Producer of

Tritetra

Business Plan

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Executive Summary

Mission of Tetra One Source

Tetra One Source's mission is to provide solutions to environmental engineering companies and consultants that are **effective**, **economical**, and **environmentally friendly** to help reclaim two of the world's most finite resources – **land** and **water**.

Soil Remediation as a Venture Opportunity

Heavy metal contamination is extremely harmful and hazardous to biological life. Exposure to heavy metals through inhalation, skin contact, or ingestion may cause developmental delays, cancer, or other diseases and illnesses that can be fatal or incurable. Due to these health concerns, reduction of heavy metal contamination is a major focus for governments and private entities throughout the world. Therefore, **legal** regulations and **social** pressure dictate that land owners and developers must assess and manage contamination levels prior to property transfer, development or further habitation. There does not exist in the market today an effective, economical, and environmentally friendly solution to heavy metal contamination.

Solution: Tritetra

Created under a **NASA** research grant, Tritetra is a patented application of naturally occurring materials uniquely combined to reduce heavy metal toxicity and radioactive nuclide levels in soil and aqueous solutions. The patent was issued for this unique combination on December 18, 2007 (US Patent #7,309,437). The patent covers various combinations of the raw materials that reduce heavy metal and radionuclide contamination from soil, sludge, and aqueous solutions. Tritetra's patent

Patent Highlights

Issued December 2007
*Covers reduction of heavy metal toxicity in **soil** and **aqueous** solutions*

also includes an application for use in a water filtration system that Tetra One Source will exploit. Tritetra's main raw materials are naturally occurring, biodegradable, and environmentally friendly. A product like Tritetra fosters environmental sustainability and is attractive to the heavy metal soil remediation market because natural raw materials do not introduce another chemical to the site that may require further remediation. Tetra One Source will begin marketing Tritetra in the Louisville, Kentucky, USA, area and expand to regional, and national clients. Later, Tetra One Source will commercialize the patented water filtration system.

Product Benefits

Effective
Economical
Environmentally friendly

Market Size

Tetra One Source will introduce Tritetra in the US $23B soil remediation market as an effective, economical and environmentally friendly solution that reduces heavy metal toxicity. In the United States alone, the ground water and waste water remediation market is expected to grow to $234B by 2033.

Initial Target Market

Tetra One Source will identify and target reputable environmental engineering companies within a 100-mile radius of Louisville, Kentucky, USA, to introduce Tritetra: an effective, economical and environmentally friendly alternative for remediation projects. Environmental engineering companies will be specifically targeted because these companies are contracted by land developers, government agencies, and hazardous waste generators to investigate, select, and execute remediation plans for contaminated properties.

Key Milestones

- Tritetra has undergone multiple laboratory tests to prove its efficacy.
- The patent for Tritetra was issued in December 2007.
- Tetra One Source maintains an exclusive world-wide option to license.
- Tetra One Source completed negotiations to field test Tritetra and will commence testing in early 2009.

Financials and Investor Return

Tritetra's unique combination of three abundant natural resources provides the company with an opportunity to exploit low-cost inputs to achieve market penetration. With projected sales in year 5 of $22M, Tetra One Source will be used as a treatment solution on over **530K cubic meters** of soil. Round A investors will receive a **33% equity stake**, an **IRR of 92**% and a **14X cash-on-cash** return for an **$850K** pre-sales investment. Additional non-dilutive funding is anticipated through grants and awards that will be leveraged to maintain investor equity position. Tetra One Source will apply for proof of concept grants from the Environmental Protection Agency, and other federal offices like the Department of Defense and Department of Energy.

$850K Investment

$22M Year 5 Sales

33% Equity Stake

92% IRR

14X Cash-on-Cash

Tetra One Source maintains an advisory board that provides scientific guidance as well as government process and certification knowledge. Our advisory board also includes two potential customers, local environmental engineers, providing invaluable customer perspectives. Additional consultative roles are expected to include a patent attorney, private land developer, and certified public accountant. Enthusiastic founders are positioned to continue their diligent efforts to bring Tritetra to market and begin

company operations and build a profitable firm. The company expects to experience acquisition by a larger company at or near year 5. Acquisition of Tetra One Source will be enticing to existing large soil remediation companies to add the solution to their existing product portfolio.

