

Highrise Gardens



Business Plan

Bloomington High School

10750 Laurel Avenue

Bloomington, California 92316

(909)580-5004

highrisegardens.ca@veinternational.org

<https://highrisegardens13.wixsite.com/highrisegardens>

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Executive Summary

Highrise Gardens is an innovative agricultural engineering corporation established in the fall of 2017, specializing in aeroponic technology, the process of growing plants in a nutrient mist environment without the use of soil. Our mission is to introduce agriculture to the inner cities, thereby assisting those confined by environmental barriers to maintain their own personal garden. The business concept was created when the Chief Operating Officer, Enrique Moreno, brought up the concern of scarceness of agriculture in urban areas locally and internationally. The proposition was discussed with 31 students, and the company, *Highrise Gardens* “*Raise the roots*,” was unanimously selected. Originally, the idea was brought up that *Highrise Gardens* would install gardens on rooftops and provide planters for balconies. However, the idea then shifted to consumer friendly aeroponic systems, which was proposed by our Chief Information Officer, Abraham Padilla. After some brief discussion, *Highrise Gardens* developed a solution that requires no soil and considerably less water, aeroponics.

The slogan “*Raise the roots*” greatly embodies who we are, since our systems “*Raise the roots*” off the ground in our aeroponics systems. Plants are suspended in midair while the roots are sprayed with a fine mist of a nutrient rich solution, allowing plants to grow swiftly.

Highrise Gardens is located in San Bernardino County, in Southern California, where agriculture is prevalent. In San Bernardino, crop sales generate \$66,845,000 of the county’s income, accounting for 11% of the agricultural sales.

Our company provides an efficient means to producing one’s personal produce year-round through our diverse aeroponics kits. Plants nourished with our aeroponics systems grow three times more rapidly than conventional soil gardening. Our goal is to educate our consumers about the importance of leading a healthier lifestyle. We are deeply committed to creating an educational program about the benefits of aeroponics systems and its invaluable functions. *Highrise Gardens* envisions to enhance student comprehension of the values of growing fresh produce in order for a greener tomorrow. *Highrise Gardens* is bridging the gap between fresh produce and consumers detached from wholesome crops due to circumstances beyond their control.

Company Overview

Highrise Gardens is a startup agricultural engineering based business that launched in the fall of 2017 in Bloomington, California. Our unique aeroponics systems save on average 98% more water and utilize only 1/10 of the space of a traditional garden.¹ With the use of aeroponics, *Highrise Gardens* has solved the immense issue that countless inner cities face, the lack of space to properly maintain a garden. We plan on introducing and educating inner city communities on a more simplistic way of farming that requires no soil. Our vision will allow businesses, schools, and individuals to grow organic plants directly under their supervision.

Legal Description

Highrise Gardens will operate as an S Corporation. The advantages of our company operating as an S Corporation include having the advantage of being able to claim losses personally, as opposed to a C Corporation. Our corporation has lower tax brackets than an S Corporation. *Highrise Gardens*, however, aspires to open up to the international market as a C Corporation, thus adapting higher tax rates.

Location

Highrise Gardens is located at 10750 Laurel Ave, Bloomington, CA. This is located within San Bernardino County, the largest county in the United States. Bloomington is located in a rural area where agriculture is widespread.

Mission Statement

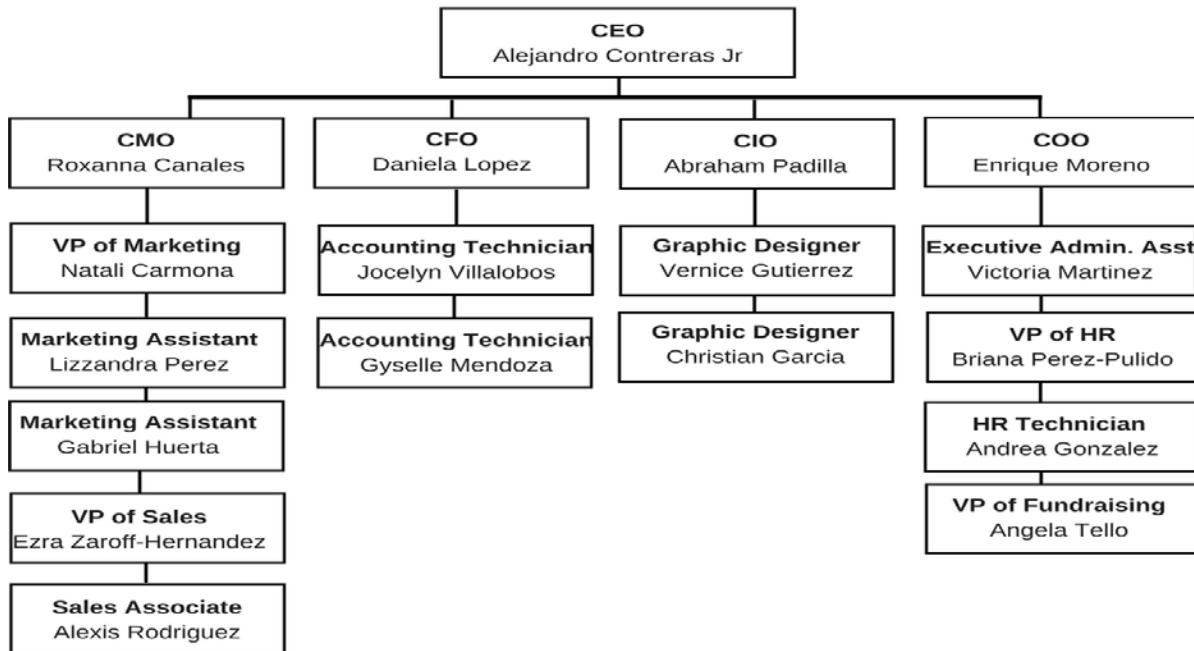
Highrise Gardens' mission is to bridge the gap between fresh produce and individuals who do not have access to wholesome crops. We are evolving the agricultural engineering industry by introducing an organic and more efficient means to the gardening process, while also lowering our economic footprint.

