

The Plan: Moving Toward Full Potential



Marshall and Sons Landscaping Company, Incorporated

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This 'preliminary' business plan is developed by the
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Date

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Marshall & Sons Landscaping

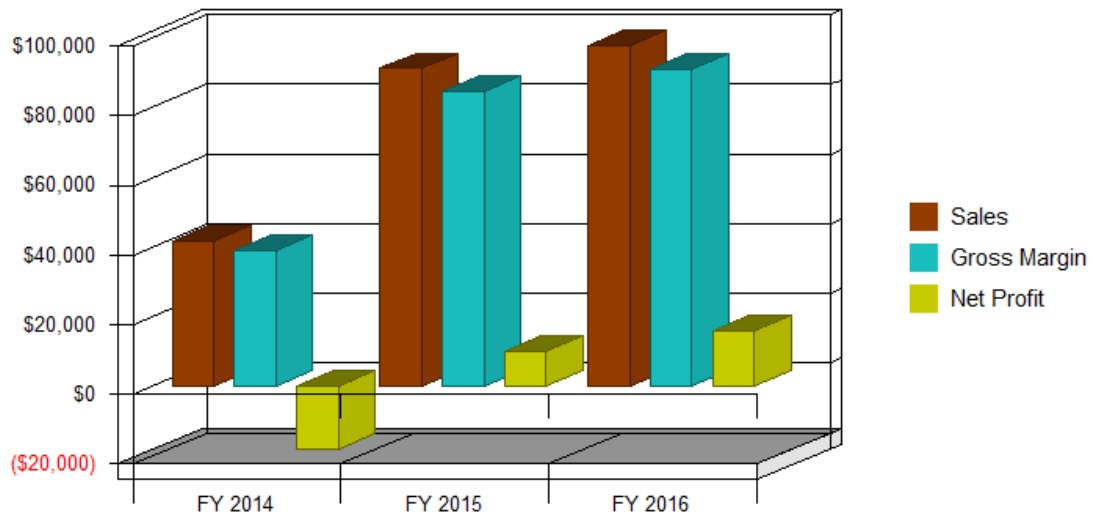
1.0 Executive Summary

Marshall and Sons Landscaping is a commercial lawn care service that targets public and private contracts. Marshall and Sons Landscaping will leverage its longstanding goodwill in the neighborhoods of Compton to sign-up customers.

For year one Marshall and Sons Landscaping will have one employee in addition to Terry Marshall. By year two Terry will purchase a second vehicle, additional equipment, and hire two new employees to form a second work crew.

Marshall and Sons Landscaping is projected to reach profitability by month six and will have profits of \$ by the end of the third year. Major revenue increases are anticipated during the heavy landscaping season between from March and October.

Highlights



1.1 Objectives

The objectives for the first three years of operation include:

- To continue and enhance a service-based landscaping company whose primary goal is to exceed customer's expectations.
- The utilization of Marshall and Sons Landscaping Company in at least 20 different commercial sites/location.
- To increase our number of clients served by 20% per year through superior service.
- To develop a sustainable commercial business, surviving off its own cash flow.

Marshall & Sons Landscaping

1.2 Mission

Marshall and Sons Landscaping Company's mission is to be the most valued provider of comprehensive landscaping services in Southern California. We exist to attract and retain customers through delivering safe and eye-catching outward show of public/private property. We will reach this mission when the City of Compton measures an increased attraction, expansion and/or retention of commercial enterprises within the city limits comprised of roughly 10 square miles.

1.3 Keys to Success

Keys to success for the company will include:

- Maintaining a reputable and untarnished reputation in the community
- Conscientious and and compassionate property appearance service
- Competitive pricing
- Flexible hours

We believe that we can minimize certain risk factors by:

- Initial capitalization of the company to sustain operations through year one
- Low overhead through the use of multi-skilled employees and continual training
- Strong customer base through constructive marketing that always demonstrates a positive return on investment
- Strong community ties and involvement
- Eliminate collection costs by establishing cash/credit/debit card readiness

2.0 Company Summary

Marshall and Sons Landscaping, located in Compton, CA, will offer public/private property care service. The service will include lawn cutting, trimming, edging, debris removal, and including, but not limited to, compost sales, victory gardens, creative/permanent graffiti abatement. The service is typically a weekly service, but is offered at different frequencies as defined by the project parameters.

2.1 Company Ownership

Marshall and Sons Landscaping Company is a Limited Liability Corporation, purchased from Alex Landscaping. Terry Marshall is the Chief Executive Officer that brings two decades of quality experience in the field of commercial property maintenance.

Marshall & Sons Landscaping

2.2 Company History

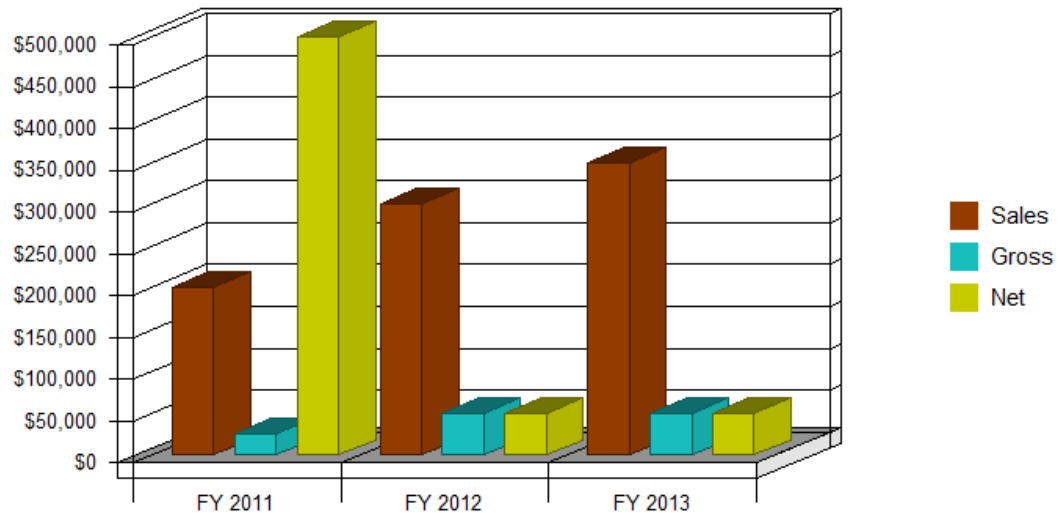
Marshall and Sons Landscaping Company was established in 1991 as a sole proprietor providing residential and commercial landscaping services and gardening maintenance. Marshall and Sons Landscaping is seeking to expand through an acquisition of a long operating 29 year old landscaping company (Lorenzo Brooks, Hoosie "Papa" Cooper - Alex Landscaping 1315 E Compton Blvd, Compton, CA 90221). The expansion will add service dimensions including sports turf installation, commercial contracting with city, state and federal agencies, as well as maintenance projects with neighborhood parks and residential 'victory' gardening programs.