Soil Remediation as a Venture Opportunity

Heavy metals including lead, arsenic, copper, zinc, cadmium, and uranium, pose significant threats to plants, animals, and humans. Exposure to these metals could create multiple health problems; developmental delays, cancer, and neurological illness for instance. For this reason, many government agencies take proactive and reactive measures to decrease human exposure to heavy metal contamination. Reactive steps to remove heavy metals or reduce toxicity vary based on contamination levels identified during environmental evaluations. Methods to reduce toxicity include:

Toxic Heavy Metals

Lead
Arsenic
Copper
Zinc
Cadmium
Arsenic
Uranium

- Excavation and disposal of contaminated soil as hazardous waste;
- Allowing toxicity levels to reduce through natural attenuation;
- Addition of chemicals or reactive agents that bind with the metals to prohibit further mobility to groundwater or contact biological life.

A method such as soil excavation and disposal does not address the issue of high toxicity reduction in soil as it currently stands; the contaminated soil is just moved to another location to sit idle for future generations to address.

Natural attenuation can be a time intensive option because the contaminated soil is simply left untouched for many decades with the hopes that natural oxidization will reduce contaminates to an acceptable level for development. This method prolongs the time required to develop the land.

The patented application of Tritetra will be used as a reactive agent to reduce heavy metal toxicity and radioactive nuclide levels in soil and aqueous solutions. Tetra One Source will market Tritetra as a cost-effective and timely alternative to expensive and time-consuming methods currently used to reduce heavy metal toxicity of soil. Tritetra will be introduced into the United States soil and groundwater remediation market that exceeds $23B annually.

Redevelopment of a former industrial site saves nearly 4.5 acres of greenspace.

Remediation of contaminated land presents comparable and often decreased costs when weighed against development of raw land that requires utility construction and other infrastructure improvements. One study indicates that for every one acre of contaminated land remediated and redeveloped, over four and a half acres of greenspace is saved and is not required to be developed. By focusing on remediation of contaminated land, developers may decrease land acquisition costs. Local, state and federal authorities provide significant tax incentives to lower land acquisition costs and often provide matching funds for remediation activities. Another promising trend allows governmental funds provided through grants or revolving loans to be used to offset site environmental

evaluation fees and even cover remediation costs upon a thorough evaluation of the developer's impact on the local economy.

Market

Market Definition and Size

Within the United States, the Environmental Protection Agency (EPA) estimates that **5M acres** of contaminated soil are present at **500K to 1M sites** on private lands alone. These sites are often the result of current or former industrial activities. Of these sites, only **5K** receive containment and remediation services each year to reduce heavy metal contamination. Private developers spend **$6-8B** each year to remove harmful contaminates from soil before development or real estate transactions may proceed. The EPA states that at the current rate of remediation, the time required to respond to all privately-held contaminated sites will easily span **three decades** or more and exceed **$30B** in costs.

$209B
Soil and Water Remediation Market

Private developers and state-owned properties are expected to account for 51% of sites that require remediation by 2033. Other markets with substantial remediation needs include the Department of Defense, Department of Energy, Civilian Agencies and sites that exist on the National Priority List (NPL). These other markets combine for a total estimated market size of **$209B during 2004-2033**.

Competitive Overview

Governments and private developers evaluate multiple methods to reduce heavy metal contamination of soil. In over 50% of the cases, the contaminated soil is

transported to a hazardous waste disposal facility at high disposal fees and ever-increasing transportation costs. Excavation and disposal as an option is also being limited or removed as a form of treatment for heavy metal contamination in some states.

Current methods of soil remediation are costly. Tetra One Source will introduce Tritetra as a low cost leader.

