



# A HELIOS BUSINESS PLAN

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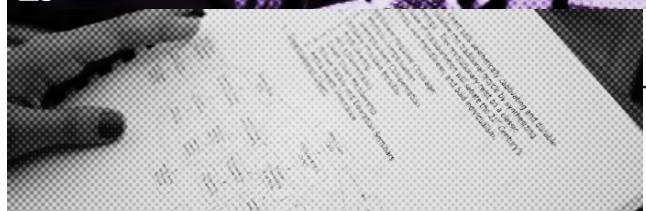
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# EXECUTIVE SUMMARY

Consumers face choices every day, but few of the choices offered in today's market do anything more than temporarily address a need. Helios introduces a revolutionary product that not only permanently betters the lives of its customers, but helps communities around the world.

Helios is a well-rounded backpack company that presents customers with a better, smarter choice. Helios backpacks are equipped with the shock-absorbing Atlas spring system, proven to reduce their apparent weight, along with a compartmentalization system that expands to suit its users' varying needs. Together, these patent-pending innovations create a safeguard against the growing problem of overfilled, unorganized backpacks.

Customers purchasing from Helios are given the choice to tangibly better their lives. But why stop at just one life? Helios prides itself on introducing the possibility of helping both oneself and others with a single purchase.

Each Helios backpack is color-coordinated with one of eight charities: the AIDS Research Alliance, the ALS Association, the Children's Cancer Research Fund, Homeboy Industries, Red Cross International, Susan G. Komen for the Cure, the United Nations Children's Fund, and the World Wildlife Foundation. When a backpack is purchased, 1% of the revenue from the sale is donated directly to the associated charity; customers are given the option to select a different organization if desired.

Helios's dedication to the triple bottom line of people, planet, and profits extends beyond charitable donations to environmental friendliness and fiscal responsibility. The durability and longevity of a Helios backpack save both energy and resources, while eco-conscious shipping procedures reduce Helios's carbon footprint. Helios employs responsible business practices to keep employees loyal and manufactures exclusively in the United States, creating American jobs in today's struggling economy.

With superior engineering alongside a commitment to social responsibility and sustainable business methods, Helios reinvigorates the backpack industry with a new paradigm and a new set of choices.

# INTRODUCTION

## Statement of Purpose

This business plan was prepared to provide a framework for Helios through the 2011-2012 fiscal year and clearly define the company's plans, purposes, and goals.

## Mission Statement

Helios combines superior functionality and social responsibility into a truly reinvented backpack that provides customers with the choices they need to improve both their lives and the lives of others.

## Business Objectives

Helios aims to establish itself as the premier backpack retailer in the virtual world.

1-Year Goals: Helios plans to break even in its first fiscal year and make its product available at Retail Merchandising Units (RMUs) in shopping malls in Los Angeles, Chicago, and New York.

3-Year Goals: Helios plans to increase sales revenues to the point where it becomes financially feasible to raise its charitable donations from 1% of revenue to 3%.

5-Year Goals: Helios plans to expand into the international market using the business and shipping relationship fostered with its logistics partner, Allogistx International.

## Company Description

As a part of the travel goods industry, Helios sells high-quality, health-conscious backpacks that allow the user to effortlessly organize their life and work. Helios takes pride in its commitment to social responsibility, striving to incorporate the triple bottom line into all of its operations.

## Legal Description

Helios is a C corporation incorporated in Delaware on November 1, 2011.

## Key Personnel

### CEO - Fedor Kossakovski

Fedor Kossakovski's intelligence and business acumen stem from extensive experience. Mr. Kossakovski served on the business plan team of Coast, the virtual bicycle company that placed second in the 2011 National Business Plan Competition, and currently holds a paid position at the California Institute of Technology. At the forefront of innovation in both business and science, Mr. Kossakovski stands poised to lead Helios to entrepreneurial success.

### COO - Siddhartha Vyas

Siddhartha Vyas's years of real-world business operations translate into valuable expertise in the virtual environment. Mr. Vyas has engaged in practical study of management techniques through his internships at Allogistx International and Meridian Health Services; his accomplishments, which include closing a \$650,000 government contract and spearheading the creation of new company divisions, make him uniquely equipped to guide Helios's operations departments.

### CCO - Miranda Gontz

Miranda Gontz is the creator of both the commercial for Coast that received first place at the 2011 Bay Area Trade Fair and the documentary "Rialto: A Fading Treasure," which reinvigorated the fight to revive one of the last surviving single-screen theaters in the country. Combined with her internship at Custom Film Effects Graphics House, experience makes Ms Gontz uniquely qualified to guide Helios's creative departments in their construction of the company's image.

### CFO - Matthew Wong

Matthew Wong brings considerable financial expertise to Helios, having served as the Vice President of Finance for the award-winning virtual enterprise company Scenic. Mr. Wong's recent internship at the National University of Singapore, one of the most prestigious universities in Asia, demonstrates conclusively that he possesses the necessary drive and skill set to help Helios flourish in virtual enterprise.

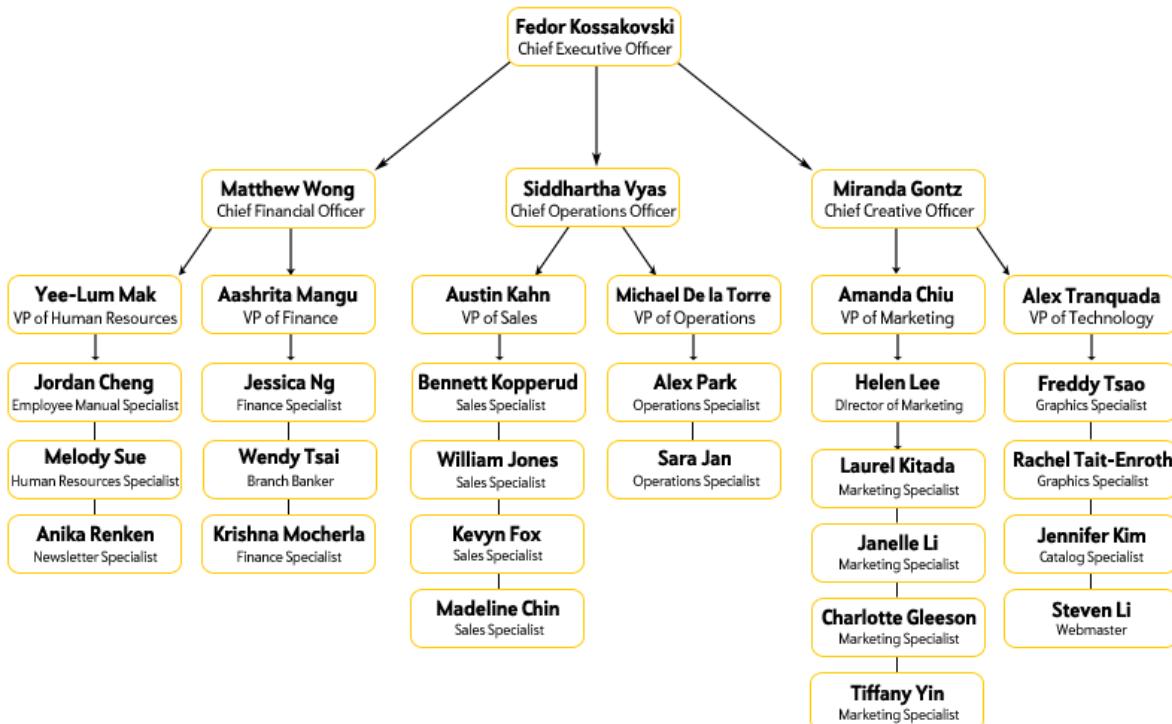
## Employees and Schedules

Helios has 31 full-time employees in its main office, managing administration, marketing, operations, sales, graphics and technology, finance, and human resources. Two part-time employees will man Helios's Retail Merchandising Unit (RMU) in Los Angeles, while workers (two each) for the New York- and Chicago-based RMUs will be provided by local branches of the Aerotek Staffing Agency.

Personnel are organized into six departments, each reporting to a Vice President. Each employee's progress toward goals is evaluated with biweekly task sheets and annual performance reviews. Advancement is gauged at year-end administrative meetings. Each member of the Helios administrative board oversees two departments and reports to the CEO.

Administrative board members pass tasks down to their Vice Presidents, after which they are assigned to individual specialists or multi-tiered groups for completion. The CEO provides direction regarding the overall strategy and vision of the company, and ensures that its business practices remain responsible and sound.

