Alipse Merchant Services, Inc.

Business Plan

For The Phase I Expansion

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Executive Summary

The Business

Alipse Merchant Services, Inc. (ALIPSE) is an independent sales organization (ISO) that sells credit card processing services to merchants. ALIPSE has operating agreements with First Data (the largest processor in the industry) to process credit card transactions for ALIPSE customers who number nearly 200 and submit in aggregate about $3,000,000 in transactions each month.

Alipse has a proprietary mobile payments solution certified by First Data, approved by the Payment Card Industry-Data Security Standards Council (PCI-DSS) and accepted by Apple as an approved IOS application available in the Apple Store. We have branded the proprietary product as Jackrabbit Payments. Our product in unique and robust with features, including digital image capture for increased transaction security, Voice Approved transaction processing, line item detail with transaction memory and email address capture for additional marketing tools for merchants. The mobile payments space is the fastest growing segment of the payments landscape and Alipse with its early adoption and market leadership in the design and development of Jackrabbit is poised to be a market leader in payments nationwide.

ALIPSE establishes operating agreements with its customers and makes arrangements through one of its processors to manage the transactions and transfer payments to the merchant's bank account. Merchants pay a small fee for the processing services that include a percentage of the transaction amount plus a fixed transaction fee. Fees vary based on the type and amount of transaction and are shared among the processor, the banks and ALIPSE. ALIPSE has specific fee arrangements with the processors to which ALIPSE adds a small incremental amount as compensation for its services which include setting up the transaction processing system for its merchants and other related services. Related services include, among other things, providing advice and guidance on use of the system, making recommendations for auxiliary hardware and software, assisting merchants in understanding and reconciling month-end statements, resolving discrepancies and charge backs, and analyzing transaction histories to better understand customer buying patterns and adjust merchandizing efforts to better serve customer needs. ALIPSE controls the credit card processing system's two most important attributes to merchants, price and quality of service.

ALIPSE acquires new merchants through its own sales efforts as well as independent sales representatives. Independent sales representatives generate about 70% of ALIPSE new business. Once a merchant is established with ALIPSE, the merchant delivers a steady revenue stream each month. In return, ALIPSE maintains exemplary service assuring that each customer's needs are handled expeditiously and in a satisfactory manner.

The Opportunity

ALIPSE has an outstanding opportunity to significantly increase the size of its customer base. The opportunity exists because the sluggish economy is causing merchants to search for ways to cut expenses, and the employment market is rich with highly talented people seeking work. ALIPSE will expand its business by developing its own sales staff with people dedicated to one goal – acquiring new business for ALIPSE.

Executive Summary

The expansion will not only increase Alipse revenue and income, but also add tremendous value to Alipse. In the credit card processing business, merchant portfolios have a "liquid" value in that acquirers will often pay from 2.5 to 3.5 or more times transaction revenue.

Based on Alipse realistic sales expectations over the next five years, and assuming the conservative portfolio sell price of 2.5 times transaction revenue, we estimate this expansion plan will add the following value to ALIPSE:

End Of:	Value in Millions of Dollars
Year 1	1.5
Year 2	3.0
Year 3	5.8
Year 4	7.0
Year 5	9.6

Management

Alipse is owned and operated by Mr. Tom Sullivan, an entrepreneur experienced in successful startup businesses. Mr. Sullivan will be responsible for the strategic plans and objectives of Alipse, overseeing sales and operational activities, maintaining vendor relationships as well as those with key customers, and directly managing legal and employee relations issues.

Mr. Sullivan's "chief lieutenant" will be an operations manager responsible for sales, accounting and administrative support activities.

The key management team will also include a sales manager responsible for hiring and training sales representatives/account managers, establishing sales strategies and meeting assigned sales budgets.

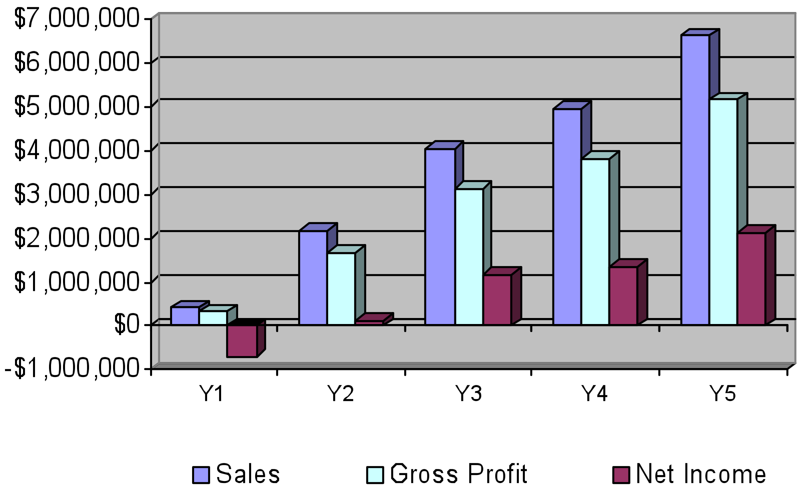
Executive Summary (continued)

Funding

Alipse is seeking $1,200,000 in convertible debt financing to recruit sales talent, and to fund operations during the "ramp up" stage.

The financial plan demonstrates that Alipse can repay the debt with monthly installments over ten years.

In year 5, annual revenues will exceed $6.6 million and net income will exceed $2.1 million:



Objectives

- Develop an in-house sales force of 24 sales representatives/account managers and sign over 12,000 merchants during the next five years.
- Make every merchant account profitable at the best possible price.
- Provide exceptional customer service with a broad range of support activities to assist merchants with their needs
- Generate operating profits and positive cash flow beginning the second year of expansion and for each year thereafter.

Mission Statement

Our mission is to partner with our clients by not only providing the best and most cost effective credit card transaction processing systems, but also delivering value added services, advice and information to help merchants improve sales, control costs and maximize profits.

