



# EdaptaWare

Financial Report 2023-24 | Learning Your Way



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# Company Overview

**Edaptaware**, is an educational software company powered by the core of Artificial Intelligence, focusing on revolutionizing education by personalizing and adapting learning experiences for students. Students don't engage with their learning. High workload combined with the limited student-teacher interaction within lecture settings leaves students bored and frustrated. This leads to a lack of interest in learning material. Often, students don't meet their needs in typical class formats -- then stress, disengagement and apathy are sure to follow. To help, parents either pay for expensive private tutoring or have to deal with "easy" anti-learning shortcuts. At the root of all these issues lies a lack of personal education. Individual attention to each student's needs can engage students, motivating them to learn for the sake of learning. Currently, personalized education is a big ask. On average, students can expect to spend \$45 per hour of individualized instruction, self-study efforts cost hours of time and increase stress by 48%, and newer AI-based alternatives draw skepticism, often leaping right past education to get to the answer. **EdaptaWare** created Tulip, an affordable, digital tutor powered by artificial intelligence that ensures students *learn* their way. Tulip helps students understand their textbooks and lectures by generating personalized study materials promoting learning without giving away answers. By simply uploading a lecture, notes, or textbook, Tulip can help students study, plan a healthy schedule, and can adapt to their learning needs. Unlike previous AI tools, Tulip doesn't simply give answers, it guides students with personalized step-by-step instructions that match the student's learning styles and adapts problem difficulty.

**EdaptaWare** operates in the educational services and software markets. The market value of educational services is \$2.2trillion in the real world. Through 2028, sector revenue will continue to increase at a CAGR of 1.0% to \$2.3 trillion. In the software industry, we operate in the application software industry which had a market revenue of \$237.60 billion in 2023. Overall, the industry has a CAGR of 5.9% reaching \$482.90 billion in 2023, with a profit of 31.0%, projected to grow at a CAGR of 2.9% until 2028 reaching \$556.50 billion. The slower CAGR is a result of cyberattacks and investor uncertainty. However, both issues are solvable. **EdaptaWare** accounts for these by having multiple software developers who can consistently make changes and improvements to the software. Additionally, since the Tulip software does not rely on outside sources to generate materials and the only sources are what the student uploads, the product has a minimal risk of cyberattacks. Artificial intelligence provides an opportunity for growth in this industry, resulting in low wage costs and increasing software usability with applications. These values show that both the industries **EdaptaWare** is operating in have the potential for growth at a fast pace. The generative AI technology is also critical to improving productivity in the corporate sector. Research by McKinsey & Co., shows that the technology could add approximately \$2.6 trillion to \$4.4 trillion annually in the global economy making AI's impact increase to 40%. Additionally, generative AI could increase labor productivity from 0.1 to 0.6% annually, which is where **EdaptaWare** comes in. In order to have a strong competitive advantage in the market to increase productivity in the corporate sector, **EdaptaWare** has signed contracts with Chevron and Horizon Hospitality. These contracts give us the opportunity to have an idea of the market and base research and development of future products on these contracts, so that they are well positioned to be utilized in the corporate sector. This also results in us having strong relationships with corporations early on that can be of advantage to us later. Rather than simply replacing employees, our Tulip will enhance employee productivity, putting us in a strong position to expand in not only schools but also corporations.

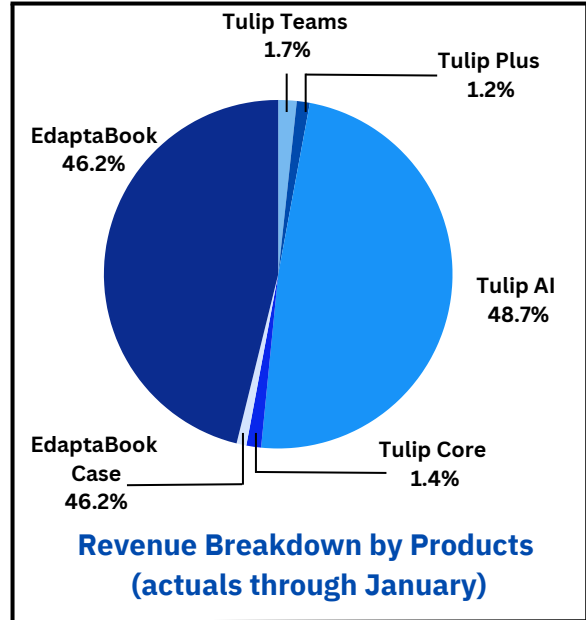
Despite GDP recovery in the wake of the pandemic, real income has only recovered by 0.2%, leaving parents with diminished disposable income. However, both education spending and subscription software are defined by inelastic demand, making the industry resilient to downturns. **EdaptaWare** keeps affordable pricing for its Tulip software ensuring that consumers are able to afford education tools rather than having to pay almost \$50 for simply an hour of tutoring.



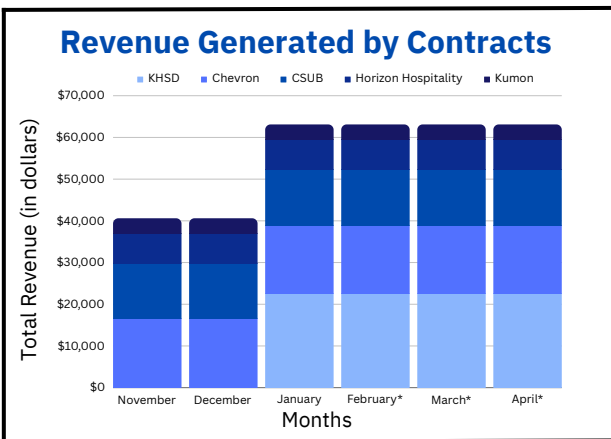
# Financial Highlights

**EdaptaWare** began operations in November filing as an S-corporation to avoid double taxation with a \$150,000 loan from VEI at a fixed rate of 10.50% for five years and \$200,000 in equity; \$150,000 from three angel investors in exchange for 10% equity each and \$50,000 from VEI for another 10% equity. The remaining 60% of the company is owned by the original fifteen employees. **EdaptaWare** follows a circular organization structure with the chiefs running their respective departments. The company does not function as a brick and mortar store, but rather focuses on online website sales, out-of-network contracts, and trade show sales, both in-person and online, to generate revenue.

