

123 Pediatric Therapy, LLC



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Executive Summary

123 Pediatric Therapy is an outpatient facility that delivers physical therapy (PT), occupational therapy (OT), and speech therapy (ST) services by licensed and experienced professionals to children with neurologic diagnoses. Owners Caroline Guthrie, PT, DPT and Cheyenne Gasper PT, DPT are alumni of The University of North Carolina at Chapel Hill Doctor of Physical Therapy program and providers of PT services within the clinic. The owners will use their own expertise, and utilize the expertise of occupational therapist (OT) and speech language pathologist (SLP) employees, to successfully operate this comprehensive therapeutic clinic. By providing individualized care for each patient and through collaborative and team based coordination of care, our clinic will improve the quality of care and lives of children with neurologic diagnoses.

There are many common pediatric neurologic disorders, including but not limited to cerebral palsy, myelomeningocele, hydrocephalus, muscular dystrophy, traumatic brain injury, and spinal cord injury. neurologic disorders often affect many body systems and require multidisciplinary care. It is important to provide this care to children with neurologic diagnoses to maximize their functional potential and decrease burden on the child, their family, and the healthcare system as a whole.

Mission Statement

The mission of 123 Pediatric Therapy is to improve the quality of life of children with neurologic diagnoses by improving key aspects of physical health such as gross motor function, fine motor function, and language capabilities. Interventions in these health domains can increase the independence of children and maximize their participation potential. Our PT, OT, and SLP professionals seek to provide comprehensive therapeutic care for these children to maximize coordination of care among disciplines, provide the best care to the patient, and ease healthcare system burdens for patients and their families.

Vision Statement

The vision for 123 Pediatric Therapy is to become the foremost comprehensive pediatric therapy provider in the Research Triangle area. Through our evidence based practice and commitment to our patients, we will achieve excellent outcomes and considerably increase the quality of life of children with neurologic diagnoses.

Company Description

Description of Services

Physical Therapy Services

All PT services will be delivered by a licensed physical therapist (PT) or therapy support staff member. All sessions will last one hour, and co-treatment sessions with other disciplines may be provided as indicated. All PT services will be in accordance with the NC PT Practice Act.

Evaluation

Evaluations will include obtaining a detailed subjective history from the patient and/or their parent/guardian. Subjective information will provide the PT with information regarding the patient's diagnosis, chief complaints, and goals for therapy. The PT will use subjective information to guide objective examination of the patient's impairments and functional limitations. Subjective and objective components will be combined as the PT develops an individualized plan of care for the patient in regards to PT services.

Interventions

Based on the PT evaluation, a PT or therapy support staff member may implement any of the following or additional interventions as a means to provide individualized care for patient impairments and functional limitations.

- Patient education
- Functional training
- Mobility training
- Neuromuscular re-education
- Therapeutic exercise
- Modalities
- Manual therapy

PTs will also develop a home exercise program for patients to complete outside of the clinic that will supplement their treatment within sessions.

Occupational Therapy Services

All OT services will be delivered by a licensed occupational therapist (OT) or therapy support staff member. All sessions will last one hour, and co-treatment sessions with other disciplines may be provided as indicated. All OT services will be in accordance with the NC OT Practice Act.

Evaluation

Evaluations will include obtaining a detailed subjective history from the patient and/or their parent/guardian. Activities of daily living, instrumental activities of daily living, education, play, leisure, and social participation will be considered during the evaluation. The OT will examine skills and abilities of the patient affected by their specific impairments as they relate to the above domains.

Interventions

Based on the OT evaluation, an OT or therapy support staff member may implement any of the following or additional interventions as a means to provide individualized care for patient impairments and functional limitations.