Keys to Success

Alipse will be successful in accomplishing its objectives and achieving its mission by:

- Obtaining start-up capital to acquire office facilities and provide working capital.
- Hiring the “best of class” sales manager to recruit and train the sales staff.
- Employing experienced, creative and highly energetic sales people to acquire new merchants.
- Servicing each and every merchant account as if it were the most important in Alipse portfolio.

Company Background

Alipse Merchant Services, Inc. was incorporated in 1999 in the State of Idaho as a "C" corporation for the purpose of providing credit card processing services. Corporate offices are located at 63 Coryell Street, Lambertville, New Jersey 08530.

The company acquires customers through direct sales (75%) and independent sales representatives (25%). The company is licensed, through its suppliers, to do business in all 50 states in the US and currently has nearly 200 merchants and processes approximately $3,000,000 in transactions each month.

Company Ownership

Mr. Tom Sullivan, President and Chief Executive Officer, owns 100% of Alipse Merchant Services, Inc.

Expansion Plan

Alipse is now positioned for significant growth by acquiring new merchants with its own dedicated sales force. This business plan describes the Phase I expansion of Alipse.

Alipse will hire an experienced general sales manager whose responsibilities will be focused on hiring and training account managers. Account managers will contact merchants to demonstrate the advantages and benefits Alipse offers and convince them to switch to Alipse for handling their credit card processing transactions. The expansion plan includes acquiring larger office facilities, hiring twenty-four account managers at the rate of three each month, hiring an experienced and highly skilled office manager, and adding administrative support personnel as necessary.

Startup costs for the first year of operation will require approximately $1,200,000 as follows: terminals, $250,000; developer cost, $100,000; equipment and furniture, $10,000; and working capital, $840,000.

Expansion Plan (continued)

Working capital is required to fund operating expenses during the first year of expansion. Beginning in year 2, revenues will be more than adequate to fund operations.

The Alipse business belongs to a unique industry in that (1) customers provide a continuous stream of income and (2) portfolio growth takes on value because of its marketability. Although positive cash flows will not be realized until the second year of operations, by conservatively estimating the quick sale value of acquired merchants at 1.5 times transaction revenue, value will begin growing during the fourth month of business:

	Equity	Portfolio Sale Value	Total Expansion Value
Startup	0		
Sep	(34,984)		
Oct	(75,013)	7,834	(67,180)
Nov	(122,729)	36,230	(86,498)
Dec	(178,510)	92,045	(86,465)
Jan	(241,541)	177,235	(64,306)
Feb	(308,580)	291,802	(16,779)
Mar	(381,481)	435,744	54,263
Apr	(455,343)	609,062	153,719
May	(526,020)	811,757	285,737
Jun	(591,371)	1,035,994	444,623
Jul	(644,298)	1,269,043	624,745
Aug	($ 710,569)	$ 1,504,051	$ 793,482

Alipse is seeking a $1,200,000 convertible/loan at 6% per annum to be repaid monthly over ten years.

Company Location and Facilities

Alipse will lease a building in or near Lambertville, New Jersey with office space suitable to accommodate executive management and the sales and administrative staffs. The lease price is estimated to be approximately $3,500 to $5,000 per month.

Description of the Business

Alipse is an Independent Sales Organization (ISO) that provides credit card processing services to retail and wholesale businesses throughout the United States. These businesses will be referred to as "merchants" throughout this business plan. Merchants include businesses selling both goods and services in a whole array of industries including retail, wholesale, direct marketing and Internet companies.

There are thousands of card issuers (banks, credit unions and other financial institutions) around the world. A single merchant may have hundreds, if not thousands of credit card transactions each day. Merchants who accept credit cards as a form of payment must have a system to validate each card. Furthermore, once the validation is complete, the merchant must receive payment. To function efficiently, merchants must have one service provider (a credit card transaction processor hereinafter referred to as "processor") to handle all credit card transactions. The processor is a highly specialized, state-of-the-art information systems company that can validate transaction information, and return the results to the merchant in a matter of seconds. Furthermore, the processor ensures the merchant receives payment for each transaction. In addition, the processor collects all the transaction data and generates information solutions that report everything from front-end point of sale data to back-end reconciliation data, management information summaries, trend analyses, and more. The MasterCard and VISA associations maintain an interchange system that manages the movement of credit card transactions between merchants and card issuers. Other card companies such as American Express, Discover and Diners Club have similar systems to manage credit card transactions. The processor provides electronic data capture and authorization services to merchants by submitting transactions into the MC/VISA interchange system, or one of the proprietary systems operated by American Express and others.

There are a variety of players in the bankcard model, and each collects a fee for its service; however, the end result is always the same: the merchant receives payment for the goods or services and the buyer receives a bill from the card issuer. The fees include a percent of transaction dollars plus per item fees for each transaction (i.e., split rate fees). How much the merchant pays depends on the type of transaction (e.g., point-of-sale EDC, card not present – mail order, telephone, Internet) and the processor agreement.

Description of the Business (continued)

The ISO is a sales channel through which different credit card companies deliver services to merchants. Other sales channels include banks and in-house direct sales components.

ISO's negotiate operating agreements with one or more processors to handle credit card transactions for their merchant customers. The ISO is the merchant's first point of contact with the credit card processing industry and this gives the ISO the opportunity to address the merchant's two primary concerns: pricing and service. Every merchant wants to get the best possible price (smallest discount) with the highest quality of service.

Pricing and service make it possible for ISO's to set themselves apart from other sales channels delivering services to merchants.

Products and Services

Credit card acceptance has become a baseline requirement for doing business with consumers and other businesses. Alipse, through its credit card transaction processors, delivers the service that makes it possible for merchants to accept customer credit cards and receive payments deposited directly to their bank accounts.

This service requires an interface between point of sale and network systems, extensive record keeping, and IT systems capable of summarizing and reporting transaction information.

