

South Pasadena High School

 **ikomo**  
Create Your Cryptokingdom

Business Plan 2018-2019

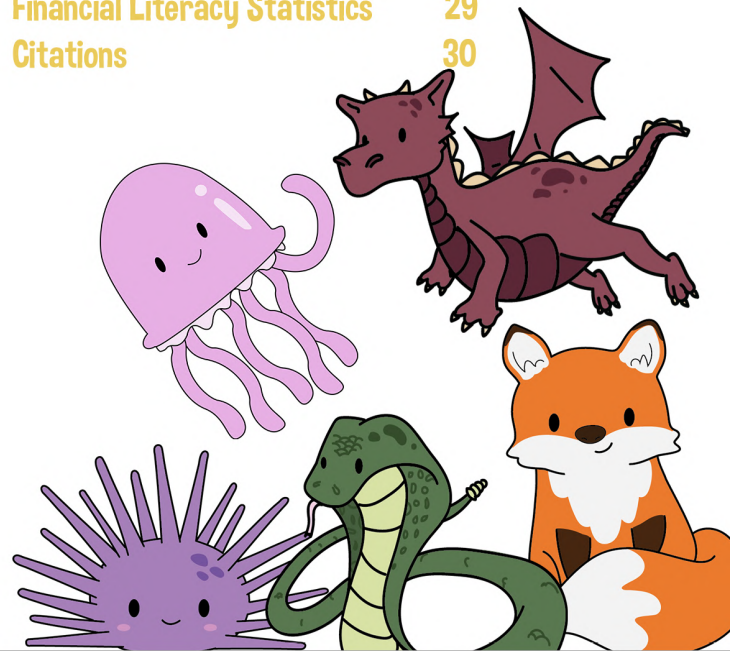
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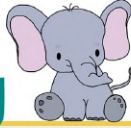
# ikomo Business Plan

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# Executive Summary



As technology prevailed at the turn of the 21st century, innovative creators began fusing traditional collectibles with unprecedented technology. The popularity of digital pets such as Tamagotchi indicated the desire of individuals to explore the world of technology, all while having a lovable pet to appreciate. The rise of Pokemon Go in 2016 signaled the next stage in the progression of digital pets, giving players the ability to own multiple Pokemon and create unique collections within a tangible community. Utilizing Ethereum blockchain technology, iKOMO begins the next chapter of digital collectibles by offering crypto-collectible pets. Crypto-collectibles are similar to cryptocurrency in that iKOMO pets are digitally owned by the user and can be traded or sold among players.

As technology has progressed, improved methods of financing have been embraced. Cryptocurrency systems, like Bitcoin, are at the forefront of financial modernization. From the creation of the first cryptocurrencies in 2008 to the projected \$1 trillion industry it has become today, the rapid development of these digital currencies demonstrate a high growth potential. The Ethereum blockchain's tradeable cryptocurrency, Ether (ETC), has seen a 137 percent increase in circulation within three years of its inception. iKOMO lays the groundwork for innovation by being the first firm in the Virtual market to utilize blockchain and cryptocurrency technology.

With over 66 percent of the global population being financially illiterate, iKOMO combats the problem of worldwide financial illiteracy by using the increasingly popular world of online gaming to provide an appealing method of learning financial concepts. By using an Ethereum based game, players can interact with digitally collectible pets, each designed and hand-drawn by iKOMO's illustration department. As they play the game, users are introduced to financial concepts such as navigating cryptocurrencies, investing, and budgeting for long-term financial success.

Through partnerships with Bank of America and Priority One Credit Union, iKOMO holds financial literacy workshops that further explain the concepts introduced in the game. These workshops elaborate on concepts such as budgeting, investing, and managing money while also explaining newer cryptocurrency systems to develop a strong foundation of economic knowledge among youth.

In addition to having an online game accessible to players across the country, iKOMO plans to extend the scope of online gaming by creating a mobile app. In the third year, iKOMO will further develop its existing content with new games and an updated financial curriculum. Licensing iKOMO's original crypto-pets will allow for expansion into merchandising. Also, plans to organize pop-up shops in the fifth year will broaden the horizons of online gaming to allow augmented reality to elevate iKOMO's influence to the next level.

As the first virtual enterprise to delve into cryptocurrency, iKOMO sets a financial precedent. In producing digital items, the company reaps the advantages of having zero variable costs; iKOMO does not have to purchase manufacturing equipment, negotiate with other companies regarding labor and material costs, or deal with shipping and legal complications. This ensures the company can limit its liabilities and is not susceptible to changing external circumstances. Even if the cryptocurrency market were to fluctuate, iKOMO is not at an increased risk. In the case of industry growth, the company would only benefit through rising prices and consumer interest. It would also not have to purchase additional inventory or equipment. In the case that the industry collapsed, iKOMO's current quick ratio of 14.290 highlights the company's incredibly strong liquidity and ability to execute its prepared exit strategy. With its maximized gross margin of 99.98 percent and low startup budget of \$189,258, iKOMO broke even in February 2019. As of April 30, 2019, the end of the fiscal year, the company expects to secure a yearly net income of \$232,653.

iKOMO highlights the advancing capabilities of modern day technology and fosters an educational online community to combat worldwide financial illiteracy. Players embark on a journey to create unique cryptokingdoms while enhancing their knowledge of finances. With iKOMO, education surpasses socio-economic boundaries and provides a firm financial platform for future generations.



Danielle Choy  
Chief Executive Officer



# Essential Concepts



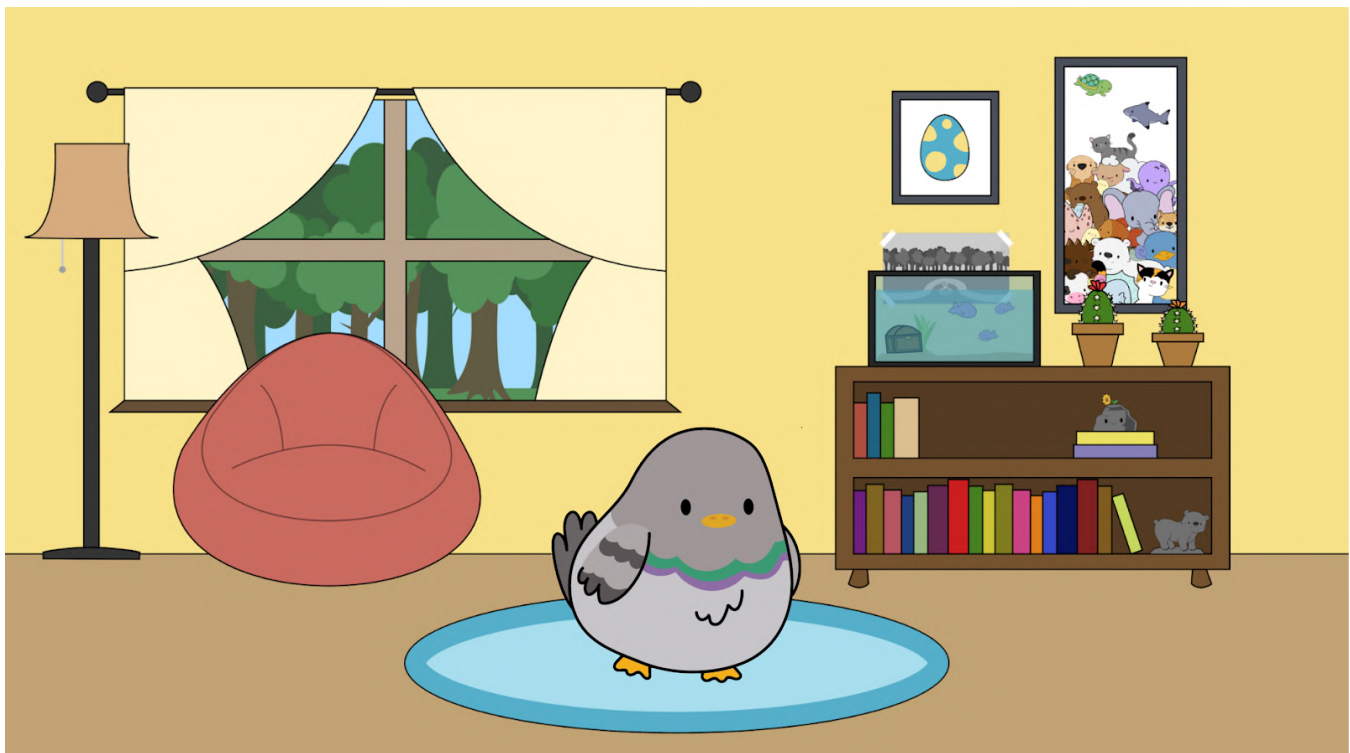
**Blockchain:** *An electronic ledger that records and authenticates transactions publicly by using participating computers on a decentralized network.*

**Cryptocurrency:** *A digital or virtual currency designed to work as a medium of exchange. Cryptography is used to secure and verify transactions as well as to control the creation of new units of a particular cryptocurrency. Essentially, cryptocurrencies are limited entries in a database that cannot be changed unless specific conditions are fulfilled.*

