



# Shop Smart

## VEKO Business Plan 2018-2019

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## Executive Summary

VEKO is a startup firm within the e-Commerce industry that serves as a solution to the Virtual Enterprise International (VEI) network's online shopping needs. Rather than calling a company or searching through a multitude of websites, VEKO serves as an online aggregator for selling products and services of VEI businesses. By doing this, the company is able to bring consumers and businesses together through an effective central online marketplace.

VEKO's mission is to bridge the gap between Virtual Enterprise businesses and consumers by being the central online marketplace that provides a simple way to purchase all products and services. With VEKO, all of VEI can shop smart.

VEKO appeals to VEI businesses who want to increase sales and promote themselves by selling their products and services through another line of distribution: a central online marketplace. For consumers, VEKO is a hassle-free marketplace where they can easily make purchases and gain insightful information about businesses through VEKO's business description pages. As most of VEI are part of Generation Z - a generation that demands a quick and smart way to shop online, [shopveko.com](http://shopveko.com) satisfies this demand. Due to the nature of an online marketplace, as more clients and users utilize VEKO, both listings and revenue will increase exponentially.

Consumers rely heavily on technology, which has led to a rise in the use of e-Commerce platforms such as *amazon.com* to purchase products and services. This industry has had an exponential growth in the past 13 years with a net sales revenue increase of 2,470%. Consumers spent \$453.46 billion on the web for retail purchases in 2017, a 16% increase compared with \$390.99 billion in 2016. Online sales of physical goods amounted to \$446.8 billion and are projected to surpass \$700 billion in 2022. This tremendous growth paves the way for VEKO to become an industry leader in the VEI e-Commerce industry<sup>1</sup>.

VEKO's short term goals are to obtain a total sales revenue of \$1.5M and establish VEKO as the central online marketplace for the New York Metropolitan area within its first year of operation. VEKO's long term goals are to establish VEKO as the central online marketplace for the entire United States and eventually expand to all of VEI.

For the fiscal year ending April 30th, 2019 the company has projected total sales revenues of **\$1,469,761.12**, a projected net income before taxes of **\$518,397.70**, and a gross profit margin of 89%. This excellent financial standing by the end of the fiscal year assures profitability for VEKO and its investors.

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<sup>1</sup> <https://tradingeconomics.com/united-states/gross-national-product>



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## Business Rationale

As a member of the VEI community, VEKO understands the frustration when it comes to purchasing products and services through the VEI Firm Directory. The endless searching, the multitude of websites just to find a single product, and then comparing it to the dozens of other searches you made just to find the best deal. The problem is that the firm directory does not promote products, but rather promotes businesses. This results in the consumer not seeing what they want until they click on a business' website. VEKO creates a central online marketplace where products and services are the first thing a consumer sees. This makes comparing and purchasing products and services hassle free by eliminating the endless search on the firm directory while still hosting business description pages. This allows for a smarter online shopping experience.

Short Term Goals (One Year)	Strategies	Deadline
Obtain a total sales revenue of \$1.5M	<ul style="list-style-type: none"> <li>Online sales contracts via business outreach</li> <li>Online sales commissions via consumer purchases</li> <li>Attending trade-shows</li> <li>Negotiating contractual sales with out-of-network clients</li> </ul>	April 2019
Establish VEKO as the central online marketplace for the New York Metropolitan area	<ul style="list-style-type: none"> <li>Secure at least 34 firms in the New York Metropolitan area (80% of all NY Metro firms)</li> </ul>	April 2019

Long Term Goals (Three-Five Years)	Strategies	Deadline
Establish VEKO as the central online marketplace for the entire United States	<ul style="list-style-type: none"> <li>Attend domestic trade shows</li> <li>Secure 350 firms in the United States (60% of all U.S. firms)</li> </ul>	April 2022
Establish VEKO as the central online marketplace for all of VEI	<ul style="list-style-type: none"> <li>Attend international trade shows</li> <li>Secure 465 firms in the United States (80% of all U.S. firms)</li> <li>Secure at least 406 European Union firms (15% of all firms in the EU)</li> </ul>	April 2024



## About the Business

### Company Overview

VEKO (the “Company”) is a startup firm in the e-Commerce industry that provides an online marketplace for other businesses’ to sell their products and services. Operating within Edward R. Murrow High School, located at 1600 Avenue L, Brooklyn, NY 11230, VEKO was established as a C-corporation in October 2018 under multiple owners: Virtual Enterprises International (VEI) and three venture capitalists.

### Mission Statement

VEKO’s mission is to bridge the gap between Virtual Enterprise businesses and consumers by being the largest online marketplace that provides a simple way to purchase all products and services. VEKO -- shop smart.