- Patient education
- Fabrication and application of orthotic, prosthetic, adaptive devices
- Establishment, remediation, or restoration of skills and abilities
- Compensation, modification, or adaptation of skills, abilities, or environment
- Functional training
- Feeding, eating, and swallowing
- Mobility training
- Therapeutic exercise
- Modalities

OTs will also develop a home exercise program for patients to complete outside of the clinic that will supplement their treatment within sessions

Speech Therapy Services

All ST services will be delivered by a licensed speech language pathologist (SLP) or therapy support staff member. All sessions will last one hour, and co-treatment sessions with other disciplines may be provided as indicated. All ST services will be in accordance with the Licensure Act for Speech and Language Pathologists and Audiologists

Evaluation

Evaluations will include obtaining a detailed subjective history from the patient and/or their parent/guardian. This history will include a family history of speech and language impairments. The examination will also include general speech, language and pragmatic skills as well as an assessment of cognitive function.

Interventions

Based on the ST evaluation, the SLP or therapy support staff member may implement any of the following or additional interventions as a means to provide individualized care to address patient impairments.

- Patient education
- Speech/articulation training
- Language activities
- Literacy
- Augmentative Alternative Communication devices
- Feeding/Swallowing
- Reading/Writing

SLPs will also develop a home program for patients to work on outside of their sessions to supplement their treatments.

Job Descriptions and Personnel Requirements

Physical Therapists

Physical therapists will deliver PT services as defined by the NC PT Practice Act to patients in this outpatient setting. Physical therapists will work 40 hours a week evaluating and treating patients, documenting patient encounters, and communicating with other health professionals about patient care.

Owners Guthrie and Gasper, satisfying the following requirements, will be hired initially. All subsequent hires must also satisfy these requirements.

Requirements

- Graduate from an accredited program
- Licensed physical therapist in North Carolina

Preferred attributes

- Doctor of Physical Therapy degree
- Prior experience in pediatrics or with neurologic diagnoses

Occupational Therapists

Occupational therapists will deliver OT services as defined by the NC OT Practice Act to patients in this outpatient setting. Occupational therapists will work 40 hours a week evaluating and treating patients, documenting patient encounters, and communicating with other health professionals about patient care.

One occupational therapist, satisfying the following requirements, will be hired initially. All subsequent hires must also satisfy these requirements.

Requirements

- Graduate from an accredited program
- Licensed occupational therapist in North Carolina

Preferred attributes

- Prior experience in pediatrics or with neurologic diagnoses

Speech Language Pathologists

Speech language pathologists will deliver ST services as defined by the Licensure Act for Speech and Language Pathologists and Audiologists to patients in this outpatient setting. Speech language pathologists will work 40 hours a week evaluating and treating patients, documenting patient encounters, and communicating with other health professionals about patient care.

One speech language pathologist, satisfying the following requirements, will be hired initially. All subsequent hires must also satisfy these requirements.

Requirements

- Graduate from an accredited program
- Licensed speech language pathologist in North Carolina

Preferred attributes

- Prior experience in pediatrics or with neurologic diagnoses

Administrative Support Staff

Administrative support staff will greet patients, schedule patients, collect patient payments, input data into EMR, answer and transfer phone calls, bill and communicate with insurance companies, facilitate communication with other health professionals, and maintain all office supplies.

One administrative support staff member, satisfying the following requirements, will be hired initially. All subsequent hires must also satisfy these requirements.

Requirements

- Prior experience (at least 1 year) in medical administration
- Competency using software including word processors, EMR, etc
- Familiarity with Medicaid

Therapy Support Staff

Therapy support staff will assist physical therapists, occupational therapists, and speech language pathologists in the delivery of their services according to the rules and regulations of each profession. Therapy support staff will also prepare and maintain the cleanliness of treatment areas by completing routine cleanings and laundry.

Therapy support staff, satisfying the following requirements, will be hired at a later date.

Requirements

- Interest in pediatrics or neurologic diagnoses

Preferred attributes

- Licensed PTA or COTA or SLPA

Facility and Location

The facility will be located in Chapel Hill, North Carolina, USA. The facility is a one story, 2000 sq. ft. space with 1400 sq. ft. dedicated to an open treatment area. The facility will also feature a 150 sq. ft. reception area at the front of the open treatment area, one single-user restroom (50 sq. ft.), two individual treatment rooms (100 sq. ft each), and one shared office space for PT, OT, and ST personnel (200 sq. ft).