The company has signed five out-of-network contracts, both with educational institutions and corporations, generating \$272,561 in revenue. **EdaptaWare** has also attended four trade shows in the past three months, resulting in most of our revenue. In total, we are projected to accumulate [blank] in gross revenue. Over the months, there has been an increase in our monthly gross revenue, with our recent months (January and after) being more successful in bringing in profit after the change in products from software and tablets to just software. In total, **EdaptaWare** is projected to generate just under \$1.04 million in revenue.

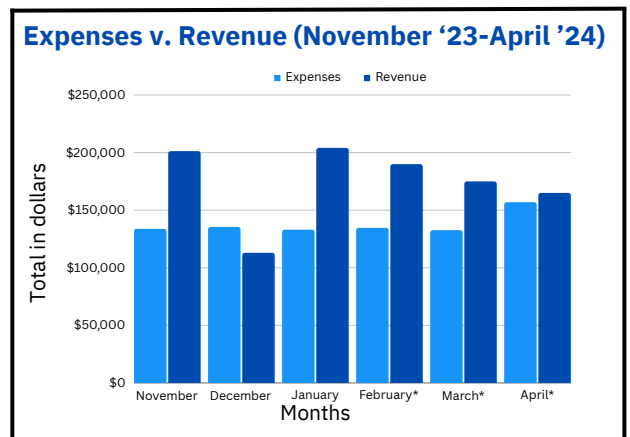


**EdaptaWare** is projected to have a gross profit margin of 93.65%. The high gross profit margin is a result of our low material costs for the software, not including the payroll of the software developers. Given our high revenue and low cost of goods sold, our net income is projected to be \$139,860. **EdaptaWare** also predicts its net income ratio to be 14.04%. This is lower than the industry average of 14.40% because we are a start-up.



In order to ensure applications from school children to executives, **EdaptaWare** has signed a variety of contracts with Chevron, Horizon Hospitality, Kumon, California State University Bakersfield (CSUB) and the Kern High School District (KHSD) to provide our product to them. These contracts are just a small step into our development of future products and creating a stronger customer base.

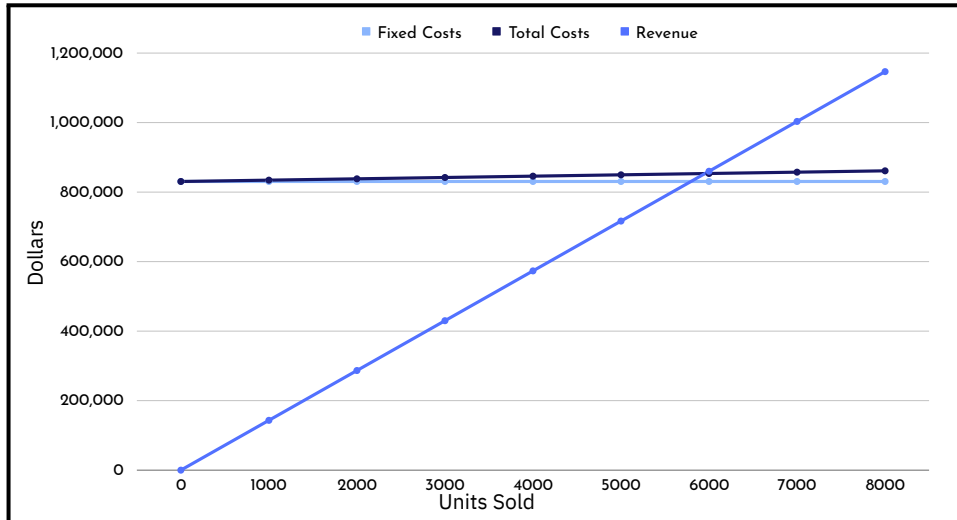
**EdaptaWare**'s return on invested capital is 69.93%, after analyzing the values as of January 31, 2024. This indicates that the company has been successful in utilizing its capital (shareholders' equity) to make financially sound decisions that benefit both the company and its shareholders, proving the company to be a safe investment.



\*Projected values are used for these months.



# Break-Even Analysis



Average Selling Price	\$143.33
Average Cost per Sale	\$3.83
Profit Margin	97.33%
Projected Annual Fixed Costs	\$832,349.00
Break-even Point (\$)	\$853,386.82
Break-even Point (Units)	5954

Quantity	Revenue	Variable Cost	Fixed Cost	Total Cost
0	\$0.00	\$0.00	\$830,563.00	\$830,563.00
200	\$28,666.00	\$766.00	\$830,563.00	\$831,329.00
400	\$57,332.00	\$1,532.00	\$830,563.00	\$832,095.00
600	\$85,998.00	\$2,298.00	\$830,563.00	\$832,861.00
800	\$114,664.00	\$3,064.00	\$830,563.00	\$833,627.00
1000	\$143,330.00	\$3,830.00	\$830,563.00	\$834,393.00
1200	\$171,996.00	\$4,596.00	\$830,563.00	\$835,159.00
1400	\$200,662.00	\$5,362.00	\$830,563.00	\$835,925.00
1600	\$229,328.00	\$6,128.00	\$830,563.00	\$836,691.00
1800	\$257,994.00	\$6,894.00	\$830,563.00	\$837,457.00
2000	\$286,660.00	\$7,660.00	\$830,563.00	\$838,223.00
2200	\$315,326.00	\$8,426.00	\$830,563.00	\$838,989.00
2400	\$343,992.00	\$9,192.00	\$830,563.00	\$839,755.00
2600	\$372,658.00	\$9,958.00	\$830,563.00	\$840,521.00
2800	\$401,324.00	\$10,724.00	\$830,563.00	\$841,287.00
3000	\$429,990.00	\$11,490.00	\$830,563.00	\$842,053.00
3200	\$458,656.00	\$12,256.00	\$830,563.00	\$842,819.00
3400	\$487,322.00	\$13,022.00	\$830,563.00	\$843,585.00
3500	\$501,655.00	\$13,405.00	\$830,563.00	\$843,968.00
3600	\$515,988.00	\$13,788.00	\$830,563.00	\$844,351.00
3800	\$544,654.00	\$14,554.00	\$830,563.00	\$845,117.00
4000	\$573,320.00	\$15,320.00	\$830,563.00	\$845,883.00
4200	\$601,986.00	\$16,086.00	\$830,563.00	\$846,649.00
4400	\$630,652.00	\$16,852.00	\$830,563.00	\$847,415.00
4600	\$659,318.00	\$17,618.00	\$830,563.00	\$848,181.00
4800	\$687,984.00	\$18,384.00	\$830,563.00	\$848,947.00
5000	\$716,650.00	\$19,150.00	\$830,563.00	\$849,713.00
5200	\$745,316.00	\$19,916.00	\$830,563.00	\$850,479.00
5400	\$773,982.00	\$20,682.00	\$830,563.00	\$851,245.00
5600	\$802,648.00	\$21,448.00	\$830,563.00	\$852,011.00
5800	\$831,314.00	\$22,214.00	\$830,563.00	\$852,777.00
5954	\$853,386.82	\$22,803.82	\$830,563.00	\$853,386.82
6000	\$859,980.00	\$22,980.00	\$830,563.00	\$853,543.00

