



Business Plan

2018-2019

8352 Kingston Pike
Knoxville, TN 37919
Phone/Fax: (865) 539-7887
globalwarming.tn@veinternational.org
globalwarmingve.com



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Executive Summary



Sandra Gutierrez, CEO

At Global Warming, we are excited about our first year of operations as a top-selling retailer of novelty socks. We are a C-corporation that strives to carve out a new fashion category of innovation and style, offering popular sock designs to the Virtual Enterprise world. At the same time, we will be helping our local community by donating socks to the homeless population.

In the world of statement fashion accessories, stylish socks are on the rise. Historically, socks have been worn primarily for warmth and protection. However, socks are now making a move from commodity to fashion piece with sales of adult socks in the U.S. totaling \$4.8 billion annually.¹ Socks are becoming another outlet

for expressing personal style so people are willing to spend a little more when it comes to purchasing their sock of choice. While socks can be worn by anyone, Global Warming targets individuals between the ages of 16 to 21, the average age of students involved in Virtual Enterprises International. With 73% of men and 41% of women wearing socks everyday,² Global Warming's target market encompasses all genders and ethnicities. Global Warming ensures that all customers' needs and wants are met with every product. Before designing our sock product line, Global Warming surveyed students in the VEI network, allowing us to understand our consumers' preferences on facets such as sock type, length, feel, and design. With our collected market research, we aim to surpass every customers' expectations and create the best socks on the market.

In addition to satisfying our customers, Global Warming aims to help improve our local community. In December 2018, nearly 553,000 people were homeless on a single night in the U.S.³ In Global Warming's hometown, Knoxville, Tennessee, more than 9,000 people were reported using homeless services in 2016.⁴ Socks are the topmost requested clothing item from homeless shelters. Not only do they provide warmth, but help protect against bacteria, fungus, and infections. This is one of the driving forces for Global Warming, as we strive to support the homeless community by providing them with one of the most basic necessities. The more socks we sell, the more we can donate to support this cause. In addition, we partnered with eight local companies to conduct a sock drive for collecting socks to donate. With this drive, we have collected and donated over 1,400 pairs of socks to our local homeless community.

Global Warming's products are manufactured by Alabama Wholesale Socks Inc., located in Sylvania, Alabama. With our products being U.S. manufactured textiles, our company will be positively impacted by the new trade guidelines of the United States- Mexico- Canada Agreement. Our sales predominantly come from trade shows and website-based purchases. Socks can also be bought in sock boxes, which are a collection of compatible sock



styles pulled together to make an easy, one-stop shopping experience for our consumers. Corporate socks are also available for firms to purchase and can be used as a firm's promotional item or be given to their employees. These socks are customizable to the firm's specifications.

Global Warming plans to meet its projected sales goals through its incentive-based marketing strategies. By having monthly promotions that include gift card giveaways, other Virtual Enterprise firms will be enticed to purchase our products with the chance of receiving a prize in return. Such promotions will help increase the repeat purchase rate as we build customer loyalty.

Global Warming started with capital of \$0, but within the early days of the company, our organization raised \$170,000 from angel investors and Virtual Enterprise seed money. The company has a one-year contract with Humana Inc., which covers 75% of salary-related employee expenses. From August to December 2018, this payment was \$59,907 monthly. In January 2019, this payment was reduced to \$53,238 due to the loss of four employees from early graduation and scheduling conflicts. This contract, along with our startup capital, helps Global Warming ensure profitability in its first year of operations.

Although it is only our first year of operation, Global Warming is poised to be the top sock retail company in Virtual Enterprise. With incentive-based marketing strategies, high demand for our products, and a hard working, motivated staff, we firmly believe we will accomplish all financial and company goals, while also supporting our local homeless community. Join us in "Warming the Earth, One Sock at a Time."

Best Regards,
Sandra Gutierrez, CEO



Business Rationale

When brainstorming the future of Global Warming, employees wanted to address an unmet need in the Virtual Enterprise marketplace, while also finding a way to give back to the Knoxville community. Employees of Global Warming recognized socks are the topmost-requested item by the homeless population. In addition, specialty socks are a very popular clothing item for students. The need for socks by the homeless community in addition to consumer demand for this popular fashion accessory fostered the basis for Global Warming, a company dedicated to "Warming the Earth, One Sock at a Time."

Customer Empathy: Stylish socks are on the rise in the fashion industry, and Global Warming aims to take advantage of this up-and-coming, popular trend. However, it is important to balance the wants and needs of customers while simultaneously creating the best socks on the market. In doing so, Global Warming takes into consideration the customers' every suggestion. At the beginning of operation, Global Warming surveyed the Virtual Enterprise community to find out their sock-based preferences. The surveys addressed aspects such as length, design, amount consumers would be willing to pay, and opinions on current pop culture.

Problem Statement: Surprisingly, socks are the single most needed and most frequently requested item of clothing by homeless shelters. Annually, there are 9,000+ people reported using homeless services in Knoxville, Tennessee. Global Warming aims to address this problem by providing socks to those in need.

Ideal State: Global Warming finds these homelessness statistics alarming. Even though socks are one of the cheapest clothing items, they still remain the topmost needed item by homeless shelters. Because of this, in August 2018, Global Warming had planned to donate 900 pairs of socks to local shelters by the end of the year. For the company's November sock drive, Global Warming partnered with eight Knoxville companies to collect and donate socks in order to meet this goal. Global Warming exceeded its goal and has already donated over 1,400 pairs of socks to the homeless community in Knoxville. To continue helping the homeless, Global Warming will donate a virtual pair of socks for every virtual pair sold. Locally, the company will continue to hold real-world drives in order to support the Knoxville area homeless community.



Company Goals

For its first fiscal year in operations, Global Warming established the following company goals in August 2018 (its first month in business):

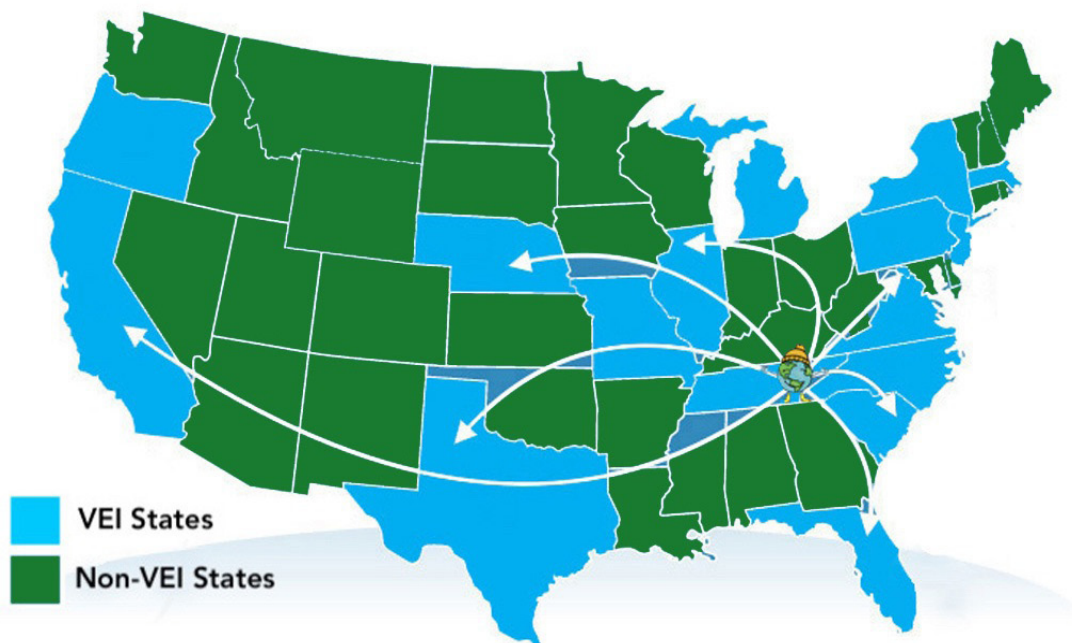
Sell corporate sock boxes to 15% of VEI companies within the state of Tennessee and 2.5% of companies within the 16 VEI states (plus Washington D.C.).