Technology	Cost
Excavation & Disposal	$300-510/$m^3$
Phytostabilization	$147-2322/$m^3$
Soil Washing	$70-187/$m^3$
Soil Solidification & Containment	$128-248/$m^3$
Soil Heating	$50-117/$m^3$
Tritetra	$40-$50/m^3

Tritetra – The Tetra One Source Solution

Tetra One Source will establish Tritetra as a viable alternative in the growing heavy metals soil remediation market. Tritetra's unique combinations of naturally occurring raw materials bind to heavy metals and reduce toxicity levels in as little as one week. Tetra One Source will market the solution to environmental engineering companies that often create remediation plans for owners and developers of contaminated land. Targeted marketing efforts will also include heavy distribution of information focused on Tritetra's effectiveness, economical advantages and environmentally friendly benefits.

How Tritetra Works

Based upon the heavy metals identified, a specific blend of Tritetra can be applied to the soil or water to reduce the toxicity level. Tritetra attracts heavy metals

within 20-30cm and then bonds with the metal to prohibit movement to surrounding soil or water. The metals then begin natural decay to further reduce the impact on the environment while the bonded nature of the solution prohibits further movement through soil or water and is also too large to be absorbed by plants.

Product Development and Patent

Tetra One Source maintains an exclusive, world-wide option to license the patent of Tritetra. Created under a **NASA** research grant, Tritetra is patented because of the unique combination of three naturally occurring raw materials. The patent covers various combinations of the raw materials that reduce heavy metal and radionuclide contamination from soil, sludge, and aqueous solutions. Tritetra's patent also includes application for use in a water filtration system that Tetra One Source will exploit in the future.

Tritetra's main raw materials are **biodegradable** and **environmentally friendly**. Products like Tritetra foster environmental sustainability and therefore entice the heavy metal soil remediation market because natural raw materials do not introduce another chemical to the site that may require further remediation.

Future Products

Tetra One Source will first introduce the product to the soil remediation market. The second product that Tetra One Source will market focuses on removing heavy metals from water through a filter that utilizes the same concept of attracting and sequestering heavy metals. The target market for water filtration product includes industrial companies that produce aqueous solutions full of heavy metals such as plating companies for metal products like spoons and other metal products.

Marketing and Sales

Marketing Strategy

Tetra One Source will initially target three markets to sell our product in the United States:

- Environmental engineering companies
- Department of Energy
- Department of Defense

In order to sell Tritetra to the environmental engineering firms, Tetra One Source will provide quantitative and qualitative data that proves the product works efficiently in the environment and is a viable soil remediation solution. Environmental engineering companies require field test results before choosing to evaluate Tritetra on a small area of a contaminated site. Once demonstration of Tritetra's effectiveness is proven, environmental engineering companies will provide its benefits and cost estimates to land owners and developers during remediation selection. Tetra One Source will diligently identify reputable environmental engineering companies to create case studies that demonstrate Tritetra's effectiveness, economical advantages and environmentally friendly benefits.

47%
The number of remediation projects that use new and innovative products each year.

The environmental engineering companies are not adverse to adoption of innovative technologies for soil remediation. Nearly 47% of environmental engineers use some type of new technology on remediation projects, so this is a good target market for entry due to their acceptance or new viable technologies like Tritetra.

When marketing to government agencies (local, state, and federal) Tetra One Source will need to engage in a technology certification program. Once certified for government use, we will be considered an acceptable technology for government projects. The EPA provides a directory of available, certified, and suggested technologies for specific contamination remediation.

Incentives exist for environmental engineering companies to test and use innovative technologies like Tritetra. Therefore, government grants and other funding assistance may be available to Tetra One Source or buyers that first use our product.

Tritetra is priced based on the number of cubic meters of soil that are being treated, and also the contamination level of the soil. Phase II environmental results provided by environmental engineering companies will determine contamination levels and the specific blend of Tritetra to achieve the maximum effect. Due to the varying inputs required for each blend, price varies per unit. Sales volume projections are based on the amount of raw materials needed to treat one cubic meter of contaminated soil. Projected sales growth for the first five years of operation provides **$22M** in revenue in the exit year. Sales growth is attributed to Tritetra's use on **over 530K cubic meters** of contaminated soil.

