Trinity Oaks Child Development Center- Business Plan

Trinity Oaks Child Development Center

15052 South Harrell's Ferry Road, Baton Rouge, LA

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Executive Summary

Who We Are

Trinity Oaks Child Development Center is a ministry of Trinity Lutheran Church, located at 10925 Florida Boulevard, Baton Rouge, Louisiana. The mission of Trinity Lutheran Church is to praise God, love, grow and share our faith in Christ. Promoting Christian education isn't new to Trinity Lutheran Church, as they launched a Kindergarten program in 1964. From there, they expanded the programs they offered by adding prekindergarten in 1975 and a preschool program in 1980. In 1981 Trinity partnered with First Lutheran Church to form an association Lutheran school for Preschool – grade 8. In 1988 all grades moved to the Trinity campus. Then in 2007, the Trinity Lutheran Child Development Center opened and expanded the ministry to serve six weeks old infants through 2 year olds. As their ministries have grown, TLC is ready to establish a campus ministry on their Trinity Oaks property, which is located at 15160 South Harrell's Ferry Road, Baton Rouge, LA. It is the intention of TLC to open a new child development center with a capacity of over 100 students with a projected start-date of January 2018.

The operation of the center is held under the supervision of a governing board specifically assigned to the center. The members of the board are composed of the Pastor, the Director, and members of the church who have expertise or interest in education, early childhood development, and business management.

Programs Offered

Trinity Oaks Child Development Center (TOCDC) is a non-profit ministry dedicated to providing a Christian education for children ages six weeks through school age. Our passion is to provide a high quality program that is designed to meet the needs of the parents. As a general rule, the school will offer a full time educational program for the following:

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Toddlers (12 Months to 24 Months): Our Toddler program is designed to provide each child with a safe and nurturing environment that will stimulate learning. Teachers actively chart the development of each child and provide parents with daily communication regarding their child's personal care routine.

Two's (24 Months to 36 Months): In the two's class, teachers actively work towards potty-training each child. In an effort to prepare the children for the preschool program, children are introduced to the concept of center play. Furthermore, the curriculum provides a strong vocabulary enriched base so that literary skills may be introduced to children.

Preschool/Pre-K (3-5 Year Olds): Our Preschool and Pre-K curriculum introduces several learning concepts such as literacy, math, and critical thinking skills. Vocabulary development is very important at this stage too, as children will begin to learn the art of writing. The classrooms are organized into centers such as reading, science, math, and writing. Furthermore, children are exposed to a print-rich environment, which allows students to associate written language to oral language. Parents are fully aware of their child's academic progress through quarterly assessment tools and parent- teacher conferences.

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School Age (Kindergarten through 11 Years): The before and after school day childcare program provides care for full -day Kindergarten through 4th grade students, as well as transportation to local elementary schools. The teachers provide a variety of enrichment activities including games, physical fitness, stories and arts & crafts. Our summer camps allow children from first through fourth grades to explore a variety of interests. Throughout the summer, the children have opportunities to take field trips that stimulate learning and enhance their camp experience.

Who We Serve

Trinity Oaks Child Development Center customers are made up of primarily young married couples who have children ages 12 months through school age. From a demographic standpoint, we will attract dual income families that are career focused and possess a college degree. As a result, our customers are seeking out an academic program that will set their child up for success within the K-12 school system. Typically, our customers have a combined annual income of $70,000 or greater and are able to afford the tuition that is associated with a full-time child care program such as Trinity Oaks Child Development Center.

Financial Summary

Because we have a center currently operating with existing clients from Trinity Lutheran Child Development, we anticipate a steady revenue stream to launch the center. Furthermore, some of our current customers will naturally migrate towards the new Trinity Oaks center. Once the school is given the green light to operate, the management team will launch an aggressive marketing plan to grow the school to approximately 80 Full-time equivalents (FTE's) within six months of operation.

