



Business Development and Capital Advisory

A Three-Part Process Driven Approach taking Start-Ups and Companies From Where They Are Today To Where They Want To Go

1. Preparation (*DFM*)
2. Capitalization
3. Performance

Description of Services for the Basic Aeroe Package

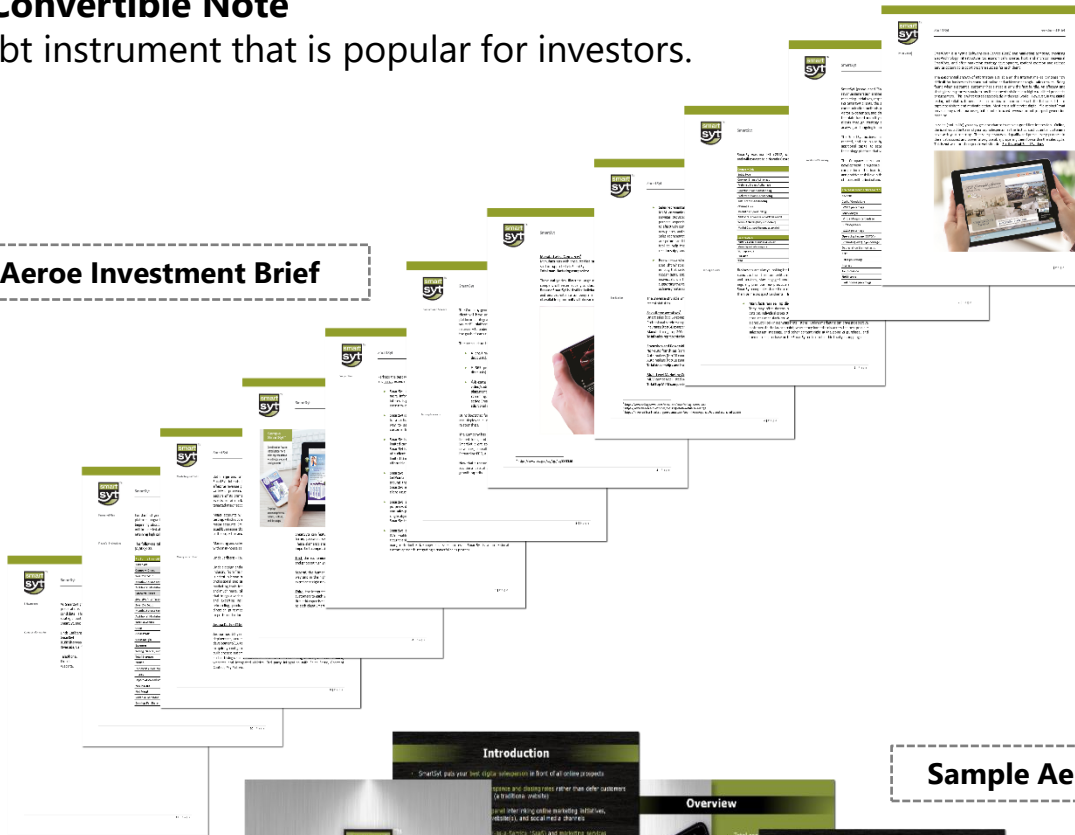
Dynamic Financial Model (DFM) Introductory Overview



The basic Aeroe Investment Package deliverables are:

- ❑ **The DFM** (Dynamic Financial Model)
30-to-45-day collaborative process described in detail in the following pages.
- ❑ **Investment Brief** (IB)
7-to-10-page mini business plan tells your complete story.
- ❑ **PPT Deck.**
Used as a guide for in-person or Zoom presentations to investors.
- ❑ **A Convertible Note**
Debt instrument that is popular for investors.

Sample Aeroe Investment Brief



Sample Aeroe PPT





1. General Information

Our team has helped hundreds of small businesses raise many tens of millions of dollars from investors, secure support services from strategic partners, and achieve many other meaningful business goals. Our business evaluation, financial modeling, capitalization planning, and document preparation services are offered to assist you every step of the way during the capitalization process.

The specific services we recommend to you will vary depending on where you are in the process. The fee for services are divided into 4 equal payments over the first 30 days of the engagement as defined in our separate service agreement

"The economic modeling you completed was very thorough and educational for our company and management team. They encouraged and helped us look at our company in such a way as to fully understand all the factors that affect our revenue streams and costs. Once we were finished, we felt we had achieved a MBA in business and financial planning."

