

Business Plan and Financial Notes

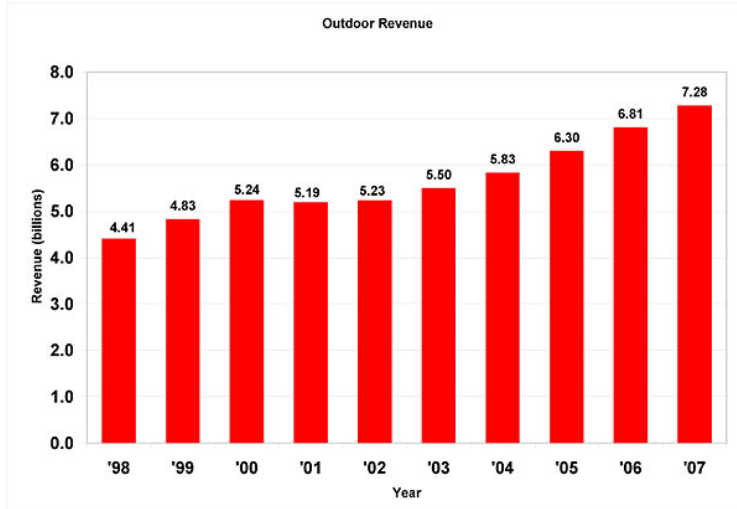
## Table of Contents

---

1.	Executive Summary .....	1
1.1.	Objectives.....	3
1.2.	Mission.....	3
1.3.	Keys to Success.....	4
2.	Company Summary .....	4
3.	Products and Services .....	4
3.1.	Digital Media.....	5
3.2.	Case Studies .....	6
3.2.1.	McDonald's.....	6
3.2.2.	Kontanten.....	6
3.2.3.	The Phone House .....	6
3.2.4.	TravelTV.....	7
4.	Market Analysis Summary .....	7
4.1.	Target Market.....	8
4.2.	Competition.....	9
4.3.	Marketing .....	9
5.	Management Summary.....	10
6.	Financial Plan.....	10
6.1.	Expansion Requirements.....	11
6.2.	Revenue Forecast .....	12
6.2.1.	Revenue Stream Categories .....	14
6.2.2.	Penetration Within Retail Chains.....	15
6.2.3.	General Contract Assumptions .....	16
6.2.3.1.	Historical/Projected Revenue Comparisons .....	17
6.3.	Expense Assumptions .....	18
6.3.1.	Cost Of Goods Sold .....	18
6.3.2.	General & Administrative.....	20
6.3.3.	Marketing .....	21
6.3.4.	Personnel.....	22
6.4.	Projected Profit and Loss .....	22
6.5.	Projected Cash Flow.....	23
6.6.	Projected Balance Sheet.....	24
7.	Appendix A: Pro Formas, Quarterly Basis, Year 1-3 .....	26

## 1. Executive Summary

██████████ is bringing a revolution in outdoor media to the U.S. market.



Out of home advertising is a multibillion dollar industry that continues to grow in spite of economic downturns. High impression counts and low CPMs have fueled more demand than traditional billboards and poster frames can supply, spawning innovative solutions like wrapped busses, televisions in taxicabs and flat screen monitors that hover over bank lines, shopping aisles and checkout counters.

A survey conducted by OTX Research concluded that adults pay attention to an average of 8 such screens every week. That's a daily reach that surpasses multiple Super Bowls in impressions.

And what messages are being delivered to this valuable audience? Generally, nothing more exciting than a notice that Pepsi is on sale in aisle six.

And the fast food industry, which stands the most to gain from digital signage, is only now waking up to the value of menus that change based on time of day, promotional and cross-promotional opportunities, image enhancement and customer entertainment. Having successfully made this a reality for McDonald's outlets across Sweden, the Company is poised to be a leader in this category in the United States. With infrastructure in place, ██████████ is ready to start a revolution.

### Business Description

██████████ is the U.S. counterpart of ██████████, a ██████████-based out of home media company that delivers experiential content, information and entertainment through digital signage in commercial environments. In just two years, ██████████'s unique approach – which puts creativity in the driver's seat and maximizes proprietary technology and systems to support and implement it – has attracted major clients like McDonald's, Kontanten and The Phone House, a European affiliate of Best Buy. In just two short years, ██████████ has seen revenue grow from ██████████ to ██████████ (approximately US\$141,000 and US\$6 million respectively). ██████████ is ready for market and has an aggressive launch strategy that will penetrate fast food, retail and other targets in the U.S.

### Products and Services

██████████'s menu of services and revenue streams fall into three primary categories:

- 
- Retail outlet and fast food digital signage ranging from branding, entertainment, fast food menus and point-of-sale information (subscription-based revenue stream)
  - Broad networks, such as [REDACTED]'s [REDACTED], which is installed in all major airports in Sweden (revenue share with signage host against traditional commercial advertising sales)
  - One-time multimedia installations applicable to product launches, cross-promotions and the like (revenue based on scope of project)

[REDACTED] is capable of installing digital signage in new facilities as well as overhauling and maintaining content at outlets that already house applicable hardware.

### **Strategy and Execution**

While [REDACTED] will use [REDACTED] as its back office, it will remain an independent U.S. operation managed by industry veterans and award winners [REDACTED] and [REDACTED].

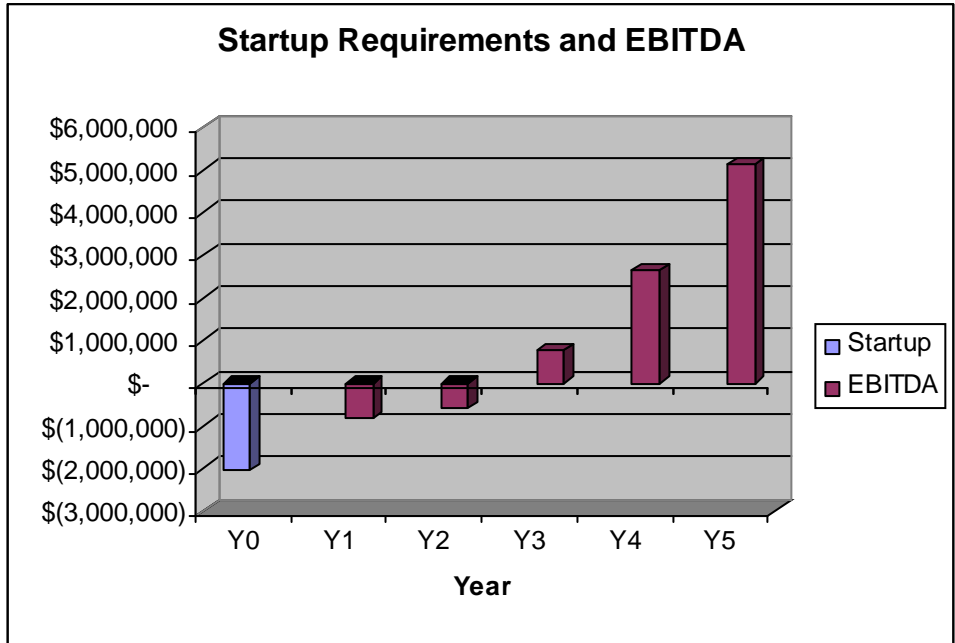
The Company projects a short start-up period to coordinate marketing material and assemble a qualified sales staff with existing contacts in the defined markets. It will utilize the existing infrastructure at its Stockholm office to immediately deploy installations and content to U.S. clients. Over time, content production will be shifted to the U.S. creative team, will produce all content, but back-office technology will still be handled at [REDACTED]'s broadcast center in Sweden. This allows for scalability and greater gross margin while reducing capital requirements for expansion into the U.S.

### **Competition**

The top ten competitors in the digital signage market account for nearly 700,000 existing screens generating nearly 1.1 billion views annually in office towers, shopping malls, trains and buses, hotels, superstores, bars and restaurants, athletic facilities, gas retailers and movie theaters. One of the largest competitors, Premier Retail Network, is part of an international operation (Thompson) that reported more than \$3.6 billion in revenue in 2007.

### **Financial Forecast**

Management has compiled a thorough financial forecast. These projections – based on conservative assumptions and the European counterpart's historical data – call for \$2.1 million in capital investment for expansion into the U.S. market. The company becomes self sustaining at the start of Year 3 and reaches \$15 million in revenue by Year 5 – a substantial figure that accounts for a conservative 0.04% penetration of the U.S. outdoor advertising market.



### 1.1. Objectives

The Company is bringing a proprietary technology, advanced methodology and a successful business model from Europe to North America and applying it to the well-established out-of-home advertising industry.

To meet this goal, the Company will:

- Raise \$2.1million in capital to cover pre-launch expenses and projected cash flow deficits during expansion into North America
- Assemble a sales team with industry knowledge and contacts, led by a VP of Sales who can leverage [REDACTED]'s established track record and relationships to open doors in North America
- Mirror [REDACTED]'s exponential growth, wherein billings increased 43-fold in just two years
- Develop and offer new consumer-friendly technologies—including the ability to order and pay for food via text messaging while in line at a McDonald's, or design a unique, personalized shoe at a kiosk in the Nike Store.
- Conservatively reach \$15 million in revenue by Year 5 through three distinct revenue streams

### 1.2. Mission

[REDACTED]'s mission is to revolutionize traditional out of home marketing by merging cutting-edge, proprietary technology with the highest standards of production quality. The result is a new form of experiential media that will inform and enhance consumer behavior.