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Center architectural design is currently underway. With that said, the facility will need start-up capital to build the new facility and equip the school with new furniture and supplies. It is expected that a good portion of that amount will be secured through a business loan through Church Extension Fund (CEF). The remaining funds will be obtained through capital campaigns hosted by Trinity Lutheran Church.

Enrollments are expected to realize an increase steadily through the end of the first year of operation. Estimates are extremely conservative in the budgeting process.

Organization

Organization Overview

Trinity Oaks Child Development Center is a direct ministry of Trinity Lutheran Church and is registered as a non-profit corporation in the state of Louisiana. The Federal Government will grant 501(c)3 status for the school, as the parent organization has already obtained 501(c)3 status.

Management Team

The current management team that is located at Trinity Lutheran Child Development Center will transfer over to the new site: Trinity Oaks Child Development Center. From the Director to the support staff, this team has built a solid reputation within the community of Baton Rouge in the delivery of Christian Education.

Advisors

The operation of the school is held under the supervision of a governing board specifically assigned to the school. The members of the board are composed of the Pastor, the Director, and members of the church who have expertise or interest in education, early childhood development, and business management.

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Mission

The mission of Trinity Oaks Child Development Center is to actively nurture, support, and encourage children and their families in their walk with Christ.

Vision

- We will establish solid policies and procedures that foster quality operations throughout the entire school
- We will deliver high quality academic programs that are taught from a Biblical worldview
- We will create superior learning environments within the classroom setting
- We will be the school where teachers want to work and invest their careers

Organizational Philosophy

The Trinity Oaks CDC views each child as a unique precious Child of God. Through the work of the Holy Spirit, it is our privilege to help carry out Christ's command to care for the youngest of His kingdom in a partnership with their parents. Our special joy is leading them to Jesus on a daily basis during formal "Jesus Time," weekly Chapel services, and daily opportunities to pray and sing and share moments of forgiveness and spontaneous expressions of Christian faith development.

Our daily goal is to help develop the whole child; spiritually, socially, emotionally, physically, and intellectually. Each child is led to experience God's world in a joyful, natural way. We offer learning experiences that foster creativity and self-expression. Our staff models a love for learning and their commitment to children as they celebrate the milestones of discovery each day. We strive to provide a safe environment, which offers comfort and care for children; meeting their developmental needs in a visually appealing, clean, and inviting atmosphere. The children learn to trust and gain confidence when their physical and emotional needs are met in a consistent, loving atmosphere.

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Target Market

Market Overview

Our target market consist of young married couples who possess a college education with a combined annual income of $70,000 or greater. According to our research, the majority of these families work within the East Baton Rouge Parish or commute within 30 miles of the parish. Baton Rouge is an ideal location for families to raise their children, as the data identifies Baton Rouge as having some of the highest standards of education within the state of Louisiana.

The surrounding area is quite affluent, with the median family income earning $75,824 per year and is expected to trend upward over the next five years. These residents place great value on their education, especially that of their child's. Higher-income customers are happy to pay for a high quality education that is supplemented with curriculum enhancements that are conveniently provided for each child while their parents are at work. Because we are centrally located, parents can send their children to a school where their friends will likely be attending private or public school.

Market Needs

A Problem Worth Solving

Significant changes have taken place over the last 40 years within the childcare industry, as the focus has shifted from monitoring schools for health and safety issues by state health departments, to the emphasis being quality education provided for children from birth to five years of age. As an example, Louisiana has placed childcare licensing and standards under the supervision of the Department of Education.

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The Department of Education for LA School District has passed a grant in the amount of $30 million dollars to be distributed to Early Learning initiatives. The statistics speak for themselves regarding the significance of Early Education. Educators readily all agree: 75%-80% of a child's success in Kindergarten through 12th grade is indicative of the learning experiences they had during the first five years of life. Therefore, one can conclude the need for high functioning early child development centers is great.