Management Functions

Planning

Short Term Goals	Sell 120 aeroponics systems a week.	Educating people about leading a healthy lifestyle and about the efficiency of our aeroponics systems.
Strategies	We are an aspiring web-based company, allowing us to expand throughout the globe receiving numerous purchases per day.	Aeroponics systems allow consumers to grow freshly grown crops directly under their fingertips. We will provide a health section in our manual to illustrate how our customers can maintain a nutritious lifestyle.
Deadlines	By May 2018	By May 2018

Long Term Goals	Receive funds from the Small Business Innovation Research (SBIR) program at the U.S. Department of Agriculture (USDA).	Utilize considerably less water to help curtail the devastating drought.
Strategies	Our specialization in plant production and protection-engineering is a broad topic area revered by the SBIR. Additionally, we satisfy the prerequisite of having a desire to conduct groundbreaking research and to develop commercialized products.	Our aeroponics systems utilize 98% percent less water due to the fact that water in the reservoir is being constantly recirculated. We plan to implement our systems nationwide, perhaps internationally.
Deadlines	By January 2020	Until the drought comes to an end



Organizing

The Chief Executive Officer oversees all operations. It then flows down to our four other chiefs who oversee the various departments. The departments include Sales, Marketing Human Resources, Accounting, Information Technology, Administration, and Fundraising.

Directing

Every Wednesday (between the Administration and Vice Presidents), we hold meetings to discuss the advancement of the business. During these meetings, the administrative team will keep up on the progression of the Business Plan, while observing the responsibilities given to each department and assigning new tasks to each Vice President. From there, the Vice Presidents will explain these particular tasks to their associates with deadlines. Our company also holds an open door policy in which employees are more than welcome to discuss any concerns, questions, or problems that they may be facing.

Controlling

All deadlines are given to each department depending on the task at hand. A minimum of a two week deadline is given to the Vice Presidents to complete the duty. If a department does not handle tasks given, the administration team will intervene to complete it, resulting in disciplinary action given by the team to the department. We enforce communication within each department. Good behavior is recognized monthly by awarding a single employee with an Employee Of The Month certificate.

STRENGTHS:

Highrise Gardens' Aerorise systems may swiftly produce a diverse array of crops an estimated 3 times more rapidly in comparison to traditional (soil based) agriculture.

In part to *Highrise Gardens'* innovative aeroponic technology, yields can significantly increase by a staggering average of 30%.

Highrise Gardens' Aerorise systems are economically feasible in high-density areas, due to the fact that our systems require 90% less volume as opposed to traditional farming.

WEAKNESSES:

Highrise Gardens' Aerorise systems are susceptible to power outages and pump failures, therefore possibly damaging our clients' crops.

Considering recent advancement in aeroponic technology, our customers must possess a particular level of expertise in the realm of technology in order to properly operate our systems.

Unfortunately, *Highrise Gardens'* Aerorise systems may solely be limited to certain crops that have the capacity to be raised utilizing aeroponics.

OPPORTUNITIES:

In view of the dramatically booming organic sector in the United States food industry, our Aerorise systems' may have a remarkable impact in the extensive food market.

Through educating a wide range of communities regarding the utilization of aeroponics, *Highrise Gardens* can moreover elucidate the importance of nutritious food.

Highrise Gardens' Aerorise systems substantially bridge the gap between organic fresh produce and individuals who sadly do not have direct access to a multitude of wholesome crops.

THREATS:

Juice Plus™ Tower Garden® is a leading competitor of ours as they identically own a patent to vertical aeroponic food production systems since 2011.

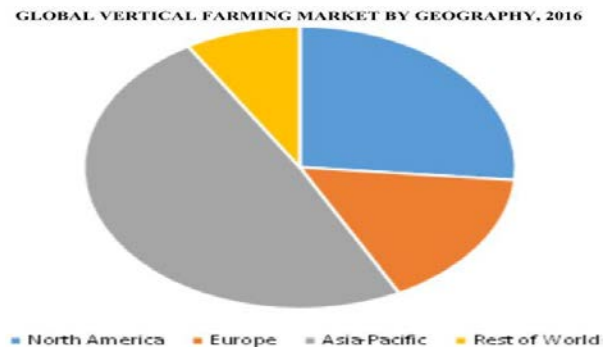
The Food and Drug Administration's (FDA) regulations for food safety are subject to alterations; therefore, our Aerorise system design must comply with these stringent regulations.

If the root chambers of our Aerorise systems' are not routinely sterilized, harmful diseases may ultimately strike the roots of precious crops.

Economic Snapshot

In the year of 2016, the state of California had an estimated current-dollar gross domestic product (GDP) of \$2.603 trillion, naming California the sixth largest economy in the entire globe.² With respect to the United States, the nation had a GDP of \$18.569 trillion, causing itself to be the forefront of the global economy. The dominating industry within the state of California is finance, insurance, real estate, rental, and leasing, accounting for 21.7 percent of California GDP and had 1.6 percent real growth. Similar to California, the United States' most predominant industry is real estate, rental, and leasing, adding up to 13 percent of our nation's GDP.³ According to a recent report by Esticast Research and Consulting, the global vertical farming market, which is comprised of aeroponics, hydroponics, and aquaponics growth mechanisms, is forecasted to reach \$8 billion by 2024, growing at a compound annual growth rate of 20.1% from 2017 to 2024.⁴ The Asia-Pacific region by far had the highest revenue generating vertical farming market in 2016.