Our marketing objectives include attending industry conventions, advertising in trade publications, and traveling to different areas of the country to meet with potential business partners and customers. The marketing efforts will provide initial introduction to the product and continued relationship building opportunities with existing customers.

Tritetra has been tested in a laboratory setting and has proven to be an effective in-situ stabilizer and solidification solution for soil and aqueous solutions. The next step,

currently in process, is to conduct field tests. Negotiations have begun between Tetra One Source and two environmental engineering companies, Louisville Metro Government, and the University of Louisville to test multiple sites that contain heavy metal contaminates. Once identified, soil samples will be taken and evaluated, and then a specific Tritetra blend will be applied according to the contamination level. Follow-up testing will be aided by Kentucky's Division of Waste Management. The Commonwealth of Kentucky has agreed to provide confirmation testing through a grant that focuses on evaluation of innovative technologies such as Tritetra.

Tetra One Source specifically requested the assistance of Kentucky' Division of Waste Management early in the evaluation of Tritetra. Local and state government agencies similar to Kentucky's Division of Waste Management oversee and approve site remediation activities and serve as a clearing house for new technologies. Although Kentucky does not require technologies to be certified for use within the Commonwealth, other states including California and Florida mandate that any remediation technology must be evaluated and approved prior to use on contaminated soil through appropriate state offices. Similar regulations are pending in other states. In addition to laws requiring certification for technologies, some states have enacted additional legislation prohibiting transportation of contaminated soils to landfill sites outside their respective borders. Such legislation effectively eliminates excavation and disposal as a treatment solution, therefore increasing the likelihood of Tritetra's adoption in select markets.

Management and Key Advisors

Management Team

Daniel Johnsen is a founder and Chief Executive Officer (CEO) of Tetra One Source. Mr. Johnsen works as an independent business analyst in Louisville, Kentucky, USA. As part of his consulting work, he guides small businesses in identifying potential profit centers as well as aligning business processes to the organization's strategic plan. Often, alignment is achieved through the use of technology and information systems. Mr. Johnsen earned a B.S.B.A. in Computer Information Systems and is a MBA candidate at the University of Louisville with an expected completion date of May 2009.

Abby Lovan is a founder and Chief Marketing Officer (CMO) for Tetra One Source. She is currently the senior member of the Customer Acceleration Team at ZirMed, Inc., a software company based in Louisville, Kentucky, USA. In this role, Ms. Lovan works on process improvements, assisting new clients, and provides reporting and trend analysis for the company. Before accepting her current position, Ms. Lovan was a member of the Sales and Marketing team at ZirMed where she gained experience working trade shows, presenting at seminars, and building strategic partnerships. She earned a B.A. in Corporate and Organizational Communication from Western Kentucky University and is also a candidate for a MBA at the University of Louisville with an expected completion date of May 2009.

Key Advisors

Dr. Raul Cuero, Distinguished Professor of Microbiology, Prairie View A&M University, TX, USA. Dr. Cuero is a faculty member, researcher and inventor at Prairie View A&M University. As a result of his research interests in biology, Dr. Cuero holds

multiple patents and has experience as an inventor. Dr. Cuero was the principal investigator in the research that created Tritetra.

Dr. Lauren Heberle, Associate Director of the Center for Environmental Policy and Management and Director of the Environmental Finance Center (EPA Region 4). Dr. Heberle collaborates on various projects that utilize incentives for redevelopment with a focus on market based incentives that foster redevelopment activities on lands that include heavy metal contamination among other pollutants.

Mike Kimmel, Vice President, Waterfront Development Corporation in Louisville, Kentucky, USA. Mr. Kimmel oversaw the $78 million redevelopment of a multi-use industrial site with many contaminants into an award-winning park in downtown Louisville, Kentucky, USA. Mr. Kimmel speaks to other communities frequently about the major obstacles and environmental concerns encountered during the development of Waterfront Park.

