

+ MedCareNJ, LLC +

BUSINESS PLAN & ORGANIZATIONAL OVERVIEW

MedCareNJ, LLC
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MedCareNJ, LLC

Mission Statement

The Mission of MedCareNJ, LLC (“MedCareNJ” or “Company”)¹ is to utilize innovative technology combined with experienced personal care to assist the elderly, physically challenged, and home-bound with the health, safety, and personal services necessary to maintain and enrich independent living.

Vision Statement

MedCareNJ is a new and revolutionary concept in maintaining independent living for the elderly, disabled, or anyone that may need assistance at any level. MedCareNJ's business model expands, refines, and improves upon existing models in its industry.

Corporate Overview

MedCareNJ was founded with the belief that everyone should be given the opportunity to live with dignity and independence to the greatest extent possible.

At some point in everyone's life, they will likely lose their ability to live with complete independence. This loss of independence can be gradual (*e.g.*, aging) or sudden (*e.g.* accident, medical trauma), voluntary or involuntary. Nonetheless, the likelihood is that it will happen. Sadly, when it happens there is often despondence and a loss of dignity. To the extent possible, MedCareNJ seeks to preserve the individual's dignity by fostering their continued independence.

There are several ways to deal with the concept of losing one's independence. People can take preventative measures to, hopefully, avoid or stave off events that could strip them of their independence in the future or they can enhance their living situation to make it as comfortable, safe, and dignified as possible. MedCareNJ intends to serve in both capacities.

The MedCareNJ Difference

Initially, the main focus of the company will be the sale, service, and monitoring of Personal Emergency Response Systems ("PERS")³. While there may be hundreds of companies selling PERS units, none do it the "right" way — the MedCareNJ way — with a focus on providing excellent, compassionate service from the beginning of the client relationship and fostering that relationship as time goes on, with the goal of becoming the client's source for all of their independent living needs. Additionally, MedCareNJ is determined and dedicated to becoming a leader in PERS technology.⁴

Virtually every other company in this industry begins their sales process by preying on the fears of an individual, usually elderly or infirmed, or their caregiver, typically, an adult child, about falling and losing their dignity and, consequently, their ability to live independently. Once the individual or caregiver⁵ contacts these companies by telephone or through the internet, their

telemarketers will say and do anything to pressure the individual or caregiver to “close the deal” for the basic PERS unit and monitoring with a credit card or electronic check.

For all intents and purposes, these companies’ relationships with the caregivers and/or clients end once they “close the deal.” Subscribers can (and often do) go years without hearing from their monitoring service except for the occasional test of the PERS unit. In many cases, the only time that the subscriber will be contacted directly by their monitoring company will be when new payment information is needed. These companies are very content to blindly and unemotionally collect monitoring fees until the subscriber no longer needs the service (*e.g.*, moves to nursing home, dies).

While numerous companies have been successful with the aforementioned model, they could be more successful. Far more successful. Generally, the PERS industry has ignored the fact that the subscribers are people that may very well have other needs. MedCareNJ’s view is one of “where there is smoke, there is fire.” That is, an individual that needs a PERS probably has other issues and needs that may or may not be being met. These issues and needs are likely affecting their ability to live life to the fullest and with the greatest level of independence. It is MedCareNJ’s ability and desire to solve these issues and fill these needs that make it a very different company than the competition. That is not to say that MedCareNJ is not interested in being profitable; to the contrary, it is this difference that will make the Company extremely profitable.

MedCareNJ’s relationship with the caregiver or patient will, typically, begin either when the caregiver or patient goes to one of our websites^{6,7}, or from the website, they will have a choice of directly calling in to our call center, e-mailing for a call to be initiated to them within a few minutes, or making a request for more information. If an individual or caregiver subscribes, the PERS unit will be shipped directly to the individual or patient where it can easily be installed without tools.⁸

The Evaluation

MedCareNJ is not interested in just having the caregiver or patient simply sign up for their PERS and monthly monitoring. The Company is looking to develop a relationship that will be strengthened over time with compassion, the building of trust, and proper and courteous service. In order to facilitate this long-term relationship, in addition to e-newsletters and continual follow-up calls and e-mails, built into MedCareNJ’s business model is a free in-home evaluation of need by a licensed professional for every subscriber. At the time when other companies typically end their relationships with their customers, MedCareNJ is only just beginning.

