

BUSINESS PLAN 2022-2023



Closing the Loop of Neoprene Waste

✉ NEO.CA@VEINTERNATIONAL.ORG  NEOVEI

 NEOVE2023  NEO-VE.COM  NEOVE2023



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EXECUTIVE SUMMARY

CEO - Rachel Warner



Each year, **over 8 thousand tons of wetsuits** head to landfills. With steady annual growth, the global wetsuit market is predicted to exceed \$2 billion dollars in 2022. These statistics are particularly disturbing given that neoprene waste (wetsuit material) is **100% non-biodegradable**. After six years of research, Circular Flow has developed proprietary technology that breaks down used wetsuits into sheets of neoprene. Following lamination, these sheets act much like any other textile, and can be used to **create products**. Here at Neo, we have met and partnered with **Circular Flow**, which has offered us unique insight into the recycling process and wholesale price points.

“ **To create a community of active eco-conscious individuals while closing the loop of neoprene waste** ”

As reflected in our mission statement, we strive to **reduce neoprene in landfills by recycling used wetsuits into high quality gear and apparel**. As we work to close the loop of neoprene waste, our membership program - which we will further address in later sections- will simultaneously develop a community of active minded and environmentally conscious individuals.

We are part of the **recycled textile industry** - a niche within the Clothing & Accessories industry, as identified by the VE marketplace. Based in San Juan Capistrano, CA, our firm incorporated as a first year company on October 17th, 2022. Neo is filed as a C-Corp with a B-Corp certification, reflective of our commitment to maintain our environmental mission while growing as a young company. Our products are manufactured in Bulgaria by our partner and wholesaler, Circular Flow, using their proprietary process.

Instead of the traditional 35-44 year old demographic that is heavily targeted by our competitors, we want to appeal to a younger generation of **18-24 year olds**. This younger demographic is more concerned with social and climate issues, allowing them to resonate with our mission. Their main limiting factor in buying environmentally friendly products is cost, which we will subsidize through our membership program. Members have access to unique discounts on bundles and products, along with a series of benefits (covered on page 13).

In the short term, we are looking to **develop our brand recognition**, especially on college campuses. We plan to collaborate with 5-10 micro influencers, partner with like-minded clubs on campuses, and begin exploring business to business selling opportunities. In the long term, we seek to **add broader membership benefits** (including a secondary reuse market) and join Circular Flow in their collection of US wetsuits.

As a startup, Neo secured total **initial funding of \$1,485,000**. However, \$1,165,000 of this initial funding was from our out of network sales contract, which is actively being distributed over a six-month period. Therefore, as of February 28th, our total assets were \$1,449,118, our total liabilities were \$928,328, and our **total equity was \$520,880**. Neo is projected to break even at \$3,166,407 in sales revenue, or approximately 2,247 sales. This places us **breaking even in July 2023**. This projection is based on our average revenue per sale of \$1,408.70 and our average cost of goods sold per sale of \$651.38. This statistics translate into our gross profit margin of about **53.76%**, a margin above industry average that enables us to break even in a rapid manner.





Problem Statement

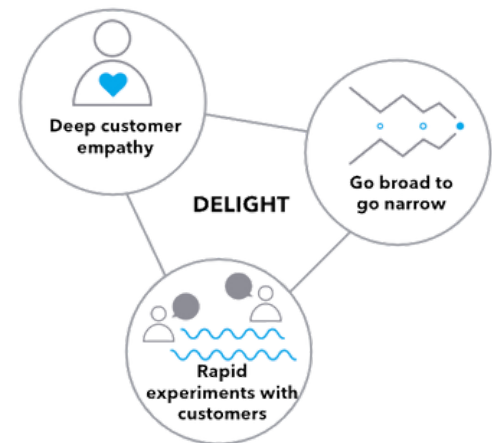
The popularity of activewear and outdoor wear has grown rapidly, which can be partially attributed to the increase in outdoor activities during COVID-19. This recent boom in the clothing industry has resulted in a 145% spike in sales in the last year. NPR comments on the popularity of outdoor wear, "data indicates the outdoor apparel category is expected to grow **9.4 percent through 2023, to \$217.4 billion.**" People are on the search for clothing that allows them to enjoy the outdoors in addition to active lifestyles. Especially for teenagers and young adults balancing and academic and social life, people are eager to find **more reasonable community options that are open and accepting.** However, despite various options for athletic apparel, it can be difficult to find companies that meet these needs, while also protecting our environment - an increasingly relevant factor in people's spending behaviors.

In our Design for Delight brainstorming of "problems" we also discovered the **issue of wetsuit waste.** Wetsuits, made of neoprene, are 100% non-biodegradable, meaning they will permanently occupy space in landfills.

Looking at these two sets of problems, we began to envision a company that could reduce neoprene in landfills while addressing consumer desires. To successfully narrow down our company vision into a specific business model and plan, we utilized a series of interviews and surveys.

Customer Empathy

After brainstorming these general problems, we conducted a series of **interviews and surveys**, asking about their activewear preferences and familiarity with the neoprene problem. We **adjusted** our original product line ideas to the desires of customers and discovered that the majority of interested people were younger. However, despite their excitement, these younger people were concerned about the prices. This was the **inspiration for our membership discount**, which offers both community and affordability to our products (see appendix for more on our D4D process).



DESIGN FOR DELIGHT (D4D)

Solution Statement

Bringing our ideas for product line, we researched manufacturers and discovered Circular Flow, a young company that produced recycled neoprene products. After **a zoom meeting with their company executives**, we formulated our startup business model. We sell recycled neoprene products, including jackets, hoodies and backpacks. These products can then be re-recycled at the end of life, effectively **keeping neoprene out of landfills** for the longest possible time. Our membership program addressed the widespread need for community while offering a **discount on our products** (and discounts at partnering programs - see page 11)



SHORT TERM

TARGET COLLEGE CAMPUSES

A significant portion of our marketing budget is allocated to outreach to community colleges and universities. These campuses allow us to **partner with environmental and active-lifestyle college clubs**. College organizations often have a budget for clothing that we hope to capitalize on by offering **branding options** and personalized clothes.

EXPAND FROM RETAIL

Capitalize on business-to-business selling opportunities. We want to **sell to other companies** at a wholesale price. We could also engage in more **sales contracts** similar to the one with SoCal Surf Shop, where we can put our products in brick-and-mortar locations. As we grow, we want our products in larger name-brand stores.

INFLUENCER COLLABORATION

We hope to develop brand awareness by **partnering with 5-10 medium-sized influencers**. As opposed to larger influencers, our influencers are connected to a specific community more intimately, allowing us to be one of the sole sponsors in these niche markets.

LONG TERM

ESTABLISH A SECONDARY REUSE MARKET (2-3 yrs)

Similar to a thrift store, we will **recollect and offer our used products** in a secondary market. This ensures that we have high customer retention year to year. As we sell more products, we can also expect our secondary market to grow. This process will be heavily monitored for quality assurance.

ADD BROADER MEMBERSHIPS

We will **partner with more like-minded organizations** to accomplish our goal of adding more benefits to our membership. Our sales and marketing department are tasked with outreach, including cold calling, mass emailing, and reaching out via LinkedIn. The membership **value will increase** over time.

GET INVOLVED IN WETSUIT COLLECTION PROCESS

Neo aims to help Circular Flow **expand its wetsuit collection process**. We are Circular Flow's first US partner, and we need to trailblaze the way for other potential partners regarding wetsuit collecting. This can be achieved by collecting where wetsuits are originally sold.





Company Overview

Neo began its operations in the **latter half of Fall 2022**, selling recycled neoprene products. We are based in **San Juan Capistrano, California**. Located near the beach, this location is optimal for understanding our target market, which includes coastal regions. Additionally, this geographical proximity has allowed us to better understand the problem of neoprene waste, as many locals use and dispose of wetsuits. On October 17th, 2022 we filed as a **C-corp** but maintain a B-Corp certification – reflective our environmental mission that we will maintain as we grow. Using a C-corp structure, we are able to accumulate the maximum amount of initial funding by investors. We recognize that in the real world, we would likely start as an S-corp or Sole Proprietorship, growing into a C-corp and filing as a B-Corp. However, in Virtual Enterprise, rather than taking a few years to grow as a young company and transition, we are given a very limited time frame of 9 months. With this understanding, we decided our central mission of environmental aid was key, and chose to file as a B-corp. With this, we are committed to creating a **positive impact in the world around us**. We fulfill this through our recycled products and membership program, which encourages members to get involved with other environmental organizations. This positive impact also extends beyond our customers to our business structure itself; we prioritize employee feedback and well being and only partner with **sustainable, responsible businesses**.

We fall within the **recycled textile industry**, which is a niche of the Clothing and Accessories industry, as identified on the VE marketplace. We sell a variety of products made from **recycled neoprene**, including hoodies, jackets, snow gear, yoga mats and tote bags (manufactured by our wholesale partner, Circular Flow, in their Bulgarian factories). In addition to these individual products, we offer **bundled packages**, which receive higher discounts when purchased with a membership. Our memberships a one time payment of \$100, and include a series of benefits (including a 20% discount on our bundles, \$200 off an Ikon Ski Pass, \$50 off a Lifetime Gym Membership and 10% off annual national parks pass).

Mission Statement

We aim to create a community of active eco-conscious individuals while closing the loop of neoprene waste.

Organization – Structure

With more than 25 employees, we utilize a **functional organization**, directing weekly leadership meetings. After collaborating and delegating company responsibilities at these leadership meetings, we employ **department meetings** and **Canvas** to manage company workflow. In the hiring process, we prioritize the applicant's qualifications and how they best fit into our company culture. Following the initial positional and sales trainings, we continue developing employees through our **quarterly 360 reviews**.





ABOUT THE BUSINESS- TEAM

Organization - Key Roles

Our key leadership positions can be seen in this flow chart.

Rachel Warner, CEO is responsible for running our **leadership meetings**, setting company task goals, and tracking our deadlines.

Joel Alex Bryan, COO **facilitates work between the departments** and handles logistical scheduling, such as trade show sign ups.

Alex Piil, CFO **oversees the financial department** and works with our Vice President of Finance, Jack Kovacs, to manage company finances. This includes paying bills, Business Plan finances, and providing input on company decisions from a finance perspective.

Wyatt Harris, CMO is responsible for our company's marketing strategies. In our day to day operations, Wyatt facilitates **company innovation, generating new ideas for marketing**, branding, collaborations and social media.

Max Wright, CTO **updates our website** with notable changes and leads the IT department through **product design** and other company design activities.



