

# Building a Basement finishing Enterprise: A Detailed Sample Plan

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Subterra Living, LLC (Colorado LLC, founded March 1, 2024) is a Denver-based basement finishing contractor targeting homeowners with unfinished basements in 1970-2010 single-family homes. James Carter (ex-Renova Builders project manager, \$2.1M project portfolio managed) and Maria Delgado (ex-GreenHaus Interiors COO, 37% YoY growth achieved) deliver turnkey conversions at \$25,000-\$75,000/project. Targeting \$540,000 Year 1 revenue with 42% gross margin.

## SECTION 1: EXECUTIVE SUMMARY

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1.7 million US homeowners with unfinished basements delay renovations due to code compliance risks (National Association of Home Builders, 2023), losing \$1,200/year in potential rental income (Denver Metro REIA data). Subterra Living solves this with fixed-price, code-guaranteed conversions averaging \$45,000/project. We capture 0.5% of Denver's 171,000-home serviceable market by targeting 35-55 year olds with \$120K+ income using 3D design visualization and 100% code compliance.

We operate on a project-based model with 58% COGS (materials 42%, subcontracted labor 16%). Year 1 revenue: \$540,000 from 12 projects. Gross profit: \$226,800 (42% margin). Operating expenses: \$210,000. Net loss: (\$13,200) in Year 1, turning profitable in Year 2 with \$84,100 net income. Break-even at 10 projects/year (9.5 projects/month fixed cost coverage).

Seeking \$350,000 funding: \$200,000 owner equity, \$150,000 SBA 7(a) loan (6.5%, 10-year term, \$1,715 monthly payment). Funds allocated to equipment (\$45,000), van (\$48,000), working capital (\$52,500), and marketing (\$30,000). Enables 12 projects Year 1, 18 Year 2, 24 Year 3. Projected 3.7x ROI by Year 3 with \$164,000 net income.

## SECTION 2: COMPANY OVERVIEW

Colorado LLC formed March 1, 2024, with 60% James Carter, 30% Maria Delgado, 10% Robert Kim ownership. Chose LLC for pass-through taxation and liability protection. Denver location targets 171,000-home SAM with 45% unfinished basement rate (Denver County Assessor data). Service area expands to Boulder/Aurora by Q3 2025.

James Carter (CEO): 15 years residential construction, Colorado Residential Contractor #RCE-12457, managed \$2.1M in projects at Renova Builders with 98% on-time delivery. Maria Delgado (COO): Reduced GreenHaus Interiors project delays by 37% through subcontractor performance bonds.

Date	Milestone	Status	Next Steps
Mar 2024	LLC formation, contractor licensing	Complete	Secure SBA loan
Apr 2024	Office lease (1,200 sq ft @ \$2,800/month)	Complete	Van purchase
May 2024	Website launch, CRM setup	Complete	First marketing campaign
Jun 2024	First project signed (\$42,500 Premium)	Complete	Permit approval
Jul 2024	Project completion (8 weeks)	Pending	Referral program launch
Q1 2025	Break-even (10 projects)	Target	Hire 2nd project manager
Q3 2025	Expand to Aurora service area	Target	Local partnerships
Q4 2025	Year 2 profitability (\$84,100 net)	Target	Line of credit application

## SECTION 3: MARKET ANALYSIS

TAM: \$4.8B US basement finishing market (IBISWorld 2023). SAM: Denver Metro's 171,000 unfinished basements (45% of 380,000 single-family homes, Denver County Assessor 2023). SOM: 857 homes (0.5% SAM capture) at \$45,000 avg project value = \$38.6M Year 1 addressable revenue. Methodology: SAM = 380,000 homes x 45% unfinished basements; SOM = SAM x 0.5% based on competitor market share (Basement Remodeling Denver holds 1.2% SAM per BBB revenue data).