Donate 900 pairs of socks to the homeless population in Knoxville, Tennessee.

Maintain a high employee retention rate of 80% or above.

Provide exceptional employee benefits and cover 100% of employee health insurance by January 2019.

Corporate Sock Box Sales





Company Overview

Global Warming is a Southern Region C-corporation located in Knoxville, Tennessee. The company has partnered with Humana Inc., a health insurance company based in Louisville, Kentucky, to assist with annual operation costs. The contractual agreement with Humana will fund 75% of salary-related expenses. Global Warming will be selling to all 16 states that contain VEI firms, along with Washington D.C.

Global Warming provides high quality socks at competitive prices within the VEI market. The company had 20 first semester employees and currently has 16 employees who work five days of the week, for a 90-minute class period. Global Warming operates mainly as an online-retailer based in Bearden High School, located at 8352 Kingston Pike in Knoxville. In the North American Industry Classification System (NAICS), Global Warming is classified under Code 448150, clothing accessories and subsector 454, primarily a non-store retailer.

Global Warming Employees 2018-2019



Front row from left to right: Emma Sawyers, Tori Patton, Logan McGavic, Maurice Guber, Sandra Gutierrez, Kelly Haaland, Chessa Runyan, Malia Ajamie

Back row from left to right: Lauren Jacoby, Alex Payne, Adam Albaba, Matt Carr, Gabe Nester, Chase Butcher, John Lehn Not pictured: Zachary Hull

Mission Statement

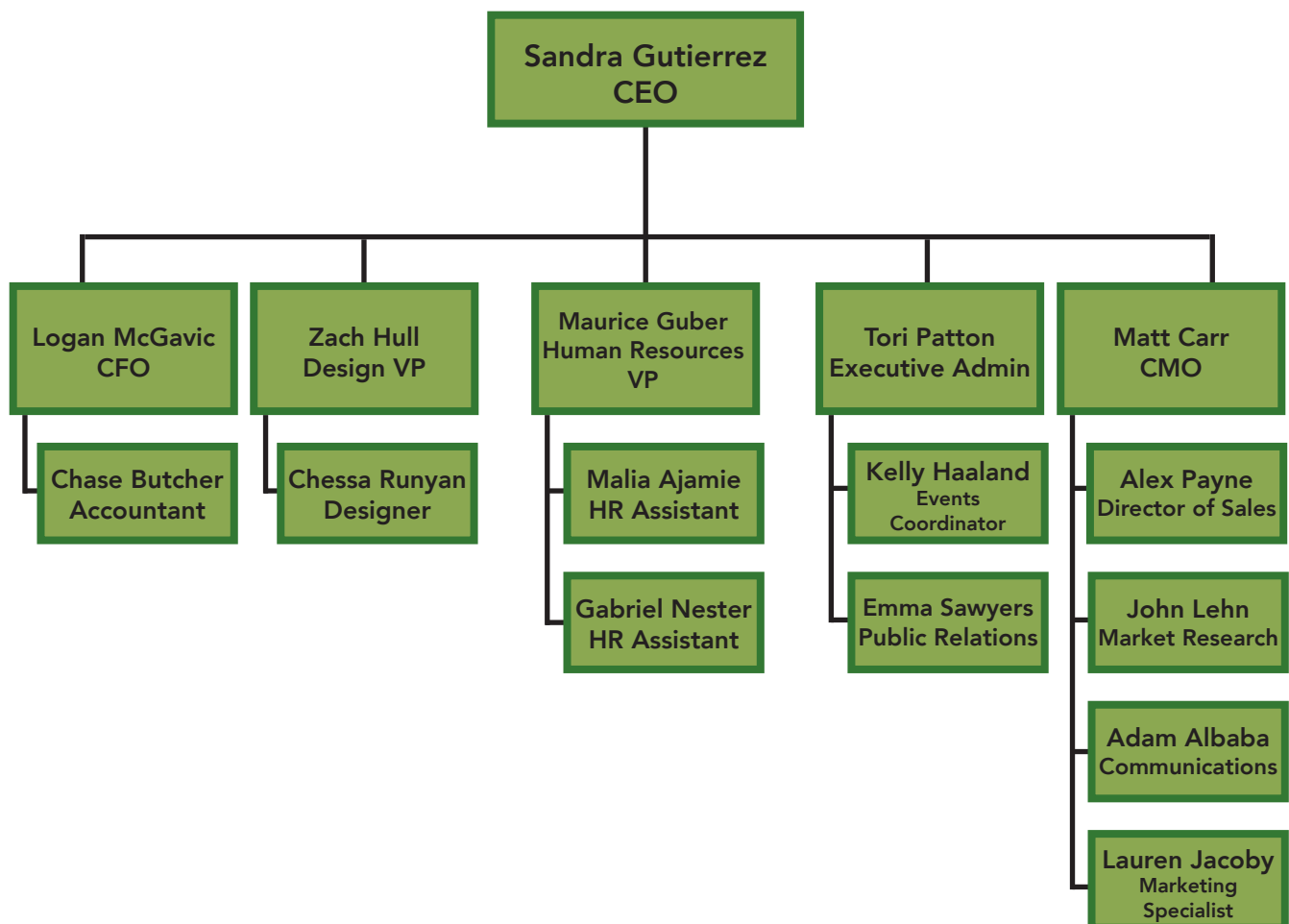
Global Warming dedicates itself to providing consumers with the best-looking socks, using the highest quality materials, while giving back to the homeless community.



Organization

To efficiently run the company, the Chief Executive Officer leads the team of departmental officers: Chief Financial Officer, Chief Marketing Officer, Human Resources Vice President, Executive Administrator, and Design Vice President. The main responsibility of these team members is to set objectives, delegate responsibilities, and motivate and lead the remainder of the employees.

Each team leader was assigned to their specific department after careful consideration of their personal skills and leadership qualities. Global Warming is arranged as a multi-level organization in order to capitalize on productivity. Every employee reports directly to their superior and every department head reports to the CEO. This allows for each department to run independently and every employee has a clear line of responsibility and communication for tasks designated to them.