By giving each subscriber a free in-home evaluation within days of signing up, MedCareNJ gains access to the home of the subscriber or patient who can then put a face with the name of the Company.⁹ While other companies are content to keep their relationship with their subscribers faceless and at the end of telephone wire, MedCareNJ will, literally, be in their homes helping the subscriber or caregiver to determine what other needs they may have that the Company can service. The founders of MedCareNJ believe that this access to the patient’s home is worth far more in the long-term than the cost to the Company.¹⁰

Once the evaluation is completed and a report generated,¹¹ MedCareNJ will contact the caregiver or subscriber to inform them of the results of the evaluation. At that point, if the caregiver would like for MedCareNJ to arrange for any of the care or services indicated, our consultants will take

care of it. MedCareNJ is currently building a national network of screened, insured, and respected skilled and unskilled, professional and non-professional subcontracting providers (*e.g.*, home health aides, durable medical equipment, physical therapy, “meals on wheels,” housecleaning, etc.).¹² Upgrades or additions to the PERS unit itself can also be arranged (*e.g.*, medication dispensers, additional pendants, wall-mounted panic buttons, bedside pressure mats, smoke and carbon monoxide detectors) at an additional cost.

Follow-Up

Critical to the success of any service business is the continuing contact with the client and proper follow-up. The Company’s telephone consultants will be overseen and trained by one of MedCareNJ’s members, a marketing consultant that has worked for Fortune 500 companies around the globe. While most businesses that use telemarketers use people that are overly-aggressive and fast-talking to sell their product, MedCareNJ’s staff will be different. The Company is looking for individuals that can not only sell its products, but be in actual contact with the client or caregiver no less than every ninety days. Staying in touch with the client or caregiver will help ensure that if a new need arises for the client, they will think of and utilize MedCareNJ’s services as long as they are independently living.

It is also important to understand that MedCareNJ will be screening calls and constantly monitoring the conduct of its telephone consultants to maintain both the quality and integrity of the services provided.

The Numbers

Based upon MedCareNJ’s due diligence and an understanding of internet-based marketing, the company conservatively estimates that it will obtain 550 new subscribers each month. This estimate was determined by auditing the number of searched “keywords” and combinations of those “keywords” on Google and using accepted experience-based formulae to make possible an accurately estimated number of monthly sales.

