
Payroll Taxes	\$9,462	\$9,657	\$9,852	\$10,047	\$39,019
<b>Total Operating Costs</b>	<b>\$234,891</b>	<b>\$235,842</b>	<b>\$236,792</b>	<b>\$237,743</b>	<b>\$945,268</b>
<b>EBITDA</b>	<b>\$192,827</b>	<b>\$200,695</b>	<b>\$208,563</b>	<b>\$216,431</b>	<b>\$818,515</b>
Federal Income Tax	\$33,853	\$34,551	\$35,249	\$35,947	\$139,599
State Income Tax	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$41,580	\$41,356	\$41,126	\$40,892	\$164,955
Depreciation Expenses	\$23,792	\$23,792	\$23,792	\$23,792	\$95,166
<b>Net Profit</b>	<b>\$93,602</b>	<b>\$100,997</b>	<b>\$108,396</b>	<b>\$115,801</b>	<b>\$418,796</b>

**Profit and Loss Statement (Third Year)**

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
<b>Revenue</b>	\$493,393	\$503,566	\$513,739	\$523,912	\$2,034,610
Cost of Revenue	\$31,458	\$32,107	\$32,755	\$33,404	\$129,724
<b>Gross Profit</b>	<b>\$461,935</b>	<b>\$471,459</b>	<b>\$480,984</b>	<b>\$490,508</b>	<b>\$1,904,886</b>
<b>Expenses</b>					
Payroll	\$128,788	\$128,788	\$128,788	\$128,788	\$515,151
Facility Costs	\$40,804	\$40,804	\$40,804	\$40,804	\$163,216
General and Administrative	\$10,361	\$10,575	\$10,789	\$11,002	\$42,727
Professional Fees and Licensure	\$4,947	\$5,049	\$5,152	\$5,254	\$20,402
Insurance	\$12,751	\$12,751	\$12,751	\$12,751	\$51,005
Marketing	\$20,229	\$20,646	\$21,063	\$21,480	\$83,419
Maintenance	\$8,901	\$8,901	\$8,901	\$8,901	\$35,606
Misc. Costs	\$3,700	\$3,777	\$3,853	\$3,929	\$15,260
Payroll Taxes	\$9,852	\$9,852	\$9,852	\$9,852	\$39,409
<b>Total Operating Costs</b>	<b>\$240,335</b>	<b>\$241,144</b>	<b>\$241,953</b>	<b>\$242,762</b>	<b>\$966,194</b>
<b>EBITDA</b>	<b>\$221,600</b>	<b>\$230,315</b>	<b>\$239,031</b>	<b>\$247,746</b>	<b>\$938,692</b>
Federal Income Tax	\$41,255	\$42,106	\$42,956	\$43,807	\$170,124
State Income Tax	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$40,653	\$40,409	\$40,159	\$39,904	\$161,125
Depreciation Expenses	\$24,267	\$24,267	\$24,267	\$24,267	\$97,069
<b>Net Profit</b>	<b>\$115,424</b>	<b>\$123,533</b>	<b>\$131,648</b>	<b>\$139,767</b>	<b>\$510,373</b>