**Crypto-wallet:** *A digital wallet that allows users to store cryptocurrencies such as Bitcoin and Ethereum. From a user's crypto-wallet, they can also send or receive specified amounts of cryptocurrency to other users with all transactions being recorded on the blockchain.*

**Ethereum:** *Like Bitcoin, Ethereum is a distributed public blockchain network. It functions as an open-source software platform enabling developers to build and deploy decentralized applications. The Ethereum blockchain incorporates its own tradeable cryptocurrency, Ether (ETC), which is similar to Bitcoin (BTC).*

**Financial Literacy:** *The possession of the set of skills and knowledge that allows an individual to make informed and effective decisions with their financial resources.*



# About the Business



## PRIMARY BUSINESS DESCRIPTION

iKOMO enters the video game and crypto-collectibles industry with a redefined outlook on education. Through our virtual pet marketplace users are introduced to the world of cryptocurrency and its applications to financial literacy. On our Virtual platform, customers exchange their currency for KOMOcoins, a simulated cryptocurrency, with which they can buy iKOMO eggs. However, in the real world, users would buy eggs with Ethereum cryptocurrency. Generated at random, these eggs hatch into creatures with different rarity levels: common, rare, epic, and legendary. The pet the customer receives can belong to the domestic, aquatic, wild, or mythic families, all ranging in novelty. Our users have the ability to care for, buy, and sell their digital pets on the marketplace. iKOMO introduces players to using cryptocurrencies, which simulates the realities of managing money. Through the company's website, users learn how to budget, manage, and invest in crypto-collectibles.

## BLOCKCHAIN AND FINANCIAL LITERACY

iKOMO's mission is to teach a new generation the importance of modern financial literacy. Today, 63 percent of Americans are financially illiterate<sup>6</sup>. Through advancements in banking technology, iKOMO will bridge the gap between modern innovation and the betterment of financial stability. Cryptocurrency has put itself at the forefront of innovation, with Ethereum and crypto values having risen 2,000 percent<sup>7</sup>. This growth in popularity has resulted in 69 percent of American banks experimenting and implementing blockchain technology in their daily transactions. Additionally, companies such as PriceWaterhouseCoopers have started to take action on teaching financial literacy among youth, who have invested \$320 million in their financial literacy program, *Access Your Potential*. Not only does this create an ideal environment to begin quality financial education, but it proves the necessity to introduce current youth to the usage of blockchain to strengthen financial independence. Having an understanding of Blockchain and Ethereum is crucial to the advancement of American finance.

## LEGAL DESCRIPTION

iKOMO incorporated on November 1, 2018 as a C-Corporation. This type of company will allow for the reinvestment of profits at a lower tax rate and reduces the personal liabilities of shareholders, investors, the Board of Advisors, and all employees. Additionally, iKOMO does not wish to limit the amount of shareholders associated with the company.

## LOCATION

iKOMO' offices are located in Downtown Los Angeles, California. Since iKOMO's pet production does not require a warehouse or large manufacturing space, the usage of an office building with amenities is most suitable for the company's needs. The headquarters are strategically placed near Silicon Beach in Santa Monica to allow for optimization of potential technological networking.

## MISSION STATEMENT

iKOMO promotes financial literacy through the power of fun. By combining blockchain technology with an imaginative outlet, iKOMO cultivates a community by allowing users to collect, trade, and interact with digital pets.

## STATEMENT OF PURPOSE

This business plan guides iKOMO as it establishes itself as a reputable corporation within the video game and crypto-collectibles industry, providing a unique and fun outlet for teaching financial literacy.

## COMPANY ORGANIZATION

iKOMO employs a thirty-three full-time staff at its headquarters in Downtown Los Angeles. The staff is organized in an four-tier system where the Chief Executive Officer oversees and works with six other chief officers, forming the administration team. Tasks flow from the Chief Officers to the department members and task sheets are assigned bi-weekly to ensure company progress. For example, the Chief Marketing Officer oversees the Illustration department which designs original artwork.



# Business Rationale



## CUSTOMER EMPATHY

Young millennials who are readily joining the workforce are challenged with the task of understanding finances. Many individuals start careers without mastering economic principles and find difficulty in effectively managing their financial well-being. This problem can be traced back to primary and secondary educational systems where most curriculums do not require financial literacy courses. Only 16.4 percent of students are required to complete a financial literacy program before graduating<sup>3</sup>. This directly contributes to the financial instability of a new generation in which the average debt per person has risen 6.2 percent from the last year<sup>4</sup>. iKOMO offers a unique and appealing way for individuals to learn about finances through a strategically crafted game. The task of investing in iKOMO pets allows customers to gain financial knowledge through buying, selling, and monitoring cryptocurrency values. Additionally, iKOMO partners with local banks and youth programs, such as Priority One Credit Union and Bank of America to provide individuals with an introduction to economic literacy.

## PROBLEM STATEMENT

Financial literacy is defined as the possession of the set of skills and knowledge that allows an individual to make informed and effective decisions with their financial resources<sup>15</sup>. Being such an integral part of daily life and as teenagers approach adulthood and independent living, it is crucial that young people are equipped with the skills to make financial decisions. However, it has been found that one in five teenagers are not financially literate, prompting worry for future generations<sup>3</sup>. Additionally, only five states in America require high schoolers to take a course in financial education<sup>1</sup>, limiting teenagers' resources to gain financial responsibility. iKOMO incorporates a lesson within our product, providing a way to gain financial skills, such as investing and navigating cryptocurrencies.

## IDEAL STATE

iKOMO introduces a new generation to the simplicity of financial management by allowing users to buy, sell and trade digital pets. With the inclusion of personal finance in the VEI program, students are already exposed to basic financial budgeting, and iKOMO furthers teaching financial concepts by introducing new ideas of cryptocurrencies and asset trading.

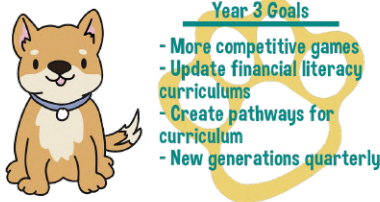


## COMPANY GOALS

**Year 1:** During year one, iKOMO will establish a strong social media presence on Snapchat, Facebook, Instagram, Twitter and Youtube. To expand the product line to include merchandise, licenses will be obtained for our original characters through an online Copyright Office. iKOMO will develop a mobile app that allows players to have the full functionality of iKOMO’s website on their smartphones, becoming more accessible to everyone. Additionally, iKOMO will launch its charitable partnership with banks such as Bank of America and Priority One Credit Unions in order to host workshops that teach younger generations the basics of financial literacy.

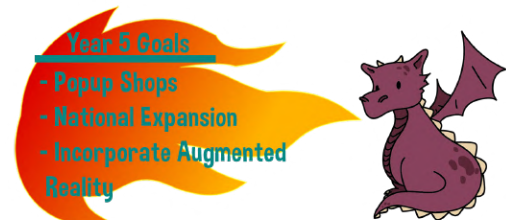


**Year 3:** By the third year, new games will be created for customers to interact with their iKOMO pets. There will be a strong focus on providing new, competitive games. Following the release of iKOMO Tennis, a brand-new game will be created:



iKOMO brawl. In this game, players will be able to battle their iKOMO pets online with other users. Additionally, iKOMO’s financial literacy curriculum will be updated to include personalized pathways and a badge system to reward users. New generations of iKOMO pets will also be released quarterly.

**Year 5:** During the fifth year, iKOMO will coordinate pop-up shops where customers can buy iKOMO pets and virtually interact with other players using augmented reality. These events will take place at different locations across the country in order to reach a broader audience and teach more students about financial literacy with our curriculum.



# SWOT Analysis



## STRENGTHS

**Original Characters:** Every iKOMO pet is hand-drawn by members of iKOMO's illustration department consisting of three employees. The original characters contribute to the distinctiveness of iKOMO's brand and ensure that all of the pets are unique and original in design.



**Encryption:** The level of encryption provided by the Ethereum blockchain makes it extremely difficult to duplicate or steal original iKOMO content, meaning customers have a low risk of falling victim to fraudulent acts. Because all iKOMO transactions are conducted in Ethereum cryptocurrency, iKOMO does not collect the customer's credit card information, which translates into a low risk of theft.

**Safety for Minors:** Due to the security features implemented on iKOMO's web platform, customers are not able to access other user's personal information. This is especially important as minors make up a large portion of iKOMO's playerbase. Fortunately, no user-to-user chat features are enabled on the website, eliminating any possibility of unsafe situations.

## WEAKNESSES

**Cryptocurrency Instability:** Instability within the cryptocurrency economy may affect ethereum sales. In 2017, one cryptocurrency was valued at nearly \$20,000, and is now trading for less than half that amount<sup>10</sup>. Fluctuation in other cryptocurrencies may put iKOMO at risk of experiencing declined sales. Due to this, iKOMO has strategized an exit plan, explained on page (10) to maximize our profits as the cryptocurrency market fluctuates.

## OPPORTUNITIES

**Licensing:** The licensing of our hand drawn characters through an online copyright office provides an opportunity for expansion through the release of iKOMO themed merchandise. Merchandise products include mugs, bags, and stickers that are adorned with iKOMO pets.