Dr. David McKay, Chief Scientist for Astrobiology, Johnson Space Center, Houston, TX, USA. Dr. McKay currently works with NASA as a Chief Scientist at the Johnson Space Center. Dr. McKay joined NASA as a civil servant and has over 40 years of scientific experience. He has headed multiple departments and divisions during his tenure at NASA and is the recipient of multiple awards acknowledging his research interests with Mars. Dr.

Advisors

Dr. Raul Cuero
Inventor
Dr. Lauren Heberle
EPA Region 4 Director
Mike Kimmel
VP, Waterfront Development
Dr. David McKay
NASA Chief Scientist
Alex Watts
Environmental Engineer

McKay worked with Dr. Cuero as part of the joint effort to explore possible uses of moon and Martian rock that lead to the discovery of Tritetra.

Alex Watts, former environmental engineering consultant, Louisville, Kentucky, USA. Alex served as a consultant for multiple remediation projects in Florida that required heavy metal removal and containment. Mr. Watts provides industry experience and knowledge of execution of remediation project evaluation and cleanup.

Joe Stephens, is a practicing environmental engineering consultant for a large firm based in Simpsonville, Kentucky, USA. Joe regularly evaluates and provides solutions to land owners and developers that have confirmed contamination levels. Joe also provides implementation plans for water filatration systems used to treat heavy metal generation.

Financials

Tetra One Source has $880K of startup requirements. This funding is achieved with $850K from seed round investors and $30K from founders. Our three product blends are priced at $40, $45, and $50 per cubic meter treated, allowing Tetra One Source to record a gross profit margin of over $8.7M in year 5. Tetra One Source has three primary operating expenses: sales and marketing costs, general and administrative expenses, and salaries. In our exit year, these costs range from 60%-75% depending on the blend of the product. There are three major outsourced items included in cost of goods sold, all of which are outsourced duties: storing, and pixing of the product. Outsourced duties will be performed by a regional preferred mixing partner that has existing transportation plans and equipment used to store and mix the raw

materials. This same partner relationship will be used for mixing raw materials into the appropriate ratios for each Tritetra blend. The strategic partner will then mix the specific ratios of raw materials to create one of Tritetra's blends. These outsourced functions and royalties account for the cost of goods sold for Tritetra.

Capital Structure

Tetra One Source seeks $850K in a seed round investment for 33% equity stake. With total sales over $22M and an EBITDA of over $4.5M in our exit year, our investors will receive an IRR of 92% and 14X cash-on-cash return.

Potential Funding, Resource, and Collaborative Opportunities

Tetra One Source is actively engaging multiple entities to provide initial supplemental funding and other resources to conduct multiple field tests and provide publicity opportunities. Tetra One Source is in the process of establishing a "Signature Partnership" at the University of Louisville that seeks to leverage the university's existing contaminated land as a field test site and the knowledge of multiple faculty members throughout various colleges as mentors and scientists.

Upon finalizing the partnership, such a collaborative effort is expected to be published in various university and higher education publications due to the student-led effort and positive environmental impact. Although publication will not be devoted to sales or the core business, the publicity expected may include regional television news stories and local newspaper coverage.

"**The Partnership for a Green City**," a collaborative effort based in Louisville, Kentucky, USA, of the Jefferson County Public Schools, Louisville Metro Government, and the University of Louisville, has expressed interest in learning more about Tritetra.

The steering committee heard a brief presentation on Tritetra in September 2008, in an effort to provide guidance, feedback, and potential leveraged resources for the green product's use in Louisville, Kentucky, USA.

Tetra One Source is also actively searching and applying for grant funding opportunities of or through the following: **Vogt Development Award, Kentucky Science and Technology Corporation, Kentucky Science and Engineering Foundation, Kentucky Division of Waste Management, Environmental Protection Agency** (National and Region 4), **Department of Energy, and Department of Defense**.