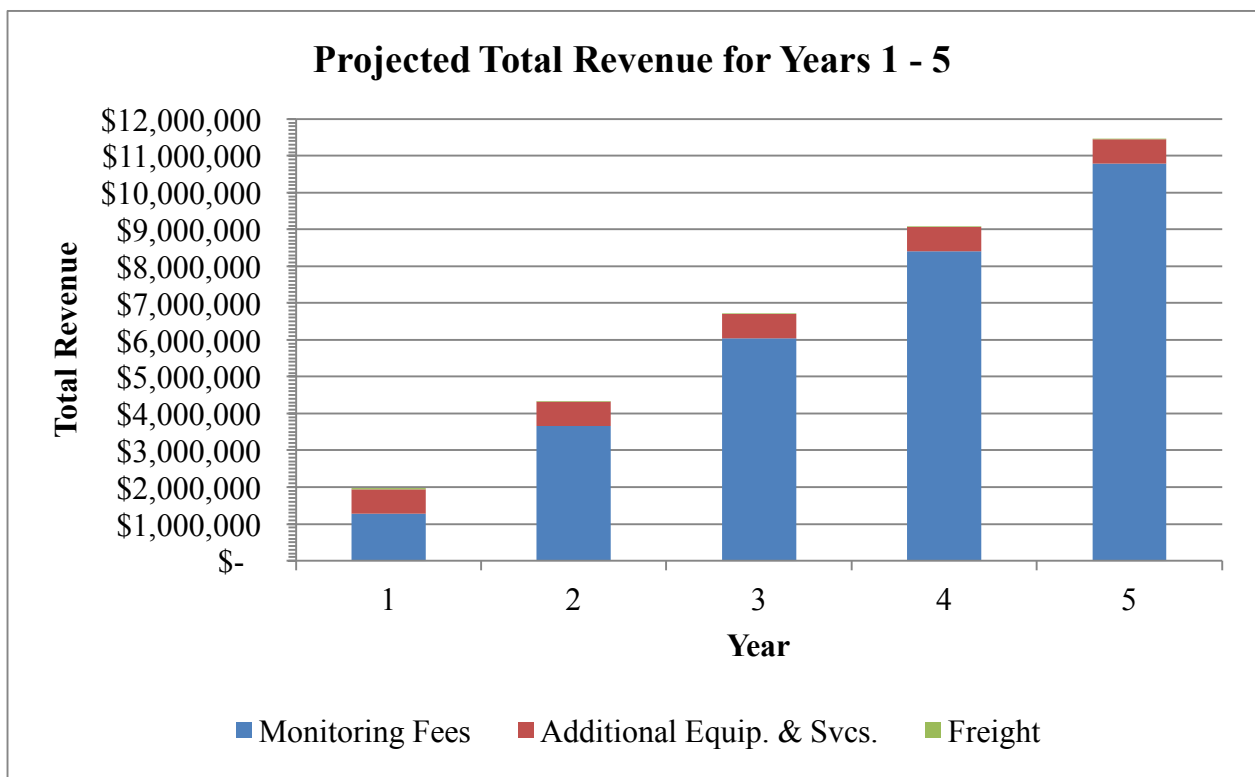
For example, the auditing keywords and phrases related to the PERS industry searched over a several-month period¹³, MedCareNJ was able to determine that there are more than 555,000 related searches per month.¹⁴ Based upon the formula, one (1%) percent or 5,550 of those searches will result in a “click through” to our website. Of those 5,550, twenty (20%) percent or 1,110 will be considered leads (*i.e.*, call our call center, e-mail, request an instant call-back, etc.). Of those 1,110, the accepted formula in the industry indicates that two-thirds or 740 will subscribe to our service. However, in order to be even more accurate, we have chosen to take the conservative approach and reduce that figure to approximately one-half or 550.¹⁵ Essentially, the formula indicates that approximately one in one thousand or .001% of the related searches become customers.

This is, of course, dependent upon the searcher finding one of the Company’s websites. To that end, MedCareNJ is taking steps to ensure that its websites will be amongst the very top few that appear when a search is run on Google.¹⁶ This advertising expense is critical to the success of the venture since it has been shown that individuals running searches are more likely to utilize the first websites that appear as responses to their query.

Financial Projections

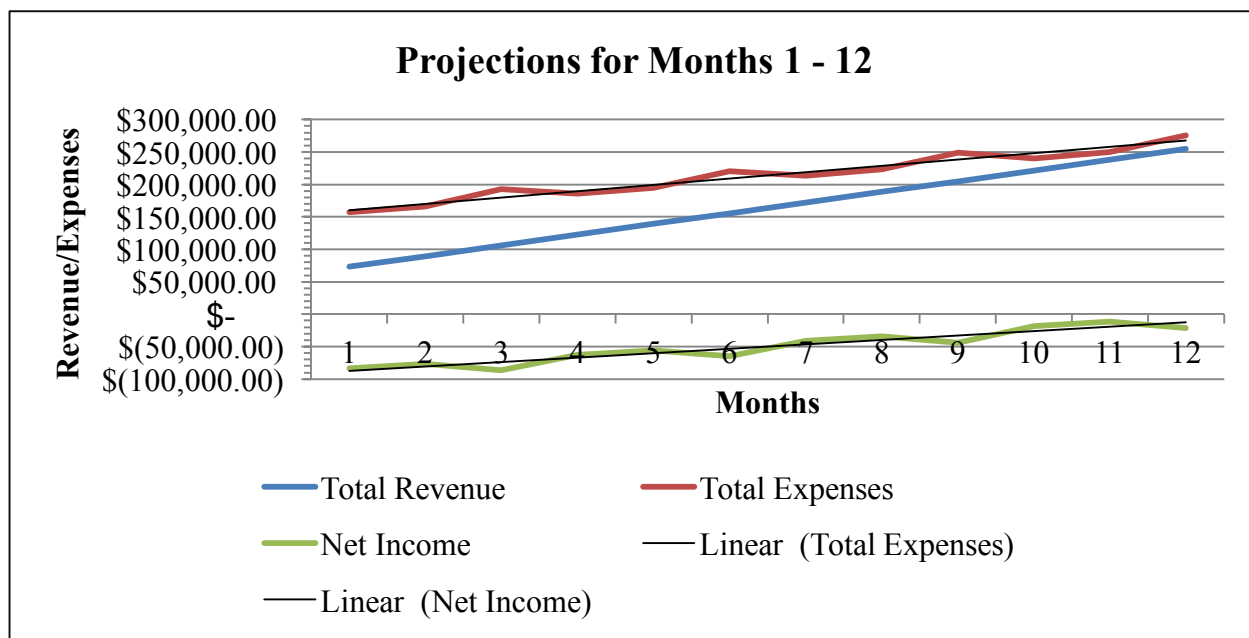
The potential for the MedCareNJ to generate substantial income and profits over its first five (5) years is extraordinary -- projections indicate that by year 5, the Company will generate Net Income of approximately \$6.5 million on Total Revenue of approximately \$11.5 million.