Table: Past Performance

Past Performance			
	FY 2011	FY 2012	FY 2013
Sales	\$200,000	\$300,000	\$350,000
Gross Margin	\$25,000	\$50,000	\$50,000
Gross Margin %	12.50%	16.67%	14.29%
Operating Expenses	\$100,000	\$150,000	\$190,000
Collection Period (days)	0	0	0
Inventory Turnover	1.17	3.03	20.00
Balance Sheet			
	FY 2011	FY 2012	FY 2013
Current Assets			
Cash	\$500,000	\$50,000	\$50,000
Accounts Receivable	\$1,750,000	\$175,000	\$175,000
Inventory	\$150,000	\$15,000	\$15,000
Other Current Assets	\$250,000	\$25,000	\$25,000
Total Current Assets	\$2,650,000	\$265,000	\$265,000
Long-term Assets			
Long-term Assets	\$100,000	\$10,000	\$10,000
Accumulated Depreciation	\$3,500	\$3,500	\$3,500
Total Long-term Assets	\$96,500	\$6,500	\$6,500
Total Assets	\$2,746,500	\$271,500	\$271,500
Current Liabilities			
Accounts Payable	\$100,000	\$10,000	\$10,000
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities (interest free)	\$0	\$0	\$0
Total Current Liabilities	\$100,000	\$10,000	\$10,000
Long-term Liabilities			
Total Liabilities	\$0	\$0	\$0
Paid-in Capital	\$500,000	\$50,000	\$50,000
Retained Earnings	\$1,646,500	\$161,500	\$161,500
Earnings	\$500,000	\$50,000	\$50,000
Total Capital	\$2,646,500	\$261,500	\$261,500
Total Capital and Liabilities	\$2,746,500	\$271,500	\$271,500
Other Inputs			
Payment Days	10	10	10
Sales on Credit	\$0	\$0	\$0
Receivables Turnover	0.00	0.00	0.00

Marshall & Sons Landscaping

Past Performance



3.0 Services

Marshall and Sons Landscaping will provide commercial lawn care service which includes lawn cutting, edging and trimming. Optional services will include hedge trimming, graffiti abatement, and overall curb appeal development. The service is typically offered once a week in season, but Marshall and Sons can create a custom schedule for clients.

Our staff will provide customers with environmental safety and improvement recommendations to better the look and safety of the community. For example, where weeds present a safety hazard for a potential fire, our staff members will complete the job complimentary and we will later share that gratis job and information with sales to initiate a customer call, either public or private. In some cases if permitted, safety services will take place and shared with city officials as an awareness matter.

Although there is currently no competition in the immediate area that provides the proposed 'community compassionate' level of service, we believe our marketing outreach will significantly expand our brand, where sooner, rather than later, we will be granted bid opportunities for an increased number of large-sized landscaping jobs. To that end, Marshall and Sons Landscaping plans to become profitable and retain a solid leadership position in the marketplace by working on unique service areas including, but not limited to;

- **Composting Product Sales** - as waste is collected from job sites roughly 60% can sold as ½-inch compost. The remaining 40% is 2-inch or larger called 'overs' and will be offered to filtration markets.
- **Outdoor Lighting Landscape Services** - dark streets are a criminal's playground, where huge spotlights offer greater crime prevention but are very unsightly, thereby offering professional lighting layouts will make a positive difference in both property and neighborhood appreciation.
- **Vegetation Management** - Trees, shrubs, and vines add property value (beauty, shade, color, curb appeal). Equally important though, and even essential, are our the city's electrical grid, fiber-optic data transmission lines, and safety issues commonly seen with rotting tree limbs. By landscaping observation, care, and discipline our vegetation management program will

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measurably enhanced the business retention, expansion and attraction factors for the entire City of Compton.

- **Year-round Graffiti Abatement/Prevention** - once reported, the city maintenance operations employs decent rapid response to graffiti removal, however, rarely does the removal process seek prevention remedies by putting into practice foliage placement that can work to prevent future tagging.
- **Drought Tolerant Landscape Consultation** - the climate change issues are real and more cities in southern California are in dire straight over water consumption, meaning the grass lawns are expected to literally dry up within the next five years, replaced with artificial turf and/or desert related landscapes.
- **Working with Environmental Nonprofit Groups** - socially extending our support toward environmentalism is a much broader effort to help minimize and compensate the negative effect of human activity on the community at-large, including trash, pollution, wandering animals, and of course climate change.

4.0 Market Analysis Summary

Marshall and Sons Landscaping will target public/private contracting opportunities in and around Compton CA. This area can benefit from enhanced curb appeal services that will work to attract and retain business enterprises. For the second year, Marshall and Sons Landscaping will expand service beyond the immediate Compton area that target both the residential segment (including apartment buildings) and the commercial segment (including buildings used for professional purposes).

The residential market requires the shortest amount of time to completion of projects and usually the least amount of customization. Profitability is paramount as job pricing will need to offer customers a significant amount of pricing transparency in order to give customers an understanding to their dollar value of investment. Every job will have a work schedule specifying time, materials, and administrative support needed to complete the defined job.

4.1 Market Segmentation

The market for landscaping services is vast and whether the standard of living is reflected commercially or residentially the level of customer treatment is handled in much the same way. Below are listed market segments based on size of pocketbook and quality of production:

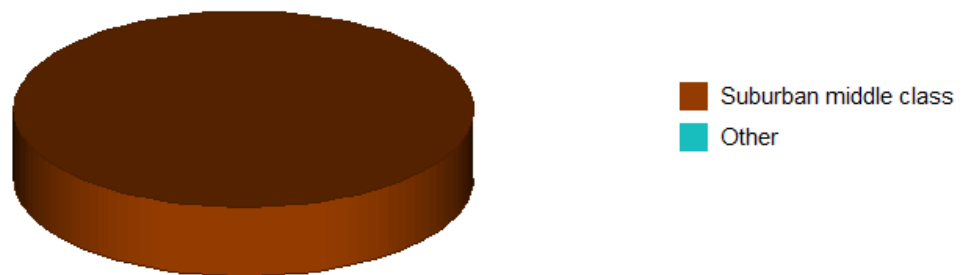
1. **Residential Areas** - residents have a tendency to spend money on landscaping according to how well their neighbor's landscape looks. Typically, residential homeowners purchase lawn and yard care consisting of mowing, weeding, pest control, tree/shrub maintenance, and clean up.
2. **Small Business and Parks/Pocket-parks** - these are commercial customers like banks, smaller office buildings and the like. Service options are buying a 6-12 month contracts that entails weekly maintenance and priority service to accommodate their business hours. The average service time is 3-4 hours employing 2-3 workers per visit.
3. **Large corporations, community organizations, educational institutions** - these customers require the same services as small business accounts, but require more time and materials. In addition, their lawn maintenance requires routine watering, irrigation installation and high level attention. The accounts that are being targeted will require an average of one week of maintenance each month. Corporate accounts are negotiated to be contracted for 12 months and range from ...