CEO



COO



CFO



CMO



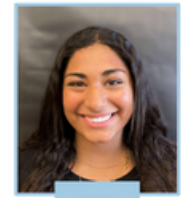
CTO



CHR



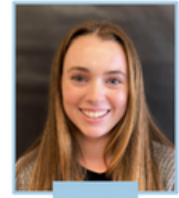
VP



VP



VP



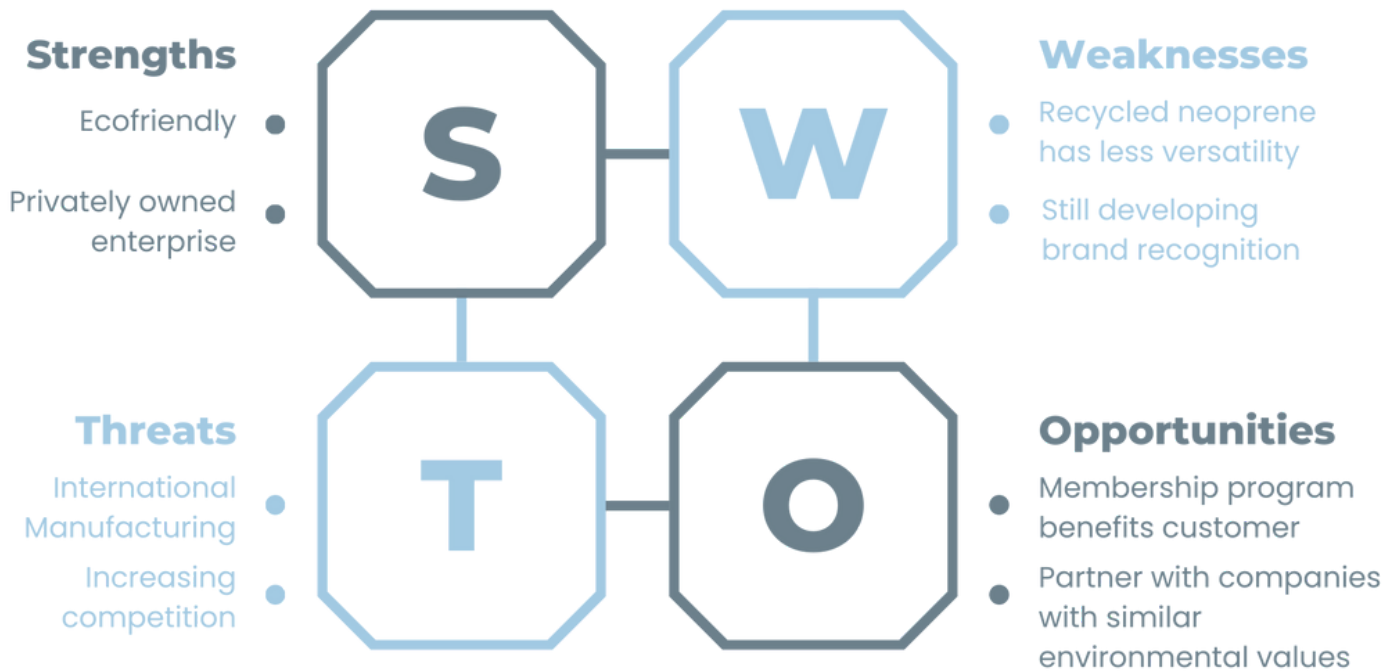
VP



Monday Leadership Meeting

Riley Rojo, CHR directs the **monthly newsletter** creation and **oversees HR** in their coordination of company events, working to boost morale.

Aside from these individual responsibilities, each leader, including Vice Presidents, are required to attend weekly leadership meetings. They then **direct weekly department meetings** to allocate tasks, set expectations for the week and answer any questions.



Strengths

Neo's main strengths are derived from our **eco-friendly product line** which boasts a collection of 70% or more recycled neoprene. As a privately owned company, with few angel investors, we can still **maintain creative liberty** and can continue to develop Neo's image in a way we see fit.

Threats

One major threat is our international manufacturer in Bulgaria, which may be subjected to **shipping delays**. Fortunately, Circular Flow is opening a **domestic manufacturing facility** in the US by Q3 of 2023. We also have to share our market with **many other companies** with similar products and mission statements. We hope to differentiate ourselves by being one of the only clothing companies utilizing recycled neoprene and our membership benefits.

Weaknesses

While recycled neoprene is **less versatile** than virgin neoprene due to reduced elasticity, designing products by working closely with Circular Flow ensures that our products are still functional. As a small start-up in the large active outdoor clothing market, we are still trying to **develop our brand recognition** so we can become a household name.

Opportunities

As previously stated, our **membership benefits** are one of our biggest opportunities that could attract customers that are not even interested in our products. We want to expand access to the environment by lowering barriers to entry through our \$100 dollar membership. This membership includes numerous perks (see appendix or Products page). This is made possible through **partnerships with like-minded companies**.



Competitive Analysis

ECO-FRIENDLY	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
COMMUNITY	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
HIGH END	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
WIDE RANGE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

Real World Competitors

Many companies such as **Cotopaxi** (athletic wear) and **Vuori** (athleisure wear) specialize in the active outdoor space. Neo shares many similarities with our competitors, including offering eco-friendly products, specializing in quality high-end gear, and providing a wide range of products. However, Neo is one of the first companies to utilize **recycled neoprene** in its clothing and we are also able to differentiate ourselves by our community focus. As you can see, we share many similarities with Patagonia, and we seek to use their experience and success **as a guide for our growth**. Patagonia has done remarkable work over the years, developing a strong customer loyalty among a broad spectrum of customers. Here at Neo, we hope to **focus on a niche**, with one standard material in all of our products, recycled neoprene. In order to develop our own customer loyalty, we will prioritize the development of a strong community through our lifetime membership program.

Virtual Competitors

Within the constraints of Virtual Enterprise, few direct competitors cater to our target market. **Brime**, one of our main competitors, has a community focus and offers eco-friendly products. **Prisma** is another one of our main competitors but only offers eco-friendly products. Fortunately, our **active and outdoor lines** allow us to differentiate ourselves from both of these competitors.





Current Economic Conditions

Here at Neo, extensive research was conducted to ensure that not only customer needs were met, but **economic conditions** were considered. With this, we found that following the pandemic, we are amidst unique social and economic conditions. Neo aims to satisfy the wants of turning to outdoor entertainment by providing active apparel. Aside from boredom, the pandemic contributed to shortages and supply problems. While these issues led to a decrease in GDP in 2020, **GDP has mainly recovered** since then. These past months have demonstrated the first sign of a long-expected **improvement** in monthly **inflation** reports that should bring the rate down to a little above **3%** by the end of this year. The unemployment rate is also at an **all-time low**. However, with the combination of the job market cooling, stocks lowering, high-interest rates, and dropping consumer demand, most experts agree that a **recession is in our near future**. In addition, significant bank closures have left both consumers and economists wary of the future of the American economy and even the global economy.

Fortunately, Neo's membership makes our products more **affordable** with discounts and gives the opportunity for consumers to enjoy the environment, even through an economic decline. We will further address the risk of economic decline on page 16.

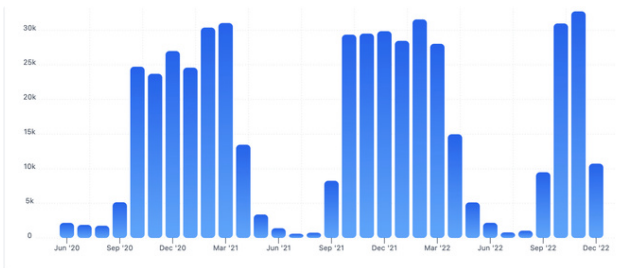
GDP



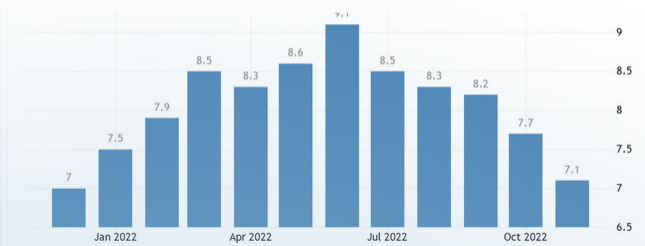
Unemployment Rate



Virtual Enterprise GDP



Inflation Rate





Industry Analysis – Real and Virtual

This year, in the clothing and accessories category, according to the VE marketplace insights, the average sale per unit is **\$1,928** while our company's average sale is lower at only \$1,309.32. However, we more than make up for it by **increasing** our amount of transactions. Companies in the clothing and accessories category make an average of about **281 transactions** while we have **397 total transactions**. This gives companies in the category an average of \$342,576 in revenue and gives us an revenue of **\$519,800**. By prioritizing sales volume over price of sale, we have not only increased our overall revenue, but developed a broader customer base. In the future months and years, these customers will be vital to attracting brand partners to add value to our membership benefits.

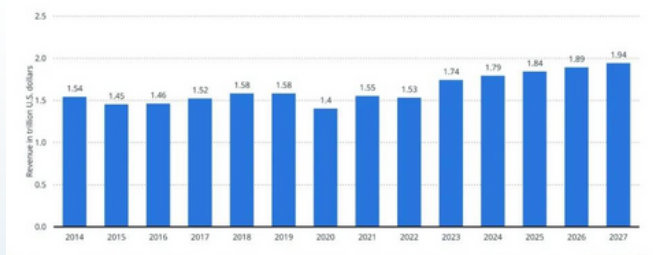
The clothing industry the year before Covid-19 hit was growing exponentially and had a steady growth predicted to continue through the next few years. However, in 2020 the (real world) clothing market took a dip, as the pandemic had **devastating** effects for all markets. Despite this, the clothing market has grown **tremendously** since then and is on a steady path to grow until the year 2027. This year the clothing industry is expected to reach **1.74 Trillion** dollars, while in 2020 the market was at a low of **1.4 Trillion** dollars. This growth is great news for our business, as we enter the industry, we can be confident that there is still room to capitalize.

However, the growth of the market has also led to an increase in companies and competitors. One of the dominant players in the active retail market is **Patagonia**. As mentioned on page 7, we strive to use Patagonia's success as a guide for our growth, prioritizing **company loyalty** through our membership program. Other competitors like Vuori and Cotopaxi (real world competitors) and Brine and Prisma (virtual world competitors) are also positioned within this retail industry. However, as we mentioned on page 7, we strive to **differentiate ourselves** through our **environmental mission** and **community focus**.