As set forth hereinabove, the Company anticipates a consistent increase of 550 subscriptions per month.¹⁷ Projections indicate that the revenue based upon just the monthly \$29.99 subscription fees will be \$16,494.50 in the first month and increasing by that same figure each and every month thereafter; in month 60, that monthly revenue is projected to be \$989,670.00. Thus, the annual revenue from just the subscription monitoring fees would \$1,286,574 in year 1, \$3,661,779 in year 2, \$6,036,987 in year 3, \$8,412,195 in year 4, and \$ 10,787,403 in year 5:



While revenue from monitoring fees increases each month as the number of subscribers increase, the fees for freight and additional equipment and sales are projected, conservatively, to stay relatively constant at \$19,800.00¹⁸ and \$660,000.00¹⁹ per year, respectively. However, based upon the number of subscribers, the cost to the Company per subscriber decreases from \$6.00 to \$5.25 per month.

Based upon admittedly very conservative figures,²⁰ MedCareNJ, as with most start-up businesses, projects a net loss of \$606,215 after its first twelve months.²¹ However, merely projecting a loss and looking at “raw” numbers does not do the business model justice:

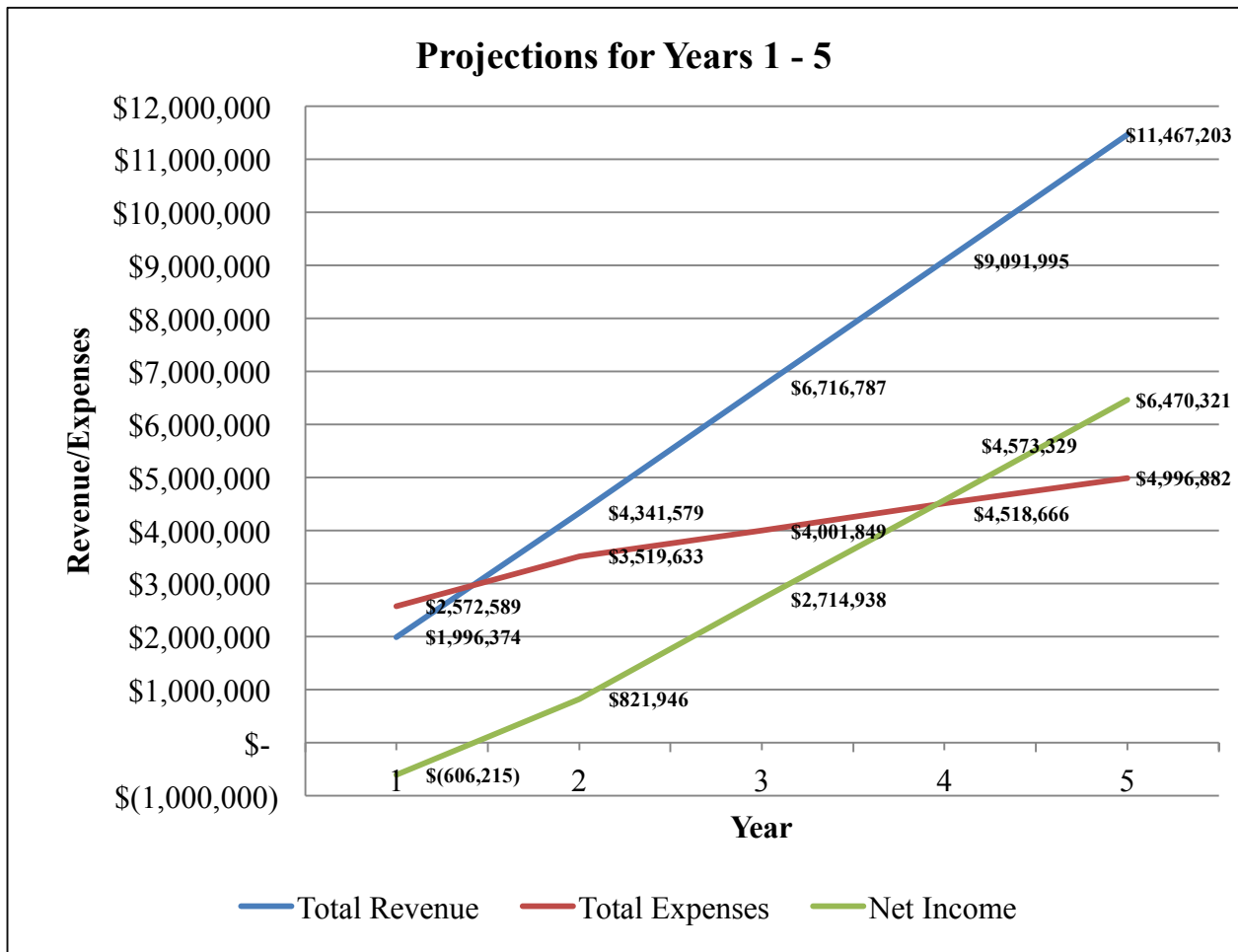


Total Revenue, Total Expenses, and Net Income are expected to rise consistently throughout months 1 through 12. It is important to understand that bonuses of \$16,500 or one-quarter of the anticipated \$66,000 in bonuses generated from “upsales” and services provided are to be paid at the end of months 3, 6, 9, and 12.²² This translates to an increase in Total Expenses in those months that are out-of-line with the trend shown in Figure 1. This is also why the figures for those months go against the trend of decreasing losses for the monthly Net Income, which, without those bonuses consistently rises from a low of -\$84,033 in month 1 to -\$4,445 in month 12.²³ If the projections were carried out to month 13, even with increases in certain expenses, the Net Income for month 13 would be approximately \$13,000.00