Economy	San Bernardino County	California
Projected Population (2017)	2,158,076	39,849,872
Unemployment Rate(s)(December 2017)⁵	4.1%	4.5%
Expected Job Growth (2016-2021)⁶	7.3%	36.10%
Sales Taxes (October 2017)⁷	8.000%	7.25%
Forecasted Per Capita Income (2017)	\$36,083	\$30,318
Median Household Income (2016)⁸	\$54,469	\$63,783
Inflation Rate (% change in CPI) (2017)	3.0	2.7



Industry Analysis

Real Analysis

In the state of California, a number of universities provide agricultural engineering courses. Among these are schools such as UC Davis, which 38% of accepted applicants are enrolled in this course, and 31% are enrolled at Cal Poly San Luis Obispo. As the human population continues to increase, farms will have difficulty expanding their area horizontally, so new engineers are needed to develop farms vertically. California has been in a drought since 2011, which has caused a decrease in the agricultural community in our area. According to the U.S. Census, the agricultural industry has dropped by a rate of 11% and 85% of farmland has been sold off and acquired for other uses. Aeroponics is a solution due to the fact that it reuses the current water in the system and functions vertically. Some of our local competitors include Alegria Fresh and Urban Produce, which are direct competitors. Alegria Fresh grows fresh produce with their hydroponic systems, and invest their time in selling a Soxxboxx and fresh produce. The Soxxboxx is a small kit to take home and grow your plants; however, their kits require some soil but provide the necessary nutrients. Urban Produce uses their patented system, High Density Vertical Growing System (HD-VGS), to grow crops year-round, 7 days a week. Urban Produce's primary crop is wheat grass. We also have various national competitors, such as AeroFarms. AeroFarms constructs indoor, vertical farms globally. They grow a multitude of leafy greens and herbs, only selling their produce, not their systems. AeroFarms, however, focuses more on commercial sales. Aerofarms has a retail brand named Dream Greens, whose greens products may be bought from their website.

Virtual Analysis

After researching the Virtual Enterprise International Directory, we discovered an abundance of categories; however, none of them exemplify *Highrise Gardens*. We consider ourselves an agricultural engineering based corporation. A few of our direct competitors include Wai Aquaponics, located in California, and PONIX, located in New York City. Both corporations sell ponix systems directly to consumers. On the other hand, the strength of the economy in Virtual Enterprise is essential to the continuous growth of our firm.

Competitive Analysis

	<i>Highrise Gardens</i>	PONIX	Wai Aquaponics	Tower Garden	Freight Farms
Affordable	✓	✓	✓		
Customizable	✓				
LED light	✓			✓	✓
Compact	✓	✓			

After analyzing our top competitors, our Marketing Department concluded that they are non direct competitors due to the innovative systems we offer. *Highrise Gardens* offers compact and affordable aeroponics systems that you may manage yourself anywhere with any schedule you have.

Target Market

Highrise Gardens' target market specifies towards a numerous amount of people who live in inner cities. This includes schools, education centers, restaurants, teachers, households, and grocery stores who grow their own crops. Due to lack of space in inner cities, our aeroponics systems are vital for agricultural education and depollution in central cities.

Our executive officers conducted a feasibility study to determine the amount of people who will benefit from our product. The majority of highrise buildings within inner cities have Bylaws

(guidelines, rules, and regulations for all tenants) that restrict traditional soil gardens in the building or after a certain floor. New York, one of the biggest cities in the United States, has a population of over 8.5 million people; however, approximately 7.4 million (94%) of New Yorkers are not able to use a traditional rooted garden in their building.⁹ This is where *Highrise Gardens* is able to “*Raise the Roots*” by incorporating aeroponic gardens in high rise buildings.

Marketing Segmentation

Highrise Gardens’ market is broken up into three groups: Demographics, Geographics and Psychographics. By knowing our market, our administration team will be able to locate areas that our product will be beneficial.

Demographics

The population of Bloomington, California, where *Highrise Gardens* originated from, has a population of approximately 24,500. Bloomington is within a rural area in San Bernardino County that is known for agriculture and farming.

Median Age	31.3
Median Household Income	\$54,469
Males	51%
Females	49%
Household Income	\$47,116
Number of Farms	1,405
Land on Farms	514,234 acres

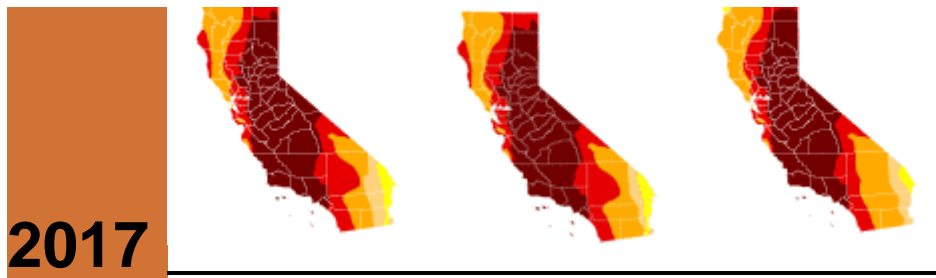
Geographics

The current location for *Highrise Gardens*’ manufacturing office is 10750 Laurel Ave, Bloomington, CA 92316. Due to the fact that we are currently a web based business, our geographic location provides no significant advantage or disadvantage towards the company. Bloomington, specifically the Inland Empire, is the country’s major distribution hub which means that the company has access to rail, truck, and air systems for distribution of its products globally. However, as we continue to grow, we will be able to partner up with educational systems and businesses which will boost our sales. Furthermore, these partnerships will eventually be the majority of our sales overpowering web-based sales.



Psychographics

Society continues to evolve, bringing new technology and engineering advancements. By joining the agricultural engineering industry, *Highrise Gardens* will be able to aid a multitude of Americans who plan on growing wholesome crops from their own residence. Our aeroponics systems are expected to help out farmers in California who have suffered from the recent drought and are not able to use a massive amount of water to maintain their crops.



Socio-Economic Factors

The **Aerorise system** has been designed to be an affordable investment to all economic classes. Our engineers have designed the system to be cost effective and available to just about everyone. As technology continues to evolve, the agricultural engineering industry is predicted to be implemented in educational systems. High density cities have already begun to fund agricultural courses in public school systems. Aeroponics is growing in demand. Schools, companies, and restaurants are beginning to shift into this modernized version of farming. Many American farmers have already begun to transition into this efficient form of farming.

Benefits

No digging, weeding, and low maintenance, aeroponics has a variety of benefits. Only 1/10 of the space and 98% less water is used in comparison to a traditional garden. Crop production is dramatically increased by an estimated 30% due to a continuous watering system. The system removes the trouble of having to water plants daily. The system uses no soil and allows people to

grow crops indoors year round. This is a more practical way to grow plants without having to fuss around with fertilizer and soil. **Highrise Gardens** is transforming the future of farming in America with the intention to educate future generations on a more eco-friendly way of growing plants.