A break-even analysis was formulated in order to accurately predict **EdaptaWare's** profitability. Since the price points of our products and weight of sales were similar, we used the regular average to calculate the company's break-even point rather than using weighted average. In order to calculate the average selling price, we divided the total revenue, from projections and contracts, by the total number of units sold. This resulted in an average selling price of \$143.33. The average cost per sale was calculated by determining how much each product cost and taking an average of those values. This resulted in an average cost per sale of \$3.83. These calculations bring us to the conclusion of a 97.33% profit margin.

Using our current contracts and our projections for future trade shows, **EdaptaWare** is predicted to break even at 5,954 units sold, or \$853,386.82 sales dollars, which covers **EdaptaWare's** cumulative fixed and variable costs of \$830,563 dollars. Taking into account all the projections in the profit and loss statement, our team came to the conclusion that the company would confidently break-even in the month of March with the gross revenue from trade shows and out-of-network contracts.



# Balance Sheet

**EdaptaWare**'s balance sheet reflects the company's assets, liabilities, and shareholders' equity as of January 31, 2024. **EdaptaWare** holds a large amount of cash in the bank, which is a result of our success at both online and in-person trade shows, especially our state trade show in January. In addition, after the removal of the EdaptaBook, we were able to reduce our COGS (cost of goods sold), increasing our profit margins.

As of January 2024, **EdaptaWare** has a current ratio of 8.59 and a quick ratio of 8.44. The high quick ratio indicates that we can instantly get rid of its current liabilities, although this is significantly higher than the industry average of 1.1 because of our cash. The high current ratio indicates that the company is in a strong position to pay the company's short-term obligations along with covering any unexpected liabilities or expenses. Being a software as a service (SaaS) company, we do not hold many fixed assets but rather have more current assets. These assets are the most liquid, which means that we can easily use the cash to overcome any expected difficulties or expenses, but also deal with current liabilities. The current ratio is higher than the industry average of 1.2 because of the high amount of cash we have at hand. Although the company could be using its cash to pay off debt faster, we found it more important to keep the money on hand in case of any unexpected liabilities or market downturns.

In order to not hold our cash idle, in the next year, we plan to expand the company's marketing budget to market more to college students and parents. Additionally, being in a fast paced industry, we'll be able to use the high amount of cash to increase research and development of our current product and new products for more corporate applications. Moreover, **EdaptaWare** has a working capital of \$390,461, which is sufficient to finance future operating expenses, long-term liabilities, COGS, and more to proceed growing the company.

**EdaptaWare** utilizes both debt and equity financing, meaning that we raise capital through the sale of shares along with borrowing money from a lender. However, we have a debt-to-equity ratio of 0.69 (meaning that the company has \$0.69 in debt for every \$1.00 in equity), indicating that the company relies more heavily on equity than debt making our company a safe investment and reducing the risk of the company incurring losses.

<b>EdaptaWare Balance Sheet</b>	
As of January 31, 2024	
<b>Assets</b>	<b>Total</b>
<b>Current Assets</b>	
Cash	396,381.29
Accounts Receivable	0.00
Merchandise Inventory	0.00
Supplies	7,674.49
Other Current Assets	41,407.71
<b>Total Current Assets</b>	<b>445,463.49</b>
<b>Fixed Assets</b>	
Computers	7,799.84
Furniture and Fixtures	5,954.92
Office Equipment	8,150.00
Equipment	4,981.79
Depreciation	1,950.00
<b>Total Fixed Assets</b>	<b>28,836.55</b>
<b>Total Assets</b>	<b>474,300.04</b>
<b>Liabilities and Equity</b>	
<b>Current Liabilities</b>	
Accounts Payable	0.00
Loan Payable	38,689.08
Sales Tax Payable	13,129.00
Salaries Payable	0.00
Payroll Tax Payable	0.00
<b>Total Current Liabilities</b>	<b>51,818.08</b>
<b>Long-Term Liabilities</b>	
Loan Payable	141,859.96
<b>Total Long-Term Liabilities</b>	<b>141,859.96</b>
<b>Total Liabilities</b>	<b>193,678.04</b>
<b>Equity</b>	
Common Stock (\$10 par value)	
Seed Money (VE)	50,000.00
Angel Investors	150,000.00
In excess of Par Value	0.00
Retained Earnings	80,622.00
<b>Total Equity</b>	<b>280,622.00</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>474,300.04</b>



# Profit and Loss Statement

**EdaptaWare**'s profit and loss statement details its projected and actual monthly revenue and expenses. As of January 2024, **EdaptaWare** has generated \$518,394 in revenue. Given our high revenue and low cost of goods sold, as a result of only having to pay for cloud storage, our gross profit margin is projected to be 93.65%. Dividing our net income, \$139,860, by our gross revenue, \$1,048,393, our net income ratio is projected to be 14.04%.

