

# **Drone Shop, Inc.**

## **Strategic Business Plan**

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**Table of Contents**

1.0 Executive Summary ..... 4

    1.1 The Products ..... 4

    1.2 Financing..... 4

    1.3 Mission Statement..... 4

    1.4 Management Team..... 4

    1.5 Sales Forecasts ..... 5

    1.6 Expansion Plan..... 5

2.0 Company and Financing Summary..... 6

    2.1 Registered Name and Corporate Structure ..... 6

    2.2 Required Funds ..... 6

    2.3 Investor Equity..... 6

    2.4 Management Equity ..... 7

    2.5 Exit Strategy..... 7

3.0 Products and Services ..... 8

    3.1 Sales of Drone Products..... 8

    3.2 Online Sales of Products ..... 8

4.0 Strategic and Market Analysis ..... 9

    4.1 Economic Outlook ..... 9

    4.2 Industry Analysis ..... 9

    4.3 Customer Profile ..... 9

    4.4 Competition..... 10

5.0 Marketing Plan..... 11

    5.1 Marketing Objectives..... 11

    5.2 Marketing Strategies ..... 11

    5.3 Pricing..... 11

6.0 Organizational Plan and Personnel Summary ..... 12

    6.1 Corporate Organization..... 12

    6.2 Organizational Budget ..... 12

    6.3 Management Biographies ..... 13

7.0 Financial Plan ..... 14

    7.1 Underlying Assumptions ..... 14

    7.2 Sensitivity Analysis ..... 14

    7.3 Source of Funds ..... 14

    7.4 General Assumptions..... 14

    7.5 Profit and Loss Statements..... 15

    7.6 Cash Flow Analysis ..... 16

    7.8 Breakeven Analysis ..... 18

Three Year Profit and Loss Statement..... 19

Three Year Cash Flow Analysis ..... 23

## 1.0 Executive Summary

The purpose of this business plan is to raise \$100,000 for the development of a drones and related radio controlled toy products store while showcasing the expected financials and operations over the next three years. Drone Shop, Inc. (“the Company”) is a New York based corporation that will provide sales of drones and related radio controlled toy products to customers in its targeted market. The Company was founded by John Doe.

### 1.1 The Products

As stated above, the Company will specialize in carrying a number of hobby related products through its retail location. These products include, but are not limited to radio controlled drones, model airplanes, other radio controlled devices, and high end drones and related radio controlled toy products.

The Company will generate substantial secondary revenues from sales of drones and related radio controlled toy products through an e-commerce platform.

The third section of the business plan will further describe the services offered by the Drone Shop.

### 1.2 Financing

Mr. Doe is seeking to raise \$100,000 from as a bank loan. The interest rate and loan agreement are to be further discussed during negotiation. This business plan assumes that the business will receive a 10 year loan with a 9% fixed interest rate. The financing will be used for the following:

- Development of the Company’s Drone Shop location.
- Financing for the first six months of operation.
- Capital to purchase inventories of drones and related radio controlled toy products.

Mr. Doe will contribute \$10,000 to the venture.

### 1.3 Mission Statement

Drone Shop’s mission is to become the recognized leader in its targeted market for having an expansive inventory of drone and radio controlled products.

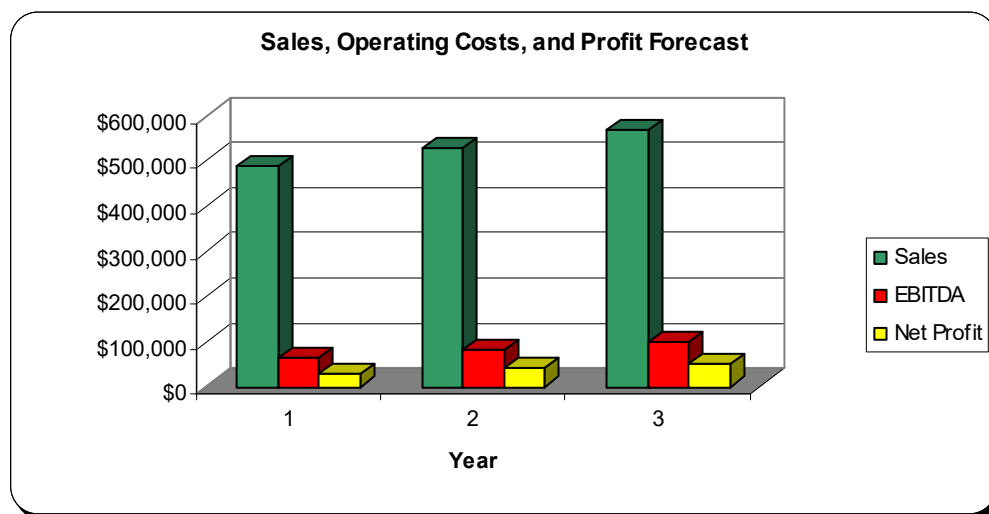
### 1.4 Management Team

The Company was founded by John Doe. Mr. Doe has more than 10 years of experience in the retail management and radio-controlled toy industry. Through his expertise, he will be able to bring the operations of the business to profitability within its first year of operations.

### 1.5 Sales Forecasts

Mr. Doe expects a strong rate of growth at the start of operations. Below are the expected financials over the next three years.

Proforma Profit and Loss (Yearly)			
Year	1	2	3
<b>Sales</b>	\$487,578	\$526,584	\$568,711
<b>Operating Costs</b>	\$264,854	\$275,382	\$286,419
<b>EBITDA</b>	\$64,353	\$80,161	\$97,568
<b>Taxes, Interest, and Depreciation</b>	\$37,299	\$39,610	\$45,813
<b>Net Profit</b>	\$27,054	\$40,551	\$51,755



### 1.6 Expansion Plan

The Founder expects that the business will aggressively expand during the first three years of operation. Mr. Doe intends to implement marketing campaigns that will effectively target individuals within the target market and on an online basis. The business will use substantial pay-per-click and search engine optimization marketing techniques so that the business can effectively reach an audience of hobbyists that have an extensive interest in drone technology.