In addition to the “standard” expenses of most companies (*e.g.*, salaries, rent, benefits, insurance, etc.), MedCareNJ has three significant variable expenses: PERS unit costs, monitoring costs, and evaluations/assessments that are tied directly to the number of PERS units being sold or in service. For example:

- a. The monthly cost per PERS unit, when financed over 12 months, is \$11.55, which equates to \$6,353 in month 1 and rises to 76,227 in month 12. Beginning in month 13, since the units purchased beginning in month 1 will have been paid for, the monthly finance cost stays at \$76,227. This translates to an annual cost of \$495,495 for the first year and \$914,724 for each year thereafter (assuming consistent increases of 550 units per month).
- b. As noted, subscribers will be charged \$29.99 per month for monitoring. However, at the inception, based upon the number of subscriptions, the cost to the Company is \$6.00 per subscriber and is reduced to \$5.75 in month 2, to \$5.50 in month 5, and \$5.25 in month 10, where it will remain.²⁴

- c. Assuming 550 evaluations per month, the cost of evaluations will be \$38,500 per month. However, since this figure directly correlates to the number of new subscribers each month, it can increase or decrease depending on the number and type of new subscriptions.²⁵
- d. Credit card processing fees are estimated at 2% and tie directly to the number of charges being processed in a given month. Since it is expected that the number of subscriptions and, therefore, the number of charges, will increase every month, the processing fee will also increase. Total processing fees for year 1 are expected to be \$4,661 and will rise by approximately \$8,315 per year thereafter.²⁶



Based upon the projections, the progress of the Company will be able to be determined by the date on which it reaches certain targets. For example:

- Month 13: Company is expected to turn a monthly profit of \$13,000.
- Month 20: Company is expected to offset the losses incurred in the first 12 months.
- Month 46: Total Expenses and Net Income are expected to intersect; from that point forward, Net Income will be greater than Total Expenses.