Given the demands from the Department of Education, quality initiatives, and the cost associated with these initiatives, schools struggle, as most do not have access to support mechanisms typically found in corporate- run child care facilities. Therefore, many centers struggle financially and lack the resources needed to drive quality within the classroom setting. Statistics show that five centers close every day due to financial mismanagement. The issue is not whether or not the business is viable; the issue is the lack of support and training.

There is no doubt that the childcare industry plays a significant role in our economy. The childcare industry generates an estimated $60 Billion in annual revenues, supports more than 3.7 million jobs, and directly employs more people than the public secondary school systems. As more and more families have both parents working outside of the home, the need for childcare continues to grow.

Additionally, the need for higher levels of quality childcare continues to increase, as our society is experiencing birthing trends where parents are waiting later in life to have children. Therefore, these older adults are more financially able to afford and demand higher quality care for their children. According to the National Economic Impact of the Child Care Sector study, sponsored by The National Child Care Association, "By the year 2014 upwards of 85 percent of the labor force will consist of parents, and the number of working women will exceed working men." This same

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survey stated that by that same year, "the U.S. is expected to add another 1.2 million children aged four and under, a 6% increase." The results of this study along with the statistics from other studies supports the childcare industry as continuing to be a thriving and growing industry.

Within the Baton Rouge market, there are several privately owned and operated licensed child care centers. The majority of these centers are located in facilities that were not built specifically for childcare centers. In many cases, the facilities are also very small, having capacities less than 70 FTE's which makes it difficult for the schools to financially sustain themselves.

Our Solution

Our solution is simple. We place systems and procedures in place that position the school to launch with success from day one. How do we accomplish this? We put operational systems in place that come with a proven track-record for success. These tools are designed to support a healthy financial bottom line and consistently deliver a high quality program that our customers are willing to invest in.

Most importantly, our team brings to the table valuable experience and resources that have a proven track-record for success. Collectively, our team brings to the table over 50 years of experience to the field of Early Learning. From teaching to running a center, we understand the many hats worn in running a center. Over the years, we have not only sustained our schools, but we started new schools that continue to grow and thrive within the communities we serve.

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Competition

Current Alternatives

There are numerous child care providers in the local area; however, the majority of these child care providers are Type I or Type II centers that are licensed for 60-80 students. Given our size, mission, and vision, our primary competitors are classified as Type III schools with a capacity over 100 students.

Our primary competitors include the following:

KinderCare, 1188 O'Neal Lane, Baton Rouge, LA

KinderCare is part of a nationwide chain that has been in the community for over thirty years. With the support of a corporation behind them, they offer their teachers a solid benefit packet such as paid insurance, investment package, and tuition reimbursement.

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Despite the benefit package, they have high teacher turnover. Their tuition rates are the highest in the community with the highest ratios. Their academic program is basically childcare in a "can". In short, nothing sets this school apart.

London Bridge Learning Center, 11821 Wentling Ave, Baton Rouge, LA

London Bridge is recognized as a Type III school who has met the academic standards set forth by the Louisiana Department of Education. This school is operationally stable and has grown rapidly. As a result the owners are trying to adjust to that growth and the demands that come with it. Because they had such a successful year, their owner recently purchased another site within the metro and is working hard to grow the business. At this time, their primary weakness is spreading themselves too thin causing them to have to stretch their resources. It is expected that both schools will thrive within the Baton Rouge metro.

Building Blocks Child Care Center, 16013 Firewood Dr., Baton Rouge, LA

While this center does not have a website, it is a quality rated school (1-star) that has a healthy enrollment base. This school offers an after school program. Building Blocks has a positive relationship with the community but has no key marketing features that set it a part from premier child development centers that Trinity Oaks CDC will have.

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Strategy and Implementation

Marketing Plan

Within our current school population, we hope to launch an aggressive marketing plan that will encourage our parents to spread the word about our new location. Beyond that, we plan on reaching the community through social media such as Facebook and Pinterest. Furthermore, we will develop a high quality website that points families directly to the new center. Our page will have a "Request a Tour" button and an enrollment special that will help us quickly grow our enrollment base.