## 2.0 Company and Financing Summary

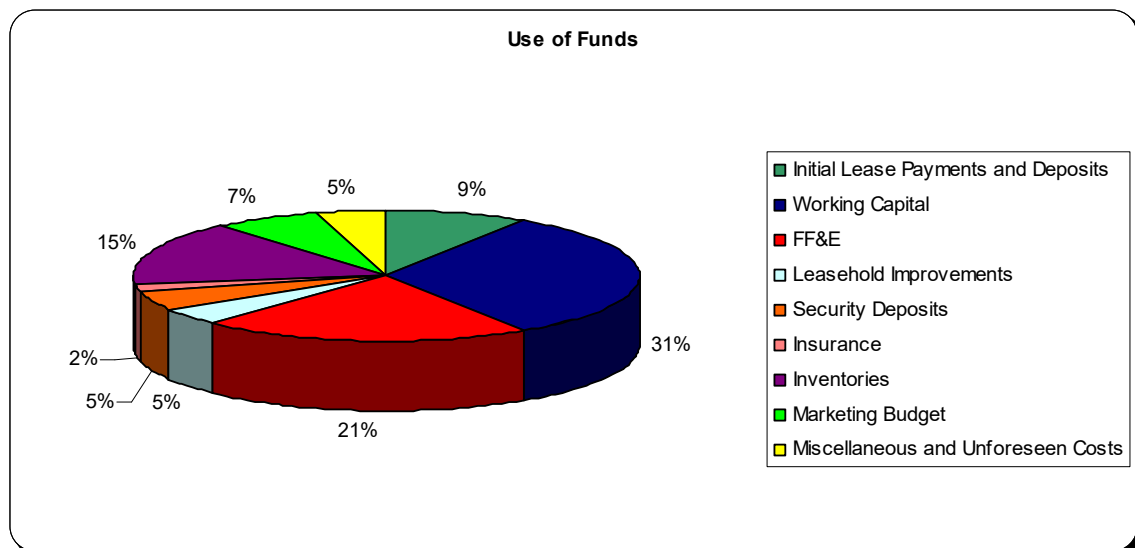
### 2.1 Registered Name and Corporate Structure

Drone Shop, Inc. The Company is registered as a corporation in the State of New York.

### 2.2 Required Funds

At this time, the Drone Shop requires \$100,000 of debt funds. Below is a breakdown of how these funds will be used:

Projected Startup Costs	
Initial Lease Payments and Deposits	\$10,000
Working Capital	\$35,000
FF&E	\$23,000
Leasehold Improvements	\$5,000
Security Deposits	\$5,000
Insurance	\$2,500
Inventories	\$17,000
Marketing Budget	\$7,500
Miscellaneous and Unforeseen Costs	\$5,000
<b>Total Startup Costs</b>	<b>\$110,000</b>



### 2.3 Investor Equity

Mr. Doe is not seeking an investment from a third party at this time.

### **2.4 Management Equity**

John Doe owns 100% of the Drone Shop, Inc.

### **2.5 Exit Strategy**

If the business is very successful, Mr. Doe may seek to sell the business to a third party for a significant earnings multiple. Most likely, the Company will hire a qualified business broker to sell the business on behalf of the Drone Shop. Based on historical numbers, the business could fetch a sales premium of up to 4 times earnings.

### **3.0 Products and Services**

Below is a description of the products offered by the Drone Shop.

#### **3.1 Sales of Drone Products**

As stated in the executive summary, the Drone Shop will carry a number of premium drones and related radio controlled toy products and brands that are in demand among the general public. As the store will act in a general drone shop capacity, its product lines will include, but are not limited to:

- Drones
- Drone Parts
- DIY Drone Kits
- Related Radio Controlled Devices

#### **3.2 Online Sales of Products**

The Company will generate secondary revenues from the sale of these products through a Company branded online platform. This online platform will be developed once Drone Shop, Inc. has developed its traditional retail operations. However, this is an extremely important aspect to the Company's operations as it will provide a significant amount of additional revenue for the business. The business may also list its inventories on third party sales platforms.



## 4.0 Strategic and Market Analysis

### 4.1 Economic Outlook

This section of the analysis will detail the economic climate, the drone shop industry, the customer profile, and the competition that the business will face as it progresses through its business operations.

Currently, the economic market condition in the United States is moderate. Unemployment rates have declined while asset prices have risen substantially. As such, now is a strong climate for launching a new business. However, hobbies are extremely popular among their respective fan bases, and the customers that purchase these goods will continue to do so in any economic climate, including recessions, as it is a form of lower cost entertainment and enjoyment.

### 4.2 Industry Analysis

Within the United States, there are approximately 5,000 stores that solely specialize in the sale of radio controlled toy products, specialized toys, and games. Each year, these businesses aggregately generate more than \$1.8 billion of sales while concurrently providing payrolls of \$200 million. The industry employs approximately 15,000 people.

This is a mature industry, but one of the most common trends is for hobby stores (especially individually owned stores) is to develop e-commerce capabilities. Drone Shop, Inc. intends to capitalize on this trend once its retail operations have been established.

### 4.3 Customer Profile

Drone Shop's average client will be a middle to upper middle class man living in the Company's target market. Common traits among clients will include:

- Annual household income exceeding \$50,000
- Lives or works no more than 15 miles from the Company's location.
- Will spend \$25 to \$700 per visit to the Drone Shop

Among businesses that will make purchases with the Company, Management has developed the following demographic profile:

- Operates as a real estate brokerage or photographer
- Will spend \$1,000 to \$5,000 per purchase order with the Company.
- Operates within the United States.

Within the United States, there are more than 15 million people that have an interest in drone technology as a hobby. Additionally, the business will seek to develop ongoing relationships with photographers and real estate brokerages that want to capture aerial

images and videos. This is an important customer base given that these companies will not retract their drone purchases during times of economic recession. These buyers will help ensure that Drone Shop, Inc. is able to remain profitable and cash flow positive in any economic climate.