At the “end of the day”, the most-important figures are those on the “bottom line” and those figures indicate that MedCareNJ should be extraordinarily successful.

After the year 1 loss, the Company rapidly moves into profitability and “never looks back”. Total Revenue increases from \$1,996,374 in year 1 to \$11,467,203 in year 5; Net Income increases from -\$606,215 in year 1 to \$6,470,321 in year 5. Total Revenue over the first five years is \$33,613,938 and Total Net Income is \$13,974,319:

Year	1	2	3	4	5	Total
Total Revenue (\$)	1,996,374	4,341,579	6,716,787	9,091,995	11,467,203	33,613,938
Total Expenses	2,572,589	3,519,633	4,001,849	4,518,666	4,996,882	19,609,619
Net Income	(606,215)	821,946	2,714,938	4,573,329	6,470,321	13,974,319

Summary

MedCareNJ believes that it has created the proverbial “better mousetrap”. The Company has studied the competition, evaluated their methods and strategies, determined the shortcomings in the so-called traditional models, and found a way to fix them. By providing a level of service and care heretofore unseen in the PERS industry, MedCareNJ has created a uniquely profitable business model.

Endnotes

¹ MedCareNJ, LLC is currently organized as a New Jersey Limited Liability Company.

³ PERS units typically consist of a base unit connected to a power source and a telephone line, a “panic button” on a pendant or bracelet, and a monitoring service.



⁴ After conducting several focus groups with the “end users”, MedCareNJ has determined that, while the current PERS technology works, it is not embraced by the subscribers. The reason for this is, while the current PERS units are reliable when used in a subscriber’s home or apartment, the current units do not provide the same level of security outside of their home or apartment. The attendees at the focus groups believe that the current technology is designed for inactive seniors and is marketed as such. Almost unanimously the attendees stated that they would like a single unit/device that will work both inside and outside because they are “not just sitting on the sofa watching TV waiting to die.” Accordingly, the Company has begun speaking directly with manufacturers and engineers to produce a unit in the short term that will meet the desires of the end users.

⁵ In a large majority of cases, the contact person will be an adult child that does not live near their parent(s).

⁶ The Company will have two separate, but linked websites. One will be an informational site containing research and content on independent living, eldercare, and patient satisfaction. The other site will be a sales portal for PERS units. Both sites are being developed by a regional leader in website design and internet marketing.

⁷ MedCareNJ will also be engaging in direct marketing and is working to establish “hot” leads with social service agencies, hospitals, and religious organizations that can yield thousands of customers.

⁸ MedCareNJ will initially be using the latest model of a Linear system that is well-tested and utilized heavily in the industry. The Company is committed to utilizing the best and most-durable equipment available on the market. To ensure that the equipment used meets this requirement, all equipment will be overseen by a consultant with over 30 years of experience in the PERS business, during which time he has been responsible for the sale of tens of thousands of units at both the personal and institutional level.

⁹ In addition to conducting the evaluation, the evaluating professional will check to ensure that the PERS has been installed, has been tested, and is being used.

¹⁰ The cost of each evaluation, including in-office scheduling and follow-up, is budgeted for less than \$90.00. The Company’s projections and due diligence indicate that each evaluation should yield no less than \$100.00 in ancillary services or products.

¹¹ The evaluation process will be overseen by a nationally-known, well-published physician, He has developed an evaluation protocol which utilizes nationally-recognized standards for evaluating a patient's needs and is supplying the medical-based content for the Company's websites.

¹² The Company is meeting with and setting up contracts with national, regional, and, to the extent necessary, local businesses and providers. MedCareNJ is not considered a "healthcare provider" and will, therefore, leave the billing for services rendered by the subcontracted providers to the providers themselves.