*Bruce Blechman, President
Entrepreneur Capital Resources
Co-author (with Jay Levinson), Guerrilla Financing*

"Just a note to say thanks for taking us through this process. Your Excel worksheet is excellent. Being in the lending business, I know all the items in the worksheet, but the format and the way it is laid out is awesome. I really appreciate your experience and what you bring to the discussion as you take us through the process."

*Tom Meyer, Founder
Bizware*

"I particularly wanted to comment on the preparation of the financial proformas, including income statements, balance sheets, cash flows, and all the other needed information (capital requirements, use of proceeds, analysis ratios, etc.) for presentation to potential investors. The computer tools that you have developed, accompanied by your personal professional knowledge of the financial operations of companies, created an extremely efficient and thorough effort in the preparation of the required financial documents. Your assistance in this project was indispensable, and the resulting finalization of this plan was accomplished at a cost significantly less than expected, and much less than we have previously experienced."

*Robert M. Leahy, Sr., CFO
Pyramid Technologies*



2. Description of Services for the Basic Aeroe Package

Dynamic Financial Modeling

Regardless of the capital sources you ultimately tap to fund the growth of your business, an investment-quality dynamic financial model is an essential ingredient of your capitalization plan. This mission-critical tool will enable you to look at your company in the powerful and revealing ways experienced investors do, focused on the key drivers of business success.

This exercise results in the creation of a dynamic roadmap to the financial success of your company, one equally suited to the task of planning a capitalization strategy, attracting strategic partners, implementing creative financing approaches, getting a loan, and raising equity capital.

Our capitalization approach is built on proprietary financial modeling developed over the course of more than a decade. This powerful tool and its associated processes have been proven to clarify vision, foster understanding, identify opportunities, demonstrate viability, enhance credibility, and much more. It is the core of most of our engagements as it gives direction, scale, and purpose to all capitalization efforts.

An investment-quality financial model supports the entire story of your business with numbers. It contains vital data often missing from entrepreneur financial projections. The dynamic nature of the model enables you easily change key assumptions to see how they will impact the business, which is essential for effective strategic planning, implementation, and operational analysis.

In addition to supporting capitalization efforts, clients can also enter actual results in place of assumptions in the model as they execute to see how deviations from plan will impact cash flow, profitability, hiring, expenses, and much more. Lastly, the model includes business valuation calculations, capitalization details, and offering terms that provide a reasonable basis for equity discussions and negotiations.

Capitalization Strategy Development

Armed with a powerful dynamic financial model, you are ready to create an effective capitalization strategy. We will collaboratively work with you to identify capitalization opportunities that are best aligned with your current stage of development, as well as those having a reasonable chance of success that you can be working toward. We will also address implementation challenges you are likely to encounter, and ways to positively resolve them. Your capitalization strategy will provide clarity and direction that will empower you throughout the capitalization process.



Dynamic Financial Model (DFM) Introductory Overview

Investment Brief

The Investment Brief highlights key elements of your business and investment opportunity. It is similar to an executive summary, but with a more powerful focus on the data investors want to know. This document contains your primary talking points for investor discussions. It is prepared in a way that helps you quickly and professionally distinguish investors who are interested from those who are not.

Over the past several years, many clients have used the Investment Brief instead of a more detailed business plan to raise capital. Why? The Investment Brief is easier for investors to review and digest than a full business plan, and it contains the key information that investors need to know to determine their initial level of interest in a deal. It also invites conversation with entrepreneurs on subjects of most interest to investors, which moves deals along more effectively. Business plan details in the form of metrics and processes are integrated in the Dynamic Financial Model, which provides a very effective framework for supporting investor discussions that originate with the Investment Brief.

Investor PowerPoint Presentation

Your Investor Presentation will address the market, need, and solutions offered by your company, but also of high importance – what investors need to know about your offering and pro formas that will help them arrive at favorable investment decisions. When you meet with multiple investors at the same time, this PowerPoint presentation will be very helpful in directing the presentation and discussion. The focus needs to be on what you are saying, rather than words on the screen. A well-done interactive presentation that is effectively delivered will support the demonstration of your credibility and likeability, in addition to supporting discussion about your company, products and ideas. Your presentation will adhere to best practices, be about 10-12 slides in length, and be designed to help you move interested investors into deeper conversations.