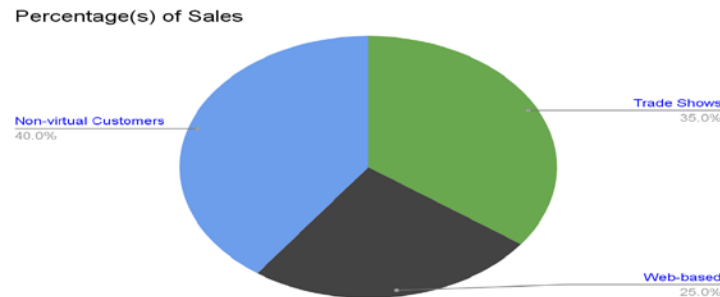
Marketing Mix

Placement

Through careful analyzation, our Department of Chiefs at **Highrise Gardens** anticipate the following percentages in annual sales:

- 35% of annual sales emerging from national and international agriculture trade shows, particularly from the acclaimed World Ag Expo in nearby Tulare, California.
- 25% of annual sales arising from periodic online orders.
- 40% of annual sales emerging from contracts with dominant Agricultural companies.

** There is no forecasted percentage of sales arising from direct sales and outreach.*



Products- **Highrise Gardens** offers a diverse array of botanical products regarding aeroponics, in order to facilitate the tedious growing process. Our principal product is the **Aerorise system**, a state-of-the-art vertical low pressure aeroponics system that is capable of maximizing yields for dwellers confined in high-density areas. A maximum of either **16, 8, or 4** plants can be nourished in our various systems, ensuring gardeners a range of nutritious crops. Individuals who yearn for fresh organic produce can swiftly access wholesome crops simply at their supervision, greatly in part to our **Aerorise systems**. What is captivating about our systems is that roots of plants are suspended in midair, while a nutrient-rich mist is periodically delivered to the fine root zone. Each system includes a basic **AeroGardening Kit** comprised of the following supplies: an environmentally friendly sample of Mineral Blend Solution and an integrated LED grow light (optional). In addition to our **Aerorise systems**, we provide **Root** (Small), **Seedling** (Medium), and **Sprout** (Large) aeroponics growing kits that may be customized to our clients personal preferences, allowing creativity to flourish. The **Root** kit may grow **1** plant, the **Seedling** kit may

grow up to **3** plants, and the **Sprout** kit may grow up to **6** plants. The diversity of our aeroponics growing kits enables nearly everyone from distinct cultures to acquire knowledge about the vital importance of self-sufficiency and garden-fresh crops.

Positioning- *Highrise Gardens* strives to transform the conventions of agriculture through incorporating revolutionary aeroponic technology in the daily lives of our valued customers, one aeroponics system at a time. We are allowing those confined by environmental barriers to efficiently sustain their personal garden by equipping, educating, and empowering them. Our compact aeroponics systems may greatly appeal to an innumerable amount of city dwellers restricted in high-density areas, public and private institutions, as well as premium restaurants.



Price- At *Highrise Gardens*, the pricing strategy is to maximize sales in order to spread brand awareness globally and to assist those in need of fresh organic crops. As a result of maximizing sales and acquiring exposure in the agribusiness industry, our profits are destined to rise dramatically. Our team at *Highrise Gardens* determined product prices by thoroughly examining the factors of production from fellow aeroponics system competitors. The following table depicts our real product prices:

Pricing	Standard Kits	Aerorise System
Root (Small)	\$25-37	\$45-57
Seedling (Medium)	\$45-59.50	\$65-79.50
Sprout (Large)	\$65-82	\$95-112

**Prices may vary depending on customer's customization of kit/system.*

Standard Growing Kit Aerorise System



Promotion- Promoting, under the supervision of the Marketing Department at *Highrise Gardens*, is fulfilled in the following methods:

1. Social Media- As social media is continuously revolutionizing the realm of business, our team at *Highrise Gardens* is destined to promote our diverse products in a more relaxed environment. With an estimated 81 percent of the American population possessing a social media profile on numerous social networking platforms, *Highrise Gardens* has the capacity to connect with a sphere of potential customers. With various business profiles in prominent social media sites, such as Facebook and Twitter, our social media posts will primarily consist of key updates on future product development and FAQ's. Additionally, our Marketing Department at *Highrise Gardens* will repost customer photographed images of our botanical products on numerous social networking sites, automatically enabling one fortunate customer towards the end of each month to win an aeroponics system of their preference.
2. Word-of-Mouth- With *Highrise Gardens* attending renowned agricultural trade shows, such as the World Ag Expo in Tulare, California, our company will gain exposure to prospective attendees associated with the agribusiness industry. With large crowds from different states and countries in attendance, attendees will habitually discuss about the efficiency and uniqueness of our aeroponics systems in their homeland, subsequently causing countless consumers to purchase our products. Individuals nationally, perhaps internationally, will discover how our products will revolutionize the sphere of agriculture one aeroponics system at a time.
3. Loyalty Points- At *Highrise Gardens*, loyalty with our customers is a virtue that we uphold with the utmost respect. Therefore, we will reward special points to loyal customers in order to entice potential clients to purchase more of our botanical products. Customers can gain unique points each time they purchase a product(s) on our website.

They may then utilize their points to reduce the price of future purchases. The satisfaction customers acquire in part to our loyalty points system is unmatched in comparison to our fellow competitors.

Discussion of Business Risks

Like any other business, *Highrise Gardens* acknowledges the issues that could arise and may have a deduction in our profit. The issues would be solved in the chart shown below:

Risk:

