

Journal			
Debited Account	Credited Account	Debit	Credit
Cash		\$600,000	
	Paid-in Capital		\$600,000
Operating Expenses		\$100,000	
	Cash		\$100,000
Inventory		\$5,250	
	Cash		\$5,250
Cash		\$10,500	
COGS		\$5,250	
	Revenue		\$10,500
	Inventory		\$5,250
Intangible Assets (IP)		\$400,000	
	Cash		\$400,000
Taxes		\$0	
	Cash		\$0
<b>Total</b>		<b>\$1,121,000</b>	<b>\$1,121,000</b>

Ledger				
Account	Usual Balance	Total Debits	Total Credits	Change from Previous Year
Cash	Debit	\$610,500	\$505,250	\$105,250
Inventory	Debit	\$5,250	\$5,250	\$0
Intangible Assets (IP)	Debit	\$400,000	\$0	\$400,000
Accounts Payable	Credit	\$0	\$0	\$0
Paid-in Capital	Credit	\$0	\$600,000	\$600,000
Revenue	Credit	\$0	\$10,500	\$10,500
COGS	Debit	\$5,250	\$0	\$5,250
Operating Expenses	Debit	\$100,000	\$0	\$100,000
Taxes	Debit	\$0	\$0	\$0
		\$0	\$0	\$0
<b>Total</b>		<b>\$1,121,000</b>	<b>\$1,121,000</b>	<b>\$1,221,000</b>

Journal			
Debited Account	Credited Account	Debit	Credit
Cash			\$0
	Paid-in Capital		\$0
Operating Expenses		\$262,500	
	Cash		\$262,500
Inventory		\$525,000	
	Cash		\$525,000
Cash		\$1,050,000	
COGS		\$525,000	
	Revenue		\$1,050,000
	Inventory		\$525,000
Taxes		\$77,963	
	Cash		\$77,963
<b>Total</b>		<b>\$2,440,463</b>	<b>\$2,440,463</b>

Ledger				
Account	Usual Balance	Total Debits	Total Credits	Change from Previous Year
Cash	Debit	\$1,050,000	\$865,463	\$184,537
Inventory	Debit	\$525,000	\$525,000	\$0
Intangible Assets (IP)	Debit	\$0	\$0	\$0
Accounts Payable	Credit	\$0	\$0	\$0
Paid-in Capital	Credit	\$0	\$0	\$0
Revenue	Credit	\$0	\$1,050,000	\$1,050,000
COGS	Debit	\$525,000	\$0	\$525,000
Operating Expenses	Debit	\$262,500	\$0	\$262,500
Taxes	Debit	\$77,963	\$0	\$77,963
		\$0	\$0	\$0
<b>Total</b>		<b>\$2,440,463</b>	<b>\$2,440,463</b>	<b>\$2,100,000</b>

Journal			
Debited Account	Credited Account	Debit	Credit
Operating Expenses		\$1,312,500	
	Cash		\$1,312,500
Inventory		\$2,625,000	
	Cash		\$2,625,000
Cash		\$5,250,000	
COGS		\$2,625,000	
	Revenue		\$5,250,000
	Inventory		\$2,625,000
Taxes		\$389,813	
	Cash		\$389,813
<b>Total</b>		<b>\$12,202,313</b>	<b>\$12,202,313</b>

Ledger				
Account	Usual Balance	Total Debits	Total Credits	Change from Previous Year
Cash	Debit	\$5,250,000	\$4,327,313	\$922,687
Inventory	Debit	\$2,625,000	\$2,625,000	\$0
Intangible Assets (IP)	Debit	\$0	\$0	\$0
Accounts Payable	Credit	\$0	\$0	\$0
Paid-in Capital	Credit	\$0	\$0	\$0
Revenue	Credit	\$0	\$5,250,000	\$5,250,000
COGS	Debit	\$2,625,000	\$0	\$2,625,000
Operating Expenses	Debit	\$1,312,500	\$0	\$1,312,500
Taxes	Debit	\$389,813	\$0	\$389,813
<b>Total</b>		<b>\$12,202,313</b>	<b>\$12,202,313</b>	<b>\$10,500,000</b>

Journal			
Debited Account	Credited Account	Debit	Credit
Operating Expenses		\$2,625,000	
	Cash		\$2,625,000
Inventory		\$5,250,000	
	Cash		\$5,250,000
Cash		\$10,500,000	
COGS		\$5,250,000	
	Revenue		\$10,500,000
	Inventory		\$5,250,000
Taxes		\$779,625	
	Cash		\$779,625
<b>Total</b>		<b>\$24,404,625</b>	<b>\$24,404,625</b>