A merchant's main priorities are pleasing customers, training staff, managing budgets, and keeping the cash register ringing. Efficient credit card processing is critical to providing superior customer service. Alipse has a broad array of tools to facilitate credit card use for merchants:

- Experienced Technical Support – Alipse provides experienced helpdesk experts and retrieval/charge-back resolution specialists 24 hours a day, 7 days a week.
- Customized Reports – Merchants can get customized location and corporate-wide reporting in daily, weekly or monthly formats through secure web access or daily emails.
- Payments – Alipse supports all the major payment types a business needs including MasterCard, Visa, American Express, Discover, Diners Club, Carte Blanche, JCB, debit, stored value, corporate cards, EBT cards, and the emerging electronic payment options.

Products and Services (continued)

- Varied Terminal Interfaces – Alipse applications work in almost any type of POS environment. We also support industry-specific terminal features and hardware platforms that feature Verifone, Tranz or Omni, Hypercom ICE and T7 series, Lipman Nurit and TeleCheck Eclipse Payment Terminals, among others. Additionally, ALIPSE can convert most merchant-owned terminals to Alipse systems quickly and easily.
- Flexible Platforms – Alipse options include stand-alone, networked and PC, or integration with many third-party integrated systems.
- Wireless Processing – Taxi drivers, transportation and delivery services and merchants who sell at trade shows, sporting events, swap meets or other mobile venues need reliable mobile commerce solutions that go anywhere. For merchants on the go, Alipse offers secure, reliable transaction processing solutions that work any time, from any location.
- Charge back and Retrieval Handling – Alipse aggressive charge back and retrieval handling helps protect sales. Alipse can often act on a merchant's behalf, preventing charge backs before they occur.
- Short Startup Time – Alipse experienced providers can get systems up and running in no time.
- Reliable Service – Redundant processing centers (in opposite points of the US) ensure maximum uptime and transaction security.

In addition to the exemplary services we provide, Alipse partners with its merchants providing a focal point for all of their credit card processing needs. We add the very personal touch of providing a name and a "face" to our merchants. Our merchants have a specific individual to call when assistance is required. The Alipse experienced staff can resolve most issues, but if necessary, will conference the merchant with our providers' 24/7 helpdesks and remain on the line until resolution is complete. This unique business practice truly sets Alipse apart from other credit card processing companies.

In addition to credit card processing, Alipse offers a variety of value-added auxiliary services:

<u>Check Verification</u>

Through its processor, Paymentech, Alipse offers TeleCheck's check acceptance service. TeleCheck provides merchants with the largest, most sophisticated check acceptance system available today and stands behind the payment of any check it approves, which reduces risks to merchants and protects their businesses.

Products and Services (continued)

Gift Cards

Gift cards provide an end-to-end stored value program that features everything a merchant needs to issue spending credit. Merchants can offer their customers stored value cards including gift, pre-paid, employee, merchandise return and electronic gift certificates quickly and easily.

Benefits include:

- Increased Profitability - 61% of people using gift cards spend more than the value of the card.
- Raising Brand Awareness - Each gift card puts the merchant's name and logo in greater circulation.
- Repeat Business - Gift cards bring customers back and attract new customers as well.
- Enhanced Security – Potential for fraud is reduced because gift cards are activated upon purchase.
- Simplify Operations - Timesaving operations are easily tracked.

Business Loans:

Through one of our affiliates, American Micro Loan, Alipse is able to arrange business loans for merchants of up to $500,000.

Other Services

Alipse has abundant resources through First Data's partner programs to help merchants improve their businesses. Partners include companies specializing in e-business, direct marketing, retail and billing support, as well as a number of business and professional associations available to assist with any need.

The Market

The business of paying for goods and services with credit cards in the US is huge. There are over 185 million credit cardholders in the US. The average household with at least one credit card has 6.0 bank credit cards, 8.3 retail credit cards, and 2.4 debit cards for a total of 16.7 cards. In 2012, Americans charged nearly 3.8 trillion to bank credit cards. By 2015, that figure is expected to rise to over 4.5 trillion in US credit card spending.

The Market (continued)

There are more than 8.5 million retailers in the US who accept credit cards with the number growing each year as grocery stores, on-line businesses, fast food chains and others add this necessary form of payment acceptance to their business models.

Competition

There are literally hundreds of Independent Sales Organizations that have negotiated arrangements with various credit card processors to sell processing services to merchants. Many ISO's specialize in particular market niches where they can charge higher fees (e.g., small on-line businesses) because there is greater transaction risk or because fewer processors will seek their limited volume of business. Alipse will handle a broad range of merchants, but specializes in the "brick and mortar" retailers because "card present" transactions are inherently less risky. This market is attractive to other processors as well, and for that reason, Alipse compares itself to service providers such as Bank of America, Wells Fargo, Global Processing, Inc., and National Processing Company (NPC).

Alipse has an operating agreement with First Data. First Data provides outstanding service as well as providing a slight edge in pricing, auxiliary services, and value added resellers who develop complementary hardware and software solutions that interface seamlessly with First Data's own systems. First Data is the largest and most sophisticated processor in the industry.

Alipse offers two significant competitive advantages: pricing and service. Alipse sales philosophy is to make every account profitable, but at the best possible price. Alipse is able to offer better pricing because (1) Alipse has lower overhead than its competitors and (2) Alipse is willing to accept smaller profits margins and pass the savings on to its customers. While pricing offers a significant competitive advantage, Alipse recognizes that its customers enjoy the benefits of personally knowing the individuals with whom they do business. Alipse builds this relationship with new customers from the very beginning by returning to visit each merchant at the end of each of the first two months of business to personally review and explain the merchant's statement and establish protocol for answering questions, resolving discrepancies and helping with future statement inquiries. We do not know anyone else in the business that provides this support to their merchants.