Hours of Operation

The facility will be open Monday through Friday 8am-6pm. Every other week the clinic will close at 2pm on Friday and be open 8am-12pm on Saturday to improve patient access to services. PT services will be offered Monday through Friday, with each PT working a total of 40 hours each week. OT and ST services will only be offered Tuesday through Thursday and on alternating Mondays and Fridays/Saturdays, with each OT or ST working a total of 40 hours each week. Each employee will take a one hour lunch at either 12 or 1pm, according to their schedule. A sample schedule is provided below.

Week 1	Monday (8am-6pm)*		Tuesday (8am-6pm)*		Wednesday (8am-6pm)*		Thursday (8am-6pm)*		Friday (8am-6pm)*		Saturday
Staff	PT1	OT	PT1&2	OT&ST	PT1&2	OT&ST	PT1&2	OT&ST	PT2	ST	Closed

Week 2	Monday (8am-6pm)*		Tuesday (8am-6pm)*		Wednesday (8am-6pm)*		Thursday (8am-6pm)*		Friday (8am-2pm)*		Saturday (8am-12pm)	
Staff	PT1	ST	PT1&2	OT&ST	PT1&2	OT&ST	PT1&2	OT&ST	PT2	OT	PT2	OT

*including 1 hour lunch break

Organization and Management

Ownership and Legal Structure

123 Pediatric Therapy is a limited liability corporation (LLC) owned equally by Caroline Guthrie and Cheyenne Gasper. Articles of Organization for the business have been filed with the North Carolina Secretary of State. Owners completed and signed an operating agreement in which they described equal (50%) ownership of the business and determined tax filing status as an S-corporation. The owners decided to establish this business as an LLC filing as an S-corporation for tax purposes to restrict personal liability of the owners and to avoid double taxation of the business and owners.

Organizational and Operational Structure

Owners Guthrie and Gasper will function as upper-level managers overseeing all staff, initially including one OT, one SLP, and one administrator. Guthrie and Gasper will appoint OT and ST lower-level managers to oversee employees within those divisions as the business expands. All staff will meet the employment requirements listed previously and be expected to perform tasks within their job description, as well as other tasks as determined by management on an ongoing basis.

Organizational Values

The goal in establishing 123 Pediatric Therapy was to create a comprehensive therapy facility for patients and their families to ease their burdens and improve quality of care. As such, collaboration and teamwork are core values for our facility. We aim to foster interdisciplinary cooperation to maintain a healthy work environment, as well as to best serve our patients. An equally important core value for our facility is compassionate service to patients and families. Employees are expected at all times to focus on service to patients and families.

Regulatory Requirements

Owners Guthrie and Gasper have created a Corporate Compliance Plan (CCP), in consultation with an attorney, and will be responsible for ensuring employee and business compliance with employment, financial, and health care regulations as well as civil and criminal laws. Regulations and laws include but are not limited to the Fair Labor Standards Act, Federal Employees Compensation Act, Family Medical Leave Act, Americans with Disabilities Act, OSHA, HIPAA, and Federal False Claims Act. Additionally, the CCP will evolve to ensure compliance with changing federal and state regulations surrounding COVID-19. Owners may transfer the responsibility of ensuring compliance to administrative support staff in the future.

Insurance Requirements

123 Pediatric Therapy will furnish malpractice/liability insurance for all healthcare providers, covering services provided within the clinic. Practice outside of the physical clinic is prohibited and is not covered by this insurance. 123 Pediatric Therapy will also furnish worker's compensation insurance for each employee. 123 Pediatric Therapy will provide benefits such as health, life, and disability insurance for all employees. Finally, 123 Pediatric Therapy is responsible for renter's insurance for the facility and general liability insurance for the company. All insurance requirements are factored into the operational budget.

Consultant Needs

123 Pediatric Therapy will require the ongoing consultant services of an attorney, accountant, and information technology company. These consultants will ensure our business is operating efficiently and within the bounds of regulatory requirements. These consultant needs are considered in our operational budget.

Information Management Systems

123 Pediatric Therapy will utilize our accountant to assist with financial data management. Our accountant will help us organize and understand data about business expenses and revenues on a monthly and yearly basis.