---

### 1.3. Keys to Success

██████████ is positioned to become the premier out of home advertising vendor.

#### Track Record

In a short period of time, ██████████'s superior technology and service has captured the imagination of advertisers in various industries, resulting in a 4x growth rate over two years. ██████████ is simply bringing this superior product to the U.S. market.

#### Proprietary Technology

With proprietary technology that unlocks the power and creativity of out of home advertising, ██████████ can leapfrog over competition with solutions and services that advertisers can find no where else.

#### Multiple Revenue Streams

██████████ offers three distinct services, each with multiple options and solutions, to industries ranging from superstores to fast food. This allows for a broad target market and results in multiple revenue streams.

#### Growing Industry

According to the Outdoor Advertising Association of America (OAAA):

*Despite a softening economy, out of home advertising industry revenue grew 1.7% in the second quarter of 2008, accounting for \$2.2 billion in advertising expenditures.*

## 2. Company Summary

██████████ is the result of a joint venture with ██████████, a Stockholm-based out of home media company that has seen exponential growth and quickly established relationships with leading companies like McDonald's, The Phone House and Kontanten, a provider of ATMs across Sweden.

For these and other clients, ██████████ distributes moving media – a balanced combination of information, entertainment, product placement and image promotion. It creates an “experience” for consumers while increasing efficiency and revenue for the companies that serve those consumers.

██████████ will deliver this successful formula to the U.S. market, and utilize its Swedish counterpart's existing infrastructure as a production backbone. Sales, marketing and content development will be handled in the States.

██████████ and ██████████ will share technology, methodology and strategy as would any joint venture; however, ██████████ is a wholly separate corporation.

## 3. Products and Services

Out of home advertising is an effective way to influence consumers at Point of Purchase.

██████████ enhances this strategy by delivering a range of specialized content that is entertaining, informative and promotes sales while extending customer presence.

In a typical scenario, the Company will install flat-screen TVs in a retail outlets and provide various channels of content delivered through the Internet. Content can be as simple as digital signage or as complex as commercials, limited promotions, customized content, third-party commercials and entertainment.

The system is flexible and results in a large menu of services that prospective clients can chose from.

### 3.1. Digital Media

The Company will implement and produce unique digital TV channels ranging from advanced levels of digital signage to comprehensive location-specific and time-specific original content. Services include setup, content management, broadcast, channel operation, planning, junction flow, supervision and format adaptation.

From a client’s perspective, the Company provides:

- **Broadcast:** Content distributed on behalf of clients via the Internet from [REDACTED]’s broadcast center
- **Content Management:** Management of client’s existing content and creation of additional media that reflects and reinforces their proprietary branding
- **Media Branding:** Development of unique channel graphics that encompasses the elements needed to operate a professional, high-quality media channel that reflects the client’s core values
- **Infrastructure:** Deployment, installation and maintenance of all IT and hardware
- **Media Sales:** [REDACTED]’s sales force can sell commercial time on broadcast channels on a client’s behalf in exchange for a share of revenue generated

From a financial perspective, the company’s services fall into three unique revenue streams:

Category	Description	Example(s)
Subscription Revenue	Ongoing signage and/or multiple channel content, primarily for retail establishments	<ul style="list-style-type: none"><li>• Signage in a fast food restaurant that allows for different menus at different times of the day, special pricing and seasonal changes without printing expenses or employee involvement</li><li>• Store-wide installations with changing content, informative advertorials, commercials; able to move specific inventory at specific times</li></ul>

Revenue Share

Ongoing, original, location-specific content; traditional commercial advertising sold by Company and sales revenue is split with the location that hosts the screens

- An original television network in a sports stadium; the stadium receives a revenue share on the traditional commercial advertising sold on the network
- Customized, demographic-specific advertisements at ATMs; the ATM operator receives a revenue share in return for hosting and distributing the advertising

Case-by-Case

One-time overhaul of content and/or special promotions and tie-ins with limited time frame

- A limited-time promotional tie-in for a new movie at a music store or fast food outlet

## 3.2. Case Studies

██████████'s European counterpart has created solutions for a variety of clients, each with exacting needs. The Company will follow this blueprint and leverage previous accomplishments as it penetrates the U.S. market.

### 3.2.1. McDonald's

██████████ developed a dynamic package that digitized McDonald's signage and delivers content that rotates through times of the day and season of the year, and provides special promotional content during special events.

McDonald's currently has four channels: Menu, Lobby, Inserts and Internal TV.

### 3.2.2. Kontanten

██████████ has turned unused real estate on Kontanten's public ATMs into a marketing opportunity. During cash withdrawals at any ATM, users are notified of nearby purchasing opportunities and/or specials and promotions related to the specific information that can be gathered from the information required from the user to withdraw funds.

### 3.2.3. The Phone House

A leading wireless phone company in Sweden and affiliate of Best Buy, The Phone House has two channels deployed across 66 screens in 29 shops. Both external and

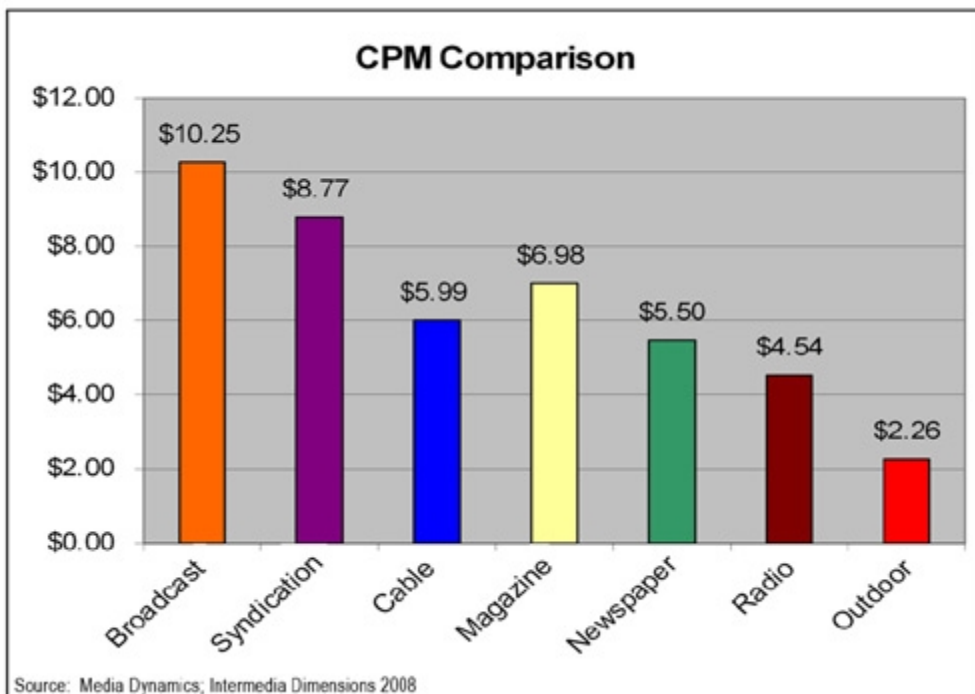
internal brands are exposed in creative and entertaining ways where a purchase decision has yet to be made.

### 3.2.4. TravelTV

TravelTV is a media channel installed in 17 airports and reaching 28 million travelers. Broadcast and content management is managed by [REDACTED] and revenue from traditional commercial advertising sales on the network is shared with the airport hosts.

## 4. Market Analysis Summary

Outdoor advertising is growing faster than any other segment of the advertising industry, due in great part to high impressions at a low CPM:



Since 1970, street, transit and alternative has gone from a \$55 million to a \$2.5 billion market, and a major driver of growth in today's market is in digital media.

Results of a 2007 white paper compiled by Online Testing Exchange and SeeSaw Networks underscores the power of digital out of home media and advertising:

- Digital signage intercepts people throughout their daily routines; adults surveyed report that they see an average of 6 digital signs per week, and those in the 18-24 demographic report that they notice 8 digital screens per week
- 44% of adults say they pay "some" or "a lot of" attention to digital signage, slightly below highest-ranking TV advertising, which comes in at 52%
- Digital signage is greeted more positively than other media across multiple measures:
  - Attention grabbing (63%)

- Unique (58%)
  - Interesting (53%)
  - Entertaining (48%)
  - Less annoying than other media (26%)
- Digital signage has stopping power, with 63% of adults saying that it catches their attention
  - With regard to outdoor advertising, digital signage awareness ranks ahead of billboards and magazines

These compelling statistics show that consumers, retailers and advertisers recognize the power of digital signage. [REDACTED], with its advanced technology, unique flexibility and content development track record, will sway prospective clients toward the Company's range of services, just as it did in Europe.

#### 4.1. Target Market

The impact of recent American economic factors has resulted in industry-wide growth with regard to out of home advertising.