## Organizational Chart



# MARKET ANALYSIS

## Industry Analysis

According to data provided by the Travel Goods Association, backpacks reached a high of \$1.43 billion in retail sales in 2007. Even at its lowest point, reached in 2009, the backpack market still accounted for \$1.2 billion in sales. The industry saw a strong resurgence in 2010 with revenues of \$1.42 billion, a 14.9% increase from the previous year. This high level of post-recession growth, combined with the 102% increase in annual backpack sales from 2000 to 2010, results in a market conducive to entry.

The national personal saving rate dropped considerably over the last half of 2011; after remaining around 5% since late 2009, it stood at 3.5% in November, down from 3.6% in October. This increase in income spending shows that American consumers are becoming more comfortable making purchases as the economy recovers.

Despite financial risks generated by the recent recession, Helios occupies a uniquely stable economic position due to its product and target market. Out of necessity, students regularly purchase backpacks in the summer and early fall months. In addition, the size of the target market stays relatively constant from year to year, ensuring consistent sales.

## Real-World Competitors

Given the ubiquity of backpacks as a student tool, Helios faces several real-world competitors. However, more-established backpack companies, such as Jansport, do not integrate social responsibility into their business models, giving Helios a competitive edge. According to a 2011 survey, 80% of consumers would switch to a brand that supports a good cause.

Due to the lack of backpack companies pursuing the triple bottom line, Helios is only in direct competition with firms marketing products with similar features. Helios's Atlas system is in the process of being patented, which will grant Helios marketplace exclusivity with this marquee feature and further solidify the company's position as a pioneer in the industry.

However, other companies have made forays into the area of compartmentalization. Incase Designs, while marketing one "compact backpack" with compartments for laptops and other

materials, does not expressly identify itself as a backpack company. Their product family consists mainly of cases for various electronic devices, but also includes guitar cases and headphones, resulting in a fragmented company image. Helios, with its singular focus on quality backpacks, presents the consumer with a unified vision and thus increases their confidence in the product.

Ivarson U.S.A. claims to have “reinvented the backpack” with its built-in shelving system, but this feature is severely limited in function, as each shelf is restricted to a particular size and shape. Items that do not fit within the confines of a shelf must be carried separately. By contrast, Helios’s expandable system allows the user to select the configuration that best fits their possessions, and to alter that configuration as their needs change.

## **Virtual Competitors**

Helios occupies a unique niche in the virtual world. All travel goods marketed by other virtual enterprises are categorized as purses, messenger bags, or drawstring bags. These other bags, all sold by either apparel or outdoors companies, are brand items from real-world firms. This lack of focused and original products creates a significant void in the market, which Helios aims to fill.

## **Product**

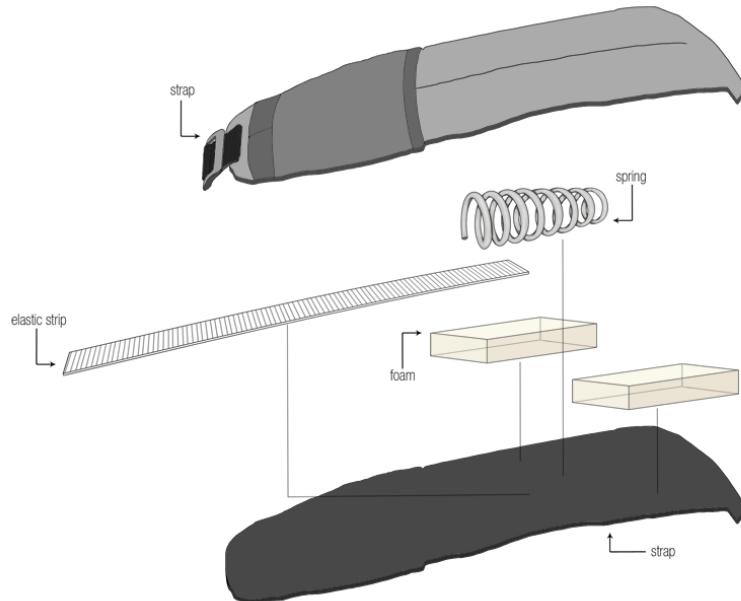
Helios markets a cutting-edge backpack designed specifically to improve the health of the consumer. Each Helios backpack includes the Atlas system, which reduces physical strain on the user's back. Also included in each backpack is an expandable compartmentalization system, which allows for effortless organization. Helios backpacks are made of Cordura, a durable and waterproof material that serves as the basis for U.S. military fabric specifications. Each backpack is available in small and large sizes, and possesses a distinctively sleek modern design.

## **Product Differentiation**

Helios specializes in top-quality, technologically innovative backpacks, differentiating itself from competitors via three main factors: Atlas spring technology, an expandable compartmentalization system, and color-coordinated charitable donations.

### The Atlas System

Helios backpacks offer a shock-absorbing spring system that eliminates the stress placed on a user's back by walking or running with a backpack. Extension springs located at the top of the backpack straps connect the straps to the body of the backpack. These springs are designed to bear heavy loads while still maintaining their tensile strength, thus preventing the backpack from shifting up and down during travel. According to calculations done by Helios's operations staff, the Atlas system reduces the apparent weight of a backpack's contents by up to 17%, allowing Helios to claim industry-leading back support. Additionally, the Atlas system is patent-pending, ensuring that Helios's competitors cannot incorporate it into their own products.



### Expandable Compartmentalization

In an increasingly cluttered world, Helios aims to simplify and streamline the life of the average consumer. Helios customers are provided with a fully-expandable organizational system created from polyethylene foam and durable elastic. Each compartment stretches up to nine inches in width to easily accommodate any item a customer places in the backpack. When a compartment is not in use, it retracts toward the spine of the backpack, optimizing weight distribution and maintaining the backpack's slim profile.



### Charitable Donations

Helios's commitment to social responsibility is manifested in charitable contributions to a variety of organizations. Helios proudly donates 1% of revenue from backpack sales to one of eight charities, which support causes ranging from cancer research to wildlife preservation. Customers ordering a backpack can elect to support a charity of their choice; if they have no strong preference, the donation will be made to the organization with which the backpack is color-coordinated.

To ensure that its employees remain passionate about its product and business model, Helios surveyed its workers at the beginning of the fiscal year to determine which charities they wished to support. In addition to employee-requested institutions, several charities were chosen based on local relevance; the ALS Association researches Lou Gehrig's Disease, which currently afflicts a classmate of Helios employees, while Homeboy Industries works in the city of Los Angeles, near Helios's main office in South Pasadena, to prevent gang activity among at-risk youth.

By integrating philanthropy into its core business model, Helios addresses the modern consumer's desire for social responsibility in the business world.



AIDS  
Research Alliance



ALS  
Association



Children's Cancer  
Research Center



Homeboy  
Industries



Red Cross  
International



Susan G Komen  
for the Cure



United Nations  
Children's Fund



World  
Wildlife Fund

## Placement

Helios's sales strategy encompasses four distinct points of sale: trade fairs, RMUs, charity events, and the company website.

Helios plans to attend four trade fairs during the current fiscal year, at which the company will make use of its professional booth to inform potential customers of the positive choices Helios introduces into their purchasing experience. Visitors can view the Helios catalog and try on a sample model. Multiple sales representatives will be present at the booth at all times to ensure excellent customer service. Small giveaway items will be available to attract trade fair attendees.

Once its brand has been sufficiently established in the virtual marketplace, Helios plans to begin selling its backpacks through RMUs in shopping malls. Also known as "kiosks," RMUs will provide Helios with the physical presence of a full storefront, but for a fraction of the cost and with much more operational flexibility.

Helios will also work with its charitable partners to place company booths at charity-sponsored events. These events will give Helios the chance to sell directly to its target market, as well as enhance its socially-responsible image.

Although Helios expects to be profitable at trade fairs and charity events and selling through RMUs, these points of sale are limited by physical location. Helios's streamlined and user-friendly company website, [www.heliosbackpacks.com](http://www.heliosbackpacks.com), allows customers to make purchases from the comfort of their homes. The website utilizes a simple and intuitive design, permitting users to select their preferred backpack and charity with ease.

## Price

Helios backpacks are priced based on competitor pricing and extensive market analysis. A small Helios backpack costs \$100, while the large backpack is \$120, both producing an average profitability of 31%. The cost of a Helios backpack includes all applicable taxes and shipping costs, as Helios acknowledges the negative impact of hidden fees on consumers.

Helios's prices are comparable to those of its direct, real-world competitors. Incase's "compact backpack" is priced at \$79.95, whereas Helios's small backpack has a price of \$100. Helios's higher price, however, is easily justified by its spring and compartmentalization systems. Ivarson

markets its backpacks between \$100 and \$120, mirroring Helios's pricing model, but includes an inferior compartmentalization system and, once again, lacks Helios's exclusive Atlas technology.

