



DEUTSCH



— VINYL AND SOUND —

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1.0 Executive Summary

The purpose of this business plan is to secure \$125,000 of capital for the development of a vinyl record store based in Madison, Wisconsin. Deutsch Vinyl & Sound LLC (“the Company”) was founded this year with the intention of providing a wide range of both new vinyl records as well as collectible albums. The business intends to launch full scale revenue generating operations in the fourth quarter of this year once the location has been secured.

Operations

The primary revenue center for the business will come from the ongoing sale of new vinyl records that have been sourced from national level distributors. The Company will carry vinyl albums across a number of genres. It should be noted that while this is an older technology, it has gained an immense degree of popularity among music enthusiasts. The Millennial Generation as well as Generation Z has shown a significant interest in acquiring vinyl records.

To complement this primary revenue center, the business will also carry a wide range of collectible vinyl records. The business will source these from estate sales as well as collectors looking to divest certain portions of their inventory. These products will be sold online in addition to the Company’s retail store in Madison.

The third section of this final record shop business plan will further discuss the operations of the business.

The Financing

As noted above, the Company is currently seeking a \$125,000 capital injection in order to commence operations. The Founder will contribute \$50,000 towards venture. Primarily, the funds will be allocated towards the following:

- Location development in Madison
- Inventories of vinyl records
- Furniture, fixtures, and equipment
- Working capital

As the Company expands its operations, Management may acquire a revolving credit facility that would allow the business to acquire large inventories of collectible vinyl records from estate sales as well as from private collectors. This document assumes that the business will use its retained earnings to further its growth objectives.

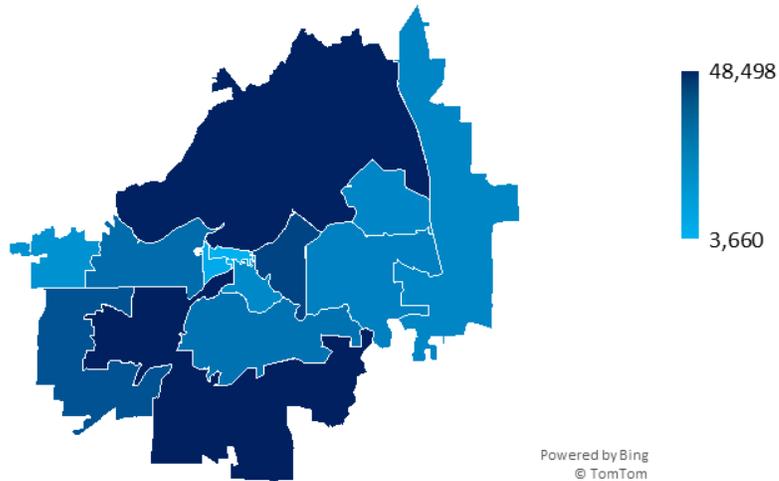
The Future

The Company will continue to scale of operations by acquiring in demand vinyl records that can be sold through the Company’s retail store as well as through online channels.

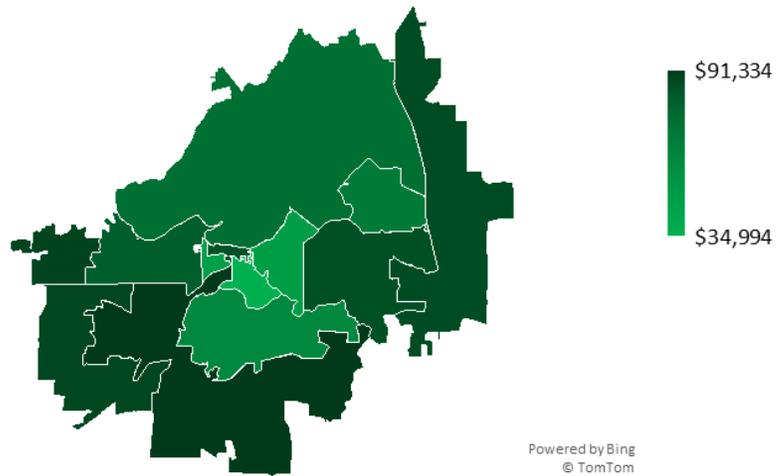
After the fifth year of operation, if it is economically feasible to do so, the Company may establish additional locations within Wisconsin.

Market Overview

Target Market Population



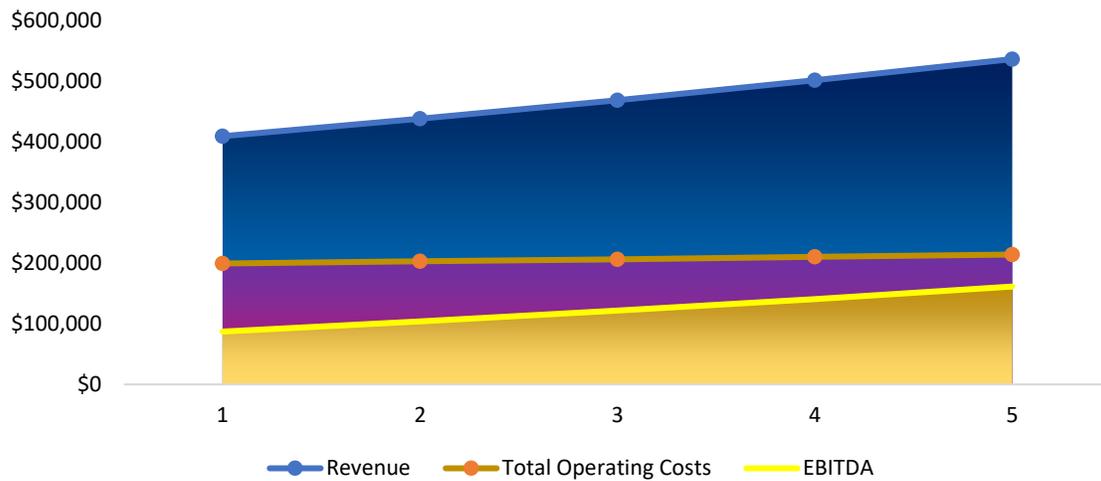
Target Market Household Income



Revenue Forecasts

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$409,374	\$438,030	\$468,692	\$501,501	\$536,606
Cost of Revenue	\$122,812	\$131,409	\$140,608	\$150,450	\$160,982
Gross Profit	\$286,562	\$306,621	\$328,085	\$351,051	\$375,624
Total Operating Costs	\$199,431	\$202,902	\$206,510	\$210,265	\$214,176
EBITDA	\$87,131	\$103,719	\$121,574	\$140,785	\$161,448