**Global Expansion:** The cryptocurrency market is projected to reach \$1 trillion in 2019 with Ethereum circulation increasing by 243 percent in the same year<sup>11</sup>. The usage of Ethereum allows iKOMO to avoid difficulties associated with foreign currency exchange. This helps the company expand internationally as the only currency needed is on a digital platform, easily accessible.

**Global Expansion Cont.:** iKOMO also has the potential to explode in the Asian gaming scene, similar to phenomena such as Pokemon and Tamagotchi which have found widespread popularity in Japan, China, and Korea.

**Inter-firms:** Inter-firm contracts provide opportunities for expansion within the virtual world. With contracts, other companies will be able utilize iKOMO pets as a recreational team building activity. Employees can relax and play with their company sponsored pets.

### THREATS

**Cybersecurity:** Since iKOMO is heavily reliant on its online market and programmed game, external hacking forces could come into effect. A 36 percent increase in ransomware attacks over the past year<sup>17</sup> puts iKOMO at risk of falling victim to such attacks. In the case of a system breach, iKOMO has secured a legal advisor to aid in the necessary legal steps in restoring the website’s security. Due to the complexity of Ethereum encryption, cyberware attacks would only compromise base level website information. Additionally, player’s iKOMO pets are stored in a separate blockchain wallet protected by blockchain encryption. If hackers were to gain access to a user’s wallet, iKOMO would not be held responsible.

**Government Regulation:** Countries such as China, Japan, and Korea have taken measures toward regulating the gaming industry. *The Economist* reported that Chinese gaming giant Tencent suffered a 28 percent deficit in their shares from the beginning of the year as a result. Based on the actions of nations such as Korea and Japan, iKOMO will define its business and advertising model to protect children and limit their screen time. iKOMO’s strategic mission is to deliver a fun and educational experience—the main goal of the marketing department is to strengthen the connection between fun and learning.



## EXIT STRATEGY

iKOMO recognizes the instability of the crypto market and has an exit strategy in order to protect its shareholders. iKOMO's Operations department will routinely conduct weekly evaluations of the condition of the crypto market. In the case that the crypto market fails, the necessary arrangements will be made to pay back and protect shareholders. Ideally, a large video game company would purchase iKOMO and use its accumulated resources at the given time. The sale will be made via stock acquisition, in which the entirety of iKOMO's stock is purchased by acquiring company. In this situation, shareholders would receive a return proportional to the stake they hold in iKOMO. However, if that sale is not possible, iKOMO will use the proceeds as well as profits from licensing our iKOMO pets to strategic partners to pay off our shareholders as we liquidate the company.

# External Environment

## CURRENT ECONOMIC CONDITIONS

The United States has experienced a growth in GDP of 2.9% in the 4th quarter of 2018. Currently, the U.S. unemployment rate is at four percent and the inflation rate is at 1.6 percent. As of the first quarter in 2019, current-dollar GDP amounts to \$20.89 trillion and current-dollar personal income has increased by \$179 billion. Disposable personal income has increased by \$173.1 billion<sup>16</sup>, allowing consumers to spend more on products like iKOMO. The global market capitalization of cryptocurrency has exploded in recent years, increasing by 4,000 percent in 2017. Right now, the market cap sits at over \$200 billion and is steadily increasing<sup>10</sup>. The massive growth of cryptocurrency in both value and popularity indicates that iKOMO is entering the industry at an opportune time to allow for maximum market penetration.

## REAL WORLD INDUSTRY ANALYSIS

**Video Game Industry:** Today, the video game industry is one of the fastest growing industries globally. The industry is expected to reach \$138 billion by the end of 2018, followed by a 13.3 percent increase per year, or a further increase of \$16.2 billion<sup>2</sup>. This continual upward trend indicates that iKOMO is entering a very profitable industry for years to come.

**Crypto-collectibles Industry:** The collectibles market is no longer limited to niche groups such as comic books or coins. The collectibles industry generates \$200 billion annually, with toy collectibles and digital trading cards contributing \$30 billion each year<sup>10</sup>. The global collectibles industry is shifting into the digital sphere.

**Crypto-collectibles Cont.:** iKOMO enters the unsaturated crypto-collectibles

industry, looking to advance the newest addition to blockchain:

crypto-collectibles. iKOMO is projected to hold 20 percent of the crypto-collectible industry.

### **VIRTUAL INDUSTRY ANALYSIS**

Out of the 627 domestic firms in the United States, iKOMO faces no direct competitors and enters the Toys and Games industry. iKOMO is a pioneer in Virtual Enterprises International by being the first firm to utilize blockchain technology. Currently, 19 firms categorize themselves under the Toys and Games industry, of which iKOMO is the lone firm with a digitally collectible product and focus on financial literacy. By entering an unsaturated industry, iKOMO capitalizes on having little competition and bringing an innovative product to the market. iKOMO is expected to hold 100 percent of the market share in the virtual crypto-collectible industry.

**Unsaturated Market:** The novelty of crypto-collectibles allows for relatively little competition in the virtual and real marketplaces, allowing iKOMO to establish dominance in the market.

CryptoKitties, iKOMO's main real world competitor, solely controls 64 percent of the crypto-collectibles industry which demonstrates the vacancy of the market. Additionally, iKOMO faces no direct competitors in the Virtual marketplace.

### **REAL WORLD COMPETITION**

**CryptoKitties:** Created by development studio Axiom Zen in November of 2017, CryptoKitties is a popular blockchain-based game centered around breedable, collectible cats called "CryptoKitties." It is one of the first games to utilize blockchain technology, allowing users to buy, sell, and trade their crypto-collectible cats. The company was estimated to be worth \$12 million in June of 2018 generating over one million transactions per day. Although CryptoKitties offers crypto-collectibles similar to iKOMO, their main focus is not teaching financial literacy. This puts iKOMO at an advantage, as 87 percent of Americans are more likely to purchase from a company with a corporate social responsibility<sup>1</sup>. CryptoKitties is also limited to crypto-collectible cats, whereas iKOMO pets range from hundreds of different species of animals. All types of animal lovers will be satisfied with iKOMO's broad range of collectible pets. iKOMO also differentiates itself by engaging the customer base with interactive games and featuring originally designed iKOMO pets. Unlike CryptoKitties, iKOMO lets owners interact with their collectible pets by caring for them in their own player-homes and participating in competitive mini games against other players.



**Player Tokens:** Player Tokens sells officially licensed digital collectibles for Major League Baseball players and the U.S. Women’s National Soccer Team.

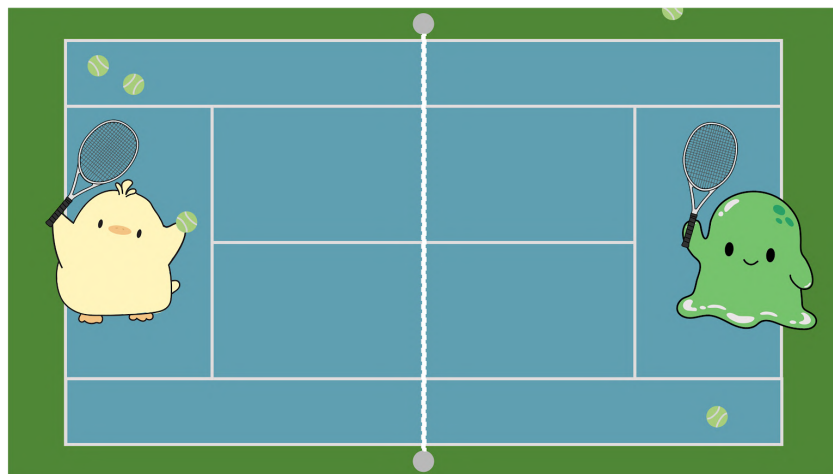
Player Tokens utilizes blockchain technology to let users create team sets, earn rewards, and buy and sell their crypto-collectible sports memorabilia. iKOMO differentiates itself against Player Tokens in the same way it does against CryptoKitties. Player Tokens does not have an interactive interface that teaches financial literacy, as iKOMO does. Furthermore, Player Tokens’ market is limited to consumers who are familiar with Major League Baseball and Women’s National Soccer players. iKOMO provides a more universal collectible—digital pets.

### VIRTUAL WORLD COMPETITION

iKOMO does not face any direct virtual competition. No other virtual company utilizes blockchain or Ethereum software to conduct their sales. According to Nick Chapman, VEI will introduce a cryptocurrency in 2019 to dictate their transactions. As of November 2018, iKOMO’s singularity as a cryptocurrency based company distinguishes itself as a market leader in an industry with no direct competitors. However, iKOMO does face one indirect competitor, InVEst.



**InVEst:** InVEst simulates a stock market using blockchain technology. Similarly to iKOMO, InVEst produces its own currency, “VE Tokens”, which consumers use to invest in companies. However, InVEst solely focuses on teaching their customers the power of investment. iKOMO goes further by teaching lessons in spending and budgeting in addition to investing. Hand drawn pets, arcade games, and a curriculum on financial literacy set iKOMO apart from its virtual competitor.