Convertible Note Draft

We generally prepare and provide a Convertible Note draft along with the Investment Brief that enables you to start accepting capital from investors right away in the form of loans to the business that have an option to convert to equity. This is one of the most common approaches to early stage business capitalization, as it is simpler and more economical to implement than a Private Placement and postpones equity conversion related expenses for several years. More details on this subject will be discussed as your project progresses. This document is provided in draft form, which your attorney should review and help you finalize to ensure compliance with the laws where you intend to raise capital.

3. Deliverables

All final files will be delivered to you in an electronic format as Word, Excel, PDF, or PowerPoint files. You may print these files on your own printer or take them to a print shop for higher quality output.



The Phases of DFM Development

Detailed financial modeling can be overwhelming for many entrepreneurs. We break the process down into three phases of natural progression that make it easier to focus and accomplish. A brief description of each phase follows.

Phase One

The first phase of the dynamic financial modeling process is structuring the marketing and revenue generation model. This is done on the Development page of the DFM. After the Development page is complete, the details are built on the Marketing and Revenue pages. Additional details are fleshed out, and assumptions are entered on a draft basis to see the scale of the opportunity represented in the Marketing and Revenue model. Refinements are made to the model and the underlying assumptions until you and the consultant agree with the result. About 60% of all financial modeling time is normally spent completing Phase One.

Phase Two

Once the Marketing and Revenue pages are finalized, the effort quickly proceeds through the COGS assumptions, Personnel build out, SG&A expenses, Capital Expenditures, and Balance sheet data. This gives you and the consultant a preliminary view of the projected profitability of the business, and guides any refinements in assumptions needed to optimize the business model for raising capital. Refinements are made until we both agree with the result. Then, the Cash Flow assumptions are entered and refined, substantiating the amount of capitalization needed. About 30% of all financial modeling time is normally spent completing Phase Two.

Phase Three

The final phase of the financial modeling includes creating the Use of Proceeds table, establishing the business valuation, and creating the capitalization structure for the business and offering. You will provide key data about who owns how much of the business and how much cash they paid for it, along with other related details. Most of this work is completed by the consultant and sent to you for review and discussion before finalization. When we all agree with the result, you will sign off on the entire financial model, which will not thereafter be changed during the investment packaging process. About 10% of all financial modeling time is normally spent completing Phase Three.



Collaboration

The entire creation of your DFM is a collaborative process. You must be fully engaged in the process, and understand the rationale and assumptions used. This is because when you talk to investors, they expect it of you. Therefore, we recommend you use the DFM development phone meetings to get clarity on anything that does not make sense to you. We want to make sure you understand each line item, what it means, why it is reasonable, and how it affects the entire business. For this reason, we progress through the DFM at a pace that gives you time to digest the data, work with the spreadsheet, and even review the work in process with key team members or advisors.

Completing the DFM

At the conclusion of each Phase, you and the consultant will finalize the numbers in that phase before moving to the next. This streamlines the financial modeling process, minimizes rework, and reduces the time it takes to complete the DFM.

Reporting

The DFM includes a reporting page to facilitate regular key metric reporting with your investors. The Reporting page summarizes key projections, and includes a place for you to enter your actual results from month to month.

Many entrepreneurs resist investor reporting and find it burdensome, but it is required nonetheless. Another issue entrepreneurs find distasteful is reporting results that do not meet projections. They don't want to get hammered by investors for not achieving expected results. These issues do not have to be a cause concern. Instead of looking at shortfalls in terms of blame, focus on the underlying problems, and finding appropriate solutions. Successful management teams learn to navigate failures and overcome them in the end. The simple reality is that no business unfolds just the way it was envisioned in the beginning. You should use key metrics from your DFM to monitor and guide the adjustment of your operations to suit an emerging reality. Early stage metrics, such as marketing and conversion indicators, are particularly helpful. If you watch them closely and manage effectively, you can still achieve your top line, bottom line, and timing commitments. This is what matters most to investors, not all the adjustments you had to make along the way to get there.