Revenue of the apparel market worldwide from 2014 to 2027 (in trillion U.S. dollars)

Global revenue of the apparel market 2014-2027



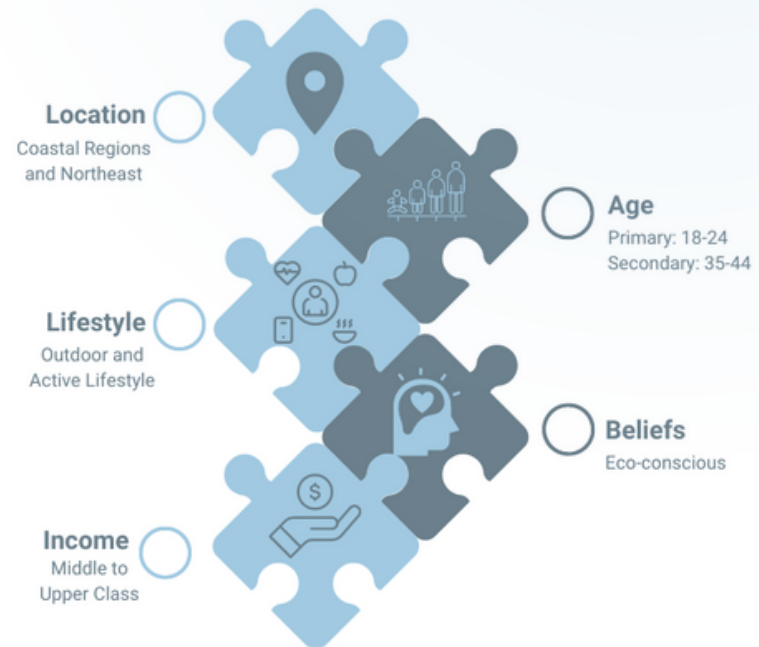


Market Segmentation

Our target market has been identified as middle-class and upper-class people, focused on outdoor activities and those that are environmentally conscious, between the ages of **18-24 (primary)** and **35-44 (secondary)**. This market is made up of individuals with a discretionary income, and within that market, those that lead active lifestyles and **prioritize environmental sustainability**. Neo is based out of California; therefore, our geographic market comprises individuals residing on the west coast in addition to those living in the northeast, due to our array of winter weather merchandise. Here at Neo, we designed our membership around our customers interests, which ultimately allows for us to direct our marketing efforts to focus on the different niches of our target market.

Studies and cultural behavior have revealed that younger generations typically care more about the environment. For example, the 2021 Global Sustainability study revealed that about **40% of Gen Z and Millennials would be willing to pay for sustainability**, compared to only about 26% of Baby Boomers. Based on this study and similar findings in our own Design for Delight interviews, we selected the primary age range of **18-24**; an advantageously young target market that will resonate more firmly with our environmental mission. However, we also recognize that recycled products are inherently more expensive. Based on this, we seek to target middle to upper class, who will be willing and able to pay for sustainability (we will further address the risks of higher pricing on page 16).

Using these key demographics, we have crafted a **customer profile** to use as a reference for marketing strategies and ideation.



Customer Profile:



Meet Travis:

- Loves Snowboarding and the outdoors
- 21 Years old
- Looking to protect our environment
- Seeking community



Products

Around 35 million people surf each year, making it one of the most popular sports in the world; our product line **takes advantage of this wasted neoprene** through the recycling breakdown process. Each of our products are made by our wholesaler, Circular Flow, in their Belgium factories. Using these independent products, we create interest-based bundles (as shown in the appendix). Aside from these products, **we offer a lifetime membership**. Members have access to the following benefits:

- 10% off of all individual Neo products
- 20% off all Neo bundles
- \$200 off Ikon ski pass
- 10% off annual national parks pass
- Access to limited collabs and drops
- \$50 off Lifetime Gym Membership

In the future, we seek to **add more membership** benefits by partnering with like-minded organizations. These varying benefits allow us to market our memberships by targeting each customer's **personal interest**. For example, we will highlight the discounted Ikon ski pass to customers who typically enjoy snow-based activities.

Pricing

In addition to our keystone jacket (viewable on the following page, we offer numerous other recycled neoprene products. We have 13 independent products available:

Yoga Mat: \$100

Tote: \$100

Running Socks: \$55

Hat: \$45

Backpack: \$140

Jacket: \$425

Hoodie: \$250

Vest: \$225

Gloves: \$50

Athletic Shorts: \$95

These products are grouped into interest-based bundles (viewable in appendix). The pricing of each bundle is discounted by 10 percent, offering customers incentive to purchase these packages. Additionally, our membership does, **priced at \$100**, offers 20% off all Neo bundles (an additional 10% stacked on the bundle discount).



Product Breakdown – Signature Jacket

Pictured is Neo's first product that has led to the creation of both our outdoor and active lines. As with all of our products, our signature jacket is made from 100% sustainable materials with a focus on reusing old wetsuits. The **recycled neoprene-insulated liner** and **zippers are derived from past-worn wetsuits**. The closed-cell double-insulated properties of recycled neoprene allow the user to **stay warm** while blocking the wind. Other sustainable materials such as recycled polyester or rPet are made from plastic water bottles. Our goose-down fill is ethically sourced from a fair trade supplier that works with Circular Flow. The consumer was kept in mind during the design process, so we equipped the jacket with **zippable air vents** that transition this extreme-weather jacket to an everyday coat.

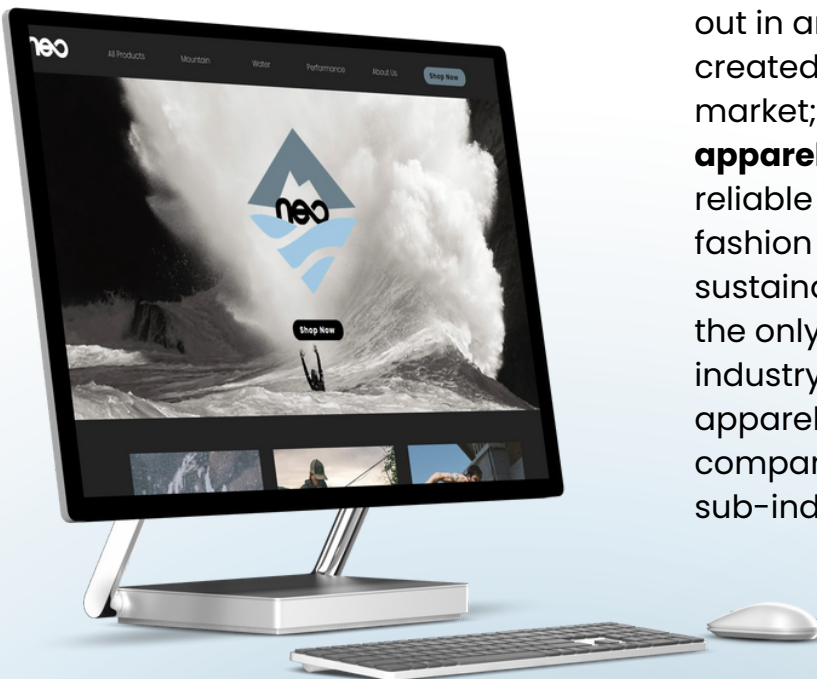


Placement

Neo predominantly sells products through eCommerce on our **website** and Virtual Enterprise **trade shows**. Ages 20–30 make up 20% of online shoppers; since this is Neo’s approximate target market, our website is an ideal source to market and sell through. Once the products are manufactured by Circular Flow, they’re branded and shipped to the customer within 5 business days using UPS (shipping is included in the purchase price). In addition to our website, VE hosted trade shows provide an opportunity for real-life connections with customers and a chance to showcase our products live.



Trade Show Booth



Positioning

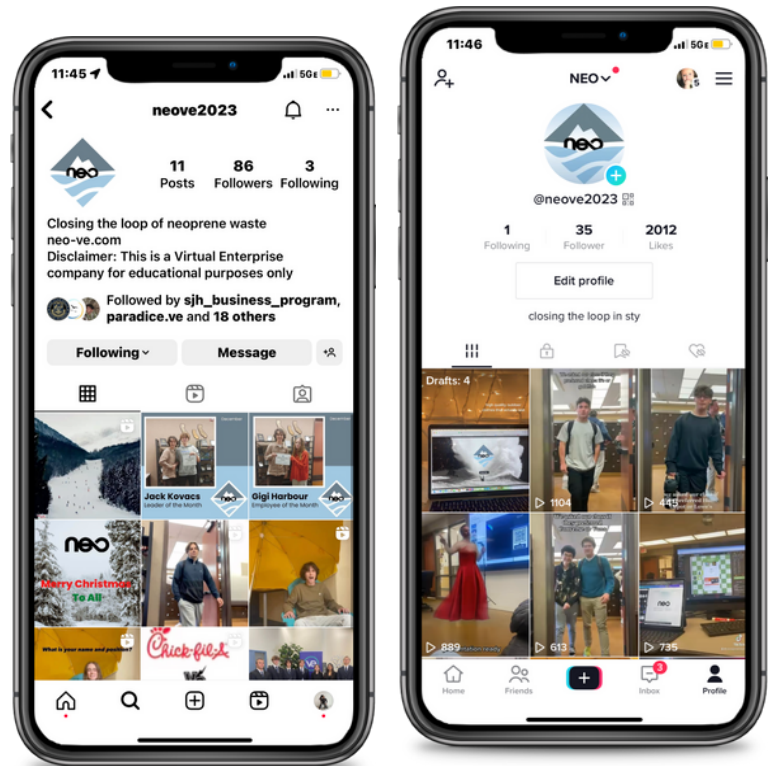
We work in the **recycled textile sector**, which is a subset of the **Clothing and Accessories Industry**, as recognized by the VE marketplace. Recognizing that it can be challenging to stand out in an overly saturated industry, we have created a unique sub-sector within this market; **environmentally, neoprene-based apparel**. Our ambition is to portray Neo as a reliable company that values both innovative fashion design and environmental sustainability. Currently, we are operating as the only all neoprene company of this sub-industry; thus, when sustainable neoprene apparel is mentioned, Neo will be the first company that comes to mind, making our sub-industry and our brand synonymous.



Promotion

Neo plans to implement several marketing strategies throughout the year. We will utilize the use of our user-generated content, college promo days, and our social media to attract customers, building a stronger community. Our company allocates a percentage of our monthly marketing budget to our several difference marketing approaches.