Sales and Marketing

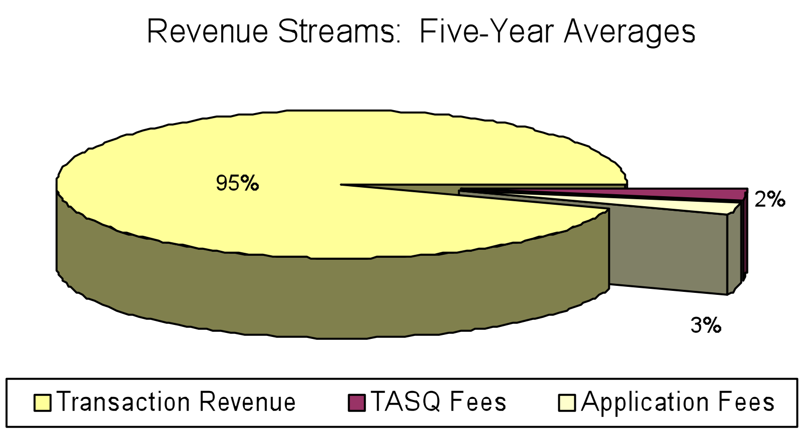
Alipse has developed an aggressive sales and marketing plan that will expand the business significantly over the next several years, and now is an opportune time in the market to do so. Retail sales have been slow, and retailers are looking for ways to trim budgets while maintaining or improving customer service. Since most credit card payment processing service providers are “nameless” and “faceless” entities to most merchants, we have found that Alipse can quickly attract attention by offering better pricing coupled with personal service. Our recent successes in easily converting merchants from their existing processing systems to Alipse services have convinced us that the potential for thousands of conversions exists.

In addition, the soft job market has resulted in a large supply of highly energetic and talented people looking for opportunities to ply their skills. Alipse has developed a plan to add a total of 24 sales representatives/account managers to its permanent staff at the rate of three additions per month for eight months beginning in October, 2016. Each account manager will be expected to sign only ten merchants per month. Account managers will receive a beginning salary of $32,000 annually plus 15% of gross profits attributable to their merchants. Account managers with merchant portfolios generating $2 million or more in credit card charges will receive an additional 5% bonus. As portfolios grow, account managers will earn very good incomes.

The key to building this organization is to recruit an experienced sales manager with demonstrated success in building a sales organization. That individual will be identified and added to our staff in September 2016. His or her primary responsibility will be hiring and training successful account managers. New hires will receive two-weeks of extensive training that will include merchant visits accompanied by the sales manager. We will monitor the performance and progress of our new hires very closely, reward those who are performing well, and encourage those who are not to seek other opportunities better suited to their particular skills and preferences.

Sales and Marketing (continued)

Alipse business is that of processing credit card transactions and more than 95% of our revenue will be generated from providing that service. Transaction and application fees will contribute a small percentage of incremental revenue:



Management Summary

Tom Sullivan, President and Chief Executive Officer

Mr. Sullivan has extensive successful managerial and diverse startup experience dating back to 1988. He developed management skills in a heavy equipment and maintenance company, began a computer supplies company, started an automotive repair shop specializing in Saabs, and opened a restaurant and jazz blues club before finding his niche in 1988 when he founded Ivan Financial Services, Inc.

Mr. Sullivan created in Alipse a business that processes over 100 million dollars in credit card transactions each year. Having learned to manage the key drivers to successfully attract and retain merchant accounts, Mr. Sullivan has positioned Alipse for exponential growth in the coming years.

Management Summary (continued)

Angelly Picon, Operations Manager

Ms. Picon began her career with Midlantic Bank providing back office support. She later moved to retail clothing where she managed IS technical support, became assistant store manager, and was promoted to store manager.

With her technical and managerial skills honed, Ms. Picon was tapped by Alipse to become office manager. She has successfully managed Alipse operations since joining the company in 2012 and is now prepared to take on the additional responsibilities of operations manager.

Sales Manager

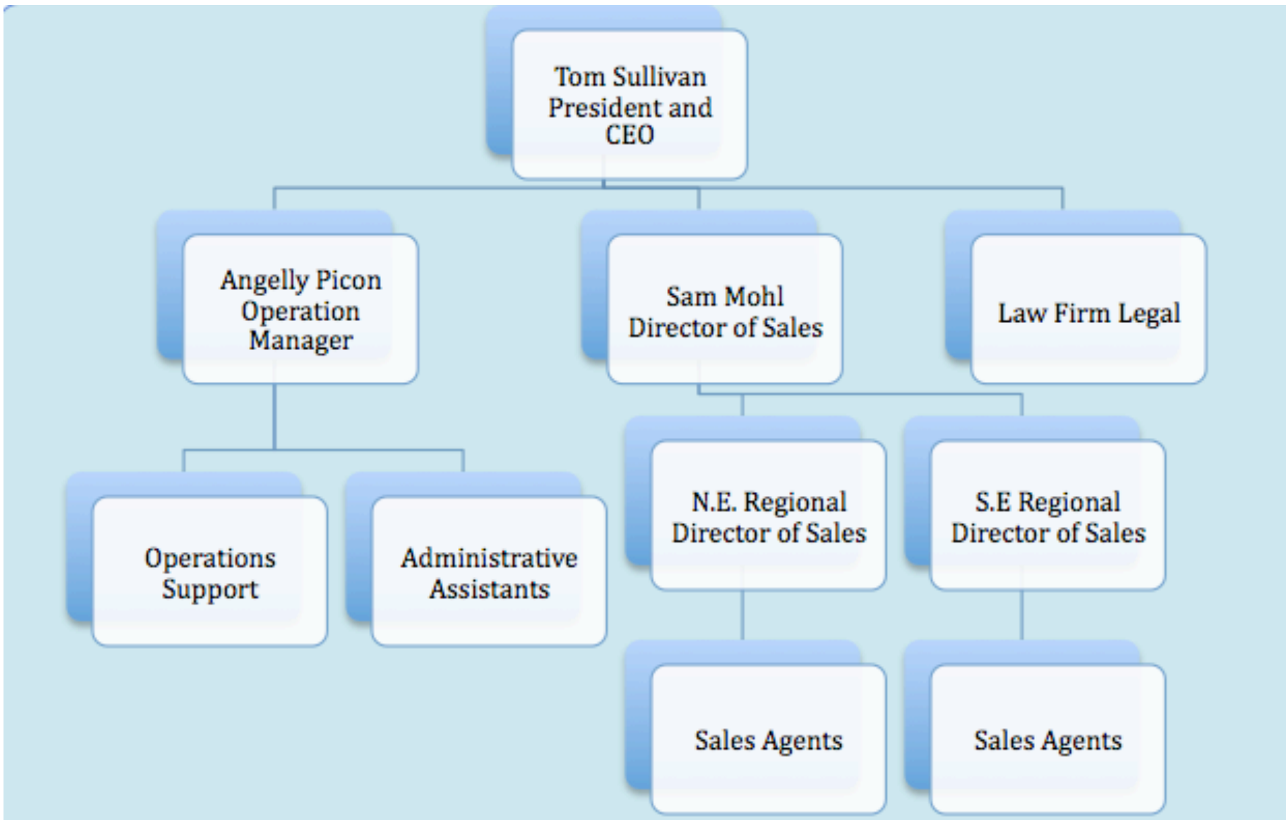
Alipse has not yet identified its sales manager. The company will be interviewing individuals with profiles that include ten or more years of successful selling experience, experience in hiring, training and developing a successful sales team, and backgrounds of high moral character, honesty, integrity, and reliability.