### Organizational Chart



VEKO's organizational chart outlines the hierarchy of authority within the organization, based on the traditional chain of command. The organizational chart provides a clear structure for the Company and reflects the responsibilities of each employee to help the Company operate efficiently. Administration acts as visionaries for the Company, setting goals, as well as directing business operations in accordance with the vision set. The Creative Department designs and develops the Company's website, aesthetics for tradeshow and promotional emails. The Human Resources Department is responsible for keeping employees motivated and maintaining a positive work environment. The Finance Department manages payroll, taxes, monthly income statements, cash budget and balance sheets for the Company. The Marketing Department promotes the Company's services and is in charge of generating sales. The five departments work both independently and interdependently to ensure that the Company meets its goals

## SWOT Analysis

### Strengths

- Experienced Web and Graphic Designers- Create and manage a succinct and user-friendly website to promote sales and engagement.
- Operates 24/7- Operating online, VEKO circumvents the constraints of having regular business hours. By providing its services 24/7 the ability to generate revenue increases.
- Holds No Inventory- Sales through shopveko.com are fulfilled by its clients, this makes VEKO a middleman, therefore the Company does not hold any inventory.

### Weaknesses

- Limited Brand Recognition- Gaining recognition as a startup company is a challenge. However, VEKO uses various mediums to attain brand recognition: websites, advertisements, social media, specialized business pages, and business/personal outreach. Additionally, VEKO is registered as a Certified VEI Ad Vendor which garners exposure and credibility.
- Limited Products and Service Listings- As a startup company, VEKO has limited clientele which translates to limited listings and business pages. To circumvent this weakness, VEKO hosts generic listings and temporarily becomes a middleman to fulfill these orders by purchasing products and services and supplying them to customers. Due to the nature of an online marketplace, as more clients and users utilize VEKO, both listings and revenue will increase exponentially.



## Opportunities

- Solving a Problem- By being the central online marketplace for all of VEI, VEKO makes purchasing products and services hassle free. Rather than calling a company or searching through a multitude of websites, VEKO provides a central platform that allows users to purchase products and services directly using a single buy now button.
- No Direct Competition- No other business has addressed the inconvenience of the VEI Firm Directory, this enables VEKO to expand and become the central marketplace for all businesses and consumers in the VEI network.

## Threats

- Emerging Competition- VEKO is the first online aggregator of VEI, but businesses are quick to adapt to new trends to seek a profit. To get ahead of competition, the Company implements value-added pricing to ensure that every client chooses VEKO.
- Cyber Vandalism- As an online marketplace, VEKO is wary of fraudulent exposure. The Company utilizes a reliable hosting site with strong firewalls and cyber security. VEKO backs up its site daily in case there is a need for redirecting to an alternate web host. VEKO additionally takes precautions such as validating itself as a Certified VEI Ad Vendor and using the VEI secured banking system to increase consumer confidence. This ensures users and clients that VEKO is a trustworthy website.

## **External Environment**

### **Current Economic Conditions**

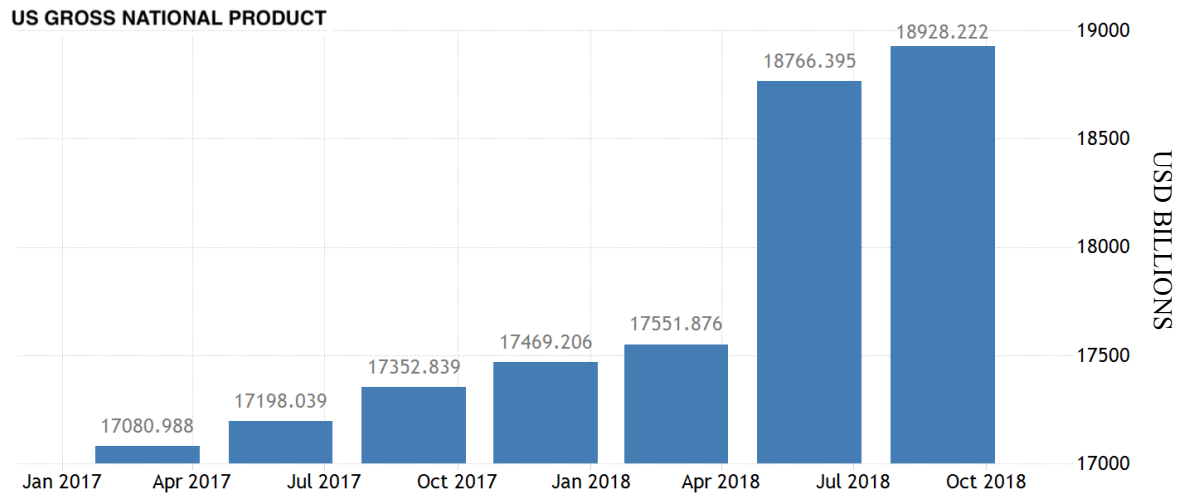
The current economic conditions show that it is an ideal time for startups. The real gross domestic product (RGDP) growth rate has been at an average of 3.4% for the past three quarterly reporting's. This directly links to an increase in consumer confidence which prompts individuals to spend more on products and services providing VEKO with the opportunity to become an industry leader. The unemployment rate has been consistently at or under 4% since April 2018. This is a great indicator for a strong economy because 4% is commonly regarded as the natural rate of unemployment resulting from the equilibrium of labor and resource markets. The historically low unemployment rate means there is an increase in disposable income which gives consumers and businesses the ability to purchase products and services on the website. The average inflation rate has been 2.38% in 2018, resulting from the increase of spending (measured by RGDP) which caused demand pull inflation. As inflation rates hit an all-time high of 2.9%, the Federal Reserve raised interest rates to 2.5% to prevent cost-push inflation, the inflation rate then dropped to 1.6%. <sup>2</sup>This relatively low inflation rate increases the purchasing power of consumers, allowing for increased revenue for VEKO. Currently, the Prime Rate is at 5.5%.