Income Statement

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenue					
Tritetra - Blend 1	440,000	4,200,000	8,000,000	10,800,000	13,000,000
Tritetra - Blend 2	0	900,000	1,575,000	4,365,000	7,875,000
Tritetra - Blend 3	0	725,000	750,000	750,000	1,500,000
Tritetra - Blend 4	0	0	0	0	0
Water Filtration System	0	0	0	0	0
Total Revenue	**$ 440,000**	**$ 5,825,000**	**$ 10,325,000**	**$ 15,915,000**	**$ 22,375,000**
Cost of Goods Sold					
Tritetra - Blend 1	264,000	2,520,000	4,800,000	6,480,000	7,800,000
Tritetra - Blend 2	0	558,000	976,500	2,706,300	4,882,500
Tritetra - Blend 3	0	471,250	487,500	487,500	975,000
Tritetra - Blend 4	0	0	0	0	0
Water Filtration System	0	0	0	0	0
Total Cost of Goods Sold	264,000	3,549,250	6,264,000	9,673,800	13,657,500
Gross Income	176,000	2,275,750	4,061,000	6,241,200	8,717,500
Operating Expenses					
Other	0	0	0	0	0
Sales and Marketing	171,724	843,918	1,583,153	2,206,642	2,816,767
General and Adminstrative	72,544	536,305	858,025	1,098,148	1,362,744
Total Operating Expenses	244,268	1,380,223	2,441,178	3,304,791	4,179,510
Income Before Int & Taxes	**(68,268)**	**895,527**	**1,619,823**	**2,936,409**	**4,537,990**
Interest Expense	504	3,408	5,271	5,271	5,271
Interest and Grant Revenue	0	0	0	0	0
Income Before Taxes	**(68,772)**	**892,119**	**1,614,552**	**2,931,138**	**4,532,719**
Tax Exp	0	247,004	484,365	879,342	1,359,816
Net Income	**$ (68,772)**	**$ 645,115**	**$ 1,130,186**	**$ 2,051,797**	**$ 3,172,903**

Balance Sheet

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
ASSETS					
Current Assets					
Cash	607,534	655,166	1,984,878	3,696,512	6,472,637
Net Accounts Rec	235,200	1,048,600	843,208	1,299,725	1,827,292
Total Current Assets	**842,734**	**1,703,766**	**2,828,086**	**4,996,237**	**8,299,929**
Gross Fixed Assets	6,750	24,750	33,750	40,500	40,500
Less Accum Depreciation	717	7,047	17,797	28,697	34,264
Net Fixed Assets	**6,033**	**17,703**	**15,953**	**11,803**	**6,236**
TOTAL ASSETS	**$ 848,767**	**$ 1,721,469**	**$ 2,844,039**	**$ 5,008,040**	**$ 8,306,165**
LIABILITIES					
Short Term Liabilities					
Accounts Payable (30 days)	8,915	28,865	41,968	51,430	55,830
Salaries Payable (15 days)	5,104	13,948	19,450	23,448	24,152
Taxes Payable (90 days)	0	147,312	121,091	219,835	339,954
Line of Credit (10% of net A/R)	23,520	75,000	75,000	75,000	75,000
Current Portion of Cap Equip Lease	0	0	0	0	0
Current Portion of Long Term Debt	0	0	0	0	0
Total Short Term Liabilities	**37,539**	**265,125**	**257,510**	**369,713**	**494,935**
Long Term Liabilities					
Capital Equipment Lease (3 years)	4,200	4,200	4,200	4,200	4,200
Long Term Debt (5 years)	0	0	0	0	0
Total Long Term Liabilities	**4,200**	**4,200**	**4,200**	**4,200**	**4,200**
TOTAL LIABILITIES	**41,739**	**269,325**	**261,710**	**373,913**	**499,135**
Equity					
Preferred Stock	850,000	850,000	850,000	850,000	850,000
Common Stock	0	0	0	0	0
Retained Earnings	(42,972)	602,143	1,732,329	3,784,126	6,957,029
Total Equity	**807,028**	**1,452,143**	**2,582,329**	**4,634,126**	**7,807,029**
TOTAL LIABILITIES & EQUITY	**$ 848,767**	**$ 1,721,469**	**$ 2,844,039**	**$ 5,008,040**	**$ 8,306,165**