# Marketing Plan



## MARKETING PLAN

**Target Market:** iKOMO primarily targets Generation Z — individuals of ages ranging from 8-23 — due to their access to the Virtual marketplace. Those of Generation Z are either approaching adulthood, or new to it, only one in five individuals in Generation Z have been deemed financially literate<sup>4</sup>. In the virtual model, VEI students will use their virtual income to finance their iKOMO purchases. However, in the real world, because most of Generation Z are still students, iKOMO recognizes that their millennial or baby boomer parents will be likely the ones financing the iKOMO pets. In order to receive parent/guardian consent, iKOMO does not save credit card information and requires to be put in with every purchase. Millennials, spanning the ages of 24-35, constitute iKOMO's secondary target market. Although most are living on their own, only eight percent demonstrated a high level of financial literacy, and only twenty four percent showed a basic understanding of personal finances<sup>1</sup>. Both generations are in need of iKOMO's animals and games integrated with lessons in investment, cryptocurrencies, and personal financing.

**Corporate Social Responsibility (CSR):** iKOMO endeavors to give back to our community by partnering with banks, such as Bank of America and Priority One. iKOMO's Operations department will work with business partners to write a curriculum on basic financial management lessons. The curriculum will be placed on iKOMO's website in the form of Youtube videos, and in addition, employees will teach the curriculum at the Future Business Leaders of America leadership conference, as well as elementary and middle schools in our community. By engaging in CSR, employees are more likely to perform higher and think creatively, boosting iKOMO's company culture. Employing CSR has been proven to be the one of the most effective methods of reaching the target market, as 94% of Generation Z and 87% of Generation Y believe that companies should address social and environmental change<sup>13</sup>. By teaching financial literacy courses to teenagers and elementary school students, iKOMO not only reaches its primary target market more effectively, but also further conveys our mission of increasing financial literacy among youth.



## MARKET SEGMENTATION

**Psychographics:** iKOMO targets our crypto-pets towards the “Explorers” psychographic. “Explorers” are in search of new experiences and are typically the first to try new brands. iKOMO provides an introduction to investment, budgeting, and cryptocurrencies, catering to the desires of this psychographic.

**Benefits:** iKOMO’s digitally-collectible pets not only offer the user an enjoyable experience, but also a lesson in financial literacy and an introduction in navigating cryptocurrencies.



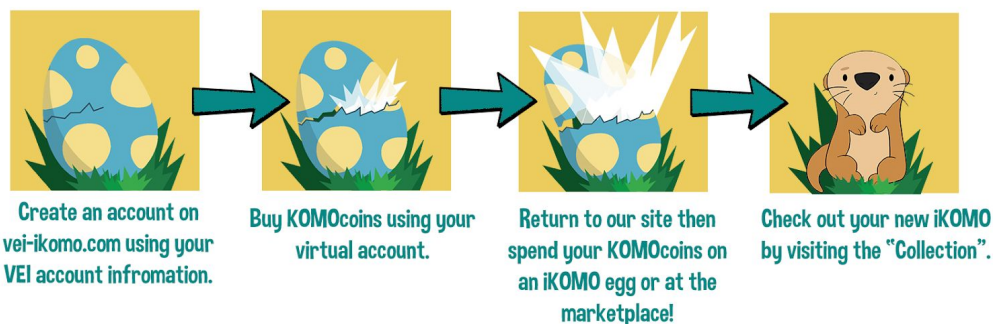
## Marketing Mix



### PRODUCT

**Overview:** iKOMO eggs hatch into different pets that can be fed and managed. Each pet has its own unique blockchain ID and cannot be duplicated or deleted once hatched. They are stored in the user’s crypto-wallet and can be traded or sold to other players at any time using the company website. Due to Ethereum cryptocurrency not being supported on the Virtual Enterprise platform, iKOMO simulates Ethereum cryptocurrency through KOMOcoins, enabling transactions between the user and the company’s platform.

## How to Purchase iKOMOs!



**Categories:** iKOMO’s collectible pets are divided among four categories.

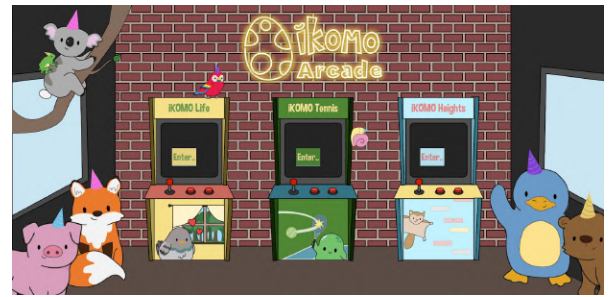
The domestic category includes animals such as a tabby cat, a shiba inu, and a cow. The aquatic category includes animals such as a manta ray, a shark, and a crab. The wild category includes animals such as a fox, a frog, and a moose. The mythical category includes animals such as a dragon, a jackalope, a troll, and a ghost.



**Rarity:** Every iKOMO pet is assigned a rarity level: common, rare, epic, and legendary. The probability of hatching each level is 46 percent, 30 percent, 20 percent, and four percent, respectively.

**Generations:** Along with a varying line of pets, iKOMO will introduce new generations of characters every quarter beginning in 2019. The core iKOMO generation consists of 60 unique pets, and following generations of 30 pets that will only be available for a limited period of time. After a new iKOMO generation is released, the previous generation cannot be unhatched which contributes to the unique collectibility of each pet.

**Games:** On iKOMO's website, players are able to view their crypto-pets in a home environment. In their player-home, users can interact with their iKOMO pets through feeding and petting. In the iKOMO arcade, users can compete against others in a match of iKOMO tennis.



**Packages:** iKOMO sells packages consisting of one, five, ten, twenty, and fifty iKOMO eggs at trade fairs and on its website.

**The Lone Wolf:** This package costs \$25 which equates to *one* iKOMO egg that can be from the domestic, wild, aquatic, or mythical category.

**Nest:** This package costs \$120 which equates to *five* iKOMO eggs that can be from the domestic, wild, aquatic, or mythical category.

**Pack:** This package costs \$230 which equates to *ten* iKOMO eggs that can be from the domestic, wild, aquatic, or mythical category.

**Herd:** This package costs \$450 which equates to *twenty* iKOMO eggs that can be from the domestic, wild, aquatic, or mythical category.

**Kingdom:** This package costs \$1,200 which equates to *fifty* iKOMO eggs that can be from the domestic, wild, aquatic, or mythical category.

**Pricing:** iKOMO's incorporation on November 1, 2018 marked the creation of the first virtual enterprise to utilize cryptocurrency; the pricing was determined with regards to the affordability of the product at the initial sale but also the ensuing value assigned within the world of cryptocurrency, which would maximize iKOMO's profits. In purchasing an egg for money, the customer automatically assigns that value, but now in cryptocurrency, to the product. As the fiscal year progresses, past generations of iKOMO will no longer be available, increasing the value of unavailable, yet desired iKOMO for trading.

**Pricing Cont.:** Thus, the initial, low price point is designed to set a relative standard for subsequent trading. There is room for future significant mark-up when experienced consumers sell their iKOMO and extensive trading occurs. iKOMO will gain additional revenue by taking a five percent cut from all online trades.

## PLACEMENT

**Website:** iKOMO's website, *vei-ikomo.com*, has accounted for 26 percent of our overall sales. The website features a marketplace for users to trade and collect their crypto-pets, videos on financial literacy, and an interactive game that simulates having a live pet.

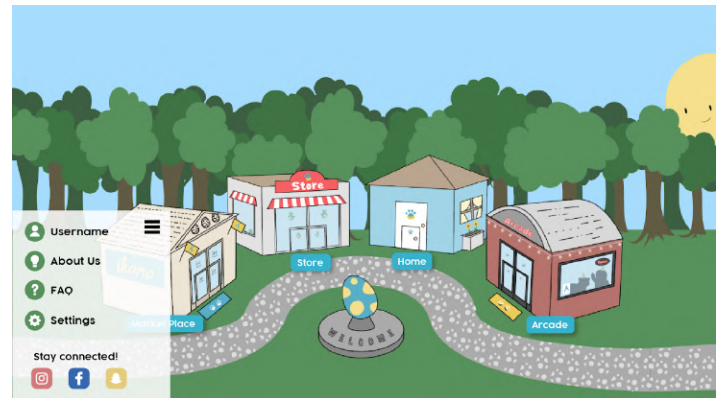
**Social Media:** With 77 percent of Americans using a social media profile<sup>17</sup>, iKOMO takes advantage of the widespread use of social media by advertising our products and posting company updates on a myriad of platforms such as Instagram, Snapchat, Twitter, and Facebook. All of our social media will be linked to our website, optimizing the efficiency of online purchasing.

**Trade Fairs:** iKOMO is scheduled to attend four trade fairs during the fiscal year, which have composed 35 percent of overall sales. Located in Bakersfield, Los Angeles, San Francisco, and New York, employees are able to have in person interactions with customers using a three tier giveaway system to incentivize customers to purchase larger quantities of our product.