## Promotion

Helios's marketing and technology departments will collaborate to establish and frequently update pages on large social networking websites such as Facebook, Twitter, and Tumblr. By utilizing these readily accessible communication channels to publicize the company, Helios will reach a widespread audience at minimal cost and create a visual connection to Helios's partner charities by linking to the charities' websites on the company page. Studies have shown that 43% of online consumers use some form of social media, with 53% mentioning specific companies or products in their posts. Targeted Google advertisements, utilized by 66% of small businesses, will further direct users seeking a better choice of backpack to the Helios website.

Helios's logo is a powerful symbol of the company's values and vision. As such, it will be placed prominently in advertising materials and on the front of each backpack in order to intimately associate the Helios brand with the tenets of health, functionality, and social responsibility.

## Target Market

Helios primarily targets consumers through ideology. Its target market is "future-bound consumers," who are concerned about their futures both on a personal and a global level. However, these consumers are not passive but active, seeking out ways to effect positive change in times ahead and making well-researched choices that will allow them to do so. The future-bound market includes older students and adults concerned about their own future health, parents concerned about the future health of their children, and people of all ages concerned for the future well-being of the less fortunate, whether they be cancer patients or endangered species.

Helios focuses on the upper-middle-class portion of this market, consisting mainly of households with an average annual income of \$90,000. These consumers are located mainly in suburban areas, which results in an increased propensity to shop in malls and online, both main sales avenues for Helios. According to census data, approximately twelve million Americans meet these criteria, and Helios aims to reach a market share of 0.1% within that group.

Data from the U.S. Consumer Product Safety Commission show that approximately 28,000 people experienced backpack-related injuries in 2010. Media coverage has made both older students and parents acutely aware of these incidents, and thus encouraged their health-conscious purchasing tendencies.

This market is also validated by recent consumer surveys, which revealed shifting public attitudes toward social responsibility in business. According to the Edelman Global Consumer Study, 83% of consumers are willing to change their purchasing habits if it would make tomorrow's world a better place to live, while 63% want companies to make it easier for them to support a good cause.

## Market Segmentation

Helios divides its target market into two distinct segments: direct and indirect consumers. The direct consumer is an older student or adult who can purchase a Helios backpack for their own use; the indirect consumer is a younger student for whom a parent or other guardian makes purchasing decisions.

Helios has developed unique marketing strategies for each of these market segments. A younger consumer will respond more strongly to the organizational benefits of the backpack and the color-coordinated donations. Therefore, when marketing on social networks used by these consumers, Helios will focus on these aspects. Older consumers will find more value in the health benefits and durability offered by a Helios backpack, and Helios will therefore prioritize these aspects when marketing at trade fairs and through the company website, which direct consumers are more likely to access.

## SWOT ANALYSIS

### Strengths

- Patented Innovation - Helios backpacks combine innovative organizational tools with physical benefits, utilizing the Atlas system and weight-distributing compartmentalization to provide

industry-leading comfort and support. Both of these systems are patent-pending, ensuring that Helios retains marketplace exclusivity with these revolutionary features.

- Social Responsibility - All donation options currently offered by backpack companies consist of a bulk donation of their actual product. Helios instead donates revenues from sales to eight different charitable organizations, making the maximum possible positive impact.
- Made in the U.S.A. - Helios's operations are based entirely in the United States. Raw materials are obtained from U.S. suppliers, assembled by U.S. manufacturers, and shipped by a U.S. company, providing American jobs and bolstering the American economy while keeping costs low.

## Weaknesses

- No Fitting - With limited retail presence, customers cannot immediately try on Helios backpacks. Helios addresses this obstacle by offering sample products at trade fairs and, eventually, at RMUs and charity events.
- Few Recurring Purchases - While the durability of Helios backpacks is one of their main selling points, this could potentially drive down revenues, as customers would have a lessened need for replacements. However, new consumers will enter the target market annually and existing consumers can upgrade to the larger size if necessary.

## Opportunities

- RMUs - RMU contracts are renewed on a monthly basis, allowing for excellent flexibility in response to consumer demand. Helios can take advantage of the personalized vending at these kiosks during rises in the market while retaining the ability to end the contract when conditions are unfavorable. RMUs will be placed at malls in suburbs of Los Angeles, Chicago, and New York, in order to maximize Helios's exposure to the future-bound consumers in those areas.
- Back-to-School - Backpack sales consistently peak during August and early September due to the commencement of a new school year. Helios can capitalize on this influx by increasing advertising during this time, as well as offering special promotions for prospective Helios customers.

## Threats

- Market Fluctuation - The backpack market generally remains relatively static throughout the year until it receives a powerful boost during the back-to-school season of August and September. Helios can combat this economic lethargy via smart marketing — by focusing on charity during the down season and then zoning in on the student market during crucial back-to-school months, the company can maintain consistently strong sales.
- Economic Downturn - In an unstable economy, the possibility of a second recession is always present. Although sales would unavoidably suffer were such an event to occur, the backpack market would remain proportionally strong, as the necessity for the transport of personal items never fades.

## Business Risks

### Risks Identified

- Liability - Weight carried in backpacks is transferred directly to the shoulders, spine and lower back of the bearer, increasing the chance of injury. Loads are often extremely heavy, even when composed of normal school materials. Although Helios's product reduces bodily stress, injuries can still occur during use.
- Quality Control - Helios operates entirely in the United States, but the product is not directly handled by Helios employees; it instead proceeds directly from the warehouse to the customer. Inherent risks include failure to notice manufacturing errors and a subsequent drop in sales induced by customer complaints.

### Risks Addressed

- Liability - Helios's liability statement ensures that it cannot be held responsible for any injuries incurred during the use of its product. In addition, Helios has a lawyer on retainer to minimize any safety- or injury-related lawsuits.
- Quality Control - Once a month, Helios will send an employee to its manufacturing center in Chicago to inspect the manufacturing process and implement statistical quality control. These inspections will reflect Helios's desire to implement Six Sigma in all of its operations, and will ensure that the consumer receives a flawless product.

# OPERATIONS

## Location

Helios conducts its operations in two locations: a main office and a storage unit located on the premises of its manufacturer, the Chicago-based Bearse U.S.A.

Main Office: Helios's 4000-square-foot main office is located at 1401 Fremont Avenue in South Pasadena, California, and houses 31 Helios employees who oversee every aspect of the company except the physical production and shipping of the backpacks.

Manufacturer: Helios leases a 160-square-foot storage container at Bearse U.S.A. in Chicago, Illinois, and conducts all product inspections on-site rather than at the main office. Consequently, both shipping costs and adverse environmental impact are reduced.

## Processes

Sale - Helios's fulfillment process begins when a customer places an order at a trade fair or on the company website. The central office logs the purchase and sends order information to both Bearse U.S.A., the manufacturer, and Allogistx International, Helios's logistics and shipping partner.

Manufacturing - At the beginning of each business day, Bearse U.S.A. reviews orders from Helios. The Helios storage container at the manufacturing location holds twenty backpacks of each color scheme. This pre-established inventory is replenished after each business week; if it is depleted, Bearse, utilizing produce-to-order practices, produces additional backpacks to meet demand. Inventory will be increased to two hundred backpacks of each color scheme starting in March to accommodate the projected increase in orders brought on by RMU sales.

Storage - A storage container at the manufacturing site stores the backpack inventory.

Shipping - Twice during each business week, Allogistx International's designated trucks pick up Helios backpacks from the Bearse storage container to be shipped to recent purchasers around the nation. Allogistx delivers each backpack to the customer's residence.

# FINANCE |

## Startup Budget

Helios has a startup budget of \$650,000, financed by the California Virtual Enterprise Central Bank; this encompasses startup expenses, three-month expenses, manufacturing costs, and equipment costs. This sum also accounts for the safety net of \$257,730, which protects Helios from “black swans” and other unexpected market events.

## Balance Sheet

(see chart, page 19)

As of December 31, 2011, Helios had an actual total equity of \$18,195, based on \$704,842 of various assets and \$686,646 of total liabilities. Assets are composed of current, non-current, property, plant, and equipment assets, while liabilities are composed of current and long-term liabilities.