TNS Media Intelligence/OAAA categorizes and tracks out of home advertising data:

Industry Categories	2008		Rank	2007		Category Growth	
	Jan - June (\$m)	Percent of Total Revenue		Jan - June (\$m)	Rank	Jan - June '08 vs '07 (\$m)	Jan - June '08 vs '07 (%)
MISC SERVICES & AMUSEMENTS	\$ 601,955.5	15.7%	1	\$ 581,240.5	1	20,715.0	3.6%
PUBLIC TRANS., HOTELS & RESORTS	\$ 352,783.2	9.2%	2	\$ 326,244.7	3	26,538.5	8.1%
INSURANCE AND REAL ESTATE	\$ 333,567.7	8.7%	3	\$ 382,493.8	2	-48,926.1	-12.8%
RETAIL	\$ 310,563.0	8.1%	4	\$ 296,245.2	5	14,317.8	4.8%
MEDIA & ADVERTISING	\$ 302,894.8	7.9%	5	\$ 307,495.0	4	-4,600.2	-1.5%
COMMUNICATIONS	\$ 291,392.5	7.6%	6	\$ 311,244.9	6	-19,852.4	-6.4%
RESTAURANTS	\$ 279,890.1	7.3%	7	\$ 232,496.2	8	47,393.9	20.4%
FINANCIAL	\$ 237,714.9	6.2%	8	\$ 217,496.5	7	20,218.4	9.3%
AUTOMOTIVE DEALERS & SERVICES	\$ 191,705.6	5.0%	9	\$ 198,746.8	9	-7,041.2	-3.5%
GOVERNMENT, POLITICS, & ORG	\$ 168,700.9	4.4%	10	\$ 153,747.5	10	14,953.4	9.7%
Total Top Ten Categories	3,071,168.2	80.1%		3,007,451.1		63,717.1	

Total 2008 January – June outdoor advertising expenditures surpassed \$3.8 billion, representing a 2.2% growth over the same period in the prior year.

[REDACTED]'s niche within this market is very specialized – focusing on digital video – and the Company's financial forecast conservatively calls for a 0.4% market penetration by Year 5 of U.S. operations. Even that small capture results in topline revenue of \$15 million.

The Company's target market includes, but is not limited to:

- Banks
- Unused ATM screen real estate
- Superstores
- Drug Stores

- Strict Category Stores (video, books, electronics)
- Discount/Big Box
- Superstores
- Grocery Stores
- Fast Food/Chain Restaurants
- Public Spaces (airports, stadiums, shopping malls)

Many retailers in these categories have adopted similar, but very limited, out of home advertising strategies. [REDACTED] is able to work with a prospective client’s existing infrastructure or install one for the first time, depending on client needs.

## 4.2. Competition

A sampling of today’s competition in the out of home video advertising network industry shows that the service is in demand, growing and making a phenomenal number of impressions on consumers. It also illustrates the creative applications being used to reach target demographics.

Company	Venue	Total Screens	Venue Traffic (000)
The Wall Street Journal Office Network	Premier Class A Office Buildings	231	4,064
Captivate Network	Elevators of premier Class A office towers	6,451	39,351
Adspace Networks	Common areas of Class A enclosed shopping malls	742	62,800
Transit TV	Inside busses and trains	8400	43,478
The Hotel Networks	Upscale & business class hotel rooms	420,000	10,198
Premier Retail Networks	Wal-Mart, Best Buy, Costco, Sam's, Circuit City, Super Value	211,000	603,000
Channel M	Bars, restaurants, retail, child fitness centers	16,838	85,703
ClubCom	Heath clubs and bowling centers	25,000	35,000
Gas Station TV	Gas retailers	2,820	8,000
OnSpot Digital	Simon shopping malls	1,200	41,667
Reactrix	Shopping malls, movie theater lobbies	175	155,000

One of the largest companies in the table – Premier Retail Networks – is part of an international operation (THOMPSON) that reported more than \$3.6 billion in revenue for 2007, according to EDGAR filings.

By no means, however, does this indicate that the market is saturated. As stated earlier, outdoor advertising as a whole continues to grow –in spite of current U.S. economic conditions.

## 4.3. Marketing

Fortunately, [REDACTED] is entering the U.S. market with an established portfolio of high-profile, multinational clients in Europe.

[REDACTED] will enlist a VP of Sales with industry experience and existing contacts. Two additional sales people are to be hired by the VP of sales. A percentage of topline revenue is earmarked for commissions for outside sales, and the Company will provide a sizable marketing budget to be used at the discretion of the internal sales team. Application of this budget will likely include trade shows, public relations, trade magazine advertising, promotional events and sponsorship.

[REDACTED]

---

Part of the marketing strategy hinges on the company's initial roll-out concept. At launch, it will concentrate on short-term, case-by-case projects. Because these relationships do not require long time commitments, they pose a lower barrier to entry. Additionally, these projects will develop a portfolio for [REDACTED] that can be used to market to more long-term installations.

In addition, the Company has the track record and client list of [REDACTED] to leverage as a legitimate initial portfolio.

## 5. Management Summary

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## 6. Financial Plan

[REDACTED] lifts out-of-home advertising into a new realm that it terms experiential media. This translates into the following revenue streams:

- Subscription revenue
- An advertising revenue share from content-driven public networks
- Single installations/Case-by-case

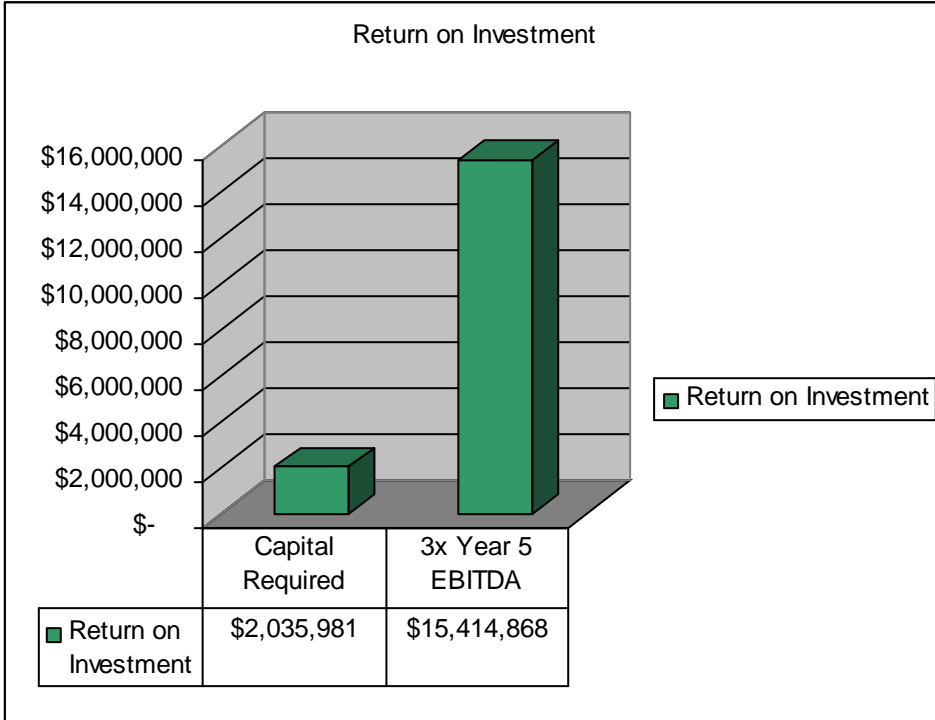
Revenue forecasts are driven by conservative assumptions and take into consideration the fact that [REDACTED] can leverage the success of its European counterpart to open doors in the U.S. For example, [REDACTED] lists McDonald's as an established client, making it easier for them to attract the attention of McDonald's – and fast food chains in general – in the North American market.

With regard to Cost of Sales and general overhead expenses, the financial model employs [REDACTED]'s historical financial data and metrics as a baseline overhead cost.

Key results of the financial model include:

- Capital investment requirements in the amount of \$2.1 million to enact the strategy outlined in this business plan

- Scalable expenses and personnel requirements
- A gradual penetration of the market with all three revenue streams active by Year 4
- A Year 5 cash balance of \$5.7 million on \$15.5 million topline revenue

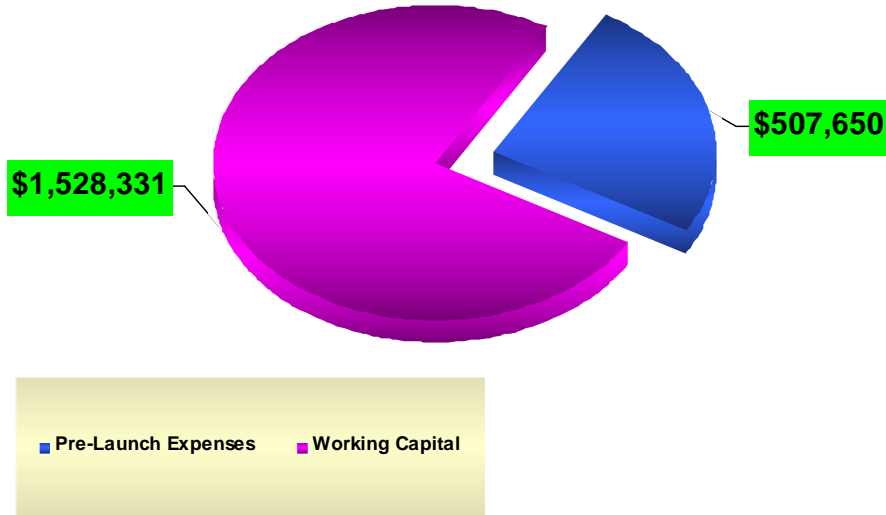


The following sections describe the underlying assumptions and methodology that produced the results of the financial model.