**Contracts:** Our contracts have accounted for about 39 percent of our sales. iKOMO has employees from our Operations department dedicated to forming sales contracts with other Virtual firms, emphasizing using iKOMO for staff development. The Operations department will also be sending monthly emails to other firms, as well as past customers to advertise iKOMO's products and company updates.

## PROMOTION

**Social Media:** 77 percent of America's population reported to have some form of social media in 2018<sup>17</sup>. iKOMO will take advantage of the widespread popularity of social media by utilizing a myriad of social media outlets, the main platforms being Instagram and Youtube; followed by Snapchat, Twitter, and Facebook. iKOMO social media accounts will be linked to the website and inform customers of company updates.



**Instagram:** iKOMO utilizes Instagram, with 63 percent of the teenagers in the United States using it daily<sup>17</sup>, to establish a strong social media presence among Generation Z and the online community. The social media coordinator will frequently post the new generations of iKOMO, giveaway opportunities, and hashtags to further engage customers. If iKOMO users post a picture with the hashtag #iKOMOVEI they will receive KOMOcoins in return.

**Youtube:** Instructional videos are included on iKOMO's Youtube channel to explain the cryptocurrency system involved in iKOMO's game and introduce new players to the game features. This allows customers to gain experience with this new form of currency.



**Youth Outreach:** By partnering with Priority One Credit Union and Bank of America, iKOMO teaches simple financial concepts to the youth such as budgeting, investing, and spending. This allows younger individuals to be introduced to the game as a method of practicing these financial literacy skills, further growing iKOMO's consumer base.

**Positioning:** It has been proven that 63 percent of Americans are financially illiterate, iKOMO appeals to this segment of the market by providing a fun and interactive program with integrated lessons in basic financial concepts. Unlike Player Tokens, iKOMO fosters an interactive community with original pets and games. Additionally, in contrast to CryptoKitties, iKOMO provides financial lessons fused into our collectible pets and online marketplace.

## DISCUSSION OF BUSINESS RISKS

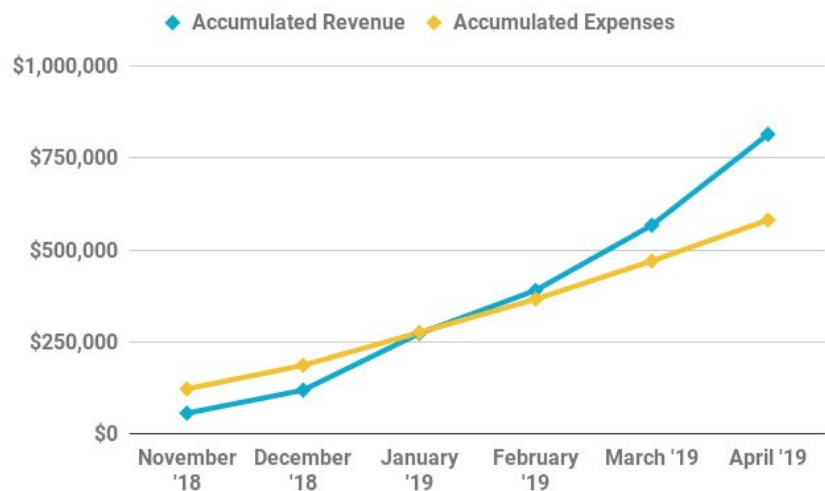
**Cryptocurrency Volatility:** It is not without risk that iKOMO builds its core structure off the Ethereum blockchain and relies on cryptocurrency to fuel transactions. Cryptocurrency such as Ethereum is known to be volatile in today's markets, as values continue to fluctuate. If the market value of Ethereum cryptocurrency were to crash beyond reasonable levels, iKOMO would be put at risk. The real value of each iKOMO pet would most likely decrease and there would be less incentive to buy and sell iKOMO. Because of this, iKOMO has devised a strategic exit plan to maximize profits and terminate operations if market conditions become too hostile. To combat this risk, iKOMO has established an exit plan for leaving the market. Refer to page (10) for the strategic exit plan for terminating operations and maximizing profits.

**Screen Time:** iKOMO recognizes the epidemic of technology usage among Millennials and Generation Z but provides an educational outlet from which consumers can advance their knowledge of commercial finance. According to the Mayo Clinic, healthy screen time for children above five years old is two hours or less. Based on this information, iKOMO’s website will notify the customer once they have exceeded a healthy screen time and suggest they log off.

# Financial Planning

## BREAK EVEN ANALYSIS

iKOMO broke even in February of 2019 with an accumulated revenue of \$390,204 exceeding an accumulated cost of \$366,102. This accumulation of sales translated to 838 units—295 of *The Lone Wolf*, 101 of *Nest*, 83 of *Pack*, 66 of *Herd*, and 293 of *Kingdom*—sold at an average selling price point of \$501.06. (*The Lone Wolf*, *Nest*, *Pack*, *Herd*, and *Kingdom* composed 35 percent, 12 percent, 10 percent, 8 percent, and 35 percent of overall sales, respectively. The accumulated revenue was computed with the deduction of sales tax.) At the break-even point, iKOMO attained a total of \$163,364 in revenue from the company website, trade fairs, and interfirm contracts, along with \$226,840 from an Out-of-Network Contract with Virtual Enterprise International. Because the company does not incur any cost of goods, given that our product does not have to be manufactured, iKOMO’s gross profit margin of 99.98 percent is the deciding factor for the quick break-even. As of April 30, 2019, iKOMO will accumulate \$813,889 in revenue and \$581,236 in expenses.



## SALES PROJECTION SUMMARY

All projections of trade fair sales, online sales, and contractual sales are provided in the ‘Revenues’ section of the Monthly Net Income Statement on page (21).

**November:** iKOMO has no trade fairs in November or December and the company’s online profitability is potentially inhibited by the confusion surrounding the involvement of cryptocurrency.

**November Cont.:** However, iKOMO formed an Out-Of-Network contract with the California Central Office to help offset high payroll expenses and turnover is minimized with all sales occurring online. The company is projected to attain \$8,910 in online sales and \$56,710 from the Out-Of-Network contract, the latter of which is applied to each month of the fiscal year. However, various set-up fees, insurance expenditures, and taxes will result in a negative net flow of \$33,068 in the opening month of operation.

**December:** The company foresees an increase in online activity due to continued marketing and branding on major social media platforms, manifesting in \$14,365 in online sales. Still, the company will not be participating in any trade shows and Virtual Enterprise International students are generally not active in purchasing products on websites. Thus, the projections are relatively small in revenue, and iKOMO will experience a negative net income of \$21,463 in December.

**January:** iKOMO will attend the California State Trade Fair and Business Plan Competition in Bakersfield, California in January. The company expects its marketing and booth to draw a surplus of participants. Unfortunately, students often do not honor their invoices from trade fairs, and iKOMO foresees an increasing gap between accounts receivable and payments. To combat this discrepancy, iKOMO will employ a high-frequency emailing system that includes contacting customers on a bi-weekly basis. If that prompt is ineffective, iKOMO will email the faculty advisors of those customers, and if absolutely necessary, the National Virtual Enterprise Office with evidence of attempted connection to recuperate the unpaid invoices. The company consequently expects to gain \$73,087 in trade show sales, as well as \$3,600 from inter-firm contracts. iKOMO is projected to have a net income of \$41,065 in January and to have lowered its overall loss to \$13,466.

**February:** The company expects to maintain its upward trend in February, amassing \$181,388 in total gross profit. This peak in revenue is largely due to the name recognition iKOMO will enjoy at the Los Angeles Regional Trade Fair, which takes place close to the company's headquarters. The initial marketing exposure from Bakersfield will also greatly contribute to iKOMO's sales. The company predicts 195 units, or \$121,833, to be sold on the trade fair floor, which is sufficient to eliminate the company's net deficit and cause an early break-even.

**March:** iKOMO will attend the Bay Area Trade Show, which hosts an assortment of international and out-of-state companies. The company amassed \$181,390 in outstanding accounts receivable from trade fair sales in January and February, because of the issues in customers honoring their invoices. At the Bay Area Trade Show, iKOMO will shift to an iPad-based system, where customers immediately log in to their accounts, buy KOMOcoins, and hatch their iKOMO at the booth.

**March Cont.:** On the bases of a 44% customer retention rate and upward online sales trends, iKOMO has recognized a growing interest in its unique and engaging product. Thus, iKOMO expects to capitalize on the multitude of new companies attending the Bay Area Trade Show. iKOMO projects to end the month with a net income of \$72,798 after taxes due to increased online activity and trade show sales.

**April:** iKOMO will benefit from a myriad of new companies and consumers at the Youth Business Summit in New York, accumulating \$143,740 in trade fair sales due to refined sales strategies and persuasive marketing. Along with the Bay Area Trade Show, the company plans to minimize turnover by utilizing credit card sales and iPads rather than the invoicing system, which has proved unreliable. In April, iKOMO foresees a high net income of \$135,752, which is made possible by the company’s minimal cost of goods sold and lack of other variable expenses such as shipping.

