



Annual

Report



2018

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Letter to Stockholders

Legacy has seen a very successful 2017-2018 fiscal year. Our company aims to provide the most convenient and effective service for our customers at a competitive price, always holding ourselves and our products to the highest standard of excellence. This year, the company decided to sell categorized packages in sports, entertainment, and luxury. Since it is inconvenient for customers to search around for different products, Legacy packages everything a fan might want into a single product and sells it for a manageable price. We started the year with a focus on sports packages, creating a myriad of football packages for teams located in VE-heavy areas. However, throughout the year, we have also expanded into the entertainment and luxury markets, allowing Legacy to reach a larger base of customers.

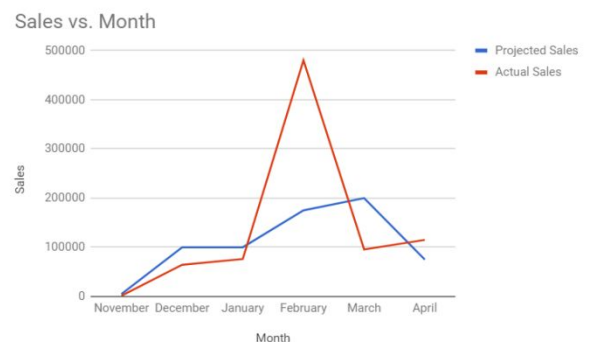
We had high operating expenses (\$704,597) this fiscal year; however we were still able to be profitable, making \$80,067. Although our website sales were lower than anticipated, our trade show revenues and our real life sales contract with HTC Flooring allowed us to maintain a profitable year. We made \$131,169 from trade show sales, \$274,911 from online sales and \$450,000 in our real life contract with HTC Flooring. A large part of our online sales came from our sales contracts with other VE firms in our area such as Bucket List and Never Ending.

Legacy's future plans include continuing to refine our development into the entertainment industry and expanding our marketing efforts in that area. However, with gross sales of \$856,280 yet only an end profit of \$80,067, we are looking at ways to reduce our expenses, which might be a modest reduction in salary. We will also continue to look into making sales contracts with more companies in our area.

There are many companies in the retail and merchandising industry selling a similar product to ours. The thing that separates our product from the rest is the customization tools we will be implementing and the diversity of our product. Our product ranges from jerseys and clothes to designer goods and concert tickets. The many different products we offer will drive our sales up.

Since we are appealing to mainly high school seniors in VE classes all over the world, we believe that our company will be very popular. Teenagers love fashionable clothes and jerseys all that keep up with the latest trends. We also have specific city packages that will appeal to the areas with the most VE firms. Students from these areas will see this and want to buy it to represent their city.

From our projected versus actual sales throughout the year, we predicted that we would see a steady increase in sales as we learned the ropes of VEI



before winding down for the year. This was mostly correct except for the month of February, when we received the money from our real life sales contract with HTC Flooring.