### 6.1. Expansion Requirements

Capital requirement for expansion is comprised of pre-launch expenses and a cash reserve that covers operational costs until the Company becomes self-sustaining at the start of Year 3.

## Capital Investment and Requirements



The following table details pre-launch expenses:

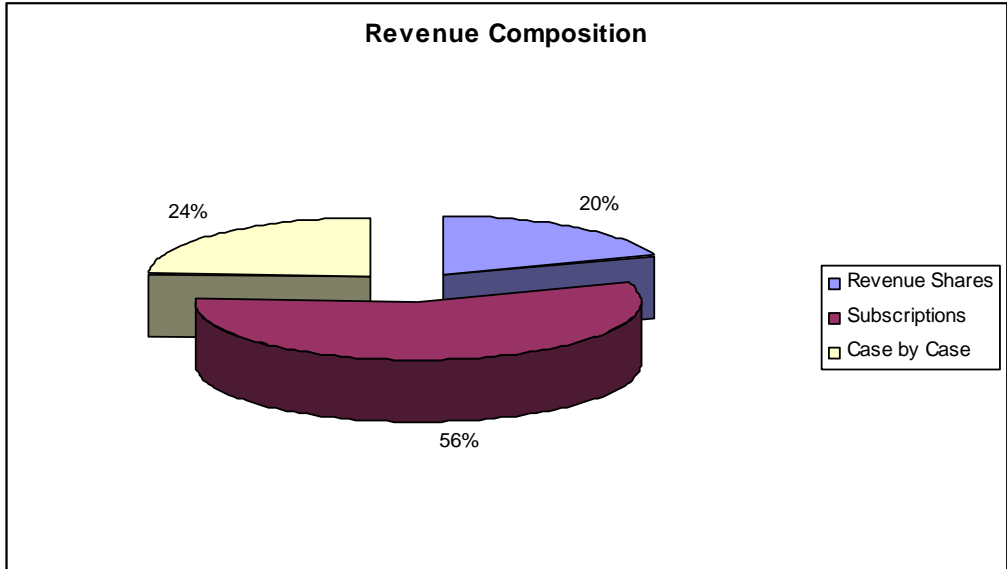
Hardware	\$20,000
Software	\$15,000
Furnishings	\$20,000
Legal	\$15,000
Accounting	\$3,000
Consulting	\$10,000
T&E	\$6,000
Marketing/Branding	\$40,000
Personnel Warchest	\$262,500
Website Development	\$20,000
Marketing Warchest	\$50,000
Contingency	\$46,150
<b>TOTAL</b>	<b>\$507,650</b>

The financial model assumes that there will be a post-funding/pre-launch startup period. Month 2 and 3 of this period will incur personnel expenses.

### 6.2. Revenue Forecast

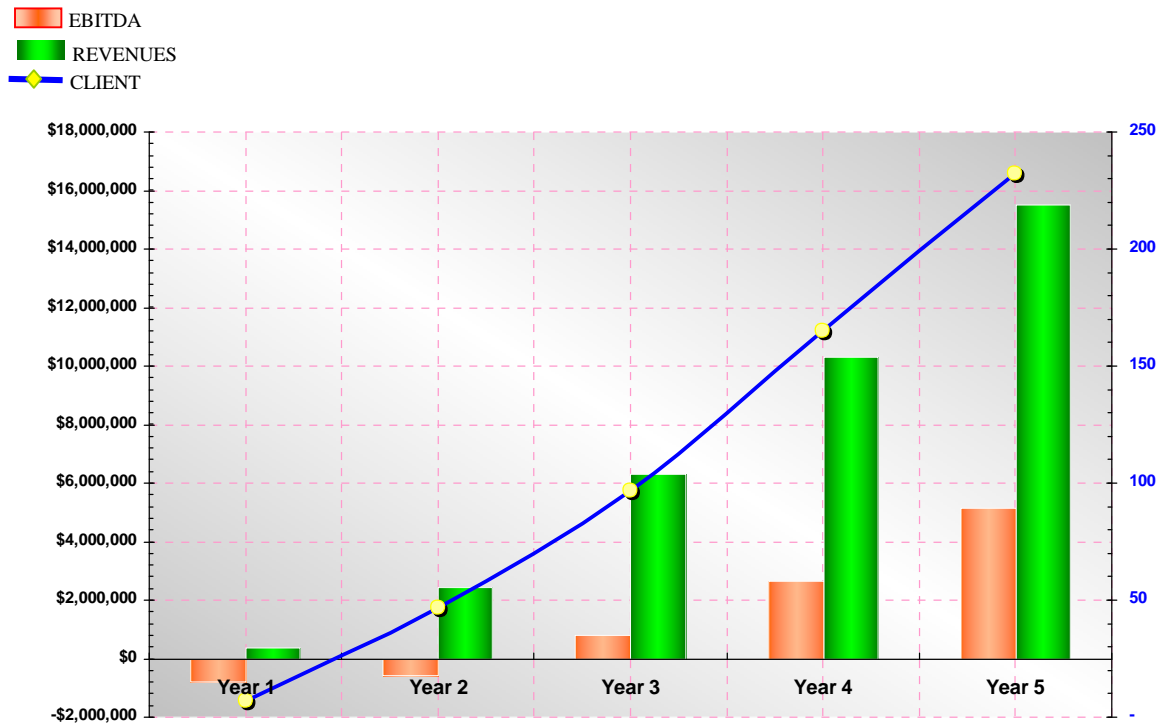
██████████'s revenue streams fall into three categories that reflect various types of customers, and within those categories are subcategories that reflect different service options. All of these are detailed in the sections below.

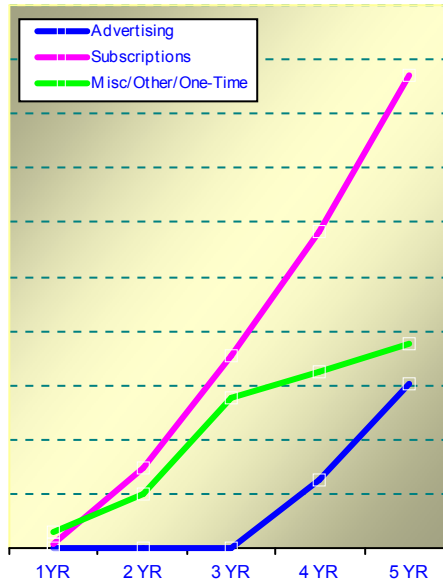
The two charts below provide an overview of categories and projected revenue:



Note that the revenue composition chart is based on Year 5 revenue, when all revenue streams have been initiated.

The following chart shows the penetration rates within each revenue category over time:





### 6.2.1. Revenue Stream Categories

Revenue falls into these categories:

#### Subscriptions

The subscription category applies primarily to retail chains – fast food, superstores, department stores and phone/wireless companies among others.

Within this category, the Company will offer:

- Signage: for example, replacing printed menus at food restaurants with screens that can quickly and efficiently modify prices, specials and food selections
- Signage and Content: In addition to signage, clients will be able to present content on additional screens in their facility

In the case of signage combined with content, clients will be able to choose from three tiers of service, each providing sequentially more content across additional channels. The financial model assumes that 50% of projected clients will opt for minimal content services, 10% will opt for standard and 40% will opt for a premier tier.

The average annual value for each tier in Year 1 is as follows:

High: \$150,000

Medium: \$75,000

Low: \$37,000

By year five, the average annual value for each tier increases, representing greater per-client screen counts:

High: \$350,000

Medium: \$175,000

Low: \$87,000

Due to the nature of subscriptions and the recurring revenue it provides, this revenue stream comprises the majority of the Company's forecasted revenue.

#### **Revenue Share/Advertising**

In this scenario, screens are distributed within a public facility (airports, stadiums, shopping malls and real estate on ATMs). Site-relevant content (i.e., a "travel channel" at an airport) is provided by the Company, which also sells time slots to advertisers.

In this case, the Company takes on build-out and content costs, and revenue from advertisers is shared with the facility that houses the network (60/40 in favor of the Company).

The financial model assumes that this target market will not be penetrated until Year 3, when it can leverage a U.S. track record that it has established through other categories of clients.

#### **Single Installations/Case-by-Case**

██████████ realizes that out-of-home marketing has been adopted by various retailers. These companies have the infrastructure in place but require an overhaul of content – whether it is for a simple overhaul or a specific tie-in or promotion. While these projects could lead to ongoing subscription revenue, the financial model treats them as standalone assignment.

Because this segment are potential early adopters, management will be targeting such clients aggressively at the time of launch and using the results to build a client list and portfolio that it can leverage to penetrate new clients that fall into the lucrative subscription category.

### **6.2.2. Penetration Within Retail Chains**

Retail chains range in door count, and it is likely that clients in that category will utilize ██████████'s service unilaterally. In other words, it is more likely that the Company's services will be tested, and if successful, rolled out to various regions.