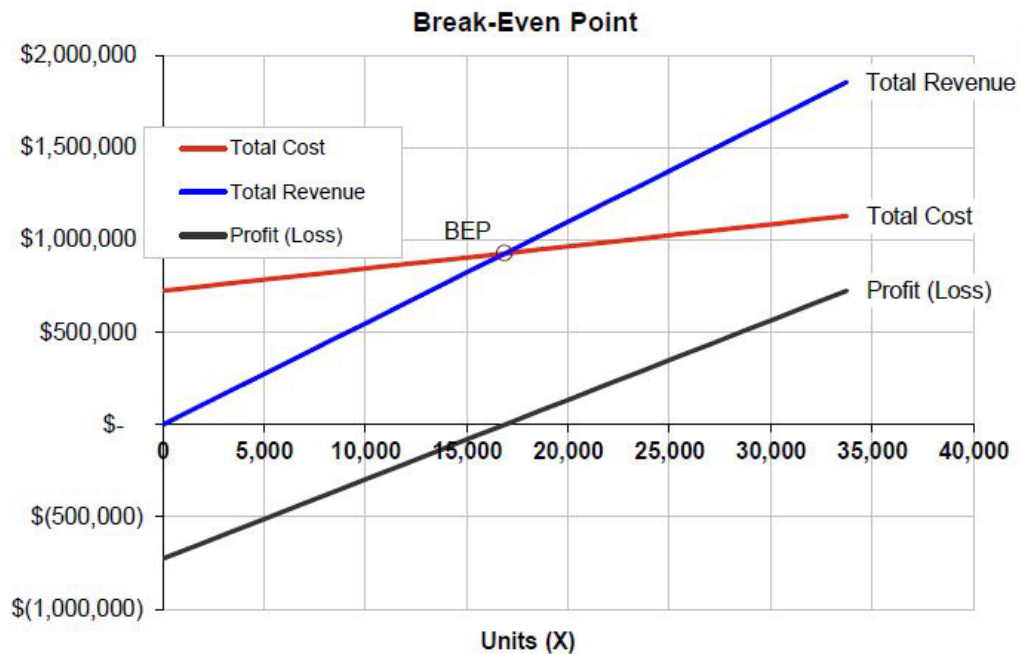
Solution:

The lack of natural sunlight due to weather conditions will impair the development of plants.	Aeroponics systems allow for the consistent growth of various crops throughout the year. We will be providing optional LED grow lights that emit a unique light recipe to each plant, giving the greens the spectrum and intensity they need for photosynthesis.
The cost to maintain an aeroponics garden will be costly due to an LED light being consistently powered throughout the day.	Miniature energy-efficient solar panels, which are ideal for our systems, will substantially reduce the costs of electricity.
Not many high-rises located in urban areas have balconies or access to rooftops.	Our aeroponics systems vary in size, making our products accessible to the consumers' home. Whether it be on a balcony, on a roof, or indoors, our systems adapt to wherever the customer desires.
The drought in the Western United States has caused declines in surface water flow that could be detrimental to water supplies for agriculture and populous cities.	The Aerorise systems will utilize 98% less water through runoff absorption in the plants' roots. Our aeroponics systems are redefining agriculture in that our systems are saving water rather than squandering such a vital resource.

Break-Even Analysis

[AEROPONICS]

HIGHRISE GARDENS
[2017-2018]



Highrise Gardens product line is **averaged** out to sell for \$55.00 per unit with a cost of \$12.00 to manufacture for a gross margin of 78.2%. Our break even point will be reached once we sell a total of 16,874 units by the month of April. With our total fixed costs for the fiscal year amounting to \$725,581, and taking into consideration the manufacturing costs, we will have to meet our revenue projections for the next two months to successfully reach our predicted break even point and prosper as we continue to profit.

Highrise Gardens
Income Statement
For the Year Ending 04/30/2018

	October	November	December	January	February	March	April	TOTAL
	Actual	Actual	Actual	Actual	Actual	Projections	Projections	
Sales revenues								
Trade fair revenues	0	0	0	72,000	67,500	90,000	66,000	295,500
Contractual sales to non-VE entities	0	50,000	54,000	36,000	45,000	50,000	77,000	312,000
Other than trade fair revenues	31,500	17,500	58,500	36,000	22,500	33,250	46,000	245,250
Total sales revenues	31,500	67,500	112,500	144,000	135,000	173,250	189,000	852,750
Cost of goods sold or services provided	8,400	18,000	30,000	38,400	36,000	46,200	50,400	227,400
Gross profit	23,100	49,500	82,500	105,600	99,000	127,050	138,600	625,350
Operating expenses								
Salaries	33,043	33,043	33,043	33,043	33,043	33,043	33,043	231,301
Rent	3,500	2,000	2,000	2,000	2,000	2,000	2,000	15,500
Depreciation	223	223	223	223	223	223	223	1,561
Payroll tax	316	316	316	316	316	316	316	2,212
Advertising	1,500	400	400	1,000	500	300	400	4,500
Loan Repayment	2,814	2,814	2,814	2,814	2,814	2,814	2,814	19,698
Promotion	1,500	1,500	2,000	1,500	1,000	1,000	1,000	9,500
Insurance	5,000	3,500	3,500	3,500	3,500	3,500	3,500	26,000
Pension or 401(k)	0	0	0	0	0	0	0	0
Loan Interest	594	585	576	567	558	549	540	3,969
Miscellaneous	200	200	200	200	200	200	200	1,400
Equipment	25,000	300	300	300	300	300	300	26,800
Investor Interest	1,155	2,475	4,125	5,280	4,950	6,352	6,930	31,267
Investor Repayment	6,250	6,250	6,250	6,250	6,250	6,250	6,250	43,750
Handling	200	500	700	900	1,000	1,200	1,200	5,700
Sales Tax	2,363	5,063	8,438	10,800	10,130	12,990	14,180	63,964
Utilities	2,000	1,500	1,500	1,500	1,500	1,500	1,500	11,000
Total operating expenses	85,658	60,669	66,385	70,193	68,284	72,537	74,396	498,122
Income from operations	-62,558	-11,169	16,115	35,407	30,716	54,513	64,204	127,228
Other revenues/gains and expenses/losses								
Net income before taxes	-62,558	-11,169	16,115	35,407	30,716	54,513	64,204	127,228
Corporate income tax								
Net income after taxes	-62,558	-11,169	16,115	35,407	30,716	54,513	64,204	127,228

This income statement reflects that we will make a total of \$852,750 in revenue with a gross profit of \$625,350. We made revenue during the month of October through forms of advertisement, such as word-of-mouth. After our operating expenses and excluding our loan, seed, and investment money, which is specified in the cash budget and totals up to \$270,000, we will have made a net income of \$127,228 .