### **4.4 Competition**

Competition in the field of drone technology is starting to solidify. There are a number of companies within this market that provide an expansive inventory of drone products through retail stores as well as online sales channels. The number of companies selling drones within these markets is expected to increase significantly over the next ten years. As such, it is imperative that Drone Shop, Inc. maintain an expansive marketing campaign at all times in order to increase brand awareness.

## 5.0 Marketing Plan

Drone Shop, Inc. intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market. Below is an overview of the marketing strategies and objectives of the business.

### 5.1 Marketing Objectives

- Develop an online presence by developing a website and placing the Company's name and contact information with online directories.
- Implement a local campaign with the Company's targeted market via the use of flyers, local newspaper advertisements, and word of mouth advertising.

### 5.2 Marketing Strategies

Mr. Doe intends on using a number of marketing strategies that will allow the Drone Shop to easily target men (and women to a lesser extent) within the target market. These strategies include traditional print advertisements and ads placed on search engines on the Internet. Below is a description of how the business intends to market its services to the general public.

Drone Shop, Inc. will also use an internet based strategy. This is very important as many people seeking local retailers, such as drone shops, now the Internet to conduct their preliminary searches. Mr. Doe will register the Drone Shop with online portals so that potential customers can easily reach the business. The Company will also develop its own online website, which will feature e-commerce ordering functionality. The business will aggressively use search engine optimization and pay-per-click marketing in order to boost visibility of the website during the early years of operation.

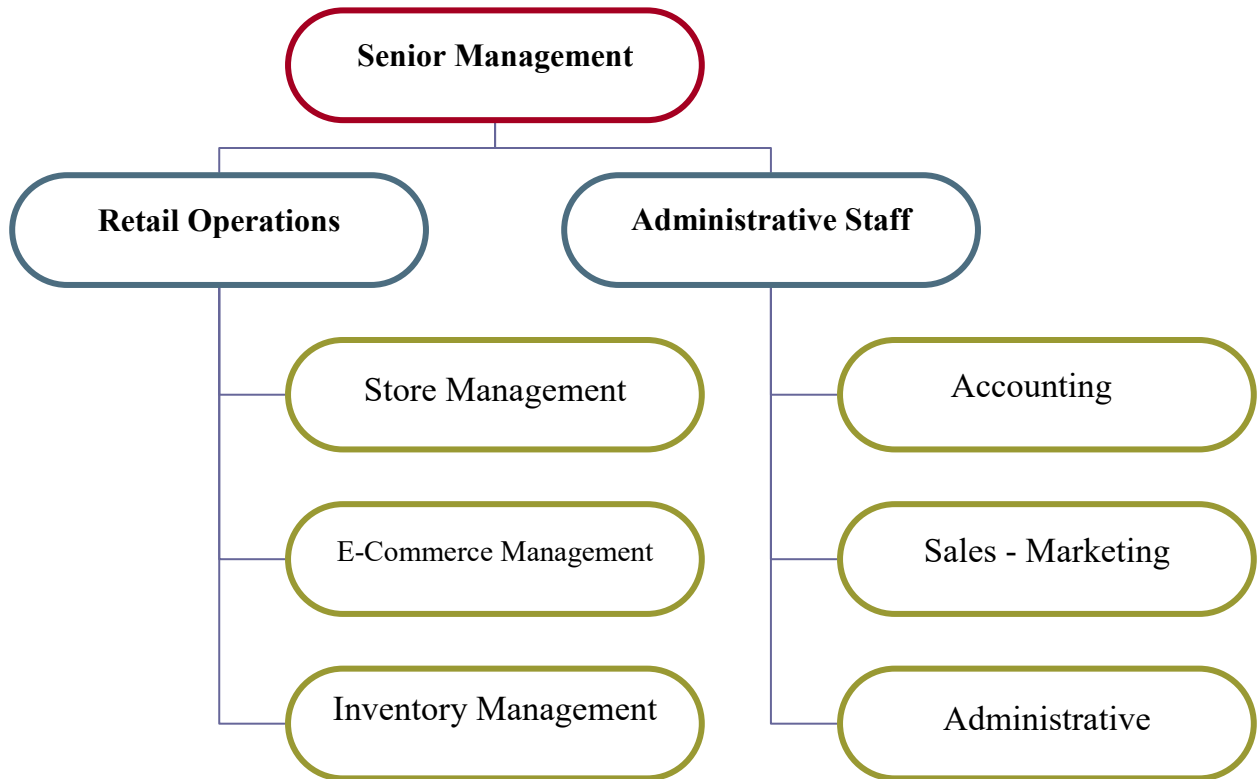
Drone Shop, Inc. will also market its products directly to professional photographers and real estate brokerage that have aerial photography needs. As many drones now have video technology installed, the demand among these companies for drone technology has increased significantly. This trend is expected to continue in perpetuity. As such, the business will send a substantial amount of literature to these companies in order to boost the visibility of the business among business owners and photography professionals.

### 5.3 Pricing

On average, each sale will generate \$400 of revenue for the Company.