SWOT Analysis

Global Warming's leadership team consists of three Virtual Enterprise returning employees, two of which are in the executive positions of CEO and CMO. The rest of the staff is filled with hard-working, business savvy students. The company's diverse staff puts Global Warming in an excellent position to reach out to any firm, make sales, and most importantly connect with them. Global Warming's initiative to help the homeless is a movement the local Knoxville community supports. With the support of the community, Global Warming has developed real-world partnerships with corporations like Humana Inc., Pinnacle Financial Partners, Precision Ladders, and Stowers Rents to help the company grow and reach its goals with promotion funding and business strategies.

Strengths

- Incentive-based marketing promotions
- Experienced CEO and CMO
- Ample amount of start-up money
- Low competition in the virtual market

Weaknesses

- First year company
- Having to manufacture products out of state

Opportunities

- Lack of competition in the VEI sock industry
- Supportive Knoxville community who is responsive to company's cause to provide socks for the homeless

Threats

- Size of apparel market and industry
- Misconceptions of company name due to controversy surrounding "global warming"
- Potential downturn in the economy



Current Economic Conditions

The Gross Domestic Product (GDP) of the United States increased at an annual growth rate of 3.4% for the third quarter and 2.6% for the fourth quarter of 2018. With these numbers, the United States is the largest economy in the world with respect to GDP.⁵ The early economic success of the first and second quarters of 2018 has been halted. This is largely in part due to the recent government shutdown in January 2019. Early 2018 success can be attributed to the large 0.7% growth in consumer spending from April to August.⁶ This boom of consumer spending was boosted by tax cuts made earlier in the year in Q1 of 2018. These tax cuts provided a temporary boost to the economy as it left more room for consumers to spend money. This created an environment ripe for a new business like Global Warming to enter the marketplace in August 2018.

The national economy is on track to continue expansion through 2019. The Dow Jones Industrial Average has increased over 8,000 points over the past two years, and shows few signs of slowing down.⁷ While acknowledging the quick and unprecedented economic growth of the first two quarters of 2018, there must also come a point where economic growth will slow. Economic growth slowed in the third and fourth quarters of 2018 as fear of a trade war spread through the country. The historically long government shutdown has also had a dramatic effect on the economy as some government services were unavailable or lacking in resources.

The National Unemployment Rate is at 4.0% as of January 2019.⁸ This low unemployment rate is helping the economy continue to grow, while the inflation rate averaged 2.4% in 2018.⁹ Most of this inflation is due to consumer prices rising due to strong consumer demand. This may have an impact on the textile industry in the future, possibly increasing the price of socks. This possible increase in price would not harm Global Warming as our profit margin is extremely high and offers the company flexibility in its consumer pricing while maintaining profitability.

New textile regulations created by the Trump administration's United States-Mexico-Canada Agreement may also have an effect on wholesale and retail prices throughout the year. The regulations incentivize domestic production of textiles which may lead to lower prices for the industry overall. In order for companies to qualify for trade benefits, a certain portion of the finished product must be produced in North America.¹⁰ While domestic production typically costs more than foreign production, Global Warming already uses an American manufacturer located in Alabama. Wholesale prices for domestically-produced goods may decrease due to increased competition in the marketplace which will be beneficial to the textile industry and to Global Warming.

Real Industry Analysis

Current trends in the accessories market has turned socks into a major fashion item in today's society. With this, the growth of the sock market outpaces the overall growth of the apparel industry. This growth can be attributed to the rapid expansion of the retail sector in developing areas with increasing populations and disposable incomes. According to the McKinsey Global Fashion Index, the fashion industry has grown 5.5% annually from 2006-2016, to be worth an estimated \$2.4 trillion. It is predicted that through 2025, the sock industry itself will grow an average of 6.7% annually.¹¹

Specialty socks are the largest product segment in the sock market with athletic socks second. This is due to current trends in socks revolving around the bright colors and pop culture prints of specialty socks. The main trends in men's sock fashion are no-show socks, ankle (athletic) socks, and mid-calf/crew socks. Today's most popular styles are bold colors, stripes, dots, and argyle prints.

The largest growing sock sellers in the market include Adidas, Nike, Under Armour, Hanes, and other private label manufacturers. Similar brands such as Bombas and Happy Socks led the way among sock companies with \$658.3 million in sales for 2016.¹² The current climate of the apparel market will benefit Global Warming because of the company's interest in domestic and international markets, and limited competition among virtual enterprise firms selling high-fashion socks. Because of the current growth of the apparel industry and an increased interest in socks, Global Warming believes the current business climate is conducive to its business model.





Virtual Industry Analysis

Out of a total 509 virtual enterprise firms, 24% are considered clothing and accessories firms. Global Warming's primary competition is a company called The Block, which sells comfortable clothing and gives 10% of their profits to endangered animals. Another competitor, Catalyst, sells retro-style clothing including joggers, sweatshirts, and socks. Global Warming's advantage is that it sells a combination of socks including athletic, casual, dress, and no-show varieties. In addition to offering fashionable socks, Global Warming supports the Knoxville homeless community by donating socks to various charitable organizations.

Global Warming's top featured product is the Sock Box, a box of four pairs of socks based on a corresponding theme. Other featured products are the Deluxe Sock Box, a box with ten pairs, and the Corporate Sock Box, a box with a hundred pairs customized to incorporate a company's logo. Sock Boxes are priced at \$75, Deluxe Sock Boxes are priced at \$175, and Corporate Sock Boxes are priced at \$2,000. Additionally, for every pair of socks sold, a pair is donated to the local homeless community. In the 2017-2018 fiscal year, the Clothing and Accessory sector of the Virtual Industry generated \$64,652,471. Even if Global Warming captures only 1% of the revenue from the Clothing and Accessories sector of the virtual industry economy, the company will generate \$646,524.71 in revenue, which is \$434,947.22 more than the company's break-even point (after the Humana contract).

Global Warming does face a few threats in the virtual industry due to the potential misinterpretation of the company's name. Some VE firms might find the organization's company name to be controversial. These companies might automatically assume Global Warming is a supporter of the real-life issue of global warming; however, the company's name aims to draw attention in order to promote the image of warming people around the world. Global Warming is also challenged by other companies that offer similar products and donate a percentage of their products or revenue to social causes. Global Warming's edge over other sock companies in the virtual industry is its commitment to the homeless community, product quality, and customizable product offerings. Customers will find Global Warming is a company aimed at "Warming the Earth, One Sock at a Time."

Competitive Analysis

Global Warming is the only customizable sock company in the VEI Market, and its prices are comparative to real world organizations, such as Stance Socks. Additionally, Global Warming donates a pair of socks to the homeless population for every pair purchased by its customers. This mission is beneficial because the company targets a teenage demographic inclined to make purchases which support social causes important to them. This policy is similar to how real-world company, Bombas, donates socks to their local homeless community. While Stance offers a strong variety of sock types and designs, they do not directly support a social cause. On the other hand, Bombas donates a pair of socks for every pair sold, yet they have a more limited array of stylish socks. Global Warming offers both the sock variety and community outreach, giving its customers the best of both worlds.