Accounting and Legal

Alipse retains professional Law and CPA firms to provide legal advice and guidance, compliance reporting, and the preparation of formal financial statements and tax returns.

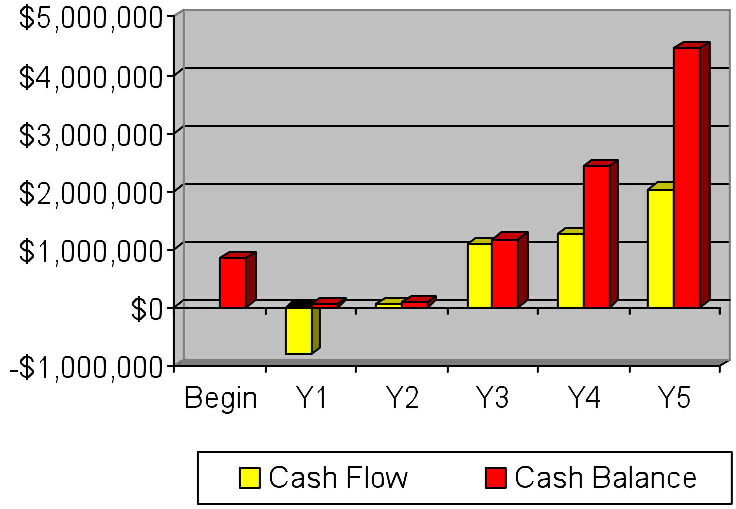
Organizational Structure

Organization Structure for the Phase I expansion will be as follows:

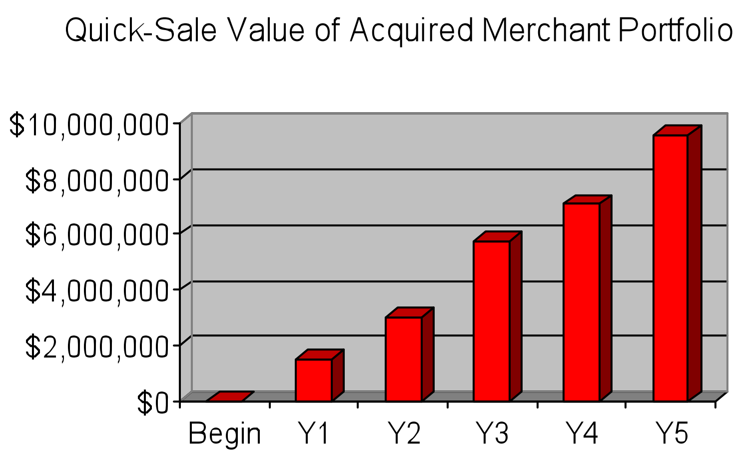


Financial Plan

Alipse five-year financial plan demonstrates that at the end of year 5, Alipse will have accumulated nearly $4.5 million in cash wholly attributable to the Phase I expansion:



In addition to cash accumulation, the quick-sale value of the acquired merchant portfolio (conservatively estimated at 1.5 times transaction revenue) will grow to over $9.5 million in five years:



Financial Plan (continued)