In the coming days, we will continue to promote an aggressive marketing plan in the following ways:

- Promote the website through search engine optimization and search engine marketing tools
- Create, promote, and maintain current pages through social media pages such as Facebook and LinkedIn
- Create a variety of brochures to include the services and programs offered
- Produce monthly email campaigns announcing the new and ongoing services and programs to all past and current clients
- Create and send press kits with information and details on the new business to key clients and press
- Promote and attend conferences nationwide associated with the Early Learning industry
- Network with Early Childhood Education professionals at the state-level

Trinity Oaks CDC will be very intentional about locking arms in ministry with Trinity Lutheran Church. We utilize a cross- marketing approach when working with the church by agreeing to promote each other's ministries. We accomplish this in several ways. Our websites will have hyperlinks to each website. Through the use

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of social media, we will also be positioned to promote the events associated with each organization. As part of our curriculum, the pastors will conduct chapel, positioning our schools to serve as a means of resource and referral for our families in regards to church ministries and programs available to them.

Ministry Outreach

There are several ways for Trinity Oaks CDC to partner with the church so that families are drawn to the ministries of Trinity Lutheran Church.

- Every quarter invite entire classrooms to come sing during the church services
- The Pastor can do a meet-n-greet with families in the morning with coffee and donuts
- Board Members can do an ice cream social for the staff to encourage them
- Church Members can adopt a teacher or family to pray over them
- The director should have a monthly newsletter highlighting special events at the church
- The director should write a paragraph about the exciting events and activities taking place at the school for the church newsletter, website, and social media pages
- Have the director speak at congregational meetings
- Have the pastor and director attend a chamber meeting on a quarterly basis
- Include general brochures with a list of church ministries in the enrollment packet

Pricing

Within the Baton Rouge community, we have identified three primary competitors. We determined this by isolating only the centers that were classified as a Type III licensed center with a capacity over 100 children. The weekly tuition rates for our competitors are as follows:

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School Name Address and Phone Number	Reg Fee	Infant	Toddler	Twos	Threes	Pre-K	School Age After	School Age Camp
A Lil' One Learning Center 4952 Stumberg, LN Baton Rouge, LA 225-756-5000 Hours: 6:30am-6:00pm	$150	$150	$150	$145	$140	$140	$70	$125
Building Blocks Childcare Center 16013 Firewood Dr. Baton Rouge, LA 225-218-4506 Hours: 6:30am-6:00pm	$150	$190	$180	$170	$155	$145	$70	
O'Neal KinderCare 1188 O'Neal LN Baton Rouge, LA 225-272-4210 www.kindercare.com Hours: 6:00am-6:00pm	$100	$205	$193	$185	$175	$168	$95	$104

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School Name Address and Phone Number	Reg Fee	Infant	Toddler	Twos	Threes	Pre-K	School Age After	School Age Camp
London Bridge Early Learning Center 11821 Wentling Ave Baton Rouge, LA 225-615-8850 Hours: 6:00am-6:30pm	$100	$165	$155	$140	$130	$125	$80	
Best Child Care, INC 15134 Old Hammond Baton Rouge, LA 225-275-6272 Hours: 6:30am-6:00pm	$100	$145	$140	$135	$130	$130	$70	
Tiger Child Care 940 O'Neal LN Baton Rouge, 225-456-5498 www.tigerchildcare.com Hours: 6:00am-6:30pm	$100	$165	$155	$140	$130	$125	$75	
Abundant Blessing Childcare 2863 O'Neal LN Baton Rouge, LA Hours: 6:30-5:30pm	$100	$150	$150	$120	$120	$120	$60	

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Currently, our schools have lower tuition rates than industry norms, which will require a staggered pricing strategy to increase them up to industry norms. Additionally, we have customers from Trinity Lutheran CDC that we need to encourage enrolling at our new facility. Therefore, we will provide them with incentives and discounts for enrolling at Trinity Oaks CDC.