The company also addresses the needs of companies as a whole, rather than just individual consumers with its corporate sock boxes. Global Warming's design team is able to implement its customers' corporate logos onto socks, which can be used to help promote their company.

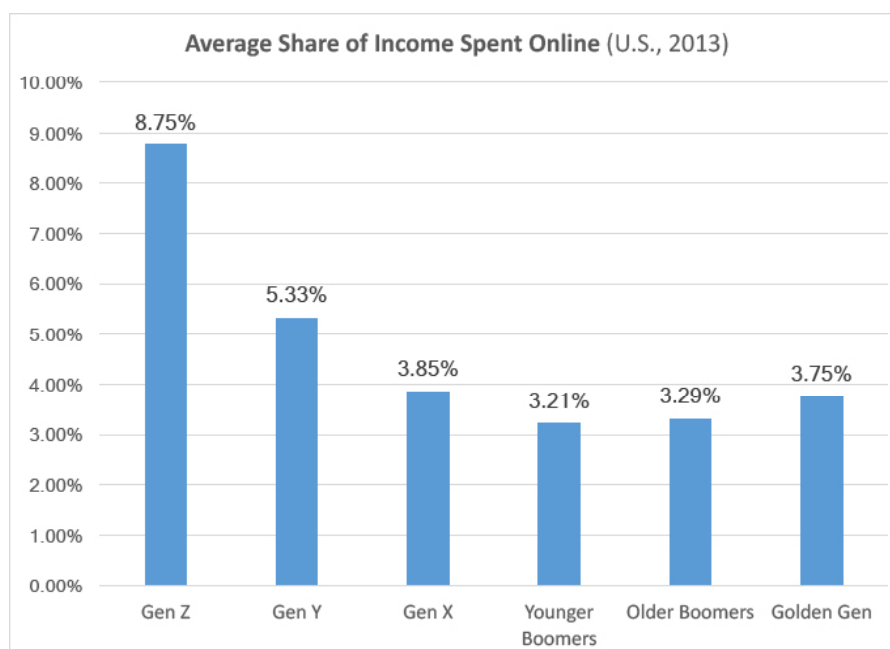
	<u>Global Warming</u>	<u>Bombas</u>	<u>Stance</u>
Ankle:	 \$20	 \$12	Not offered
Crew:	 \$20	 \$14	 \$14-\$20
Sock Boxes/ Collections:	 \$75 4 pairs	 \$48 4 pairs	 \$50 3 pairs



Target Market and Market Segmentation

Global Warming provides socks to interested buyers as its main source of revenue. The firm plans to initially sell domestically in the United States and then expand internationally. International sock sales are a realistic goal due to a global interest of American pop culture and style as well as a lack of competition among VEI firms. Global Warming's appeal to the organization's worldwide customers is due to its comfortable, high quality socks, as well as the company's desire to help the homeless. With its limited competition, high quality products, and a wide range of customers, Global Warming has the potential to gain many customers over the next business year.

Global Warming appeals to customers who care about comfort and the general wellness of others. Demographically, Global Warming will target teens, male and female, ages 16-21. The company's brand was made for the many different people of the world. Global Warming socks appeal to every gender, religion, and ethnicity. Global Warming's young target market will enjoy different styles of socks that include a variety of colors and popular designs. The sock and apparel industry has grown in recent years due to a growing interest in socks among teens ages 16-21 who will enjoy the bright colors and pop culture references the company offers. Psychographically, Global Warming appeals to customers who have the desire to help a cause. Generation Z's most shared characteristic is its positive outlook on the future and interest in causes that will affect the world in a positive light. These consumers are also the most likely to shop online.





Product and Pricing

Global Warming provides high quality socks and Sock Boxes to help customers live a more comfortable lifestyle. Global Warming sells four different packages: single pairs of socks, Sock Boxes, Deluxe Sock Boxes, and Corporate Sock Boxes. With these socks netting only \$19.50 per pair sold, the marketing team is focused on high volume transactions in order to increase overall revenue and maximize volume of sales.



Single Pair
\$20



Sock Box
\$75
(4 pairs)



Deluxe Sock Box
\$175
(10 pairs)



Corporate Socks
\$2,000
(100 pairs)

Promotion

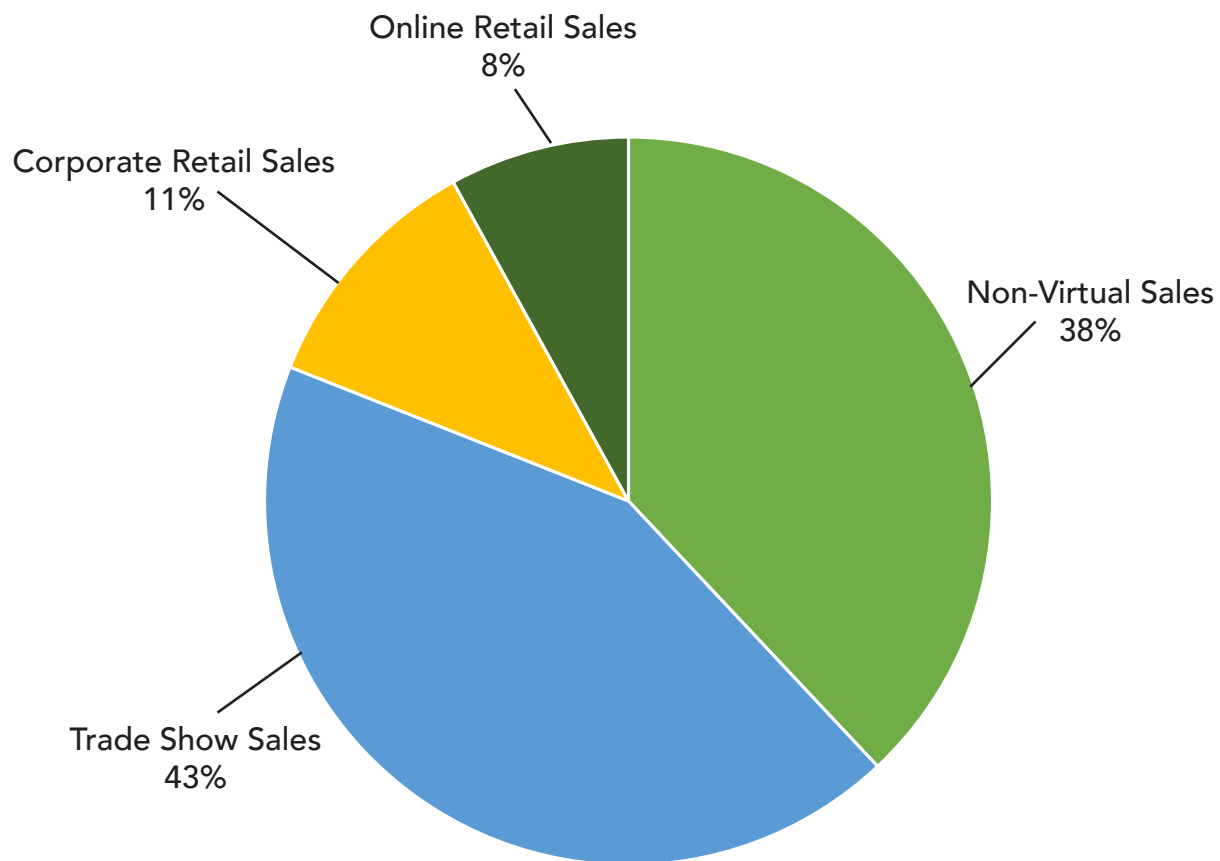
Global Warming promotes its company and products using a variety of methods such as email, Twitter, online advertising, and direct sales techniques. The company had a Grand Opening on November 1, 2018 to officially establish Global Warming is open for business. Promotion strategies are based on incentives for customers. For example, Global Warming's Grand Opening consisted of a corporate raffle with a prize of a \$35 Visa gift card and an individual raffle with a prize of a \$15 Visa gift card. Customers are contacted and informed monthly of the current promotions with the raffle system being centered around the featured product for the month.