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Table: Market Analysis

Market Analysis		2013	2014	2015	2016	2017	CAGR
Potential Customers	Growth						
Suburban middle class	12%	325	364	408	457	512	12.03%
Other	0%	0	0	0	0	0	0.00%
Total	12.03%	325	364	408	457	512	12.03%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

By studying the job the customer is trying to get done, it is possible to capture all the customers' needs. To prioritize those needs and using the unmet needs as the basis for needs-based segmentation enables Marshall and Sons Landscaping plans to target both residential and commercial customers in ways others never thought possible. There are several unmet needs and demands related to landscaping in the City of Compton, particularly Graffiti prevention being the largest unmet need.

4.3 Service Business Analysis

Marshall and Sons Landscaping will be working in the lawn care industry. The industry is both residential business (individual home) and commercial businesses (apartment complexes, business parks, schools, etc.). The commercial side is generally serviced by larger landscaping services. The residential side is serviced by both landscaping companies and basic lawn care service companies.

The lawn care business is made up of many small companies. This occurs because of the high labor intensity, low start-up costs, nature of the industry. The industry is also vulnerable to recessionary periods and drought induced conditions as lawn care is mostly considered cosmetic. Which is why Marshall and Sons leans heavily toward ensuring customer understand the need to have landscaping from not just a cosmetic service, but more of a property value service to broaden their respect for clean and safe environment. Although in Southern California lawn care is basically year-round, the higher revenue period is somewhat seasonal, as the most demand comes from the Spring through Fall

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seasons. There is more modest activity in the short winter season of December and January.

4.3.1 Competition and Buying Patterns

The lawn care business can be divided into two types, residential and commercial. As a smaller company and generally leaning closer to a new start-up business, it is much easier to enter into the residential market compared with the commercial market. The commercial market is dominated by larger, established companies.

Within the residential market, there are two competitors: full-scale landscaping companies and basic lawn care services. The full-scale landscaping companies will generally be handling jobs outside of Marshall and Sons Landscaping's range. They are servicing even larger homes that require other landscaping activities that need more equipment and higher-skilled employees. The margins are therefore larger for the full-scale companies because they can charge more for the higher-skilled work.

The other competitor is the basic lawn care services, not unlike Marshall and Sons Landscaping. Most markets, including Marshall and Sons Landscaping, the competition is not overwhelming and often lacks basic quality and professionalism. More often than not, residential customers make purchasing decisions based on referrals and perceived professionalism and quality.

5.0 Web Plan Summary

Marshall and Sons Landscaping is using the Internet to avail its services 24/7, 365 days a year. Although the office hours are essentially 7 AM - 4 PM, Monday thru Friday, the web services will give customers interactive access anytime. www.MarshallandSons.com is our main address and we will garner additional addresses as our service plan materialize to direct traffic to our main site, such as with animal corral management and graffiti abatement programs.

5.1 Website Marketing Strategy

Marshall and Sons Landscaping will save money from extensive hard-copy printing and distribution expenses from steering customers and prospects to visit our the web site, which will serve as our an online brochure / catalog. Web maintenance is much easier and less expensive than roughly ten years ago and much easier to update than print material. Its' capacities are almost limitless which allow you to provide users with more comprehensive information.

5.2 Development Requirements

Marshall and Sons Landscaping will incur modest ongoing costs with developing and maintain our website, but the major focus will always center around 'improving customer service.' The website will offer an answers to questions section, as well as a sales and information requests portion that can be processed automatically and immediately, whether someone is in the office or not. Online forms will have the capability to allow customers to request quotations or ask further information.

We plan to gather information and generate new business leads from the site through surveys. The idea is basically to have site visitors receive a promotional incentive for completing a survey and this will enable Marshall and Sons to follow-up on targeted customers looking to use our respective products and services.

6.0 Strategy and Implementation Summary

Marshall and Sons Landscaping will aggressively target the Compton community by emphasizing its competitive edges of quality and professionalism. For year one Terry will be personally canvassing the area signing up clients. He will be able to leverage his competitive advantages as well as his status as a member of the community. For year two Terry will begin advertisements in the local paper to generate additional business.

6.1 SWOT Analysis

The following **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats [SWOT] analysis captures the key strengths and weaknesses within the company, and describes the opportunities and threats facing Marshall and Sons Landscaping, Inc.

6.1.1 Strengths

- Strong relationships with residents of Compton.
- Excellent communication with staff, offering personalized customer service.
- Great location as the 'hub city' surrounding many cities, which offers flexibility with a positive and attractive, inviting atmosphere.
- Strong merchandising and product presentation.
- Good referral relationships with complementary vendors, local realtors, and some designers.
- Acquiring high customer loyalty and goodwill among repeat and high-dollar purchase customers.

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6.1.2 Weaknesses

- Access to additional operating capital.
- Immediate cash flow will be unpredictable.
- Company under purchase is still climbing the "experience curve."
- Challenges of seeing vision to improve frontage of commercial businesses.

6.1.3 Opportunities

- Growing market with a significant percentage of our target market still not knowing we exist.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.
- Promising activity from high levels of new businesses..
- Changes in drought tolerant landscaping trends can initiate home updating, and therefore, generate sales.
- Increasing sales opportunities beyond our "25-mile" target area including several smaller communities that have produced a faithful following of customers.

6.1.4 Threats

- **Emerging local competitors.** Currently, Marshall and Sons Landscaping is a prime mower in the local area. However, additional competitors are on the horizon, especially considering the lucrative nature of opening a lawn care service by recent immigrants. Marshall and Sons needs to be prepared for their entry into the market by building customer care programs are designed to build loyalty, and it is our hope that our quality service and creative add-on programs will not be easily duplicated.

6.2 Competitive Edge

Marshall and Sons Landscaping's competitive edge will be based on quality and professionalism. During the first year Marshall and Sons Landscaping will be doing all of the lawns with only one other employee. This provides him with direct supervision of the employee and direct involvement with the job. This will ensure customers receive a quality job. Marshall and Sons Landscaping knows what quality work is, based on previous experiences to be detailed under the Management section.

Marshall and Sons Landscaping second competitive edge is professionalism. Marshall and Sons Landscaping will ensure that all interactions between the customer and his employee, as well as himself, ooze professionalism.

Steve truly believes that professionalism and quality are the factors that attract and maintain customers. Consequently, Steve will be truly vigilant in ensuring that his competitive edges are always apparent to the customer as his livelihood is dependant on this.

6.3 Marketing Strategy

An overview of the marketing plan includes:

- City Tours for Political/Merchants • Gift Certificate Program • Yard Maintenance Workshops
- Direct mail • Participation in charity events for senior citizens, high schools, grade schools, churches and community centers.
- Local Business Trade shows • Eye-catching exterior company-credit signs • High profile interaction between our managers, and the customers.
- Excellent service and high service quality for every job.

6.4 Sales Strategy

Marshall and Sons Landscaping's sales strategy will be based on one-on-one communications with prospective leads. Terry will first be leveraging his relationships with pillars in the neighborhood and his connection with the neighborhood. The prospective will generally form a bit of a bond with Marshall and Sons Landscaping because of local familiarity and then Terry will need to communicate his experience in lawn care and his constant benchmarks of quality and professionalism. Terry is willing to offer a free estimate and cutting for those that are interested in a possible contract. Although some of the free cuttings will not turn out to be long term customers, he is confident that his competitive prices and superior service will turn most of the leads into customers.