Primary customers: Homeowners aged 35-55, \$120K+ household income, single-family homes built 1970-2010. 68% prefer renovation over relocation (NAR 2023). Budget range: \$25,000-\$75,000 with 72% requiring financing options. Buying triggers: Remote work setup (41% of US workers hybrid/remote, Pew 2023), multigenerational living (18% of US households, Census 2022).

Trends: 41% hybrid/remote workers drive home office demand (Pew). 23% YoY growth in ADU conversions (Denver Planning Office 2023). Energy-efficient insulation rebates (\$500-\$2,000) increase conversion ROI (Colorado Energy Office). Rising mortgage rates (6.7% avg) reduce relocation, boosting renovation demand (Freddie Mac Q1 2024).

Segment	Size (\$)	Growth Rate	Our Share Target	Rationale
Home Offices	\$14.2M	18% YoY	0.7%	41% remote workers; high conversion rate (28%)
Guest Suites	\$9.8M	12% YoY	0.4%	Empty nester demographic; avg project \$38,500
Rental Suites	\$8.1M	25% YoY	0.6%	Demand surge from Denver STR regulations; \$65K avg project
Accessibility	\$6.5M	15% YoY	0.3%	ADA-compliant focus; 32% referral rate from OTs

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
US Market	\$4.8B	N/A	N/A	IBISWorld construction report 2023
Colorado Homes	1.2M unfinished basements	N/A	N/A	CO Dept. of Local Affairs survey 2022
Denver Metro	N/A	171,000 homes	857 homes	380K homes x 45% unfinished x 0.5% capture

## SECTION 4: COMPETITIVE ANALYSIS

Market dominated by 3 players: Basement Remodeling Denver (\$1.2M revenue, 1.2% SAM share), Colorado Basement Finishing (\$850K revenue, family-owned), DreamBuilder Interiors (\$1.8M revenue, luxury focus). All lack integrated design-build process. Basement Remodeling Denver uses change orders (avg 17% cost overrun), Colorado Basement Finishing has 22% project delays per Google reviews, DreamBuilder averages 14-week timelines.

Competitive advantages: 1) 3D design visualization reduces change orders to 2% (vs industry 15%) based on beta testing 5 projects. 2) Code compliance guarantee cuts permitting delays from 21 to 7 days (Denver Building Dept data). 3) Green materials command 12% price premium (Luxury tier 25% of projects vs competitors' 8%). 4) Fixed pricing achieves 94% client satisfaction (vs industry 82%, J.D. Power 2023).

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
Basement Remodeling Denver	\$1.2M	\$22K-\$68K	High volume	17% avg cost overruns	Fixed pricing, 2% change orders
Colorado Basement Finishing	\$850K	\$28K-\$62K	Local SEO dominance	22% project delays	Asana scheduling, 98% on-time
DreamBuilder Interiors	\$1.8M	\$55K-\$95K	Luxury materials	14-week avg timeline	8-week delivery, ERV standard
General Contractors	\$450K avg	\$20K-\$60K	Full-home capability	Basement = 12% of business	Dedicated basement expertise
DIY Platforms	N/A	\$0 (tools)	Low cost	58% code violation rate	Code compliance guarantee

Strengths	Weaknesses	Opportunities	Threats
Licensed contractor (Carter)	Limited brand awareness	DEN STR regulation changes (Q3 2024)	Material cost inflation (lumber +8% YoY)
3D design process	Only 1 design lead	Energy rebate expansion (COEO)	Denver permitting backlog (+15 days)
Green material partnerships	No HVAC licensing	Real estate agent referrals (2% commission)	Economic downturn (mortgage rates >7%)

Fixed-price contracts	Small working capital	ADA-compliant niche growth	New competitors (2024 market entry +22%)
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## SECTION 5: PRODUCTS & SERVICES

Turnkey basement conversions with 3 tiers: Essential (\$25K-\$35K) includes framing, insulation, drywall, egress window, LVP flooring. Premium (\$45K-\$60K) adds full bathroom, soundproofing, smart home. Luxury (\$65K-\$75K) includes kitchenette, ADA layout, ERV system. All include 90-min consultation, 3D renderings, Denver code compliance, and 6-10 week timeline. 78% of projects include egress window installation (\$4,850 avg add-on).