Customers are also benefiting the homeless population when they purchase Global Warming products. For every pair of socks purchased, a pair is donated to the homeless. Global Warming believes these promotion principles will be the most effective in the VEI world due to the real world value the company offers with its promotions. The VEI market is built on virtual money, so by offering products with promotions that have authentic value, customers will be more inclined to purchase Global Warming's products if they have the chance to win them.



Placement

Global Warming's revenue stream is split between four categories: trade show, non-virtual, corporate retail, and online retail sales. For the fiscal year, the company projects revenue to be generated 38% from non-virtual sales (contract with Humana Inc.), 43% from trade show sales (Southern Region & VE International Conferences and Exhibitions), 11% from corporate retail sales, and 8% from online retail sales.



Positioning

Global Warming produces the highest quality and most fashionable socks in the VEI market. Consumers purchase Global Warming's products for their excellent quality and paramount style, as well as the company's commitment to giving back to the community.



Business Risks

Risk 1: Customers may find Global Warming's name to be controversial.

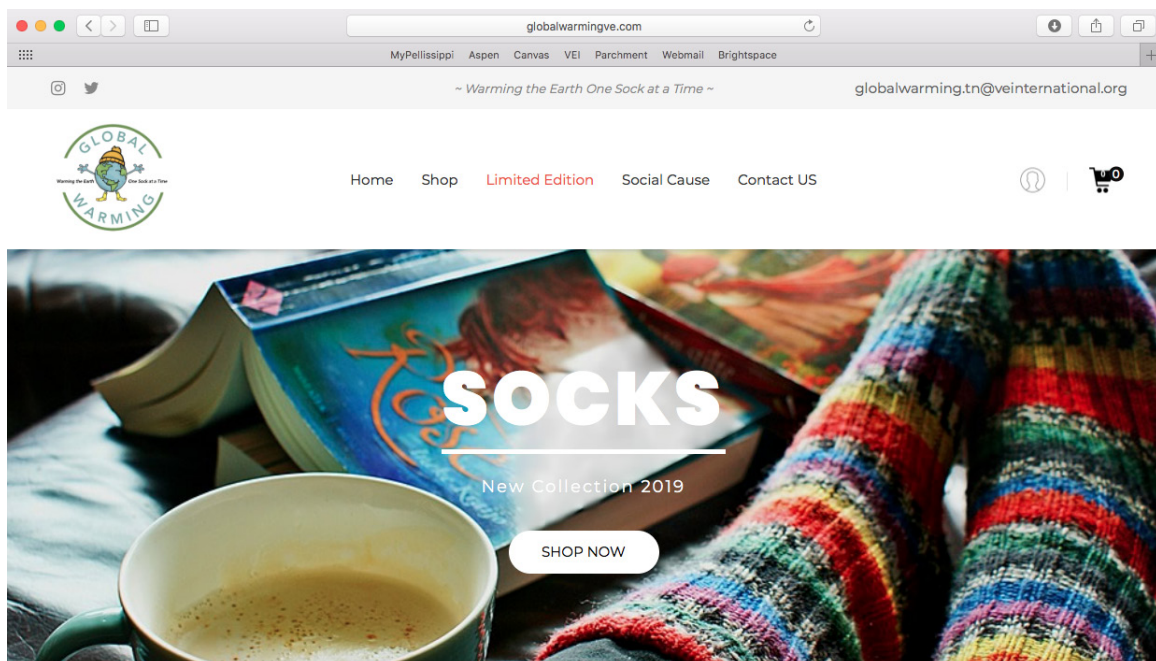
Solution: The organization's name represents an idea of warming people around the world with socks rather than discussing the actual issue of global warming. The firm presents its brand without controversy, and the promotion team presents an company dedicated to serving its community and customers.

Risk 2: Global Warming may face unforeseen market competition from new virtual enterprise firms. Information regarding operating firms in Virtual Enterprises International is limited until the middle of the school year.

Solution: Global Warming's marketing team aims to address these issues, find the best way to sell products, and convince customers to buy the company's products. The Marketing Department will continually monitor new firms and evaluate promotional strategies.

Risk 3: Other Virtual Enterprise teams might not see the advantage of purchasing Global Warming's products.

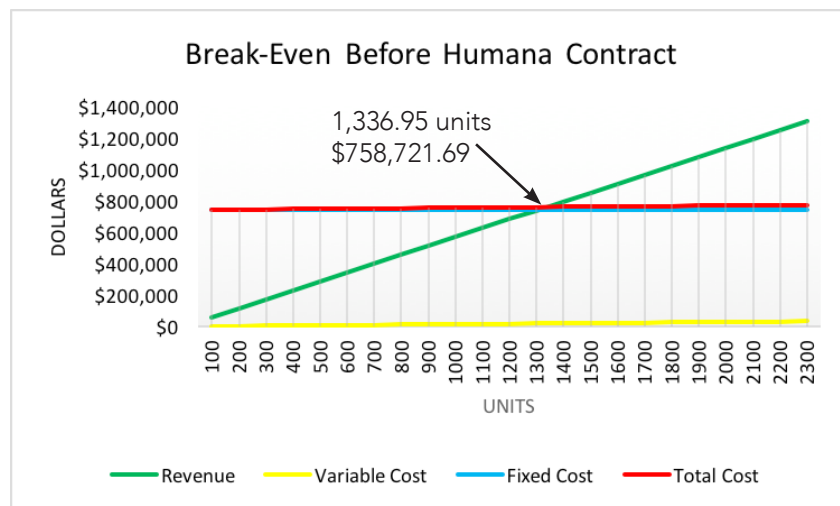
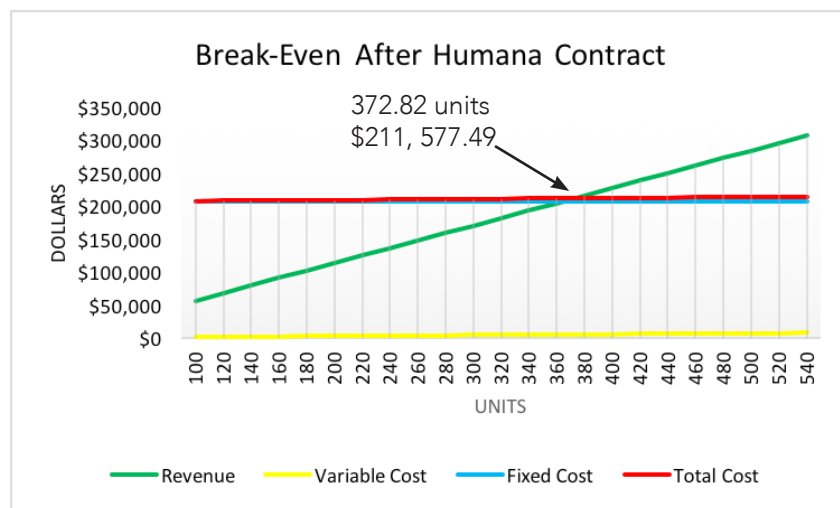
Solution: The company donates socks to the homeless through various charitable organizations. Through various promotions and advertisements, Global Warming targets and appeals to teenagers with a desire to improve the world.