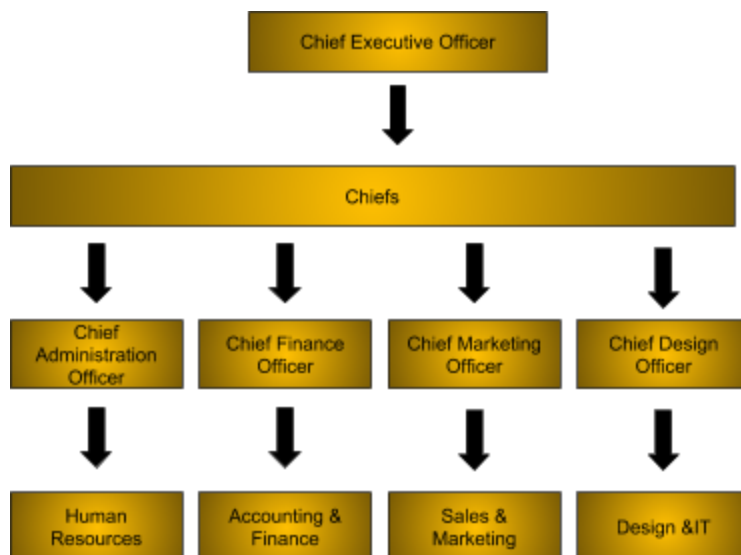
Financial Highlights

As a whole, Legacy made an abundance of money throughout the year. In total, Legacy made 832,753 dollars in sales which came from multiple areas. For one, legacy made sales at four trade shows they attended this year. Legacy attended trade shows at Tennessee, Illinois, and California. They also collected sales from an online trade show which took place on a certain date across the country. Trade show sales accounted for 32% of Legacy's total sales. Sales from Legacy also came straight off of our website. On any given day, other VEI students were able to view our website and buy products. Website sales accounted for 15% of our companies total sales. The last place where our company made income from was from our real world sales contract. Legacy partnered with HTC Flooring, a real world company that provides different flooring to home and building owners. HTC Flooring agreed to give us money in return for advertising throughout the year. Our sales contract with HTC Flooring accounted for 53% of our total sales. In total, Legacy made \$832,753 over the year; however, after expenses our profit was not as high.

For one, we had to account for the goods sold or services provided throughout the year. The cost of goods sold was \$71,619. Furthermore, after accounting for salaries, taxes, and expenses our total dropped from \$832,753 to \$87,747. Although Legacy's profit was not as high as the total sales were, in the end, the company as a whole was still profitable. For this reason, the firm plans on reopening again next year.

Management Philosophy

Our managers consult with their departments and then communicate with the CEO to properly manage the company and make key decisions.



Board of Directors and Management

- Administrator-** Amanda Dunham
- CEO-** Kyri Chen
- CAO-** Nolan George
- CFO-** Edon Kosova
- CMO-** Adreanne Nelson
- CDO-** Joann Lee
- CPM-** Gabija Tonkunas

CJ Abunassar- Accounting, Hruday Achanti- Design & IT, Rahil Dalwani- Design & IT, Maddie DiFranco- HR, Zach Dilger- Marketing, Mike Durand- Marketing, Alex Galasso- Marketing/Director of Social Media, Ty Jensen- HR/VP of Product Development, Jake Kolk- Administration, Danny Osafo- Marketing/VP of Promotions, Jack Rigoni- HR, Anthony Rizza- Marketing, Kealan Salmon- Design & IT, Nate Schaefer- HR, Emma Selitzky- Marketing, Joe Theobold- Marketing, Max Thompson- Accounting, Jake Wenz- Administration, Jake Whitezel- Accounting, Katherine Williams- Marketing

Corporate Culture

At Legacy, we really try to emphasize self-improvement and putting the loyalty of our customers before anything. We always respect each employee of our company and always strive to keep a positive working environment. Our main goal as a company is to make one fellow employee smile at least once a day. By doing these things, the day-to-day functionality of the company is greatly improved and employee satisfaction is raised.

Trade Show Research

Our ideas were based off of what we saw at other trade shows from other companies and our Design & IT department collaborated ideas with our Sales & Marketing department to think of new ideas to represent Legacy. We designed our latest banner because we thought the rap group “Migos” worked well with our marketing scheme. We promoted ourselves by creating a creative banner that represented the Legacy products; we were social and polite to our customers and other companies.