Pricing set at 12% below DreamBuilder (Luxury tier) and 8% above Colorado Basement Finishing (Premium tier) based on 2023 competitive analysis. Achieves 42% gross margin (58% COGS) vs industry average 45-50%. Premium tier priced at \$47,500 Year 2 to capture higher-margin rental suite demand (25% of projects).

Tier	Price	Features	Target Customer	Expected % Revenue	Gross Margin
Essential	\$25K-\$35K	Egress, LVP, basic lighting	Home offices (\$120K income)	40%	45%
Premium	\$45K-\$60K	Full bath, soundproofing, smart home	Rental suites (\$150K income)	50%	40%
Luxury	\$65K-\$75K	Kitchenette, ERV, ADA compliance	Accessibility (\$180K income)	10%	38%

Metric	Value	Calculation/Notes
Price per project	\$45,000	Year 1 weighted avg (40% x \$30K + 50% x \$52.5K + 10% x \$70K)
COGS per project	\$26,100	Materials \$18,900 (42%), Subcontractors \$7,200 (16%)
Gross Profit/project	\$18,900	\$45,000 - \$26,100
Gross Margin %	42%	\$18,900 / \$45,000
CAC	\$3,850	(\$30,000 marketing / 12 projects) x 1.55 (referral multiplier)
LTV	\$58,500	\$45,000 x 1.3 (avg 1.3 projects/referrals)

LTV:CAC	15.2x	\$58,500 / \$3,850
Payback Period	2.4 months	\$3,850 CAC / (\$18,900 GP / 12 months)

## SECTION 6: MARKETING & SALES

Go-to-market via digital channels (70% budget): Google Ads targeting "basement finishing Denver" (\$4.20 CPC, 3.5% conversion), Facebook ads in ZIPs 80202-80231 (targeting \$120K+ income, 2.8% CTR). Local partnerships (20%): Real estate agents (2% commission, 15% conversion rate), home inspectors (\$75/referral). Direct mail (10%): 5,000 pieces/month at \$0.42/unit to target neighborhoods.

Sales cycle: 1) Lead generation (145 leads/month from \$8,500 Google Ads spend), 2) Consultation (45% show rate, 90-min assessment), 3) Proposal (48-hour turnaround), 4) Close (25% conversion rate, 30% deposit). Avg sales cycle: 22 days. 72% of leads close within 90 days (vs industry 120 days).

Retention: \$100 referral credit (35% redemption rate), quarterly maintenance emails (42% open rate), 1-year warranty. Target churn: 8% annually (vs industry 15%). Expansion revenue: \$1,200 avg from add-ons (egress windows, closets).

Channel	Monthly Budget	Expected CAC	Expected Leads/Month	Conversion Rate	Expected Customers/Month	ROI
Google Ads	\$8,500	\$58.60	145	25%	3.6	321%
Facebook Ads	\$3,200	\$67.20	48	22%	1.1	282%
Real Estate Agents	\$1,800	\$120.00	15	35%	0.5	194%
Direct Mail	\$2,100	\$70.00	30	18%	0.5	257%
Total	\$15,600	\$3,850	238	25%	5.7	291%

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Expected Leads	Expected Customers
1	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
2	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
3	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
4	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
5	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
6	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
7	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
8	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
9	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
10	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
11	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3
12	\$8,500	\$3,200	\$1,500	\$500	\$300	\$14,000	212	5.3

## SECTION 7: OPERATIONS

Daily workflow: 1) Consultation (90 min), 2) Design (48 hours), 3) Permitting (7 days), 4) Demolition (3 days), 5) Framing (5 days), 6) Utilities (4 days), 7) Insulation (2 days), 8) Drywall (4 days), 9) Flooring (3 days), 10) Fixtures (5 days), 11) Inspection (2 days). Capacity: 3 projects simultaneously with 3 crews (5 workers/crew). Project manager assigned per site with Asana tracking.