Look at reporting as a way to focus your team and investors on finding solutions to challenges that emerge before it becomes too late. The worst kind of reporting is a letter telling your investors you did not meet quarterly revenue projections, are out of money, and either need another urgent infusion of cash or will have to close your doors. This can often be avoided with a proper use of your DFM and regular streamlined reporting.



Using the Reporting Page

Each month, you enter just 7 key results metrics in the appropriate field. The Reporting page will then make it easy to track your performance, communicate results with investors, and troubleshoot business problems. When a problem area is highlighted in this manner, you'll be able to quickly focus on the detailed issues indicated by the high level metric.

Using the DFM to Manage Your Business

This capability is not demonstrated in this overview, but is built into the complete DFM.

After you are funded and begin executing your plan, your DFM can help you combine your projections with key monthly results to help you see the blended effect going forward. A streamlined approach will generally suffice.

1. Make a copy of your final DFM, which will serve as your new management tool. Your final DFM contains the details you have shown to investors, and the end results need to meet or exceed their expectations. Therefore, make sure you keep a clean copy of your final DFM for reference.
2. Give your DFM copy a unique file name that has meaning to you, differentiating it from your final DFM. This is the copy of the DFM you will edit.
3. Green numbers in the DFM are calculated projections that you can substitute with actual results during execution. As you update the green numbers with actual results in key areas from month to month, your projections are blended with monthly results to give you a useful guide to aid in management of the business.



General Information

The entire financial model is created in Microsoft Excel.

The financial modeling effort requires both you and the consultant to be on the telephone and have a copy of the spreadsheet open during each phone meeting. This literally keeps everyone “on the same page,” and reduces the amount of time it takes to complete the consultation and financial modeling process.

During the financial modeling process, the consultant will control the master copy of the spreadsheet, and make sure all updates function and flow properly. As the DFM is built out for your business, you will receive updated versions for review and analysis.

DFM Overview

There are many pages in each DFM. Each contains information about a specific aspect of your business.

- This overview does not contain complete pages, or all the pages from the DFM.
- Each sample is from a different project, but you will see a good representation of the process from a variety of perspectives.
- We also do not show the full capabilities of the DFM here, just the basics.
- Additional pages are often be added to your DFM, either as integrated dynamic data, or as reference information used to support assumptions or summary numbers in the model.

Your DFM is completely customized to your business and the way it works. The way we model your business may therefore be significantly different than what you see in these illustrations.



Development

Structure and parameters of your development and launch, as well as an overview of your revenue models.

Development Schedule	Month 1	Month 2	Month 3
Development Phase 1			
Development Phase 2			
Development Phase 3			
Development Budget	Month 1	Month 2	Month 3
Development Phase 1	\$45,000	\$25,000	\$25,000
Development Phase 2	\$0	\$0	\$0
Development Phase 3	\$0	\$0	\$0
Revenue Cycle	Month 1	Month 2	Month 3
Direct Contact with Potential Customer			
Webinar on Capabilities			
Business/Financial Analysis of Ambient & Its Solution Benefits			
On Site Demonstration			
Request Proposals for Pilot Project/Full Scale Roll Out			
Pilot Study PO Placed - product ordered			
Pilot Study Begins (Incorporates product lead times)			
Pilot Study Concludes (30 days should be sufficient)			
Roll Out PO Placed - product ordered (onset estimated)			
Revenue Curves	Month 1	Month 2	Month 3
Energy Smart Grid - Proof of Concept Testing	\$0	\$225,000	\$0
Energy Smart Grid - Roll Out	\$0	\$0	\$0
Water Smart Grid - Proof of Concept Testing	\$0	\$350,000	\$0
Water Smart Grid - Roll Out	\$0	\$0	\$0
Early Warning Systems - Proof of Concept Testing	\$0	\$470,000	\$0
Early Warning Systems - Roll Out	\$0	\$0	\$0



Marketing

The detailed marketing plan framework for your business.