Cash Budget (Year Ending MM/DD/YYYY)					
Cash Receipts			Cash Payments		

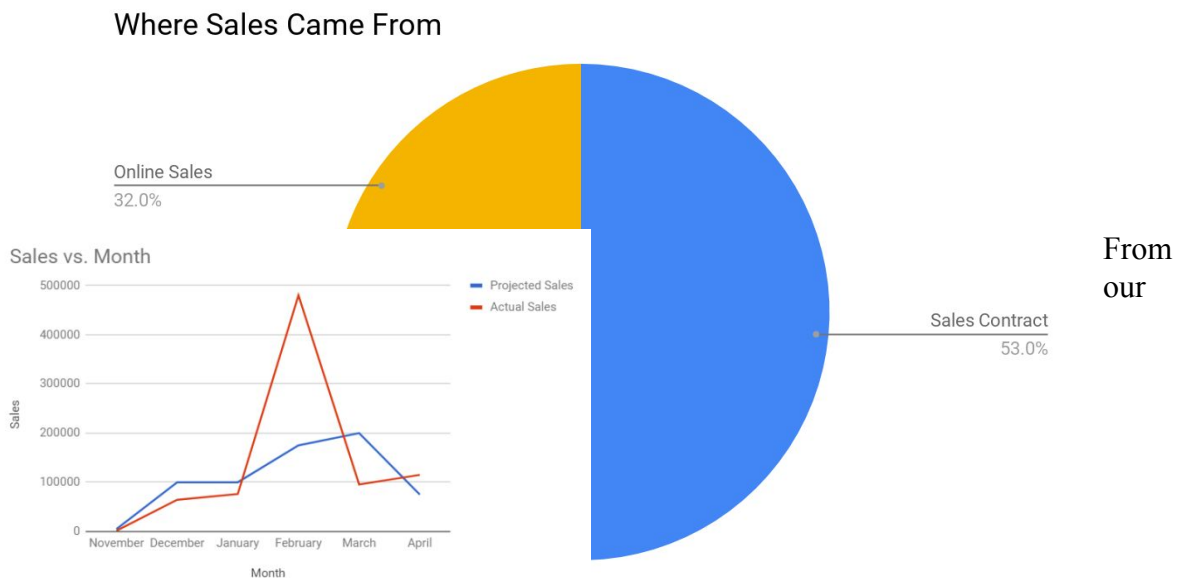
Firm Name	Cash in Bank 5/01/17	Cash Receipts (Current Year Sales)	Cash Receipts (Prior Year Sales)	Other Cash Receipts	Total Cash Receipts	Cash Payments for Purchases	Other Cash Payments	Loan Repayment	Total Cash Payments	Cash in Bank 4/30/15
Legacy	442,808.46	832,752.80			832,752.80	675,733.00			675,733.00	530,555.55

Company Goals

Company goals: Both financial and non-financial goals and how they were achieved. These can be broken out by department.

We achieved all short term goals that were listed in the business plan. They were not the hardest goals but we achieve these goals by launching a good website, making sales and promoting our company. Now for the long term goals we fell short off our goal to make \$150,000, and made \$87,747. As for the other long term goals we did a good job at adding new products and making strong appearances at trade shows.

Internet Sales Plan



projected versus actual sales throughout the year, we predicted that we would see a steady increase in sales as we learned the ropes of VEI before winding down for the year. This was mostly correct except for the month of February, when we received the money from our real life sales contract with HTC Flooring.

Advertising Campaign

Throughout the past year Legacy has used several different forms of advertising in order to campaign our company and products to other firms around the world. Some of our most effective forms of advertising have been our commercials, billboards, brochures, catalogs, flyers, online advertisements and discounts, and promotional games at trade shows.

- Commercials - Our commercials have been extremely valuable to our business because they attract a lot of positive attention to our company and our products. Our commercials are placed on our twitter account and then spread by employees retweeting and sharing the commercial onto their own twitter accounts. As more people see our unique, creative, and entertaining commercials, they come to our website and are more likely to buy our products after seeing what we sell from our commercials.
- Billboards, Brochures, Catalogs, Flyers - These four advertising techniques have been influential and helpful to increasing our company's sales and awareness within the VEI community. We hand out flyers at our tradeshow and have brochures and catalogs at our table for customers to look at their leisure. As people come to our booth to buy our products they sometimes don't know what they want and these advertisements help explain our products available for sale. Our billboards are entered into competitions at all trade shows and then displayed at our booth following the competition. Our billboards are intriguing, catchy, creative, and increase the appeal of our booth.
- Online Advertisements and Discounts - Our website has offered many discounts and promotions throughout the year to attract customers. Around big holidays and events such as Christmas and the arrival of spring time we offered customers our products at a discounted price. Additionally, a very helpful advertising tactic our company has used has been posting an advertisement on the global VEI website. Legacy paid a fee to have our ad placed on the website for a few months. Many customers were attracted to this ad and responded by coming to our website and purchasing our products.
- Promotional Games at Trade Shows - A very popular attraction for our company is our promotional games we have for customers at trade shows. We urge people to come buy from our company by offering them a chance to randomly select the correct key that unlocks our "Legacy" box. If they select the right key they win the prize inside the box. This unique form of in person advertising encourages people to buy from our company because a lot of the students want the opportunity to select a key.