Helios's assets are expected to fluctuate with business, adapting to the rise and fall of sales and net revenue. Current assets are composed of inventory, accounts receivable, sales tax, and various equipment. Property, plant, and equipment assets are projected to depreciate linearly at a rate of \$280 per month, resulting in complete accumulated depreciation in seven years for computers and printers and ten years for furniture and other equipment. (Note that depreciation rises to \$304 due to the addition of RMU equipment assets.) Non-current assets are composed of legal intangibles, including the cost of obtaining patents, copyrights, trademarks, and incorporation fees, and intangible assets, primarily for research and development. While obtaining legal backing

Helios Startup Costs		
<b>Start-up Expenses</b>		
Legal Retainer Fees	25,000	
<b>Total</b>		<b>25,000</b>
<b>Three Month Expenses</b>		
Employee Net Pay	147,876	
Payroll and Withholding Taxes	60,870	
Facilities Rent	10,500	
Quality Control Expenditures	900	
Utilities	6,444	
Health Insurance	13,950	
Business Insurance	2,790	
Worker's Comp. Insurance	1,120	
Legal and Professional Fees	4,000	
Research and Development	900	
Depreciation and Repair	840	
Marketing	9,000	
Property Insurance	648	
Principal and Interest Payment	29,431	
Shipping	2,530	
Miscellaneous	6,000	
<b>Total</b>		<b>297,798</b>
<b>Equipment</b>		
Furniture	6,000	
Computer Systems	16,000	
Printers	1,000	
Other Fixtures	1,000	
Other Equipment	1,000	
<b>Total</b>		<b>25,000</b>
<b>Manufacturing</b>		
Current Inventory	44,472	
<b>Total</b>		<b>44,472</b>
<b>Safety Net</b>		<b>257,730</b>
<b>Total Loan</b>		<b>650,000</b>

for intellectual property is a one-time cost, the intangible assets associated with research and development have delayed returns and do not provide dividends in our early balance sheet.

Helios's current and long-term liabilities are all accounted for on a monthly basis; all liabilities stay consistent for each month except for accounts payable, sales tax, and loan payable. Accounts payable includes manufacturing costs, shipping, patent insurance, marketing, employment agency fees, quality control, miscellaneous liabilities, and RMU rent, service, and license fees, making it a variable payment dependent upon the expected business of each coming month. Sales tax is similar, as it fluctuates with business. Loan payable, a long-term liability, is calculated from the interest and principal payables subtracted from the previous loan payable, and will decrease to \$0 over a period of 84 months at an interest rate of 7% per year.

## **Monthly Income Statement**

(see chart, page 20)

As of December 31, 2011, Helios had generated \$25,762 in net profit largely due to the Bakersfield Trade Fair and online sales. By March 2012, Helios is projected to generate \$100,435 in revenue from trade fairs and online sales before the April-incorporated RMU contribution. Sales are expected to exponentially increase in summer and back-to-school months with the inclusion of RMU sales; net profit is projected to reach \$471,850 by October 2012.

The income statement accounts for all revenue, operating costs, income taxes, and other miscellaneous items. Sales numbers are determined by peaks in trade fair months with dips in non-trade-fair months. Also included in the income statement are Payroll and Withholding Taxes, which include Federal Unemployment (FUTA), California Unemployment Insurance (SUTA), California State Disability Insurance (CASDI), Medicare, Social Security, and both federal and state withholding taxes. Workers' Compensation is catalogued separately, and is thus not included in the Payroll and Withholding Taxes number. Property insurance is determined for a 4,000-square-foot office space, which costs about 5.4 cents per square foot per month. Shipping costs are \$3.77 per backpack to ship anywhere in the continental United States. Sales tax is determined by the location of goods sold (Glendale, CA area: 8.75%, Schaumburg, IL area: 9.50%, Garden City, NY area: 8.63%). Charitable donations comprise 1% of revenue, minus sales tax; total revenue consists of revenue minus sales tax and charitable donations.

## Quarterly Income Statement

(see chart, page 21)

The first fiscal year contains activity from November 2011 to October 2012; the second fiscal year covers activity from November 2012 to October 2013. Quarter 1 details monthly income activity from November to January; Quarter 2 details activity from February to April; Quarter 3 details activity from May to July; and Quarter 4 from August to October.

Please refer to the Monthly Income Statement for details.

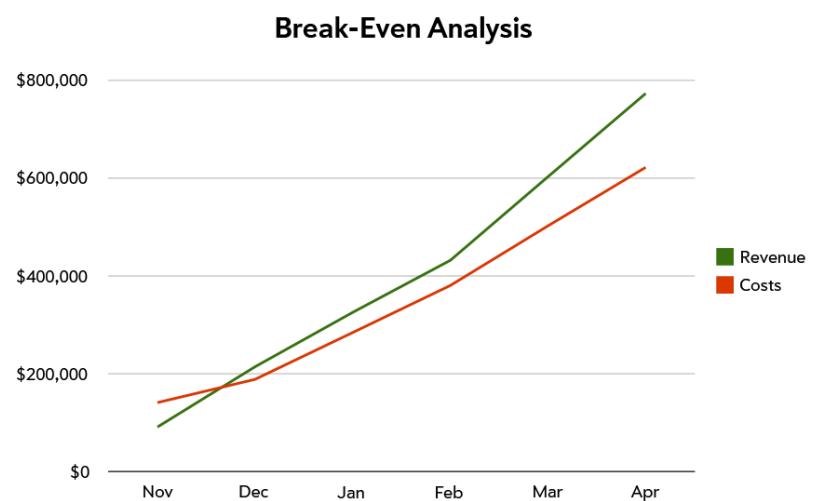
## Cash Flow Statement

(see chart, page 22)

Helios began operations with \$650,000 after a nontaxable signing bonus, listed with “miscellaneous,” of \$186,000 (\$6,000 per employee). An early principal loan payment of \$200,000 will be made in February. Sales are projected in a 3:1 ratio of trade fair sales to online sales in a 30-day payable manner. Sales of small and large backpacks are projected in an approximately 5:4 ratio due to differences in selling price. Sales from the Bakersfield Trade Fair are reported in December. Costs, such as inventory purchase, equipment, rent, and loan payment, are paid on a monthly basis. There are fluctuations in ending cash, which increases during trade fair months and decreases during non-trade-fair months; however, due to the major incorporation of RMU sales, total incoming increases in April, which will mark the beginning of an upward trend in ending cash.

## Break-Even Analysis

Helios has already broken even as of December 2011, largely due to a highly profitable and successful Bakersfield Trade Fair. RMU sales account for about 50% of all sales up until October 2012. As backpack sales rise most during summer back-to-school months, sales are projected to increase dramatically from May through September with a dip in November.



**Helios Balance Sheet (Actual Dec '11, Projected Jan-Oct '12)**

	May-Sep '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Jul '12	Aug '12	Sep '12	Oct '12
<b><i>Current Assets</i></b>														
Cash	0	0	581,390	573,791	602,241	408,917	389,726	419,705	494,498	509,689	567,253	632,250	683,789	783,629
Accounts Receivable	0	0	0	46,240	29,040	20,860	111,160	129,840	97,740	122,800	139,840	179,320	170,920	161,560
Inventory	0	0	44,472	36,852	31,970	35,438	50,850	54,229	48,754	52,981	56,009	62,615	61,287	54,407
<b><i>Non-Current Assets</i></b>														
Legal Intangibles	0	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b><i>Property, Plant, and Equipment</i></b>														
Equipment	0	0	18,000	18,000	18,000	18,000	18,000	18,000	19,500	19,500	19,500	19,500	19,500	19,500
Furniture and Fixtures	0	0	7,000	7,000	7,000	7,000	7,000	7,000	7,600	7,600	7,600	7,600	7,600	7,600
Less: Accumulated Depreciation	0	0	(280)	(560)	(840)	(1,120)	(1,400)	(1,704)	(2,007)	(2,311)	(2,614)	(2,918)	(3,221)	(3,525)
<b>Total Assets</b>	<b>0</b>	<b>0</b>	<b>675,612</b>	<b>706,384</b>	<b>712,500</b>	<b>514,215</b>	<b>600,486</b>	<b>654,351</b>	<b>691,085</b>	<b>735,259</b>	<b>812,587</b>	<b>923,367</b>	<b>964,874</b>	<b>1,048,172</b>
<b><i>Current Liabilities</i></b>														
Payroll & Withholding Taxes Payable	0	0	21,993	21,993	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885
Accounts Payable	0	0	14,039	16,511	15,957	15,267	16,998	33,876	33,760	37,105	38,732	44,371	41,200	38,404
Charitable Contributions Payable	0	0	0	416	261	192	1,016	1,159	870	1,094	1,246	1,597	1,524	1,441
Sales Tax Payable	0	0	0	3,126	1,963	1,410	7,514	9,398	7,304	9,169	10,390	13,356	12,588	11,785
Utilities Payable	0	0	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148
Corporate Income Tax Payable	0	0	21	4,656	2,810	3,349	26,627	11,583	14,191	9,445	23,086	12,780	19,234	36,868
<b><i>Long Term Liabilities</i></b>														
Loan Payable	0	0	643,981	637,928	631,839	425,714	419,554	413,358	407,125	400,857	394,552	388,210	381,831	375,414
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>682,182</b>	<b>686,777</b>	<b>671,863</b>	<b>464,964</b>	<b>490,742</b>	<b>488,406</b>	<b>482,284</b>	<b>476,702</b>	<b>487,037</b>	<b>479,346</b>	<b>475,409</b>	<b>482,946</b>
<b>Equity</b>	<b>0</b>	<b>0</b>	<b>(6,570)</b>	<b>19,606</b>	<b>40,637</b>	<b>49,251</b>	<b>109,744</b>	<b>165,945</b>	<b>208,801</b>	<b>258,557</b>	<b>325,550</b>	<b>444,021</b>	<b>489,465</b>	<b>565,226</b>
<b>Total Liability &amp; Equity</b>	<b>0</b>	<b>0</b>	<b>675,612</b>	<b>706,384</b>	<b>712,500</b>	<b>514,215</b>	<b>600,486</b>	<b>654,351</b>	<b>691,085</b>	<b>735,259</b>	<b>812,587</b>	<b>923,367</b>	<b>964,874</b>	<b>1,048,172</b>