The company underwent a change in products in December. **EdaptaWare** started off with the EdaptaBook (a tablet) being the main product of the company. We were also selling software that provided consumers with the same features as the EdaptaBook. However, after looking at trade show sales from the first two months, we determined that the sales from the EdaptaBook were not worth the cost as the product didn't help solve our mission of increasing accessibility. Another tablet costing \$499 was not more accessible or feasible for our target market of high school and college students than a software that was less than half the price for the entire year. Rather than continuing with the EdaptaBook and three different software versions, we decided to develop a software that combined all of the features instead and discontinued the EdaptaBook and other three software versions.

Another reason for the discontinuation of the EdaptaBook and the three software versions was our pricing model and how we wanted to establish our customer base. Instead of having three different softwares at different monthly prices, we decided to use a productive pricing model. We wanted customers to have long-term adoption, as it would put us in a strong position financially along with keeping a strong customer base. Month to month **EdaptaWare**'s Tulip, costs \$39.50. Our "School Year" Deal makes Tulip available for 10 Months at \$22.50 per month. Finally, our best value option is a full year subscription with annual auto renewal for \$19.50 per month. Additionally, our 10 months and 12 months subscriptions offer a 15% discount when the subscription is paid for in full, which because of the way VE is set-up, is the model that we follow.

**EdaptaWare** also had an increase in net salaries from the month of November to December. This was a result of us hiring another software developer in the month of December. After deciding to switch our products to just the software and establishing a projected increase in the number of software subscriptions sold, the company found it necessary to hire another software developer to account for this change. Additionally, the company projected signing multiple out-of-network contracts between December 2023 and January 2024, so another software developer on our payroll was the most feasible solution to address any changes in the software.

The company also recognizes the skepticism around AI in education, especially by parents. To overcome this, **EdaptaWare** spends approximately 10% of its projected revenue on marketing, or \$117,000, in the fiscal year. Since the people buying the product are the parents of the consumers, our marketing team utilizes influencer marketing on Facebook and Instagram to market directly to parents, where the influencers are paid per post. The company spends about \$9,750 a month on advertising through influencer marketing on social media.

Test-score gaps between low vs. high-poverty schools grew by approximately 20% in math and 15% in reading during the 2020-21 school year.<sup>4</sup> In light of this, **EdaptaWare** is committed to donating 5% of our net profit to under-served youth in the form of free Tulip software to aid the difference in test scores.



# Profit and Loss Statement

EdaptaWare Profit and Loss Statement								
	October (Actual)	November (Actual)	December (Actual)	January (Actual)	February (Projected)	March (Projected)	April (Projected)	Total
<b>Sales Revenue</b>								
<b>Products</b>								
EdaptaBook	\$0	\$92,220	\$38,900	\$0	\$0	\$0	\$0	\$131,119
Software	\$0	\$106,332	\$71,747	\$204,102	\$190,000	\$175,000	\$165,000	\$912,181
Tablet Case	\$0	\$2,735	\$2,358	\$0	\$0	\$0	\$0	\$5,093
<b>Gross Sales Revenues</b>	\$0	\$201,287	\$113,005	\$204,102	\$190,000	\$175,000	\$165,000	\$1,048,393
<b>Cost of Goods Sold</b>								
<b>Shipping</b>								
Ground Shipping	\$0	\$2,316	\$262	\$0	\$0	\$0	\$0	\$2,578
<b>Packaging</b>	\$0	\$356	\$179	\$0	\$0	\$0	\$0	\$534
<b>Materials</b>								
Edaptabook (Tablet)	\$0	\$8,058	\$7,332	\$0	\$0	\$0	\$0	\$15,390
Tablet Case	\$0	\$807	\$32	\$0	\$0	\$0	\$0	\$838
Tulip Core	\$0	\$237	\$59	\$0	\$0	\$0	\$0	\$296
Tulip Plus	\$0	\$149	\$83	\$0	\$0	\$0	\$0	\$232
Tulip Teams	\$0	\$245	\$168	\$0	\$0	\$0	\$0	\$413
Tulip AI	\$0	\$0	\$0	\$11,147	\$10,988	\$12,214	\$11,953	\$46,300
<b>Total Cost of Goods Sold</b>	\$0	\$12,168	\$8,113	\$11,147	\$10,988	\$12,214	\$11,953	\$66,581
<b>Gross Profit</b>	\$0	\$189,119	\$104,892	\$192,955	\$179,013	\$162,787	\$153,048	\$981,813
<b>Gross Profit Margin</b>	\$0	93.96%	92.82%	94.54%	94.22%	93.02%	92.76%	93.55%
<b>Operating Expenses</b>								
<b>Payroll Expenses</b>								
Federal	\$0	\$7,467	\$8,819	\$8,819	\$8,819	\$8,819	\$8,819	\$51,563
State	\$0	\$4,380	\$5,169	\$5,169	\$5,169	\$5,169	\$5,169	\$30,224
FICA--Social Security	\$0	\$3,858	\$4,557	\$4,557	\$4,557	\$4,557	\$4,557	\$26,641
FICA--Medicare	\$0	\$902	\$1,066	\$1,066	\$1,066	\$1,066	\$1,066	\$6,231
SDI (State Disability Insurance)	\$0	\$628	\$742	\$742	\$742	\$742	\$742	\$4,340
Net Salaries	\$0	\$41,191	\$45,445	\$45,445	\$45,445	\$45,445	\$45,445	\$268,415
Rent	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$28,000
<b>Utilities</b>								
Common Area Operating Expenses	\$0	\$1,200	\$1,200	\$1,000	\$1,000	\$1,000	\$1,000	\$6,400
Telephone & Internet	\$0	\$205	\$205	\$205	\$205	\$205	\$205	\$1,230
Water	\$0	\$100	\$100	\$100	\$100	\$100	\$100	\$600
Gas and Electric	\$0	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$11,400
Security	\$0	\$100	\$100	\$100	\$100	\$100	\$100	\$600
Trade Show Fees	\$0	\$500	\$0	\$0	\$500	\$0	\$0	\$1,000
Travel	\$0	\$0	\$5,000	\$0	\$900	\$0	\$25,000	\$30,900
Depreciation	\$0	\$675	\$675	\$675	\$675	\$675	\$675	\$4,050
Maintenance and Repairs	\$0	\$700	\$700	\$700	\$700	\$700	\$700	\$4,200
Office Supplies	\$0	\$650	\$650	\$650	\$650	\$650	\$650	\$3,900
Cleaning Supplies	\$0	\$1,000	\$1,000	\$500	\$500	\$500	\$500	\$4,000
Safety Supplies	\$0	\$6,700	\$6,700	\$1,100	\$1,100	\$1,100	\$1,100	\$17,800
<b>Customer Aquisition</b>								
PPC Ads	\$0	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$3,900	\$23,400
Website Ads	\$0	\$5,850	\$5,850	\$5,850	\$5,850	\$5,850	\$5,850	\$35,100
Influencer Marketing	\$0	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$9,750	\$58,500
<b>Insurance</b>								
General Liability	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$6,000
Workman's Comp	\$0	\$1,352	\$1,352	\$1,352	\$1,352	\$1,352	\$1,352	\$8,112
Health Insurance	\$0	\$4,260	\$4,260	\$4,260	\$4,260	\$4,260	\$4,260	\$25,560
Cyber Security	\$0	\$901	\$901	\$901	\$901	\$901	\$901	\$5,406
<b>Accounting and Legal</b>								
Data Privacy	\$0	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$36,000
Loan Interest	\$1,313	\$1,296	\$1,279	\$1,262	\$1,245	\$1,227	\$1,210	\$8,831
Research and Development	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$15,000
Banking Fees	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Sales Tax (7.25% per VEI Model)	\$0	\$0	\$14,593	\$8,299	\$13,129	\$13,775	\$24,650	\$74,446
<b>Total Operating Expenses</b>	\$5,313	\$117,465	\$145,413	\$127,801	\$134,014	\$133,243	\$169,100	\$832,349
<b>Net Income</b>	-\$5,313	\$71,653	-\$40,521	\$65,154	\$44,998	\$29,544	-\$16,053	\$149,463
S-Corp Tax (1.5%)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,242
<b>Net Income (after S-Corp Tax)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$147,221
Donations (5% of net income)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,361
<b>Net income (after donations)</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,860
Shareholders' Distributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$139,860
<b>Net Income (after shareholders' distributions)</b>	-\$5,313	\$71,653	-\$40,521	\$65,154	\$44,998	\$29,544	-\$16,053	\$0