By year two, the business will be ready to expand outside of Compton and Marshall and Sons Landscaping will be using advertisements in the local paper to generate business. When people call with questions, Marshall and Sons Landscaping will have already (the previous year) built up a loyal following of customers that will serve as an effective referral system in which prospective people can call the current customers and get a glowing testimonial of Marshall and Sons Landscaping's service.

6.4.1 Sales Forecast

The first month will be used to set up the office, purchase the necessary lawn care equipment, hire and train an employee. Additionally, during the last two weeks of the month, Marshall and Sons Landscaping will be canvassing the neighborhood to build up a customer list.

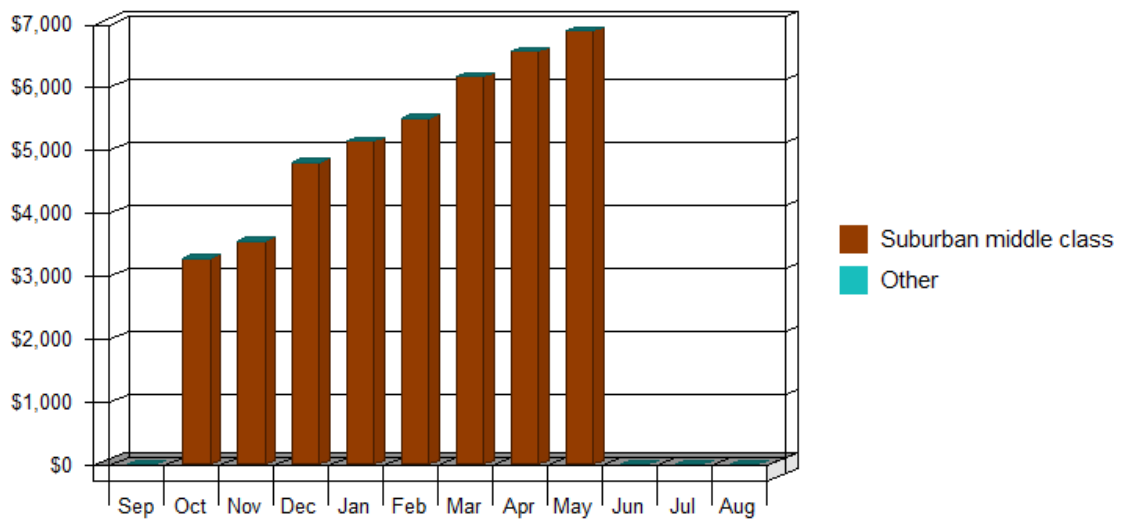
Month two will see some business. The business will be growing as Marshall and Sons Landscaping continues to increase the number of jobs that he has. Month two through October will see a steady rise in revenues. Business will pick up again in April of year two. From February through April Marshall and Sons Landscaping will be working hard on generating new customers and will bring on two additional employees to service the new customers.

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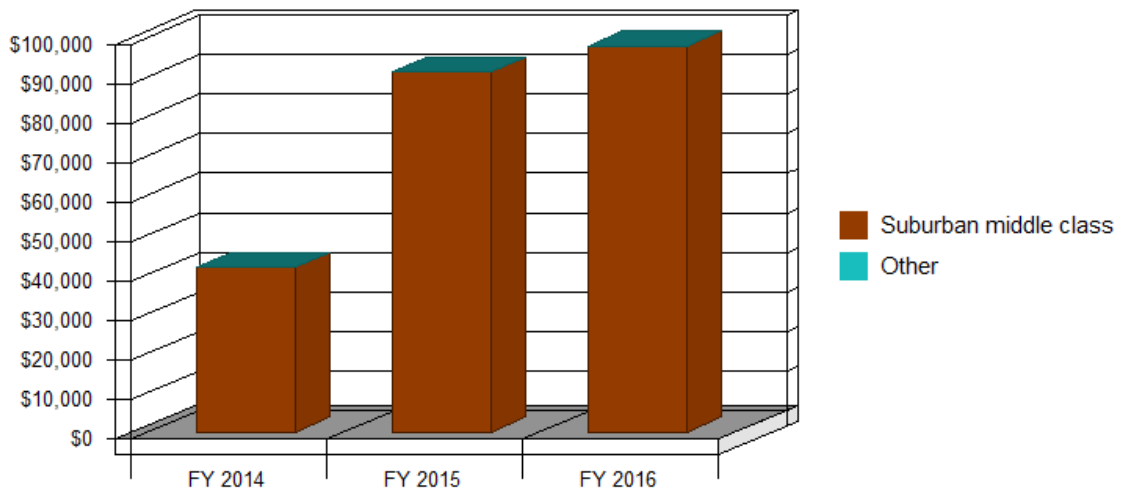
Table: Sales Forecast

Sales Forecast			
	FY 2014	FY 2015	FY 2016
Sales			
Suburban middle class	\$41,748	\$91,254	\$97,854
Other	\$0	\$0	\$0
Total Sales	\$41,748	\$91,254	\$97,854
Direct Cost of Sales			
Suburban middle class	\$2,922	\$6,388	\$6,850
Other	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$2,922	\$6,388	\$6,850

Sales Monthly



Sales by Year



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6.5 Milestones

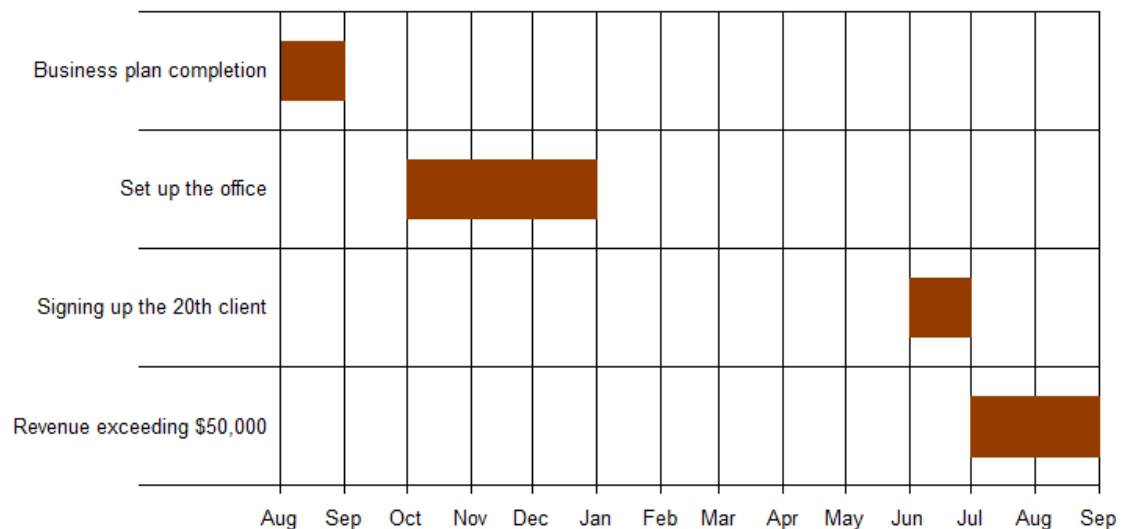
Marshall and Sons Landscaping will have several milestones early on:

1. Business plan completion. This will be done as a road map for the organization. While we do not need a business plan to raise capital, it will be an indispensable tool for the ongoing performance and improvement of the company.
2. Set up the office.
3. Signing up the twentieth client.
4. Revenue exceeding \$50,000.