123 Pediatric Therapy will utilize our electronic medical record (EMR) for clinical data management. Our EMR is Fusion, which has been specifically optimized for pediatric PT, OT, and SLP providers. Costs associated with our EMR are included in our operational budget. Through our EMR, we will collect and analyze personnel information such as number of patients seen and charges billed, as well as patient information such as common diagnoses, number of visits, outcome measures, referral sources, and insurance carriers.

Outcomes Assessment Strategies

Owners Guthrie and Gasper will use financial and clinical data provided by our accountant and EMR to assess business outcomes. Owners will use financial data for benchmarking and financial planning purposes. Owners will use clinical data for benchmarking, performance reviews, and performance improvement purposes. Additionally, owners will use clinical data to ensure that our patients are achieving quality outcomes by time of therapy discharge. Each discipline will use validated, reliable, and responsive outcome measures to track patient progress in response to therapy interventions. Owners will evaluate patient outcomes by reviewing scores on these outcome measures.

Exit Strategies

Owners Guthrie and Gasper intend on owning and operating 123 Pediatric Therapy indefinitely. However, in the event either or both owners decide to exit the company, the following policies have been established.

In the event one owner wishes to exit the company, that owner's stake in the company will first be offered to the remaining owner. If the remaining owner so chooses, they may offer the departing owner's share of the company to existing employees. Our company attorney will help facilitate all negotiations surrounding the owner's departure.

In the event both owners wish to exit the company, both owners must unanimously agree on who to sell the business to. Options include selling the business to family members, employees, or another business. Our company attorney will help facilitate all negotiations surrounding this exit strategy.

Market Analysis and Marketing Strategies

Market Analysis

Opportunities

Chapel Hill is located in central North Carolina, one of the most populous areas in the state. The Research Triangle, composed of Chapel Hill, Raleigh, and Durham is interconnected by excellent transit systems, aiding in transportation around the area.

Chapel Hill is well positioned in regards to health care access, with many large public and private hospital systems as well as many outpatient medical facilities nearby. For this reason, many families with children with neurologic diagnoses live near Chapel Hill and may access our clinic. According to census data from 2019, Chapel Hill is home to 64,051 individuals, with neighboring Carrboro being home to 21,190 individuals. 19.2% of individuals living in Chapel Hill and 24.4% in Carrboro are children under the age of 18. In addition, of individuals under 65 years of age, 4.4% in Chapel Hill and 5.9% in Carrboro have a disability. These figures represent the key demographics of our target market, which is defined as families with children with neurologic diagnoses.

Families with children with neurologic diagnoses will likely have an extensive network of contacts, including numerous health care providers, daycares, school therapists, and adapted parks and recreation programs, in the Chapel Hill area. All of these contacts are opportunities for referral sources for our clinic.

Chapel Hill is home to and surrounded by many universities that host programs in PT, OT, and SLP. Our business will benefit from many new graduates seeking employment in the area.

Threats

While our business structure combining PT, OT, and ST services is unique, there are a few competitors in the area. Pediatric Therapy Associates provides PT, OT, ST, feeding therapy, developmental therapy, and hippotherapy services and has locations in Raleigh, Cary, Garner, and Wake Forest. Additionally, Carolina Pediatric Therapy provides PT, OT, ST, behavioral health, and virtual therapy services and has locations in Asheville, Brevard, Charlotte, Hendersonville, and Waynesville. Both of these businesses, with their many employees and locations, are well established and could threaten our business. However, to our knowledge, there are no businesses in Chapel Hill that share a similar business model and offer the convenient hours that we do, which may mitigate some of the threat imposed by these competitors.

Another major threat to our target market is the ongoing COVID-19 pandemic. Although recent changes in state and federal law reduce restrictions on our business operations, children with neurologic diagnoses represent a vulnerable population. Therefore, families may be less inclined to attend in person sessions to receive therapy in our clinic. We are trying to mitigate the spread of COVID-19 in our clinic through our careful compliance with all current federal and state guidelines.

Marketing Strategies

Our marketing strategies are twofold: marketing to our target market of families with children with neurologic diagnosis and marketing to local referral sources including daycares, other health care providers, school therapists, and adapted parks and recreation programs.