Revenue, Operating Costs, EBITDA



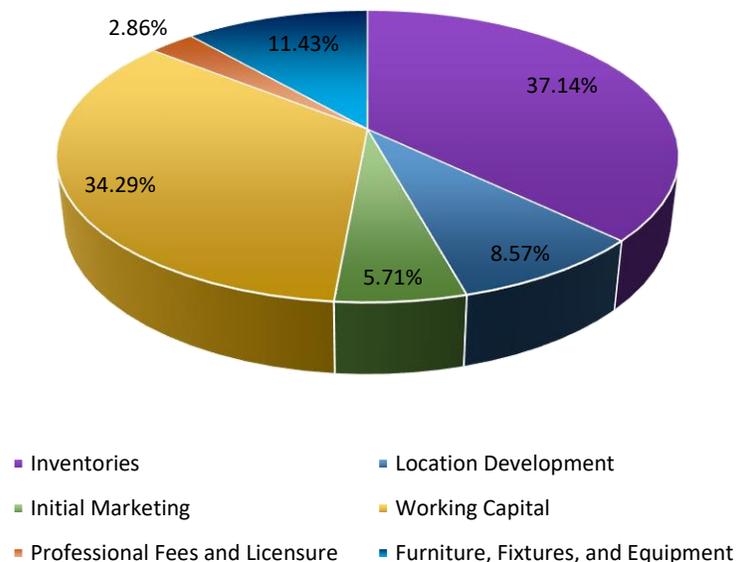
2.0 The Financing

2.1 Funds Required

The discussed funds will be allocated as follows:

Use of Funds	
Inventories	\$65,000
Location Development	\$15,000
Initial Marketing	\$10,000
Working Capital	\$60,000
Professional Fees and Licensure	\$5,000
Furniture, Fixtures, and Equipment	\$20,000
Total	\$175,000

Use of Funds Overview



2.2 Management and Investor Equity

The Founder retains a 100% interest in Deutsch Vinyl & Sound LLC.

2.3 Exit Strategies

Selling this business to a third-party would be a relatively straightforward process. There is a significant demand among vinyl record enthusiasts to ultimately own their own store. As such, the Company will coordinate with a qualified business sales professional in order to complete a formal valuation prior to offering the business for sale. This event is not expected to occur for a minimum of ten years.

3.0 Operations

As noted in the executive summary, Deutsch Vinyl & Sound will be actively involved with the retail distribution of vinyl records. The Company will source numerous records including from highly popular artists. As will be noted later in this document, the demand for vinyl records is steadily increasing within the United States, especially among younger people.

A major source of profit for the business will come from the ongoing acquisition and sale of collectible and limited-edition vinyl records. For these items, they will be offered at the retail location as well as within the Company's website. The business will use a number of third-party distribution channels to further inventory turnover in regards to collectible vinyl records.

Ultimately, Deutsch Vinyl & Sound is seeking to become a widely recognized hub for all things related to vinyl records and accessories. This is expected this is become a social component of the Company's operations, which will drive repeat customers on an ongoing basis.

4.0 Overview of the Organization

4.1 Registered Name

Deutsch Vinyl & Sound LLC. The Company is registered as a limited liability company in the State of Wisconsin.

4.2 Commencement of Operations

The business will begin its vinyl record sales operations in the fourth quarter of this year.

4.3 Mission Statement

To provide a wide range of vinyl records its spans a wide number of genres on cost-effective basis.

4.4 Vision Statement

To become the pre-eminent vinyl record shop within Madison.

4.5 Organizational Objectives

- Properly source inventory from a number of national level distributors across a number of musical genres.
- Implement a wide-ranging marketing campaign throughout Madison to drive a repeat customer base.
- Foster a sense of community at the location among people that an interest in music as well as vinyl records.
- Continue to expand the Company's inventories of collectible albums, which can be sold through numerous channels.
- Work with estate sales coordinators, in order to acquire large scale inventories of vinyl records.
- Maintained proper fiscal controls in order to ensure that the business is able to profit of all times.
- Engage numerous ecommerce channels in order to further drive inventory turnover.
- Provide staff with gainful employment opportunities that rewards their hard work and dedication to the Company's mission.

5.0 Market and Industry Analysis

5.1 External Environmental Analysis

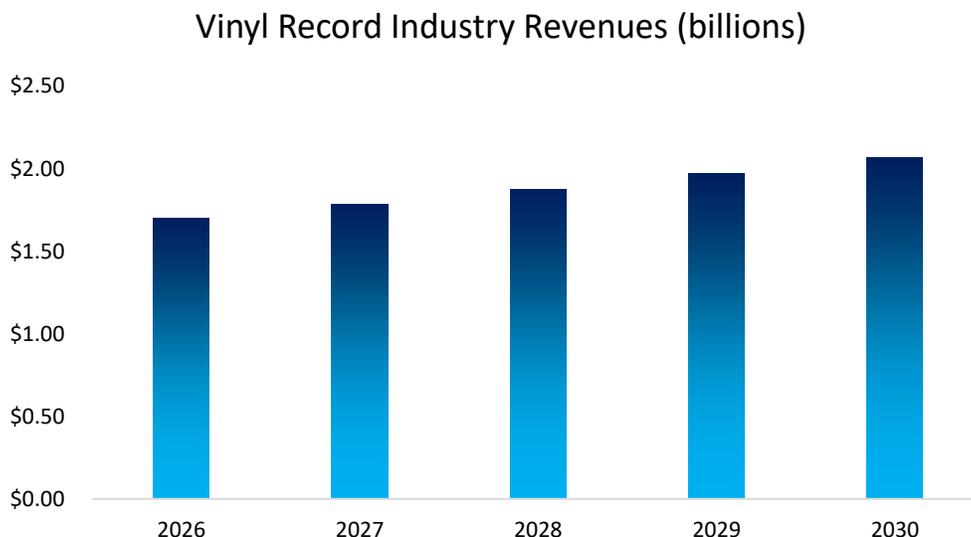
This section of the vinyl record shop business plan will discuss the current economic climate, the industry, the customer profile, and the ongoing competition.

Inflation has taken the centerstage as the principal issue that is affecting the US economy. It should be noted that the Federal Reserve as well the United States Treasury is taking the appropriate measures to ensure that the economy returns to a more normalized level of inflation. The policies have been put in place are expected to take hold within the upcoming months.

However, issues with inflation in the economy will only have a minimal impact on Deutsch Vinyl & Sound's ability to generate revenue. The demand for vinyl records is substantial, especially among a wide range of people that have an interest in music. The Company's ecommerce operations will substantially reduce the risks related to this retail enterprise.

5.2 Industry Analysis

As of this year, there are 2,500 companies that are actively involved with providing vinyl records to the general public. The industry produces \$1.7 billion of revenue each year.



This industry is poised to enjoy a significant growth rate in the coming years. The demand for vinyl records has steadily increased, especially among younger musical enthusiasts. Deutsch Vinyl & Sound is poised to capitalize on this new demand in the coming years.

5.3 Customer Profile

Any individual that has a love of music and vinyl albums is a potential customer for the business. The Company expects a wide range of people from spanning the entire socioeconomic spectrum will come to Deutsch Vinyl & Sound in order to make purchases. The Company will also leverage its online sales capabilities in order to divest large inventories of collectible vinyl albums.

5.4 Competitive Analysis

The ongoing competition that the business will face in the Madison market is rather limited. There are only two other locations that operate in the same scale and scope as the plan record shop location. Most importantly, the Company will focus on providing a wide range of vinyl record inventories, including highly collectible items.

6.0 Key Strategic Issues

6.1 Sustainable Operations

Deutsch Vinyl & Sound will have sustainable operations as a result of the following:

- The business has a number of sources in place in order to acquire vinyl albums that are in demand.
- The ability to provide collectible vinyl albums will be a major differentiating factor for the business.
- The Founder has more than six years of experience operating similar enterprises with a focus on music stores.
- The Company's online sales capabilities will greatly contribute to the economic viability of this business.