# Cash Budget

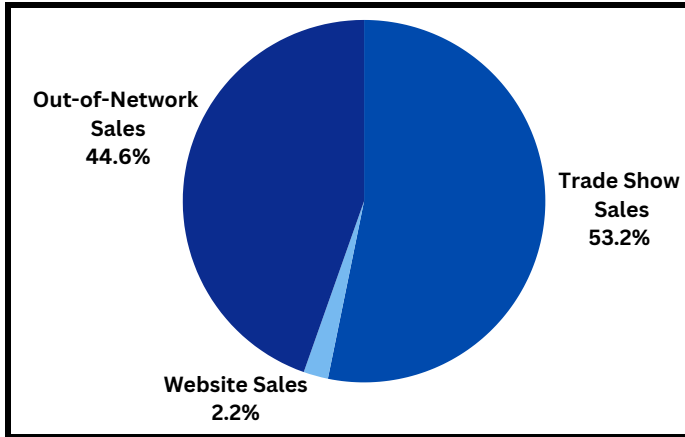
Description	October (Actual)	November (Actual)	December (Actual)	January (Actual)	February (Projected)	March (Projected)	April (Projected)	Total
Cash Balance at Beginning of Period	\$0.00	\$324,039.36	\$385,636.25	\$329,613.77	\$396,381.09	\$447,989.29	\$501,325.49	\$0.00
<b>Receipts of Cash:</b>								
<b>Sales</b>								
Online Trade Shows	\$0.00	\$125,020.00	\$0.00	\$0.00	\$125,000.00	\$0.00	\$0.00	\$250,020.00
In-Person Trade Shows	\$0.00	\$71,312.00	\$91,098.45	\$135,488.12	\$0.00	\$130,000.00	\$90,000.00	\$517,898.57
Web Sales	\$0.00	\$4,955.00	\$1,800.00	\$5,500.00	\$6,000.00	\$5,000.00	\$5,500.00	\$28,755.00
<b>Out-of-Network Contracts</b>								
CSUB	\$0.00	\$0.00	\$0.00	\$13,272.19	\$13,272.19	\$13,272.19	\$13,272.19	\$53,088.76
Kumon	\$0.00	\$0.00	\$3,632.95	\$3,632.95	\$3,632.95	\$3,632.95	\$3,632.95	\$18,164.75
KHSD	\$0.00	\$0.00	\$0.00	\$22,495.69	\$22,495.69	\$22,495.69	\$22,495.69	\$89,982.76
Chevron	\$0.00	\$0.00	\$16,473.60	\$16,473.60	\$16,473.60	\$16,473.60	\$16,473.60	\$66,897.40
Horizon Hospitality	\$0.00	\$0.00	\$0.00	\$7,239.38	\$7,239.38	\$7,239.38	\$7,239.38	\$28,957.52
Loan Proceeds	\$150,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150,000.00
Inventory Proceeds	\$150,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150,000.00
Seed Money	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Receipts</b>	<b>\$350,000.00</b>	<b>\$201,287.00</b>	<b>\$113,005.00</b>	<b>\$204,101.93</b>	<b>\$194,113.81</b>	<b>\$198,113.81</b>	<b>\$158,613.81</b>	<b>\$1,369,235.36</b>
<b>Beginning Balance + Cash Receipts</b>	<b>\$350,000.00</b>	<b>\$525,326.36</b>	<b>\$498,641.25</b>	<b>\$533,715.70</b>	<b>\$590,494.90</b>	<b>\$646,103.10</b>	<b>\$659,939.30</b>	<b>\$1,369,235.36</b>
<b>Payments:</b>								
<b>Cost of Goods Sold</b>								
Shipping	\$0.00	\$19,262.86	\$23,330.87	\$0.00	\$0.00	\$0.00	\$0.00	\$42,593.73
Ground Shipping	\$0.00	\$1,577.00	\$262.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,839.00
Packaging	\$0.00	\$356.00	\$179.00	\$0.00	\$0.00	\$0.00	\$0.00	\$535.00
<b>Materials</b>								
Tulip Core	\$0.00	\$237.00	\$59.00	\$0.00	\$0.00	\$0.00	\$0.00	\$296.00
Tulip Plus	\$0.00	\$149.00	\$83.00	\$0.00	\$0.00	\$0.00	\$0.00	\$232.00
Tulip Teams	\$0.00	\$245.00	\$168.00	\$0.00	\$0.00	\$0.00	\$0.00	\$413.00
Tablet	\$0.00	\$8,058.00	\$7,332.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,390.00
Tablet Case	\$0.00	\$87.00	\$32.00	\$0.00	\$0.00	\$0.00	\$0.00	\$839.00
Tulip AI	\$0.00	\$0.00	\$0.00	\$11,147.00	\$10,988.00	\$12,214.00	\$11,953.00	\$46,302.00
<b>Salaries Expenses</b>								
Net Salaries	\$0.00	\$41,191.00	\$45,445.00	\$45,445.00	\$45,445.00	\$45,445.00	\$45,445.00	\$268,416.00
<b>Payroll Expenses</b>								
Federal	\$0.00	\$7,467.20	\$8,819.20	\$8,819.20	\$8,819.20	\$8,819.20	\$8,819.20	\$51,563.20
State	\$0.00	\$4,380.13	\$5,168.80	\$5,168.80	\$5,168.80	\$5,168.80	\$5,168.80	\$30,224.13
FICA--Social Security	\$0.00	\$3,858.05	\$4,556.59	\$4,556.59	\$4,556.59	\$4,556.59	\$4,556.59	\$26,641.00
FICA--Medicare	\$0.00	\$902.29	\$1,065.65	\$1,065.65	\$1,065.65	\$1,065.65	\$1,065.65	\$6,230.54
SDI (State Disability Insurance)	\$0.00	\$628.49	\$742.28	\$742.28	\$742.28	\$742.28	\$742.28	\$4,339.89
<b>Rent</b>	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$28,000.00
<b>Utilities</b>								