Key suppliers: ABC Supply (materials, net-30 terms, 2% discount), Pella Windows (egress, 10% volume discount at 20+ units), Denver Plumbing Co. (subcontractor, \$85/hr, 90-day contract). Technology: HubSpot CRM (\$1,200/year), Asana (\$1,199/year), SketchUp Pro (\$2,400/year).

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
ABC Supply Co.	Building materials	\$8,200	Net-30, 2% discount	Sims Lumber
Pella Windows	Egress windows	\$3,500	10% discount @ 20+ units	Andersen Windows
DEN Plumbing Co.	Plumbing subs	\$2,100	90-day contract	Plumblines Services
Peak HVAC	HVAC subs	\$1,800	Project-based	Colorado Climate Control
Denver Office Park	Warehouse lease	\$2,800	3-year term	N/A

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
HubSpot	CRM, email	\$100	4	Salesforce (\$250)
Asana	Project mgmt	\$99	5	Monday.com (\$120)
SketchUp Pro	3D design	\$200	2	AutoCAD (\$225)
QuickBooks Online	Accounting	\$35	2	Xero (\$29)
Calendly	Scheduling	\$12	4	Acuity (\$15)

## SECTION 8: MANAGEMENT TEAM

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Flat structure: CEO (Carter), COO (Delgado), Lead Designer (Liu), Marketing Director (Thompson). Salaries: CEO \$95,000, COO \$85,000, Designer \$72,000, Marketing \$68,000. Bonuses: 10% of net profit for leadership team. Hiring plan targets 2 project managers by Q3 2024 at \$65,000 base + \$5,000 performance bonus.

Advisory board: Thomas Reed (ex-CEO Renova Builders, 22 years construction), Linda Chen (Denver real estate attorney). Compensation: \$1,500/month stipend + 0.5% equity vesting over 4 years.

Month	Role	Salary	Priority	Source	Onboarding Time
Q2 2024	Project Manager	\$65,000	High	Trade schools	4 weeks
Q2 2024	Project Manager	\$65,000	High	Trade schools	4 weeks
Q3 2024	Junior Designer	\$52,000	Medium	Indeed	3 weeks
Q4 2024	Field Supervisor	\$60,000	Medium	Craigslist	2 weeks
Q1 2025	Sales Coordinator	\$48,000	Low	Referrals	3 weeks

## SECTION 9: FINANCIAL PLAN

Key assumptions: Year 1: 12 projects (1/month), \$45,000 avg revenue, 58% COGS. Year 2: 18 projects (1.5/month), \$47,500 avg (premium mix increase), 58% COGS. Year 3: 24 projects (2/month), \$50,000 avg. Monthly churn: 0.7% (8.4% annual). CAC: \$3,850. LTV: \$58,500. Fixed costs: \$15,000/month (rent, software, admin).

Revenue generated solely from project completions. Growth drivers: 1) Premium tier mix increase (Year 1: 50% -> Year 3: 65%), 2) Add-on revenue (\$1,200/project avg), 3) Referral rate (1.3 projects/customer). Material cost escalation capped at 5% annually via supplier contracts.

Cost structure: 58% COGS (variable), 42% OpEx (70% fixed, 30% variable). Fixed costs: \$15,000/month (rent \$2,800, software \$246, insurance \$1,500, admin \$10,454). Variable costs: 16% subcontractor labor, 30% marketing, 12% payroll commissions.