User-generated content - involves encouraging customers to **create and share their own content**, such as reviews, testimonials, photos, or videos. Our company will utilize user-generated content as a powerful tool for building trust and credibility with potential customers. We encourage our customers to use the hashtag **#neoproud**, to engage in our online communities. Also, user-generated content can be beneficial to our company's goal of increasing engagement and establishing a strong sense of community for our customers.



College Promo Days - We target student organizations/campus groups that align with our brand's values through college promotion days. For example, we will seek out snowboarding/skiing clubs to partner with, offering **wholesale discounts** on those respective products. This product placement will be vital to expanding brand awareness among our target demographic.

Social media promotion (ads and show marketing budget) - Through our social media pages, we **engage with our customers** by posting weekly interactive questions that all can participate in. Similar to our college promo days, we also plan to partner with **micro influencers**, especially those on **college campuses**. These are less expensive than macro-influencers, but their follower loyalty is often quite high, which should increase our sales and brand awareness.



Trial Promo Day



Marketing Budget

Neo plans to implement several marketing strategies throughout the year. We will utilize the use of our user-generated content, college promo days, and our social media to attract customers, building a stronger community. Our company allocates a percentage of our **monthly marketing budget** to our several difference marketing approaches.

Promotional Events
33.3%

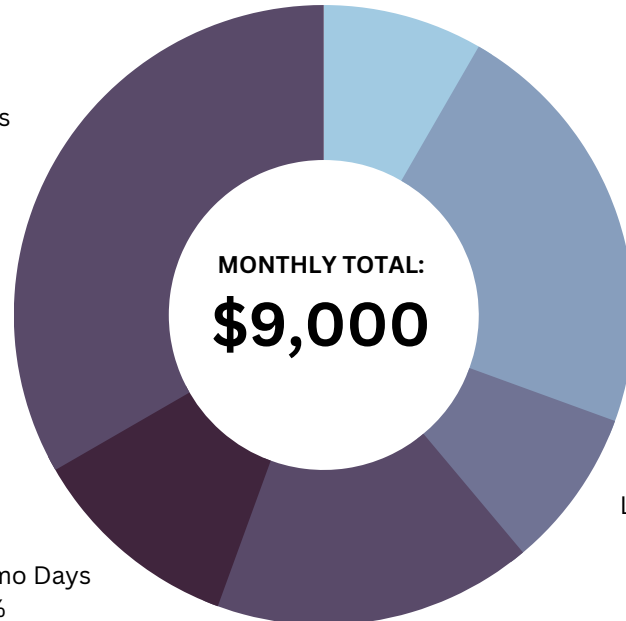
College Promo Days
11.1%

TikTok
8.3%

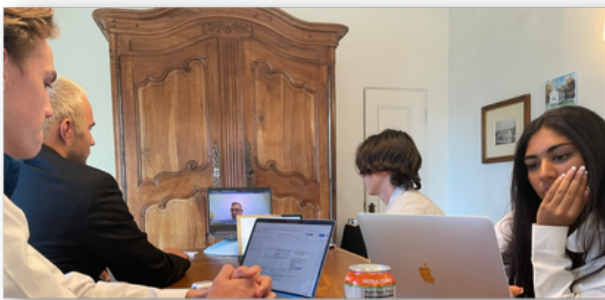
Instagram
22.2%

LinkedIn
8.3%

Google Search
16.7%



MONTHLY TOTAL:
\$9,000



Zoom meeting with partner, Circular Flow



CIRCULAR FLOW



Partnerships

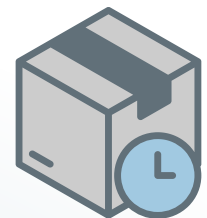
Neo has taken the necessary steps to effectively create an environmental community through partnering with companies with **similar goals and mission statements**. This process includes initial outreach, finding a point-of-contact, and **regular meetings** to bolster established partnerships. Our partnerships as of now include the **Alterra Mountain Company, the National Park Service, and Lifetime**. These partnerships are responsible for our available member benefits such as discounts on an Ikon ski passes, national park passes, and a Lifetime membership. We hope to create new partnerships in the future which adds to our existing community. Our members can expect the value of our membership to increase over time as we can offer new perks and benefits. In addition, we have followed a similar process to develop our partnership with **Circular Flow**, who serves as our wholesale partner.



Business Risks

Recycled neoprene is more expensive than virgin neoprene, making our recycled products more expensive. Neo faces the risk that our **higher prices** will deter customers from purchasing our products; if these higher prices were to create an unexpected pattern in consumer behavior, Neo faces the risk that target growth and sales projections would not be met. However, despite these higher prices, our lifetime membership offers a 20% **discount** on bundles and 10% discount off individuals products. To become a member, customers pay \$100 one-time, making this option particularly attractive to bundle shoppers (for example, rather than pay \$4,260 for the Snow Bundle alone, a customer could purchase a membership and Snow Bundle, totaling \$3,508 - this customer has saved \$700 and will now retain access to other membership benefits for life). Additionally, recent studies (including the 2021 Global Sustainability Study) have shown that, on average, **consumers are willing to pay 30% to 40% more for environmentally responsible products**. More specifically, these studies have revealed a generational gap: while 42% of Millennials willingly pay for sustainability, only around 26% of Baby Boomers fell into this category. We capitalize on these statistics by primarily targeting the younger generations - not only do they generally care more about the environment, they are willing to pay more to preserve it. To fully take advantage of this, we plan to **heavily emphasize our environmental aspects** throughout our marketing campaigns.

In addition to our higher prices, the looming **threat of recession** also poses a risk to our company. Similarly to higher prices, a recession has the potential to disturb sales projections and customer acquisition rates. However, we **target middle to upper class**, whose higher disposable income will give them the flexibility to continue spending, even during a recession. Additionally, our products **maintain high utility**, which decreases the probability that our products (and similar athletic gear/apparel products) will be hit in consumer budget cuts. Despite these initial precautions, we recognize a recession would still have the potential to harm our business revenue and profitability, especially during the recessionary quarters. In response, we may **adjust our marketing** strategies to focus on partnerships and business to business sales.



Within the last few years, political tension, port bottlenecks and lockdowns have led to an **unpredictability within supply chains** and a record number of **shipping delays**. These global disruptions and shipping delays also pose a risk to our company. However, we have worked to minimize these by partnering with a UK based firm, which has had comparatively less shipping delays in recent years. Additionally, our wholesale partner - Circular Flow- **plans to have US domestic manufacturing** by the year 2024; this transition will dramatically reduce our threat of international unpredictability



FINANCE: BALANCE SHEET

US Network Bank

Account summary

Account	Account no	Balance
Neo (Budget Checking)	631029133	\$442,914.14

As of February 28th, our total **assets** were **\$1,449,118.28** which consists of cash, bank accounts, and accounts receivable. This means the total **liabilities and stockholders' equity** are also **\$1,449,118.28**, which includes **\$928,238.30** of **liabilities** and **\$520,879.98** of **equity**. Our equity consists of **17,000 shares** of common stock, which have increased in value since they were first issued. The sum of our equity and liabilities is equal to our total assets meaning our sheet is balanced.

Over the past four months, Neo's balance sheet has **greatly improved**, showing a **strong increase** in **assets** and a **decrease** in **liabilities**. This demonstrates our financial stability and ability to effectively manage our resources, providing a solid foundation for future **growth** and **success**.

In our accounts payable we are still working with our finance team to complete ongoing bill payment. Our accounts receivable is also still high due to our out of network sales contract with SoCal Surf Shop, which is being fulfilled over the span of six-months.

Neo Balance Sheet of February 28, 2023

Assets

Current Assets	
Cash	\$ 442,914.14
Investments in stocks	\$ -
Accounts receivable	\$ 970,833.33
Merchandise inventory	\$ -
Supplies	\$ 1,350.00
Total Current Assets	\$ 1,415,097.47

Fixed Assets	
Computers	\$ 18,570.00
Less: accumulated depreciation	\$ 1,392.75
Furniture and fixtures	\$ 10,260.00
Less: accumulated depreciation	\$ 769.50
Office equipment	\$ 7,949.25
Less: accumulated depreciation	\$ 596.19

Total Fixed Assets	\$ 34,020.81
--------------------	--------------

Total Assets	\$1,449,118.28
--------------	----------------

Liabilities and Stockholders' Equity

Current Liabilities	
Accounts payable	\$ 491,989.17
Sales tax payable	\$ 21,706.40
Salaries payable	\$ 98,325.34
Payroll tax payable	\$ 42,950.02
401(k) payable	\$ 18,333.28
Other payable**	\$ 32,416.09
Corporate tax payable	\$ 59,152.19
Total Current Liabilities	\$ 764,872.49

Long Term Liabilities	\$ -
Loan payable	\$ 163,365.81

Total Liabilities	\$928,238.30
-------------------	--------------

Stockholders' Equity	
Common stock, \$10 par value, * # shares issued	\$ 170,000.00
Additional paid-in-capital	\$ -
In excess of par value	\$ -
Retained earnings	\$ 350,879.98

Total Stockholders' Equity	\$ 520,879.98
----------------------------	---------------

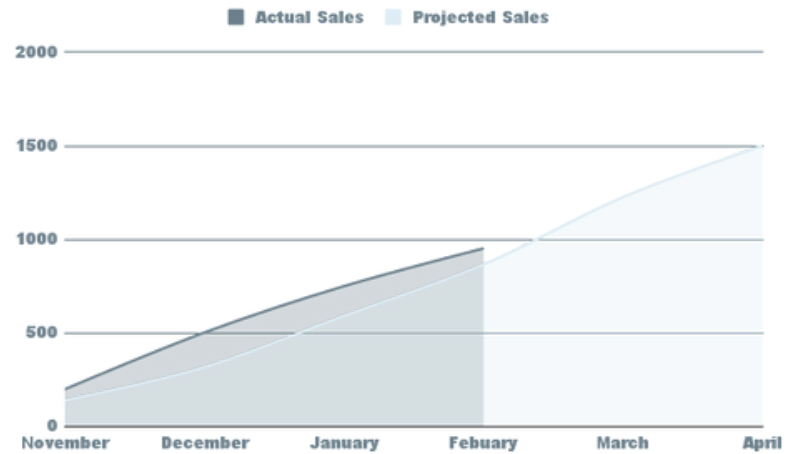
Total Liabilities and Stockholders' Equity	\$1,449,118.28
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**Other Payable includes Rent, Legal Fees, Advertising/Promotion, Insurance, Supplies, and Utilities