Table: Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Business plan completion	8/1/2013	9/1/2013	\$250	Terry	Marketing
Set up the office	10/1/2013	1/1/2014	\$10,000	Terry	Executive
Signing up the 20th client	6/1/2014	7/1/2014	\$5,000	Terry	Sales
Revenue exceeding \$50,000	7/1/2014	9/1/2014	\$0	Terry	Sales
Totals			\$15,250		

Milestones



7.0 Management Summary

Marshall and Sons Landscaping is owned and operated by Terry Marshall. Marshall and Sons Landscaping worked for a large, well-respected landscaping company. Terry Marshall earned a Bachelor of Science Degree in Business Administration, and has worked as a licensed landscaper for 15 years contracted to install and maintain grounds of houses, industrial plants, small and large business, and highways.

As a visionary, Terry Marshall makes sure that the focus of the business remains on quality workmanship and outstanding customer service. The expansion planned will put Marshall and Sons Landscaping Company over the top toward achieving its full potential.

Marshall & Sons Landscaping

7.1 Personnel Plan

Marshall and Sons Landscaping will consist of Terry Marshall working full time. Terry will be the manager for the business, signing up new customers, managing customer accounts, hiring, training, supervising, and cutting grass.

Marshall and Sons Landscaping will use a total of two people during year one. For year two Terry will hire an additional two people to create a second work crew. Terry Marshall is full-time in all aspects of managing and operating the company. His duties include signing up crew members, making accounts, hiring, training, and supervising. The merger and subsequent complete acquisition of Alex Landscaping will bring new talent to the Marshall and Sons Landscaping company.

Table: Personnel

Personnel Plan	FY 2014	FY 2015	FY 2016
Steve	\$22,500	\$22,500	\$22,500
Employee 1	\$12,800	\$12,800	\$12,800
Employee 2	\$6,400	\$12,800	\$12,800
Employee 3	\$6,400	\$12,800	\$12,800
Total People	0	4	4
Total Payroll	\$48,100	\$60,900	\$60,900

8.0 Financial Plan

The following sections will outline important financial information.

8.1 Important Assumptions

The following notes specific projections important to financial assumptions of Marshall and Sons Landscaping. All sales projections/assumptions are based on operating at 35% +/- of capacity. Refer to topic 7.4 for demographic break down and average cost per person.

1. The figure of \$80,000 shown in topic 7.2 on the Start-up table under Accounts Payable, is the start-up investment, amortized with a 5% interest rate and paid off in five years.
2. Our long-term commercial loan is amortized at 4% interest over 20 years.
3. All pricing has been set by industry standards and the local market.
4. Revenues are strictly a projection based on gross possible residential and commercial customers and then using 35% +/- of that capacity for our base calculation.
5. Contract services include: payroll, pest control, trash removal, and equipment maintenance.
6. Employees needed and wages have been projected for full time and eight hour shifts. All payroll will be done through a payroll company, therefore giving a flatter rate and making it easier to project.
7. Los Angeles County tax rates are:
 - Real Estate tax \$10.00 per \$1,000 of assessed value.
 - Personal Property tax base is .009% of cost of equipment.
 - Business License is \$50.00 for first 10,000 sq. ft & \$5.00 per every additional 1,000 sq. ft. of building space.
8. The income tax rate is estimated before deductions and overhead assumptions are included.

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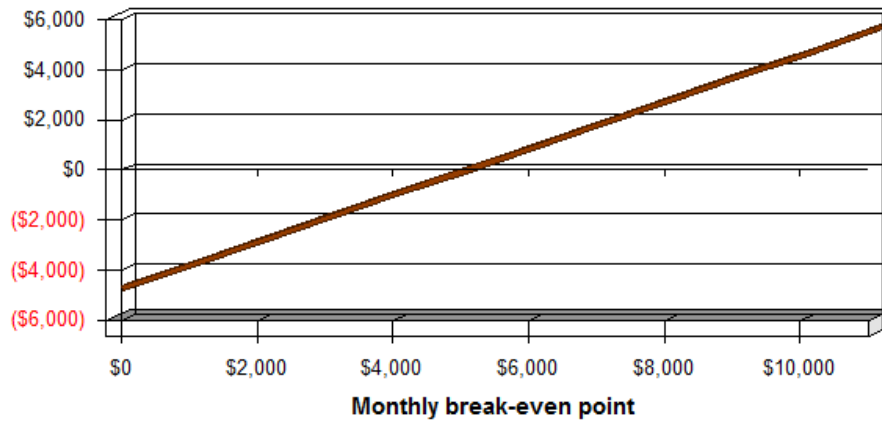
8.2 Break-even Analysis

The Break-even Analysis indicates \$4,900 is needed in monthly revenue to break even.

Table: Break-even Analysis

Break-even Analysis	
Monthly Revenue Break-even	\$5,103
Assumptions:	
Average Percent Variable Cost	7%
Estimated Monthly Fixed Cost	\$4,746

Break-even Analysis



Break-even point = where line intersects with 0

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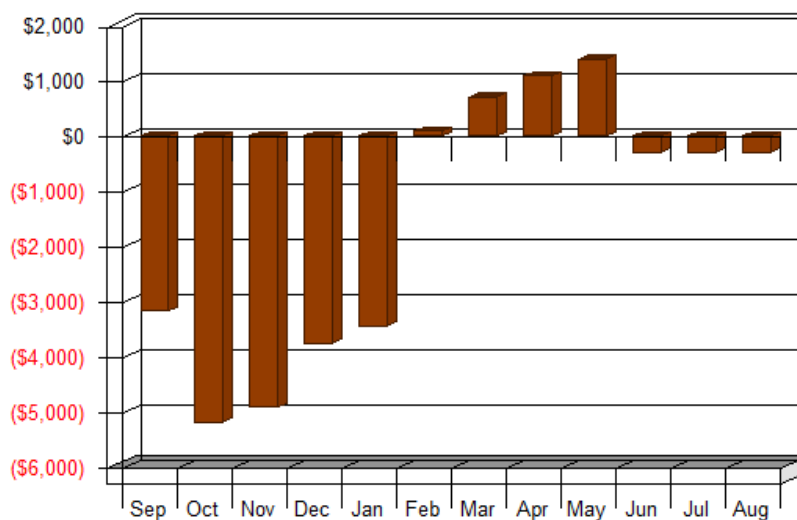
8.3 Projected Profit and Loss

The following table indicates the projected profit and loss.