Ledger				
Account	Usual Balance	Total Debits	Total Credits	Change from Previous Year
Cash	Debit	\$10,500,000	\$8,654,625	\$1,845,375
Inventory	Debit	\$5,250,000	\$5,250,000	\$0
Intangible Assets (IP)	Debit	\$0	\$0	\$0
Accounts Payable	Credit	\$0	\$0	\$0
Paid-in Capital	Credit	\$0	\$0	\$0
Revenue	Credit	\$0	\$10,500,000	\$10,500,000
COGS	Debit	\$5,250,000	\$0	\$5,250,000
Operating Expenses	Debit	\$2,625,000	\$0	\$2,625,000
Taxes	Debit	\$779,625	\$0	\$779,625
<b>Total</b>		<b>\$24,404,625</b>	<b>\$24,404,625</b>	<b>\$21,000,000</b>

Journal			
Debited Account	Credited Account	Debit	Credit
Operating Expenses		\$6,562,500	
	Cash		\$6,562,500
Inventory		\$13,125,000	
	Cash		\$13,125,000
Cash		\$26,250,000	
COGS		\$13,125,000	
	Revenue		\$26,250,000
	Inventory		\$13,125,000
Taxes		\$1,949,063	
	Cash		\$1,949,063
<b>Total</b>		<b>\$61,011,563</b>	<b>\$61,011,563</b>

Ledger				
Account	Usual Balance	Total Debits	Total Credits	Change from Previous Year
Cash	Debit	\$26,250,000	\$21,636,563	\$4,613,437
Inventory	Debit	\$13,125,000	\$13,125,000	\$0
Intangible Assets (IP)	Debit	\$0	\$0	\$0
Accounts Payable	Credit	\$0	\$0	\$0
Paid-in Capital	Credit	\$0	\$0	\$0
Revenue	Credit	\$0	\$26,250,000	\$26,250,000
COGS	Debit	\$13,125,000	\$0	\$13,125,000
Operating Expenses	Debit	\$6,562,500	\$0	\$6,562,500
Taxes	Debit	\$1,949,063	\$0	\$1,949,063
		\$0	\$0	\$0
<b>Total</b>		<b>\$61,011,563</b>	<b>\$61,011,563</b>	<b>\$52,500,000</b>

## **ASSUMPTIONS**

1. Production is done (Just-In-Time ) by a 3rd party Manufacturer and shipped directly to Customer (Drop-shipping)
2. Because of Assumption 1 above there is no Asset and Depreciation in the Financial Statements (F/S)
3. Because of Assumption 1 , we also have a zero inventory in the F/S
4. intellectual property refer to Cost spent to secure patent for the Product
5. Projected Revenue for successisve years include new customers and existing ones since the bulbs needs replacement after One year
6. Year 1 Revenue is mainly product samples but we expect customers to pay for them as a proof of concept (POC) to us.
7. Taxes are paid in the year incurred

Yearly Ledger Changes					
Account	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
Cash	\$105,250	\$184,537	\$922,687	\$1,845,375	\$4,613,437
Inventory	\$0	\$0	\$0	\$0	\$0
Intangible Assets (IP)	\$400,000	\$0	\$0	\$0	\$0
Paid-in Capital	\$600,000	\$0	\$0	\$0	\$0
Revenue	\$10,500	\$1,050,000	\$5,250,000	\$10,500,000	\$26,250,000
COGS	\$5,250	\$525,000	\$2,625,000	\$5,250,000	\$13,125,000
Operating Expenses	\$100,000	\$262,500	\$1,312,500	\$2,625,000	\$6,562,500
Taxes	\$0	\$77,963	\$389,813	\$779,625	\$1,949,063

Income Statement					
Account	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
Revenue	\$10,500	\$1,050,000	\$5,250,000	\$10,500,000	\$26,250,000
COGS	\$5,250	\$525,000	\$2,625,000	\$5,250,000	\$13,125,000
Gross Profit	\$5,250	\$525,000	\$2,625,000	\$5,250,000	\$13,125,000
Operating Expenses	\$100,000	\$262,500	\$1,312,500	\$2,625,000	\$6,562,500
EBITDA	-\$94,750	\$262,500	\$1,312,500	\$2,625,000	\$6,562,500
Taxes	\$0	\$77,963	\$389,813	\$779,625	\$1,949,063
EBIDA	-\$94,750	\$184,537	\$922,687	\$1,845,375	\$4,613,437
Net Income	-\$94,750	\$184,537	\$922,687	\$1,845,375	\$4,613,437