Break-even Analysis

Global Warming's total annual expense is \$739,496.28. This includes: Salary Expenses, Payroll Taxes, Rent, Utilities, Advertising, Supplies, Shipping, Insurance, startup costs and Equity Withdrawal expenses for sock donations. To fund these expenses, Global Warming sells products at a competitive 97.5% profit margin, with an average selling price of \$567.50 per product and an average Cost of Goods Sold of \$14.38 per product. With revenue offsetting costs, Global Warming's breakeven point is 1,336.95 transactions, totaling \$758,721.69 in revenue. However, with a VEI approved, out-of-network contract with Humana Inc. which funds 75% of Global Warming's salary-related expenses, break-even becomes more obtainable. With a revenue source of \$533,280 from the contract, it lowers Global Warming's breakeven point to 372.82 sales transactions (including an average of 30 pairs of socks per transaction) or \$211,577.49 in total revenue for the fiscal year.



Global Warming Income Statement

For the Fiscal Year Ended April 30, 2019

Gross Revenue									
Actual		Actual		Actual		Actual		Projected	
August	September	October	November	December	January	February	March	April	TOTAL
	0	0	0	238,210	0	0	0	210,000	448,210
Trade Show Revenue	59,907	59,907	59,907	59,907	53,238	53,238	53,238	53,238	512,485
Contractual Sales to Non-VE entities		2,000	18,000	38,000	6,000	26,000	24,000	20,000	134,000
Corporate Retail Revenue		255	875	12,010	42,030	13,750	19,400	11,925	100,245
Retail Revenue	59,907	59,907	316,992	109,917	101,268	92,988	96,638	295,163	1,194,940
Total Gross Revenue									
Cost of Goods Sold									
	1,492	1,492	2,147	7,551	2,783	2,190	2,577	7,292	29,999
Cost of Goods Sold									
Gross Profit									
	58,415	58,415	60,015	309,441	107,134	99,078	94,061	287,871	1,164,941
Gross Profit									
Gross Profit Margin %									
									97%
Gross Profit Margin %									
Operating Expenses									
	66,968	63,070	57,662	66,250	63,209	47,892	53,334	53,334	522,831
Salaries	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	10,800
Rent	210	210	210	210	210	210	210	210	1,890
Depreciation	8,304	7,821	7,543	8,215	7,838	5,939	6,613	6,613	65,224
Matching Social Security Expense	1,942	1,829	1,764	1,921	1,833	1,389	1,547	1,547	15,254
Matching Medicare Expense	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	25,500
Advertising/Promotions	75	75	75	75	75	75	75	75	675
Telecommunications	3,000	3,000	3,000	3,000	3,000				15,000
Employee Insurance									
Employee Benefits									
Workers Compensation	334	334	334	334	334	334	334	334	3,006
Business Insurance	200	200	200	200	200	200	200	200	1,800
Matching Pension or 401(k) Expense	4,050	4,050	4,050	4,050	4,050	3,200	3,200	3,200	33,050
Loan Interest							0	0	0
Supplies	100	100	100	100	100	100	100	100	900
Utilities	396	396	396	396	396	396	396	396	3,564
Equity Withdrawal (Sock Donations)									
Total Operating Expenses	89,279	84,785	79,149	101,387	87,527	67,596	76,471	85,901	739,496
Income From Operations									
	-30,864	-26,371	-19,134	208,054	19,607	31,482	17,590	201,970	425,445
Net Income Before Taxes	-30,864	-26,371	-19,134	208,054	19,607	31,482	16,679	201,970	425,445
Corporate Income Tax Payable				13,524	1,274	2,046	1,084	1,143	52,410
Net Income After Taxes	-30,864	-26,371	-19,134	194,530	18,333	29,435	15,595	16,447	373,035

Notes

1. Operations began in August 2018 for new company.
2. Trade Show Revenue projections based off total number of companies at VEI trade shows and average number of students per company.
3. Contractual Sales based on virtual contract with business partner Humana, funding 75% of salaries plus matching FICA taxes. Lower in January due to fewer employees for spring semester.
4. Corporate Retail Revenue represents personalized corporate sock boxes sold to targeted VEI firms.
5. Retail Revenue projections based on average prices of products multiplied by the targeted number of sales to target market.
6. Cost of Goods Sold high in November and April due to Virtual Enterprise trade shows.
7. Gross Salaries decreased in January due to four fewer employees in spring semester.
8. Monthly Depreciation of computers, furniture, and equipment purchased in September is \$210 per month. (See amortization table in appendix.)
9. Advertising and Promotion budget based on contractual negotiations with VEI advertising companies. Higher promotion budget in February for special ad on VEI data portal.
10. Telecommunications Expense is \$75 monthly for Global Warming per VEI guidelines.
11. Insurance purchased from Golden Ram Insurance. 85% of the policy paid for by Global Warming through December. New benefits negotiated in January. (See note 12.)
12. New Employee Benefits contracted with Trojan Financials to provide health, dental, vision, and auto insurance for all employees starting January, covered 100% by Global Warming.
13. Global Warming matches employees contributions up to 3% of their gross salary for 401(k).
14. No loan interest since starting capital generated through equity financing vs. debt financing.
15. Equity Withdrawal represents sock donations (one pair for every pair sold) since IRS does not allow corporations to claim as a business expense.