Profit and Loss Statement (Fourth Year)					
	Year 4				
Quarter	Q1	Q2	Q3	Q4	Year 4
<b>Revenue</b>	\$532,864	\$543,851	\$554,838	\$565,825	\$2,197,379
Cost of Revenue	\$33,975	\$34,675	\$35,376	\$36,076	\$140,102
<b>Gross Profit</b>	<b>\$498,890</b>	<b>\$509,176</b>	<b>\$519,462</b>	<b>\$529,749</b>	<b>\$2,057,277</b>
<b>Expenses</b>					
Payroll	\$130,076	\$130,076	\$130,076	\$130,076	\$520,302
Facility Costs	\$41,212	\$41,212	\$41,212	\$41,212	\$164,848
General and Administrative	\$11,190	\$11,421	\$11,652	\$11,882	\$46,145
Professional Fees and Licensure	\$4,997	\$5,100	\$5,203	\$5,306	\$20,606
Insurance	\$12,879	\$12,879	\$12,879	\$12,879	\$51,515
Marketing	\$21,847	\$22,298	\$22,748	\$23,199	\$90,093
Maintenance	\$9,614	\$9,614	\$9,614	\$9,614	\$38,454
Misc. Costs	\$3,996	\$4,079	\$4,161	\$4,244	\$16,480
Payroll Taxes	\$9,951	\$9,951	\$9,951	\$9,951	\$39,803
<b>Total Operating Costs</b>	<b>\$245,762</b>	<b>\$246,628</b>	<b>\$247,495</b>	<b>\$248,361</b>	<b>\$988,246</b>
<b>EBITDA</b>	<b>\$253,128</b>	<b>\$262,548</b>	<b>\$271,967</b>	<b>\$281,387</b>	<b>\$1,069,030</b>
Federal Income Tax	\$49,292	\$50,308	\$51,325	\$52,341	\$203,266
State Income Tax	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$39,644	\$39,378	\$39,106	\$38,829	\$156,957
Depreciation Expenses	\$24,753	\$24,753	\$24,753	\$24,753	\$99,011
<b>Net Profit</b>	<b>\$139,439</b>	<b>\$148,109</b>	<b>\$156,784</b>	<b>\$165,465</b>	<b>\$609,797</b>

**Profit and Loss Statement (Fifth Year)**

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
<b>Revenue</b>	\$575,493	\$587,359	\$599,225	\$611,091	\$2,373,169
Cost of Revenue	\$36,693	\$37,449	\$38,206	\$38,962	\$151,310
<b>Gross Profit</b>	<b>\$538,801</b>	<b>\$549,910</b>	<b>\$561,019</b>	<b>\$572,129</b>	<b>\$2,221,859</b>
<b>Expenses</b>					
Payroll	\$131,376	\$131,376	\$131,376	\$131,376	\$525,505
Facility Costs	\$41,624	\$41,624	\$41,624	\$41,624	\$166,497
General and Administrative	\$12,085	\$12,335	\$12,584	\$12,833	\$49,837
Professional Fees and Licensure	\$5,047	\$5,151	\$5,255	\$5,359	\$20,812
Insurance	\$13,008	\$13,008	\$13,008	\$13,008	\$52,030
Marketing	\$23,595	\$24,082	\$24,568	\$25,055	\$97,300
Maintenance	\$10,383	\$10,383	\$10,383	\$10,383	\$41,530
Misc. Costs	\$4,316	\$4,405	\$4,494	\$4,583	\$17,799
Payroll Taxes	\$10,050	\$10,050	\$10,050	\$10,050	\$40,201
<b>Total Operating Costs</b>	<b>\$251,485</b>	<b>\$252,413</b>	<b>\$253,342</b>	<b>\$254,271</b>	<b>\$1,011,511</b>
<b>EBITDA</b>	<b>\$287,316</b>	<b>\$297,497</b>	<b>\$307,677</b>	<b>\$317,858</b>	<b>\$1,210,348</b>
Federal Income Tax	\$58,014	\$59,210	\$60,407	\$61,603	\$239,234
State Income Tax	\$0	\$0	\$0	\$0	\$0
Interest Expense	\$38,546	\$38,256	\$37,961	\$37,659	\$152,421
Depreciation Expenses	\$25,248	\$25,248	\$25,248	\$25,248	\$100,991
<b>Net Profit</b>	<b>\$165,509</b>	<b>\$174,782</b>	<b>\$184,062</b>	<b>\$193,349</b>	<b>\$717,702</b>