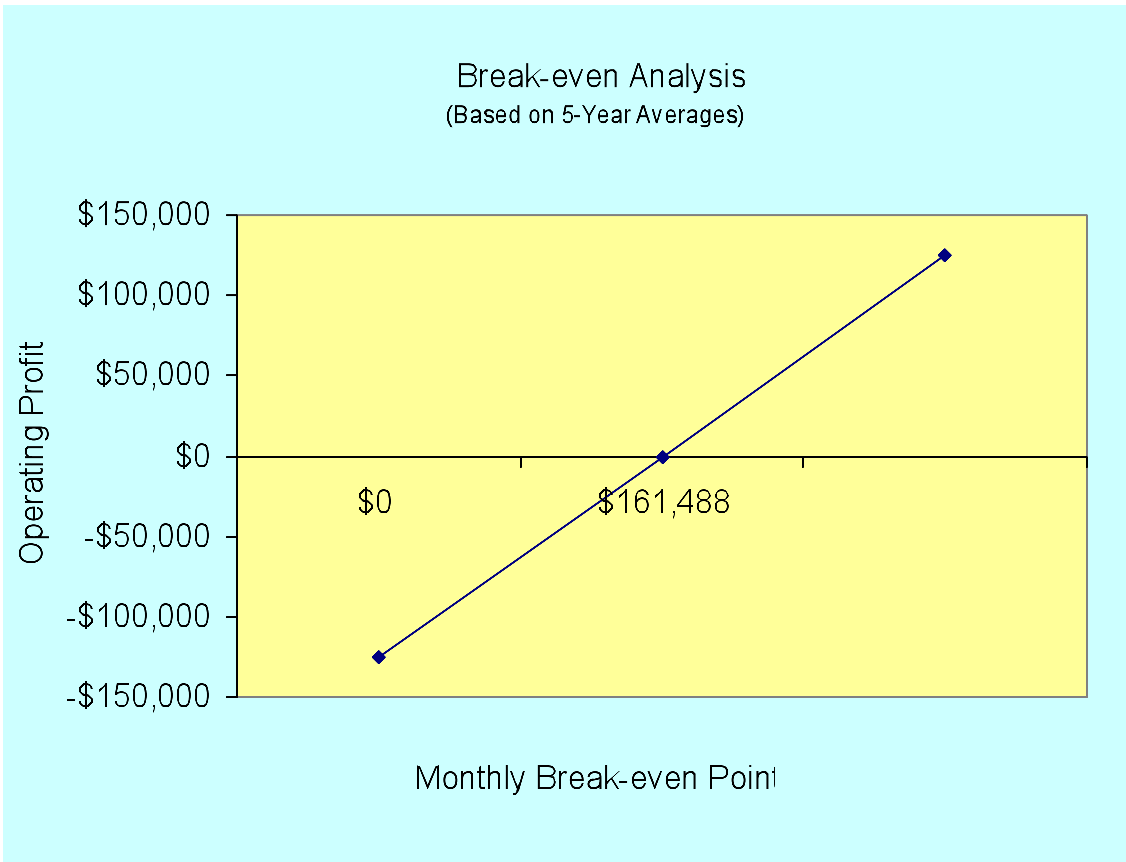
The expansion plan requires $1.2 million for capital investment and working capital as described above in *Expansion Plan*.

The expansion plan will produce after-tax net income in years 1 through 5 as follows:
Y1 - ($710K); Y2 - $134K; Y3 - $1,178K; Y4 - $1,359K; and Y5 - $2,136K.

A 35% tax rate was included in the *pro forma* income statements. Depreciation of capital investment was applied on a straight-line basis over the useful life beginning the month following acquisition.

Break-even Analysis

The break-even analysis is based on operating expectations averaged over the first five years of business. Gross profit represents 77.3% of sales. Fixed operating costs (excluding depreciation) will average $124,830 per month. To break even, it will require monthly revenue of $161,488 ($161,488 x 77.3% = $124,830). Based on our sales projections, we predict monthly revenue over the first five years of business will average $304,325, or 88% above that which is required to break even:



Pro forma financial statements follow.

Pro Forma Income Statements – Year 1 by Month

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total Y1
Sales													
Transaction Revenue	$0	$435	$2,013	$5,114	$9,846	$16,211	$24,208	$33,837	$45,098	$57,555	$70,502	$83,558	$348,378
Application Fees	0	640	1,680	2,880	4,080	5,280	6,480	7,680	8,880	9,440	9,600	9,600	66,240
TASQ Fees	0	11	50	126	243	401	598	836	1,115	1,423	1,743	2,065	8,611
Total Sales	0	1,086	3,743	8,120	14,170	21,892	31,286	42,353	55,092	68,418	81,845	95,224	423,229
Direct Cost of Sales													
Application Fees	0	320	840	1,440	2,040	2,640	3,240	3,840	4,440	4,720	4,800	4,800	33,120
Coding Requests	0	80	210	360	510	660	810	960	1,110	1,180	1,200	1,200	8,280
TASQ Fees	0	8	36	90	174	286	427	597	796	1,016	1,245	1,475	6,151
Sales Commissions	0	102	399	934	1,717	2,746	4,021	5,543	7,312	9,225	11,190	13,162	56,352
Total Direct Cost of Sales	0	509	1,484	2,825	4,441	6,332	8,499	10,941	13,658	16,141	18,435	20,638	103,903
Gross Profit	0	577	2,258	5,295	9,729	15,560	22,788	31,412	41,434	52,276	63,410	74,586	319,326
Operating Expenses													
Accounting	500	0	0	500	0	0	500	3,000	0	500	0	0	5,000
Provider Fees	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Provider Fees-Annual	0	0	0	0	0	0	1,500	0	0	0	0	2,500	4,000
Owner Compensation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Sales Manager Compensation	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
Sales Manager Bonus	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000
Office Manager Compensation	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Admin Support Compensation	0	0	0	0	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	21,333
Sales Rep Compensation	0	4,667	12,667	20,667	28,667	36,667	44,667	52,667	60,667	64,000	64,000	64,000	453,333
FICA	0	2,054	2,678	3,302	4,134	4,758	5,382	6,006	6,630	6,890	6,890	8,450	57,174
Health Insurance	1,650	1,650	1,650	1,650	2,310	2,805	3,300	3,795	4,290	4,785	5,280	5,775	38,940
Legal & Professional	1,250	0	0	1,250	0	0	1,250	0	0	1,250	0	0	5,000
Maintenance	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Office Supplies	250	250	281	297	308	316	323	329	334	338	341	344	3,711
Telephone	1,250	1,850	2,450	3,050	3,650	4,250	4,850	5,450	6,050	6,050	6,050	6,050	51,000
Utilities	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Website	0	0	0	0	500	500	500	500	500	150	150	150	2,950
Worker's Compensation	150	238	388	538	738	888	1,038	1,188	1,338	1,400	1,400	1,400	10,700
Total Operating Expenses	28,367	34,025	43,429	54,570	66,290	76,167	89,293	98,917	105,791	111,346	110,095	134,652	952,942
Depreciation Expense	618	618	618	618	618	618	618	618	618	618	618	618	7,410
Operating Profit	(28,984)	(34,066)	(41,788)	(49,892)	(57,178)	(61,225)	(67,123)	(68,123)	(64,975)	(59,687)	(47,302)	(60,684)	(641,026)
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	6,000	5,963	5,927	5,890	5,852	5,815	5,778	5,740	5,702	5,664	5,626	5,587	69,543
Pre-Tax Income	($34,984)	($40,029)	($47,715)	($55,782)	($63,030)	($67,040)	($72,900)	($73,862)	($70,677)	($65,351)	($52,927)	($66,271)	($710,569)
Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Loss Carry Forward	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	($34,984)	($40,029)	($47,715)	($55,782)	($63,030)	($67,040)	($72,900)	($73,862)	($70,677)	($65,351)	($52,927)	($66,271)	($710,569)