**Global Warming
Balance Sheet
February 28, 2019**

Assets		
Current Assets		
Cash	\$ 376,462	1
Accounts Receivable		
Inventory	\$ 1,662	2
Prepaid Insurance	\$ 3,860	3
Supplies	\$ 300	4
Total Current Assets	\$ 382,283	
Fixed Assets		
Depreciable Assets	\$ 12,600	5
Less: Accumulated Depreciation	\$ 1,470	5
Total Fixed Assets	\$ 11,130	
Total Assets		\$ 393,413
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts Payable		6
Sales Tax Payable	\$ 2,788	7
Salaries Payable		8
Payroll Tax Payable		8
401(k) Payable		8
Shipping Cost Payable		
Other Payable		
Corporate Tax Payable	\$ 17,928	9
Total Current Liabilities	\$ 20,716	
Long Term Liabilities		
Loan Payable		10
Total Liabilities		\$ 20,716
Stockholders' Equity		
Paid-in Capital		
Common Stock	\$ 170,000	11
Additional Paid-in Capital		
In excess of par value		
Retained Earnings	\$ 202,697	
Total Stockholders' Equity		\$ 372,697
Total Liabilities and Stockholder's Equity		\$ 393,413

Notes

- Cash includes our Cash In Bank plus \$20,000 in seed money from VEI and \$150,000 from angel investors.
- Inventory purchased at \$0.50 a unit.
- Employee's dental, health, auto, and vision insurance purchased from Trojan Financials in January 2019 for \$6,432.84 as Employee Benefits through May 2019 expensed at \$1,286.57 per month.
- Purchased \$1,000 worth of supplies at the beginning of the year expensed at \$100 a month.
- Depreciable assets purchased in September. Includes Office Equipment, Computers, and Office Furnishings depreciated at \$210 per month. (See Depreciation Schedule).
- All bills paid in the current month, so no Accounts Payable.
- Monthly Sales Tax paid one month in arrears.
- Salaries and Payroll Taxes paid in the current month so no payables.
- Corporate Income Tax for the year is low because of multiple months with a negative net income.
- Global Warming did not take out a loan with VE or any other companies so no loan payable.
- \$20,000 in Seed Money received from VEI. \$150,000 in investments at \$50,000 each from three Angel Investors. Common Stock is 17,000 shares at \$10 par value.



Financial Write-Up

As a new company, managing financials is one of the most vital processes in Global Warming operations. At the beginning of the year, the company started with a cash balance of \$0. Global Warming, however, received \$20,000 in seed money from Virtual Enterprises International and three separate \$50,000 investments from angel investors to help the company operate in its early stages. After all initial purchases to start company operations, Global Warming secured and signed a one-year contract with Humana Inc. This contract was for ten monthly payments of \$59,906.63 to Global Warming for providing Humana with 746 deluxe sock boxes on the first of every month. By Virtual Enterprise guidelines, the net of this contract funds 75% of Global Warming's annual salaries expense and related taxes. In January, the contract monthly payments were revised to \$53,238 due to a loss of four employees and reduced salary-related expenses (to stay within the 75% parameter set forth by VEI).

The Income Statement includes actuals and projections for Global Warming's fiscal year ending April 30, 2019, but the firm did not receive any cash until late September. After receiving these funds, the company made retroactive payments for accumulated expenses from August through September.

The Balance Sheet displays Global Warming's actual assets and liabilities through February 28, 2018 and projections for the company through April 30, 2019. In the Balance Sheet, the Stockholders' Equity section displays the value of Global Warming's common stock: 17,000 shares in Global Warming, which were purchased at \$10 par value with a total of \$170,000. This total comes from the three separate \$50,000 angel investments from Precision Ladders, Pinnacle Bank, and Stowers Rents in addition to the \$20,000 in seed money from Virtual Enterprises International.

Global Warming is on track for its first fiscal year to be a profitable one. The company purchases products at wholesale for \$0.50 a unit from a supplier in Alabama and sells products at \$20 a unit leaving a 97.5% gross profit margin. In order to retain customers, the Global Warming Marketing Department offers new monthly promotions to entice customers to make purchases on the company website, globalwarmingve.com.

At the beginning of the year, as Global Warming worked to obtain capital, the company purchased an insurance plan where it paid for 85% of each employee's health insurance. This rate left each Global Warming employee with \$22.50 per month for insurance. However, the company purchased a new plan for \$6,432.84 from Trojan Financial in January 2019 that pays for 100% of each employee's visual, health, dental, and auto insurance. As another employee benefit, the company matches up to 3% of each employees' gross salary for their 401(k). Humana has also given Global Warming three apple watches as employee incentives. These will be given to the top employees at the end of the year.



Appendix



Endnotes

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11. McKinsey & Company. December 2016. "The State of Fashion 2017." Retrieved from <https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion>
12. Statista. "Leading sock brands in the United States in 2016, based on sales." Retrieved from <https://www.statista.com/statistics/194449/leading-us-sock-brands-in-2013-based-on-sales/>





Logan McGavic (Global Warming - PF Code US012326) | [Return to portal](#) | [Sign out](#)

Account summary

Account details

Bill payment

Funds transfer

Scheduled transactions

Payees

U.S. Network Bank Manual

Overview of the VEI

Banking System

Account details

Account: Global Warming (Budget Checking) - 630606013 [Download account details \(Excel\)](#)

Period: from 03/01/2018 until 03/01/2019 [Show](#)

Date	Name/Description/Acct#	Ref#	Amount	Balance
March 1, 2019	Aidan McGrath Curry (US012240), Philadelphia, PA VEI Checkout transaction #368402 03/01/2019 07:25 AM CT Acct #630670951	4254967	\$481.50	\$376,461.61
March 1, 2019	Claire 2019 Partridge (US012240), Philadelphia, PA VEI Checkout transaction #368401 03/01/2019 07:25 AM CT Acct #630668906	4254965	\$187.25	\$375,980.11
Feb. 28, 2019	Seth Amin Jhaveri (US012240), Philadelphia, PA VEI Checkout transaction #368333 02/28/2019 10:22 PM CT Acct #630669341	4246101	\$1,123.50	\$375,792.86
Feb. 28, 2019	Jekeun Daniel Jung (US012240), Philadelphia, PA VEI Checkout transaction #368326 02/28/2019 10:04 PM CT Acct #630669325	4246087	\$1,123.50	\$374,669.36
Feb. 28, 2019	Porter Victor Garst (US012240), Philadelphia, PA VEI Checkout transaction #368314 02/28/2019 09:42 PM CT Acct #630666164	4246063	\$1,123.50	\$373,545.86
Feb. 28, 2019	Carlee Nicoli (US012240), Philadelphia, PA VEI Checkout transaction #368307 02/28/2019 09:19 PM CT Acct #630615829	4246049	\$1,123.50	\$372,422.36
Feb. 28, 2019	Tommy R Fournaris (US012240), Philadelphia, PA VEI Checkout transaction #368293 02/28/2019 08:35 PM CT Acct #630669376	4246021	\$1,123.50	\$371,298.86
Feb. 28, 2019	Giai Julia Guida (US012240), Philadelphia, PA	4246001	\$1,123.50	\$370,175.36





Global Warming
8352 Kingston Pike
Knoxville, TN 37919
Phone: (865)539-7887
Fax: (865)539-7887
kathy.mccoy@knoxschools.org

**Warming the Earth, One Sock
at a Time.**

Humana Insurance Contract

This agreement is effective as of October 4, 2018, between Humana and Global Warming and ends on May 31st, 2019. The parties hereby agree to the following terms and conditions:

Global Warming hereby agrees to provide personalized corporate sock boxes to Humana Insurance for the ten-month period from August 2018 to May 2019.