Table: Profit and Loss

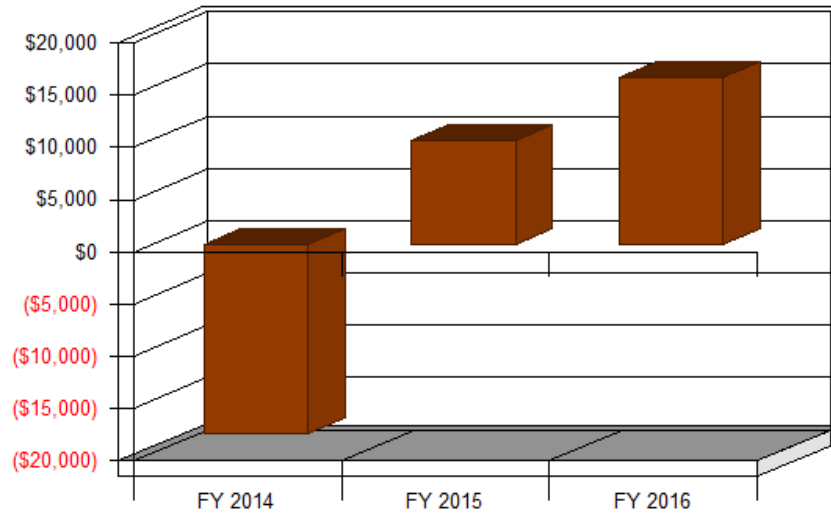
Pro Forma Profit and Loss			
	FY 2014	FY 2015	FY 2016
Sales	\$41,748	\$91,254	\$97,854
Direct Cost of Sales	\$2,922	\$6,388	\$6,850
Other	\$0	\$0	\$0
Total Cost of Sales	\$2,922	\$6,388	\$6,850
Gross Margin	\$38,826	\$84,866	\$91,004
Gross Margin %	93.00%	93.00%	93.00%
Expenses			
Payroll	\$48,100	\$60,900	\$60,900
Sales and Marketing and Other Expenses	\$0	\$0	\$0
Depreciation	\$1,152	\$2,552	\$2,552
Leased Equipment	\$0	\$0	\$0
Utilities	\$0	\$0	\$0
Insurance	\$1,200	\$1,200	\$1,200
Licenses + bonded fees	\$1,200	\$1,200	\$1,200
Payroll Taxes	\$5,295	\$9,135	\$9,135
Other	\$0	\$0	\$0
Total Operating Expenses	\$56,947	\$74,987	\$74,987
Profit Before Interest and Taxes	(\$18,121)	\$9,879	\$16,017
EBITDA	(\$16,969)	\$12,431	\$18,569
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0
Net Profit	(\$18,121)	\$9,879	\$16,017
Net Profit/Sales	-43.41%	10.83%	16.37%

Profit Monthly

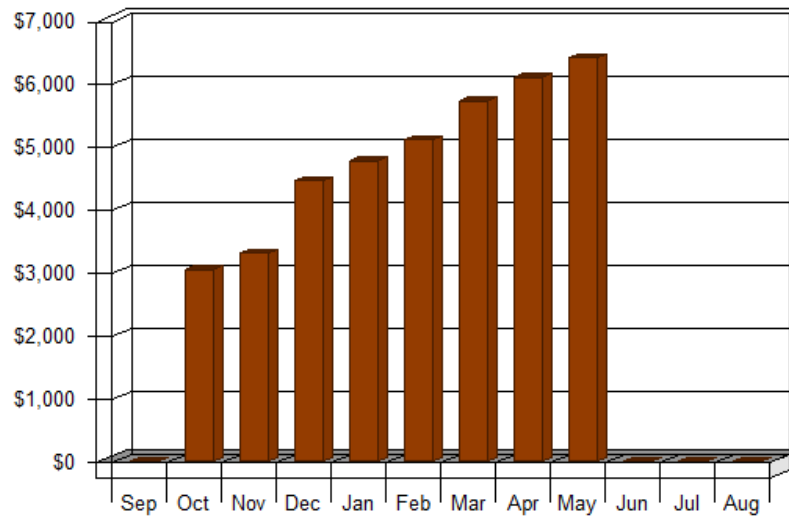


Marshall & Sons Landscaping

Profit Yearly

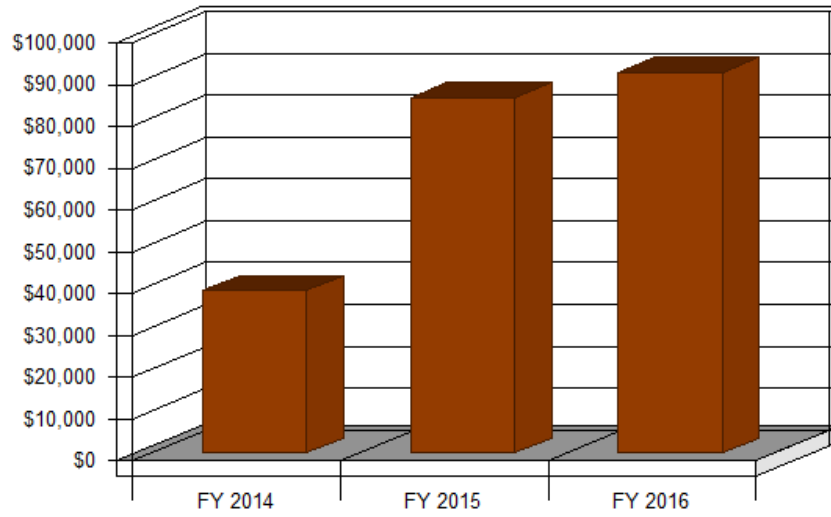


Gross Margin Monthly



Marshall & Sons Landscaping

Gross Margin Yearly



Marshall & Sons Landscaping

8.4 Projected Cash Flow

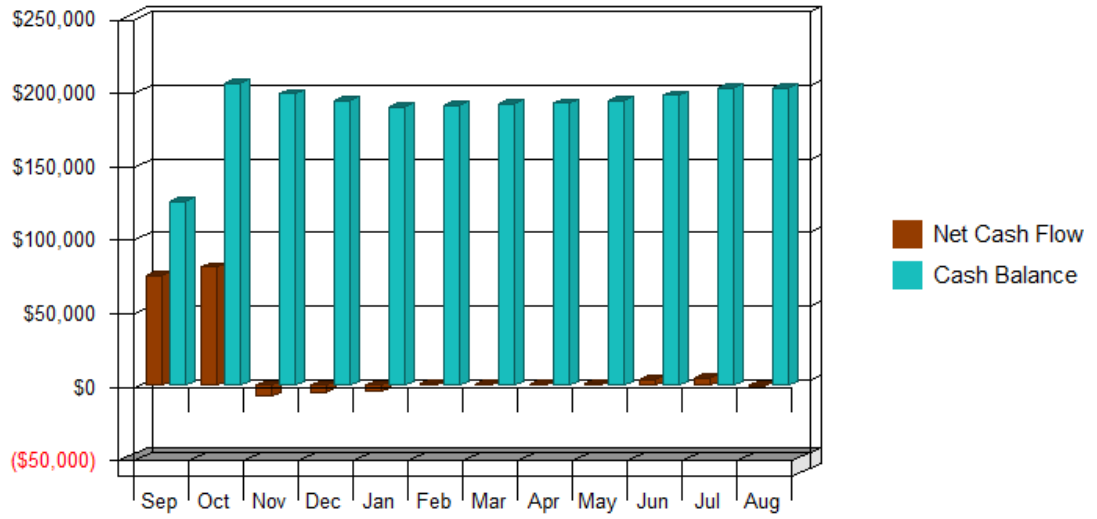
The following chart and table will indicate projected cash flow.