Pro Forma Income Statements – Years 1 through 5

	Y1		Y2		Y3		Y4		Y5	
Sales										
Transaction Revenue	$348,378	82.3%	$2,021,069	92.4%	$3,847,081	94.8%	$4,720,097	95.3%	$6,368,073	95.9%
Application Fees	66,240	15.7%	115,200	5.3%	115,200	2.8%	115,200	2.3%	115,200	1.7%
TASQ Fees	8,611	2.0%	49,958	2.3%	95,095	2.3%	116,675	2.4%	157,411	2.4%
Total Sales	423,229	100.0%	2,186,227	100.0%	4,057,376	100.0%	4,951,972	100.0%	6,640,684	100.0%
Direct Cost of Sales										
Application Fees	33,120	7.8%	57,600	2.6%	57,600	1.4%	57,600	1.2%	57,600	0.9%
Coding Requests	8,280	2.0%	14,400	0.7%	14,400	0.4%	14,400	0.3%	14,400	0.2%
TASQ Fees	6,151	1.5%	35,684	1.6%	67,925	1.7%	83,339	1.7%	112,436	1.7%
Sales Commissions	56,352	13.3%	415,709	19.0%	783,490	19.3%	959,326	19.4%	1,291,249	19.4%
Total Direct Cost of Sales	103,903	24.6%	523,393	23.9%	923,415	22.8%	1,114,666	22.5%	1,475,686	22.2%
Gross Profit	319,326	75.4%	1,662,834	76.1%	3,133,961	77.2%	3,837,306	77.5%	5,164,998	77.8%
Operating Expenses										
Accounting	5,000	1.2%	5,500	0.3%	6,050	0.1%	6,655	0.1%	7,321	0.1%
Provider Fees	6,000	1.4%	6,000	0.3%	6,000	0.1%	6,000	0.1%	6,000	0.1%
Provider Fees-Annual	4,000	0.9%	4,000	0.2%	4,000	0.1%	4,000	0.1%	4,000	0.1%
Owner Compensation	120,000	28.4%	126,000	5.8%	132,300	3.3%	138,915	2.8%	145,861	2.2%
Sales Manager Compensation	80,000	18.9%	84,000	3.8%	88,200	2.2%	92,610	1.9%	97,241	1.5%
Sales Manager Bonus	20,000	4.7%	20,000	0.9%	20,000	0.5%	20,000	0.4%	20,000	0.3%
Office Manager Compensation	60,000	14.2%	80,000	3.7%	84,000	2.1%	88,200	1.8%	92,610	1.4%
Admin Support Compensation	21,333	5.0%	54,933	2.5%	79,013	1.9%	104,297	2.1%	130,846	2.0%
Sales Rep Compensation	453,333	107.1%	806,400	36.9%	846,720	20.9%	889,056	18.0%	933,509	14.1%
FICA	57,174	13.5%	91,364	4.2%	97,518	2.4%	103,980	2.1%	110,765	1.7%
Health Insurance	38,940	9.2%	81,213	3.7%	96,014	2.4%	113,428	2.3%	134,085	2.0%
Legal & Professional	5,000	1.2%	9,000	0.4%	16,200	0.4%	29,160	0.6%	52,488	0.8%
Maintenance	1,800	0.4%	1,836	0.1%	1,873	0.0%	1,910	0.0%	1,948	0.0%
Miscellaneous	3,000	0.7%	3,060	0.1%	3,121	0.1%	3,184	0.1%	3,247	0.0%
Office Supplies	3,711	0.9%	4,484	0.2%	4,676	0.1%	4,728	0.1%	4,808	0.1%
Telephone	51,000	12.1%	51,000	2.3%	51,000	1.3%	51,000	1.0%	51,000	0.8%
Utilities	9,000	2.1%	9,270	0.4%	9,548	0.2%	9,835	0.2%	10,130	0.2%
Website	2,950	0.7%	1,800	0.1%	1,800	0.0%	1,800	0.0%	1,800	0.0%
Worker's Compensation	10,700	2.5%	17,202	0.8%	17,802	0.4%	18,402	0.4%	19,002	0.3%
Total Operating Expenses	952,942	225.2%	1,457,063	66.6%	1,565,836	38.6%	1,687,160	34.1%	1,826,660	27.5%
Depreciation Expense	7,410	1.8%	7,410	0.3%	7,410	0.2%	7,410	0.1%	7,410	0.1%
Operating Profit	(641,026)	-151.5%	198,361	9.1%	1,560,715	38.5%	2,142,736	43.3%	3,330,928	50.2%
Interest Income	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Interest Expense	69,543	16.4%	63,972	2.9%	58,057	1.4%	51,777	1.0%	45,110	0.7%
Pre-Tax Income	($710,569)	-167.9%	$134,389	6.1%	$1,502,658	37.0%	$2,090,959	42.2%	$3,285,817	49.5%
Income Taxes	0	0.0%	47,036	2.2%	525,930	13.0%	731,836	14.8%	1,150,036	17.3%
Tax Loss Carry Forward	0	0.0%	47,036	2.2%	201,663	5.0%	0	0.0%	0	0.0%
Net Income	($710,569)	-167.9%	$134,389	6.1%	$1,178,390	29.0%	$1,359,123	27.4%	$2,135,781	32.2%

