



Supplementary Documents & Financials



Primary Goal

- Increase the value of our company through grants, partnerships, and an one-of-a-kind offering to generate increasing revenue that will allow us to expand our business.

Pricing Summary: Ticketed Sales

Executive Summary

- Our pricing structure is based on competitor prices and cost to cover expenses. We plan to offer a tiered ticket system to offer our services at affordable prices for all, while still covering our costs.

Pricing Breakdown Summary: By Ticket Sales				
Ticket Type	Adult On-Peak	Adult Off-Peak	Student	Child under 5
Pricing by Customer Type	\$29.99	\$24.99	\$19.99	Free
Cost				
Salary	\$1.75	\$1.75	\$1.75	\$1.37
Rent	\$0.19	\$0.19	\$0.19	\$0.19
Audio & Video Equipment and Maintenance	\$0.66	\$0.66	\$0.66	\$0.66
Electricity	\$0.03	\$0.03	\$0.03	\$0.03
Information & Visual Materials	\$0.18	\$0.18	\$0.18	\$0.18
Total Cost	\$2.89	\$2.89	\$2.89	\$2.89
Cost %	10%	11%	14%	0%
Gross Profit	\$27.10	\$22.10	\$17.10	\$(2.89)
Gross Margin	90%	89%	86%	N/A



Cost Detailed Breakdown

- To calculate our costs, we broke down our expenses on a yearly basis. From that amount we divided our daily expenses total by the average amount of attendees. That gave us the cost per expense that each ticket held.

Salary

- As per Payscale, the average salary in Toronto is \$ 64,000.00 a year.
- Source: <https://www.payscale.com/research/CA/Location=Toronto-Ontario/Salary>
- Equation:** $\$64,000 \times 5 \text{ employees} = \$320,000 | \$320,000 \div 365 \text{ (days in the year)} = 876.712329 | 876.712329 \div 500 \text{ (avg attendees per day)} = 1.7534 | \text{therefore } 1.75\text{\$ of a ticket sale goes towards salaries.}$

Rent

- As per PowerPlant TO, the average rent for an exhibit in their space is \$ 3,000.00 a month.
- Source: <https://www.thepowerplant.org/AboutUs/Venue-Rentals.aspx>
- Equation:** $\$3,000 \times 12 \text{ months per year} = \$36,000 | \$36,000 \div 365 \text{ (days in the year)} = 98.63 | 98.63 \div 500 \text{ (avg attendees per day)} = 0.19 | \text{therefore } 0.19\text{\$ of a ticket sale goes towards rent.}$

Audio & Video Equipment and Maintenance

- Based on Toronto, Audio and Visual Rentals, we expect our cost to be \$3,000.00 a month.
- Source: <https://www.torontoaudiovisualrentals.ca/projector-rentals.php>
- Equation:** $\$10,000 \times 12 \text{ months per year} = \$120,000 | \$120,000 \div 365 \text{ (days in the year)} = 328.77 | 328.77 \div 500 \text{ (avg attendees per day)} = 0.66 | \text{therefore } 0.66\text{\$ of a ticket sale goes towards audio & video equipment and maintenance.}$

Electricity

- Based on Toronto Hydro prices, we expect to pay approximately \$477.700 a month.
- Source: <https://www.torontohydro.com/for-business/rates>
- Equation:** $\$477.70 \times 12 \text{ months per year} = \$5,732.40 | \$5,732.40 \div 365 \text{ (days in the year)} = 15.705 | 15.705 \div 500 \text{ (avg attendees per day)} = 0.03 | \text{therefore } 0.03\text{\$ of a ticket sale goes towards electricity.}$

Information & Visual Materials

- Based on Staples average printing cost, we expect to pay approximately \$32,850 per year.
- Source: <https://www.staplescopyandprint.ca/pricelist.aspx>
- Equation:** $500 \text{ (avg attendees per day)} \times 365 = 182,500 \text{ (avg yearly attendance)} | 182,500 \times \$0.18 \text{ (cost to print 1 letter size paper)} = \$ 32,850 \text{ (cost of supply every person with a printed paper)} | \text{therefore } 0.18\text{\$ of a ticket sale goes towards information & visual materials.}$



Three Year Financial Projection

Executive Summary

- All of our projected costs are grounded in research of the city of Toronto and the arts and culture industry. Our financials are largely based on the assumption that we will be serving at least our minimum capacity daily. We hope to increase profits with each year of operation.