Common Area Operating Expenses	\$0.00	\$1,200.00	\$1,200.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$6,400.00
Telephone & Internet	\$0.00	\$205.00	\$205.00	\$205.00	\$205.00	\$205.00	\$205.00	\$1,230.00
Water	\$0.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$600.00
Gas and Electric	\$0.00	\$1,900.00	\$1,900.00	\$1,900.00	\$1,900.00	\$1,900.00	\$1,900.00	\$11,400.00
<b>Security</b>	\$0.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$600.00
<b>Trade Show Fees</b>	\$0.00	\$500.00	\$0.00	\$0.00	\$500.00	\$0.00	\$0.00	\$1,000.00
<b>Travel</b>	\$0.00	\$0.00	\$5,000.00	\$0.00	\$0.00	\$900.00	\$25,000.00	\$30,900.00
<b>Fixed Assets</b>								
Computers	\$7,799.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,799.84
Equipment	\$4,981.79	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,981.79
Furniture & Fixtures	\$5,954.92	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,954.92
<b>Maintenance and Repairs</b>	\$0.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$4,200.00
<b>Office Supplies</b>	\$0.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$650.00	\$3,900.00
<b>Cleaning Supplies</b>	\$0.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$6,000.00
<b>Safety Supplies</b>	\$0.00	\$1,100.00	\$1,100.00	\$1,100.00	\$1,100.00	\$1,100.00	\$1,100.00	\$6,500.00
<b>Customer Acquisition</b>								
PPC Ads	\$0.00	\$3,900.00	\$3,900.00	\$3,900.00	\$3,900.00	\$3,900.00	\$3,900.00	\$23,400.00
Website Ads	\$0.00	\$5,850.00	\$5,850.00	\$5,850.00	\$5,850.00	\$5,850.00	\$5,850.00	\$35,100.00
Affiliate Marketing	\$0.00	\$9,750.00	\$9,750.00	\$9,750.00	\$9,750.00	\$9,750.00	\$9,750.00	\$58,500.00
<b>Insurance</b>								
General Liability	\$0.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$6,000.00
Workman's Comp	\$0.00	\$1,352.00	\$1,352.00	\$1,352.00	\$1,352.00	\$1,352.00	\$1,352.00	\$8,112.00
Health Insurance	\$0.00	\$4,260.00	\$4,260.00	\$4,260.00	\$4,260.00	\$4,260.00	\$4,260.00	\$25,560.00
<b>Accounting &amp; Legal Fees</b>	\$0.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$36,000.00
Data Privacy	\$0.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$4,500.00	\$27,000.00
<b>Banking Fees</b>	\$0.00	\$0.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$7,500.00
<b>Loan Payments</b>								
Loan Principle	\$1,911.59	\$1,928.32	\$1,945.19	\$1,962.21	\$1,979.38	\$1,996.70	\$2,014.17	\$13,737.56
Loan Interest	\$1,312.50	\$1,295.77	\$1,278.90	\$1,261.88	\$1,244.71	\$1,227.39	\$1,209.92	\$8,831.00
<b>Sales Tax (7.25% per VEI Model)</b>	\$0.00	\$0.00	\$14,593.00	\$8,299.00	\$13,129.00	\$13,775.00	\$24,651.00	\$74,447.00
<b>S-Corp Tax (1.5% of net income)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,241.95
<b>Donations (5% of net income after tax)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,361.06
<b>Total Payments</b>	<b>\$25,960.64</b>	<b>\$139,690.11</b>	<b>\$169,027.48</b>	<b>\$137,334.61</b>	<b>\$142,505.61</b>	<b>\$144,777.61</b>	<b>\$179,492.61</b>	<b>\$896,914.94</b>
<b>Cash Balance at End of Period:</b>	<b>\$324,039.36</b>	<b>\$385,636.25</b>	<b>\$329,613.77</b>	<b>\$396,381.09</b>	<b>\$447,989.29</b>	<b>\$501,325.49</b>	<b>\$480,446.69</b>	<b>\$472,320.42</b>
<b>Net Increase or Decrease in Cash</b>	<b>\$298,078.72</b>	<b>\$61,596.89</b>	<b>-\$56,022.48</b>	<b>\$66,767.32</b>	<b>\$51,608.20</b>	<b>\$53,336.20</b>	<b>-\$20,878.80</b>	<b>\$472,320.42</b>