6.0 Organizational Plan and Personnel Summary

6.1 Corporate Organization

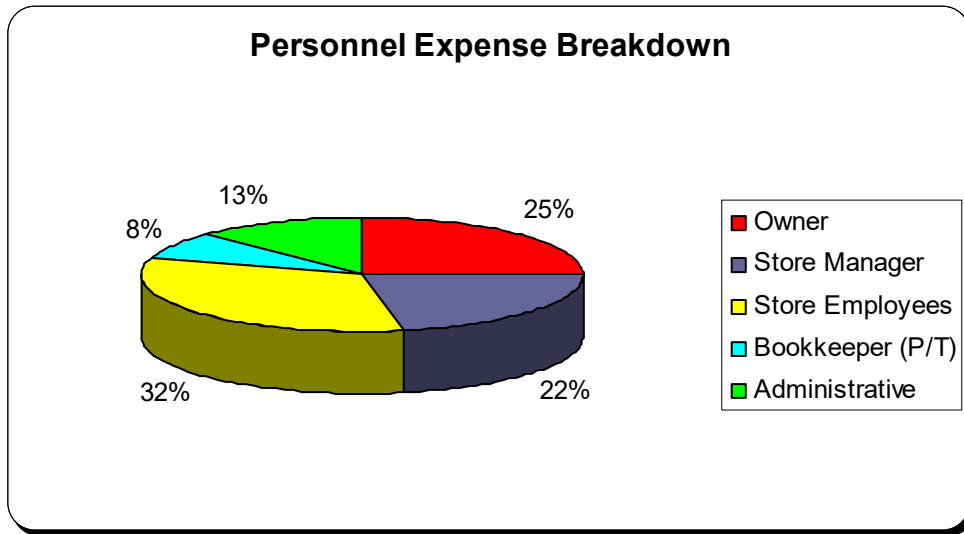


6.2 Organizational Budget

Personnel Plan - Yearly			
Year	1	2	3
Owner	\$40,000	\$41,200	\$42,436
Store Manager	\$35,000	\$36,050	\$37,132
Store Employees	\$52,500	\$54,075	\$55,697
Bookkeeper (P/T)	\$12,500	\$12,875	\$13,261
Administrative	\$20,000	\$20,600	\$21,218
<b>Total</b>	<b>\$160,000</b>	<b>\$164,800</b>	<b>\$169,744</b>

Numbers of Personnel			
Year	1	2	3
Owner	1	1	1
Store Manager	1	1	1
Store Employees	3	3	3
Bookkeeper (P/T)	1	1	1
Administrative	1	1	1
<b>Totals</b>	<b>7</b>	<b>7</b>	<b>7</b>

**6.2 Organizational Budget (Cont.)**



**6.3 Management Biographies**

In this section of the business plan, you should write a two to four paragraph biography about your work experience, your education, and your skill set. For each owner or key employee, you should provide a brief biography in this section.

## 7.0 Financial Plan

### 7.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- Drone Shop, Inc. will have an annual revenue growth rate of 8% per year.
- The Owner will acquire \$100,000 of debt funds to develop the business.
- The loan will have a 10 year term with a 9% interest rate.

### 7.2 Sensitivity Analysis

In the event of an economic downturn, the business may have a decline in its revenues. Hobby products and supplies are not necessities, and an economic recession may have an impact on the Company's ability to generate sales as consumers have less discretionary income. However, the business will be able to remain profitable and cash flow positive given its high margins from both retail and online sales.

### 7.3 Source of Funds

Financing	
<b>Equity Contributions</b>	
Management Investment	\$10,000.00
<b>Total Equity Financing</b>	<b>\$10,000.00</b>
<b>Banks and Lenders</b>	
Banks and Lenders	\$100,000.00
<b>Total Debt Financing</b>	<b>\$100,000.00</b>
<b>Total Financing</b>	<b>\$110,000.00</b>

### 7.4 General Assumptions

General Assumptions			
Year	1	2	3
Short Term Interest Rate	9.5%	9.5%	9.5%
Long Term Interest Rate	10.0%	10.0%	10.0%
Federal Tax Rate	33.0%	33.0%	33.0%
State Tax Rate	5.0%	5.0%	5.0%
Personnel Taxes	15.0%	15.0%	15.0%

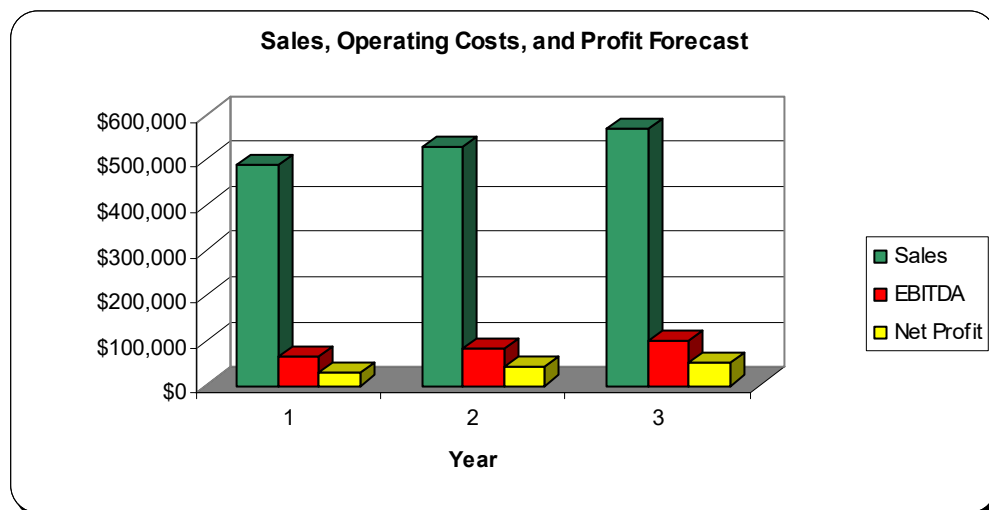
7.5 Profit and Loss Statements

Proforma Profit and Loss (Yearly)			
Year	1	2	3
<b>Sales</b>	\$487,578	\$526,584	\$568,711
Cost of Goods Sold	\$158,371	\$171,041	\$184,724
Gross Margin	67.52%	67.52%	67.52%
<b>Operating Income</b>	\$329,207	\$355,543	\$383,987

Expenses			
Payroll	\$160,000	\$164,800	\$169,744
General and Administrative	\$10,000	\$10,400	\$10,816
Marketing Expenses	\$19,503	\$21,063	\$22,748
Professional Fees and Licensure	\$3,500	\$3,605	\$3,713
Insurance Costs	\$9,500	\$9,975	\$10,474
Travel and Vehicle Costs	\$7,500	\$8,250	\$9,075
Rent and Utilities	\$25,000	\$26,250	\$27,563
Miscellaneous Costs	\$5,851	\$6,319	\$6,825
Payroll Taxes	\$24,000	\$24,720	\$25,462
<b>Total Operating Costs</b>	<b>\$264,854</b>	<b>\$275,382</b>	<b>\$286,419</b>

<b>EBITDA</b>	<b>\$64,353</b>	<b>\$80,161</b>	<b>\$97,568</b>
Federal Income Tax	\$21,236	\$23,770	\$29,733
State Income Tax	\$3,218	\$3,601	\$4,505
Interest Expense	\$8,738	\$8,131	\$7,468
Depreciation Expenses	\$4,107	\$4,107	\$4,107