6.2 Basis of Growth

The Company will expand via the following methods:

- Continued expansion of the Company's inventories on an ongoing basis.
- Maintain strong relationships with estate liquidators that are seeking to sell vinyl records.
- Potential development of new vinyl shop record shop locations within Wisconsin.

7.0 Marketing Plan

7.1 Marketing Objectives

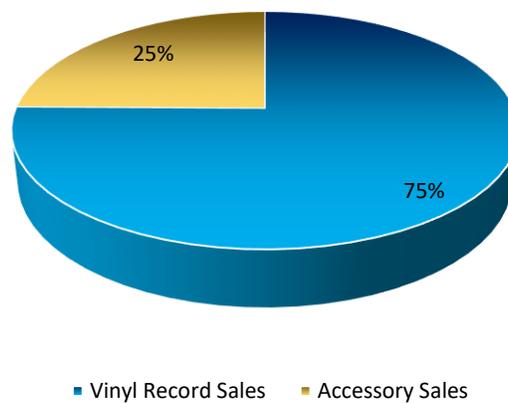
- Maintain an expansive of online presence so the business can easily be found in Madison.
- Use both search engine optimization as well as targeted social media among the demographics discussed earlier.
- Maintained strong relationships with estate representatives that are seeking to sell large quantities of collectible vinyl records

7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Vinyl Record Sales	\$307,800	\$329,346	\$352,400	\$377,068	\$403,463
Accessory Sales	\$101,574	\$108,684	\$116,292	\$124,433	\$133,143
Total	\$409,374	\$438,030	\$468,692	\$501,501	\$536,606

Gross Profit					
Year	1	2	3	4	5
Total	\$286,562	\$306,621	\$328,085	\$351,051	\$375,624

Revenue Generation



7.3 Revenue Assumptions

Year 1

- The Company will launch its operations in Madison.
- Revenue will reach \$409,000.

Year 2

- The Company will expand its online ordering operations.
- Revenue will reach \$438,000 in Year 2.

Years 3-5

- By Year 5, the Company will generate \$536,000 of revenue.
- At this time, the Company may establish additional vinyl record locations.

7.4 Marketing Strategies

Management will use a number of marketing strategies that will create significant brand-name awareness in the coming years. The Founder is currently working with a commercial real estate broker in order to ensure that the business acquires a high visibility location in order to drive a significant amount of traffic to the vinyl record shop. The exterior location will feature a number of images and brand assets that showcase the unique line of vinyl records that are offered within the store.

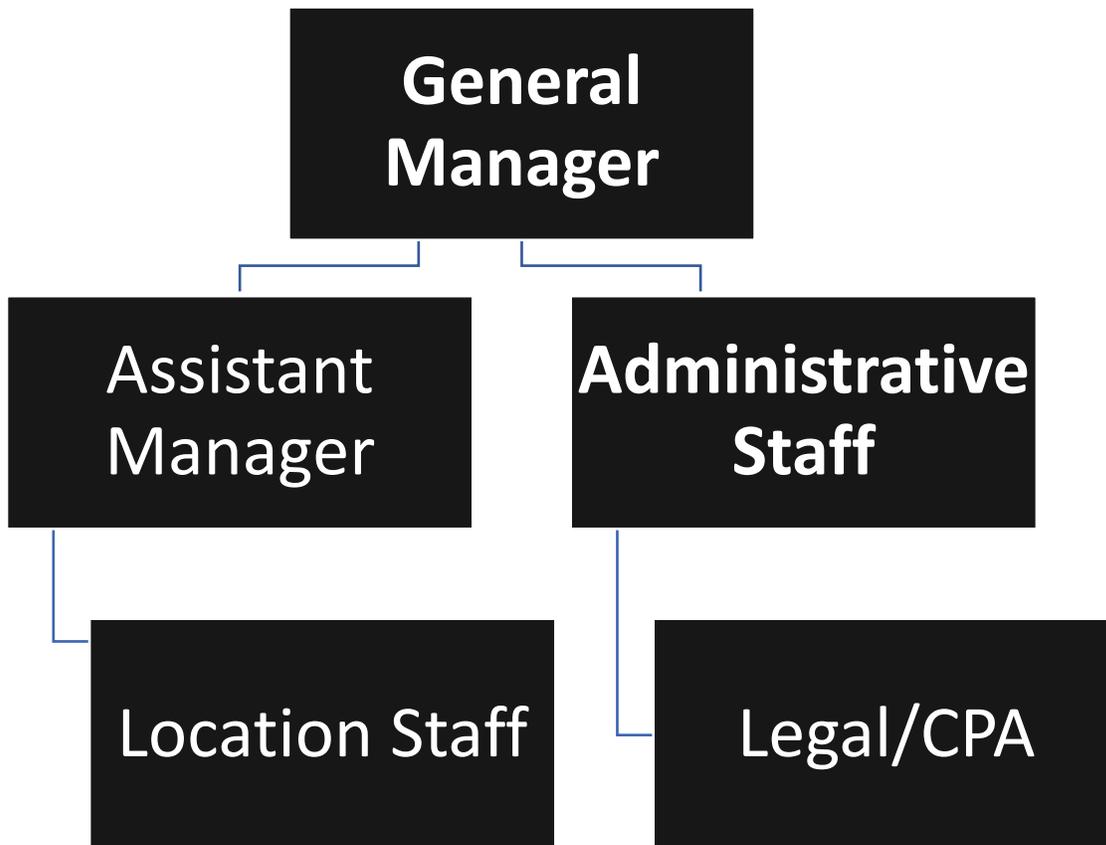
As it relates to the Company's, ecommerce platform, this will undergo substantial search engine optimization on a regional as well as a national basis. For regionally based operations, this will solely focus on the Madison market so that when searches for vinyl record shops in this area are conducted the website will appear frequently in the search. For national level operations, the business will focus heavily on listing highly collectible vinyl albums that are available for purchase. As has been one of the themes throughout this document, the integration of ecommerce into the business' operations will be a significant component of it success.

The Company will also maintain profiles among all major, social media platforms, including Facebook, Instagram, X, TikTok, and YouTube. On these platforms, this Company will create posts that showcase a location as well as unique collectible records that are featured within the store.

Ultimately, the goal of Deutsch Vinyl & Sound is to provide a unique and socially driven outlet for people that have a love of music as well as vinyl records. It is really expected that this will become a major center for musical appreciation within the Madison market.

8.0 Organizational Plan

8.1 Organizational Hierarchy

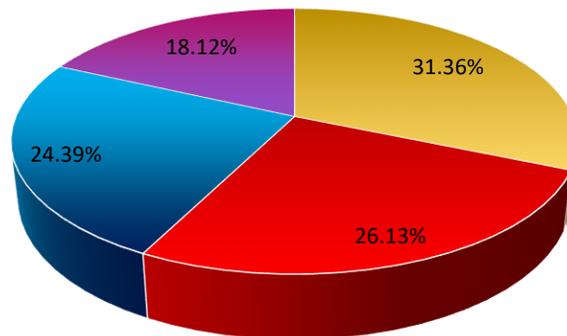


8.2 Personnel Costs

Personnel Plan - Yearly					
Year	1	2	3	4	5
General Manager	\$45,000	\$45,450	\$45,905	\$46,364	\$46,827
Assistant Manager	\$37,500	\$37,875	\$38,254	\$38,636	\$39,023
Store Staff	\$35,000	\$35,350	\$35,704	\$36,061	\$36,421
Administrative Staff	\$26,000	\$26,260	\$26,523	\$26,788	\$27,056
Total	\$143,500	\$144,935	\$146,384	\$147,848	\$149,327

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
Store Staff	2	2	2	2	2
Administrative Staff	1	1	1	1	1
Total	5	5	5	5	5

Personnel Summary



■ General Manager ■ Assistant Manager ■ Store Staff ■ Administrative Staff

9.0 Financial Plan

9.1 Underlying Assumptions

- The Company will have a compounded annual growth rate of 7%.
- The business will acquire \$125,000 a capital to establish it operations in Madison.
- Management will contribute \$50,000 towards venture.