Marketing Initiatives	Assumptions	Month 1	Month 2	Month 3
Retail				
Fundraising With Schools				
Number of initiatives per month		0	1	2
Number of new visitors per initiative	10,000			
Total number of new visitors per month		0	10,000	20,000
Total average cost for each initiative	\$10,000			
Total monthly cost of new visitors		\$0	\$10,000	\$20,000
Subcontracted Direct Marketing				
Number of initiatives per month		0	1	1
Number of new visitors per initiative	25,000			
Total number of new visitors per month		0	25,000	25,000
Total average cost for each initiative	\$25,000			
Total monthly cost of new visitors		\$0	\$25,000	\$25,000
Strategic Partnerships				
Number of initiatives per month		1	1	1
Number of new visitors per initiative	25,000			
Total number of new visitors per month		25,000	25,000	25,000
Total average cost for each initiative	\$25,000			
Total monthly cost of new visitors		\$25,000	\$25,000	\$25,000
Internet Marketing				
Number of initiatives per month		0	1	1
Number of new visitors per initiative	5,000			
Total number of new visitors per month		0	5,000	5,000
Total average cost for each initiative	\$10,000			
Total monthly cost of new visitors		\$0	\$10,000	\$10,000
Wholesale				
Tier 2 and 3 Cellular Carriers				
Number of initiatives per month		1	2	3
Number of new visitors per initiative	25,000			
Total number of new visitors per month		25,000	50,000	75,000
Total average cost for each initiative	\$12,500			
Total monthly cost of new visitors		\$12,500	\$25,000	\$37,500



Early Selling

Your conversion funnel from marketing connections to qualified prospects.

Early Selling and Qualification	Assumptions	Month 1	Month 2	Month 3
New connections per month		56	78	106
Percentage of connections that receive sales analysis	9%			
Number of connections that receive sales analysis		5	7	10
Time lag in months from connection to sales analysis	5			
Time adjusted connections to sales analysis				
Cumulative number of completed sales analyses				
Percentage of analyses resulting in engineering studies	11%			
Number of analyses resulting in engineering studies				
Time lag in months from analyses to engineering studies	1			
Time adjusted analyses to engineering studies				
Average months to complete engineering study	3			
Number of completed engineering studies				
Cumulative number of completed engineering studies				
Summary of Results				
Monthly number of sales analyses conducted		0	0	0
Cumulative number of completed sales analyses		0	0	0
Monthly number of engineering studies commenced		0	0	0
Monthly number of engineering studies completed		0	0	0
Cumulative number of completed engineering studies		0	0	0



Revenue

Your conversion of qualified prospects to individual revenue streams.

Revenue Model	Assumptions	Month 1	Month 2	Month 3
Production Services		\$8,482	\$18,025	\$28,503
Pro users after trial conversion rate	2.0%			
Number of users		10	13	15
All professional users conversion rate	0.1%			
Number of users		126	140	153
Average revenue per month per client	\$210			
Percentage to affiliate	30%			
Net revenue per order	\$63			
Number of new orders per month		136	153	168
Cumulative number of customers per month		136	289	457
Monthly attrition rate	1.0%			
Cumulative customers per month after attrition		135	286	452
CPC Advertising		\$2,121	\$4,689	\$8,448
Total cumulative users		1,262,303	1,395,551	1,676,161
Average number of visits per month per user	2.0			
Number of visitor sessions per month		2,524,606	2,791,102	3,352,322
Number of page views per visitor session	7.0			
Number of page views per month		17,672,242	19,537,714	23,466,254
Number of CPC ads per page	2			
Total CPC ad views per month		35,344,484	39,075,428	46,932,508
Average click through rate	1%			
Number of click throughs		353,445	390,754	469,325
Average CPC per ad	\$1.00			
Percentage to affiliate	30%			
Net revenue per order	\$0.30			
Total amount of CPC advertising inventory		\$106,033	\$117,226	\$140,798
Percentage of CPC ads sold		2%	4%	6%
Number of orders		7,069	15,630	28,160
Revenue to Cross Ads		\$4,948	\$10,941	\$19,712
Ad Sponsors		\$8,800	\$14,400	\$20,800
Percentage of professional users	0.01%			
Net revenue per order	\$800			
Number of new orders per month		11	18	26



COGS

Cost of Goods Sold and inventory data as applicable.