Table: Cash Flow

Pro Forma Cash Flow	FY 2014	FY 2015	FY 2016
Cash Received			
Cash from Operations			
Cash Sales	\$10,437	\$22,814	\$24,464
Cash from Receivables	\$206,311	\$68,440	\$73,391
Subtotal Cash from Operations	\$216,748	\$91,254	\$97,854
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$1,000	\$0	\$0
Subtotal Cash Received	\$217,748	\$91,254	\$97,854
Expenditures			
Expenditures from Operations			
Cash Spending	\$48,100	\$60,900	\$60,900
Bill Payments	\$17,502	\$29,788	\$21,276
Subtotal Spent on Operations	\$65,602	\$90,688	\$82,176
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$7,000	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$65,602	\$97,688	\$82,176
Net Cash Flow	\$152,146	(\$6,434)	\$15,678
Cash Balance	\$202,146	\$195,712	\$211,390

Marshall & Sons Landscaping

Cash



Marshall & Sons Landscaping

8.5 Projected Balance Sheet

The following table indicates the projected balance sheet.

Table: Balance Sheet

Pro Forma Balance Sheet			
	FY 2014	FY 2015	FY 2016
Assets			
Current Assets			
Cash	\$202,146	\$195,712	\$211,390
Accounts Receivable	(\$0)	\$0	\$0
Inventory	\$12,078	\$26,400	\$28,309
Other Current Assets	\$25,000	\$25,000	\$25,000
Total Current Assets	\$239,224	\$247,112	\$264,699
Long-term Assets			
Long-term Assets	\$10,000	\$17,000	\$17,000
Accumulated Depreciation	\$4,652	\$7,204	\$9,756
Total Long-term Assets	\$5,348	\$9,796	\$7,244
Total Assets	\$244,572	\$256,908	\$271,943
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$193	\$2,650	\$1,668
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$193	\$2,650	\$1,668
Long-term Liabilities	\$0	\$0	\$0
Total Liabilities	\$193	\$2,650	\$1,668
Paid-in Capital	\$51,000	\$51,000	\$51,000
Retained Earnings	\$211,500	\$193,379	\$203,258
Earnings	(\$18,121)	\$9,879	\$16,017
Total Capital	\$244,379	\$254,258	\$270,275
Total Liabilities and Capital	\$244,572	\$256,908	\$271,943
Net Worth	\$244,379	\$254,258	\$270,275

8.6 Business Ratios

Marshall & Sons Landscaping

Table: Ratios

Ratio Analysis	FY 2014	FY 2015	FY 2016	Industry Profile
Sales Growth	-88.07%	118.58%	7.23%	6.64%
Percent of Total Assets				
Accounts Receivable	0.00%	0.00%	0.00%	9.77%
Inventory	4.94%	10.28%	10.41%	8.62%
Other Current Assets	10.22%	9.73%	9.19%	31.71%
Total Current Assets	97.81%	96.19%	97.34%	50.10%
Long-term Assets	2.19%	3.81%	2.66%	49.90%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	0.08%	1.03%	0.61%	21.30%
Long-term Liabilities	0.00%	0.00%	0.00%	22.36%
Total Liabilities	0.08%	1.03%	0.61%	43.66%
Net Worth	99.92%	98.97%	99.39%	56.34%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	93.00%	93.00%	93.00%	28.19%
Selling, General & Administrative Expenses	136.41%	82.17%	76.63%	12.70%
Advertising Expenses	0.00%	0.00%	0.00%	0.27%
Profit Before Interest and Taxes	-43.41%	10.83%	16.37%	0.86%
Main Ratios				
Current	1237.37	93.24	158.69	1.46
Quick	1174.89	83.28	141.72	0.88
Total Debt to Total Assets	0.08%	1.03%	0.61%	61.12%
Pre-tax Return on Net Worth	-7.42%	3.89%	5.93%	1.29%
Pre-tax Return on Assets	-7.41%	3.85%	5.89%	3.32%
Additional Ratios				
Net Profit Margin	-43.41%	10.83%	16.37%	n.a
Return on Equity	-7.42%	3.89%	5.93%	n.a
Activity Ratios				
Accounts Receivable Turnover	0.00	1,175,798,836.88 7,550.00	1,260,839,189.34 8,350.00	n.a
Collection Days	145	0	0	n.a
Inventory Turnover	0.22	0.33	0.25	n.a
Accounts Payable Turnover	39.80	12.17	12.17	n.a
Payment Days	64	16	39	n.a
Total Asset Turnover	0.17	0.36	0.36	n.a
Debt Ratios				
Debt to Net Worth	0.00	0.01	0.01	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$239,031	\$244,462	\$263,031	n.a
Interest Coverage	0.00	0.00	0.00	n.a
Additional Ratios				
Assets to Sales	5.86	2.82	2.78	n.a
Current Debt/Total Assets	0%	1%	1%	n.a
Acid Test	1174.89	83.28	141.72	n.a
Sales/Net Worth	0.17	0.36	0.36	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix

Table: Sales Forecast

Sales Forecast													
	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	
Sales													
Suburban middle class	0%	\$0	\$3,254	\$3,541	\$4,785	\$5,124	\$5,478	\$6,145	\$6,547	\$6,874	\$0	\$0	\$0
Other	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales		\$0	\$3,254	\$3,541	\$4,785	\$5,124	\$5,478	\$6,145	\$6,547	\$6,874	\$0	\$0	\$0
Direct Cost of Sales													
Suburban middle class		\$0	\$228	\$248	\$335	\$359	\$383	\$430	\$458	\$481	\$0	\$0	\$0
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$0	\$228	\$248	\$335	\$359	\$383	\$430	\$458	\$481	\$0	\$0	\$0

Appendix

Table: Personnel

Personnel Plan		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Steve	0%	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$0	\$0	\$0
Employee 1	0%	\$0	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$0	\$0	\$0
Employee 2	0%	\$0	\$1,600	\$1,600	\$1,600	\$1,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employee 3	0%	\$0	\$1,600	\$1,600	\$1,600	\$1,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total People		1	3	3	3	3	2	2	2	2	0	0	0
Total Payroll		\$2,500	\$7,300	\$7,300	\$7,300	\$7,300	\$4,100	\$4,100	\$4,100	\$4,100	\$0	\$0	\$0