9.2 Financial Highlights

- New vinyl record sales will generate contribution margins of 65%.
- Collectible vinyl records will generate contribution margins of 75%.

9.3 Sensitivity Analysis

The businesses revenues are only mostly sensitive to challenging economic climate given that there is immense demand for vinyl records throughout the United States. The business will be able to divest its inventories through both its retail toward Madison, as well as numerous online channels. The business will have controllable operating cost, which will further contribute to the economic stability of the enterprise.

9.4 Source of Funds

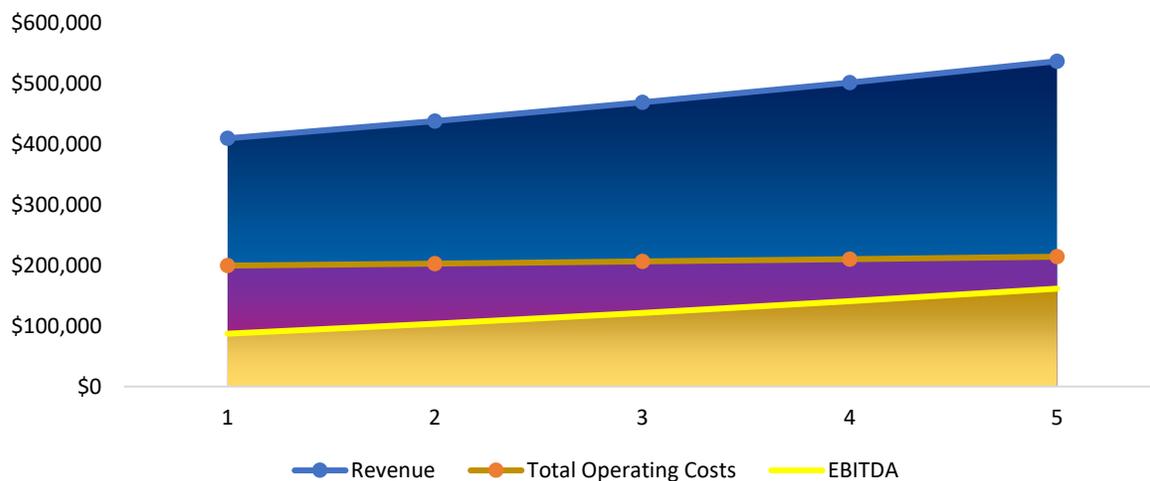
Financing	
Equity	
Equity Capitalization	\$50,000.00
Total Equity Financing	\$50,000.00
Banks and Lenders	
Business Loan	\$125,000.00
Total Debt Financing	\$125,000.00
Total Financing	\$175,000.00

9.5 Financial Proformas

A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
Revenue	\$409,374	\$438,030	\$468,692	\$501,501	\$536,606
Cost of Revenue	\$122,812	\$131,409	\$140,608	\$150,450	\$160,982
Gross Margin	70.00%	70.00%	70.00%	70.00%	70.00%
Gross Profit	\$286,562	\$306,621	\$328,085	\$351,051	\$375,624
Expenses					
Payroll	\$143,500	\$144,935	\$146,384	\$147,848	\$149,327
Facility Costs	\$14,600	\$14,746	\$14,893	\$15,042	\$15,193
General and Administrative	\$9,006	\$9,637	\$10,311	\$11,033	\$11,805
Professional Fees and Licensure	\$3,000	\$3,030	\$3,060	\$3,091	\$3,122
Insurance	\$2,750	\$2,778	\$2,805	\$2,833	\$2,862
Marketing	\$7,205	\$7,709	\$8,249	\$8,826	\$9,444
Technology	\$5,322	\$5,694	\$6,093	\$6,520	\$6,976
Misc. Costs	\$3,070	\$3,285	\$3,515	\$3,761	\$4,025
Payroll Taxes	\$10,978	\$11,088	\$11,198	\$11,310	\$11,423
Total Operating Costs	\$199,431	\$202,902	\$206,510	\$210,265	\$214,176
EBITDA	\$87,131	\$103,719	\$121,574	\$140,785	\$161,448
Federal Income Tax	\$16,025	\$20,165	\$24,625	\$29,428	\$34,598
State Income Tax	\$3,205	\$4,033	\$4,925	\$5,886	\$6,920
Interest Expense	\$10,530	\$10,310	\$10,070	\$9,810	\$9,526
Depreciation Expenses	\$12,500	\$12,750	\$13,005	\$13,265	\$13,530
Net Profit	\$44,871	\$56,462	\$68,949	\$82,397	\$96,874
Profit Margin	10.96%	12.89%	14.71%	16.43%	18.05%