## Appendix D – Expanded Cash Flow Analysis

<b>Cash Flow Analysis (First Year)</b>								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$23,459	\$25,675	\$27,890	\$30,106	\$32,323	\$34,539	\$36,755	\$38,972
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$23,459</b>	<b>\$25,675</b>	<b>\$27,890</b>	<b>\$30,106</b>	<b>\$32,323</b>	<b>\$34,539</b>	<b>\$36,755</b>	<b>\$38,972</b>
<b>Other Cash Inflows</b>								
Equity Investment	\$500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$2,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
<b>Total Other Cash Inflows</b>	<b>\$2,500,083</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>
<b>Total Cash Inflow</b>	<b>\$2,523,542</b>	<b>\$25,758</b>	<b>\$27,974</b>	<b>\$30,190</b>	<b>\$32,406</b>	<b>\$34,622</b>	<b>\$36,839</b>	<b>\$39,055</b>
<b>Cash Outflows</b>								
Repayment of Principal	\$3,190	\$3,212	\$3,235	\$3,258	\$3,281	\$3,304	\$3,328	\$3,351
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$1,867,500	\$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
<b>Total Cash Outflows</b>	<b>\$1,870,748</b>	<b>\$3,271</b>	<b>\$3,293</b>	<b>\$3,316</b>	<b>\$3,339</b>	<b>\$3,363</b>	<b>\$3,386</b>	<b>\$3,410</b>
<b>Net Cash Flow</b>	<b>\$652,794</b>	<b>\$22,487</b>	<b>\$24,680</b>	<b>\$26,873</b>	<b>\$29,066</b>	<b>\$31,259</b>	<b>\$33,453</b>	<b>\$35,646</b>
<b>Cash Balance</b>	<b>\$652,794</b>	<b>\$675,281</b>	<b>\$699,962</b>	<b>\$726,835</b>	<b>\$755,901</b>	<b>\$787,161</b>	<b>\$820,613</b>	<b>\$856,259</b>

<b>Cash Flow Analysis (First Year Cont.)</b>					
Month	9	10	11	12	Year 1
Cash From Operations	\$41,189	\$43,406	\$45,623	\$47,840	\$427,776
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$41,189</b>	<b>\$43,406</b>	<b>\$45,623</b>	<b>\$47,840</b>	<b>\$427,776</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$500,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$2,000,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$1,000
<b>Total Other Cash Inflows</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$2,501,000</b>
<b>Total Cash Inflow</b>	<b>\$41,272</b>	<b>\$43,489</b>	<b>\$45,706</b>	<b>\$47,923</b>	<b>\$2,928,776</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$3,375	\$3,399	\$3,423	\$3,447	\$39,805
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$1,867,500
Dividends	\$0	\$0	\$0	\$77,594	\$77,594
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$3,433</b>	<b>\$3,457</b>	<b>\$3,481</b>	<b>\$81,100</b>	<b>\$1,985,599</b>
<b>Net Cash Flow</b>	<b>\$37,839</b>	<b>\$40,032</b>	<b>\$42,225</b>	<b>-\$33,177</b>	<b>\$943,177</b>
<b>Cash Balance</b>	<b>\$894,098</b>	<b>\$934,129</b>	<b>\$976,354</b>	<b>\$943,177</b>	<b>\$943,177</b>



Cash Flow Analysis (Second Year)					
	Year 2				
Quarter	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$117,394	\$124,788	\$132,188	\$139,592	\$513,962
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$117,394</b>	<b>\$124,788</b>	<b>\$132,188</b>	<b>\$139,592</b>	<b>\$513,962</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$255</b>	<b>\$260</b>	<b>\$265</b>	<b>\$270</b>	<b>\$1,050</b>
<b>Total Cash Inflow</b>	<b>\$117,648</b>	<b>\$125,048</b>	<b>\$132,453</b>	<b>\$139,863</b>	<b>\$515,012</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$10,489	\$10,714	\$10,943	\$11,177	\$43,323
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$25,698	\$0	\$0	\$0	\$25,698
Dividends	\$0	\$0	\$0	\$94,128	\$94,128
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$36,366</b>	<b>\$10,896</b>	<b>\$11,129</b>	<b>\$105,494</b>	<b>\$163,884</b>
<b>Net Cash Flow</b>	<b>\$81,283</b>	<b>\$114,153</b>	<b>\$121,324</b>	<b>\$34,368</b>	<b>\$351,128</b>
<b>Cash Balance</b>	<b>\$1,024,460</b>	<b>\$1,138,613</b>	<b>\$1,259,937</b>	<b>\$1,294,306</b>	<b>\$1,294,306</b>