**EdaptaWare's** cash budget permits our team to precisely represent each exchange made with the revenue and expenses. The cash budget details the company's actual income from November to January and projected income from February to April. After December, the material costs of the Tablet, the three software plans (Tulip Core, Plus, and Teams), and the tablet case returned to \$0.00 due to the discontinuation of these products. After December the shipping and packaging costs decrease to \$0.00 because **EdaptaWare** is no longer using ground shipping or packaging because we only sell software which requires no shipping or packaging. Since we are focusing on the research and development of our Tulip AI Software, the material costs of Tulip AI significantly increase from the month of December to January.



# Sales Projections Summary

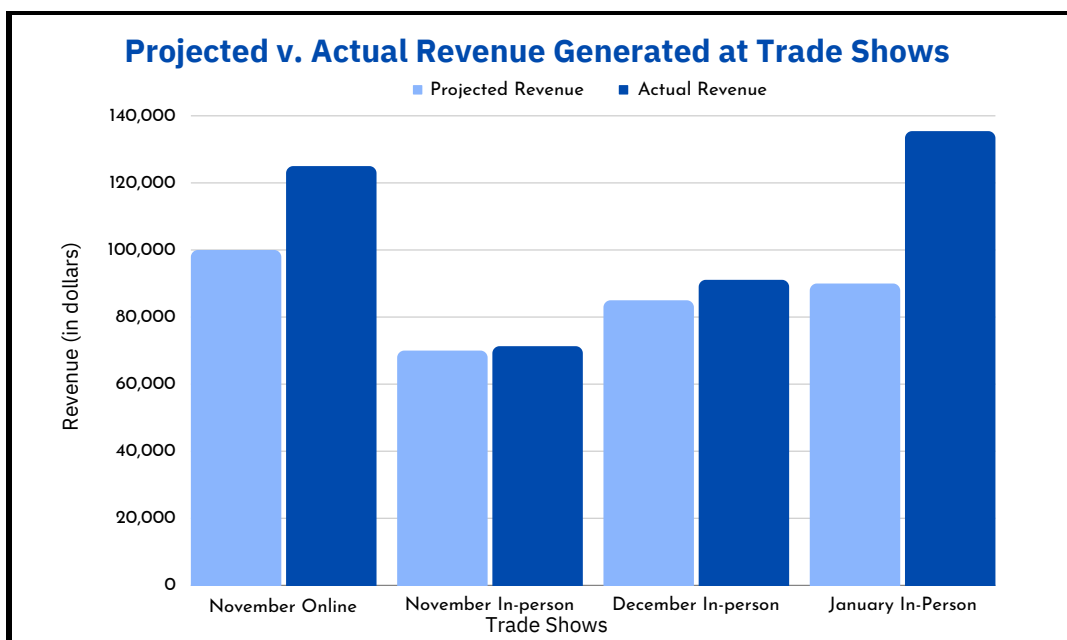
**EdaptaWare** relies mostly on trade show sales and out-of-network sales for its gross revenue, with trade shows making up 53.20% of sales, out-of-network contracts making up 44.60%, and website sales making up the remaining sales. The company is projected to make \$1.04 million in gross revenue, with \$518,394 in actual revenue in the months of November 2023 to January 2024.



**Revenue Breakdown by Placement from November 2023 to January 2024**

After the change of products to just software, the company has seen an increase in gross revenue, indicating that the productive pricing model has been more successful compared to our past pricing model, which is why the projections for later months are higher. **EdaptaWare**'s new pricing model was effective, as shown by the sales generated in the January California State Trade Show. The software showed a 47.90% increase in sales compared to the November trade shows, both online and in-person, and a 64.85% increase in software sales compared to the December trade show.

Moreover, **EdaptaWare** has been able to confidently beat projections each trade show. In the month of November, the company beat sales projections by 25.48%. In December, **EdaptaWare** beat sales projections by 6.99%, and in January, we beat sales projections by 31.41%. This goes to show that **EdaptaWare** has been consistently improving its revenue generated during tradeshow and through website and out-of-network contracts, ensuring that the company is growing and will be profitable in the future.





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***Educational Services in the US.*** IBIS World, September 2023. Accessed October 26, 2023.

***Software Publishing in the US.*** IBIS World, October 2023. Accessed October 26, 2023.

**Chui, Michael, et. al.** *The Economic Potential of Generative AI: The Next Productivity Frontier.* McKinsey & Company, June 2023. Accessed January 23, 2023.

**Kuhfeld, Megan, et. al.** “The Pandemic has had Devastating Impacts on Learning. What will it take to help students catch up?” *Brookings*, 03 March 2022, <https://www.brookings.edu/articles/the-pandemic-has-had-devastating-impacts-on-learning-what-will-it-take-to-help-students-catch-up/>. Accessed December 16, 2023.

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# Contracts

## Chevron

This agreement is effective as of December 05, 2023 between Chevron and Edaptive from December 05, 2023 - April 15, 2024. The parties hereby agree to the following terms and conditions:

**DESCRIPTION OF SERVICE/SUPPLIES:** Edaptive produces educational products adapted to employees' needs with software that is adaptable to the training needs of the corporation.

Chevron hereby agrees to purchase the items below supplied by Edaptive.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
Software	4,923	24.00	76,400.00
Tax (7.25%):			5,568.00
<b>Total</b>			<b>82,368.00</b>

\*Quantity is the total number of individual months software is used.