Cash Flow Statement

	Year 1			Year 2			Year 3		
	Sources	Users	Differences	Sources	Users	Differences	Sources	Users	Differences
Net Profits	\$ 1,732,723.99			\$3,467,064.97			\$5,138,930.96		
	\$1,732,723.99			\$3,467,064.9			\$5,138,930.96		
Changes in Working Capital									
Accounts payable increase	\$200			\$40.00			\$40.00		
Income tax payable increase	\$84,800.00			\$84,800.00			\$110.00		
Accounts payable decrease	\$0				\$0				\$0
Accounts receivable decrease		\$5,000.00			\$2,500.00				\$2,500.00
Inventory increase		\$ 0			\$ 0				\$ 0
Prepaid building expense increase		\$41,732.40			\$41,732.40				\$41,732.40
	\$85,000.00	\$46,732.40	\$38,267.60	\$84,840.00	\$44,232.40	\$40,607.60	\$110.00	\$44,232.40	\$(44,122.40)
Cash from operations			\$1,770,991.59			\$3,507,672.57			\$5,094,808.56
Investing Activities									
Raise of employee salary		\$320,000.00			\$320,000.00				\$320,000.00
Increase in marketing		\$15,000.00			\$10,000.00				\$ 20,000.00
Sale of old equipment							\$ 5,000.00		
Purchase of new equipment		\$121,000.00			\$242,000.00				\$ 363,000.00
	\$ 0	\$456,000.00	\$(456,000.00)	\$3,000.00	\$572,000.00	\$(569,000.00)	\$ 5,000.00	\$703,000.00	\$(698,000.00)
Net increase in cash			\$1,314,991.59			\$2,938,672.57			\$4,390,808.56



Income Statement

	Year 1	Year 2	Year 3	
Ticket Sales	\$2,835,580.00	\$5,671,160.00	\$8,506,740.00	Increasing as we host more exhibits/year
Alternative Revenue	\$25,000.00	\$50,000.00	\$75,000.00	Grants, donations, bursaries
Gross Profit	\$2,860,580.00	\$5,721,160.00	\$8,581,740.00	
Expenses				
Salary	\$320,000.00	\$640,000.00	\$960,000.00	
Travel	\$3,000.00	\$10,000.00	\$20,000.00	5 people running exhibit, doubling every year
Phone & Internet	\$2,400.00	\$3,600.00	\$4,800.00	Domestic and international expansion = higher travel \$
Marketing	\$15,000.00	\$25,000.00	\$45,000.00	
Equipment	\$121,000.00	\$242,000.00	\$363,000.00	Audio/visual, electronics
Rent	\$36,000.00	\$72,000.00	\$180,000.00	4 months per showing
Electricity	\$5,732.40	\$11,464.80	\$17,197.20	
Total Expenses	\$ 503,132.40	\$1,004,064.80	\$1,589,997.20	
Net Profit Before Tax	\$2,357,447.60	\$4,717,095.20	\$6,991,742.80	
Income Taxes	\$624,723.61	\$ 1,250,030.23	\$1,852,811.84	
Net Profit	\$1,732,723.99	\$3,467,064.97	\$5,138,930.96	

Balance Sheet

	Year 1	Year 2	Year 3	
Assets				
Current Assets				
Cash	\$25,000.00	\$35,000.00	\$45,000.00	Grants we apply to
Accounts Receivable	\$5,000.00	\$7,500.00	\$10,000.00	
Office Supplies	\$500.00	\$1,000.00	\$1,500.00	
Other Current Assets	\$4,000.00	\$4,000.00	\$4,000.00	
Total Current Assets	\$34,500.00	\$47,500.00	\$60,500.00	
Long-term Assets				
Equipment	\$121,000.00	\$242,000.00	\$363,000.00	Based on our estimates from our Pricing Summary
Prepaid Building Expenses	\$41,732.40	\$83,464.80	\$125,197.20	Rent and Electricity Costs
Total Long-term Assets	\$162,732.40	\$325,464.80	\$488,197.20	
Total Assets	\$197,232.40	\$372,964.80	\$548,697.20	
Liabilities				
Current Liabilities				
Accounts Payable	\$200.00	\$240.00	\$350.00	
Wages Payable	\$320,000.00	\$640,000.00	\$960,000.00	Annual wages for 5 employees, doubling every year
Debt	\$84,800.00	\$169,600.00	\$254,400.00	
Total Liabilities	\$405,000.00	\$809,840.00	\$1,214,750.00	
Shareholder's Equity				
Retained Earnings	\$(207,767.60)	\$(436,875.20)	\$(666,052.80)	
Total Shareholder Equity	\$(207,767.60)	\$(436,875.20)	\$(666,052.80)	
Total Liability & Equity	\$197,232.40	\$372,964.80	\$548,697.20	



