

# Accrual Net Income Projection

Beginning Reference Point:

May 01, 2017

Case Study 1 Project Calculation # 3c8ce91c-OK

Purchase Target Company

Acquisition of Case Study 1

		10 Year Horizon									
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Total Net Sales Projections</b>		\$ 969,000	\$ 1,017,450	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323	\$ 1,068,323
% Change		2%	5%	5%	0%	0%	0%	0%	0%	0%	0%
<b>Cost of Goods Sold</b>		\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780	\$ 600,780
% of Sales		62%	59%	56%	56%	56%	56%	56%	56%	56%	56%
<b>Gross Margin</b>		\$ 368,220	\$ 416,670	\$ 467,543	\$ 467,543	\$ 467,543	\$ 467,543	\$ 467,543	\$ 467,543	\$ 467,543	\$ 467,543
% of Sales		38%	41%	44%	44%	44%	44%	44%	44%	44%	44%
<b>Other (Income) Expense</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Expenses</b>		\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427	\$ 240,427
% of Sales		24.81%	23.63%	22.51%	22.51%	22.51%	22.51%	22.51%	22.51%	22.51%	22.51%
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EBITDA</b>		\$ 127,793	\$ 176,243	\$ 227,116	\$ 227,116	\$ 227,116	\$ 227,116	\$ 227,116	\$ 227,116	\$ 227,116	\$ 227,116
% of Sales		13%	17%	21%	21%	21%	21%	21%	21%	21%	21%
% Change		-51.78%	37.91%	28.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tie to Cash Flow		OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
<b>Accrual Depreciation Amortization</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Purchase Goodwill		\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443	\$ 42,443
Other		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EBIT</b>		\$ 85,350	\$ 133,800	\$ 184,672	\$ 184,672	\$ 184,672	\$ 184,672	\$ 184,672	\$ 184,672	\$ 184,672	\$ 184,672
<b>Interest (Income)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Interest Expense</b>											
<b>New Senior Debt</b>											
A/R Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equip, Buildings, Real Estate Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Sub Debt</b>											
Interest Accrued		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PIK Interest Accrued		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepayment penalty		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Seller Debt</b>											
Current Pay Note		\$ 30,000	\$ 23,293	\$ 16,083	\$ 8,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non Current Pay Note		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Performance/ Earn Out Note		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AJE Adjustments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Equity Debt</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Interest		\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250
Other Transaction Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Individually Scheduled Debt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Interest Expense</b>		\$ 33,250	\$ 26,543	\$ 19,333	\$ 11,582	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250	\$ 3,250
<b>Performance/Earn Out Incentive Expense</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>(Gain) Loss on Sale of Assets</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Ordinary Income Tax Estimate (Credit)-Accrual Basis</b>		\$ 8,023	\$ 23,017	\$ 42,049	\$ 44,738	\$ 47,629	\$ 47,629	\$ 47,629	\$ 47,629	\$ 47,629	\$ 47,629
<b>Deferred Income Tax Expense (Credit)</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Write off A/R, Inventory Amounts</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Accrual Net Income (Loss)</b>		\$ 44,077	\$ 84,240	\$ 123,290	\$ 128,352	\$ 133,793	\$ 133,793	\$ 133,793	\$ 133,793	\$ 133,793	\$ 133,793
% of Sales		5%	8%	12%	12%	13%	13%	13%	13%	13%	13%