Brand Awareness

Legacy's brand marketing strategy was based off of strong target market research through social media. To promote our brand we made a series of four commercials that focused on each sector of our brand. These projects were based on promoting the idea that Legacy understands popular culture and we are relatable to the average teen, ideas which we felt would attract VEI customers throughout the country. When we finished these commercials we decided to post them on Twitter and YouTube to allow viewers to have easy access to watch them. Other than

commercials, we updated our Twitter followers on new discounts and promo codes that they can use on our goods. Also, we would post pictures from what Legacy was doing on certain days to try and connect with the followers on a day to day basis. Every time we would put our brand out in the open, we would consider what our target market wants to see and what they could connect to. This was an important aspect to our marketing approach throughout the year as we tried to portray ourselves as a brand people could relate to. At trade shows, we would try to involve customers in promotional games. The games and the prizes up for grabs attracted a lot of participants and created an electric environment around our booth. This fun environment reflects on our company and it allowed people to leave with a positive attitude towards our brand. This was a major factor in our marketing scheme as well because we had to effectively promote our brand face to face to our customers using business cards and catalogs throughout each trade show.

Strategic Direction

Through communicating with customers via trade shows, emails, and social media, our company can collect feedback about what more people would like to see and what they do not like as much. To go along with this, through our sales revenue, we are able to determine which products sell and which aren't as popular, allowing us to focus more on the things that generate more revenue for us. The three categories of packages that we sell-sports, entertainment, and luxury-are the only categories the company does, however, new products can be added depending on market research and response to sales. In the future, we would like to market our entertainment packages more since they offer a huge number of potential customers. We believe that we should remain in the markets we are currently involved in, but we can develop products into different sports such as baseball or hockey in an effort to expand our product line.

Legacy's brand means a number of things: quality, reasonable pricing, and excellent response to customers. Legacy is beginning to brand itself as the only place in the country for your sports, luxury, and entertainment merchandising needs. This helps promote our other products as well, such as our furniture line. Our main goal is to leave our customers happy with their package or packages and a great experience of their shopping at Legacy. Because of our work in promotion and our endless contact with customers, via emails and social media, our image as an elite firm in terms of customer service and market research remains strong. As Legacy continues to establish itself as a profitable company, future plans become more and more ambitious.

For the 2018-2019 fiscal year, Legacy plans to collect all accounts receivable. Additionally, we are aiming for gross revenues to top \$300,000, almost \$50,000 more than the fiscal year ending May 23, 2018.

Although this is a very ambitious goal, we have worked hard to establish a strong and loyal customer base that values the quality of our products and our company. Other future plans include maintaining our website, and increasing the amount of internet sales. In addition, we plan on expanding our reach as far as we can to create an international influence. Starting in fall 2018 Legacy will be distributing new customer surveys to determine what firms are looking for in

terms of the products we sell. Also, Legacy plans to release an additional line of products, as well as new company goals and ambitions for the next fiscal period..

Risk Marketing

<p><u>Strengths</u></p> <ul style="list-style-type: none"> • Sports/luxury/entertainment merchandise is pre-bundled and offered in packages. • Legacy’s commitment to the sports/Luxury/entertainment will show our loyalty to our customers. • Our unique package bundles will attract many different markets • Legacy is a well-known VE company. 	<p><u>Weakness</u></p> <ul style="list-style-type: none"> • Contacts with VE firms may be compromised due to business meeting times and difference in time zones. • Different staff this year might affect sales.
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> • Sports are one of the leaders in favorite pastimes from consumers. • Sports Merchandise can be sold year-round due to the constant change in sport seasons. • We offer a large range of products in each package. • We can eventually expand and create more packages beyond sports, luxury and entertainment packages. • Ability to constantly change packages depending on trends, seasons, preferred tastes. 	<p><u>Threats</u></p> <ul style="list-style-type: none"> • There will be an abundance of other VEI companies with similar product lines. • Bundles may include products that the customer does not wish to purchase as a package.