Balance Sheet					
Account	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
Assets					
Cash	\$105,250	\$289,787	\$1,212,474	\$3,057,849	\$7,671,286
Intangible Assets (IP)	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Total Assets	\$505,250	\$689,787	\$1,612,474	\$3,457,849	\$8,071,286
Liabilities & Equity					
Paid-in-capital	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
Retained Earnings	-\$94,750	\$89,787	\$1,012,474	\$2,857,849	\$7,471,286
Total Liabilities & Equity	\$505,250	\$689,787	\$1,612,474	\$3,457,849	\$8,071,286

Cash Flow Statement					
Account	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
Net Income	-\$94,750	\$184,537	\$922,687	\$1,845,375	\$4,613,437
Total Operating Cash flows	-\$94,750	\$184,537	\$922,687	\$1,845,375	\$4,613,437
Intellectual Property Expense	-\$400,000	\$0	\$0	\$0	\$0
Total Investing Cash Flows	-\$400,000	\$0	\$0	\$0	\$0
Increase in Paid-in capital	\$600,000	\$0	\$0	\$0	\$0
Total Financing Cash Flows	\$600,000	\$0	\$0	\$0	\$0
Total Cash Flows	\$105,250	\$184,537	\$922,687	\$1,845,375	\$4,613,437
Beginning Cash		\$105,250	\$289,787	\$1,212,474	\$3,057,849
Ending Cash	\$105,250	\$289,787	\$1,212,474	\$3,057,849	\$7,671,286

LIFELIGHT FINANCIAL ANALYSIS		
<b>Revenue</b>		
Price per unit	\$105	
Annual price increase	2%	
<b>R&amp;D</b>		
Non-Recurring Engineering Costs	\$400,000	
<b>Tax</b>		
Property tax	0%	
State tax	9%	
Federal tax	21%	
Effective tax rate	30%	
<b>Labor</b>		
S&M (% of sales)	15%	
Overhead (% of sales)	10%	
COGS (% of sales)	50%	
Working capital Reserved (% of current year's COGS)	25%	
<b>Cost of Capital</b>		
D/E ratio	0%	
Interest rate	3%	
Return on equity	35%	
% Equity	100%	
% Debt	0%	
WACC	35%	

Year	2021	2022	2023	2024	2025
Units Sold	100	10,000	50,000	100,000	250,000
<b>Revenue</b>	<b>\$10,500</b>	<b>\$1,050,000</b>	<b>\$5,250,000</b>	<b>\$10,500,000</b>	<b>\$26,250,000</b>
COGS	-\$5,250	-\$525,000	-\$2,625,000	-\$5,250,000	-\$13,125,000
Overhead		-\$105,000	-\$525,000	-\$1,050,000	-\$2,625,000
S&M	-\$100,000	-\$157,500	-\$787,500	-\$1,575,000	-\$3,937,500
<b>Total Costs</b>	<b>-\$105,250</b>	<b>-\$787,500</b>	<b>-\$3,937,500</b>	<b>-\$7,875,000</b>	<b>-\$19,687,500</b>
<b>Operating Inco</b>	<b>-\$94,750</b>	<b>\$262,500</b>	<b>\$1,312,500</b>	<b>\$2,625,000</b>	<b>\$6,562,500</b>
	95.01%	20.00%	20.00%	20.00%	20.00%
State & Federal	\$0	-\$77,963	-\$389,813	-\$779,625	-\$1,949,063
<b>Operating Inco</b>	<b>-\$94,749</b>	<b>\$184,538</b>	<b>\$922,688</b>	<b>\$1,845,375</b>	<b>\$4,613,438</b>
<b>After Tax Operi</b>	<b>-\$94,749</b>	<b>\$184,538</b>	<b>\$922,688</b>	<b>\$1,845,375</b>	<b>\$4,613,438</b>
Non-Recurring	-\$600,000				
Working Capital Reserved		-\$131,250	-\$656,250	-\$1,312,500	-\$3,281,250
Working Capital Returned					
<b>Total After Tax</b>	<b>-\$694,749</b>	<b>\$53,288</b>	<b>\$266,438</b>	<b>\$532,875</b>	<b>\$1,332,188</b>

Required Return	35%					
	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Initial Investment PIC	-\$600,000					
Net Inflows		-\$94,750	\$184,538	\$922,688	\$1,845,375	\$4,613,438
Total Cash Flows	-\$600,000	-\$94,750	\$184,538	\$922,688	\$1,845,375	\$4,613,438
NPV using excel	-600,000	-\$70,185	\$136,694	\$683,472	\$1,366,944	\$3,417,361
IRR			-52%	19%	54%	79%
						<b>\$1,390,532</b>