To determine the average doors in categories such as fast food, department stores and super stores, an average was calculated using a sample of likely chains within each category. For example:

**CHAIN RESTAURANTS**

Name/Type	Doors Per Chain
McDonalds	14,000
Burger King	11,500
Taco Bell	5,800
KFC	5,300
Starbucks	8,500
Popeyes	1,900
Subway	15,000
Wendy's	6,600
Quiznos	5,000
Jack in the Box	2,100
Papa Johns	3,700
Little Ceasars	2,400
Dunkin' Donuts	2,000
Baskin Robbins	1,000
Panda Express	500
Nathan's Famous	230
Other (10)	1,000
Total Est. Market	26
Average Doors Per Chain	5,090

Hence, if the model recognizes a chain restaurant as a new client, the maximum door count is 5,090.

In the following table, the financial model shows total door penetration:

Expected Penetration:

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Mkt Capture:	6%	8%	11%	14%	17%
Chains	1.6	2.1	2.9	3.6	4.4
Total Doors	7,940	10,587	14,557	18,528	22,498

VA Addressable: **10%**

Chain Restaurants:	794	1059	1456	1853	2250
--------------------	-----	------	------	------	------

For example, if 6% of the market is penetrated in Year 1, that translates into 1.6 chains that have signed contracts with [REDACTED], which in turn comes to 7,940 potential doors. However, the addressable market within those chains is 10%, or 794 total doors.

This methodology is used for various classes of retail outlets.

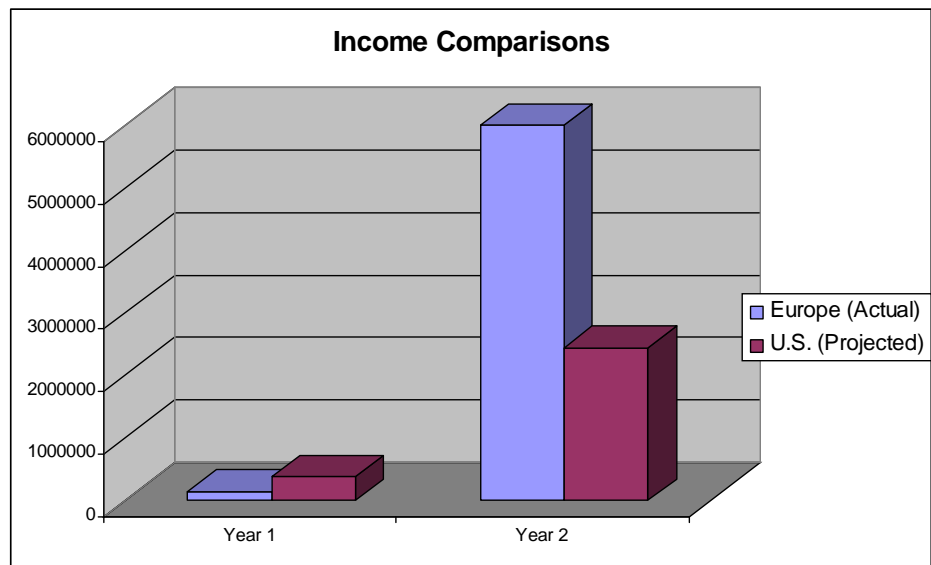
**6.2.3. General Contract Assumptions**

General assumptions apply to all projects:

- For ongoing and rev-share projects:
  - The average contract duration is 48 months
  - Lead time for production is 3 months
  - There is a 90% renewal rate on contracts
- For case-by case projects:
  - To accommodate both short-term promotional tie-ins as well as existing system overhauls, the average contract duration is estimated at 6 months
  - Lead time for production is 1.5 months
  - 90% of projects in the category will require only content, and 10% will require hardware (screens) as well as content

### 6.2.3.1. Historical/Projected Revenue Comparisons

The following chart compares [REDACTED]'s historical revenue in Europe for Years 1 and 2 to [REDACTED]'s projected income in the U.S.:



As this chart illustrates:

- U.S. projected income is slightly higher in Year 1 due to the fact that infrastructure is in place, meaning that [REDACTED] will not suffer from a lag time for development
- To ensure defensible and conservative projections, the financial model does not take for granted that [REDACTED] will experience the phenomenal growth rate as did its European counterpart

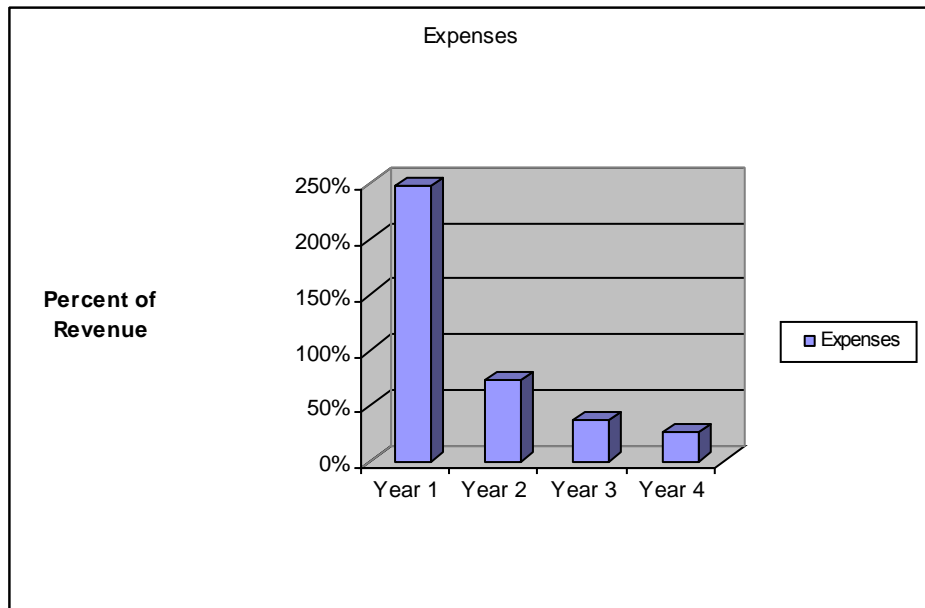
## 6.3. Expense Assumptions

Expenses fall into four categories:

- Costs of Goods/Sales (“COGS”)
- General & Administrative (“G&A”)
- Marketing
- Personnel

Each is discussed in the following sections.

Expenses in this model prove to be scaleable. As the graph below demonstrates, expenses as a percentage of revenue diminish rapidly over time:



### 6.3.1. Cost Of Goods Sold

For the purposes of this financial model, COGS are defined as non-discretionary costs required to make a sale.

The business model calls for the following non-discretionary costs:

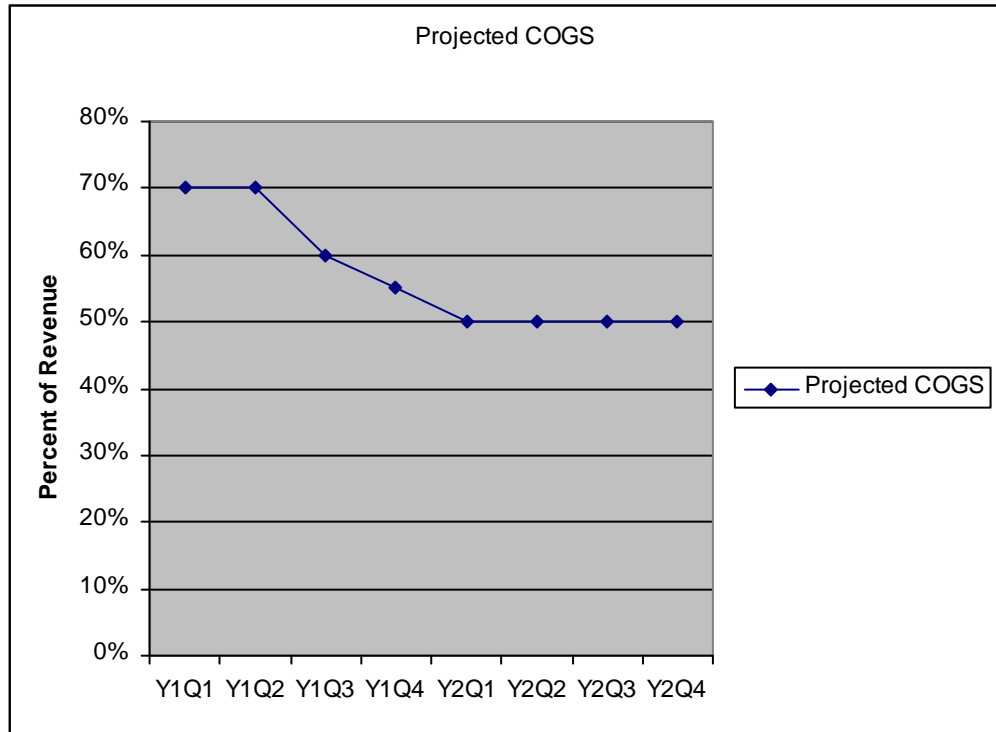
- Sales commissions
- Screen and screen maintenance
- Production and content updates

Further, each type of client poses a different COGS structure. Revenue share projects, which require advertising sales, will be subject to a media vendor commission; some projects will require the installation of screens and other projects will only require production of new content on existing screens.