Marketing to Target Market

We have developed three strategies to market to our target market, described below. All will be implemented before or by time of business opening. All marketing strategies have been considered in our operational budget.

We will host free, adapted play dates in the therapy gym one Saturday afternoon per month to attract our target market. Through these play dates, we will attract potential patients and families to our facility and have the opportunity to market our services, equipment, and friendly staff. We will market these play dates to existing patients and families as they come in for appointments and ask that they tell their friends to attend. We will advertise the play dates on our website, Facebook ads, and with our partners, described more below.

We will establish a website under the domain name 123pediatrictherapy.clinic and a Facebook page under the name 123 Pediatric Therapy to help familiarize our target market with our business. Our website and Facebook page will display information such as mission and vision statements, services provided, personnel, location, and hours of operation. We will also advertise our play dates on these forums. Our website and Facebook page name will be included on all promotional materials.

We will fund a Facebook ad that targets parents in the area. The content of our ads will be promoting services offered at our facility and promoting the free play dates. Each Facebook ad will contain a direct link to our website.

Marketing to Referral Sources

Referral sources include daycares, other health care providers (including but not limited to PCPs), school therapists, and adapted parks and recreation programs. We will follow the below strategies for all of these sources. All will be implemented before or by time of business opening. All marketing strategies have been considered in our operational budget.

First, we will identify and partner with at least one of each type of referral source in the Chapel Hill/Carrboro area. Next, we will draft an introduction letter or script for each facility. We will contact each facility first by email, using this letter or script to introduce ourselves and inquire about setting up a meeting to talk about their referral needs. If the facility does not respond to our email, we will follow up by phone and then in person with our introduction and meeting inquiry. In our meeting with the referral source, we will educate them about the services we provide, personnel we utilize, and company goals. We will also learn about their services so we can reciprocate referrals as appropriate. We will also provide the sources with promotional materials, such as flyers and business cards, and ask them to post or distribute

them to families as they see fit. We will maintain our relationship with these referral sources by communicating monthly via email, phone, or in person. We will furnish these sources with more promotional materials as needed.

Financials

Personal Capital Contributions and Loans

Owners Guthrie and Gasper will be personally contributing a total of \$19,287.10 to cover all expenses in our capital budget. Guthrie and Gasper will equally contribute this capital from funds they have saved from prior years of practice. Guthrie and Gasper will obtain a loan of \$112,724.43 to cover business expenses for the first three months of operation. Based on productivity estimates, revenue generated by month four should be sufficient to cover business expenses, and a loan will no longer be needed to cover expenses. Loan repayment considerations are included on the “Operational Budget” tab on our budget sheet (Appendix A). We will be repaying the loan over a 5 year period at a 6% interest rate.

Capital Budget

The capital budget is comprised of all one time costs associated with opening the clinic. The capital budget is divided into two categories: gym equipment and office equipment. The total capital budget is \$19,287.10, with a specific breakdown included on the “Capital Budget” tab of our budget sheet (Appendix A).

Operational Budget

The operational budget is comprised of all monthly and yearly costs for the business. The operational budget is divided into two categories: fixed costs and variable costs. The total operational budget for one year is \$477,038.52, with a specific breakdown included on the “Operational Budget” tab on our budget sheet (Appendix A).

Case Mix and Payer Mix

123 Pediatric Therapy exclusively serves pediatric patients, many of whom have disabling neurologic diagnoses. Based on the providers within our clinic and the anticipated needs of our patients, we anticipate that 50% of our cases will receive PT services, 25% will receive OT services, and 25% will receive ST services. We will be a participating provider for Medicaid, as well as other common private insurance carriers in North Carolina, including but not limited to Blue Cross Blue Shield and United Healthcare. Because of our patient population, we anticipate our primary payer will be Medicaid, and we have based our estimated reimbursement rates and fee schedule off of the NC Medicaid fee schedule.

Estimated Reimbursement Rates

As stated above, our estimated reimbursement rates are based on the NC Medicaid fee schedule. We have determined the CPT codes and units of each code that would be typical of PT, OT, and ST evaluation and treatment sessions in our facility. Reimbursements based on the NC Medicaid fee schedule for each one hour visit type are detailed below.