Revenue, Operating Costs, EBITDA



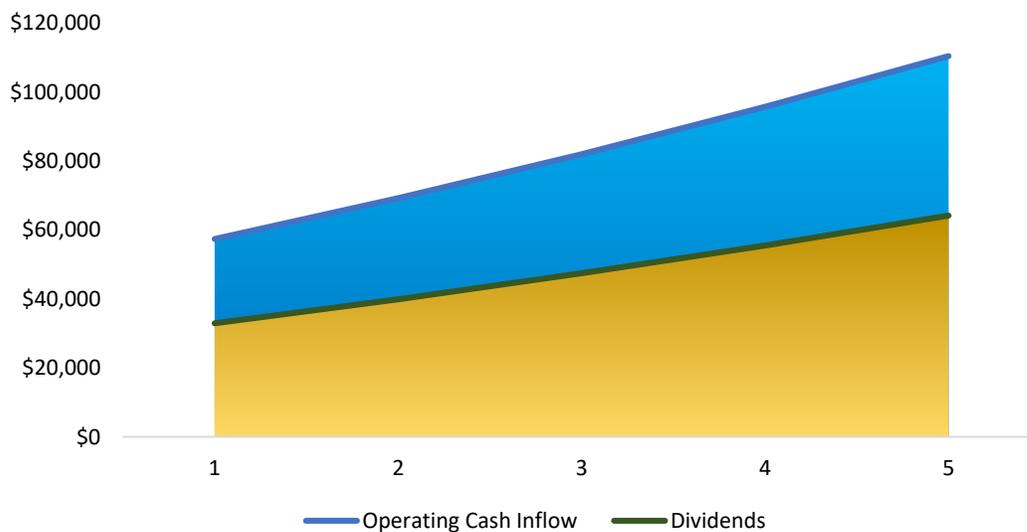
B) Common Size Income Statement

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	30.00%	30.00%	30.00%	30.00%	30.00%
Gross Profit	70.00%	70.00%	70.00%	70.00%	70.00%
Expenses					
Payroll	35.05%	33.09%	31.23%	29.48%	27.83%
Facility Costs	3.57%	3.37%	3.18%	3.00%	2.83%
General and Administrative	2.20%	2.20%	2.20%	2.20%	2.20%
Professional Fees and Licensure	0.73%	0.69%	0.65%	0.62%	0.58%
Insurance	0.67%	0.63%	0.60%	0.56%	0.53%
Marketing	1.76%	1.76%	1.76%	1.76%	1.76%
Technology	1.30%	1.30%	1.30%	1.30%	1.30%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	2.68%	2.53%	2.39%	2.26%	2.13%
Total Operating Costs	48.72%	46.32%	44.06%	41.93%	39.91%
EBITDA	21.28%	23.68%	25.94%	28.07%	30.09%
Federal Income Tax	3.91%	4.60%	5.25%	5.87%	6.45%
State Income Tax	0.78%	0.92%	1.05%	1.17%	1.29%
Interest Expense	2.57%	2.35%	2.15%	1.96%	1.78%
Depreciation Expenses	3.05%	2.91%	2.77%	2.65%	2.52%
Net Profit	10.96%	12.89%	14.71%	16.43%	18.05%

C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$57,371	\$69,212	\$81,954	\$95,662	\$110,404
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$57,371	\$69,212	\$81,954	\$95,662	\$110,404
Other Cash Inflows					
Equity Investment	\$50,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$125,000	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$1,210	\$1,271	\$1,334	\$1,401	\$1,471
Total Other Cash Inflows	\$176,210	\$1,271	\$1,334	\$1,401	\$1,471
Total Cash Inflow	\$233,581	\$70,482	\$83,288	\$97,063	\$111,875
Cash Outflows					
Repayment of Principal	\$2,488	\$2,708	\$2,947	\$3,208	\$3,491
A/P Decreases	\$847	\$889	\$934	\$981	\$1,030
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$100,000	\$10,382	\$12,293	\$14,349	\$16,561
Dividends	\$32,930	\$39,903	\$47,404	\$55,473	\$64,148
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$136,265	\$53,881	\$63,578	\$74,010	\$85,229
Net Cash Flow	\$97,316	\$16,601	\$19,710	\$23,053	\$26,646
Cash Balance	\$97,316	\$113,917	\$133,627	\$156,680	\$183,326

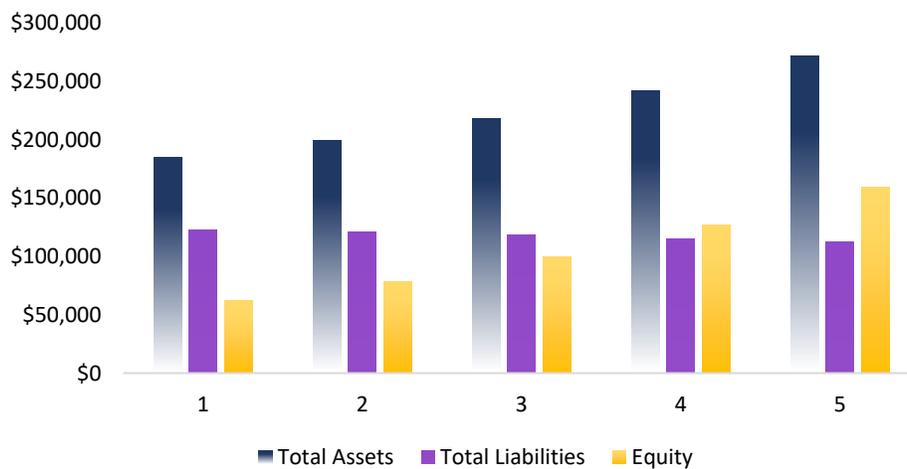
Cash Flow Analysis



D) Balance Sheet

Proforma Balance Sheet - Yearly					
Year	1	2	3	4	5
Assets					
Cash	\$97,316	\$113,917	\$133,627	\$156,680	\$183,326
Fixed Assets	\$100,000	\$110,382	\$122,675	\$137,024	\$153,585
Accumulated Depreciation	(\$12,500)	(\$25,250)	(\$38,255)	(\$51,520)	(\$65,051)
Total Assets	\$184,816	\$199,049	\$218,047	\$242,184	\$271,860
Liabilities and Equity					
Accounts Payable	\$363	\$744	\$1,144	\$1,565	\$2,006
Long Term Liabilities	\$122,512	\$119,805	\$116,858	\$113,650	\$110,159
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$122,875	\$120,549	\$118,002	\$115,215	\$112,165
Equity	\$61,941	\$78,500	\$100,045	\$126,970	\$159,695
Total Liabilities and Equity	\$184,816	\$199,049	\$218,047	\$242,184	\$271,860

Balance Sheet



E) Expanded Sensitivity Analysis

Sensitivity Analysis (20% Higher)					
Year	1	2	3	4	5
Revenue	\$491,249	\$525,636	\$562,431	\$601,801	\$643,927
Cost of Revenue	\$147,375	\$157,691	\$168,729	\$180,540	\$193,178
Gross Profit	\$343,874	\$367,945	\$393,702	\$421,261	\$450,749
Total Operating Costs	\$199,431	\$202,902	\$206,510	\$210,265	\$214,176
EBITDA	\$144,443	\$165,044	\$187,191	\$210,995	\$236,572

Sensitivity Analysis (10% Higher)					
Year	1	2	3	4	5
Revenue	\$450,311	\$481,833	\$515,562	\$551,651	\$590,266
Cost of Revenue	\$135,093	\$144,550	\$154,668	\$165,495	\$177,080
Gross Profit	\$315,218	\$337,283	\$360,893	\$386,156	\$413,186
Total Operating Costs	\$199,431	\$202,902	\$206,510	\$210,265	\$214,176
EBITDA	\$115,787	\$134,382	\$154,383	\$175,890	\$199,010

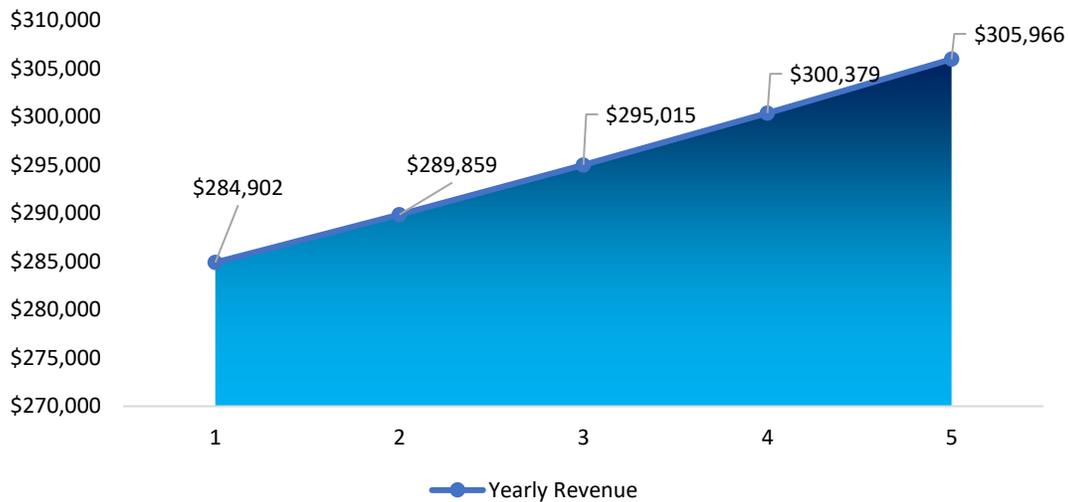
Sensitivity Analysis (10% Lower)					
Year	1	2	3	4	5
Revenue	\$368,437	\$394,227	\$421,823	\$451,351	\$482,945
Cost of Revenue	\$110,531	\$118,268	\$126,547	\$135,405	\$144,884
Gross Profit	\$257,906	\$275,959	\$295,276	\$315,945	\$338,062
Total Operating Costs	\$199,431	\$202,902	\$206,510	\$210,265	\$214,176
EBITDA	\$58,474	\$73,057	\$88,766	\$105,680	\$123,885