Highrise Gardens
Cash Budget
10/31/17-4/30/18

	Description	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1	Cash balance at beginning of period:	0	178,303	157,311	161,192	198,729	216,947	271,487
	Receipts of cash:							
	Sales	31,500	67,500	112,500	144,000	135,000	173,250	189,000
	Receipts of accounts receivable	0	0	0	0	0	0	0
	Loan proceeds	150,000	0	0	0	0	0	0
	Seed Money	20,000						
	Paid-in Capital	50,000						
	Investor money	50,000	0	0	0	0	0	0
2	Total receipts	301,500	67,500	112,500	144,000	135,000	173,250	189,000
3	Beginning balance + cash receipts	301,500	245,803	269,811	305,192	333,729	390,197	460,487
	Payments:							
	Cost of merchandise	8,400	18,000	30,000	38,400	36,000	46,200	50,400
	Salaries	33,043	33,043	33,043	33,043	33,043	33,043	33,043
	Rent	3,500	2,000	2,000	2,000	2,000	2,000	2,000
	Advertising/ promotion	3,000	1,900	2,400	2,500	1,500	1,300	1,400
	Payroll tax	316	316	316	316	316	316	402
	Insurance	5,000	3,500	3,500	3,500	3,500	3,500	3,500
	Loan repayment	2,814	2,814	2,814	2,814	2,814	2,814	2,814
	Utilities	2,000	1,500	1,500	1,500	1,500	1,500	1,500
	Miscellaneous	200	200	200	200	200	200	200
	Loan Interest	594	585	576	567	558	549	540
	Pension, 401(k)	0	0	0	0	0	0	0
	Depreciation	223	223	223	223	223	223	223
	Handling	200	500	700	900	1,000	1,200	1,200
	Sales tax	2,363	5,063	8,438	10,800	10,130	12,990	14,180
	Equipment	25,000	300	300	300	300	300	300
	Investor Interest	1,155	2,475	4,125	5,280	4,950	6,325	6,930
	Investor Payments	6,250	6,250	6,250	6,250	6,250	6,250	6,250
4	Total payments	94,058	78,669	96,385	108,593	104,284	118,710	124,882
5	Cash balance at end of period: (line 3 - line 4)	207,442	167,134	173,426	196,599	229,445	271,487	335,605
6	Net increase or decrease in cash (line 2 - line 4)	207,442	-11,169	16,115	35,407	30,716	54,540	64,118

The document above shows our cash balances of each month for the fiscal year starting October 1st, 2017 and ending on April 30th, 2018. Our projected cash balance by the month of April 2018 would be \$335,605, with a net increase in cash of \$64,118.

Highrise Gardens
Balance Sheet
2/28/2018

Assets

Current Assets

Cash	198,729
Investments in stocks	0
Accounts receivable	0
Merchandise inventory	40,000
Supplies	10,000

Total Current Assets 248,729

Fixed Assets

Computers	2,500
Less: accumulated depreciation	150
Furniture and fixtures	9,000
Less: accumulated depreciation	
Office equipment	
Less: accumulated depreciation	

Total Fixed Assets 11,350

Total Assets 260,079

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	0
Sales tax payable	10,130
Salaries payable	16,500
Payroll tax payable	316
401(k) payable	0
Other payable	0
Corporate tax payable	1,400
Total Current Liabilities	28,346

Long Term Liabilities

Loan payable	154,680
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Total Liabilities 183,026

Stockholders' Equity

Paid-in capital	
Common stock, \$10 par value, * # shares issued	50,000
Additional paid-in-capital	
In excess of par value	
Retained earnings	27,053

Total Stockholders' Equity 77,053

Total Liabilities and Stockholders' Equity 260,079

Financial Write-Up

Income statement

Highrise Gardens had begun to receive revenue during the month of October in 2017. Since we are a new business, our initial sales were in lower amounts but continue to grow steadily as the exposure of our company grows through trade shows, word of mouth, and social media. To conclude the fiscal year ending on April 30th, 2018, *Highrise Gardens* is projected to retain a net income of \$127,228 excluding loan, seed, and investor money.

Cash Budget

Highrise Gardens was provided a loan of \$150,000 and granted \$20,000 in seed money by Virtual Enterprise International since we were a new firm. Our company was also able to acquire 5 investors who invested \$10,000 each into our company. We will be paying each investor \$1,250 each month over the course of 8 months as well as interest each month from sales revenue at a rate of 1%. To be sure that our company's costs were covered, 5 of our chiefs each contributed \$10,000 towards the startup of our company. The loan, investment, and startup money were all used to cover various expenses during the first month. By the end of our first fiscal year ending on April 30th, 2018, we will have a projected balance of \$335,605, and a net increase of \$64,118.

Balance Sheet

This balance sheet is dated for 2/28/18 and, currently, *Highrise Gardens* is projected to have \$248,729 in current assets. Fixed assets, which include our office furniture and supplies will come out to a total of \$11,350. With our projected current and fixed assets the total will come out to \$260,079. Our projected current liabilities came out to be \$28,346, and our projected long term liabilities comes out to about \$154,680, which include our remaining loan repayment liability as well as our investor repayment balance. When these are added together, the liabilities total out to be \$260,079 which balance out with the assets.

Appendix



VIRTUAL
ENTERPRISES
INTERNATIONAL



Highrise Gardens

Loan Amortization Table

Loan Information

Loan Amount (Principal)	150,000
Annual Interest Rate	5%
Term of Loan in Years	5
# of Payments per Year	12
Payment Type	end of period
Monthly Payment	(\$2,813.54)

Summary

Rate (per period)	0.3958%
Number of Payments	60
Total of Payments	168,812.21
Total Interest	18,810.36