Code	Code Description	Number of Units	Reimbursement
PT Evaluation			
97162	Evaluation (30 min)	1	\$69.42
97110	Ther ex	2	\$48.10
			\$117.52
PT Treatment			
97112	Neuro-muscular re-ed	2	\$49.46
97110	Ther ex	1	\$24.05
97116	Gait training	1	\$21.05
			\$94.56
OT Evaluation			
97166	Evaluation (45 min)	1	\$67.34
97530	Ther ac	1	\$25.31
			\$92.65
OT Treatment			
97530	Ther ac	3	\$75.93
97533	SIT	1	\$22.33
			\$98.26
ST Evaluation			
92523	Evaluation of speech sound production	1	\$162.37

			\$162.37
ST Treatment			
92507	Treatment of speech	2	\$50.26
92526	Treatment of swallowing	2	\$46.80
			\$97.06

Fee Schedule

We have created a fee schedule for our facility based on the estimated reimbursement rates from Medicaid. To ensure that we will be reimbursed fully from our highest payers and to ensure we are adequately covering facility costs, we will add a \$50 markup to each code that makes up our typical visits. The adjusted pricing can be found below.

Code	Code Description	Reimbursement	Price
PT			
97110	Ther ex	\$24.05	\$74.05
97112	Neuro-muscular re-ed	\$24.73	\$74.73
97116	Gait training	\$21.05	\$71.05
97162	Evaluation (30 min)	\$69.42	\$119.42
OT			
97166	Evaluation (45 min)	\$67.34	\$117.34
97530	Ther ac	\$25.31	\$75.31
97533	SIT	\$22.33	\$72.33
ST			
92507	Treatment of speech	\$25.13	\$75.13
92523	Evaluation of speech sound production	\$162.37	\$212.37

92526	Treatment of swallowing	\$23.30	\$73.30
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Productivity Estimates

123 Pediatric Therapy employs 4, full time therapists from PT, OT, and ST disciplines. At 100% productivity, each therapist could see 173 patients per month for a total of 8,316 per year. Considering that our facility will not be operating at full capacity immediately at the time of opening, we are ramping up our productivity estimates over the first year of practice. We estimate each therapist will be working at 20% productivity initially, increasing 10% each month, until 80% capacity is reached in the ninth month. We believe 80% productivity is a realistic estimate, to account for cancellations, vacation time, and time spent on documentation and other clinic responsibilities. Estimates of visits for each month and in the first year total, including the ramp up, are detailed below.

Months	1 (20%)	2 (30%)	3 (40%)	4 (50%)	5 (60%)	6 (70%)	7 (80%)	8 (80%)	9 (80%)	10 (80%)	11 (80%)	12 (80%)
Estimated visits	139	208	277	348	416	485	554	554	554	554	554	554

Total visits in first year: **5,197**

Break Even Analysis

To calculate our break even analysis, we will use the following formula:

$$\text{Break Even Quantity} = \text{Fixed Costs} / (\text{Price} - \text{Variable Cost per Unit of Service})$$

Fixed and variable costs are detailed on the “Operational Budget” tab on our budget sheet (Appendix A). We calculated total fixed costs for one year to be \$455,192.62, and total variable costs for one year to be \$21,845.90.

Price in this formula reflects the average price for one patient visit at 123 Pediatric Therapy. Average price reflects estimated reimbursement rates based on the NC Medicaid fee schedule, the proportion of visits between PT, OT, and ST, and the proportion of visits that are evaluations versus treatment sessions. Estimated reimbursement rates for PT, OT, and ST evaluations and treatment sessions were determined previously. We anticipate that 50% of all visits will be PT, 25% will be OT, and 25% will be ST. We also anticipate that 30% of visits will be evaluations and 70% of visits will be treatment sessions for each therapy. Taking all of this into consideration, we have determined the following formula and average price for a patient visit.