Funding: \$350,000 total. Use: Equipment \$45,000, Van \$48,000, Lease deposit \$7,500, Website \$12,000, Marketing \$30,000, Insurance \$18,000, Software \$6,000, Legal \$7,000, Working capital \$176,500. Provides 14 months runway at \$12,607 monthly burn (Year 1 avg).

Category	Item	Cost	Notes
Legal/Formation	LLC filing, operating agreement	\$1,500	Colorado SOS fees
Licenses/Permits	Colorado license, business license	\$2,200	CO Resident License #RCE-12
Equipment	Power tools, ladders, demo gear	\$45,000	Milwaukee DeWalt commercial grade
Technology	Website development	\$12,000	WordPress, SEO, 3D gallery
Initial Inventory	Drywall, insulation stock	\$1,500	30-day buffer

Marketing Launch	6-month \$60,000 campaign	Google/F ads, mailers
Working Capital	3 months \$52,500 OpEx reserve	\$17,500 x 3 months
Insurance	General \$12,000 liability, workers' comp	\$2M coverage annual premium
Professional Fees	Legal \$5,500 accounting setup	Smith &  Co. CPA
Office Setup	Warehouse \$17,500 buildout	Shelving demo area
Branding	Van \$6,800 wrap, uniforms	2 vans, 5 crew uniforms
Training	OSHA \$1,200 certification	5 employee
Contingency	10% \$35,000 buffer	Material cost escalation
Vehicle	2024 \$48,000 Ford Transit van	MSRP \$47,850 + \$150 branding

Lease Deposit	Office security deposit	\$7,500	2.5 months rent @ \$2,800
<b>TOTAL</b>		<b>\$350,000</b>	

Category	Type	Monthly Cost	Annual Cost	Notes
Rent	Fixed	\$2,800	\$33,600	1,200 sq ft warehouse
Salaries	Fixed	\$10,667	\$128,000	CEO \$7,917, COO \$7,083
Benefits	Fixed	\$2,133	\$25,600	20% of payroll
Insurance	Fixed	\$1,500	\$18,000	General liability, workers' comp
Software	Fixed	\$246	\$2,950	HubSpot, Asana, QuickBooks
Utilities	Fixed	\$450	\$5,400	Electric, internet, phone
Marketing	Variable	\$16,000	\$156,000	\$15,600 x 85% utilization
Professional Services	Fixed	\$5,000	\$6,000	Accounting, legal retainer
Supplies	Variable	\$1,200	\$14,400	Office, job site consumables

Travel	Variable	\$9,600	Fuel, maintenance
Loan Payments	Fixed	\$20,580	SBA 7(a) \$150,000 loan
Other	Variable	\$7,200	Training, permits
<b>Fixed Total</b>		<b>\$19,396</b>	
<b>Variable Total</b>		<b>\$15,600</b>	
<b>COMBINED TOTAL</b>		<b>\$35,000</b>	

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1 Total
Revenue	\$0	\$0	\$0	\$42,500	\$42,500	\$42,500	\$45,000	\$45,000	\$45,000	\$47,500	\$47,500	\$47,500	\$540,000
COGS	\$0	\$0	\$0	\$24,650	\$24,650	\$24,650	\$26,100	\$26,100	\$26,100	\$27,550	\$27,550	\$27,550	\$313,200
Gross Profit	\$0	\$0	\$0	\$17,850	\$17,850	\$17,850	\$18,900	\$18,900	\$18,900	\$19,950	\$19,950	\$19,950	\$226,800
Marketing	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$168,000
Salaries	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$10,667	\$128,000
Rent	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$2,800	\$33,600
Software	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$246	\$2,950
Insurance	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Other OpEx	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$3,887	\$46,650
Total OpEx	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$33,100	\$397,200
EBITDA	(\$33,100)	(\$33,100)	(\$33,100)	(\$15,250)	(\$15,250)	(\$15,250)	(\$14,200)	(\$14,200)	(\$14,200)	(\$13,150)	(\$13,150)	(\$13,150)	(\$170,400)
Depreciation	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$45,000
EBIT	(\$36,850)	(\$36,850)	(\$36,850)	(\$19,000)	(\$19,000)	(\$19,000)	(\$17,950)	(\$17,950)	(\$17,950)	(\$16,900)	(\$16,900)	(\$16,900)	(\$215,400)
Interest	\$813	\$813	\$813	\$813	\$813	\$813	\$813	\$813	\$813	\$813	\$813	\$813	\$9,750
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	(\$37,663)	(\$37,663)	(\$37,663)	(\$19,813)	(\$19,813)	(\$19,813)	(\$18,763)	(\$18,763)	(\$18,763)	(\$17,713)	(\$17,713)	(\$17,713)	(\$225,150)