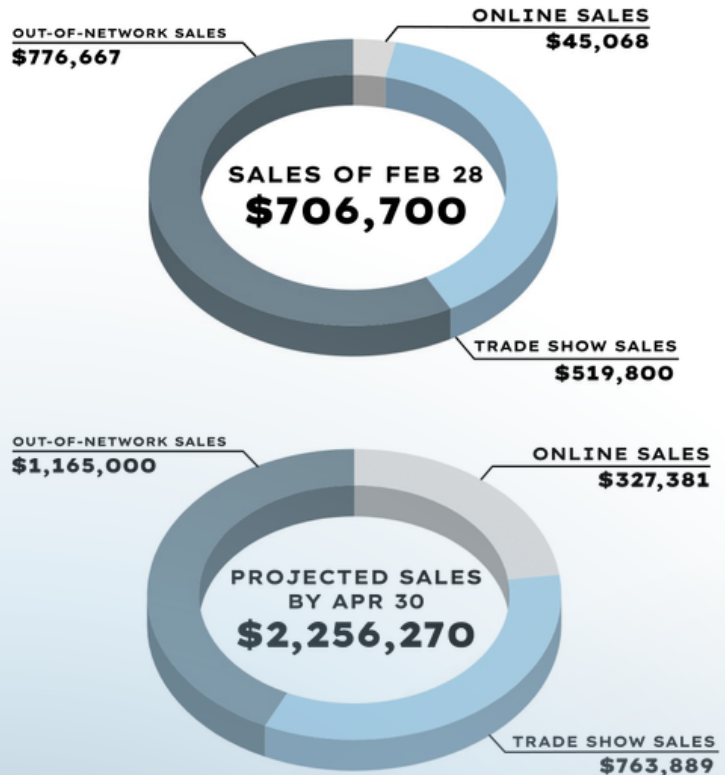


FINANCE: SALES PROJECTION

Our **total sales revenue** from the 2nd half of October 2022 to February 28, 2023 was **\$1,341,535.29**. In the past four months, we participated in **five trade shows**, two online and three in-person. At these three trade shows, we earned **\$ 519,800.22** in gross revenue. We also obtained an **out-of-network contract** with SoCal Surf Shop totaling **\$1,165,000**, or **\$194,166.67 per month** over the course of **six months**. We also have brought in **\$45,068.40** in **gross revenue** from our website. In the future, we plan on working with **college clubs** as well as creating new **business-to-business partnerships** in addition to continuing our website and trade show sales. As a result of these successful numbers, we **exceeded** our **sales projections** for the months of November, December, January, and February. We predicted that we would make **139 sales** by the end of November, **316 sales** by the end of December, **591 sales** by the end of January, and **866 sales** by the end of February. Our November **sales** came to **198**, sales by the end of December **502**, sales by the end of January **750**, and sales by the end of February **952**. We have since **adjusted** our sales **projections** accordingly on a month by month basis. The projections seen on the charts are based on the trade show schedule for each month, real-world month-by-month shopping trends, along with a typical sales-growth model, creating a **dynamic** and **highly accurate projection** method.



End of Month:	X	Y	Y	Y	Y
	Units Sold	Revenue	Variable Cost	Fixed Cost	Total Cost
November 2022	198	\$279,205.42	\$129,104.59	\$1,702,260.42	\$1,831,365.01
December 2022	502	\$706,700.12	\$326,778.14	\$1,702,260.42	\$2,029,038.56
January 2023	750	\$1,055,955.31	\$488,273.74	\$1,702,260.42	\$2,190,534.16
February 2023	952	\$1,341,535.30	\$620,325.92	\$1,702,260.42	\$2,322,586.35
March 2023	1227	\$1,728,927.80	\$799,456.21	\$1,702,260.42	\$2,501,716.64
April 2023	1502	\$2,116,320.30	\$978,586.51	\$1,702,260.42	\$2,680,846.93
May 2023	1777	\$2,503,712.80	\$1,157,716.80	\$1,702,260.42	\$2,859,977.22
June 2023	2052	\$2,891,105.30	\$1,336,847.09	\$1,702,260.42	\$3,039,107.52
July 2023	2327	\$3,278,497.80	\$1,515,977.38	\$1,702,260.42	\$3,218,237.81
August 2023	2602	\$3,665,890.30	\$1,695,107.67	\$1,702,260.42	\$3,397,368.10
September 2023	2877	\$4,053,282.80	\$1,874,237.97	\$1,702,260.42	\$3,576,498.39
October 2023	3152	\$4,440,675.30	\$2,053,368.26	\$1,702,260.42	\$3,755,628.68





Neo
Profit and Loss Statement
For the Year Ending 04/30/2023

	30-Apr-2023 <i>Projected</i>	28-Feb-2022 <i>Actual</i>
Sales revenues		
Online Sales	\$ 510,556.17	\$ 188,289.54
Trade fair revenues	\$ 698,845.71	\$ 376,579.08
Contractual sales to non-VE entities	\$ 1,165,000.00	\$ 776,666.67
Total sales revenues	\$ 2,374,401.88	\$ 1,341,535.29
Cost of goods sold or services provided	\$ 1,104,096.87	\$ 627,219.94
Gross profit	\$ 1,270,305.01	\$ 714,315.35
Gross profit margin	53.5%	53.25%
Operating expenses		
Salaries	\$ 406,091.72	\$ 281,140.42
Rent	\$ 22,676.94	\$ 15,699.42
Depreciation	\$ 3,984.42	\$ 2,758.44
Payroll tax	\$ 193,346.83	\$ 133,855.50
Advertising/Promotion	\$ 68,250.00	\$ 44,750.00
Insurance	\$ 693.88	\$ 480.38
Legal	\$ 6,500.00	\$ 4,500.00
401(k) Matching	\$ 124,161.90	\$ 85,958.24
Interest	\$ 19,306.17	\$ 13,365.81
Supplies	\$ 1,950.00	\$ 1,350.00
Utilities	\$ 11,963.64	\$ 8,282.52
Trade show registration	\$ 7,500.00	\$ 2,500.00
Other(shipping)	\$ 11,552.00	\$ 7,997.54
Total operating expenses	\$ 877,977.50	\$ 602,638.27
Income from operations	\$ 392,327.50	\$ 111,677.08
Income from other revenues	\$ -	\$ -
Angel Investors	\$ 150,000.00	\$ 150,000.00
Seed Money	\$ 20,000.00	\$ 20,000.00
Net income before taxes	\$ 562,327.50	\$ 281,677.08
Corporate income tax	\$ 118,088.78	\$ 59,152.19
Net income after taxes	\$ 444,238.73	\$ 222,524.89

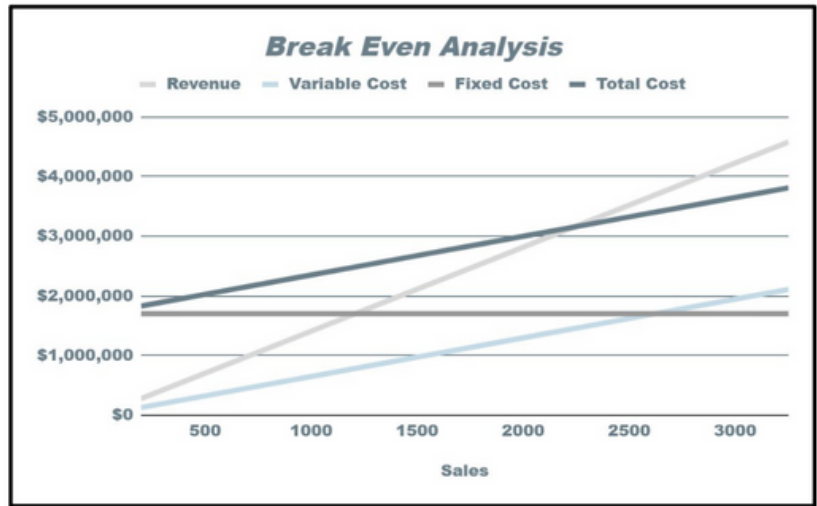
Depreciation was calculated on the VE standard of 20% per year
Corporate tax was calculated on the VE standard of 21%

Neo began the fiscal year with **\$20,000** in **seed money**. We later received a **small business loan** of **\$150,000** at an annual **interest** rate of **7.25%**. We were able to complete an **out of network sales contract** with SoCal Surf Shop which is providing our company with **\$1,165,000** spread throughout the fiscal year. The last piece of investment money we received is from our **Angel Investors**. Neo received **\$50,000 each** from Capital Group Companies Global, DTG Connection, and Village Capital for a **total of \$150,000**. As previously mentioned, in November, Neo signed a deal with **SoCal Surf Shop** and negotiated an Out-of-Network Sales Contract that will bring in \$1,165,000 over a **6 month** period. This is a **key partnership** for us in the Southern California region and will assist us in gaining **brand recognition** in addition to **profit**. Trade shows enable us to produce more in-person sales via **bundles** of our products and Neo **memberships**. **Trade shows** bolster our **profit** margins and **sales** respectively, and are a key component in our plan to meet our projected sales by the end of April. As we increase revenue, we will **expand** our **marketing budget** in order to reach more individuals and increase brand recognition.



FINANCE: BREAK EVEN ANALYSIS

Our **break-even** point in sales is **\$3,166,407** and we need to make **2,248 sales**. This projects us to break-even in **July 2023**. Our average **revenue per sale** is **\$1,408.70** and our average **cost of goods sold per sale** is **\$651.38**. This makes our **gross profit margin** about **53.76%**, which puts us ahead of the industry average. We have also taken into consideration our **operating expenses** for this break even analysis, and have projected these numbers, based on both our **expenses** thus far as well as **past** Virtual Enterprise firms' **performance**. By the **end** of the **fiscal year** of 4/30/2023 we expect to have **\$865,812.19** in operating expenses. We have **27 employees** in our firm so we had to purchase 27 computers, desks, and chairs, along with other small office supplies. Our **largest expense** will be our **salaries**, followed by our **advertising**. Our salaries have been relatively high for a startup firm due to the **number of employees** that we currently have. A regular start up company does not have 25 employees so VEI recognizes this and balances it out via the out-of-network sales contract. We **recognize** that in the **real world**, a **startup** with **25 employees** is **unsustainable**.