“Average” Price= 50% PT (30% Evaluations + 70% Treatments) + 25% OT (30% Evaluations + 70% Treatments) + 25% ST (30% Evaluations + 70% Treatments)

$$0.50 (0.30*\$117.52 + 0.70*\$94.56) + 0.25 (0.30*\$92.65 + 0.70*\$98.26) + 0.25 (0.30*\$162.37 + 0.70*\$97.06) = \mathbf{\$104.03}$$

One unit of service at 123 Pediatric Therapy is one patient visit. As determined from the productivity estimates outlined above, we expect 5,197 patient visits in our first year of operation.

$$\text{Break Even Quantity} = \$455,192.62 / (\$104.03 - \$21,845.90 / 5,197)$$

Break Even Quantity= **4,559.68 units of service**

Based on this break even quantity and the total estimated visits for our first year of operation, we expect to break even after **10.5 months** of operation. This estimation is likely conservative, as our productivity ramp up provides a conservative estimate of patient visits for the calendar year.

Annual Revenue Projections

123 Pediatric Therapy is expected to break even after 10.5 months of business. With 1.5 months remaining in the first year of operation, there are 637.32 units of service remaining. This number was calculated by subtracting the break even quantity from the total units of service per year. On these units of service, using our average price of \$104.03, we expect to make \$66,300.40 in revenue by the end of the first year of operation. After our loan repayment strategy is executed as outlined below, there will be \$46,410.28 in revenue to be put towards the next year's operations.

Loan Repayment Strategy

Owners plan to apply 30% of the first year's revenue towards refinancing the loan to lower the monthly payments for the next year of operation. After the first year of operation, there is a balance of \$86,573.07 remaining in the loan principal. We will put a total of \$19,890.12 from our \$66,300.40 in revenue towards this balance to refinance a new principal of \$66,682.95. With the same 6% interest applied towards a now 4 year repayment plan, our new monthly loan payment will be \$1,566.05. Owners will continue to use this 30% rule at the end of the second year of operation to pay off the loan as quickly as possible.

Appendix A: Capital Budget

Gym Equipment	Quantity	Price
Plinth	2	\$4,590.00
Mat table	3	\$1,988.40
Mini trampoline	2	\$190.00
Tricycle	2	\$140.00
Scooters	2	\$32.83
Paralell bars	1	\$1,265.95
Stair set	1	\$799.99
Balance beam	1	\$142.08
Jungle gym	1	\$679.00
Swing	1	\$128.75
Mat	2	\$49.00
Wedge	2	\$51.75
Swiss ball	2	\$23.95
Peanut ball	2	\$17.99
Balance disc	2	\$60.00
Stepping stones	1	\$69.99
Medicine ball	5: 2, 4, 7, 11, 15 lb	\$33.98
Theraband	Y, R, G, B 50 yds	\$401.48
Ball pit	1	\$1,209.00
Platform sensory swing	1	\$105.41
Mini kitchen	1	\$116.69
Sensory boxes (rice, dirt, slime)	4	\$35.00
Therapy putty	6 pack	\$21.99
Child size table + 4 chairs set	2	\$319.70
Coloring books and crayons	set of 8 Disney +	\$37.28
Communication boards	1	\$345.82
Dry erase boards and markers	pack of 6 lapboards	\$35.37
Pediatric walker	1	\$50.75
Pediatric wheelchair	1	\$429.25
Speech cards	4	\$65.00
Children's books	set of Dr. Seuss-2	\$58.86
popsicle sticks	200 ct.	\$5.99
Oral motor sensory tools	chew necklaces (10)	\$69.94
		\$13,571.19

Office Equipment	Quantity	Price
Waiting room chairs	8	\$448.00
Waiting room end tables	2	\$83.18
Desks	5	\$1,829.75
Office chairs	5	\$299.95
Fax/printer/copier	1	\$449.99
Paper	3,000 ct	\$23.16
Ink	2x tricolor, 2x black	\$133.56
Staplers	electric, manual, 4	\$50.58
Pens	pilot gel pen 36 ct	\$48.63
Computers	5 Lenovo IdeaPad	\$2,149.95
Cleaning supplies	5x clorox wipes, 4	\$199.16
		\$5,715.91

Total Capital Budget \$19,287.10