Marketing / Advertising Plan

At Legacy we give amazing products based on category to the world. We encourage all of our products to “unlock their Legacy”. We sell a variety of category based packages focusing on sports, luxury, and entertainment. In our sports package, we began amidst the football season and then transitioned into basketball. The sport packages includes merchandise like football and basketball jerseys, keychains, apparel, and other sports memorabilia of the major NFL and NBA franchise teams from the locations of the most populated VEI firm cities. We also sell a Luxury packages which consists of items like jewelry, designer clothing, and other high-class accessories. The last of our packages are entertainment based; the rap package consists of Drake, Kendrick Lamar, and Migos tickets. Another sector within the entertainment packages is a pop music package including Ed Sheeran, Bruno Mars, and Taylor Swift tickets. Lastly, we sell a Star Wars package within our entertainment line, which is composed of Star Wars memorabilia. To summarize, we are not just another one-dimensional VEI company. Legacy strives to be more

similar to an online retailer amongst the likes of Amazon which reaches many target markets. Legacy exclusively sells bundles of items with prizes based on bundle size and category of package. Commercials are a huge part of our marketing. Commercials are a way to show to everyone how our products can impact people's lives and how we are superior to our competitors by allowing them to buy their merchandise in bundles and thus making it more cost efficient for the buyer. We have made four commercials demonstrating different aspects of the company's superiority. We also make use of technology's most promising new field of advertisement. Legacy's Twitter is one of the most promising VEI firm twitter accounts out there and we are able to better communicate with our customers who are VEI students/business members and promote to them how our company is particularly special. We make use of catalogs, flyers, and brochures as so consumers know exactly what each package consists of.

Target Market

When Legacy started off, we began only selling sports packages. This made our target market segmented by location in order to figure out which sport team's fans we want to advertise our products to. For example, we first focused primarily on the baseball team that won the World Series selling products that represent that team and advertise to VE Firms in the winning state and city. By doing this, we will be able to advertise our product during the peak of their celebration. At that time, we will be able to attract all of the fans of that team that want to celebrate their victory by buying team-related products.

In a broader scale, our company then decided to focus our advertisements throughout the year on Chicago, New York City, Los Angeles, Nashville, and San Francisco. We came to conclusion on these 5 cities based on the amount of VE Firms in a state. Whatever states we found were heavily populated with VEI firms we would use their cities sports teams. Or in the case of a tradeshow, for example the Tennessee Trade Show, during that time we started selling a lot of Tennessee's sports teams products.

As our company grew throughout the year, we were able to expand our product line and release Luxury and Entertainment packages. This allowed us to reach different target markets.. For example with our Luxury package, our focus target market is the suburban teenager that is into trending fashion. In our advertisements we used people like Migos, Drake, and Kobe Bryant, knowing those are people that would make teenagers notice them and would appeal to them. We also decided to use themes and songs in our commercials we felt would get noticed by teenagers. Our entertainment packages have three different segments including rap, pop, and Star Wars. These various segments reach different entertainment interests.