No.	Principal	Interest for the Period	Total Balance Outstanding	Payment for the period	Principal Reduction	Revised Balance Outstanding
1	150,000	593.70	150,593.70	2813.54	2219.84	147,780.16
2	147780.16	584.91	148,365.08	2813.54	2228.62	145,551.54
3	145551.54	576.09	146,127.63	2813.54	2237.44	143,314.10
4	143314.10	567.24	143,881.33	2813.54	2246.30	141,067.80
5	141067.80	558.35	141,626.14	2813.54	2255.19	138,812.61
6	138812.61	549.42	139,362.03	2813.54	2264.12	136,548.49
7	136548.49	540.46	137,088.95	2813.54	2273.08	134,275.41
8	134275.41	531.46	134,806.87	2813.54	2282.07	131,993.34
9	131993.34	522.43	132,515.77	2813.54	2291.11	129,702.23
10	129702.23	513.36	130,215.59	2813.54	2300.18	127,402.05
11	127402.05	504.26	127,906.31	2813.54	2309.28	125,092.78
12	125092.78	495.12	125,587.89	2813.54	2318.42	122,774.36
13	122774.36	485.94	123,260.30	2813.54	2327.60	120,446.76
14	120446.76	476.73	120,923.49	2813.54	2336.81	118,109.95
15	118109.95	467.48	118,577.43	2813.54	2346.06	115,763.89
16	115763.89	458.19	116,222.09	2813.54	2355.34	113,408.55
17	113408.55	448.87	113,857.42	2813.54	2364.67	111,043.88
18	111043.88	439.51	111,483.40	2813.54	2374.03	108,669.86
19	108669.86	430.12	109,099.97	2813.54	2383.42	106,286.44
20	106286.44	420.68	106,707.12	2813.54	2392.86	103,893.58
21	103893.58	411.21	104,304.79	2813.54	2402.33	101,491.26
22	101491.26	401.70	101,892.96	2813.54	2411.83	99,079.42
23	99079.42	392.16	99,471.58	2813.54	2421.38	96,658.04
24	96658.04	382.57	97,040.61	2813.54	2430.96	94,227.08
25	94227.08	372.95	94,600.03	2813.54	2440.59	91,786.49
26	91786.49	363.29	92,149.78	2813.54	2450.25	89,336.25
27	89336.25	353.59	89,689.84	2813.54	2459.94	86,876.30
28	86876.30	343.86	87,220.16	2813.54	2469.68	84,406.62
29	84406.62	334.08	84,740.70	2813.54	2479.46	81,927.17
30	81927.17	324.27	82,251.43	2813.54	2489.27	79,437.90
31	79437.90	314.42	79,752.31	2813.54	2499.12	76,938.78
32	76938.78	304.52	77,243.30	2813.54	2509.01	74,429.76
33	74429.76	294.59	74,724.36	2813.54	2518.94	71,910.82
34	71910.82	284.62	72,195.44	2813.54	2528.91	69,381.90
35	69381.90	274.61	69,656.52	2813.54	2538.92	66,842.98
36	66842.98	264.56	67,107.55	2813.54	2548.97	64,294.01
37	64294.01	254.48	64,548.49	2813.54	2559.06	61,734.95
38	61734.95	244.35	61,979.30	2813.54	2569.19	59,165.76
39	59165.76	234.18	59,399.94	2813.54	2579.36	56,586.40

40	56586.40	223.97	56,810.37	2813.54	2589.57	53,996.83
41	53996.83	213.72	54,210.55	2813.54	2599.82	51,397.01
42	51397.01	203.43	51,600.44	2813.54	2610.11	48,786.91
43	48786.91	193.10	48,980.01	2813.54	2620.44	46,166.47
44	46166.47	182.73	46,349.20	2813.54	2630.81	43,535.66
45	43535.66	172.31	43,707.97	2813.54	2641.22	40,894.44
46	40894.44	161.86	41,056.30	2813.54	2651.68	38,242.76
47	38242.76	151.36	38,394.12	2813.54	2662.17	35,580.59
48	35580.59	140.83	35,721.42	2813.54	2672.71	32,907.88
49	32907.88	130.25	33,038.13	2813.54	2683.29	30,224.59
50	30224.59	119.63	30,344.22	2813.54	2693.91	27,530.68
51	27530.68	108.97	27,639.65	2813.54	2704.57	24,826.11
52	24826.11	98.26	24,924.38	2813.54	2715.28	22,110.84
53	22110.84	87.51	22,198.35	2813.54	2726.02	19,384.82
54	19384.82	76.73	19,461.54	2813.54	2736.81	16,648.00
55	16648.00	65.89	16,713.90	2813.54	2747.64	13,900.36
56	13900.36	55.02	13,955.38	2813.54	2758.52	11,141.84
57	11141.84	44.10	11,185.94	2813.54	2769.44	8,372.40
58	8372.40	33.14	8,405.54	2813.54	2780.40	5,592.01
59	5592.01	22.13	5,614.14	2813.54	2791.40	2,800.60
60	2800.60	11.08	2,811.69	2813.54	2802.45	(1.85)
	Totals	18,810.36		168,812.21	150,001.85	

HIGHRISE GARDENS 630326363

Jan-18	Name	Description	Credit	Debit	
1/1/2018	VEI Bank	Loan		2,814	226,845
1/1/2018	HighRise Gardens Payroll	Employees		33,043	224,031
1/5/2018	Utility	Electric		680	190,988
1/5/2018	Utility	Gas		420	190,308
1/5/2018	VE Merchandise			38,400	189,888
1/5/2018	Utility	Wireless		270	151,488
1/5/2018	Utility	Water		280	151,218
1/5/2018	BHS Property	Rent		2,000	150,938
1/6/2018	Paypal Web Sales		144,000		148,938
1/8/2018	VEI Materials	Equipment		300	292,938
1/8/2018	VEI Payroll	Taxes		316	292,638
1/10/2018	VEI Insurance	Insurance		3,500	292,322
1/12/2018	VEI Loan	Interest		5,280	288,822
1/12/2018	VEI Tax	Sales		10,130	283,542
1/20/2018	Investors	Payments		6,250	273,412
1/22/2018	Investors	Interest		4,950	267,162
1/22/2018	HG Account	Depreciation		223	262,212
	ENDING BALANCE				261,989

Feb-18	Name	Description	Credit	Debit	
2/1/2018	VEI Bank	Loan		2,814	261,989
2/1/2018	HighRise Gardens Payroll	Employees		33,043	259,175
2/3/2018	Utility	Electric		680	226,132
2/3/2018	Utility	Gas		420	225,452
2/5/2018	VE Merchandise			36,000	225,032
2/5/2018	Utility	Wireless		270	189,032
2/5/2018	Utility	Water		280	188,762
2/6/2018	BHS Property	Rent		2,000	188,482
2/10/2018	Paypal Web Sales		135,000		186,482
2/11/2018	VEI Materials	Inventory		300	321,482
2/11/2018	VEI Payroll	Taxes		316	321,182
2/11/2018	VEI Insurance	Insurance		3,500	320,866
2/13/2018	VEI Loan	Interest		5,280	317,366
2/14/2018	VEI Tax	Sales		10,800	312,086
2/15/2018	Investors	Payments		6,250	301,286
2/15/2018	Investors	Interest		4,950	295,036
2/22/2018	HG Account	Depreciation		223	290,086
	EDNING BALANCE				289,863