**Helios Monthly Income Statement (Actual Dec 2011, Projected Jan-Oct 2012)**

	May-Sep '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Jul '12	Aug '12	Sep '12	Oct '12	Total		
RMU Sales	0	0	0	0	0	0	0	60,085	67,396	83,987	90,686	119,385	100,005	83,553	605,097		
Online Sales	0	0	0	0	240	29,040	20,860	20,560	18,865	30,344	38,813	49,154	59,935	70,915	416,733		
Trade Fair Sales	0	0	0	0	46,000	0	0	90,600	50,880	0	0	0	0	0	0		
<b>Net Sales (with sales tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45,570</b>	<b>28,619</b>	<b>20,552</b>	<b>109,523</b>	<b>127,980</b>	<b>96,325</b>	<b>121,022</b>	<b>137,816</b>	<b>176,724</b>	<b>168,446</b>	<b>159,221</b>	<b>1,191,777</b>	
Other Income (Business Contract)	0	186,000	91,210	91,210	91,210	91,210	91,210	91,210	91,210	91,210	91,210	91,210	91,210	91,210	1,094,520		
Sales Tax	0	0	0	0	3,126	1,963	1,410	7,514	9,398	7,304	9,169	10,390	13,356	12,588	11,785	88,002	
<b>Net Sales (no tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,444</b>	<b>26,656</b>	<b>19,141</b>	<b>102,009</b>	<b>118,562</b>	<b>89,022</b>	<b>111,853</b>	<b>127,426</b>	<b>163,368</b>	<b>155,858</b>	<b>147,436</b>	<b>1,103,775</b>	
Charity Contribution	0	0	0	0	416	261	192	1,016	1,159	870	1,094	1,246	1,597	1,524	1,441	10,815	
RMU Service Fee	0	0	0	0	0	0	0	0	0	9,013	10,109	12,598	13,603	17,908	15,001	12,533	90,765
<b>Net Revenue (no tax, no charity)</b>	<b>0</b>	<b>186,000</b>	<b>91,210</b>	<b>133,238</b>	<b>117,605</b>	<b>110,160</b>	<b>192,203</b>	<b>199,600</b>	<b>169,252</b>	<b>189,371</b>	<b>203,787</b>	<b>235,073</b>	<b>230,544</b>	<b>224,672</b>	<b>2,096,715</b>		
Cost of Goods	0	0	0	0	7,620	4,883	3,468	18,880	22,259	16,784	21,011	24,039	30,645	29,317	22,438	201,344	
Shipping	0	0	0	0	1,542	988	298	2,028	4,528	3,416	4,271	4,893	6,228	5,964	5,636	39,792	
<b>Gross Profit</b>	<b>0</b>	<b>186,000</b>	<b>91,210</b>	<b>124,077</b>	<b>111,735</b>	<b>106,394</b>	<b>171,294</b>	<b>172,813</b>	<b>149,052</b>	<b>164,089</b>	<b>174,855</b>	<b>198,199</b>	<b>195,263</b>	<b>196,598</b>	<b>1,855,579</b>		
Employee Net Pay	0	0	47,589	47,589	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697	622,149	
Payroll and Withholding Taxes	0	0	21,993	21,993	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	212,834	
Facilities Rent	0	0	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000	
RMU Rental Rate	0	0	0	0	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	21,000	
RMU Licensing Fee	0	0	0	0	0	0	0	0	0	350	250	250	250	250	250	1,850	
Quality Control Expenditures	0	0	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600	
Employment Agency Fees	0	0	0	0	0	0	0	0	0	2,016	2,016	2,016	2,016	2,016	2,016	14,112	
Utilities Expenditure	0	0	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	25,776	
Workers' Comp. Insurance	0	0	373	373	373	373	373	373	373	373	373	373	373	373	373	4,479	
Health Insurance	0	0	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	55,800	
Property Insurance	0	0	216	216	216	216	216	216	216	216	216	216	216	216	216	2,592	
Business Insurance	0	0	930	930	930	930	930	930	930	930	930	930	930	930	930	11,160	
Legal Expenditures	0	0	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,000	
Research and Development	0	0	300	300	300	300	1,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	12,200	
Depreciation and Repair	0	0	280	280	280	280	280	304	304	304	304	304	304	304	304	3,525	
Marketing	0	0	3,000	3,000	3,000	3,000	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	82,000	
Interest Expenses	0	0	3,792	3,757	3,721	3,686	3,650	3,614	3,578	3,542	3,505	3,468	3,431	3,394	3,394	43,137	
Miscellaneous	0	186,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	
<b>Total Operating Costs</b>	<b>0</b>	<b>186,000</b>	<b>91,071</b>	<b>93,036</b>	<b>93,000</b>	<b>92,965</b>	<b>95,629</b>	<b>106,483</b>	<b>106,347</b>	<b>106,310</b>	<b>106,274</b>	<b>106,237</b>	<b>106,200</b>	<b>100,663</b>	<b>1,204,214</b>		
<b>Total Operating Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>139</b>	<b>31,041</b>	<b>18,734</b>	<b>13,429</b>	<b>75,665</b>	<b>66,331</b>	<b>42,706</b>	<b>57,779</b>	<b>68,581</b>	<b>91,962</b>	<b>89,063</b>	<b>95,936</b>	<b>651,365</b>	
Corporate Income Tax	0	0	0	21	4,656	2,810	3,349	26,627	11,583	14,191	9,445	23,086	12,780	19,234	36,868	164,650	
<b>Net Profit</b>	<b>0</b>	<b>0</b>	<b>118</b>	<b>26,385</b>	<b>15,924</b>	<b>10,080</b>	<b>49,038</b>	<b>54,748</b>	<b>28,514</b>	<b>48,334</b>	<b>45,495</b>	<b>79,183</b>	<b>69,828</b>	<b>59,068</b>	<b>486,715</b>		