Our proposed pricing strategy is as follows:

Age	Weekly Tuition Rate
Infant	$195
Toddlers	$185
Two's	$180
Three's	$170
Four's	$160
School Age (After School Program)	$85
School Age Summer Camp	$120
Annual Registration Fee	$100

SWOT Analysis

Trinity Oaks CDC's notable strengths begin with our track-record of success with the current schools we operate. Our schools have established a reputation of quality that the community of Baton Rouge has come to expect from Trinity Lutheran ministries. This positive reputation will naturally attract new enrollments to the school. Secondly, our Management Team not only possesses the passion for Christian Education, but they come with the skill-sets required to run a child care center.

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As with any new venture, we have opportunities and challenges set before us. While Trinity Oaks CDC is attached to Trinity Lutheran Church and school, it is looking to fill a school that is located in a different part of town that is currently not in operation. We are confident that we will quickly and easily overcome this challenge as we come in with a name and image that represents quality. Furthermore, we are located just off the highway and have positioned ourselves on a route that is convenient for commuters.

Operations

Trinity Oaks CDC will be located on the beautiful Trinity Oaks property located at 15160 South Harrell's Ferry Road, Baton Rouge, Louisiana. The property is situated on 25 acres and is surrounded by trees and greenery. As stated, the property is located right off of Interstate 12, making it convenient for commuters. Furthermore, the school will be located near residential areas that will naturally attract new customers.

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It is the desire of the Church to develop this property in approximately three phases. During phase one, the child development center will be built. The anticipated start-date is January 2018. Once ready, the church will then build a new sanctuary. Last but not least, a private K-8 school will be built to complete the campus. Trinity Oaks CDC will serve as a natural feeder to the K-8 program.

Facility Equipment and Furnishings

After the facility is built, we will need to equip 8 classrooms with the appropriate furniture, technology, and supplies required to establish a high quality learning environment. Additionally, we will need to have commercial-grade kitchen equipment and office furniture, equipment, and supplies. The approximate cost of the classroom equipment and furnishings is $130,000.

Regulatory Requirements

Trinity Oaks CDC will submit an application to the Louisiana Department of Education to begin the process of obtaining the necessary license to open the school in January 2018. The good news is that our ministry is very familiar with this process. Therefore, we do not anticipate any delays.

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Milestone and Metrics

Milestone Chart

Milestone	Projected Due Date
Final Facility Design	March 2016
Obtain Building Permits	August 2016
Construction Begins	September 2016
Launch Marketing Campaign	November 2016
Complete Employee Hire Packets	November 2017
Complete Enrollment Packets	November 2017
Host Career Day	December 2017
Host Teacher Orientation and conduct training	January 15 2018
Plan Grand Opening	December 2017
Construction Complete	December 2017
Obtain final approval from Fire Marshal, Health Department, and Licensing	January 2018
Plan Grand Opening	January 2018
Grand Opening	February 2018
First Day of School	February 2018

Key Metrics

In order for the school to be self sustaining, it will be important for the school to maintain the following metrics:

- Labor: 44%-52%

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- Food Costs: 5%
- Supplies: 3%
- Repairs and Maintenance: 4%

Above and beyond that, we will also measure "churn" which is a measurement of the enrollments gained vs. those lost. Additionally, we will measure "flow-through" which measures the way we spend money against the growth of our revenues. Lastly, we will constantly evaluate our Full-time Equivalent (FTE) . We want to maintain an FTE over 75 students to ensure we have a positive cash flow.

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Financial Plan

Forecast

Key Assumptions

Upon opening the school, we plan on transitioning our students from Trinity Lutheran CDC over to Trinity Oaks CDC. From there, we expect to experience a steady growth giving the school the 75+ enrollments around October 2018.