Pro Forma Balance Sheets – Year 1 by Month

	Begin	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Cash	$840,000	$798,311	$751,540	$697,047	$634,450	$564,567	$490,637	$410,810	$329,982	$252,302	$179,910	$119,903	$46,515
Total Current Assets	$840,000	$798,311	$751,540	$697,047	$634,450	$564,567	$490,637	$410,810	$329,982	$252,302	$179,910	$119,903	$46,515
Prop., Plant & Equip	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Less: Accum. Depreciation	0	618	1,235	1,853	2,470	3,088	3,705	4,323	4,940	5,558	6,175	6,793	7,410
Net Property, Plant & Equip.	260,000	259,382	258,765	258,147	257,530	256,912	256,295	255,677	255,060	254,442	253,825	253,207	252,590
Land	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Assets	$1,200,000	$1,157,693	$1,110,305	$1,055,194	$991,980	$921,479	$846,932	$766,487	$685,042	$606,745	$533,735	$473,111	$399,105
Bank Loan	1,200,000	1,192,678	1,185,319	1,177,923	1,170,490	1,163,020	1,155,512	1,147,968	1,140,385	1,132,764	1,125,106	1,117,409	1,109,673
Total Liabilities	1,200,000	1,192,678	1,185,319	1,177,923	1,170,490	1,163,020	1,155,512	1,147,968	1,140,385	1,132,764	1,125,106	1,117,409	1,109,673
Retained Earnings	0	(34,984)	(75,013)	(122,729)	(178,510)	(241,541)	(308,580)	(381,481)	(455,343)	(526,020)	(591,371)	(644,298)	(710,569)
Total Equity	0	(34,984)	(75,013)	(122,729)	(178,510)	(241,541)	(308,580)	(381,481)	(455,343)	(526,020)	(591,371)	(644,298)	(710,569)
Total Liabilities & Equity	$1,200,000	$1,157,693	$1,110,305	$1,055,194	$991,980	$921,479	$846,932	$766,487	$685,042	$606,745	$533,735	$473,111	$399,105
Memo*													
Portfolio Quick Sale Value (PQS)	0	0	7,834	36,230	92,045	177,235	291,802	435,744	609,062	811,757	1,035,994	1,269,043	1,504,051
Equity plus PQS	0	(34,984)	(67,180)	(86,498)	(86,465)	(64,306)	(16,779)	54,263	153,719	285,737	444,623	624,745	793,482

*Marketability of Portfolio conservatively estimated at 1.5 times annual transaction revenue

Pro Forma Balance Sheets – Years 1 through 5

	Begin	Y1	Y2	Y3	Y4	Y5
Cash	$840,000	$46,515	$92,416	$1,176,405	$2,434,846	$4,463,278
Total Current Assets	$840,000	$46,515	$92,416	$1,176,405	$2,434,846	$4,463,278
Prop., Plant & Equip	260,000	260,000	260,000	260,000	260,000	260,000
Less: Accum. Depreciation	0	7,410	14,821	22,231	29,641	37,051
Net Property, Plant & Equip.	260,000	252,590	245,179	237,769	230,359	222,949
Land	100,000	100,000	100,000	100,000	100,000	100,000
Total Assets	$1,200,000	$399,105	$437,596	$1,514,174	$2,765,205	$4,786,227
Bank Loan	1,200,000	1,109,673	1,013,776	911,963	803,871	689,112
Total Liabilities	1,200,000	1,109,673	1,013,776	911,963	803,871	689,112
Retained Earnings	0	(710,569)	(576,180)	602,211	1,961,334	4,097,115
Total Equity	0	(710,569)	(576,180)	602,211	1,961,334	4,097,115
Total Liabilities & Equity	$1,200,000	$399,105	$437,596	$1,514,174	$2,765,205	$4,786,227
Memo*						
Portfolio Quick Sale Value (PQS)	0	1,504,051	3,031,603	5,770,622	7,080,145	9,552,109
Equity plus PQS	0	793,482	2,455,424	6,372,832	9,041,479	13,649,224

*Marketability of Portfolio conservatively estimated at 1.5 times annual transaction revenue

Pro Forma Statements of Cash Flow – Year 1 by Month

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total Y1
Operating Profit	($28,984)	($34,066)	($41,788)	($49,892)	($57,178)	($61,225)	($67,123)	($68,123)	($64,975)	($59,687)	($47,302)	($60,684)	($641,026)
Depreciation Addback	618	618	618	618	618	618	618	618	618	618	618	618	7,410
Cash From Operations Before Interest/Taxes	(28,367)	(33,448)	(41,171)	(49,275)	(56,561)	(60,607)	(66,505)	(67,505)	(64,357)	(59,070)	(46,684)	(60,066)	(633,616)
Interest Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Expense	6,000	5,963	5,927	5,890	5,852	5,815	5,778	5,740	5,702	5,664	5,626	5,587	69,543
Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow Before Debt Payment	(34,367)	(39,412)	(47,098)	(55,164)	(62,413)	(66,422)	(72,283)	(73,245)	(70,059)	(64,734)	(52,310)	(65,653)	(703,159)
Debt Payment	7,323	7,359	7,396	7,433	7,470	7,507	7,545	7,583	7,621	7,659	7,697	7,735	90,327
Change in Cash	($41,689)	($46,771)	($54,493)	($62,597)	($69,883)	($73,930)	($79,828)	($80,828)	($77,680)	($72,392)	($60,007)	($73,389)	($793,485)

Pro Forma Cash Flow Statement – Years 1 through 5

	Y1	Y2	Y3	Y4	Y5
Operating Profit	($641,026)	$198,361	$1,560,715	$2,142,736	$3,330,928
Depreciation Addback	7,410	7,410	7,410	7,410	7,410
Cash From Operations Before Interest/Taxes	(633,616)	205,771	1,568,125	2,150,146	3,338,338
Interest Income	0	0	0	0	0
Interest Expense	69,543	63,972	58,057	51,777	45,110
Income Taxes	0	0	324,267	731,836	1,150,036
Net Cash Flow Before Debt Payment	(703,159)	141,800	1,185,801	1,366,533	2,143,191
Debt Payment	90,327	95,898	101,813	108,092	114,759
Change in Cash	($793,485)	$45,902	$1,083,988	$1,258,441	$2,028,432