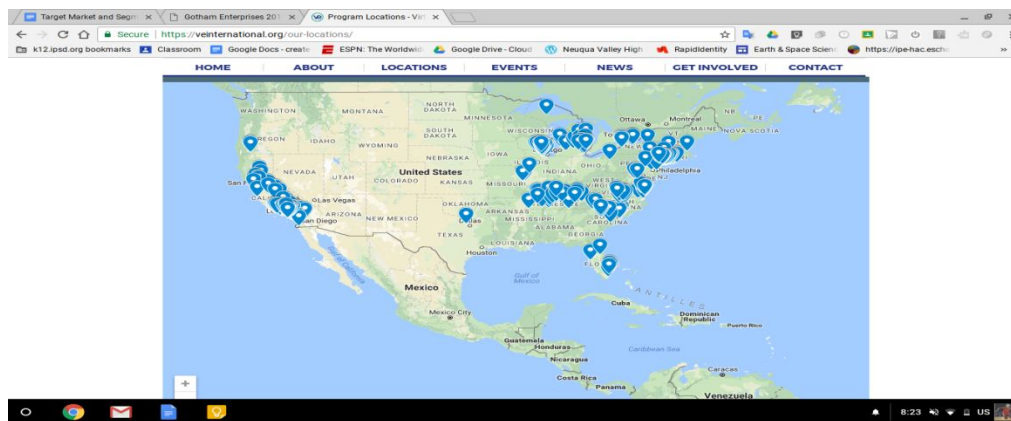
Market Research

While researching the best markets to sell our products, we came across this map in the VEI website. This map shows where all of the VEI departments are located in the United States, having this shows what states we want to focus on when it comes to selling team merchandise. For example, there are a large amount of firms in California, Illinois, Tennessee, and New York. So in the beginning, our company decided to put a major emphasis on promoting teams like the Chicago Bears, San Francisco 49ers, Tennessee Titans, Los Angeles Rams, and New England

Patriots. Later on in the year, our company decided to extend our product line, making new boxes for different teams. Our marketing team researched the hottest and best teams playing in football and decided to put in extra effort to advertise the Philadelphia Eagles. The Eagles just came off of winning the Super Bowl and we thought that they would bring in the most amount of customers.

For the Luxury packages, the marketing team researched what was the most trending designer brands out now. We came to the conclusion that designer brands such as Gucci, Louis Vuitton, Burberry, Tiffany, Christian Louboutin's.

Another time the marketing team did research to find out the best products to sell was with the Rap and Pop music package. When we were planning on launching the Rap and Pop box, the marketing team researched who were the most popular artists right now. After extensive research we found that Kendrick Lamar, Drake, and the Migos were the best candidates for the Rap package, and Taylor Swift, Ed Sheeran, and Bruno Mars with Cardi B.



Financial Performance

After a rough start, our financial performance has steadily improved throughout the year. By the end of the year we got our net income up to \$87,747.09. At the first trade show, we realized the potential for our company since we were very proficient in making in-person sales. However, an issue we faced was that our product was very underpriced. Compared to our competitors, we had much lower prices since we didn't have a good understanding of the VEI economy. After the trade show we adjusted the prices accordingly and we made consistent changes throughout the year. We did a really good job making sales at every trade show, by the end of the year we racked up \$131,369.00 in trade show sales. Our booths were always one of the most visited due to our high energy and charisma. Our medium sized sports package was by far our best-selling product because it was the main product we promoted at the trade shows and it was used in all of our trade deals with other VEI firms. Unfortunately, we weren't quite able to duplicate this success with our online sales; I believe this is because we were not able to bring the same energy we had at trade sales. We were able to boost our online sales throughout the

year by using promotions during different seasons. For example, during the holiday season, we had a special online promo code for 20% any online purchase. This gave us a more steady flow of online sales the second half of the year. At the end of it all, we finished with \$274,910.68 in online sales. Also, another big financial booster for us was making business deals with other companies in our area such as Bucket List and our sales contract with HTC Flooring that gave us \$450,000 in income. This helped both of our companies profit by having everyone buy a certain product from the other company. This was a huge aspect of our online sales and it really helped to increase our total online sales. Overall, we were a very successful company when it came to making sales at trade shows and we increased our online sales substantially throughout the year.