Neo Break Even Analysis	
Average selling price per sale	\$1,408.70
Average cost of goods sold per sale	\$651.38
Average profit rate	53.76%
Annual Fixed Cost	\$1,702,260.42

Break even point in sales dollars:	\$3,166,407.04
Break even point in # of sales:	2,248

Projected Operating Expenses Through 4/30/2023





Out of Network Sales Contract	I
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OUT OF NETWORK SALES CONTRACT



29211 Stallion Ridge
San Juan Capistrano, CA 92675
+1 (949) 234-5900
nco.ca@vcinternational.com

Business Contract

This agreement is effective as of 11/17/22, between SoCal Surf Shop and Neo from 11/1/22-4/30/22. The parties hereby agree to the following terms and conditions:

DESCRIPTION OF SERVICE/SUPPLIES: Outdoor Gear and Apparel

SoCal Surf Shop hereby agrees to purchase the items below, supplied by Neo.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
Snow Jacket (001)	1450	425.00	616,250.00
Item 002	Quantity	Unit Price (\$)	Extended Price (\$)
Snow Bib (002)	1075	420.00	451,500.00
Item 003	Quantity	Unit Price (\$)	Extended Price (\$)
Outdoor Hat (007)	1050	45.00	47,250.00
Item 004	Quantity	Unit Price (\$)	Extended Price (\$)
Snow Gloves (008)	1000	50.00	50,000.00
Total (Items 001-004)			\$ 1,165,000.00

TERMS AND CONDITIONS - This contract agreement may be cancelled with 90 days (or other terms) written notice. The period of this contract is (can be for a one-time purchase, or for monthly purchases for one year or more) from the effective date unless modified in writing 90 days in advance on any agreed delivery dates stated in the agreement. Title and ownership of this agreement is non-transferable to any other party.

Neo guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Neo thereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement with no consideration for economic price adjustments. (unless other terms are agreed upon)



CANCELLATION - The Contract may not be cancelled without the written agreement of both parties. Any party defaulting on the stated terms will incur the costs associated with recovery and all associated litigation fees.

RENEWABLE OPTIONS - During the final period of this agreement, either party may offer to negotiate optional years.

CORPORATE COMMITMENT - By signing this agreement, the SoCal Surf Shop, hereby agrees to offer the expertise of its officers as advisors to Neo. This mentoring will assist in the successful operations of Neo, thus protecting your valued investment in our product.

The signatures below represent the authority to fully execute this agreement.

Kevin Jami
Signature of SoCal Surf Shop Representative

11/17/2022
Date

Gravin Tuomi
Printed Name and Title

949 492 9275
Phone Number

[Signature]
Signature of Neo Representative

11/17/22
Date

Alexander Pii - CFO
Printed Name and Title

9493591334
Phone Number





ANGEL INVESTOR LETTERS



Barton Warner
Senior Vice President
Capital Group Companies Global
6455 Irvine Center Drive
Irvine, California 92618-4518
(949) 975-6114 Tel
(949) 371-9350 Mobile
bjw@capgroup.com
capitalgroup.com

November 14th, 2022

Teri Jones, Western Regional Director
VE Central Office
122 Amsterdam Avenue
New York, NY 10023

Dear Ms. Jones:

Please accept this letter of support as my intention to invest \$50,000 in Neo, a San Juan Capistrano based Virtual Enterprise Company. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving 5000 shares of stock in their company.

I affirm that I have done the following to review and evaluate this company:

1. Listened to a business pitch from the executive team outlining the firm's business plan, including the marketing plan, operating budget, and sales/revenue projections.
2. Reviewed company projections and assumptions.
3. Engaged in Q&A or discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Neo will prepare and send to me a stock certificate outlining the purchase of 5000 based on a \$10 Par Value. I also understand that as a result of my investment, I will be placed on the company's Board of Directors.

Over the next year, I look forward to working with the leadership team at Neo as they grow their innovative line of neoprene based apparel and gear.

Sincerely,

Barton Warner
Senior Vice President



DTG Connection
16560 Harbor Blvd., Unit C/D
Fountain Valley, CA 92708
(888) 833-4484

October 21, 2022

VE Central Office
122 Amsterdam Avenue
New York, NY 10023

Dear Neo Leadership Board:

Please accept this letter of support as my intention to invest \$50,000 in Neo. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving a commensurate number of shares of stock in their company.

I affirm that I have done the following to review and evaluate this company:

1. Listened to a business pitch from the executive team outlining the firm's business plan, including the marketing plan, operating budget, and sales/revenue projections.
2. Reviewed company projections and assumptions.
3. Engaged in Q&A or discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Neo will prepare and send to me a stock certificate outlining the number of shares awarded based on a \$10 Par Value. I also understand that as a result of my investment, I will be placed on the company's Board of Directors.

Thank you for allowing DTG Connection to take part in this new opportunity. As a company that is well established in the custom garment decorating industry, we know that this industry is expected to see a steep incline of growth in the coming years. We are excited to see what Neo can do with this concept and the potential of future synergies between our two companies.

Sincerely,

Paul Crocker
Founding Partner, DTG Connection
703-505-3497 / pcrocker@dtgconnection.com



Village Capital
1101 K St NW, Suite 920,
Washington, District of
Columbia, 20005, US

October 19, 2022

VE Central Office
122 Amsterdam Avenue
New York, NY 10023

Dear Neo Leadership Board:

Please accept this letter of support as my intention to invest \$50,000 in Neo. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving a commensurate number of shares of stock in their company.

I affirm that I have done the following to review and evaluate this company:

1. Listened to a business pitch from the executive team outlining the firm's business plan, including the marketing plan, operating budget, and sales/revenue projections.
2. Reviewed company projections and assumptions.
3. Engaged in Q&A or discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Neo will prepare and send to me a stock certificate outlining the number of shares awarded based on a \$10 Par Value. I also understand that as a result of my investment, I will be placed on the company's Board of Directors.

We want to thank you for allowing Village Capital for this investment opportunity. As a venture capitalist firm, we fund those that create social and environmental change. After reviewing Neo, we are excited to back a company that is in alignment with our vision for the future.

Sincerely,

Kelly Bryan
US Regional Director, Village Capital
(805) 551-9448 / kbryan@vilcap.com





LOAN AMORTIZATION TABLE



Neo Loan Amortization Table

Loan Information

Loan Amount (Principal)	150,000
Annual Interest Rate	7.25%
Term of Loan in Years	5
# of Payments per Year	12
Payment Type	end of period
Monthly Payment	(\$2,987.90)

Summary

Rate (per period)	0.6042%
Number of Payments	60
Total of Payments	179,274.25
Total Interest	29,274.25

No.	Principal	Interest for the Period	Total Balance Outstanding	Payment for the period	Principal Reduction	Revised Balance Outstanding
1	150,000	906.25	150,906.25	2987.90	2081.65	147,918.35
2	147918.35	893.67	148,812.02	2987.90	2094.23	145,824.11
3	145824.11	881.02	146,705.14	2987.90	2106.88	143,717.23
4	143717.23	868.29	144,585.52	2987.90	2119.61	141,597.62
5	141597.62	855.49	142,453.10	2987.90	2132.42	139,465.20
6	139465.20	842.60	140,307.80	2987.90	2145.30	137,319.90
7	137319.90	829.64	138,149.54	2987.90	2158.26	135,161.64
8	135161.64	816.60	135,978.24	2987.90	2171.30	132,990.33
9	132990.33	803.48	133,793.82	2987.90	2184.42	130,805.91
10	130805.91	790.29	131,596.20	2987.90	2197.62	128,608.29
11	128608.29	777.01	129,385.30	2987.90	2210.90	126,397.40
12	126397.40	763.65	127,161.05	2987.90	2224.25	124,173.14
13	124173.14	750.21	124,923.36	2987.90	2237.69	121,935.45
14	121935.45	736.69	122,672.15	2987.90	2251.21	119,684.24
15	119684.24	723.09	120,407.33	2987.90	2264.81	117,419.43
16	117419.43	709.41	118,128.84	2987.90	2278.50	115,140.93
17	115140.93	695.64	115,836.58	2987.90	2292.26	112,848.67
18	112848.67	681.79	113,530.47	2987.90	2306.11	110,542.56
19	110542.56	667.86	111,210.42	2987.90	2320.04	108,222.52
20	108222.52	653.84	108,876.36	2987.90	2334.06	105,888.46
21	105888.46	639.74	106,528.20	2987.90	2348.16	103,540.30
22	103540.30	625.56	104,165.86	2987.90	2362.35	101,177.95
23	101177.95	611.28	101,789.23	2987.90	2376.62	98,801.33
24	98801.33	596.92	99,398.26	2987.90	2390.98	96,410.35
25	96410.35	582.48	96,992.83	2987.90	2405.42	94,004.93
26	94004.93	567.95	94,572.87	2987.90	2419.96	91,584.97
27	91584.97	553.33	92,138.29	2987.90	2434.58	89,150.39
28	89150.39	538.62	89,689.01	2987.90	2449.29	86,701.10
29	86701.10	523.82	87,224.92	2987.90	2464.09	84,237.02
30	84237.02	508.93	84,745.95	2987.90	2478.97	81,758.05
31	81758.05	493.95	82,252.00	2987.90	2493.95	79,264.10
32	79264.10	478.89	79,742.98	2987.90	2509.02	76,755.08
33	76755.08	463.73	77,218.81	2987.90	2524.18	74,230.90
34	74230.90	448.48	74,679.38	2987.90	2539.43	71,691.48
35	71691.48	433.14	72,124.61	2987.90	2554.77	69,136.71
36	69136.71	417.70	69,554.41	2987.90	2570.20	66,566.51
37	66566.51	402.17	66,968.68	2987.90	2585.73	63,980.77
38	63980.77	386.55	64,367.33	2987.90	2601.35	61,379.42
39	61379.42	370.83	61,750.25	2987.90	2617.07	58,762.35
40	58762.35	355.02	59,117.37	2987.90	2632.88	56,129.47
41	56129.47	339.12	56,468.58	2987.90	2648.79	53,480.68
42	53480.68	323.11	53,803.79	2987.90	2664.79	50,815.89
43	50815.89	307.01	51,122.90	2987.90	2680.89	48,135.00
44	48135.00	290.82	48,425.81	2987.90	2697.09	45,437.91
45	45437.91	274.52	45,712.43	2987.90	2713.38	42,724.52
46	42724.52	258.13	42,982.65	2987.90	2729.78	39,994.75
47	39994.75	241.63	40,236.38	2987.90	2746.27	37,248.48
48	37248.48	225.04	37,473.52	2987.90	2762.86	34,485.62
49	34485.62	208.35	34,693.97	2987.90	2779.55	31,706.06
50	31706.06	191.56	31,897.62	2987.90	2796.35	28,909.72
51	28909.72	174.66	29,084.38	2987.90	2813.24	26,096.48
52	26096.48	157.67	26,254.14	2987.90	2830.24	23,266.24
53	23266.24	140.57	23,406.80	2987.90	2847.34	20,418.90
54	20418.90	123.36	20,542.26	2987.90	2864.54	17,554.36
55	17554.36	106.06	17,660.42	2987.90	2881.85	14,672.51
56	14672.51	88.65	14,761.16	2987.90	2899.26	11,773.26
57	11773.26	71.13	11,844.39	2987.90	2916.77	8,856.48
58	8856.48	53.51	8,909.99	2987.90	2934.40	5,922.09
59	5922.09	35.78	5,957.86	2987.90	2952.12	2,969.96
60	2969.96	17.94	2,987.90	2987.90	2969.96	0.00
Totals		29,274.25		179,274.25	150,000.00	