Sensitivity Analysis (20% Lower)					
Year	1	2	3	4	5
Revenue	\$327,499	\$350,424	\$374,954	\$401,201	\$429,285
Cost of Revenue	\$98,250	\$105,127	\$112,486	\$120,360	\$128,785
Gross Profit	\$229,249	\$245,297	\$262,468	\$280,840	\$300,499
Total Operating Costs	\$199,431	\$202,902	\$206,510	\$210,265	\$214,176
EBITDA	\$29,818	\$42,395	\$55,957	\$70,575	\$86,323

9.6 Breakeven Analysis

Break Even Analysis					
Year	1	2	3	4	5
Monthly Revenue	\$23,742	\$24,155	\$24,585	\$25,032	\$25,497
Yearly Revenue	\$284,902	\$289,859	\$295,015	\$300,379	\$305,966

Breakeven Analysis



9.7 Business Ratios

Business Ratios - Yearly					
Year	1	2	3	4	5
Revenue					
Sales Growth	0.0%	7.0%	7.0%	7.0%	7.0%
Gross Margin	70.0%	70.0%	70.0%	70.0%	70.0%
Financials					
Profit Margin	10.96%	12.89%	14.71%	16.43%	18.05%
Assets to Liabilities	1.50	1.65	1.85	2.10	2.42
Equity to Liabilities	0.50	0.65	0.85	1.10	1.42
Assets to Equity	2.98	2.54	2.18	1.91	1.70
Liquidity					
Acid Test	0.79	0.94	1.13	1.36	1.63
Cash to Assets	0.53	0.57	0.61	0.65	0.67

9.8 DSCR Analysis

DSCR Analysis					
Year	1	2	3	4	5
Interest	\$10,530	\$10,310	\$10,070	\$9,810	\$9,526
Principal	\$2,488	\$2,708	\$2,947	\$3,208	\$3,491
Total Debt Service	\$13,017	\$13,017	\$13,017	\$13,017	\$13,017
Base Case					
EBITDA	\$87,131	\$103,719	\$121,574	\$140,785	\$161,448
DSCR	6.69	7.97	9.34	10.82	12.40
Optimistic Case					
EBITDA	\$144,443	\$165,044	\$187,191	\$210,995	\$236,572
DSCR	11.10	12.68	14.38	16.21	18.17
Conservative Case					
EBITDA	\$29,818	\$42,395	\$55,957	\$70,575	\$86,323
DSCR	2.29	3.26	4.30	5.42	6.63

Appendix A – SWOT Analysis

Strengths

- Limited competition in Madison among companies that are operating a similar capacity.
- The Company has a proper inventory so sourcing apparatus in place so the business can acquire collectible inventories of vinyl records.
- The owner has extensive experience operating music focused retail enterprises.
- The Company's online sales operations will substantially reduce operating risks.

Weaknesses

- A very severe economic recession could impact sales operations.
- Competition for other online sellers of vinyl records.

Opportunities

- Continued acquisition of collectible inventories.
- Expansion of the number of retail locations operated by the business.
- Introduction of new inventory that complement the primary vinyl records that are sold by the business.

Threats

- Continually increasing inflation could impact gross margins.

Appendix B – Critical Risks

Development Risk – **Low**

The primary development issue that needs to be addressed to securing the funding discussed of this document. Management is currently in the process of sourcing a highly visible retail location in Madison.

Financing Risk – **Low/Moderate**

The \$125,000 a capital will be principally used for the location buildout as well as the acquisition of vinyl record inventories. The risks related to this funding or offset by the use of ecommerce channels to sell collectible vinyl albums.

Marketing Risk – **Low**

The Company will continue to use and expand upon the marketing strategies discussed earlier with a focus on both direct outreach initiatives within the Madison area while also leveraging numerous online marketing platforms. Given the unique nature of the operations, this is a more moderate risk for the business.

Management Risk – **Low**

The Owner is a highly skilled retail focused entrepreneur that has developed numerous vinyl record shops and music focused enterprises in the past. He will be able to properly launch the operations to profitability.

Valuation Risk – **Low**

The valuation risk is offset by:

- The business' inventories will consist of highly valuable new and collectible vinyl records.
- Limited competition in Madison, given the scale and quantity of inventory that will be carried at the location.
- The business will be able to generate significant sales on an online basis.

Exit Risk - **Low**

As noted earlier, this business would be relatively easily sold to a third-party if it is economically prudent to do so.

Appendix C – Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Revenue	\$31,920	\$32,319	\$32,718	\$33,117	\$33,516	\$33,915	\$34,314
Cost of Revenue	\$9,576	\$9,696	\$9,815	\$9,935	\$10,055	\$10,175	\$10,294
Gross Profit	\$22,344	\$22,623	\$22,903	\$23,182	\$23,461	\$23,741	\$24,020
Expenses							
Payroll	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958
Facility Costs	\$1,217	\$1,217	\$1,217	\$1,217	\$1,217	\$1,217	\$1,217
General and Administrative	\$751	\$751	\$751	\$751	\$751	\$751	\$751
Professional Fees and Licensure	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Insurance	\$229	\$229	\$229	\$229	\$229	\$229	\$229
Marketing	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Technology	\$443	\$443	\$443	\$443	\$443	\$443	\$443
Misc. Costs	\$256	\$256	\$256	\$256	\$256	\$256	\$256
Payroll Taxes	\$915	\$915	\$915	\$915	\$915	\$915	\$915
Total Operating Costs	\$16,619						
EBITDA	\$5,725	\$6,004	\$6,283	\$6,563	\$6,842	\$7,121	\$7,401
Federal Income Tax	\$1,250	\$1,265	\$1,281	\$1,296	\$1,312	\$1,328	\$1,343
State Income Tax	\$250	\$253	\$256	\$259	\$262	\$266	\$269
Interest Expense	\$885	\$884	\$883	\$881	\$880	\$878	\$877
Depreciation Expenses	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042
Net Profit	\$2,298	\$2,560	\$2,822	\$3,084	\$3,346	\$3,608	\$3,870

Profit and Loss Statement (First Year Cont.)