**Helios Quarterly Income Statement (Actual Dec 2011, Projected FY 2011-2012 and FY 2012-2013)**

	Q3 (May-Jul)	Q4 (Aug-Oct)	Total Year	Q1 (Nov-Jan)	Q2 (Feb-Apr)	Q3 (May-Jul)	Q4 (Aug-Oct)	Total Year	Q1 (Nov-Jan)	Q2 (Feb-Apr)	Q3 (May-Jul)	Q4 (Aug-Oct)	Total Year	
RMU Sales	0	0	0	0	60,085	242,069	302,943	605,097	0	75,106	302,586	378,379	756,371	
Online Sales	0	0	0	29,280	60,285	118,311	208,857	416,733	250,628	189,765	255,086	295,060	990,540	
Trade Fair Sales	0	0	0	46,000	141,490	0	0	187,490	182,380	250,570	0	0	0	432,950
<b>Net Sales (with sales tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74,189</b>	<b>258,035</b>	<b>355,163</b>	<b>504,390</b>	<b>1,191,777</b>	<b>433,008</b>	<b>515,442</b>	<b>557,672</b>	<b>673,739</b>	<b>2,179,861</b>	
Other Income (Business Contract)	0	186,000	186,000	273,630	273,630	273,630	1,094,520	273,630	273,630	273,630	273,630	273,630	1,094,520	
Sales Tax	0	0	0	5,089	18,322	26,863	37,728	88,002	34,840	41,604	45,403	54,403	176,723	
<b>Net Sales (no tax)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69,100</b>	<b>239,713</b>	<b>328,300</b>	<b>466,662</b>	<b>1,103,775</b>	<b>398,169</b>	<b>473,837</b>	<b>512,289</b>	<b>618,863</b>	<b>2,003,138</b>	
Charity Contribution	0	0	0	677	2,367	3,209	4,562	10,815	3,982	4,738	5,123	6,189	20,031	
RMU Service Fee	0	0	0	0	9,013	36,310	45,441	90,765	0	11,266	45,388	56,802	113,456	
<b>Net Revenue (no tax, no charity)</b>	<b>0</b>	<b>186,000</b>	<b>186,000</b>	<b>342,053</b>	<b>501,963</b>	<b>562,411</b>	<b>690,289</b>	<b>2,096,715</b>	<b>394,187</b>	<b>457,833</b>	<b>461,759</b>	<b>555,873</b>	<b>1,869,651</b>	
Cost of Goods	0	0	0	12,502	44,608	61,834	82,400	201,344	90,468	110,920	131,372	151,825	484,555	
Shipping	0	0	0	2,530	6,854	12,580	17,828	39,792	20,543	25,772	31,001	36,230	113,545	
<b>Gross Profit</b>	<b>0</b>	<b>186,000</b>	<b>186,000</b>	<b>327,021</b>	<b>450,501</b>	<b>487,996</b>	<b>590,060</b>	<b>1,855,579</b>	<b>934,884</b>	<b>1,280,363</b>	<b>1,625,841</b>	<b>1,971,319</b>	<b>5,812,407</b>	
Employee Net Pay	0	0	0	147,876	158,091	158,091	158,091	622,149	158,091	158,091	158,091	158,091	632,364	
Payroll and Withholding Taxes	0	0	0	60,870	50,655	50,655	50,655	212,834	50,654	50,654	50,654	50,654	202,616	
Facilities Rent	0	0	0	10,500	10,500	10,500	10,500	42,000	10,500	10,500	10,500	10,500	42,000	
RMU Rental Rate	0	0	0	0	0	3,000	9,000	9,000	21,000	0	3,000	9,000	9,000	21,000
RMU Licensing Fee	0	0	0	0	0	0	350	750	1,850	0	350	750	750	1,850
Quality Control Expenditures	0	0	0	900	900	900	900	3,600	900	900	900	900	900	3,600
Facilities Rent	0	0	0	10,500	10,500	10,500	10,500	42,000	10,500	10,500	10,500	10,500	10,500	42,000
Utilities Expenditure	0	0	0	6,444	6,444	6,444	6,444	25,776	6,444	6,444	6,444	6,444	6,444	25,776
Worker's Comp. Insurance	0	0	0	1,120	1,120	1,120	1,120	4,479	1,120	1,120	1,120	1,120	1,120	4,479
Health Insurance	0	0	0	13,950	13,950	13,950	13,950	55,800	13,950	13,950	13,950	13,950	13,950	55,800
Property Insurance	0	0	0	648	648	648	648	2,592	648	648	648	648	648	2,592
Business Insurance	0	0	0	2,790	2,790	2,790	2,790	11,160	2,790	2,790	2,790	2,790	2,790	11,160
Legal Expenditures	0	0	0	4,000	6,000	6,000	6,000	22,000	6,000	6,000	6,000	6,000	6,000	24,000
Research and Development	0	0	0	900	2,800	4,500	4,000	12,200	6,000	7,000	6,000	6,000	5,000	24,000
Depreciation and Repair	0	0	0	840	864	911	911	3,525	911	911	911	911	911	3,644
Marketing	0	0	0	9,000	18,000	30,000	25,000	82,000	25,000	20,000	30,000	30,000	30,000	100,000
Interest Expenses	0	0	0	11,269	10,950	10,624	10,293	43,137	9,957	9,614	9,265	8,910	8,910	37,745
Miscellaneous	0	186,000	186,000	6,000	6,000	6,000	6,000	24,000	6,000	6,000	6,000	6,000	6,000	24,000
<b>Total Operating Costs</b>	<b>0</b>	<b>186,000</b>	<b>186,000</b>	<b>277,107</b>	<b>285,077</b>	<b>318,930</b>	<b>313,099</b>	<b>1,204,214</b>	<b>308,464</b>	<b>323,523</b>	<b>317,168</b>	<b>317,168</b>	<b>1,258,627</b>	
<b>Total Operating Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,914</b>	<b>155,424</b>	<b>169,066</b>	<b>276,961</b>	<b>651,385</b>	<b>625,420</b>	<b>971,891</b>	<b>1,302,318</b>	<b>1,654,151</b>	<b>4,553,781</b>	
Corporate Income Tax	0	0	0	7,487	41,559	46,722	68,882	164,650	324,593	442,393	554,738	674,361	1,996,085	
<b>Net Profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,427</b>	<b>113,866</b>	<b>122,344</b>	<b>208,079</b>	<b>486,715</b>	<b>300,827</b>	<b>529,498</b>	<b>747,560</b>	<b>979,790</b>	<b>2,557,695</b>	

**Helios Cash Flow Statement (Actual Dec '11, Projected Jan-Oct '12)**

	May-Sep '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12	Mar '12	Apr '12	May '12	Jun '12	Jul '12	Aug '12	Sep '12	Oct '12
<b>Beginning Cash</b>	<b>0</b>	<b>0</b>	<b>650,000</b>	<b>581,390</b>	<b>573,791</b>	<b>602,241</b>	<b>408,917</b>	<b>389,726</b>	<b>419,705</b>	<b>494,498</b>	<b>509,689</b>	<b>567,253</b>	<b>632,250</b>	<b>683,789</b>
Accounts Receivable	0	186,000	91,210	91,210	134,324	118,287	110,660	194,856	211,652	181,646	204,841	220,660	257,174	249,542
Sales Tax Collected	0	0	0	0	3,126	1,963	1,410	7,514	9,398	7,304	9,169	10,390	13,356	12,588
<b>Total Incoming</b>	<b>0</b>	<b>186,000</b>	<b>91,210</b>	<b>91,210</b>	<b>137,450</b>	<b>120,250</b>	<b>112,070</b>	<b>202,370</b>	<b>221,050</b>	<b>188,950</b>	<b>214,010</b>	<b>231,050</b>	<b>270,530</b>	<b>262,130</b>
Advertising/Marketing	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Inventory Purchase	0	0	44,472	0	0	11,552	29,852	22,259	16,784	21,011	24,039	30,645	29,317	22,438
Charitable Contribution	0	0	0	0	416	261	192	1,016	1,159	870	1,094	1,246	1,597	1,524
Business Insurance	0	0	0	0	930	930	930	930	930	930	930	930	930	930
Equipment	0	0	25,000	0	0	0	0	2,100	0	0	0	0	0	0
Health Insurance	0	0	0	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650	4,650
Legal Fees	0	0	25,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Property Insurance	0	0	0	216	216	216	216	216	216	216	216	216	216	216
Principal & Interest Expenses	0	0	9,810	9,810	209,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810	9,810
Miscellaneous	0	186,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Payroll and Withholding Taxes	0	0	0	21,993	21,993	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885	16,885
Facilities Rent	0	0	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
RMU Rental & Service Fee	0	0	0	0	0	0	0	0	12,013	13,109	15,598	16,603	20,908	18,001
RMU Licensing Fee	0	0	0	0	0	0	0	0	350	250	250	250	250	250
Quality Control Expenditures	0	0	0	300	300	300	300	300	300	300	300	300	300	300
Employment Agency Fees	0	0	0	0	0	0	0	0	2,016	2,016	2,016	2,016	2,016	2,016
Research	0	0	300	300	300	300	1,000	1,500	1,500	1,500	1,500	1,500	1,500	1,000
Employee Net Pay	0	0	47,589	47,589	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697	52,697
Sales Tax	0	0	0	0	3,126	1,963	1,410	7,514	9,398	7,304	9,169	10,390	13,356	12,588
Shipping	0	0	0	0	1,542	988	298	2,028	4,528	3,416	4,271	4,893	6,228	5,964
Utilities	0	0	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148	2,148
Workers Comp. Insurance	0	0	0	373	373	373	373	373	373	373	373	373	373	373
Corporate Income Tax	0	0	0	0	0	0	0	37,463	0	25,774	0	0	45,310	0
<b>Total Outgoing</b>	<b>0</b>	<b>186,000</b>	<b>159,820</b>	<b>98,809</b>	<b>109,001</b>	<b>313,573</b>	<b>131,261</b>	<b>172,391</b>	<b>146,257</b>	<b>173,759</b>	<b>156,446</b>	<b>166,053</b>	<b>218,991</b>	<b>162,289</b>
<b>Ending Cash</b>	<b>0</b>	<b>0</b>	<b>581,390</b>	<b>573,791</b>	<b>602,241</b>	<b>408,917</b>	<b>389,726</b>	<b>419,705</b>	<b>494,498</b>	<b>509,689</b>	<b>567,253</b>	<b>632,250</b>	<b>683,789</b>	<b>783,629</b>