Due to this level of granularity, modeling on a case-by-case basis could lead to unreliable projections. To remedy this situation, the financial model makes the following assumptions:

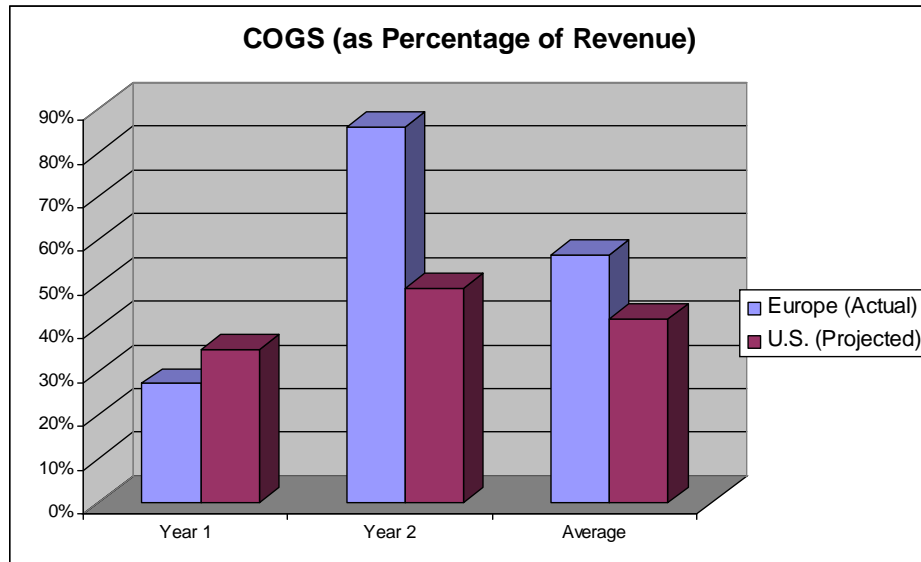
- One percent of topline revenue is earmarked for commissions, which could apply to advertising sales or the direct acquisition of a [REDACTED] client
- To determine all other COGS, the financial model mirrors historical data for [REDACTED]:
  - Their experience indicates that margins improved over time; low Year 1 margins were due to discounts for early clients (a marketing strategy) and the development of proprietary software which, over time, made margins scalable
  - Over time, [REDACTED]'s COGS became a steady 50% of topline revenue

To maintain conservative projections, the financial model calculates COGS in the manner described by this chart:



By Year 2, non-commission COGS remain constant.

The following chart compares [REDACTED]'s historical COGS in Europe for Years 1 and 2 to [REDACTED]'s projected COGS in the U.S.:



As this chart illustrates:

- The European COGS during Years 1 and 2 grew, as the development of infrastructure and technology was not passed through directly to clients
- By taking advantage of existing infrastructure and ready-for-market technology, the U.S. counterpart will maintain lower and steadier COGS

It should be noted that the European operation's COGS are currently decreasing (as a percentage of revenue) as it settles into scalability.

### 6.3.2. General & Administrative

G&A expenses reflect management's goal of maintaining a streamlined operation.

	Year 1	Year 2	Year 3	Year 4	Year 5
Rent	\$ 31,000	\$ 47,000	\$ 48,000	\$ 48,000	\$ 48,000
Legal Fees	\$ 14,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Accounting Fees	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Travel & Entertainment	\$ 18,600	\$ 28,200	\$ 28,800	\$ 28,800	\$ 28,800
Health Care	\$ 27,900	\$ 42,300	\$ 43,200	\$ 43,200	\$ 43,200
Office Supplies	\$ 6,200	\$ 9,400	\$ 9,600	\$ 9,600	\$ 9,600
Computer Supplies	\$ 12,500	\$ 5,000	\$ -	\$ -	\$ -
Office Maint.	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Dues & Subscriptions	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Discretionary Software	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Utilities	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Communication	\$ 18,600	\$ 28,200	\$ 28,800	\$ 28,800	\$ 28,800
Consulting/White Papers	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Contingency	\$ 14,840	\$ 19,170	\$ 19,000	\$ 19,000	\$ 19,000
<b>Total</b>	<b>\$ 163,240</b>	<b>\$ 210,870</b>	<b>\$ 209,000</b>	<b>\$ 209,000</b>	<b>\$ 209,000</b>

Notes on select line items include:

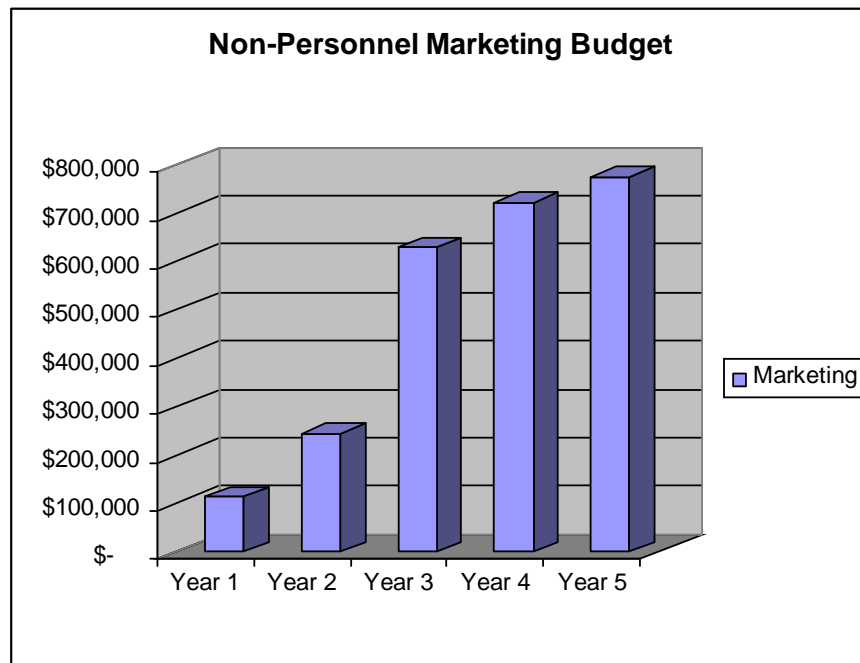
- Rent is calculated by taking the employee headcount (see section 6.3.4), allotting 200 square feet per employee and applying a \$60 per square foot annual cost
- Accounting fees reflect the fact that the Company will have a bookkeeper and CFO on staff
- Travel & Entertainment reflect the fact that the Company's target market is scattered across North America
- Health Care, Office Supplies, Computer Supplies and Communication costs are based on employee headcount
- Contingency is equal to the sum of all other G&A line items per period

### 6.3.3. Marketing

The Company will engage a National Sales Manager at launch, and will bring on sales representatives in quarters 2 and 6.

A marketing budget – to be used at the discretion of the sales team – includes an initial, pre-launch war chest of \$50,000 plus:

- 10% of topline revenue in Years 1-3
- 7% of topline revenue in Year 4
- 5% of topline revenue in Year 5



The application of this budget includes but is not limited to trade shows, seminars, print media and event sponsorship.

### 6.3.4. Personnel

Projected personnel costs are reflected in the following table:

	Year 1	Year 2	Year 3	Year 4	Year 5
Co-President	\$ 100,000	\$ 150,000	\$ 200,000	\$ 200,000	\$ 200,000
Co-President	\$ 100,000	\$ 150,000	\$ 200,000	\$ 200,000	\$ 200,000
CFO	\$ -	\$ 275,000	\$ 275,000	\$ 275,000	\$ 275,000
Bookkeeper	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
National Sales Manager	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Sales Rep 1	\$ 30,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Sales Rep 2	\$ -	\$ 30,000	\$ 40,000	\$ 40,000	\$ 40,000
CTO	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Vendor Coordinator	\$ 22,500	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
CTO Assistant	\$ 30,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Admin 1	\$ 33,750	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Admin 2	\$ 11,250	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Total Personnel	\$ 652,500	\$ 1,165,000	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000
Head Count	10	12	12	12	12

Notes to select line items include:

- The co-presidents have a \$200,000 annual base salary; they will receive 50% of that compensation in Year 1, 75% in Year 2 and 100% thereafter
- The CFO position is not filled until revenue begins to ramp in Year 2
- All other salaries which increase between Year 1 and Year 2 reflect that the position is being filled in the middle or toward the end of Year 1

Performance bonuses will be at the discretion of management and are not reflected in the financial projections.