Financial Write up

Legacy	
Income Statement	
For the Year Ending 04/30/2018	
Sales revenues	
Trade fair revenues	131,369
Contractual sales to non-VE entities	450,000
Other than trade fair revenues	274,911
Total sales revenues	856,280
Cost of goods sold or services provided	71,619
Gross profit	784,661
Operating expenses	
Salaries	476,888
Rent	15,876
Depreciation	31,488
Payroll tax	156,504
Advertising	0

Promotion		0
Insurance		17,601
Pension or 401(k)		0
Interest		0
Supplies		0
Utilities		6,240
Other		0
		704,597
Total operating expenses		
Income from operations		80,064
Other revenues/gains and expenses/losses		
Net income before taxes		80,064
Corporate income tax		0
Net income after taxes		80,064

Income Statement - Legacy's gross profit this fiscal year was \$784,661. A majority (53%) of those sales came through our online website, with an additional 15% of gross earnings coming from trade shows, and the final 32% from sales within the firm. Of that gross profit we took in a net income of \$80,064, as operating expenses and the cost of our goods consumed 91% of our earnings, with a vast majority of those expenses coming from payroll.

Legacy	
Annual Cash Budget	
Description	Month
1 Cash balance at beginning of period:	442,808.46
Receipts of cash:	832752.8
Sales	832752.8
Receipts of accounts receivable	0
Loan proceeds	0
Other	0
2 Total receipts	832752.8
3 Beginning balance + cash receipts	1,275,561.26
Payments:	
Cost of merchandise	71618.7
Salaries	476,888
Accounts payable	0

Current Assets				
Cash		\$442,848.06		
Investments in stocks		0		
Accounts receivable		0		
Merchandise inventory		0		
Supplies		100		
Prepaid Insurance		0		
Total Current Assets		442,948		
Fixed Assets				
Computers		9,650		
Less: accumulated depreciation		0		
Furniture and fixtures		400		
Less: accumulated depreciation		0		
Office equipment		600		
Less: accumulated depreciation		0		
Total Fixed Assets		10,650		
Total Assets			453,598	
Liabilities and Stockholders' Equity				
Current Liabilities				
Accounts payable				
Sales tax payable				
Salaries payable				
Payroll tax payable				
401(k) payable				
Other payable				
Corporate tax payable				
Total Current Liabilities		0		
Long Term Liabilities				
Loan payable				
Total Liabilities			0	
Stockholders' Equity				
Paid-in capital				
Common stock, \$10 par value, * # shares issued				
Additional paid-in-capital				
In excess of par value				

Retained earnings				
Total Stockholders' Equity			0	
Total Liabilities and Stockholders' Equity			0	

Balance Sheet: At the end of this fiscal period, our cash on hand is \$494,544, so our cash on hand increased roughly 11.6% over the fiscal period. Our total assets were \$502,670, and total liabilities were \$0. Although we have assets like supplies and fixed assets, cash is by far our largest asset, and the reason for that is because most of the transactions in the virtual economy are cash payments, no receivable payments. Because of the fact that there is no paying on account, we have no accounts payable, and therefore no liabilities. Our retained earnings for the fiscal period ended up being \$502,670, which increased approximately 10.8% over the fiscal period. Our net increase is fully credited to our online and trade show sales.

Quick Ratio = 0 Legacy does not have any outstanding liabilities therefore the ratio cannot be calculated

Current Ratio: = 0 Legacy has no liabilities so the current ratio is unable to be determined.

Gross Profit Margin Ratio: 91.6%

Cash Flow: $108,928 + 2,624 - 323,115 = -211,563$

Net Profit margin: $108,928 / 856,280 = 12.7\%$

Additional Documents

Sales Contract with HTC Flooring



Bank Statements

Sept. 24, 2017	VEI-MIDWEST CENTRAL OFFICE Transaction reversal from 9/1/17 error Acct #10002332	3122059	\$374,221.88	\$442,048.06
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Sept. 1, 2017	VEI-MIDWEST TRADE FAIR ACCOUNT New York, NY	3114776	\$374,221.88	\$60,296.18
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- Account summary
- Account details
- Bill payment
- Funds transfer
- Scheduled transactions
- Payees

Account summary

Account	Account no	Balance
Legacy (Budget Checking)	610413228	\$530,555.55

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