¹³ The terms searched were the following, medical alert, medic alert, alarm medical, medical monitoring, medical alert systems, life station, medical alarms, personal alarms, medical alert system, alert button, personal alert, personal emergency response, senior alert, elderly alert, first medical alert, gold medical alert, alarm bracelet, home medical alert, emergency necklace, link to life, medical alert devices, medical alert reviews, medical alerts, senior alarm, medical alarm alert, medical alarm systems, medical alert alarm, medical alert device, emergency phone dialer, medi alert, medical alert pendant, senior medical alert, alarms for elderly, American medical alert, elderly medical alert, elderly monitoring, lifestation, medalert, medical alert button, medical alert for seniors, senior alert systems, medical alert pendants, medical alert service, personal medical alarm, American medical alarm, elderly monitor, home medical alert systems, medical alert alarms, medical alert phone, medical alert services, personal alarm system, personal alert systems, personal emergency response systems, senior alert system, medical alarm monitoring, medical alert dialer, medical alert monitoring, personal medical alarms, alarm necklace, elderly alert system, elderly alert system, elderly panic button, emergency medical alert system, emergency medical alert systems, medical alarms for seniors, medical alert companies, medical panic button, elderly monitors, medic alerts, medical emergency bracelets, elderly medical alarm, personal medical alert systems, senior medical alert systems, emergency alert elderly, medi alert bracelet, medical alert for the elderly, elderly home alert, medical alert monitor, medical alert monitors, in home medical alert, medical alerts for seniors, senior alarm systems, senior alert button, compare medical alert systems, first alert for seniors, life station medical alert, senior emergency alert system, senior panic button.

¹⁴ MedCareNJ believes that the figure of 555,000 is low since it did not include the following: PERS, P.E.R.S., any combinations using the term "personal emergency medical", any combination of the above substituting "medicine" for "medical". If these were factored in to the equation, it is likely that the query figure of 555,000 would increase by at least half, yielding almost 800 subscriptions per month.

¹⁵ Based upon industry figures, there is an approximately 3% attrition rate or an average of 16.5 per month. The Company believes that this attrition will be offset by new subscribers. Accordingly, the net attrition is expected to be 0.

¹⁶ MedCareNJ will be paying a marketing/advertising fee to Google of \$20,000.00 per month to ensure that the Company's sites receive significant "traffic" and utilizing SEO (search engine optimization) in its web content.

¹⁷ The figure of 550 subscribers per month is based solely upon internet-based sales and does not include any group or institutional sales (e.g., apartment buildings, independent living facilities, etc.). The Company believes that these sales could double the internet-based sales figures.

¹⁸ The cost of shipping the PERS units is \$12.00; the Company will be charging \$15.00, for additional revenue of \$19,800.00 per year.

¹⁹ While it difficult to project the revenue from the sale of additional equipment or provided services (which will stem from the evaluations and tele-consultants' follow-up procedures), MedCareNJ anticipates no less than an average of \$100.00 in additional services and equipment per subscriber, yielding no less than \$660,000.00 in revenue per year.

²⁰ As noted, the figure of 550 subscribers per month is 190 subscribers, a full one-third, less than the industry standard would project; figures for expenses are higher than actually anticipated.

²¹ This figure does not include one-time startup costs which are expected to total \$95,000: Furniture & Fixtures - \$10,000, Telephones - \$7,000, IT/Computers/Servers - \$25,000, Software - \$8,000, Office Alarm - \$5,000, Miscellaneous - \$25,000, Legal Fees - \$15,000.

²² The Company will pay its tele-consultants 10% on the gross profit of any upsell (e.g., an additional pendant button costs \$28.00, but is sold for \$40.00, yielding a commission of \$1.20 on gross profit of \$12.00). The commission on a service referral would be on the entire income to the Company since there is no wholesale cost.

²³ It is important to remember that the numbers used for the projections are extremely conservative. If the projections for months 1 through 12 were based upon the less-conservative results of the formulas used, *see, infra*, the Company would likely break even in the first year.

²⁴ While monthly monitoring costs would remain fixed at \$5.25, upon reaching a certain number of subscribers, MedCareNJ intends to set up its own monitoring station. This would allow the Company to lower its monitoring costs by almost \$2.00 (and, consequently, increase profits per unit by almost \$2.00 per month). In addition to increasing profits on the monitoring side of the Company, the monitoring needs of third-parties could be provided, making the monitoring station its own profit center.

²⁵ The free in-home evaluations will not be given to group or institutionally sold subscriptions. Since the Company will have the subscribers' information, they can be contacted directly by the tele-consultants for potential additional services or equipment. Accordingly, the initial cost for an institutionally or group sold subscription is anticipated to be \$70.00 less than an internet-based subscription.

²⁶ Although a minor expense, the Company believes that it will be able to negotiate a better rate on the processing fees once it has been operating and established a "track record."