### FINANCIAL WRITE-UP

**Startup Budget:** iKOMO requires \$190,000 of capital to maintain successful operations in its first fiscal year. This low cost is largely due to an Out-Of-Network Contract with Virtual Enterprise International, which covers 75 percent of iKOMO’s payroll costs at a total of \$340,240. To finance all other monthly operating expenses and various one-time incorporation and set-up fees, iKOMO obtained \$170,000 in seed money from angel investors and Virtual Enterprise International. Additionally, the company secured a five-year loan of \$20,000 with Virtual Enterprise International, which is to be paid off on a monthly basis at a fixed interest rate of the prime index of 5.25 percent plus two percent.

**Monthly Income Statement:** The monthly income statement outlines the financial activity and progress of iKOMO throughout the fiscal year. This statement categorizes sales as either contractual, trade fair, and online (this statement includes the five percent cut the company takes from all trading on its marketplace in the online section). The monthly income statement also presents the monetary payments iKOMO will incur to maintain day-to-day operations, allocate for future plans, and follow all federal and state taxing guidelines. Specifically, the expense titled ‘Research and Development’ is significantly increased to \$4,800 per month to account for investment in cutting-edge illustration and animation programs and licensing and copyright services.

**ikomo Startup Budget**  
*For the period ending 11/7/18 to 4/30/19*

<b>FIXED ASSETS</b>	
Computers	\$4,309
Furniture and Fixtures	\$1,173
	<b>\$5,482</b>
<b>OPERATING EXPENSES</b>	
Net Payroll	\$311,766
Payroll and Withholding Taxes	\$141,914
Inventory	\$0
Facilities Rent	\$5,400
Utilities Expense	\$9,723
Liability & Property Insurance	\$17,823
Business Insurance	\$600
Workers Compensation Insurance	\$3,960
Marketing & Promotions	\$600
Research & Development	\$28,800
Accounting & Legal Expenditures	\$900
Miscellaneous	\$1,500
	<b>\$522,986</b>
<b>LEGAL EXPENSES</b>	
California Incorporation Fee	\$100
California Franchising Fee	\$675
Copyright and Trademark Fees	\$275
	<b>\$1,050</b>
<i>Total Out-Of-Network Contract</i>	<i>\$340,260</i>
<b>Total Startup Cost Needed</b>	<b>\$189,258</b>
<i>Total Seed Money Amount</i>	<i>\$170,000</i>
<i>Total Loan Amount</i>	<i>\$20,000</i>
<b>Total Startup Amount</b>	<b>\$190,000</b>

## Monthly Income Statement Cont.:

In March and April, the company has plans to invest \$4,500 in marketing and customer acquisition, as well as \$2,500 in legal expenses for the beginning of licensing and patenting of its proprietary characters. These incurred expenditures signify the company's emphasis on growing its unique brand and reaching more consumers, amidst looking to the future by investing in the potential gold mine of licensing and patenting.

### ikomo Monthly Income Statement

Actual for the period beginning 11/1/18 and ending 2/28/19 / Projected from 3/1/19 to 4/30/19

	November (actual)	December (actual)	January (actual)	February (actual)	March (projected)	April (projected)
<b>Revenues:</b>						
Online Sales**	\$4,225	\$10,545	\$46,655	\$49,500	\$52,465	\$61,520
Trade Fair Sales	\$0	\$0	\$62,330	\$19,479	\$78,430	\$143,740
Inter-firm Contractual Sales	\$0	\$0	\$0	\$0	\$2,400	\$3,600
VEI Out Of Network Contract	\$56,710	\$56,710	\$56,710	\$56,710	\$56,710	\$56,710
Less: Sales Tax Collected***	-\$4,265	-\$4,708	-\$11,599	-\$8,798	-\$13,300	-\$18,590
<b>Total sales revenues</b>	<b>\$56,669</b>	<b>\$62,547</b>	<b>\$154,097</b>	<b>\$116,891</b>	<b>\$176,705</b>	<b>\$246,980</b>
Costs of goods sold or services provided	\$14	\$15	\$36	\$28	\$44	\$61
<b>Gross profit</b>	<b>\$56,655</b>	<b>\$62,532</b>	<b>\$154,061</b>	<b>\$116,863</b>	<b>\$176,661</b>	<b>\$246,919</b>
<b>Operating Expenses:</b>						
Net Payroll	\$51,961	\$51,961	\$51,961	\$51,961	\$51,961	\$51,961
Payroll and Withholding Taxes****	\$51,961	\$0	\$18,995	\$23,652	\$23,652	\$23,652
Equipment	\$5,482	\$0	\$0	\$0	\$0	\$0
Rent	\$900	\$900	\$900	\$900	\$900	\$900
Utilities Expense	\$1,621	\$1,621	\$1,621	\$1,621	\$1,621	\$1,621
Liability and Property Insurance	\$2,971	\$2,971	\$2,971	\$2,971	\$2,971	\$2,971
Business Insurance	\$100	\$100	\$100	\$100	\$100	\$100
Workers' Compensation Insurance	\$660	\$660	\$660	\$660	\$660	\$660
Marketing and Promotions	\$100	\$100	\$100	\$100	\$4,500	\$4,500
Research and Development	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Accounting and Legal Expenditures	\$1,200	\$150	\$150	\$150	\$2,500	\$2,500
Inter-firm Contract Payments	\$0	\$0	\$0	\$0	\$2,400	\$3,600
Loan Payments	\$398	\$398	\$398	\$398	\$398	\$398
Depreciation	\$91	\$91	\$91	\$91	\$91	\$91
Miscellaneous	\$250	\$250	\$250	\$250	\$250	\$250
<b>Total operating expenses</b>	<b>\$122,494</b>	<b>\$64,001</b>	<b>\$82,996</b>	<b>\$87,653</b>	<b>\$96,803</b>	<b>\$98,003</b>
<b>Income from operations</b>	<b>-\$65,839</b>	<b>-\$1,469</b>	<b>\$71,065</b>	<b>\$29,210</b>	<b>\$79,858</b>	<b>\$148,916</b>
Other revenues/gains	\$0	\$0	\$0	\$0	\$0	\$0
Other expenses/losses	\$0	\$0	\$0	\$0	\$0	\$0
Net income before taxes	-\$65,839	-\$1,469	\$71,065	\$29,210	\$79,858	\$148,916
Corporate income tax****	\$0	\$0	\$6,282	\$2,582	\$7,059	\$13,164
<b>Net income after taxes</b>	<b>-\$65,839</b>	<b>-\$1,469</b>	<b>\$64,783</b>	<b>\$26,628</b>	<b>\$72,798</b>	<b>\$135,752</b>

\*iKOMO's fiscal year began on November 1, 2018

\*\*Online sales include the 5% cut on all trading activities

\*\*\*Sales tax is based on the national Virtual Enterprise rate of 7%

\*\*\*\*Monthly corporate income tax is based on the rate of 8.84% as provided by the state of California's Franchise Tax Board

\*\*\*\*\*Payroll taxes were accidentally paid to the amount of payroll in November; adjustments were made in the following months to correct this. Our bank balance has not been affected, as the total for three payments for payroll taxes from November to January equates to the total if the three payments were correct in the monthly sum of \$23,652

**Balance Sheet:** The balance sheet synthesizes iKOMO's ability to liquidate its current assets, compensate its shareholders and investors, and exit the cryptocurrency industry if the industry were to collapse. As of February 28, 2019, the company possesses a quick ratio of 14.290, signifying that its current assets greatly outweigh its current liabilities, displaying iKOMO's incredibly strong liquidity position and financial security. Total assets include cash on hand, accounts receivable, and office equipment, the latter of which encompasses the accumulated depreciation of \$365. (The company did not include property as an asset as iKOMO currently rents its office space and foresees no changes.) Total liabilities encompass the accounts payable—the expenses iKOMO has yet to pay in the period from November 1, 2018 to February 28, 2019—and costs associated with payroll. As of February 28, the company has \$431,087 in total assets and \$48,427 in total liabilities. Consequently, iKOMO's shareholder equity totals \$382,660.

**Balance Sheet Cont.:** The company's three angel investors each possess 5,000 shares of common stock at \$10 par value, resulting in \$150,000 of total common stock.

Therefore, the company has retained earnings of \$232,660, which provide the company a significant safety net. Even if iKOMO were to not receive all \$181,390 of its outstanding accounts receivable from the Bakersfield and Los Angeles trade fairs, the company would have a solid safety net of \$51,270.