Cost of Goods Sold	Assumptions	Month 1	Month 2	Month 3
Food Service - Wholesale	61%	\$5,200	\$5,200	\$6,339
Food Service - Retail	48%	\$5,500	\$5,500	\$6,259
Grocery - Wholesale	77%	\$10,695	\$10,695	\$12,005
Grocery - Retail	51%	\$4,255	\$4,255	\$7,311
Seafood - Wholesale	72%	\$16,900	\$16,900	\$18,134
Seafood - Retail	54%	\$17,875	\$17,875	\$22,811
Monthly COGS Totals		\$60,425	\$60,425	\$72,860
Number of new locations open needing inventory		1	0	1
Amount of inventory to purchase on opening	\$10,000			
Inventory purchases		\$10,000	\$0	\$10,000
Annual COGS Totals				
New location inventory purchases		\$10,000	\$0	\$10,000
% of monthly COGS used to purchase inventory				
COGS purchases for inventory		\$60,425	\$60,425	\$72,860
% of inventory used/charged to jobs		\$60,425	\$60,425	\$72,860
Inventory Growth		\$10,000	\$0	\$10,000
Total Inventory	\$0	\$10,000	\$10,000	\$20,000



Personnel

Personnel plan, including hiring schedule and salaries.

Salaries		Year 1		
CEO	\$100,000	per year		
COO	\$100,000	per year		
Sales Manager	\$90,000	per year		
Marketing Manager / Editor	\$50,000	per year		
Copywriter	\$36,000	per year		
Outbound Call Center Representatives	\$36,000	per year		
Sales Representatives	\$24,000	per year		
Assistants	\$18,000	per year		
Inbound Call Center Representatives	\$25,000	per year		
Monthly Revenue Totals	\$12,094	\$28,716	\$120,911	
Number of markets being served	3	5	7	
Headcount		Month 1	Month 2	Month 3
CEO	1	1	1	
COO	1	1	1	
Sales Manager	1	1	1	
Marketing Manager / Editor	1	1	1	
Copywriter	1	1	1	
Outbound Call Center Representatives	2	5	5	
Sales Representatives	3	5	7	
Assistants	1	1	1	
Inbound Call Center Representatives	1	1	1	
Total headcount	12	17	19	



P&L

Income statement data, including Selling, General, and Administrative expenses.

SG&A Expenses	Assumptions	Month 1	Month 2	Month 3
Payroll		\$121,917	\$121,917	\$121,917
Social Security	6.2%	\$7,559	\$7,559	\$7,559
Medicare	1.5%	\$1,768	\$1,768	\$1,768
Unemployment Insurance	1.9%	\$2,341	\$2,341	\$2,341
Workman's Comp	3.0%	\$3,658	\$3,658	\$3,658
Commissions and bonuses	2.0%	\$11,083	\$11,195	\$15,884
Marketing		\$33,250	\$33,585	\$47,653
Health insurance		\$5,500	\$5,500	\$5,500
Business insurances		\$750	\$750	\$800
General office expenses		\$30,000	\$30,000	\$32,000
Travel expenses		\$5,500	\$5,500	\$6,500
Debt service		\$20,000	\$20,000	\$20,000
Outsourced Professional Services		\$26,950	\$32,500	\$33,275
Fulfillment		\$1,650	\$2,175	\$2,600
Miscellaneous		\$12,000	\$12,500	\$13,000
Total Monthly SG&A Expenses		\$283,924	\$290,946	\$314,454



Cap Ex

Fixed and Variable Capital Expenditures.

Variable Capital Expenditures	Assumptions	Month 1	Month 2	Month 3
New employee headcount		9	0	2
Computers	\$1,500			
Furniture	\$650			
Other	\$500			
Subtotal Variable Capital Expenditures	\$2,650	\$23,850	\$0	\$5,300
Depreciation period in years	3			
Fixed Capital Expenditures		Month 1	Month 2	Month 3
Technology infrastructure hardware		\$10,000	\$5,000	\$0
Phone system		\$20,000	\$0	\$0
High speed internet line		\$0	\$15,000	\$0
Subtotal Fixed Capital Expenditures		\$30,000	\$20,000	\$0
Depreciation / amortization period in years	7			



Balance

Balance Sheet projections, including debt repayment schedules.