<b>Net Profit</b>	<b>\$27,054</b>	<b>\$40,551</b>	<b>\$51,755</b>
<b>Profit Margin</b>	<b>5.55%</b>	<b>7.70%</b>	<b>9.10%</b>



7.6 Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly			
Year	1	2	3
Cash From Operations	\$31,161	\$44,658	\$55,862
Cash From Receivables	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$31,161</b>	<b>\$44,658</b>	<b>\$55,862</b>

**Other Cash Inflows**

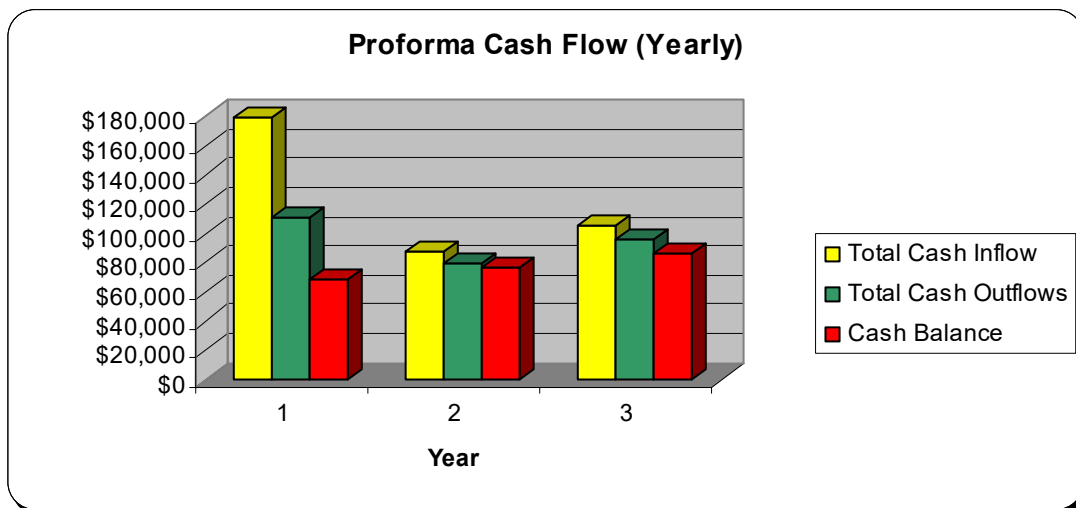
Equity Investment	\$10,000	\$0	\$0
Increased Borrowings	\$100,000	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0
A/P Increases	\$37,902	\$43,587	\$50,125
<b>Total Other Cash Inflows</b>	<b>\$147,902</b>	<b>\$43,587</b>	<b>\$50,125</b>

<b>Total Cash Inflow</b>	<b>\$179,063</b>	<b>\$88,246</b>	<b>\$105,987</b>
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**Cash Outflows**

Repayment of Principal	\$6,463	\$7,070	\$7,733
A/P Decreases	\$24,897	\$29,876	\$35,852
A/R Increases	\$0	\$0	\$0
Asset Purchases	\$57,500	\$11,165	\$13,965
Dividends	\$21,813	\$31,261	\$39,103
<b>Total Cash Outflows</b>	<b>\$110,673</b>	<b>\$79,372</b>	<b>\$96,653</b>

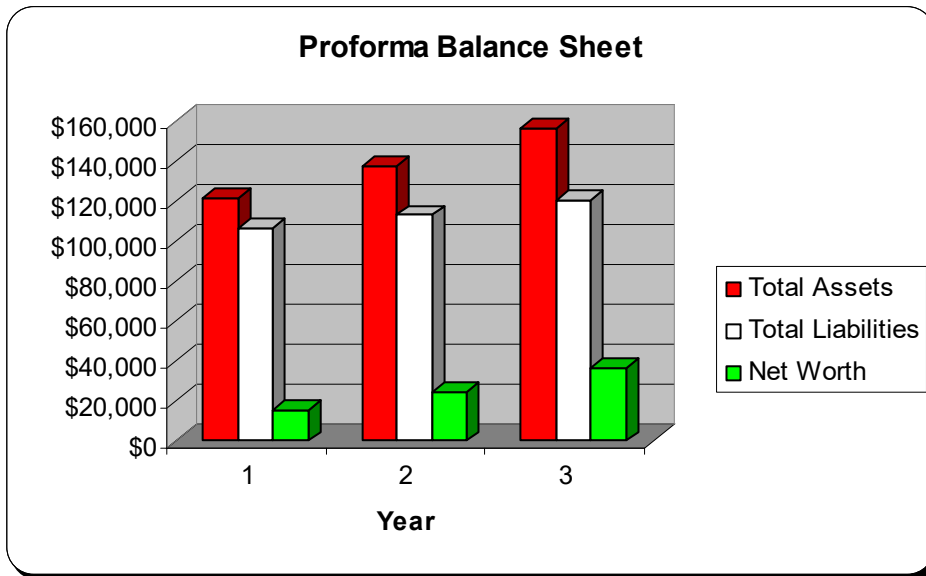
<b>Net Cash Flow</b>	<b>\$68,390</b>	<b>\$8,874</b>	<b>\$9,334</b>
<b>Cash Balance</b>	<b>\$68,390</b>	<b>\$77,264</b>	<b>\$86,598</b>