**ikomo Balance Sheet**  
Actual for the period of 11/1/18 up to 2/28/19

ASSETS		LIABILITIES	
<i>Current Assets</i>		<i>Current Liabilities</i>	
Cash	\$244,581	Payroll and Payroll Taxes	\$0
Accounts Receivable	\$181,390	Accounts Payable	\$20,855
Total Current Assets	\$425,971	Corporate Taxes Payable	\$8,864
		Loan Payable	\$796
		Total Current Liabilities	\$29,719
<i>Non-Current Assets</i>		<i>Long-Term Liabilities</i>	
Office Equipment	\$5,482	Loan Payable	\$18,708
Less: Accumulated Depreciation	-\$365		
<b>Total Assets</b>	<b>\$431,087</b>	<b>Total Liabilities</b>	<b>\$48,427</b>
		<b>SHAREHOLDER'S EQUITY</b>	
		Retained Earnings	\$232,660
		Common Stock	\$150,000
		<b>Total Shareholders' Equity*</b>	<b>\$382,660</b>
		<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$431,087</b>

\*Total Shareholders' Equity = Total Assets - Total Liabilities

### SUMMARY PROFIT AND LOSS STATEMENT

**ikomo Summary Profit & Loss Statement**  
Actual for the period beginning 11/1/18 and ending 2/28/19  
Projected for the period beginning 3/1/19 and ending 4/30/19

<b>Total Revenue</b>	<b>\$813,889</b>
Total Cost of Goods Sold	\$198
Gross Margin	99.98%
Gross Profit	\$813,691
<b>Total Operating Expenses</b>	<b>\$551,950</b>
<b>Net Income After Taxes</b>	<b>\$232,653</b>

\*At this time, the fiscal year can be accurately represented by two periods of time: one period for actual values, from incorporation to present day. The second period is for projected numbers, from the period from present day until the end of the fiscal year. There is one column because the statement summarizes both periods, and in doing so, the entire year.

As of April 30, 2019, iKOMO projects to attain total sales of \$875,149 (39 percent is derived from interfirm, corporate, and regional VEI contractual sales, 35 percent of which is derived from trade show sales, and 26 percent is derived from online sales). After the \$61,260 in sales taxes is taken into account, iKOMO is expected to gain a total revenue of \$813,889. The company offers a digital product, and is thus not beleaguered by any major costs of manufacturing, setting its gross margin at 99.98 percent and total cost of goods sold at \$198. Operating expenses—totaling \$551,950—include payroll as updated to current Los Angeles County minimum wage standards, monthly loan payments, and various legal and insurance expenditures. The corporate income tax is predicted to deduct a total of \$29,088 from iKOMO's net income. Consequently, iKOMO projects to profit \$232,653 in the fiscal year.



# IKOMO BANK BALANCE

## US Network Bank

### Account details

Account:	iKOMO (Budget Checking) - 630328129	<a href="#">Download account details (Excel)</a>
Period:	from 02/27/2019 until 02/28/2019	<input type="button" value="Show"/>

Date	Name/Description/Acct#	Ref#	Amount	Balance
Feb. 28, 2019	Anna Guevara (US021801), South Pasadena, CA VEI Checkout transaction #368230 02/28/2019 03:55 PM CT Acct #630664935	4245895	\$120.00	\$244,580.63
Feb. 28, 2019	Samantha Choi (US021801), South Pasadena, CA VEI Checkout transaction #368217 02/28/2019 03:46 PM CT Acct #630665206	4245869	\$1,200.01	\$244,460.63
Feb. 28, 2019	Matthew Wolf (US021801), South Pasadena, CA VEI Checkout transaction #368203 02/28/2019 03:35 PM CT Acct #630664803	4245843	\$25.00	\$243,260.62
Feb. 28, 2019	Liz Osoy (US021801), South Pasadena, CA VEI Checkout transaction #368199 02/28/2019 03:34 PM CT Acct #630665273	4245835	\$25.00	\$243,235.62
Feb. 28, 2019	Karly Roberts (US021801), South Pasadena, CA VEI Checkout transaction #368197 02/28/2019 03:32 PM CT Acct #630664986	4245831	\$230.00	\$243,210.62
Feb. 28, 2019	Samuel Han (US021801), South Pasadena, CA VEI Checkout transaction #368196 02/28/2019 03:32 PM CT Acct #630665230	4245829	\$1,200.01	\$242,980.62
Feb. 28, 2019	Samuel Han (US021801), South Pasadena, CA VEI Checkout transaction #368186 02/28/2019 03:27 PM CT Acct #630665230	4245809	\$120.00	\$241,780.61
Feb. 28, 2019	Samuel Han (US021801), South Pasadena, CA VEI Checkout transaction #368180 02/28/2019 03:24 PM CT Acct #630665230	4245797	\$1,200.01	\$241,660.61
Feb. 28, 2019	Daniella Francis (US021801), South Pasadena, CA VEI Checkout transaction #368123 02/28/2019 02:51 PM CT Acct #630664870	4245683	\$450.00	\$240,460.60

## Business Contract

### Virtual Enterprises International California Central Office

**Parties of this contract:** California Virtual Enterprise Central Office (buyer) and iKOMO (seller).

**Agreement:** Under the terms of this contract, the California Virtual Enterprise Central Office (buyer) hereby agrees to buy and iKOMO (seller) hereby agrees to sell.

**Description of service to be bought or sold:** 48 packages of 50 eggs.

**Frequency of Delivery:** On the 28th of every month (November - April) product will be provided to the following address:

Southern California Regional Office  
Re: California Virtual Enterprise  
18543 Devonshire Street, Suite 472  
Northridge, CA 91324

#### Sales, Prices, Taxes, and Shipping Charges

Buyer agrees to pay Seller \$56,710.02 per month.

Buyer agrees to pay Seller any sales tax required by each U.S. Territory, and any such sales or use tax or customs duty imposed by a foreign country.

**Warranty:** Seller warrants that all services purchased by the buyer under the terms of this contract shall be of good quality; any and all services found within 12 months of the buyer's receipt date to be below accepted living standards will be replaced. This shall be Seller's exclusive warranty and shall be in lieu of any warranty of general merchantability or fitness for a particular purpose.

**Exclusivity of Agreement:** This document shall constitute the entire agreement between the parties and hereby supersedes all previous or contemporaneous oral or written representations between the parties of any of their representatives.

Intending to bind their respective principals, the representative or agent(s) of the parties of this contract hereby execute this contract as of the date and at the location shown below:

**Date:** November 9, 2018

**Location:** Regional Occupational Center

California Virtual Enterprise  
18543 Devonshire Street, Suite 472  
Northridge, CA 91324

By: \_\_\_\_\_

*Teri Jones*

Virtual Enterprise Central Office  
Teri Jones, Southern California Regional Director  
**Office:** 818-298-9803



**Date:** November 9, 2018

**Location:** South Pasadena High School

iKOMO  
1401 Fremont Avenue, Room 614  
South Pasadena, CA 91030

By: \_\_\_\_\_

*Danielle Choy*

Danielle Choy, Chief Executive Officer  
**Office Number:** (626) 441-5820 ext. 2614  
**Fax Number:** (626) 441-5825  
**E-Mail:** ikomo.vei@gmail.com



October 15th, 2018

VE Central Office  
122 Amsterdam Avenue  
New York, NY 10023

Dear Teri Jones:

Please accept this letter of support as my intention to invest \$50,000 in iKomo. 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, iKomo 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,

A handwritten signature in black ink, appearing to read "Aakash Pujara", written in a cursive style.

Aakash Pujara  
Vice President of Consumer  
Bank of America

290 S State College Blvd, Brea, CA 9282 • tel 949 954 9768 •  
aakash.s.pujara@bankofamerica.com • <https://www.bankofamerica.com/>

## Loan Amortization Table

### Loan Information

Loan Amount (Principal)	\$20,000.00
Annual Interest Rate	7.25%
Term of Loan in Years	5
# of Payments per Year	12
Payment Type	Fixed
Monthly Payment	\$398.39

### Summary

Rate (per period)	0.60%
Number of Payments	60
Total of Payments	\$23,903.20
Total Interest	\$3,903.20

No.	Principal	Interest for the Period	Total Balance Outstanding	Payment for the Period	Principal Reduction	Revised Balanced Outstanding
1	\$20,000.00	\$120.83	\$20,120.83	\$398.39	\$277.56	\$19,722.44
2	\$19,722.44	\$119.16	\$19,841.60	\$398.39	\$279.23	\$19,443.22
3	\$19,443.22	\$117.47	\$19,560.69	\$398.39	\$280.92	\$19,162.30
4	\$19,162.30	\$115.77	\$19,278.07	\$398.39	\$282.62	\$18,879.68
5	\$18,879.68	\$114.06	\$18,993.74	\$398.39	\$284.33	\$18,595.36
6	\$18,595.36	\$112.35	\$18,707.71	\$398.39	\$286.04	\$18,309.32
7	\$18,309.32	\$110.62	\$18,419.94	\$398.39	\$287.77	\$18,021.55
8	\$18,021.55	\$108.88	\$18,130.43	\$398.39	\$289.51	\$17,732.05
9	\$17,732.05	\$107.13	\$17,839.18	\$398.39	\$291.26	\$17,440.79
10	\$17,440.79	\$105.37	\$17,546.16	\$398.39	\$293.02	\$17,147.77
11	\$17,147.77	\$103.60	\$17,251.37	\$398.39	\$294.79	\$16,852.99
12	\$16,852.99	\$101.82	\$16,954.81	\$398.39	\$296.57	\$16,556.42
13	\$16,556.42	\$100.03	\$16,656.45	\$398.39	\$298.36	\$16,258.06
14	\$16,258.06	\$98.23	\$16,356.29	\$398.39	\$300.16	\$15,957.91
15	\$15,957.91	\$96.41	\$16,054.32	\$398.39	\$301.98	\$15,655.93
16	\$15,655.93	\$94.59	\$15,750.52	\$398.39	\$303.80	\$15,352.13
17	\$15,352.13	\$92.75	\$15,444.88	\$398.39	\$305.64	\$15,046.50
18	\$15,046.50	\$90.91	\$15,137.41	\$398.39	\$307.48	\$14,739.02
19	\$14,739.02	\$89.05	\$14,828.07	\$398.39	\$309.34	\$14,429.68
20	\$14,429.68	\$87.18	\$14,516.86	\$398.39	\$311.21	\$14,118.48
21	\$14,118.48	\$85.30	\$14,203.78	\$398.39	\$313.09	\$13,805.39
22	\$13,805.39	\$83.41	\$13,888.80	\$398.39	\$314.98	\$13,490.41
23	\$13,490.41	\$81.50	\$13,571.91	\$398.39	\$316.89	\$13,173.53
24	\$13,173.53	\$79.59	\$13,253.12	\$398.39	\$318.80	\$12,854.73