Month	8	9	10	11	12	Year 1
Revenue	\$34,713	\$35,112	\$35,511	\$35,910	\$36,309	\$409,374
Cost of Revenue	\$10,414	\$10,534	\$10,653	\$10,773	\$10,893	\$122,812
Gross Profit	\$24,299	\$24,578	\$24,858	\$25,137	\$25,416	\$286,562
Expenses						
Payroll	\$11,958	\$11,958	\$11,958	\$11,958	\$11,958	\$143,500
Facility Costs	\$1,217	\$1,217	\$1,217	\$1,217	\$1,217	\$14,600
General and Administrative	\$751	\$751	\$751	\$751	\$751	\$9,006
Professional Fees and Licensure	\$250	\$250	\$250	\$250	\$250	\$3,000
Insurance	\$229	\$229	\$229	\$229	\$229	\$2,750
Marketing	\$600	\$600	\$600	\$600	\$600	\$7,205
Technology	\$443	\$443	\$443	\$443	\$443	\$5,322
Misc. Costs	\$256	\$256	\$256	\$256	\$256	\$3,070
Payroll Taxes	\$915	\$915	\$915	\$915	\$915	\$10,978
Total Operating Costs	\$16,619	\$16,619	\$16,619	\$16,619	\$16,619	\$199,431
EBITDA	\$7,680	\$7,959	\$8,238	\$8,518	\$8,797	\$87,131
Federal Income Tax	\$1,359	\$1,374	\$1,390	\$1,406	\$1,421	\$16,025
State Income Tax	\$272	\$275	\$278	\$281	\$284	\$3,205
Interest Expense	\$875	\$874	\$872	\$871	\$869	\$10,530
Depreciation Expenses	\$1,042	\$1,042	\$1,042	\$1,042	\$1,042	\$12,500
Net Profit	\$4,132	\$4,394	\$4,656	\$4,918	\$5,180	\$44,871

Profit and Loss Statement (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Revenue	\$106,222	\$108,412	\$110,603	\$112,793	\$438,030
Cost of Revenue	\$31,867	\$32,524	\$33,181	\$33,838	\$131,409
Gross Profit	\$74,356	\$75,889	\$77,422	\$78,955	\$306,621
Expenses					
Payroll	\$36,234	\$36,234	\$36,234	\$36,234	\$144,935
Facility Costs	\$3,687	\$3,687	\$3,687	\$3,687	\$14,746
General and Administrative	\$2,337	\$2,385	\$2,433	\$2,481	\$9,637
Professional Fees and Licensure	\$735	\$750	\$765	\$780	\$3,030
Insurance	\$694	\$694	\$694	\$694	\$2,778
Marketing	\$1,870	\$1,908	\$1,947	\$1,985	\$7,709
Technology	\$1,424	\$1,424	\$1,424	\$1,424	\$5,694
Misc. Costs	\$797	\$813	\$830	\$846	\$3,285
Payroll Taxes	\$2,689	\$2,744	\$2,800	\$2,855	\$11,088
Total Operating Costs	\$50,465	\$50,639	\$50,812	\$50,986	\$202,902
EBITDA	\$23,891	\$25,250	\$26,610	\$27,969	\$103,719
Federal Income Tax	\$4,890	\$4,991	\$5,092	\$5,192	\$20,165
State Income Tax	\$978	\$998	\$1,018	\$1,038	\$4,033
Interest Expense	\$2,599	\$2,585	\$2,570	\$2,556	\$10,310
Depreciation Expenses	\$3,188	\$3,188	\$3,188	\$3,188	\$12,750
Net Profit	\$12,237	\$13,489	\$14,742	\$15,995	\$56,462

Profit and Loss Statement (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Revenue	\$113,658	\$116,001	\$118,345	\$120,688	\$468,692
Cost of Revenue	\$34,097	\$34,800	\$35,503	\$36,206	\$140,608
Gross Profit	\$79,561	\$81,201	\$82,841	\$84,482	\$328,085
Expenses					
Payroll	\$36,596	\$36,596	\$36,596	\$36,596	\$146,384
Facility Costs	\$3,723	\$3,723	\$3,723	\$3,723	\$14,893
General and Administrative	\$2,500	\$2,552	\$2,604	\$2,655	\$10,311
Professional Fees and Licensure	\$742	\$757	\$773	\$788	\$3,060
Insurance	\$701	\$701	\$701	\$701	\$2,805
Marketing	\$2,000	\$2,042	\$2,083	\$2,124	\$8,249
Technology	\$1,523	\$1,523	\$1,523	\$1,523	\$6,093
Misc. Costs	\$852	\$870	\$888	\$905	\$3,515
Payroll Taxes	\$2,800	\$2,800	\$2,800	\$2,800	\$11,198
Total Operating Costs	\$51,439	\$51,565	\$51,690	\$51,816	\$206,510
EBITDA	\$28,121	\$29,636	\$31,151	\$32,666	\$121,574
Federal Income Tax	\$5,972	\$6,095	\$6,218	\$6,341	\$24,625
State Income Tax	\$1,194	\$1,219	\$1,244	\$1,268	\$4,925
Interest Expense	\$2,541	\$2,526	\$2,510	\$2,494	\$10,070
Depreciation Expenses	\$3,251	\$3,251	\$3,251	\$3,251	\$13,005
Net Profit	\$15,164	\$16,546	\$17,928	\$19,311	\$68,949

Profit and Loss Statement (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Revenue	\$121,614	\$124,121	\$126,629	\$129,136	\$501,501
Cost of Revenue	\$36,484	\$37,236	\$37,989	\$38,741	\$150,450
Gross Profit	\$85,130	\$86,885	\$88,640	\$90,396	\$351,051
Expenses					
Payroll	\$36,962	\$36,962	\$36,962	\$36,962	\$147,848
Facility Costs	\$3,761	\$3,761	\$3,761	\$3,761	\$15,042
General and Administrative	\$2,676	\$2,731	\$2,786	\$2,841	\$11,033
Professional Fees and Licensure	\$750	\$765	\$780	\$796	\$3,091
Insurance	\$708	\$708	\$708	\$708	\$2,833
Marketing	\$2,140	\$2,185	\$2,229	\$2,273	\$8,826
Technology	\$1,630	\$1,630	\$1,630	\$1,630	\$6,520
Misc. Costs	\$912	\$931	\$950	\$969	\$3,761
Payroll Taxes	\$2,828	\$2,828	\$2,828	\$2,828	\$11,310
Total Operating Costs	\$52,366	\$52,500	\$52,633	\$52,767	\$210,265
EBITDA	\$32,764	\$34,385	\$36,007	\$37,629	\$140,785
Federal Income Tax	\$7,136	\$7,283	\$7,430	\$7,578	\$29,428
State Income Tax	\$1,427	\$1,457	\$1,486	\$1,516	\$5,886
Interest Expense	\$2,478	\$2,461	\$2,444	\$2,427	\$9,810
Depreciation Expenses	\$3,316	\$3,316	\$3,316	\$3,316	\$13,265
Net Profit	\$18,406	\$19,868	\$21,330	\$22,793	\$82,397

Profit and Loss Statement (Fifth Year)