### 6.4. Projected Profit and Loss

The following P&L reflects all assumptions presented in the previous sections:

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUES</b>					
Revenue Shares	\$ -	\$ -	\$ -	\$ 1,265,792	\$ 3,042,917
Subscriptions	\$ 69,375	\$ 1,460,250	\$ 3,539,725	\$ 5,813,590	\$ 8,690,733
Case by Case	\$ 313,167	\$ 986,000	\$ 2,753,333	\$ 3,237,000	\$ 3,751,667
Other	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 382,542</b>	<b>\$ 2,446,250</b>	<b>\$ 6,293,058</b>	<b>\$ 10,316,382</b>	<b>\$ 15,485,317</b>
<b>COST OF SALES</b>					
Direct COGS	\$ 243,870	\$ 1,223,125	\$ 3,146,529	\$ 5,158,191	\$ 7,742,658
Commissions	\$ 3,825	\$ 24,463	\$ 62,931	\$ 103,164	\$ 154,853
Other	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 247,696</b>	<b>\$ 1,247,588</b>	<b>\$ 3,209,460</b>	<b>\$ 5,261,355</b>	<b>\$ 7,897,512</b>
Gross Margin	\$ 134,846	\$ 1,198,663	\$ 3,083,599	\$ 5,055,027	\$ 7,587,805
<b>EXPENSES</b>					
Personnel	\$ 652,500	\$ 1,165,000	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000
Fringe/Taxes	\$ 97,875	\$ 174,750	\$ 191,250	\$ 191,250	\$ 191,250
G&A	\$ 163,240	\$ 210,870	\$ 209,000	\$ 209,000	\$ 209,000
Marketing	\$ 38,254	\$ 244,625	\$ 629,306	\$ 722,147	\$ 774,266
Other	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 951,869</b>	<b>\$ 1,795,245</b>	<b>\$ 2,304,556</b>	<b>\$ 2,397,397</b>	<b>\$ 2,449,516</b>
EBITDA	\$ (817,023)	\$ (596,583)	\$ 779,043	\$ 2,657,630	\$ 5,138,289
Cumulative	\$ (817,023)	\$ (1,413,606)	\$ (634,563)	\$ 2,023,067	\$ 7,161,357

## 6.5. Projected Cash Flow

The following statement of cash flow reflects:

- 50% of sales will be collect during the period in which they are invoiced; the balance is collected in the following period
- COGS, personnel costs and personnel taxes are paid during the period in which the cost is incurred; all other payables are on a 45-day payment cycle
- Startup costs are detailed in the beginning of the financial section of this plan

It should be noted that capital investment requirements are not included in the statement of cash flow. Rather, the cash flow is being used to determine the maximum cash deficit, and that figure is being used to determine capital requirements.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>CASH RECEIVED</b>					
Cash Sales	\$ 191,271	\$ 1,223,125	\$ 3,146,529	\$ 5,158,191	\$ 7,742,658
Cash From Receivables	\$ 167,362	\$ 1,094,143	\$ 2,906,104	\$ 4,906,733	\$ 7,419,600
Other	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Cash Received</b>	<b>\$ 358,633</b>	<b>\$ 2,317,268</b>	<b>\$ 6,052,633</b>	<b>\$ 10,064,924</b>	<b>\$ 15,162,258</b>
<b>EXPENDITURES</b>					
Cost of Sales	\$ 247,696	\$ 1,247,588	\$ 3,209,460	\$ 5,261,355	\$ 7,897,512
Personnel & Taxes	\$ 750,375	\$ 1,339,750	\$ 1,466,250	\$ 1,466,250	\$ 1,466,250
Bill Payments	\$ 178,573	\$ 433,054	\$ 799,838	\$ 921,863	\$ 978,054
Startup:	\$ 507,650	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 1,684,293</b>	<b>\$ 3,020,391</b>	<b>\$ 5,475,548</b>	<b>\$ 7,649,467</b>	<b>\$ 10,341,815</b>
<b>NET CASH FLOW</b>	<b>\$ (1,325,661)</b>	<b>\$ (703,123)</b>	<b>\$ 577,085</b>	<b>\$ 2,415,457</b>	<b>\$ 4,820,443</b>
<b>CASH BALANCE</b>	<b>\$ (1,325,661)</b>	<b>\$ (2,028,784)</b>	<b>\$ (1,451,699)</b>	<b>\$ 963,758</b>	<b>\$ 5,784,201</b>
<b>CAPITAL NEEDED:</b>	<b>\$ (2,035,981)</b>				

## 6.6. Projected Balance Sheet

The Balance Sheet is the repository for payables and receivables. Assets such as proprietary software may be developed and included in the future.

Current Assets						
Cash	\$ (1,325,661)	\$ (2,028,784)	\$ (1,451,699)	\$ 963,758	\$ 5,784,201	
Accounts Receivable	\$ 23,909	\$ 152,891	\$ 393,316	\$ 644,774	\$ 967,832	
Addback:	\$ -	\$ -	\$ -	\$ -	\$ -	
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Current Assets</b>	<b>\$ (1,301,752)</b>	<b>\$ (1,875,893)</b>	<b>\$ (1,058,382)</b>	<b>\$ 1,608,532</b>	<b>\$ 6,752,037</b>	
LONG TERM ASSETS						
Long-Term Assets	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Assets	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Long Term Assets</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	
<b>TOTAL ASSETS</b>	<b>\$ (794,102)</b>	<b>\$ (1,368,243)</b>	<b>\$ (550,732)</b>	<b>\$ 2,116,182</b>	<b>\$ 7,259,687</b>	
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts Payable	\$ 22,921	\$ 45,363	\$ 83,831	\$ 93,115	\$ 98,327	
Current Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Current Liabilities</b>	<b>\$ 22,921</b>	<b>\$ 45,363</b>	<b>\$ 83,831</b>	<b>\$ 93,115</b>	<b>\$ 98,327</b>	
Long-Term Liabilities						
<b>Total Long-Term Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Liabilities</b>	<b>\$ 22,921</b>	<b>\$ 45,363</b>	<b>\$ 83,831</b>	<b>\$ 93,115</b>	<b>\$ 98,331</b>	
EQUITY						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	
Retained Earnings	\$ (583,299)	\$ (1,262,053)	\$ (829,324)	\$ 1,358,660	\$ 5,876,784	
Earnings	\$ (233,724)	\$ (151,553)	\$ 194,761	\$ 664,408	\$ 1,284,572	
<b>Total Equity</b>	<b>\$ (817,023)</b>	<b>\$ (1,413,606)</b>	<b>\$ (634,563)</b>	<b>\$ 2,023,067</b>	<b>\$ 7,161,357</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ (794,102)</b>	<b>\$ (1,368,243)</b>	<b>\$ (550,732)</b>	<b>\$ 2,116,182</b>	<b>\$ 7,259,687</b>	

## 7. Appendix A: Pro Formas, Quarterly Basis, Year 1-3

### INCOME STATEMENT

	Year 1				Year 2				Year 3			
	Y1Q1	Y1Q2	Y1Q3	Y1Q4	Y2Q1	Y2Q2	Y2Q3	Y2Q4	Y3Q1	Y3Q2	Y3Q3	Y3Q4
<b>REVENUES</b>												
Revenue Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subscriptions	\$ 17,344	\$ 17,344	\$ 17,344	\$ 17,344	\$ 365,063	\$ 365,063	\$ 365,063	\$ 365,063	\$ 884,931	\$ 884,931	\$ 884,931	\$ 884,931
Case by Case	\$ 78,292	\$ 78,292	\$ 78,292	\$ 78,292	\$ 246,500	\$ 246,500	\$ 246,500	\$ 246,500	\$ 688,333	\$ 688,333	\$ 688,333	\$ 688,333
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 95,635	\$ 95,635	\$ 95,635	\$ 95,635	\$ 611,563	\$ 611,563	\$ 611,563	\$ 611,563	\$ 1,573,265	\$ 1,573,265	\$ 1,573,265	\$ 1,573,265
Annual Revenues	\$ 382,542				\$ 2,446,250				\$ 6,293,058			
<b>COST OF SALES</b>												
Direct COGS	\$ 66,945	\$ 66,945	\$ 57,381	\$ 52,599	\$ 305,781	\$ 305,781	\$ 305,781	\$ 305,781	\$ 786,632	\$ 786,632	\$ 786,632	\$ 786,632
Commissions	\$ 956	\$ 956	\$ 956	\$ 956	\$ 6,116	\$ 6,116	\$ 6,116	\$ 6,116	\$ 15,733	\$ 15,733	\$ 15,733	\$ 15,733
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 67,901	\$ 67,901	\$ 58,338	\$ 53,556	\$ 311,897	\$ 311,897	\$ 311,897	\$ 311,897	\$ 802,365	\$ 802,365	\$ 802,365	\$ 802,365
Annual COGS	\$ 247,696				\$ 1,247,588				\$ 3,209,460			
Gross Margin	\$ 27,734	\$ 27,734	\$ 37,298	\$ 42,080	\$ 299,666	\$ 299,666	\$ 299,666	\$ 299,666	\$ 770,900	\$ 770,900	\$ 770,900	\$ 770,900
Annual Gross Margin %	35%				49%				49%			
<b>EXPENSES</b>												
Personnel	\$ 131,250	\$ 152,500	\$ 178,750	\$ 190,000	\$ 283,750	\$ 293,750	\$ 293,750	\$ 293,750	\$ 318,750	\$ 318,750	\$ 318,750	\$ 318,750
Fringe/Taxes	\$ 19,688	\$ 22,875	\$ 26,813	\$ 28,500	\$ 42,563	\$ 44,063	\$ 44,063	\$ 44,063	\$ 47,813	\$ 47,813	\$ 47,813	\$ 47,813
G&A	\$ 29,040	\$ 39,600	\$ 46,860	\$ 47,740	\$ 51,370	\$ 55,000	\$ 52,250	\$ 52,250	\$ 52,250	\$ 52,250	\$ 52,250	\$ 52,250
Marketing	\$ 9,564	\$ 9,564	\$ 9,564	\$ 9,564	\$ 61,156	\$ 61,156	\$ 61,156	\$ 61,156	\$ 157,326	\$ 157,326	\$ 157,326	\$ 157,326
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 189,541	\$ 224,539	\$ 261,986	\$ 275,804	\$ 438,839	\$ 453,969	\$ 451,219	\$ 451,219	\$ 576,139	\$ 576,139	\$ 576,139	\$ 576,139
Annual Expenses	\$ 951,869				\$ 1,795,245				\$ 2,304,556			
	249%				73%				37%			
EBITDA	\$ (161,807)	\$ (196,804)	\$ (224,688)	\$ (233,724)	\$ (139,173)	\$ (154,303)	\$ (151,553)	\$ (151,553)	\$ 194,761	\$ 194,761	\$ 194,761	\$ 194,761
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pre-Tax Income	\$ (161,807)	\$ (196,804)	\$ (224,688)	\$ (233,724)	\$ (139,173)	\$ (154,303)	\$ (151,553)	\$ (151,553)	\$ 194,761	\$ 194,761	\$ 194,761	\$ 194,761
Annual Earnings	\$ (817,023)				\$ (596,583)				\$ 779,043			
%	-214%				-24%				12%			