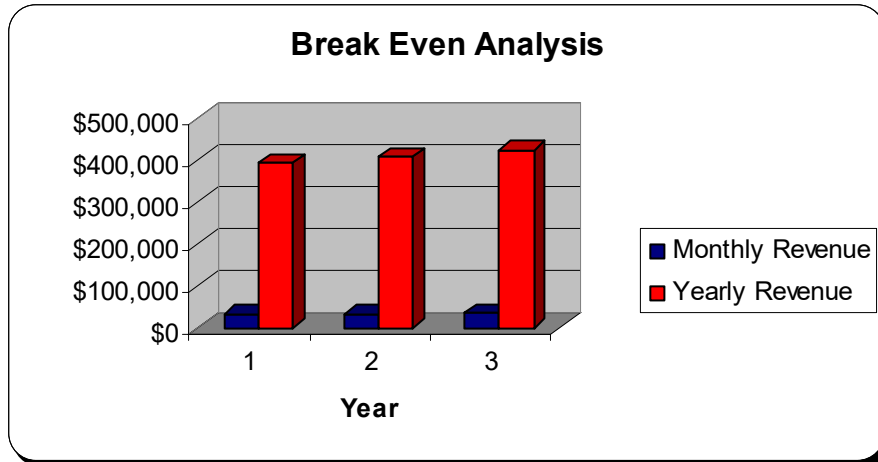
7.7 Balance Sheet

Proforma Balance Sheet - Yearly			
Year	1	2	3
<b>Assets</b>			
Cash	\$68,390	\$77,264	\$86,598
Amortized Development/Expansion Costs	\$17,500	\$18,616	\$20,013
Inventories	\$17,000	\$22,582	\$29,565
FF&E	\$23,000	\$27,466	\$33,052
Accumulated Depreciation	(\$4,107)	(\$8,214)	(\$12,321)
<b>Total Assets</b>	<b>\$121,783</b>	<b>\$137,714</b>	<b>\$156,907</b>
<b>Liabilities and Equity</b>			
Accounts Payable	\$13,005	\$26,716	\$40,990
Long Term Liabilities	\$93,537	\$86,467	\$79,397
Other Liabilities	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$106,542</b>	<b>\$113,183</b>	<b>\$120,387</b>
<b>Net Worth</b>	<b>\$15,241</b>	<b>\$24,532</b>	<b>\$36,520</b>
<b>Total Liabilities and Equity</b>	<b>\$121,783</b>	<b>\$137,714</b>	<b>\$156,907</b>



### 7.8 Breakeven Analysis

Monthly Break Even Analysis			
Year	1	2	3
Monthly Revenue	\$32,689	\$33,988	\$35,351
Yearly Revenue	\$392,267	\$407,860	\$424,206



### 7.9 Business Ratios

Business Ratios - Yearly			
Year	1	2	3

**Sales**

Sales Growth	0.0%	8.0%	8.0%
Gross Margin	67.5%	67.5%	67.5%

**Financials**

Profit Margin	5.55%	7.70%	9.10%
Assets to Liabilities	1.14	1.22	1.30
Equity to Liabilities	0.14	0.22	0.30
Assets to Equity	7.99	5.61	4.30

**Liquidity**

Acid Test	0.64	0.68	0.72
Cash to Assets	0.56	0.56	0.55

Three Year Profit and Loss Statement

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
<b>Sales</b>	<b>\$39,900</b>	<b>\$40,033</b>	<b>\$40,166</b>	<b>\$40,299</b>	<b>\$40,432</b>	<b>\$40,565</b>	<b>\$40,698</b>
Cost of Goods Sold	\$12,960	\$13,003	\$13,046	\$13,090	\$13,133	\$13,176	\$13,219
Gross Margin	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%

<b>Operating Income</b>	\$26,940	\$27,030	\$27,120	\$27,209	\$27,299	\$27,389	\$27,479
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**Expenses**

Payroll	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333
General and Administrative	\$833	\$833	\$833	\$833	\$833	\$833	\$833
Marketing Expenses	\$1,625	\$1,625	\$1,625	\$1,625	\$1,625	\$1,625	\$1,625
Professional Fees and Licensure	\$292	\$292	\$292	\$292	\$292	\$292	\$292
Insurance Costs	\$792	\$792	\$792	\$792	\$792	\$792	\$792
Travel and Vehicle Costs	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Rent and Utilities	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Miscellaneous Costs	\$488	\$488	\$488	\$488	\$488	\$488	\$488
Payroll Taxes	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
<b>Total Operating Costs</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>

<b>EBITDA</b>	\$4,869	\$4,959	\$5,048	\$5,138	\$5,228	\$5,318	\$5,408
Federal Income Tax	\$1,738	\$1,744	\$1,749	\$1,755	\$1,761	\$1,767	\$1,773
State Income Tax	\$263	\$264	\$265	\$266	\$267	\$268	\$269
Interest Expense	\$750	\$746	\$742	\$738	\$734	\$730	\$726
Depreciation Expense	\$342	\$342	\$342	\$342	\$342	\$342	\$342

<b>Net Profit</b>	<b>\$1,775</b>	<b>\$1,862</b>	<b>\$1,949</b>	<b>\$2,037</b>	<b>\$2,124</b>	<b>\$2,211</b>	<b>\$2,298</b>
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# Drone Shop

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	1
<b>Sales</b>	<b>\$40,831</b>	<b>\$40,964</b>	<b>\$41,097</b>	<b>\$41,230</b>	<b>\$41,363</b>	<b>\$487,578</b>
Cost of Goods Sold	\$13,262	\$13,306	\$13,349	\$13,392	\$13,435	\$158,371
Gross Margin	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%
<b>Operating Income</b>	<b>\$27,569</b>	<b>\$27,658</b>	<b>\$27,748</b>	<b>\$27,838</b>	<b>\$27,928</b>	<b>\$329,207</b>

### Expenses

Payroll	\$13,333	\$13,333	\$13,333	\$13,333	\$13,333	\$160,000
General and Administrative	\$833	\$833	\$833	\$833	\$833	\$10,000
Marketing Expenses	\$1,625	\$1,625	\$1,625	\$1,625	\$1,625	\$19,503
Professional Fees and Licensure	\$292	\$292	\$292	\$292	\$292	\$3,500
Insurance Costs	\$792	\$792	\$792	\$792	\$792	\$9,500
Travel and Vehicle Costs	\$625	\$625	\$625	\$625	\$625	\$7,500
Rent and Utilities	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
Miscellaneous Costs	\$488	\$488	\$488	\$488	\$488	\$5,851
Payroll Taxes	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
<b>Total Operating Costs</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$22,071</b>	<b>\$264,854</b>
<b>EBITDA</b>	<b>\$5,497</b>	<b>\$5,587</b>	<b>\$5,677</b>	<b>\$5,767</b>	<b>\$5,857</b>	<b>\$64,353</b>
Federal Income Tax	\$1,778	\$1,784	\$1,790	\$1,796	\$1,802	\$21,236
State Income Tax	\$269	\$270	\$271	\$272	\$273	\$3,218
Interest Expense	\$722	\$718	\$714	\$710	\$706	\$8,738
Depreciation Expense	\$342	\$342	\$342	\$342	\$342	\$4,107
<b>Net Profit</b>	<b>\$2,385</b>	<b>\$2,472</b>	<b>\$2,560</b>	<b>\$2,647</b>	<b>\$2,734</b>	<b>\$27,054</b>