Statement of Cash Flow

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
BEGINNING CASH	**$ 30,000**	**$ 607,534**	**$ 655,166**	**$ 1,984,878**	**$ 3,696,512**
Sources of Cash					
Net Income	(68,772)	645,115	1,130,186	2,051,797	3,172,903
Add Depr/Amort	717	6,331	10,750	10,900	5,567
Issuance of Preferred Stock	850,000	0	0	0	0
Issuance of Common Stock	0	0	0	0	0
Plus Changes In:					
Accounts Payable (30 days)	8,915	19,950	13,103	9,462	4,400
Salaries Payable (15 days)	5,104	8,844	5,502	3,998	703
Taxes Payable (90 days)	0	147,312	(26,221)	98,744	120,119
Additions to Line of Credit	23,520	62,505	0	0	0
Additions to Cap Equip Lease	0	0	0	0	0
Additions to Long Term Debt	0	0	0	0	0
Total Sources of Cash	**819,484**	**890,057**	**1,133,320**	**2,174,901**	**3,303,692**
Uses of Cash					
Less Changes In:					
Net Accounts Rec	235,200	813,400	(205,392)	456,517	527,567
Gross Fixed Assets	6,750	18,000	9,000	6,750	0
Reductions to Line of Credit	0	11,025	0	0	0
Reductions to Cap Equip Lease	0	0	0	0	0
Reductions to Long Term Debt	0	0	0	0	0
Total Uses	**241,950**	**842,425**	**(196,392)**	**463,267**	**527,567**
CHANGES IN CASH	**577,534**	**47,632**	**1,329,712**	**1,711,634**	**2,776,125**
ENDING CASH	**$ 607,534**	**$ 655,166**	**$ 1,984,878**	**$ 3,696,512**	**$ 6,472,637**

Pre-Money Valuation

Proposed Pre-Money Valuation and Methodology	
Discount Factor	80%
LT Growth Rate	10%
Year to Exit	FY 2014
Current Year	FY 2010
VC Projection Slash	35%
Private Purchase Discount	25%

Summary of Valuation Methods	Per Plan	VC Slash
Conventional Venture Capital Valuation Model	2,720,253	1,768,164
First Chicago Method	2,203,405	1,432,213
Present Value of Future Net Income Streams	3,227,508	2,420,631
Multiple of EBITDA Method	1,945,297	1,264,443
Maximum Valuation	3,227,508	
Minimum Valuation	1,264,443	
Average of 4 Venture Capital Valuations	**$ 1,721,363**	

Exit Value

Exit Value Calculation	
Year to Exit	FY 2014
Discount Rate	15.00%
Long Term Growth Rate	10.00%

Price - Earnings Method	
After Tax Income (FY 2014)	3,172,903
Price/Earnings Ratio	12
Estimated Value (FY 2014)	38,074,836

PV of Future NI Streams	
PV of NI>FY 2014	41,110,838
Est. Value (FY 2014)	41,110,838

Multiple of EBIT	
EBIT (FY 2014)	4,537,990
Multiple of EBIT	6
Estimated Value (FY 2014)	27,227,937

Average of 3 Methods	$ 35,471,204

Capitalization Structure

Investment Timeline	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY2014
Entrepreneurial Team	30,000	0	0	0	0	0
Round A	0	850,000	0	0	0	0

Round A Structure	Invested	Share Price	# of Shares	% of Company
Founders	30,000		500,000	56%
Mgmt. Option Pool			100,000	11%
Round A Investment	850,000	2.87	296,277	33%
Total Shares Outstanding			896,277	100%
Pre-Money Valuation	1,721,363			
Outside Capital	850,000			
Post-Money Valuation	$ 2,571,363			
Exit Value (FY 2014)	$ 35,471,204			

Return on Investment	Investment	IRR	Cash on Cash	Equity	Years Invested	Net Cash Flows
Series A Investors	$ 850,000	92.72%	14	33%	4	$ 10,875,503