Should the projections hold true, we anticipate a slight loss during the first eight months of operation, but from there on, we expect to realize a profit. It is imperative that labor costs stay at or below 52% of revenue. Additionally, we will need to keep food at 5% and supplies around 4%, and 3% in repairs and maintenance. By the end of the first year of operation, we hope to have a positive net income of approximately $68,929.

Revenue Forecast

Revenue	FY2018	FY2019	FY2020
Registration Fees	9,400	11,200	13,700
Tuition	530,884	731,046	829,344
TOTAL INCOME	**540,284**	**742,246**	**843,044**

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Revenue by Month

Expenses by Month

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Net Profit (or Loss) by Year

Financing

Use of Funds

The biggest expense will be the construction of the facility in the amount of $1,062,592. Classroom furniture, playground equipment, and facility supplies total $270,000. The approximate closing costs total $25,000. Additionally, the congregation has raised $1,700,000 in capital campaign pledges. With that said, the total financed will be $1,746,901.

Sources of Funds

We are requesting funding from the Southern District Church Extension Fund in the amount of $1,746,901. Our interest rate is projected to be between 4.0%-4.5% for a period of 30 years, making the monthly mortgage payment $8,340. With exception to the first six months, the financial reports show that we can afford the mortgage payments.

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Beyond the first eight months of operation, we plan to experience positive net incomes due to growth and effective cost management.

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Appendix

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Profit & Lost (3 Year Projection)

Trinity Oaks CDC

3-Year Profit and Loss Projection

INCOME	2018	% of OI	2019	% of OI	2020	% of OI
Operating Income						
Registration Fees	9,400	1.7%	11,200	1.5%	13,700	1.6%
Tuition	530,884	98.3%	731,046	98.5%	829,344	98.4%
Other		-		-		-
Total Operating Income (OI)	**$ 540,284**	100.0%	**$ 742,246**	100.0%	**$ 843,044**	100.0%
Non-Operating Income						
Interest Income						
Donations						
Other						
Total Non-Operating Income	**$ -**		**$ -**		**$ -**	
Total INCOME	**$ 540,284**	100.0%	**$ 742,246**	100.0%	**$ 843,044**	100.0%
EXPENSES						
Operating Expenses						
Food & Supplies	27,000	5.0%	35,000	4.7%	40,000	4.7%
Kitchen Equipment & Replacem	800	0.1%	600	0.1%	600	0.1%
Office & Classroom Equipment	1,600	0.3%	1,200	0.2%	1,200	0.1%
Learning Materials	8,525	1.6%	12,320	1.7%	20,000	2.4%
Professional Fee/Trainig	6,000	1.1%	6,000	0.8%	6,000	0.7%
Office Supplies	3,000	0.6%	5,000	0.7%	7,000	0.8%
Janitorial Service and Supplies	5,813	1.1%	8,400	1.1%	8,400	1.0%
Repairs and Maintenance	1,850	0.3%	1,800	0.2%	1,800	0.2%
Insurance (Liability Only)	4,800	0.9%	4,800	0.6%	4,800	0.6%
Payroll Expenses	262,990	48.7%	345,200	46.5%	395,320	46.9%
Benefits	27,600	5.1%	36,000	4.9%	38,400	4.6%
Transportation	-	-	-	-	-	-
Mortgage	100,080	18.5%	100,080	13.5%	100,080	11.9%
Utilities	16,800	3.1%	17,200	2.3%	22,000	2.6%
Marketing	3,300	0.6%	4,100	0.6%	800	0.1%
Miscellaneous	1,200	0.2%	1,200	0.2%	1,200	0.1%
Other		-		-		-
Total Operating Expenses	**$ 471,358**	87.2%	**$ 578,900**	78.0%	**$ 647,600**	76.8%
Total EXPENSES	**$ 471,358**	87.2%	**$ 578,900**	78.0%	**$ 647,600**	76.8%
NET INCOME	**$ 68,926**		**$ 163,346**		**$ 195,444**	

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Spreadsheets

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