## Loan Amortization Schedule

<b>Month</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>	<b>Month</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
November 2011	3,792	6,019	643,981	November 2013	2,890	6,920	488,517
December 2011	3,757	6,054	637,928	December 2013	2,850	6,961	481,556
January 2012	3,721	6,089	631,839	January 2014	2,809	7,001	474,555
February 2012	3,686	6,125	625,714	February 2014	2,768	7,042	467,513
March 2012	3,650	6,160	619,554	March 2014	2,727	7,083	460,430
April 2012	3,614	6,196	613,358	April 2014	2,686	7,124	453,305
May 2012	3,578	6,232	607,125	May 2014	2,644	7,166	446,139
June 2012	3,542	6,269	600,857	June 2014	2,602	7,208	438,932
July 2012	3,505	6,305	594,552	July 2014	2,560	7,250	431,682
August 2012	3,468	6,342	588,210	August 2014	2,518	7,292	424,390
September 2012	3,431	6,379	581,831	September 2014	2,476	7,335	417,055
October 2012	3,394	6,416	575,414	October 2014	2,433	7,377	409,678
November 2012	3,357	6,454	568,961	November 2014	2,390	7,420	402,257
December 2012	3,319	6,491	562,469	December 2014	2,347	7,464	394,793
January 2013	3,281	6,529	555,940	January 2015	2,303	7,507	387,286
February 2013	3,243	6,567	549,373	February 2015	2,259	7,551	379,735
March 2013	3,205	6,606	542,767	March 2015	2,215	7,595	372,140
April 2013	3,166	6,644	536,123	April 2015	2,171	7,639	364,501
May 2013	3,127	6,683	529,440	May 2015	2,126	7,684	356,817
June 2013	3,088	6,722	522,719	June 2015	2,081	7,729	349,088
July 2013	3,049	6,761	515,957	July 2015	2,036	7,774	341,314
August 2013	3,010	6,800	509,157	August 2015	1,991	7,819	333,495
September 2013	2,970	6,840	502,317	September 2015	1,945	7,865	325,630
October 2013	2,930	6,880	495,437	October 2015	1,900	7,911	317,719

<b>Month</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>	<b>Month</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
November 2015	1,853	7,957	309,762	November 2017	661	9,149	104,229
December 2015	1,807	8,003	301,759	December 2017	608	9,202	95,027
January 2016	1,760	8,050	293,709	January 2018	554	9,256	85,771
February 2016	1,713	8,097	285,612	February 2018	500	9,310	76,461
March 2016	1,666	8,144	277,468	March 2018	446	9,364	67,097
April 2016	1,619	8,192	269,276	April 2018	391	9,419	57,678
May 2016	1,571	8,239	261,037	May 2018	336	9,474	48,204
June 2016	1,523	8,288	252,749	June 2018	281	9,529	38,675
July 2016	1,474	8,336	244,413	July 2018	226	9,585	29,091
August 2016	1,426	8,385	236,029	August 2018	170	9,641	19,450
September 2016	1,377	8,433	227,595	September 2018	113	9,697	9,753
October 2016	1,328	8,483	219,113	October 2018	57	9,753	0
November 2016	1,278	8,532	210,581				
December 2016	1,228	8,582	201,999				
January 2017	1,178	8,632	193,367				
February 2017	1,128	8,682	184,685				
March 2017	1,077	8,733	175,952				
April 2017	1,026	8,784	167,168				
May 2017	975	8,835	158,333				
June 2017	924	8,887	149,446				
July 2017	872	8,938	140,508				
August 2017	820	8,991	131,517				
September 2017	767	9,043	122,474				
October 2017	714	9,096	113,378				

**LOAN NUMBER: 2011-0019**

**DATE: 11/01/11**

**VIRTUAL ENTERPRISE: Helios**

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**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$650,000 (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is the VIRTUAL ENTERPRISE CENTRAL BANK OF CALIFORNIA. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder".

---

**2. INTEREST**

Interest will be charged on the unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly rate of 7% for 84 months. The interest rate that is required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note

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**3. PAYMENTS**

**A. Time and Place of Payments**

--I will pay principal and interest by making payments every month (December through May).  
--I will make my monthly payments on the 10<sup>th</sup> day of each month beginning on 12/10/2011  
--I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this note. My monthly payment will be applied to interest before principal. If, on November 1, 2018, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "maturity date".  
--I will make my monthly payments at the Virtual Enterprise Central Bank of California, 5801 Sundale Avenue or at a different place if required by the Note Holder.

**B. Amount of Monthly Payments**

**--My monthly payment will be in the amount of U.S. \$9,810.24**

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**4. BORROWER'S RIGHT TO REPAY**

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". When I make a prepayment, I will tell the Note Holder in writing that I am doing so. I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

---

**5. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (1) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (2) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

---

**6. BORROWER'S FAILURE TO PAY AS REQUIRED**

**A. Late Charge for Overdue Payments**

If the Note Holder has not received the full amount of any payment by the end of fifteen (15) calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.00% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

**B. Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

**C. Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least thirty (30) days after the date on which the notice is delivered or mailed to me.

**D. No Waiver By Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**E. Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

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**7. GIVING NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under the Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address. Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

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**8. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

---

**9. WAIVERS**

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

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**10. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER**

If all or any part of the Property (equipment) or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this security instrument. If Lender exercises this option, Lender shall give borrower notice acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this security instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this security instrument without further notice or demand on Borrower (since this loan is only secured by employee investment and equipment needed to operate the company, the action taken by the Lender may include the termination of participation in the Virtual Enterprise Project for the remainder of the school year).

**WITNESS THE HAND(S) OF THE UNDERSIGNED.**

Borrower:

---

**CEO**

**Helios**

Witnessed By:

---

Title: \_\_\_\_\_

Lender:

California Virtual Enterprise Central Bank

Nancy Phillips

Nancy Phillips, State Coordinator

California Network, Virtual Enterprise



# Virtual Business License

*Issued to:*

**South Pasadena High School  
Helios**

*The above named company is hereby recognized  
as an official Virtual Enterprise Company  
from September 2011 to June 2012.*



*Sandra Banducci*

Sandra Banducci, State Director  
US Networks of Virtual Enterprises, International

*Nancy J. Phillips*

Nancy Phillips, State Program Coordinator  
US Networks of Virtual Enterprises, International

## Official Sponsorship Agreement

This agreement is made and dated the 24 day of Jan, 2012  
This agreement:

BETWEEN:

**AIDS Research Alliance**  
Art McDermott  
1400 S. Grand Ave.  
Suite 701  
Los Angeles, CA 90015  
(310) 358-2423  
[amcdermott@aidsresearch.org](mailto:amcdermott@aidsresearch.org)  
(hereinafter called "NONPROFIT")



*Nancy J Phillips*

Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

AND:

**HELIOS**  
1401 Fremont Ave.,  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")

WHEREAS:

- A. NONPROFIT agrees to have HELIOS accept the position of CORPORATE SPONSOR.
  - B. HELIOS may use the NONPROFIT's logo, colors, and other branding tools in order to promote the sales of HELIOS's products.
  - C. HELIOS agrees to donate directly to the NONPROFIT one percent (1%) of revenue generated via the sales of prefabricated backpacks bearing the colors of the NONPROFIT, as well as online backpack sales in which the consumer selects the NONPROFIT as the donation recipient.
  - D. This contract takes effect upon ratification by both parties.
  - E. This contract is put up for renewal every year from the date of ratification.
  - F. If either HELIOS or NONPROFIT breach contract as determined, the contract is null and void upon examination by a third-party mediator.
  - G. No amendment to the CONTRACT as written here shall be effective or enforceable unless agreed upon in writing by both parties.
- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

**HELIOS**

\_\_\_\_\_  
Authorized Signatory Signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Date

**NONPROFIT**

*Art McDermott*  
\_\_\_\_\_  
Authorized Signatory Signature

\_\_\_\_\_  
Print name

*1/24/12*  
\_\_\_\_\_  
Date

## Official Sponsorship Agreement

This agreement is made and dated the 30th day of January, 2012

This agreement:

BETWEEN:

**ALS Association**

Angie Thorpe  
28720 Roadside Drive  
Suite 200  
Agoura Hills, CA 91301  
(818) 865-8067  
[athorpe@alsagoldenwest.org](mailto:athorpe@alsagoldenwest.org)  
(hereinafter called "NONPROFIT")



*Nancy J Phillips*

Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

AND:

HELIOS  
1401 Fremont Ave.,  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")

WHEREAS:

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- E. This contract is put up for renewal every year from the date of ratification.
- F. If either HELIOS or NONPROFIT breach contract as determined, the contract is null and void upon examination by a third-party mediator.
- G. No amendment to the CONTRACT as written here shall be effective or enforceable unless agreed upon in writing by both parties.
- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