15%

10%

10%

**QTLY CASH FLOW**

	Y1Q1	Y1Q2	Y1Q3	Year 1 Y1Q4	Y2Q1	Y2Q2	Y2Q3	Year 2 Y2Q4	Y3Q1	Y3Q2	Y3Q3	Year 3 Y3Q4
<b>CASH RECEIVED</b>												
50% Cash Sales	\$ 47,818	\$ 47,818	\$ 47,818	\$ 47,818	\$ 305,781	\$ 305,781	\$ 305,781	\$ 305,781	\$ 786,632	\$ 786,632	\$ 786,632	\$ 786,632
50% Cash From Receivables	\$ 23,909	\$ 47,818	\$ 47,818	\$ 47,818	\$ 176,799	\$ 305,781	\$ 305,781	\$ 305,781	\$ 546,207	\$ 786,632	\$ 786,632	\$ 786,632
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Received	\$ 71,727	\$ 95,635	\$ 95,635	\$ 95,635	\$ 482,581	\$ 611,563	\$ 611,563	\$ 611,563	\$ 1,332,839	\$ 1,573,265	\$ 1,573,265	\$ 1,573,265
Annual Cash Received				\$ 358,633				\$ 2,317,268				\$ 6,052,633
<b>EXPENDITURES</b>												
Cost of Sales	\$ 67,901	\$ 67,901	\$ 58,338	\$ 53,556	\$ 311,897	\$ 311,897	\$ 311,897	\$ 311,897	\$ 802,365	\$ 802,365	\$ 802,365	\$ 802,365
Personnel & Taxes	\$ 150,938	\$ 175,375	\$ 205,563	\$ 218,500	\$ 326,313	\$ 337,813	\$ 337,813	\$ 337,813	\$ 366,563	\$ 366,563	\$ 366,563	\$ 366,563
60% Bill Payments	\$ 23,162	\$ 44,940	\$ 53,520	\$ 56,952	\$ 90,437	\$ 114,704	\$ 114,506	\$ 113,406	\$ 171,108	\$ 209,576	\$ 209,576	\$ 209,576
Startup:	\$ 507,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 749,651	\$ 288,216	\$ 317,420	\$ 329,007	\$ 728,647	\$ 764,414	\$ 764,216	\$ 763,116	\$ 1,340,036	\$ 1,378,504	\$ 1,378,504	\$ 1,378,504
Annual Expenditures				\$ 1,684,293				\$ 3,020,391				\$ 5,475,548
NET CASH FLOW	\$ (677,924)	\$ (192,580)	\$ (221,784)	\$ (233,372)	\$ (246,066)	\$ (152,851)	\$ (152,653)	\$ (151,553)	\$ (7,197)	\$ 194,761	\$ 194,761	\$ 194,761
CASH BALANCE	\$ (677,924)	\$ (870,504)	\$ (1,092,289)	\$ (1,325,661)	\$ (1,571,726)	\$ (1,724,578)	\$ (1,877,231)	\$ (2,028,784)	\$ (2,035,981)	\$ (1,841,220)	\$ (1,646,459)	\$ (1,451,699)
Annual Cash Balance				\$ (1,325,661)				\$ (2,028,784)				\$ (1,451,699)

**BALANCE SHEET**

				Year 1			Year 2			Year 3		
	Y1Q1	Y1Q2	Y1Q3	Y1Q4	Y2Q1	Y2Q2	Y2Q3	Y2Q4	Y3Q1	Y3Q2	Y3Q3	Y3Q4
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash	\$ (677,924)	\$ (870,504)	\$ (1,092,289)	\$ (1,325,661)	\$ (1,571,726)	\$ (1,724,578)	\$ (1,877,231)	\$ (2,028,784)	\$ (2,035,981)	\$ (1,841,220)	\$ (1,646,459)	\$ (1,451,699)
Accounts Receivable	\$ 23,909	\$ 23,909	\$ 23,909	\$ 23,909	\$ 152,891	\$ 152,891	\$ 152,891	\$ 152,891	\$ 393,316	\$ 393,316	\$ 393,316	\$ 393,316
Addback:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory												
<b>Total Current Assets</b>	<b>\$ (654,015)</b>	<b>\$ (846,596)</b>	<b>\$ (1,068,380)</b>	<b>\$ (1,301,752)</b>	<b>\$ (1,418,836)</b>	<b>\$ (1,571,687)</b>	<b>\$ (1,724,340)</b>	<b>\$ (1,875,893)</b>	<b>\$ (1,642,664)</b>	<b>\$ (1,447,904)</b>	<b>\$ (1,253,143)</b>	<b>\$ (1,058,382)</b>
<b>LONG TERM ASSETS</b>												
Long-Term Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Assets	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650	\$ 507,650
Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Long Term Assets</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>	<b>\$ 507,650</b>
<b>TOTAL ASSETS</b>	<b>\$ (146,365)</b>	<b>\$ (338,946)</b>	<b>\$ (560,730)</b>	<b>\$ (794,102)</b>	<b>\$ (911,186)</b>	<b>\$ (1,064,037)</b>	<b>\$ (1,216,690)</b>	<b>\$ (1,368,243)</b>	<b>\$ (1,135,014)</b>	<b>\$ (940,254)</b>	<b>\$ (745,493)</b>	<b>\$ (550,732)</b>
<b>LIABILITIES AND EQUITY</b>												
<b>Current Liabilities</b>												
Accounts Payable	\$ 15,441	\$ 19,665	\$ 22,569	\$ 22,921	\$ 45,011	\$ 46,463	\$ 45,363	\$ 45,363	\$ 83,831	\$ 83,831	\$ 83,831	\$ 83,831
Current Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Current Liabilities</b>	<b>\$ 15,441</b>	<b>\$ 19,665</b>	<b>\$ 22,569</b>	<b>\$ 22,921</b>	<b>\$ 45,011</b>	<b>\$ 46,463</b>	<b>\$ 45,363</b>	<b>\$ 45,363</b>	<b>\$ 83,831</b>	<b>\$ 83,831</b>	<b>\$ 83,831</b>	<b>\$ 83,831</b>
<b>Long-Term Liabilities</b>												
<b>Total Long-Term Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 15,441</b>	<b>\$ 19,665</b>	<b>\$ 22,569</b>	<b>\$ 22,921</b>	<b>\$ 45,011</b>	<b>\$ 46,463</b>	<b>\$ 45,363</b>	<b>\$ 45,363</b>	<b>\$ 83,831</b>	<b>\$ 83,831</b>	<b>\$ 83,831</b>	<b>\$ 83,831</b>
<b>EQUITY</b>												
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retained Earnings	\$ -	\$ (161,807)	\$ (358,611)	\$ (583,299)	\$ (817,023)	\$ (956,196)	\$ (1,110,499)	\$ (1,262,053)	\$ (1,413,606)	\$ (1,218,845)	\$ (1,024,084)	\$ (829,324)
Earnings	\$ (161,807)	\$ (196,804)	\$ (224,688)	\$ (233,724)	\$ (139,173)	\$ (154,303)	\$ (151,553)	\$ (151,553)	\$ 194,761	\$ 194,761	\$ 194,761	\$ 194,761
<b>Total Equity</b>	<b>\$ (161,807)</b>	<b>\$ (358,611)</b>	<b>\$ (583,299)</b>	<b>\$ (817,023)</b>	<b>\$ (956,196)</b>	<b>\$ (1,110,499)</b>	<b>\$ (1,262,053)</b>	<b>\$ (1,413,606)</b>	<b>\$ (1,218,845)</b>	<b>\$ (1,024,084)</b>	<b>\$ (829,324)</b>	<b>\$ (634,563)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ (146,365)</b>	<b>\$ (338,946)</b>	<b>\$ (560,730)</b>	<b>\$ (794,102)</b>	<b>\$ (911,186)</b>	<b>\$ (1,064,037)</b>	<b>\$ (1,216,690)</b>	<b>\$ (1,368,243)</b>	<b>\$ (1,135,014)</b>	<b>\$ (940,254)</b>	<b>\$ (745,493)</b>	<b>\$ (550,732)</b>