Single payment of \$16,473.60 due December 15, 2023  
Single payment of \$16,473.60 due January 15, 2024  
Single payment of \$16,473.60 due February 15, 2024  
Single payment of \$16,473.60 due March 15, 2024  
Single payment of \$16,473.60 due April 15, 2024

**TERMS AND CONDITIONS** - This contract agreement may be canceled with 90 days written notice. The period of this contract extends from December 05, 2023 - April 15, 2024, 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.

Edaptive guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Edaptive hereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement without consideration for economic price adjustments.

**CANCELLATION** - The contract may not be canceled 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 Chevron hereby agrees to offer the expertise of its officers as advisors to Edaptive. This mentoring will assist in the successful operations of Edaptive, thus protecting your valued investment in our product.

## Horizon Hospitality

This agreement is effective as of January 03, 2024 between Horizon Hospitality Management Inc. and Edaptive from January 03, 2023 - April 30, 2024. The parties hereby agree to the following terms and conditions:

**DESCRIPTION OF SERVICE/SUPPLIES:** Edaptive produces educational products adapted to students' or employees' needs with software that is adapted to each subject. Horizon Hospitality Management Inc. hereby agrees to purchase the items below supplied by Edaptive.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
Software	1,710*	15.60	27,000.00
Tax (7.25%):			1,957.50
<b>Total</b>			<b>28,957.50</b>

\*The following quantity is the quantity of software per month.

Single payment of \$7,239.38 due January 10, 2024  
Single payment of \$7,239.38 due February 10, 2024  
Single payment of \$7,239.38 due March 10, 2024  
Single payment of \$7,239.38 due April 10, 2024

**TERMS AND CONDITIONS** - This contract agreement may be canceled with 90 days written notice. The contract period extends from January 03, 2023 - April 30, 2024, from the effective date unless modified in writing 90 days in advance on any agreed delivery dates stated in the agreement. The title and ownership of this agreement are non-transferable to any other party.

Edaptive guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Edaptive hereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement without consideration for economic price adjustments.

**CANCELLATION** - The contract may not be canceled 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, Horizon Hospitality Management Inc. hereby agrees to offer the expertise of its officers as advisors to Edaptive. This mentoring will assist in the successful operations of Edaptive, thus protecting your valued investment in our product.

## CSUB

This agreement is effective as of January 10, 2024 between the CSUB and Edaptive from January 10, 2024 - April 27, 2024. The parties hereby agree to the following terms and conditions:

**DESCRIPTION OF SERVICE/SUPPLIES:** Edaptive produces educational products adapted to students' needs with a software that is adapted to each subject, and a notes-taking/learning tablet.

CSUB hereby agrees to purchase the items below supplied by Edaptive.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
Software	3,173*	15.60	49,500.00
Tax (7.25%):			3,588.75
<b>Total</b>			<b>53,088.75</b>

\*The following quantity is the quantity of software per month.

Single payment of \$13,272.19 due January 27, 2024  
Single payment of \$13,272.19 due February 27, 2024  
Single payment of \$13,272.19 due March 27, 2024  
Single payment of \$13,272.19 due April 27, 2024

**TERMS AND CONDITIONS** - This contract agreement may be canceled with 90 days written notice. The period of this contract extends from January 10, 2024 - April 30, 2024, 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.

Edaptive guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Edaptive hereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement without consideration for economic price adjustments.

**CANCELLATION** - The contract may not be canceled 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 CSUB hereby agrees to offer the expertise of its officers as advisors to Edaptive. This mentoring will assist in the successful operations of Edaptive, thus protecting your valued investment in our product.

## Kumon

This agreement is effective as of December 05, 2023 between Kumon and Edaptive from December 05, 2023 - April 20, 2024. The parties hereby agree to the following terms and conditions:

**DESCRIPTION OF SERVICE/SUPPLIES:** Edaptive produces educational products adapted to students' needs with a software that is adapted to each subject, and a notes-taking/learning tablet.

Kumon hereby agrees to purchase the items below supplied by Edaptive.

Item 001	Quantity*	Unit Price (\$)	Extended Price (\$)
Software	318	15.60	4,960.80
Tablets	30	399.20	11,976.00
Tax (7.25%):			1,227.92
<b>Total</b>			<b>18,164.72</b>

\*Quantity is the total number of individual months software is used.

Single payment of \$3,632.95 due December 20, 2023  
Single payment of \$3,632.95 due January 20, 2024  
Single payment of \$3,632.95 due February 20, 2024  
Single payment of \$3,632.95 due March 20, 2024  
Single payment of \$3,632.95 due April 20, 2024

**TERMS AND CONDITIONS** - This contract agreement may be canceled with 90 days written notice. The period of this contract extends from December 05, 2023 - April 20, 2024, 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.

Edaptive guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Edaptive hereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement without consideration for economic price adjustments.

**CANCELLATION** - The contract may not be canceled 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.

## KHSD

This agreement is effective as of January 24, 2024 between KHSD and Edaptive from January 24, 2024 - April 30, 2024. The parties hereby agree to the following terms and conditions:

**DESCRIPTION OF SERVICE/SUPPLIES:** Edaptive produces educational products adapted to students' or employees' needs with software that is adapted to each subject.

KHSD hereby agrees to purchase the items below supplied by Edaptive.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
Software	5,378*	15.60	83,900.00
Tax (7.25%):			6,082.75
<b>Total</b>			<b>89,982.75</b>

\*The following quantity is the quantity of software per month.

Single payment of \$22,495.69 due January 25, 2024  
Single payment of \$22,495.69 due February 25, 2024  
Single payment of \$22,495.69 due March 25, 2024  
Single payment of \$22,495.69 due April 25, 2024

**TERMS AND CONDITIONS** - This contract agreement may be canceled with 90 days written notice. The contract period extends from January 03, 2023 - April 30, 2024, from the effective date unless modified in writing 90 days in advance on any agreed delivery dates stated in the agreement. The title and ownership of this agreement are non-transferable to any other party.

Edaptive guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Edaptive hereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement without consideration for economic price adjustments.

**CANCELLATION** - The contract may not be canceled 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, Horizon Hospitality Management Inc. hereby agrees to offer the expertise of its officers as advisors to Edaptive. This mentoring will assist in the successful operations of Edaptive, thus protecting your valued investment in our product.

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# APPENDIX