Cost Detailed Breakdown

Start-up Costs

- Rental payments & insurance: \$12,000 (per 3 months' stay in Toronto)
SOURCE: <https://www.thepowerplant.org/AboutUs/Venue-Rentals.aspx>
- Advertising/Marketing: \$15,000 (annual)
SOURCE: <https://www.webfx.com/digital-marketing-pricing.html>
- Exhibit costs (audio/video equipment, electricity, visual materials): \$15,132 (annual)
SOURCE: <https://www.getlivewire.com/whats-average-cost-av-system-businesses/>

Marketing Costs

- Because our exhibit is temporary, we will invest significant funds into marketing efforts. In year 1, we plan to dedicate \$15,000 toward a variety of marketing tactics (digital, print, etc.). This number was estimated based on average SEO, social media marketing and website development costs in 2020.

SOURCE: <https://www.webfx.com/digital-marketing-pricing.html>

Gallery Lease

- After conducting research on the Toronto renting market and looking at specific examples, we found that rent would cost us around \$3,000 per month, and \$36,000 for a year. Considering we only plan to stay 4 months, we would likely pay around \$12,000 of the total rent cost. Because this is the first year of operation, it is likely we would simply extend our lease in the same location - moving our exhibit elsewhere will require more planning.

SOURCE: <https://www.thepowerplant.org/AboutUs/Venue-Rentals.aspx>

Year 1

- In the first year of business, AWAIR hopes to break-even, and we have adjusted our cost estimations with this intention. However, our costs are still significant. As aforementioned, payments such as rent and advertising will be crucial in the early development stage of our initiative. Based on our projected financials, we expect around \$1,818,718.99.

Year 2

- In year 2 of operation, after 12 months of advertising and attention, we estimate ticket sales will double. Similarly, our hypothetical salary would increase in conjunction with the ticket sales. Most of our expenses would double or triple as well, as AWAIR intends to run multiple exhibits simultaneously after the brand is recognizable and has made enough profit to do so. With the expected increase in profits, we will expect around \$3,639,054.97 in revenue in year 2.

Year 3

- Looking ahead to year 3, the final year displayed on our financial projection, we again expect ticket sales and related profits to double. We anticipate that this will equate to approximately \$5,396,915.96.

Summary

- As presented in our financial projections that are based in research, we anticipate our ticket sales, and therefore net profit, to increase over 2-3 years of operation. Specifically, we expect net profit to double each year, for a 100% increase in profits.



Competitive Analysis

	Immersive Van Gogh	Ontario Science Centre	IQ Air
Direct or Indirect?	Indirect	Indirect	Indirect
Price	OFF PEAK: \$34.99 PEAK: \$39.99 Drive Thru: \$94.99 Yoga Class: \$39.99	Adults(18-64): \$22.00 Youth(13-17), Students, and Seniors(65+): \$16.00 Child(3-12): \$13.00 Infant(2 & under): Free	Mobile App: Free
Strengths & What they Offer	<ul style="list-style-type: none"> A completely immersive, mesmerizing exhibit that captures viewers' attention Temporary nature means more immediate interest from users Aesthetically pleasing, very "Instagrammable" (the most effective form of free marketing) 	<ul style="list-style-type: none"> Rather than an immersive experience, they provide entertainment and constant interactivity in their exhibit Changes exhibition themes to keep their customers interested Puts education at the forefront of their experience and ensures it is meaningful 	<ul style="list-style-type: none"> Easily accessible way to educate yourself about air quality, doesn't require users to leave their homes Easy to understand statistics, such as daily air quality index More COVID-19 friendly than venturing outside to a public exhibit Provides different air purifier products/resources
Weaknesses & What they don't offer	<ul style="list-style-type: none"> Offers little in the way of education, therefore impact is short-lived High ticket price for a 20-minute experience 	<ul style="list-style-type: none"> Focuses mainly on children, less likely for adults to visit On going field trips and the quantity of kids warrants a more crowded/hectic experience 	<ul style="list-style-type: none"> Lacks the option of learning through experience (touch, smell, sound, etc.) Does not provide users with alternative resources to create small-scale change to their lifestyle (i.e. biking resources)