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Beginning Cash	\$176,500	\$134,337	\$92,174	\$49,511	\$27,298	\$5,085	(\$17,115)	(\$34,878)	(\$52,641)	(\$70,404)	(\$88,117)	(\$105,830)
Cash In	\$0	\$0	\$0	\$12,750	\$12,750	\$12,750	\$13,500	\$13,500	\$13,500	\$14,250	\$14,250	\$14,250
Other Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Funding	\$173,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash In	\$173,500	\$0	\$0	\$12,750	\$12,750	\$12,750	\$13,500	\$13,500	\$13,500	\$14,250	\$14,250	\$14,250
Cash Out	\$215,663	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813
Total Cash Out	\$215,663	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813	\$39,813
Net Cash Flow	(\$42,163)	(\$39,813)	(\$39,813)	(\$27,063)	(\$27,063)	(\$27,063)	(\$26,313)	(\$26,313)	(\$26,313)	(\$25,563)	(\$25,563)	(\$25,563)
Ending Cash	\$134,337	\$92,174	\$49,511	\$27,298	\$5,085	(\$17,115)	(\$34,878)	(\$52,641)	(\$70,404)	(\$88,117)	(\$105,830)	(\$123,543)

Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	\$540,000	\$237,500	\$237,500	\$237,500	\$242,500	\$310,000	\$310,000	\$310,000	\$310,000	\$1,200,000
COGS	\$313,200	\$137,750	\$137,750	\$137,750	\$140,650	\$179,800	\$179,800	\$179,800	\$179,800	\$696,000
Gross Profit	\$226,800	\$99,750	\$99,750	\$99,750	\$101,850	\$130,200	\$130,200	\$130,200	\$130,200	\$504,000
OpEx	\$397,200	\$71,250	\$71,250	\$71,250	\$71,250	\$85,000	\$85,000	\$85,000	\$85,000	\$340,000
EBITDA	(\$170,400)	\$28,500	\$28,500	\$28,500	\$30,600	\$45,200	\$45,200	\$45,200	\$45,200	\$164,000
Net Income	(\$225,150)	\$21,375	\$21,375	\$21,375	\$22,950	\$33,900	\$33,900	\$33,900	\$33,900	\$127,600
Ending Cash	(\$123,543)	(\$41,418)	\$30,957	\$103,332	\$183,082	\$278,282	\$373,482	\$468,682	\$563,882	\$563,882

Metric	Value	Calculation
Monthly Fixed Costs	\$15,000	Rent \$2,800 + Software \$246 + Insurance \$1,500 + Admin \$10,454

Variable Cost per Project	\$26,100	Materials \$18,900 + Subcontractors \$7,200
Price per Project	\$45,000	Year 1 weighted average
Contribution Margin/project	\$18,900	\$45,000 - \$26,100
Contribution Margin %	42%	\$18,900 / \$45,000
Break-Even Units/month	0.79	\$15,000 / \$18,900
Break-Even Revenue/month	\$35,550	0.79 projects x \$45,000
Expected Break-Even Month	Month 18	Cash flow positive Month 10, net profit Month 18
Safety Margin	21%	(12 projects - 9.5 break-even) / 12 projects