In exchange, Humana Insurance hereby agrees to provide \$599,066.25 to Global Warming for these products in the amount of \$59,906.63 per month over 10 months.

Product(s)	Quantity	Unit Price (\$)	Tax	Total
Sock Box	7,465	\$75.00	\$39,191.25	\$599,066.25

TERMS AND CONDITIONS - This contract agreement may not be cancelled without the written consent of both parties. The period of this contract is for monthly payments of \$59,906.63 made by Humana to Global Warming on the 1st of each month from August 2018 to May 2019. On October 1, 2018, Humana will make a retroactive payment for August, September, and October in a single payment of \$179,719.88. Humana will then start regular monthly payments on November 1, 2018 for each month remaining until the end of the contract on May 30, 2019. Global Warming will deliver 2,243 sock boxes to Humana on October 1st for the months of August, September, and October. Global Warming will then continue with normal shipments of 746 sock boxes on the first of each month until the end of the contract on May 30, 2019.

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

Global Warming Representative

10/4/18
Date

Sandra Gutierrez / CEO
Printed Name/Title

Humana Representative

10/4/18
Date

REGIONAL PRESIDENT
DOUGLAS HANCOCK
Printed Name/Title





Stowers Rents

Knoxville West • Knoxville East • Chattanooga • Tri-Cities • Crossville • Sevierville

September 20, 2018

VE Central Office
122 Amsterdam Avenue
New York, NY 10023

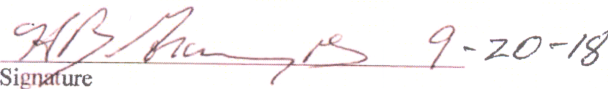
Please accept this letter of support as my intention to invest \$50,000 in Global Warming. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving a commensurate number of shares of stock in their company.

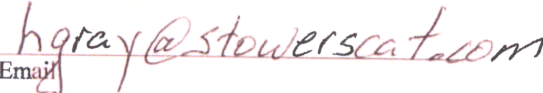
I affirm that I have done the following to review and evaluate this company:

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, Global Warming 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.

Sincerely,


Signature


Email

KNOXVILLE West
P. O. Box 30759, 37930
10644 Lexington Drive
Knoxville, TN 37932
865 218 8800 Phone

Knoxville East
P. O. Box 14802, 37914
6301 Old Rutledge Pike
Knoxville, TN 37924
865 595 3800 Phone

CHATTANOOGA
2020 S. Kelly Street
Chattanooga, TN 37404
423 622 9933 Phone

TRI-CITIES
P. O. Box 5599
9960 Airport Parkway
Kingsport, TN 37663
423 323 4445 Phone

CROSSVILLE
215 Interchange Drive
Crossville, TN 38571
931 484 4040 Phone

SEVIERVILLE
1825 Veterans Blvd.
Sevierville, TN 37862
865 595 3750 phone





Global Warming

Computer, Office Furniture, and Office Equipment Depreciation Schedule

Original Total Value	\$12,600.00
Depreciation Term	5 Years
Number of Months	60
Monthly Depreciation	\$210.00

Payment	Depreciation Amount	Balance
		\$ 12,600.00
Sep, 2018	\$ 210.00	\$ 12,390.00
Oct, 2018	\$ 210.00	\$ 12,180.00
Nov, 2018	\$ 210.00	\$ 11,970.00
Dec, 2018	\$ 210.00	\$ 11,760.00
Jan, 2019	\$ 210.00	\$ 11,550.00
Feb, 2019	\$ 210.00	\$ 11,340.00
Mar, 2019	\$ 210.00	\$ 11,130.00
Apr, 2019	\$ 210.00	\$ 10,920.00
May, 2019	\$ 210.00	\$ 10,710.00
Jun, 2019	\$ 210.00	\$ 10,500.00
Jul, 2019	\$ 210.00	\$ 10,290.00
Aug, 2019	\$ 210.00	\$ 10,080.00
Sep, 2019	\$ 210.00	\$ 9,870.00
Oct, 2019	\$ 210.00	\$ 9,660.00
Nov, 2019	\$ 210.00	\$ 9,450.00
Dec, 2019	\$ 210.00	\$ 9,240.00
Jan, 2020	\$ 210.00	\$ 9,030.00
Feb, 2020	\$ 210.00	\$ 8,820.00
Mar, 2020	\$ 210.00	\$ 8,610.00
Apr, 2020	\$ 210.00	\$ 8,400.00
May, 2020	\$ 210.00	\$ 8,190.00
Jun, 2020	\$ 210.00	\$ 7,980.00
Jul, 2020	\$ 210.00	\$ 7,770.00
Aug, 2020	\$ 210.00	\$ 7,560.00
Sep, 2020	\$ 210.00	\$ 7,350.00
Oct, 2020	\$ 210.00	\$ 7,140.00
Nov, 2020	\$ 210.00	\$ 6,930.00
Dec, 2020	\$ 210.00	\$ 6,720.00
Jan, 2021	\$ 210.00	\$ 6,510.00
Feb, 2021	\$ 210.00	\$ 6,300.00
Mar, 2021	\$ 210.00	\$ 6,090.00

Payment	Depreciation Amount	Balance
Apr, 2021	\$ 210.00	\$ 5,880.00
May, 2021	\$ 210.00	\$ 5,670.00
Jun, 2021	\$ 210.00	\$ 5,460.00
Jul, 2021	\$ 210.00	\$ 5,250.00
Aug, 2021	\$ 210.00	\$ 5,040.00
Sep, 2021	\$ 210.00	\$ 4,830.00
Oct, 2021	\$ 210.00	\$ 4,620.00
Nov, 2021	\$ 210.00	\$ 4,410.00
Dec, 2021	\$ 210.00	\$ 4,200.00
Jan, 2022	\$ 210.00	\$ 3,990.00
Feb, 2022	\$ 210.00	\$ 3,780.00
Mar, 2022	\$ 210.00	\$ 3,570.00
Apr, 2022	\$ 210.00	\$ 3,360.00
May, 2022	\$ 210.00	\$ 3,150.00
Jun, 2022	\$ 210.00	\$ 2,940.00
Jul, 2022	\$ 210.00	\$ 2,730.00
Aug, 2022	\$ 210.00	\$ 2,520.00
Sep, 2022	\$ 210.00	\$ 2,310.00
Oct, 2022	\$ 210.00	\$ 2,100.00
Nov, 2022	\$ 210.00	\$ 1,890.00
Dec, 2022	\$ 210.00	\$ 1,680.00
Jan, 2023	\$ 210.00	\$ 1,470.00
Feb, 2023	\$ 210.00	\$ 1,260.00
Mar, 2023	\$ 210.00	\$ 1,050.00
Apr, 2023	\$ 210.00	\$ 840.00
May, 2023	\$ 210.00	\$ 630.00
Jun, 2023	\$ 210.00	\$ 420.00
Jul, 2023	\$ 210.00	\$ 210.00
Aug, 2023	\$ 210.00	\$ -