Profit and Loss Statement (Second Year)					
2					
Quarter	Q1	Q2	Q3	Q4	2
Sales	\$105,317	\$131,646	\$142,178	\$147,444	\$526,584
Cost of Goods Sold	\$34,208	\$42,760	\$46,181	\$47,891	\$171,041
Gross Margin	67.5%	67.5%	67.5%	67.5%	67.5%

<b>Operating Income</b>	<b>\$71,109</b>	<b>\$88,886</b>	<b>\$95,997</b>	<b>\$99,552</b>	<b>\$355,543</b>
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**Expenses**

Payroll	\$32,960	\$41,200	\$44,496	\$46,144	\$164,800
General and Administrative	\$2,080	\$2,600	\$2,808	\$2,912	\$10,400
Marketing Expenses	\$4,213	\$5,266	\$5,687	\$5,898	\$21,063
Professional Fees and Licensure	\$721	\$901	\$973	\$1,009	\$3,605
Insurance Costs	\$1,995	\$2,494	\$2,693	\$2,793	\$9,975
Travel and Vehicle Costs	\$1,650	\$2,063	\$2,228	\$2,310	\$8,250
Rent and Utilities	\$5,250	\$6,563	\$7,088	\$7,350	\$26,250
Miscellaneous Costs	\$1,264	\$1,580	\$1,706	\$1,769	\$6,319
Payroll Taxes	\$4,944	\$6,180	\$6,674	\$6,922	\$24,720
<b>Total Operating Costs</b>	<b>\$55,076</b>	<b>\$68,846</b>	<b>\$74,353</b>	<b>\$77,107</b>	<b>\$275,382</b>

<b>EBITDA</b>	<b>\$16,032</b>	<b>\$20,040</b>	<b>\$21,643</b>	<b>\$22,445</b>	<b>\$80,161</b>
Federal Income Tax	\$4,754	\$5,942	\$6,418	\$6,656	\$23,770
State Income Tax	\$720	\$900	\$972	\$1,008	\$3,601
Interest Expense	\$2,092	\$2,053	\$2,013	\$1,973	\$8,131
Depreciation Expense	\$1,027	\$1,027	\$1,027	\$1,027	\$4,107

<b>Net Profit</b>	<b>\$7,439</b>	<b>\$10,118</b>	<b>\$11,213</b>	<b>\$11,781</b>	<b>\$40,551</b>
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Profit and Loss Statement (Third Year)					
3					
Quarter	Q1	Q2	Q3	Q4	3
Sales	\$113,742	\$142,178	\$153,552	\$159,239	\$568,711
Cost of Goods Sold	\$36,945	\$46,181	\$49,876	\$51,723	\$184,724
Gross Margin	67.5%	67.5%	67.5%	67.5%	67.5%

<b>Operating Income</b>	<b>\$76,797</b>	<b>\$95,997</b>	<b>\$103,676</b>	<b>\$107,516</b>	<b>\$383,987</b>
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**Expenses**

Payroll	\$33,949	\$42,436	\$45,831	\$47,528	\$169,744
General and Administrative	\$2,163	\$2,704	\$2,920	\$3,028	\$10,816
Marketing Expenses	\$4,550	\$5,687	\$6,142	\$6,370	\$22,748
Professional Fees and Licensure	\$743	\$928	\$1,003	\$1,040	\$3,713
Insurance Costs	\$2,095	\$2,618	\$2,828	\$2,933	\$10,474
Travel and Vehicle Costs	\$1,815	\$2,269	\$2,450	\$2,541	\$9,075
Rent and Utilities	\$5,513	\$6,891	\$7,442	\$7,718	\$27,563
Miscellaneous Costs	\$1,365	\$1,706	\$1,843	\$1,911	\$6,825
Payroll Taxes	\$5,092	\$6,365	\$6,875	\$7,129	\$25,462
<b>Total Operating Costs</b>	<b>\$57,284</b>	<b>\$71,605</b>	<b>\$77,333</b>	<b>\$80,197</b>	<b>\$286,419</b>

<b>EBITDA</b>	<b>\$19,514</b>	<b>\$24,392</b>	<b>\$26,343</b>	<b>\$27,319</b>	<b>\$97,568</b>
Federal Income Tax	\$5,947	\$7,433	\$8,028	\$8,325	\$29,733
State Income Tax	\$901	\$1,126	\$1,216	\$1,261	\$4,505
Interest Expense	\$1,932	\$1,889	\$1,846	\$1,802	\$7,468
Depreciation Expense	\$1,027	\$1,027	\$1,027	\$1,027	\$4,107

<b>Net Profit</b>	<b>\$9,708</b>	<b>\$12,917</b>	<b>\$14,226</b>	<b>\$14,904</b>	<b>\$51,755</b>
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**Three Year Cash Flow Analysis**

<b>Cash Flow Analysis (First Year)</b>								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$2,118	\$2,205	\$2,292	\$2,379	\$2,466	\$2,553	\$2,640	\$2,727
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$2,118</b>	<b>\$2,205</b>	<b>\$2,292</b>	<b>\$2,379</b>	<b>\$2,466</b>	<b>\$2,553</b>	<b>\$2,640</b>	<b>\$2,727</b>

**Other Cash Inflows**

Equity Investment	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159
<b>Total Other Cash Inflows</b>	<b>\$113,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>