Starting Liability Repayment Schedule	Starting	Month 1	Month 2	Month 3
Accounts payable	\$25,000	\$1,500	\$1,500	\$1,500
Short term notes	\$0	\$0	\$0	\$0
Other current liabilities	\$36,375	\$0	\$0	\$2,750
Long term debt	\$0	\$0	\$0	\$0
Other long term liabilities	\$0	\$0	\$0	\$0
Monthly Balance on Starting Liabilities		Month 1	Month 2	Month 3
Accounts payable		\$23,500	\$22,000	\$20,500
Short term notes		\$0	\$0	\$0
Other current liabilities		\$36,375	\$36,375	\$33,625
Long term debt		\$0	\$0	\$0
Other long term liabilities		\$0	\$0	\$0
Total Amount of Monthly Repayment		\$1,500	\$1,500	\$4,250



Cash Flow

Projected cash flow based on income, expenses, and time offsets for receivables and payables. This key data supports how much capital is required and why.

Cash Flow Assumptions		Assumptions		
Accounts Receivable	<u>Month</u>			
Vault Rental	0			
Mailbox Rental	0			
Personal Guard Services	1			
Precious Metal and Diamond Sales	1			
Home Safe Sales	0			
Franchise Fees and Royalties	2			
Accounts Payable	<u>Month</u>			
COGS	1			
SG&A	0			
Capital Expenditures	0			
Taxes	3			
Cash Influx		Month 1	Month 2	Month 3
Vault Rental		\$83,738	\$83,738	\$125,606
Mailbox Rental		\$884	\$1,319	\$1,978
Personal Guard Services		\$0	\$1,465	\$2,198
Precious Metal and Diamond Sales		\$0	\$2,931	\$4,396
Home Safe Sales		\$2,200	\$3,283	\$4,924
Franchise Fees and Royalties		\$0	\$0	\$18,900
Cash Influx Subtotal		\$86,821	\$92,735	\$158,003
Cash Outflow		Month 1	Month 2	Month 3
COGS		\$0	\$5,074	\$9,231
SG&A		\$133,446	\$102,446	\$157,129
Capital expenditures		\$0	\$0	\$1,500
Taxes		\$0	\$0	\$0
Cash Outflow Subtotal		\$133,446	\$107,520	\$167,860
Monthly Cashflow		(\$46,625)	(\$14,785)	(\$9,857)
Investment Capital		\$250,000		
Ending Cash		\$203,375	\$188,590	\$178,733



Valuation

A simple and reasonable valuation approach to put your offering on the right footing.

Valuation	
Year 3 projected earnings	\$66,988,804
Projected multiple of earnings	2.9
Internal rate of return	133%
Investment capital	\$2,500,000
% of the business to sell	16.3%
Premoney valuation	\$12,857,922
Postmoney valuation	\$15,357,922
Year 3 potential return on investment	1265%
Capitalization Data	
Calculated postmoney valuation	\$15,357,922
Postmoney valuation	\$15,000,000
Price per share	\$1.00
Amount of capital raise	\$2,500,000
Number of shares to sell	2,500,000
Number of shares to current shareholders	12,500,000
Total shares	15,000,000
Percentage of Company to new investors	16.67%
Premoney valuation	\$12,500,000



Capitalization

The Premoney and Postmoney capital formation of the business, demonstrating equity and dilution for all shareholders.

Prefunding Capitalization		
Common stock authorized	100,000,000	
Preferred stock authorized	10,000,000	
Common stock outstanding	2,500,000	
Preferred stock outstanding	0	
Total shares outstanding	2,500,000	
Amount of capital raise	\$500,000	
Unit price	\$25,000	
Number of units	20	
Common share price	\$1.00	
Shares offered to investors	500,000	
Commissions	\$50,000	
Net proceeds to company	\$450,000	
Common Shares	Shares	Percentage
James Davis	1,500,000	60.00%
Susan Wilson	650,000	26.00%
Roger Dunfee	350,000	14.00%
Reserve for convertible notes	0	0.00%
New Investors	0	0.00%
Subtotal Common Shares	2,500,000	100.00%
Preferred Shares	Shares	Percentage
None	0	0.00%
Subtotal Preferred Shares	0	0.00%
Grand Total All Shares Outstanding	2,500,000	100.00%
Postfunding Capitalization		
Common stock authorized	100,000,000	
Preferred stock authorized	10,000,000	
Common stock outstanding	3,355,000	
Preferred stock outstanding	0	
Total shares outstanding	3,355,000	
Postfunding market capitalization	\$3,355,000	
Common Shares	Shares	Percentage
James Davis	1,500,000	44.71%
Susan Wilson	650,000	19.37%
Roger Dunfee	350,000	10.43%
Reserve for convertible notes	605,000	18.03%
New Investors	250,000	7.45%
Subtotal Common Shares	3,355,000	100.00%
Preferred Shares	Shares	Percentage
None	0	0.00%
Subtotal Preferred Shares	0	0.00%
Grand Total All Shares Outstanding	3,355,000	100.00%



Summary

Short-form Income Statement, Balance Sheet, and Cash Flow tables to provide quick summary answers during the financial modeling process.