Appendix

Table: Profit and Loss

Pro Forma Profit and Loss												
	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Sales	\$0	\$3,254	\$3,541	\$4,785	\$5,124	\$5,478	\$6,145	\$6,547	\$6,874	\$0	\$0	\$0
Direct Cost of Sales	\$0	\$228	\$248	\$335	\$359	\$383	\$430	\$458	\$481	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$0	\$228	\$248	\$335	\$359	\$383	\$430	\$458	\$481	\$0	\$0	\$0
Gross Margin	\$0	\$3,026	\$3,293	\$4,450	\$4,765	\$5,095	\$5,715	\$6,089	\$6,393	\$0	\$0	\$0
Gross Margin %	0.00%	93.00%	93.00%	93.00%	93.00%	93.00%	93.00%	93.00%	93.00%	0.00%	0.00%	0.00%
Expenses												
Payroll	\$2,500	\$7,300	\$7,300	\$7,300	\$7,300	\$4,100	\$4,100	\$4,100	\$4,100	\$0	\$0	\$0
Sales and Marketing and Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96	\$96
Leased Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Licenses + bonded fees	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Payroll Taxes	15% \$375	\$615	\$615	\$615	\$615	\$615	\$615	\$615	\$615	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$3,171	\$8,211	\$8,211	\$8,211	\$8,211	\$5,011	\$5,011	\$5,011	\$5,011	\$296	\$296	\$296
Profit Before Interest and Taxes	(\$3,171)	(\$5,185)	(\$4,918)	(\$3,761)	(\$3,446)	\$84	\$704	\$1,078	\$1,382	(\$296)	(\$296)	(\$296)
EBITDA	(\$3,075)	(\$5,089)	(\$4,822)	(\$3,665)	(\$3,350)	\$180	\$800	\$1,174	\$1,478	(\$200)	(\$200)	(\$200)
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$3,171)	(\$5,185)	(\$4,918)	(\$3,761)	(\$3,446)	\$84	\$704	\$1,078	\$1,382	(\$296)	(\$296)	(\$296)
Net Profit/Sales	0.00%	-159.34%	-138.88%	-78.60%	-67.25%	1.53%	11.45%	16.46%	20.10%	0.00%	0.00%	0.00%

Appendix

Table: Cash Flow

Pro Forma Cash Flow	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Cash Received												
Cash from Operations												
Cash Sales	\$0	\$814	\$885	\$1,196	\$1,281	\$1,370	\$1,536	\$1,637	\$1,719	\$0	\$0	\$0
Cash from Receivables	\$87,500	\$87,500	\$81	\$2,448	\$2,687	\$3,597	\$3,852	\$4,125	\$4,619	\$4,918	\$4,984	\$0
Subtotal Cash from Operations	\$87,500	\$88,314	\$967	\$3,644	\$3,968	\$4,967	\$5,388	\$5,762	\$6,337	\$4,918	\$4,984	\$0
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$87,500	\$88,314	\$967	\$3,644	\$3,968	\$5,967	\$5,388	\$5,762	\$6,337	\$4,918	\$4,984	\$0
Expenditures												
Expenditures from Operations												
Cash Spending	\$2,500	\$7,300	\$7,300	\$7,300	\$7,300	\$4,100	\$4,100	\$4,100	\$4,100	\$0	\$0	\$0
Bill Payments	\$10,019	\$583	\$815	\$815	\$815	\$815	\$815	\$815	\$815	\$795	\$200	\$200
Subtotal Spent on Operations	\$12,519	\$7,883	\$8,115	\$8,115	\$8,115	\$4,915	\$4,915	\$4,915	\$4,915	\$795	\$200	\$200
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$12,519	\$7,883	\$8,115	\$8,115	\$8,115	\$4,915	\$4,915	\$4,915	\$4,915	\$795	\$200	\$200
Net Cash Flow	\$74,981	\$80,431	(\$7,148)	(\$4,471)	(\$4,147)	\$1,052	\$473	\$847	\$1,422	\$4,124	\$4,784	(\$200)
Cash Balance	\$124,981	\$205,411	\$198,263	\$193,792	\$189,645	\$190,696	\$191,170	\$192,016	\$193,439	\$197,563	\$202,346	\$202,146

Appendix

Table: Balance Sheet

Pro Forma Balance Sheet													
		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Assets	Starting Balances												
Current Assets													
Cash	\$50,000	\$124,981	\$205,411	\$198,263	\$193,792	\$189,645	\$190,696	\$191,170	\$192,016	\$193,439	\$197,563	\$202,346	\$202,146
Accounts Receivable	\$175,000	\$87,500	\$2,441	\$5,015	\$6,156	\$7,312	\$7,823	\$8,580	\$9,365	\$9,902	\$4,984	(\$0)	(\$0)
Inventory	\$15,000	\$15,000	\$14,772	\$14,524	\$14,189	\$13,831	\$13,447	\$13,017	\$12,559	\$12,078	\$12,078	\$12,078	\$12,078
Other Current Assets	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Current Assets	\$265,000	\$252,481	\$247,624	\$242,802	\$239,137	\$235,788	\$236,967	\$237,767	\$238,941	\$240,418	\$239,624	\$239,424	\$239,224
Long-term Assets													
Long-term Assets	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Accumulated Depreciation	\$3,500	\$3,596	\$3,692	\$3,788	\$3,884	\$3,980	\$4,076	\$4,172	\$4,268	\$4,364	\$4,460	\$4,556	\$4,652
Total Long-term Assets	\$6,500	\$6,404	\$6,308	\$6,212	\$6,116	\$6,020	\$5,924	\$5,828	\$5,732	\$5,636	\$5,540	\$5,444	\$5,348
Total Assets	\$271,500	\$258,885	\$253,932	\$249,014	\$245,253	\$241,808	\$242,891	\$243,595	\$244,673	\$246,054	\$245,164	\$244,868	\$244,572
Liabilities and Capital		Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Current Liabilities													
Accounts Payable	\$10,000	\$556	\$788	\$788	\$788	\$788	\$788	\$788	\$788	\$788	\$193	\$193	\$193
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$10,000	\$556	\$788	\$788	\$788	\$788	\$788	\$788	\$788	\$788	\$193	\$193	\$193
Long-term Liabilities													
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Liabilities	\$10,000	\$556	\$788	\$788	\$788	\$788	\$788	\$788	\$788	\$788	\$193	\$193	\$193
Equity													
Paid-in Capital	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000	\$51,000
Retained Earnings	\$161,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500	\$211,500
Earnings	\$50,000	(\$3,171)	(\$8,356)	(\$13,274)	(\$17,035)	(\$20,480)	(\$20,397)	(\$19,693)	(\$18,615)	(\$17,233)	(\$17,529)	(\$17,825)	(\$18,121)
Total Capital	\$261,500	\$258,329	\$253,144	\$248,226	\$244,465	\$241,020	\$242,103	\$242,807	\$243,885	\$245,267	\$244,971	\$244,675	\$244,379
Total Liabilities and Capital	\$271,500	\$258,885	\$253,932	\$249,014	\$245,253	\$241,808	\$242,891	\$243,595	\$244,673	\$246,054	\$245,164	\$244,868	\$244,572
Net Worth	\$261,500	\$258,329	\$253,144	\$248,226	\$244,465	\$241,020	\$242,103	\$242,807	\$243,885	\$245,267	\$244,971	\$244,675	\$244,379