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Revenue	\$130,127	\$132,810	\$135,493	\$138,176	\$536,606
Cost of Revenue	\$39,038	\$39,843	\$40,648	\$41,453	\$160,982
Gross Profit	\$91,089	\$92,967	\$94,845	\$96,723	\$375,624
Expenses					
Payroll	\$37,332	\$37,332	\$37,332	\$37,332	\$149,327
Facility Costs	\$3,798	\$3,798	\$3,798	\$3,798	\$15,193
General and Administrative	\$2,863	\$2,922	\$2,981	\$3,040	\$11,805
Professional Fees and Licensure	\$757	\$773	\$788	\$804	\$3,122
Insurance	\$715	\$715	\$715	\$715	\$2,862
Marketing	\$2,290	\$2,337	\$2,385	\$2,432	\$9,444
Technology	\$1,744	\$1,744	\$1,744	\$1,744	\$6,976
Misc. Costs	\$976	\$996	\$1,016	\$1,036	\$4,025
Payroll Taxes	\$2,856	\$2,856	\$2,856	\$2,856	\$11,423
Total Operating Costs	\$53,331	\$53,473	\$53,615	\$53,757	\$214,176
EBITDA	\$37,758	\$39,494	\$41,230	\$42,966	\$161,448
Federal Income Tax	\$8,390	\$8,563	\$8,736	\$8,909	\$34,598
State Income Tax	\$1,678	\$1,713	\$1,747	\$1,782	\$6,920
Interest Expense	\$2,409	\$2,391	\$2,373	\$2,354	\$9,526
Depreciation Expenses	\$3,383	\$3,383	\$3,383	\$3,383	\$13,530
Net Profit	\$21,898	\$23,445	\$24,992	\$26,539	\$96,874

Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$3,340	\$3,602	\$3,864	\$4,126	\$4,388	\$4,650	\$4,912	\$5,174
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$3,340	\$3,602	\$3,864	\$4,126	\$4,388	\$4,650	\$4,912	\$5,174
Other Cash Inflows								
Equity Investment	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101
Total Other Cash Inflows	\$175,101	\$101	\$101	\$101	\$101	\$101	\$101	\$101
Total Cash Inflow	\$178,441	\$3,703	\$3,965	\$4,227	\$4,489	\$4,751	\$5,013	\$5,275
Cash Outflows								
Repayment of Principal	\$199	\$201	\$202	\$204	\$205	\$207	\$208	\$209
A/P Decreases	\$71	\$71	\$71	\$71	\$71	\$71	\$71	\$71
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$100,270	\$271	\$273	\$274	\$276	\$277	\$279	\$280
Net Cash Flow	\$78,171	\$3,431	\$3,692	\$3,952	\$4,213	\$4,474	\$4,734	\$4,995
Cash Balance	\$78,171	\$81,602	\$85,294	\$89,246	\$93,459	\$97,933	\$102,667	\$107,662

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	Year 1
Cash From Operations	\$5,436	\$5,698	\$5,960	\$6,222	\$57,371
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$5,436	\$5,698	\$5,960	\$6,222	\$57,371
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$50,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$125,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$101	\$101	\$101	\$101	\$1,210
Total Other Cash Inflows	\$101	\$101	\$101	\$101	\$176,210
Total Cash Inflow	\$5,537	\$5,799	\$6,061	\$6,323	\$233,581
Cash Outflows					
Repayment of Principal	\$211	\$212	\$214	\$215	\$2,488
A/P Decreases	\$71	\$71	\$71	\$71	\$847
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$100,000
Dividends	\$0	\$0	\$0	\$32,930	\$32,930
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$282	\$283	\$285	\$33,216	\$136,265
Net Cash Flow	\$5,255	\$5,516	\$5,776	-\$26,893	\$97,316
Cash Balance	\$112,917	\$118,433	\$124,209	\$97,316	\$97,316

Cash Flow Analysis (Second Year)

Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$15,424	\$16,676	\$17,929	\$19,182	\$69,212
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$15,424	\$16,676	\$17,929	\$19,182	\$69,212
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	\$308	\$314	\$321	\$327	\$1,271
Total Other Cash Inflows	\$308	\$314	\$321	\$327	\$1,271
Total Cash Inflow	\$15,732	\$16,991	\$18,250	\$19,509	\$70,482
Cash Outflows					
Repayment of Principal	\$656	\$670	\$684	\$699	\$2,708
A/P Decreases	\$216	\$220	\$225	\$229	\$889
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$10,382	\$0	\$0	\$0	\$10,382
Dividends	\$0	\$0	\$0	\$39,903	\$39,903
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$11,253	\$890	\$908	\$40,830	\$53,881
Net Cash Flow	\$4,479	\$16,101	\$17,341	-\$21,321	\$16,601
Cash Balance	\$101,795	\$117,897	\$135,238	\$113,917	\$113,917

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$18,415	\$19,797	\$21,180	\$22,563	\$81,954
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$18,415	\$19,797	\$21,180	\$22,563	\$81,954
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	\$324	\$330	\$337	\$344	\$1,334
Total Other Cash Inflows	\$324	\$330	\$337	\$344	\$1,334
Total Cash Inflow	\$18,738	\$20,127	\$21,517	\$22,906	\$83,288
Cash Outflows					
Repayment of Principal	\$714	\$729	\$744	\$760	\$2,947
A/P Decreases	\$226	\$231	\$236	\$240	\$934
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$12,293	\$0	\$0	\$0	\$12,293
Dividends	\$0	\$0	\$0	\$47,404	\$47,404
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$13,233	\$960	\$980	\$48,405	\$63,578
Net Cash Flow	\$5,505	\$19,167	\$20,536	-\$25,499	\$19,710
Cash Balance	\$119,422	\$138,590	\$159,126	\$133,627	\$133,627

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$21,723	\$23,184	\$24,646	\$26,109	\$95,662
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$21,723	\$23,184	\$24,646	\$26,109	\$95,662
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	\$340	\$347	\$354	\$361	\$1,401
Total Other Cash Inflows	\$340	\$347	\$354	\$361	\$1,401
Total Cash Inflow	\$22,062	\$23,531	\$25,000	\$26,470	\$97,063
Cash Outflows					
Repayment of Principal	\$777	\$793	\$810	\$828	\$3,208
A/P Decreases	\$238	\$243	\$248	\$252	\$981
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$14,349	\$0	\$0	\$0	\$14,349
Dividends	\$0	\$0	\$0	\$55,473	\$55,473
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$15,364	\$1,036	\$1,058	\$56,553	\$74,010
Net Cash Flow	\$6,699	\$22,495	\$23,942	-\$30,083	\$23,053
Cash Balance	\$140,326	\$162,821	\$186,763	\$156,680	\$156,680

Cash Flow Analysis (Fifth Year)					
	Year 5				
Quarter	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$25,281	\$26,827	\$28,374	\$29,922	\$110,404
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$25,281	\$26,827	\$28,374	\$29,922	\$110,404
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	\$357	\$364	\$371	\$379	\$1,471
Total Other Cash Inflows	\$357	\$364	\$371	\$379	\$1,471
Total Cash Inflow	\$25,637	\$27,191	\$28,746	\$30,300	\$111,875
Cash Outflows					
Repayment of Principal	\$845	\$863	\$882	\$901	\$3,491
A/P Decreases	\$250	\$255	\$260	\$265	\$1,030
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$16,561	\$0	\$0	\$0	\$16,561
Dividends	\$0	\$0	\$0	\$64,148	\$64,148
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$17,655	\$1,118	\$1,142	\$65,314	\$85,229
Net Cash Flow	\$7,982	\$26,073	\$27,604	-\$35,013	\$26,646
Cash Balance	\$164,662	\$190,735	\$218,339	\$183,326	\$183,326