PROJECTED INCOME STATEMENT	Year 1	Year 2	Year 3
Revenue	\$896,943	\$7,685,275	\$17,993,716
COGS	\$470,228	\$4,120,113	\$9,732,708
COGS percentage	52.4%	53.6%	54.1%
Gross Margin	\$426,715	\$3,565,162	\$8,261,008
Gross Margin percentage	47.6%	46.4%	45.9%
Selling, G&A	\$1,826,041	\$2,375,462	\$2,681,535
S, G & A percentage	203.6%	30.9%	14.9%
Operating Income	-\$1,399,326	\$1,189,700	\$5,579,473
Operating margin percentage	-156.0%	15.5%	31.0%
Tax provision	\$0	\$0	\$1,602,141
Net income	-\$1,399,326	\$1,189,700	\$3,977,331
Net income percentage	-156.0%	15.5%	22.1%

PROJECTED BALANCE SHEET	Year 1	Year 2	Year 3
Cash	\$2,239,446	\$7,634,302	\$26,789,473
Receivables	\$463,509	\$2,195,393	\$3,481,833
Inventory	\$47,023	\$459,034	\$1,432,305
Other current assets	\$20,000	\$32,500	\$32,500
Total current assets	\$2,769,978	\$10,321,228	\$31,736,110
Net fixed and other assets	\$130,000	\$130,000	\$130,000
Total Assets	\$2,899,978	\$10,451,228	\$31,866,110
Payables / Accrual	\$290,353	\$885,641	\$1,353,505
Short term notes	\$0	\$0	\$0
Other current liabilities	-\$15,149	\$97,330	\$179,438
Long term debt	\$0	\$0	\$0
Other long term liabilities	\$0	\$0	\$0
Net worth	\$2,624,774	\$9,468,257	\$30,333,167
Total liabilities and net worth	\$2,899,978	\$10,451,228	\$31,866,110

PROJECTED CASH FLOW	Year 1	Year 2	Year 3
Starting cash	\$100	\$2,239,446	\$7,634,302
Cash from operations	-\$1,360,654	\$5,394,855	\$19,155,171
Financing activities	\$3,600,000	\$0	\$0
Increase / decrease cash	\$2,239,346	\$5,394,855	\$19,155,171
Ending cash	\$2,239,446	\$7,634,302	\$26,789,473



Reporting

Form used to help communicate key data to investors during operation after funding.

Monthly Data Entry and Performance			
New Connections - Stage 1			
	Month 1	Month 2	Month 3
Projected	500	700	400
Actual	498	731	418
Comparison	(2)	31	18
Qualified Prospects - Stage 2			
	Month 1	Month 2	Month 3
Projected	50	70	40
Actual	51	68	45
Comparison	1	(2)	5
Revenue - Stage 3			
	Month 1	Month 2	Month 3
Projected	\$62,500	\$87,500	\$50,000
Actual	63,000	85,000	51,500
Comparison	\$500	(\$2,500)	\$1,500
COGS			
	Month 1	Month 2	Month 3
Projected	\$25,000	\$30,000	\$20,000
Actual	25,900	28,500	20,535
Comparison	(\$900)	\$1,500	(\$535)
SG&A Expenses			
	Month 1	Month 2	Month 3
Projected	\$13,750	\$14,500	\$15,140
Actual	13,500	14,325	14,900
Comparison	\$250	\$175	\$240
Capital Expenditures			
	Month 1	Month 2	Month 3
Projected	\$0	\$25,000	\$15,000
Actual	0	22,750	12,600
Comparison	\$0	\$2,250	\$2,400
Cash Flow			
	Month 1	Month 2	Month 3
Projected	-\$161,250	\$52,800	\$68,320
Actual	-155,400	55,905	65,300
Comparison	\$5,850	\$3,105	(\$3,020)



Thank You