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	42%	42%	42%	45-50% (contracting)
Operating Margin %	(37%)	10%	14%	5-10% (contracting)
Net Profit Margin %	(42%)	10%	11%	3-8% (contracting)
Current Ratio	0.8	1.9	2.7	1.5+ (healthy)
Quick Ratio	0.5	1.3	1.9	1.0+ (healthy)
CAC Payback	2.4 months	2.1 months	1.9 months	6-18 months
LTV:CAC	15.2x	16.5x	17.8x	3x+ (strong)
Monthly Burn Rate	\$12,607	N/A	N/A	N/A
Runway (months)	14	N/A	N/A	N/A

## SECTION 10: RISK ANALYSIS

Top risks: 1) Material cost inflation (lumber +8% YoY, probability 4/5, impact \$15,600 revenue loss), 2) Denver permitting delays (avg 21 days, probability 3/5, impact 2 projects delayed), 3) Labor shortage (carpenter vacancy rate 18%, probability 4/5, impact \$8,400/week lost revenue), 4) Economic downturn (mortgage rates >7%, probability 3/5, impact 3 projects lost).

Mitigation: 1) Lock 12-month supplier contracts with 5% price cap (ABC Supply agreement Q2 2024), 2) Hire licensed designer for pre-approved plans (David Liu on staff), 3) Partner with Colorado Trade School for apprenticeships (MOU signed April 2024), 4) Diversify into rental conversion projects (25% of pipeline).

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
Material cost inflation	4	4	16	12-month supplier contracts	Pass 5% cost to customers	Delgado
Permitting delays	3	4	12	Pre-approved design templates	Dedicated permit expeditor (\$200/project)	Carter
Labor shortage	4	3	12	Apprenticeship program	Temp agency contract (\$85/hr)	Delgado
Economic downturn	3	3	9	Financing options (GreenSky)	Shift to rental conversions	Carter
Subcontractor failure	2	5	10	Performance bonds (\$10K)	Backup vendor list (3 per trade)	Delgado
Code violations	2	5	10	Weekly inspector audits	\$500 compliance reserve/project	Carter
Reputation damage	3	3	9	1-year warranty, review monitoring	Crisis PR retainer (\$1,500)	Thompson
Cash flow shortfall	3	4	12	30% deposit policy	SBA loan line of credit	Delgado

## SECTION 11: IMPLEMENTATION TIMELINE

Critical path: Secure SBA loan by May 15 (funding milestone), complete first project by July 15 (cash flow inflection), achieve break-even at 10 projects (Month 18). Dependencies: Permit approval (7 days avg), subcontractor availability (Peak HVAC lead time 10 days). Key Year 1 priority: Optimize marketing CAC to \$3,850 by Month 6 through Google Ads refinement.

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
1	SBA loan closing	\$150,000 funding	SBA docs, collateral	Loan approved	Carter
2	First project signed	\$42,500 contract	Consultation kit	Deposit received	Thompson
3	Permit approval	DEN Building Dept signoff	Pre-approved plans	7-day approval	Carter
4	Project completion	8-week delivery	Crew scheduling	On-time handover	Delgado
5	Referral program launch	\$100 credit system	CRM setup	35% redemption rate	Thompson
6	CAC optimization	Google Ads refinement	Ad spend data	CAC <\$4,000	Thompson
7	Break-even trajectory	5th project completion	Cash flow model	Cash flow positive	Delgado
8	Real estate partnership	3 agent agreements	Commission terms	2% referral rate	Thompson
9	Trade school MOU	Apprenticeship pipeline	Training materials	2 apprentices hired	Delgado
10	Supplier contract lock	12-month pricing	Negotiation leverage	5% price cap	Delgado
11	Year 2 pricing update	\$47,500 avg price	Market analysis	5% premium achieved	Carter
12	Break-even confirmation	10th project completion	Financial audit	Net profit positive	Delgado