HIGHRISE GARDENS 630326363

Oct-17	Name	Description	Credit	Debit	Balance
10/1/2017	VEI Bank	Loan	150,000		150,000
10/1/2017	VEI Bank	Seed Money	20,000		170,000
10/5/2017	Heather Butterworth - Edu.	Investment	10,000		180,000
10/5/2017	Marcia Zaroff - Education	Investment	10,000		190,000
10/6/2017	Non Contractual	Sales	31,500		221,500
10/6/2017	VEI - Utilities	Utilities		2,000	219,500
10/6/2017	VEI - Supplies	Furnishing		8,400	211,100
10/6/2017	VEI - Building	Rent/Lease		3,500	210,750
10/7/2017	Alan Bowley - Education	Investment	10,000		220,000
10/8/2017	Marco Ruiz - Education	Investment	10,000		230,000
10/8/2017	Vincent McCoy	Investment	10,000		240,000
10/15/2017	VEI - Insurance	Insurance		2,000	238,000
10/20/2017	Advertising/Promotions	Advertising		5,000	233,000
10/31/2017	Highrise Garden Payroll	Salaries		33,043	199,957
10/30/2017	Capitol	Paid In	7,485		
	ENDING BALANCE				207,442

Nov-17	BEGINNING BALANCE				207,442
11/1/2017	VEI Bank	Loan		2,814	204,628
11/1/2017	HighRise Gardens Payroll	Employees		33,043	171,585
11/5/2017	Utility	Electric		600	170,985
11/5/2017	Utility	Gas		350	170,635
11/6/2017	Utility	Wireless		270	170,365
11/6/2017	Utility	Water		280	170,085
11/6/2017	BHS Property	Rent		2,000	168,085
11/10/2017	Paypal Web Sales		67,500		235,585
11/15/2017	VEI Materials	Inventory		18,000	217,585
11/15/2017	VEI Payroll	Taxes		316	217,269
11/15/2017	VEI Insurance	Insurance		3,500	213,769
11/20/2017	VEI Loan	Interest		585	213,184
11/25/2017	VEI Tax	Sales		5,053	208,131
11/30/2017	Investors	Payments		6,250	201,881
	ENDING BALANCE				201,881

Dec-18	BEGINNING BALANCE				201,881
12/1/2017	VEI Bank	Loan		2,814	199,067
12/1/2017	HighRise Gardens Payroll	Employees		33,043	166,024
12/5/2017	Utility	Electric		600	165,424
12/5/2017	Utility	Gas		350	165,074
12/6/2017	Utility	Wireless		270	164,804
12/6/2017	Utility	Water		280	164,524
12/9/2017	BHS Property	Rent		2,000	162,524
12/11/2017	Paypal Web Sales		112,500		275,027
12/15/2017	VEI Materials	Inventory		30,000	245,024
12/15/2017	VEI Payroll	Taxes		316	244,708
12/15/2017	VEI Insurance	Insurance		3,500	241,208
12/20/2017	VEI Loan	Interest		585	240,623
12/26/2017	VEI Tax	Sales		5,053	235,570
12/27/2017	Investors	Payments		6,250	229,320
12/29/2017	Investors	Interest		2,475	226,845
	ENDING BALANCE				226,845

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****Highrise Gardens** secured 5 Investors to assist with start up costs.

Investment Contract



CEO: Alejandro Contreras
Company: Highrise Gardens Phone No. 909-876-3133
Email: highrisegardens.ca@veinternational.org
Address: 10750 Laurel Ave Bloomington, CA 92316
Investor: Heather Butterworth Title: Counselor
Company: Colton Joint Unified Phone No. 909-876-5004
Email: Heather_butterworth@cjud.net Fax: _____
Address: 10750 Laurel Ave Bloomington, CA 92316

This document serves as a binding contract between **Highrise Gardens** hereafter known as "Entrepreneur," and Butterworth Family, hereafter known as "Investor," signed [Signature].
Whereas the Entrepreneur is seeking an investment and the Investor is willing to fund the venture, therefore both parties agree to the following conditions:

Article 1

The Investor will contribute **\$10,000** on a onetime investment for 8 months. The CEO will be required to present approved updates to the Investor on the status of the venture in order to receive the payments. The updates, benchmarks or deliverables shall be presented thus:

- **October 20, 2017 – Completion of Business Plan**
- **November 18, 2017 – Business Plan Oral competition results**
- **January 17-18, 2018 – California State Business Plan competition results**
- **February 13, 2018 – Los Angeles Are trade show results**

Article 2

The money provided by the Investor will be used for the following aspects within the venture and nothing further: **Startup costs, Employee salaries, Marketing and for Emergency funds.** Any additional aspects must be approved by the Investor before the funding can be allocated.

Article 3

For [his/her] investment, the Investor will be in control of the following aspects within the venture: **Review all written material, Observe oral competitions, Travel to all trade shows.** The funds will be directly deposited into **US Network Bank, Acct #630326363, INVEST ACCOUNT CODE INVEST1.**

Article 4

This contract is valid and legally binding from October 1, 2017 to **May 18, 2018**, or until the Investor receives the agreed upon ROI amount of \$10,000. The Entrepreneur shall make payments to the Investor in a **monthly disbursement check for \$1,250** until the termination date or until the full amount has been paid. In order for either party to nullify the contract before this date,

- **Either party feels tasks and duties are NOT being followed through**
- **Employee rules and regulations are NOT being followed**

This contract shall be enforced according to the laws of {Investor's State}, regardless of the location of the Entrepreneur or the venture itself.

Alejandro Contreras
(CEO) Highrise Gardens Signature
Heather Butterworth
(Investor's Signature)

10-19-17
(Date)
10/10/17
(Date)