25	\$12,854.73	\$77.66	\$12,932.39	\$398.39	\$320.73	\$12,534.00
26	\$12,534.00	\$75.73	\$12,609.73	\$398.39	\$322.66	\$12,211.35
27	\$12,211.35	\$73.78	\$12,285.13	\$398.39	\$324.61	\$11,886.74
28	\$11,886.74	\$71.82	\$11,958.56	\$398.39	\$326.57	\$11,560.17
29	\$11,560.17	\$69.84	\$11,630.01	\$398.39	\$328.55	\$11,231.63
30	\$11,231.63	\$67.86	\$11,299.49	\$398.39	\$330.53	\$10,901.10
31	\$10,901.10	\$65.86	\$10,966.96	\$398.39	\$332.53	\$10,568.57
32	\$10,568.57	\$63.85	\$10,632.42	\$398.39	\$334.54	\$10,234.04
33	\$10,234.04	\$61.83	\$10,295.87	\$398.39	\$336.56	\$9,897.48
34	\$9,897.48	\$59.80	\$9,957.28	\$398.39	\$338.59	\$9,558.89
35	\$9,558.89	\$57.75	\$9,616.64	\$398.39	\$340.64	\$9,218.26
36	\$9,218.26	\$55.69	\$9,273.95	\$398.39	\$342.70	\$8,875.56
37	\$8,875.56	\$53.62	\$8,929.18	\$398.39	\$344.77	\$8,530.79
38	\$8,530.79	\$51.54	\$8,582.33	\$398.39	\$346.85	\$8,183.95
39	\$8,183.95	\$49.44	\$8,233.39	\$398.39	\$348.95	\$7,835.00
40	\$7,835.00	\$47.34	\$7,882.34	\$398.39	\$351.05	\$7,483.95
41	\$7,483.95	\$45.21	\$7,529.16	\$398.39	\$353.18	\$7,130.78
42	\$7,130.78	\$43.08	\$7,173.86	\$398.39	\$355.31	\$6,775.47
43	\$6,775.47	\$40.93	\$6,816.40	\$398.39	\$357.46	\$6,418.01
44	\$6,418.01	\$38.77	\$6,456.78	\$398.39	\$359.62	\$6,058.40
45	\$6,058.40	\$36.60	\$6,095.00	\$398.39	\$361.79	\$5,696.61
46	\$5,696.61	\$34.42	\$5,731.03	\$398.39	\$363.97	\$5,332.64
47	\$5,332.64	\$32.22	\$5,364.86	\$398.39	\$366.17	\$4,966.48
48	\$4,966.48	\$30.00	\$4,996.48	\$398.39	\$368.39	\$4,598.09
49	\$4,598.09	\$27.78	\$4,625.87	\$398.39	\$370.61	\$4,227.48
50	\$4,227.48	\$25.54	\$4,253.02	\$398.39	\$372.85	\$3,854.64
51	\$3,854.64	\$23.29	\$3,877.93	\$398.39	\$375.10	\$3,479.54
52	\$3,479.54	\$21.02	\$3,500.56	\$398.39	\$377.37	\$3,102.17
53	\$3,102.17	\$18.74	\$3,120.91	\$398.39	\$379.65	\$2,722.52
54	\$2,722.52	\$16.45	\$2,738.97	\$398.39	\$381.94	\$2,340.59
55	\$2,340.59	\$14.14	\$2,354.73	\$398.39	\$384.25	\$1,956.34
56	\$1,956.34	\$11.82	\$1,968.16	\$398.39	\$386.57	\$1,569.77
57	\$1,569.77	\$9.48	\$1,579.25	\$398.39	\$388.91	\$1,180.87
58	\$1,180.87	\$7.13	\$1,188.00	\$398.39	\$391.26	\$789.61
59	\$789.61	\$4.77	\$794.38	\$398.39	\$393.62	\$395.99
60	\$395.99	\$2.39	\$398.38	\$398.39	\$396.00	\$0.00
	<b>Totals</b>	<b>\$3,903.90</b>		<b>\$23,903.20</b>	<b>\$20,000.00</b>	

## CSR Financial Literacy Partnership Description

### I. WHAT

- Ikomo promotes financial literacy through a fun and interactive platform
- Partners with businesses with similar goals in financial literacy to iKOMO
  - Ex: Priority One seeks to have members reach financial fitness and offers products to help them win with money.
- Both parties work together to help high school and middle school students succeed in the marketplace

### II. PURPOSE AND SCOPE

- How partner helps students with financial literacy.
  - Ex: Priority One creates internship programs
- How iKOMO will aid partner
  - Ex: iKOMO helps Priority One by teaching financial literacy through our game and promoting Priority One as a premium credit union

### III. RESPONSIBILITIES

- What Ikomo will do for the partner
  - Ex: Ikomo Promotes Priority One as a premium credit union and refer customers to Priority One
- What the partner will do for Ikomo
  - Ex: Priority One will provide iKOMO will provide financial advisors and advice for iKOMO's workshops

### IV. TERMS OF UNDERSTANDING

- Agreement lasts 1 year, extendable with supplemental agreement
- Reviewed on a quarterly basis (quarterly review also provides opportunity to change agreement)
- Not legally binding

### V. PARTNERS

- Priority One
- California Bank and Trust
- Fundamental Capital Management

## Financial Literacy Statistics

### I. Background on Financial Illiteracy

- A. Causes many to become victims of predatory lending, subprime mortgages, and fraud and high interest rates -> bad credit, bankruptcy, foreclosure
- B. According to the Financial Industry Regulatory Authority, 63% of Americans are financially illiterate <sup>1</sup>
  - 1. These people do not know the basic skills to manage bank accounts, pay bills on time, and pay off debt.
- C. 40% of adults in the US (92 million people) give a grade of C, D, or F on their knowledge of personal finances<sup>1</sup>
- D. 31% of adults report that they have no savings<sup>2</sup>
- E. 26% admit to not paying bills on time <sup>2</sup>
- F. Only 24% of millennials demonstrate basic financial literacy according to the National Endowment for Financial Education <sup>2</sup>
- G. 44% of Americans don't have enough cash to cover a \$400 emergency. <sup>3</sup>
- H. California is rank 33 out of 51 American territories in overall Financial literacy rates. <sup>4</sup>
- I. District of Columbia, the nation's capital is rank 47 out of 51 American territories in overall Financial literacy rates.<sup>4</sup>

### II. Why it is important

- A. Financial literacy helps individuals become self-sufficient so that they can achieve financial stability<sup>1</sup>
- B. Things one must know to be Financially literate<sup>1</sup>
  - 1. Know whether an item is required
  - 2. Whether it is affordable
  - 3. Whether it is an asset or a liability
- C. Affects all ages and socioeconomic levels <sup>2</sup>
- D. Lack of government aid <sup>2</sup>
- E. Longer life spans (living longer so need more retirement funds)<sup>4</sup>

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<sup>1</sup>Staff, Investopedia. "Financial Literacy." *Investopedia*, Investopedia, 6 July 2018, [www.investopedia.com/terms/f/financial-literacy.asp](http://www.investopedia.com/terms/f/financial-literacy.asp).

<sup>2</sup>[iowacollegeaid.gov](http://iowacollegeaid.gov), [www.iowacollegeaid.gov/content/financial-literacy-statistics](http://www.iowacollegeaid.gov/content/financial-literacy-statistics).

<sup>3</sup>"8 Scary Financial Statistics – and How to Avoid Becoming One." *U.S. News & World Report*, U.S. News & World Report, [money.usnews.com/money/personal-finance/saving-budget/articles/2017-05-16/8-scary-financial-statistics-and-how-to-avoid-becoming-one](http://money.usnews.com/money/personal-finance/saving-budget/articles/2017-05-16/8-scary-financial-statistics-and-how-to-avoid-becoming-one).

<sup>4</sup>"2018's Most & Least Financially Literate States." *WalletHub*, [wallethub.com/edu/most-and-least-financially-literate-states/3337/](http://wallethub.com/edu/most-and-least-financially-literate-states/3337/).

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