### Cash Flow Analysis (Third Year)

Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$139,692	\$147,801	\$155,915	\$164,035	\$607,443
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$139,692</b>	<b>\$147,801</b>	<b>\$155,915</b>	<b>\$164,035</b>	<b>\$607,443</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$267</b>	<b>\$273</b>	<b>\$278</b>	<b>\$284</b>	<b>\$1,103</b>
<b>Total Cash Inflow</b>	<b>\$139,959</b>	<b>\$148,074</b>	<b>\$156,194</b>	<b>\$164,319</b>	<b>\$608,545</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$11,416	\$11,661	\$11,910	\$12,165	\$47,152
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$30,372	\$0	\$0	\$0	\$30,372
Dividends	\$0	\$0	\$0	\$112,058	\$112,058
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$41,976</b>	<b>\$11,852</b>	<b>\$12,105</b>	<b>\$124,422</b>	<b>\$190,354</b>
<b>Net Cash Flow</b>	<b>\$97,983</b>	<b>\$136,222</b>	<b>\$144,088</b>	<b>\$39,897</b>	<b>\$418,191</b>
<b>Cash Balance</b>	<b>\$1,392,289</b>	<b>\$1,528,511</b>	<b>\$1,672,599</b>	<b>\$1,712,496</b>	<b>\$1,712,496</b>

**Cash Flow Analysis (Fourth Year)**

Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$164,192	\$172,861	\$181,536	\$190,217	\$708,807
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$164,192</b>	<b>\$172,861</b>	<b>\$181,536</b>	<b>\$190,217</b>	<b>\$708,807</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$281</b>	<b>\$287</b>	<b>\$292</b>	<b>\$298</b>	<b>\$1,158</b>
<b>Total Cash Inflow</b>	<b>\$164,473</b>	<b>\$173,148</b>	<b>\$181,829</b>	<b>\$190,515</b>	<b>\$709,965</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$12,425	\$12,691	\$12,963	\$13,240	\$51,320
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$35,440	\$0	\$0	\$0	\$35,440
Dividends	\$0	\$0	\$0	\$131,497	\$131,497
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$48,062</b>	<b>\$12,892</b>	<b>\$13,168</b>	<b>\$144,946</b>	<b>\$219,068</b>
<b>Net Cash Flow</b>	<b>\$116,410</b>	<b>\$160,256</b>	<b>\$168,661</b>	<b>\$45,569</b>	<b>\$490,897</b>
<b>Cash Balance</b>	<b>\$1,828,907</b>	<b>\$1,989,163</b>	<b>\$2,157,824</b>	<b>\$2,203,393</b>	<b>\$2,203,393</b>

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$190,756	\$200,030	\$209,310	\$218,596	\$818,693
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$190,756</b>	<b>\$200,030</b>	<b>\$209,310</b>	<b>\$218,596</b>	<b>\$818,693</b>
<b>Other Cash Inflows</b>					
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
<b>Total Other Cash Inflows</b>	<b>\$295</b>	<b>\$301</b>	<b>\$307</b>	<b>\$313</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$191,051</b>	<b>\$200,331</b>	<b>\$209,617</b>	<b>\$218,909</b>	<b>\$819,908</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$13,524	\$13,813	\$14,109	\$14,411	\$55,856
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$40,935	\$0	\$0	\$0	\$40,935
Dividends	\$0	\$0	\$0	\$152,567	\$152,567
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$54,665</b>	<b>\$14,024</b>	<b>\$14,324</b>	<b>\$167,197</b>	<b>\$250,209</b>
<b>Net Cash Flow</b>	<b>\$136,386</b>	<b>\$186,307</b>	<b>\$195,293</b>	<b>\$51,712</b>	<b>\$569,699</b>
<b>Cash Balance</b>	<b>\$2,339,779</b>	<b>\$2,526,086</b>	<b>\$2,721,380</b>	<b>\$2,773,092</b>	<b>\$2,773,092</b>