Follow Me Home: We conducted interviews with students, parents, and grandparents to find out how active they were

Deep Probing Interviews: We followed up with active people to ask if there were any flaws in their current wear

Customer Problem Statement: There needs to be a community of like-minded individuals that they could be a part of

Brainstorming: We split off into groups to figure out multiple ideas for creating an environmental community

7 To Get 1: We came up with non-profits, regenerative farming initiatives, carbon credit consulting, a venture capitalist firm that specialized in sustainable businesses, extreme sports, water sports, and active/outdoor wear

2x2 Narrowing: We narrowed it down to recycling wetsuits to make outdoor and active clothing

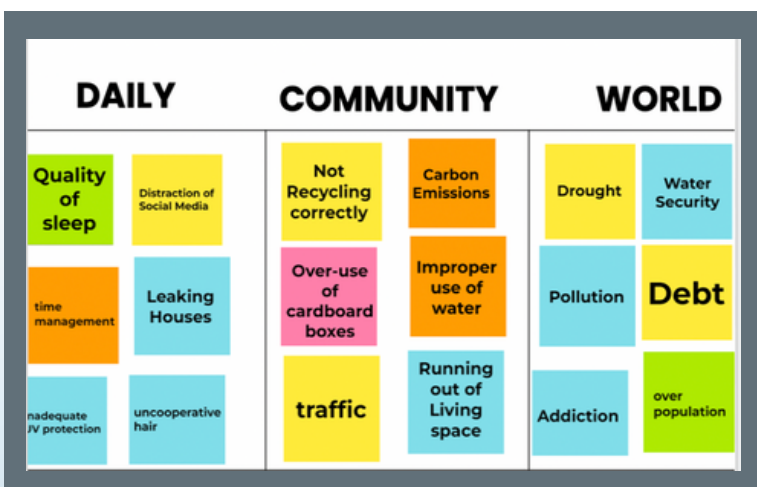
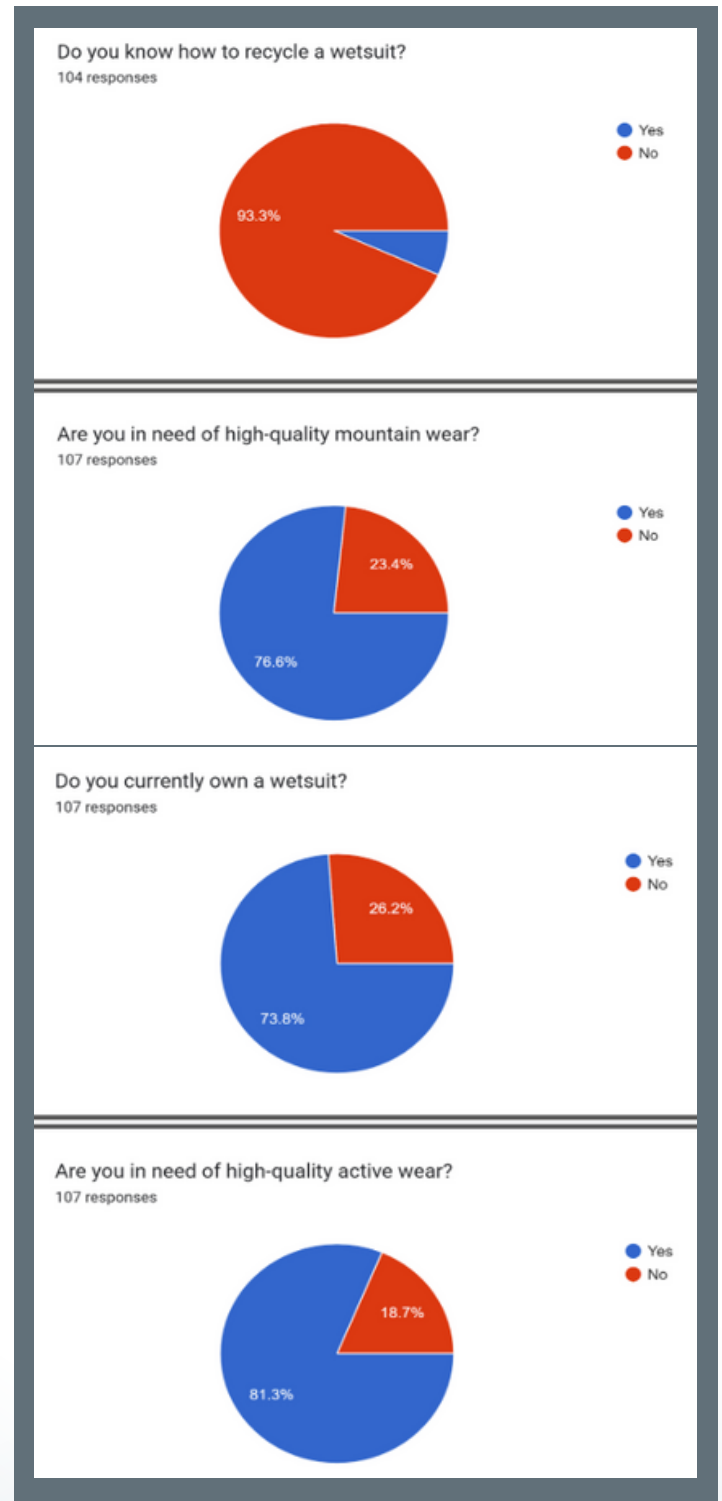
Storyboard: See Below

100 Point Narrowing: We created a google jamboard to utilize the point process.

Leap Of Faith Assumption: Recycled neoprene serves as an appealing form of clothing and we could create a community centered around it

Prototyping: We tried out different community models, including memberships

Rapid Experimentation: We sent google forms to our target audience to see if our prototype was viable.





BUNDLES, PRODUCTS & BENEFITS

Current Membership Benefits:

- 10% off of all Neo individual products
- 20% off Neo bundles
- \$200 off Ikon ski pass
- \$50 off Lifetime Gym membership
- 10% off annual national part pass
- Access to limited collabs and drops



Future Benefits:

- Secondary Reuse market
- Partner with like-minded organizations and nonprofits to offer discounts at a variety of other stores

BUNDLES:

		
STUDIO BUNDLE	SNOW BUNDLE	FAMILY BUNDLE
\$310	\$1,765	\$4,260
Yoga Mat, Tote, Running Socks (x2)	Jacket, Hoodie, Vest, Hat (x2), Gloves, Socks, Backpack, Bib, Tote Bag, Cap	Jacket (4), Hat (4), Gloves (4), Hoodies (4), Vests (4), Backpacks (2)

INDIVIDUAL PRODUCTS:



YOGA MAT: \$100
TOTE: \$100
RUNNING SOCKS: \$55
HAT: \$45
ATHLETIC SHORTS: \$95

BACKPACK: \$140
JACKET: \$425
HOODIE: \$250
GLOVES: \$50
CAP: \$30





PROFIT & LOSS STATEMENT AND BALANCE SHEET

Neo Profit and Loss Statement For the Year Ending 04/30/2023

	30-Apr-2023 Projected	28-Feb-2022 Actual
Sales revenues		
Online Sales	\$ 619,656.33	\$ 45,068.40
Trade fair revenues	\$ 929,484.50	\$ 519,800.22
Contractual sales to non-VE entities	\$ 1,165,000.00	\$ 776,666.67
Total sales revenues	\$ 2,714,140.83	\$ 1,341,535.29
Cost of goods sold or services provided	\$ 1,262,075.49	\$ 627,219.94
Gross profit	\$ 1,452,065.34	\$ 714,315.35
Gross profit margin	53.5%	53.25%
Operating expenses		
Salaries	\$ 406,091.72	\$ 281,140.42
Rent	\$ 22,676.94	\$ 15,699.42
Depreciation	\$ 3,984.42	\$ 2,758.44
Payroll tax	\$ 193,346.83	\$ 133,855.50
Advertising/Promotion	\$ 68,250.00	\$ 44,750.00
Insurance	\$ 693.88	\$ 480.38
Legal	\$ 6,500.00	\$ 4,500.00
401(k) Matching	\$ 124,161.90	\$ 85,958.24
Interest	\$ 19,306.17	\$ 13,365.81
Supplies	\$ 1,950.00	\$ 1,350.00
Utilities	\$ 11,963.64	\$ 8,282.52
Trade show registration	\$ 7,500.00	\$ 2,500.00
Other(shipping)	\$ 11,552.00	\$ 7,997.54
Total operating expenses	\$ 877,977.50	\$ 602,638.27
Income from operations	\$ 574,087.84	\$ 111,677.08
Income from other revenues	\$ -	\$ -
Angel Investors	\$ 150,000.00	\$ 150,000.00
Seed Money	\$ 20,000.00	\$ 20,000.00
Net income before taxes	\$ 744,087.84	\$ 281,677.08
Corporate income tax	\$ 156,258.45	\$ 59,152.19
Net income after taxes	\$ 587,829.39	\$ 222,524.89

Depreciation was calculated on the VE standard of 20% per year
Corporate tax was calculated on the VE standard of 21%

Neo Balance Sheet of February 28, 2023

Assets	
Current Assets	
Cash	\$ 442,914.14
Investments in stocks	\$ -
Accounts receivable	\$ 970,833.33
Merchandise inventory	\$ -
Supplies	\$ 1,350.00
Total Current Assets	\$ 1,415,097.47
Fixed Assets	
Computers	\$ 18,570.00
Less: accumulated depreciation	\$ 1,392.75
Furniture and fixtures	\$ 10,260.00
Less: accumulated depreciation	\$ 769.50
Office equipment	\$ 7,949.25
Less: accumulated depreciation	\$ 596.19
Total Fixed Assets	\$ 34,020.81
Total Assets	\$ 1,449,118.28

Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts payable	\$ 491,989.17
Sales tax payable	\$ 21,706.40
Salaries payable	\$ 98,325.34
Payroll tax payable	\$ 42,950.02
401(k) payable	\$ 18,333.28
Other payable**	\$ 32,416.09
Corporate tax payable	\$ 59,152.19
Total Current Liabilities	\$ 764,872.49
Long Term Liabilities	
Loan payable	\$ 163,365.81
Total Liabilities	\$ 928,238.30
Stockholders' Equity	
Common stock, \$10 par value, * # shares issued	\$ 170,000.00
Additional paid-in-capital	\$ -
In excess of par value	\$ -
Retained earnings	\$ 350,879.98
Total Stockholders' Equity	\$ 520,879.98
Total Liabilities and Stockholders' Equity	\$ 1,449,118.28

**Other Payable includes Rent, Legal Fees, Advertising/Promotion, Insurance, Supplies, and Utilities





CASH BUDGET & BANK STATEMENT

	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected
Description	October	October	November	November	December	December	January	January	February	February	March
Cash balance at beginning of period:	\$0.00	\$0.00	\$170,000.00	\$132,111.58	\$190,000.00	\$202,570.56	\$300,000.00	\$316,299.09	\$350,000.00	\$362,426.96	\$440,000.00
Receipts of cash:											
Sales	\$0.00	\$0.00	\$215,000.00	\$278,922.60	\$250,000.00	\$234,078.13	\$380,000.00	\$387,392.50	\$100,000.00	\$81,598.00	\$75,000.00
Receipts of accounts receivable	\$0.00	\$0.00	\$194,166.67	\$194,166.67	\$194,166.67	\$194,166.67	\$194,166.67	\$194,166.67	\$194,166.67	\$194,166.67	\$194,166.67
Loan proceeds	\$150,000.00	\$150,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sales tax received-7%	\$0.00	\$0.00	\$20,000.00	\$19,524.58	\$17,000.00	\$16,385.46	\$30,000.00	\$27,117.47	\$7,000.00	\$5,711.86	\$6,000.00
Investor proceeds	\$20,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total receipts	\$170,000.00	\$170,000.00	\$429,166.67	\$492,613.85	\$461,166.67	\$444,630.26	\$604,166.67	\$608,676.64	\$301,166.67	\$281,476.53	\$275,166.67
Beginning balance + cash receipts	\$170,000.00	\$170,000.00	\$599,166.67	\$624,725.43	\$651,166.67	\$647,200.82	\$904,166.67	\$924,975.73	\$651,166.67	\$643,903.49	\$715,166.67
Payments:											
Cost of merchandise	\$0.00	\$0.00	\$125,000.00	\$130,396.11	\$175,000.00	\$179,234.87	\$170,000.00	\$164,273.58	\$130,000.00	\$126,800.90	\$115,000.00
Net Salaries	\$31,250.04	\$31,250.04	\$65,339.58	\$65,339.58	\$65,339.58	\$65,339.58	\$63,358.40	\$61,377.22	\$61,025.36	\$61,025.36	\$61,025.36
Accounts payable (1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,911.99	\$0.00	\$0.00	\$0.00
Rent	\$1,744.38	\$1,744.38	\$3,488.76	\$3,488.76	\$3,488.76	\$3,488.76	\$3,488.76	\$3,488.76	\$3,488.76	\$3,488.76	\$3,488.76
Advertising/promotion	\$0.00	\$0.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00	\$9,500.00
941 Remittance	\$0.00	\$0.00	\$11,007.77	\$11,007.77	\$29,219.37	\$29,219.37	\$21,475.01	\$21,475.01	\$28,487.54	\$28,487.54	\$25,000.00
Insurance	\$0.00	\$0.00	\$106.75	\$106.75	\$106.75	\$106.75	\$106.75	\$106.75	\$106.75	\$106.75	\$106.75
Accounting and legal fees	\$0.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
Loan Payment	\$0.00	\$0.00	\$2,987.90	\$2,987.90	\$2,987.90	\$2,987.90	\$2,987.90	\$2,987.90	\$2,987.90	\$2,987.90	\$2,987.90
Utilities	\$920.00	\$920.00	\$1,840.56	\$1,840.56	\$1,840.56	\$1,840.56	\$1,840.56	\$1,840.56	\$1,840.56	\$1,840.56	\$1,840.56
Interest	\$0.00	\$0.00	\$2,970.18	\$2,970.18	\$2,970.18	\$2,970.18	\$2,970.18	\$2,970.18	\$2,970.18	\$2,970.18	\$2,970.18
Pension, 401(k)	\$0.00	\$0.00	\$10,000.00	\$10,125.00	\$10,000.00	\$9,833.34	\$10,000.00	\$9,833.34	\$9,166.64	\$9,166.64	\$9,166.64
Freight out	\$0.00	\$0.00	\$400.00	\$367.78	\$1,500.00	\$1,252.31	\$1,500.00	\$1,008.59	\$0.00	\$0.00	\$0.00
Sales tax-7%	\$0.00	\$0.00	\$20,000.00	\$19,524.58	\$17,000.00	\$16,385.46	\$30,000.00	\$27,117.47	\$7,000.00	\$5,711.86	\$6,000.00
Other or miscellaneous (2)	\$3,974.00	\$3,974.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Corporate tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total payments	\$37,888.42	\$42,888.42	\$257,641.50	\$262,654.97	\$323,953.10	\$327,159.08	\$322,227.56	\$318,891.35	\$261,573.69	\$257,086.45	\$242,086.07
Cash balance at end of period:	\$207,888.42	\$127,111.58	\$341,525.17	\$362,070.46	\$327,213.57	\$320,041.74	\$581,939.11	\$606,084.38	\$389,592.98	\$386,817.04	\$473,080.60
Net increase or decrease in cash	\$207,888.42	\$127,111.58	\$171,525.17	\$229,958.88	\$137,213.57	\$117,471.18	\$281,939.11	\$289,785.29	\$39,592.98	\$24,390.08	\$33,080.60

US Network Bank

Account summary

Account	Account no	Balance
Neo (Budget Checking)	631029133	\$442,914.14



US Network Bank

Alexander Pill (Neo - PF Code US014505) | [Return to Marketplace Tools](#) | [Return to Hub](#)

Account summary

- Account details
- Bill payment
- Funds transfer
- Scheduled transactions
- Payees
- U.S. Network Bank Manual
- Overview of the VEI Banking System
- National Office Bank Accounts

Account details

Account: Neo (Budget Checking) - 631029133 [Download account details \(Excel\)](#)

Period: from 02/01/2022 until 02/28/2023

Date	Name/Description/Acct#	Ref#	Amount	Balance
Feb. 28, 2023	VE Utilities, New York, NY February Utilities Acct #630907072	6720040	-\$1,840.56	\$442,914.14
Feb. 28, 2023	VE Utilities, New York, NY January Utilities Acct #630907072	6720036	-\$1,840.56	\$444,754.70
Feb. 28, 2023	VE Realty, New York, NY February Rent Acct #630907080	6720034	-\$3,488.76	\$446,595.26
Feb. 28, 2023	VE Realty, New York, NY January Rent Acct #630907080	6720032	-\$3,488.76	\$450,084.02
Feb. 27, 2023	Tanner Muret (US014278), Cupertino, CA VE Checkout transaction #773909 02/27/2023 04:26 PM CT Acct #631041958	6715349	\$64.20	\$453,572.78
Feb. 27, 2023	Oleg Medvedev (US014278), Cupertino, CA VE Checkout transaction #773906 02/27/2023 04:25 PM CT Acct #631041729	6715343	\$48.15	\$453,508.58
Feb. 27, 2023	- VE Trade Show CA transaction #223383 02/27/2023 03:33 PM CT - US Network Bank Prepaid Card xxxxxxxx34 Ref #171402	6715307	\$946.95	\$453,460.43





BREAK EVEN ANALYSIS/SALES PROJECTION

Neo	
Break Even Analysis	
Average selling price per sale	\$1,408.70
Average cost of goods sold per sale	\$651.38
Average profit rate	53.76%
Annual Fixed Cost	\$1,702,260.42

Break even point in sales dollars:	\$3,166,407.04
Break even point in # of sales:	2,248

End of Month:	X	Y	Y	Y	Y
	Units Sold	Revenue	Variable Cost	Fixed Cost	Total Cost
November 2022	198	\$279,205.42	\$129,104.59	\$1,702,260.42	\$1,831,365.01
December 2022	502	\$706,700.12	\$326,778.14	\$1,702,260.42	\$2,029,038.56
January 2023	750	\$1,055,955.31	\$488,273.74	\$1,702,260.42	\$2,190,534.16
February 2023	952	\$1,341,535.30	\$620,325.92	\$1,702,260.42	\$2,322,586.35
March 2023	1227	\$1,728,927.80	\$799,456.21	\$1,702,260.42	\$2,501,716.64
April 2023	1502	\$2,116,320.30	\$978,586.51	\$1,702,260.42	\$2,680,846.93
May 2023	1777	\$2,503,712.80	\$1,157,716.80	\$1,702,260.42	\$2,859,977.22
June 2023	2052	\$2,891,105.30	\$1,336,847.09	\$1,702,260.42	\$3,039,107.52
July 2023	2327	\$3,278,497.80	\$1,515,977.38	\$1,702,260.42	\$3,218,237.81
August 2023	2602	\$3,665,890.30	\$1,695,107.67	\$1,702,260.42	\$3,397,368.10
September 2023	2877	\$4,053,282.80	\$1,874,237.97	\$1,702,260.42	\$3,576,498.39
October 2023	3152	\$4,440,675.30	\$2,053,368.26	\$1,702,260.42	\$3,755,628.68

Works Cited:

“Recent Study Reveals More than a Third of Global Consumers Are Willing to Pay More for Sustainability as Demand Grows for Environmentally-Friendly Alternatives.” Business Wire, 14 Oct. 2021,

<https://www.businesswire.com/news/home/20211014005090/en/Recent-Study-Reveals-More-Than-a-Third-of-Global-Consumers-Are-Willing-to-Pay-More-for-Sustainability-as-Demand-Grows-for-Environmentally-Friendly-Alternatives>.

Published 4 months ago. About a 3 minute read. Image: Gustavo Fring/Pexels. “Majority of US Consumers Say They Will Pay More for Sustainable Products.” Sustainable Brands, Sustainable Brands, 29 Aug. 2022,

<https://sustainablebrands.com/read/marketing-and-comms/majority-of-us-consumers-say-they-will-pay-more-for-sustainable-products>.