<b>Total Cash Inflow</b>	<b>\$115,276</b>	<b>\$5,363</b>	<b>\$5,450</b>	<b>\$5,537</b>	<b>\$5,624</b>	<b>\$5,711</b>	<b>\$5,799</b>	<b>\$5,886</b>
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**Cash Outflows**

Repayment of Principal	\$517	\$521	\$525	\$528	\$532	\$536	\$540	\$545
A/P Decreases	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$57,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$60,092</b>	<b>\$2,595</b>	<b>\$2,599</b>	<b>\$2,603</b>	<b>\$2,607</b>	<b>\$2,611</b>	<b>\$2,615</b>	<b>\$2,619</b>

<b>Net Cash Flow</b>	<b>\$55,185</b>	<b>\$2,768</b>	<b>\$2,851</b>	<b>\$2,934</b>	<b>\$3,017</b>	<b>\$3,100</b>	<b>\$3,183</b>	<b>\$3,267</b>
<b>Cash Balance</b>	<b>\$55,185</b>	<b>\$57,952</b>	<b>\$60,803</b>	<b>\$63,737</b>	<b>\$66,755</b>	<b>\$69,855</b>	<b>\$73,038</b>	<b>\$76,305</b>

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	\$2,815	\$2,902	\$2,989	\$3,076	\$31,161
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$2,815</b>	<b>\$2,902</b>	<b>\$2,989</b>	<b>\$3,076</b>	<b>\$31,161</b>

**Other Cash Inflows**

Equity Investment	\$0	\$0	\$0	\$0	\$10,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$100,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$3,159	\$3,159	\$3,159	\$3,159	\$37,902
<b>Total Other Cash Inflows</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$3,159</b>	<b>\$147,902</b>

<b>Total Cash Inflow</b>	<b>\$5,973</b>	<b>\$6,060</b>	<b>\$6,148</b>	<b>\$6,235</b>	<b>\$179,063</b>
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**Cash Outflows**

Repayment of Principal	\$549	\$553	\$557	\$561	\$6,463
A/P Decreases	\$2,075	\$2,075	\$2,075	\$2,075	\$24,897
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$57,500
Dividends	\$0	\$0	\$0	\$21,813	\$21,813
<b>Total Cash Outflows</b>	<b>\$2,623</b>	<b>\$2,627</b>	<b>\$2,632</b>	<b>\$24,449</b>	<b>\$110,673</b>

<b>Net Cash Flow</b>	<b>\$3,350</b>	<b>\$3,433</b>	<b>\$3,516</b>	<b>-\$18,214</b>	<b>\$68,390</b>
<b>Cash Balance</b>	<b>\$79,655</b>	<b>\$83,088</b>	<b>\$86,604</b>	<b>\$68,390</b>	<b>\$68,390</b>



Cash Flow Analysis (Second Year)					
2					
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	\$8,932	\$11,165	\$12,058	\$12,504	\$44,658
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$8,932</b>	<b>\$11,165</b>	<b>\$12,058</b>	<b>\$12,504</b>	<b>\$44,658</b>

**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	\$8,717	\$10,897	\$11,769	\$12,204	\$43,587
<b>Total Other Cash Inflows</b>	<b>\$8,717</b>	<b>\$10,897</b>	<b>\$11,769</b>	<b>\$12,204</b>	<b>\$43,587</b>

<b>Total Cash Inflow</b>	<b>\$17,649</b>	<b>\$22,061</b>	<b>\$23,826</b>	<b>\$24,709</b>	<b>\$88,246</b>
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**Cash Outflows**

Repayment of Principal	\$1,708	\$1,747	\$1,787	\$1,827	\$7,070
A/P Decreases	\$5,975	\$7,469	\$8,067	\$8,365	\$29,876
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$2,233	\$2,791	\$3,014	\$3,126	\$11,165
Dividends	\$6,252	\$7,815	\$8,440	\$8,753	\$31,261
<b>Total Cash Outflows</b>	<b>\$16,169</b>	<b>\$19,823</b>	<b>\$21,308</b>	<b>\$22,072</b>	<b>\$79,372</b>

<b>Net Cash Flow</b>	<b>\$1,480</b>	<b>\$2,239</b>	<b>\$2,518</b>	<b>\$2,637</b>	<b>\$8,874</b>
<b>Cash Balance</b>	<b>\$69,870</b>	<b>\$72,109</b>	<b>\$74,627</b>	<b>\$77,264</b>	<b>\$77,264</b>

Cash Flow Analysis (Third Year)					
3					
Quarter	Q1	Q2	Q3	Q4	3
Cash From Operations	\$11,172	\$13,965	\$15,083	\$15,641	\$55,862
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$11,172</b>	<b>\$13,965</b>	<b>\$15,083</b>	<b>\$15,641</b>	<b>\$55,862</b>

**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	\$10,025	\$12,531	\$13,534	\$14,035	\$50,125
<b>Total Other Cash Inflows</b>	<b>\$10,025</b>	<b>\$12,531</b>	<b>\$13,534</b>	<b>\$14,035</b>	<b>\$50,125</b>

<b>Total Cash Inflow</b>	<b>\$21,197</b>	<b>\$26,497</b>	<b>\$28,617</b>	<b>\$29,676</b>	<b>\$105,987</b>
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**Cash Outflows**

Repayment of Principal	\$1,869	\$1,911	\$1,954	\$1,999	\$7,733
A/P Decreases	\$7,170	\$8,963	\$9,680	\$10,038	\$35,852
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$2,793	\$3,491	\$3,771	\$3,910	\$13,965
Dividends	\$7,821	\$9,776	\$10,558	\$10,949	\$39,103
<b>Total Cash Outflows</b>	<b>\$19,653</b>	<b>\$24,141</b>	<b>\$25,963</b>	<b>\$26,896</b>	<b>\$96,653</b>

<b>Net Cash Flow</b>	<b>\$1,545</b>	<b>\$2,356</b>	<b>\$2,654</b>	<b>\$2,780</b>	<b>\$9,334</b>
<b>Cash Balance</b>	<b>\$78,809</b>	<b>\$81,164</b>	<b>\$83,818</b>	<b>\$86,598</b>	<b>\$86,598</b>