HELIOS

\_\_\_\_\_  
Authorized Signatory Signature

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Date

NONPROFIT

*Angie Thorpe*  
\_\_\_\_\_  
Authorized Signatory Signature

\_\_\_\_\_  
Angie Thorpe  
Print name

\_\_\_\_\_  
1/30/2012  
Date

## Official Sponsorship Agreement

This agreement is made and dated the 6 day of Feb, 2012  
This agreement:

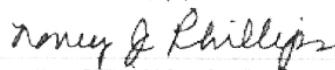
BETWEEN:

**Children's Cancer Research Fund**  
7301 Ohms Lane, Suite 460  
Minneapolis, MN 55439  
(952) 893-9355  
(hereinafter called "NONPROFIT")



AND:

HELIOS  
1401 Fremont Ave.,  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")



Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

WHEREAS:

- A. NONPROFIT agrees to have HELIOS accept the position of CORPORATE SPONSOR.
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  - G. No amendment to the CONTRACT as written here shall be effective or enforceable unless agreed upon in writing by both parties.
- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

HELIOS

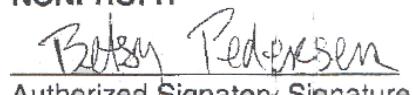


Authorized Signatory Signature

Fedor Kossakowski, CEO  
Print name

Date

NONPROFIT



Authorized Signatory Signature

Betsy Pedersen  
Print name)

02/06/12  
Date

## Official Sponsorship Agreement

This agreement is made and dated the 3rd day of February, 2012

This agreement:

BETWEEN:

**Homeboy Industries**

Mona Hobson  
323-526-1254 ext. 312  
130 W. Bruno St.  
Los Angeles, CA 90012  
(Hereinafter called "NONPROFIT")



*Nancy J Phillips*

Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

AND:

HELIOS  
1401 Fremont Ave.,  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")

WHEREAS:

- A. NONPROFIT agrees to have HELIOS accept the position of CORPORATE SPONSOR.
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- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

HELIOS

Authorized Signatory Signature

Print name

Date

NONPROFIT

*Mona Hobson*

Authorized Signatory Signature

*Mona G. Hobson*

Print name

*Director of Development*

*2-3-12*

Date

## Official Sponsorship Agreement

This agreement is made and dated the 30<sup>th</sup> day of Jan., 2012  
This agreement:

### BETWEEN:

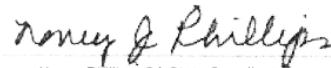
#### **Red Cross**

Cindy Suh  
430 Madeline Drive  
Pasadena, CA 91105  
(626) 407-4188  
[SuhC@arcla.org](mailto:SuhC@arcla.org)  
(hereinafter called "NONPROFIT")



### AND:

HELIOS  
1401 Fremont Ave.,  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")



Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

### WHEREAS:

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- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

#### HELIOS

  
Authorized Signatory Signature

Fedor Kossakowski, CEO  
Print name

1/30/12

Date

#### NONPROFIT

  
Authorized Signatory Signature

Cindy Suh  
Print name

1/30/2012

Date

## Official Sponsorship Agreement

This agreement is made and dated the \_\_\_\_\_ day of \_\_\_\_\_.

This agreement:

BETWEEN:

SUSAN G KOMEN FOR THE CURE  
(hereinafter called "NONPROFIT")

AND:

HELIOS  
1401 Fremont Ave.  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")

Helios is currently in negotiations with  
Susan G Komen for the Cure.

This contract is only a sample.

WHEREAS:

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  - G. No amendment to the CONTRACT as written here shall be effective or enforceable unless agreed upon in writing by both parties.
- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

**HELIOS**

---

Authorized Signatory Signature

---

Print name

---

Date

**NONPROFIT**

---

Authorized Signatory Signature

---

Print name

---

Date

## Official Sponsorship Agreement

This agreement is made and dated the 20 day of Jan, 2012

This agreement:

BETWEEN:

**UNICEF**

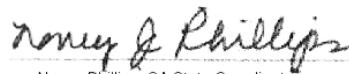
Miesha Cowart  
10351 Santa Monica Blvd.  
Suite 402  
Los Angeles, CA 90025  
(310) 277-7608  
[mcowart@unicefusa.org](mailto:mcowart@unicefusa.org)

(hereinafter called "NONPROFIT")



AND:

HELIOS  
1401 Fremont Ave.,  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")

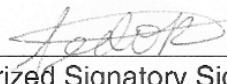


Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

WHEREAS:

- A. NONPROFIT agrees to have HELIOS accept the position of CORPORATE SPONSOR.
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- E. This contract is put up for renewal every year from the date of ratification.
- F. If either HELIOS or NONPROFIT breach contract as determined, the contract is null and void upon examination by a third-party mediator.
- G. No amendment to the CONTRACT as written here shall be effective or enforceable unless agreed upon in writing by both parties.
- H. **HELIOS is a virtual high school company project, and has no real life impact on NONPROFIT.**

HELIOS



Authorized Signatory Signature

Fedor Kossakowski, CEO

Print name

1/20/2012

Date

UNICEF



Authorized Signatory Signature

MIESHA COWART

Print name

January 20, 2012

Date

## Official Sponsorship Agreement

This agreement is made and dated the \_\_\_\_ day of \_\_\_\_\_.  
This agreement:

BETWEEN:

WORLD WILDLIFE FUND  
(hereinafter called "NONPROFIT")

AND:

HELIOS  
1401 Fremont Ave.  
South Pasadena, CA 91030  
(hereinafter called "HELIOS")

Helios is currently in negotiations with  
the World Wildlife Fund.

This contract is only a sample.

WHEREAS:

- A. NONPROFIT agrees to have HELIOS accept the position of CORPORATE SPONSOR.
- B. HELIOS may use the NONPROFIT's logo, colors, and other branding tools in order to promote the sales of HELIOS's products.
- C. HELIOS agrees to donate directly to the NONPROFIT one percent (1%) of revenue generated via the sales of prefabricated backpacks bearing the colors of the NONPROFIT, as well as online backpack sales in which the consumer selects the NONPROFIT as the donation recipient.
- D. This contract takes effect upon ratification by both parties.
- E. This contract is put up for renewal every year from the date of ratification.
- F. If either HELIOS or NONPROFIT breach contract as determined, the contract is null and void upon examination by a third-party mediator.
- G. No amendment to the CONTRACT as written here shall be effective or enforceable unless agreed upon in writing by both parties.
- H. HELIOS IS A VIRTUAL HIGH SCHOOL COMPANY PROJECT, AND HAS NO REAL LIFE IMPACT ON NONPROFIT.**

**HELIOS**

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Authorized Signatory Signature

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Print name

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Date

**NONPROFIT**

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Authorized Signatory Signature

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Print name

---

Date




**ALLogist**  
 INTERNATIONAL

A Partner for ALL Ways

ALLogistx International Inc  
 2130 Huntington Dr St#205  
 S Pasadena CA 91030 USA  
 (O): 323-254-9550  
 (F): 323-315-9311

**Quote**

Customer Name: Helios Backpacks 3815 W. Cortland St. Chicago, IL 60647 USA	POL	Chicago, IL
	POD	Multiple
	Commodity	Backpacks
	Rep.	Type of Service
	dp	Door to Door
		400

Notes: All documents and/or permits are responsibility of shipper. Office must receive all required documentation completely and in order.  
Shipper/Clients failure to submit all completed documents may be subject to penalty fees and cost as warranted.



ALLIANCEX INTERNATIONAL, INC.

AS CARRIER

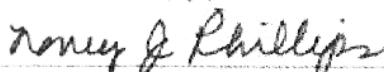


*Nancy J Phillips*  
Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprises International

## Lawyer Retainer Agreement, Contingency

November 1<sup>st</sup>, 2011

Helios  
1401 Fremont Ave.  
South Pasadena, CA  
91030



Nancy Phillips, CA State Coordinator  
US Networks of Virtual Enterprise International

Dear Joel Osman:

We retain your law offices to represent us in regard to a claim against patent infringement and product liability, related to any Helios product or component thereof.

Your fee shall be contingent on collection from the responsible parties, and shall be as follows:

\$5,000 as down payment

\$10,000 to secure each of two patents

\$2,000 a month to represent the company in case of any litigation

Out of pocket costs reasonably expended and with prior approval of us will be deducted from settlement.

If funds are not collected, then we are not responsible for any costs, including your firm's out of pocket expenses.

If this arrangement is acceptable, please sign and return a copy of this letter to us.

**Helios is a Virtual High School Business Company and has no real impact on Mr. Osman.**

Best regards,  
Fedor Kossakowski, CEO of Helios

Accepted: , Joel Osman, Attorney at Law