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<sup>2</sup> <https://tradingeconomics.com/united-states/gross-national-product>



With the Federal Reserve looking to increase interest rates in the near future<sup>3</sup>, businesses and consumers have greater incentive to take out loans now. This gives VEKO the ability to attract more clients, make more sales, and therefore gain more profit.



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

As VEKO explores international markets, the GNP is a reference to understand the benefits of selling globally. The major increase in GNP signifies a greater presence of U.S. companies internationally and a growing global consumer purchasing confidence for U.S. products and services.

## Real Industry Analysis

Technology has a major impact on consumers' everyday lives, hence an increase in the use of online market platforms to purchase products and services. The e-Commerce industry has had exponential growth "with 51% of Americans preferring e-commerce, and 49% preferring heading into an actual store. However, a larger portion of millennials (67%) prefer shopping online over offline." From 2014 to 2017 there was a 72% increase in retail e-Commerce sales worldwide. This expansive industry provides a great opportunity for VEI businesses to advertise and sell on VEKO's online marketplace.

According to a report from the US Commerce Department, consumers spent \$453.46 billion on the web for retail purchases in 2017, a 16% increase compared with \$390.99 billion in 2016.<sup>4</sup> This shows how popular the e-Commerce industry has become in the past few years.

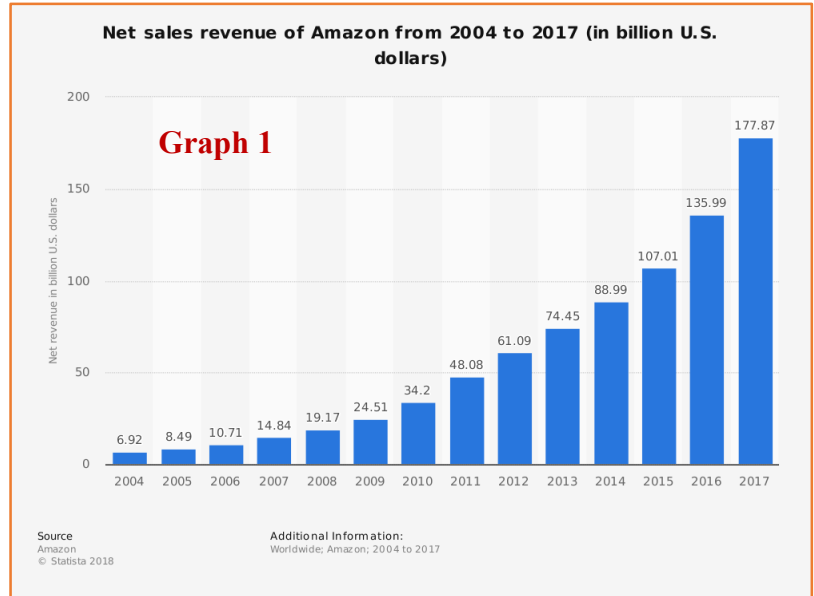
<sup>3</sup> <https://tradingeconomics.com/united-states/interest-rate>

<sup>4</sup> <https://www.digitalcommerce360.com/article/us-ecommerce-sales/>

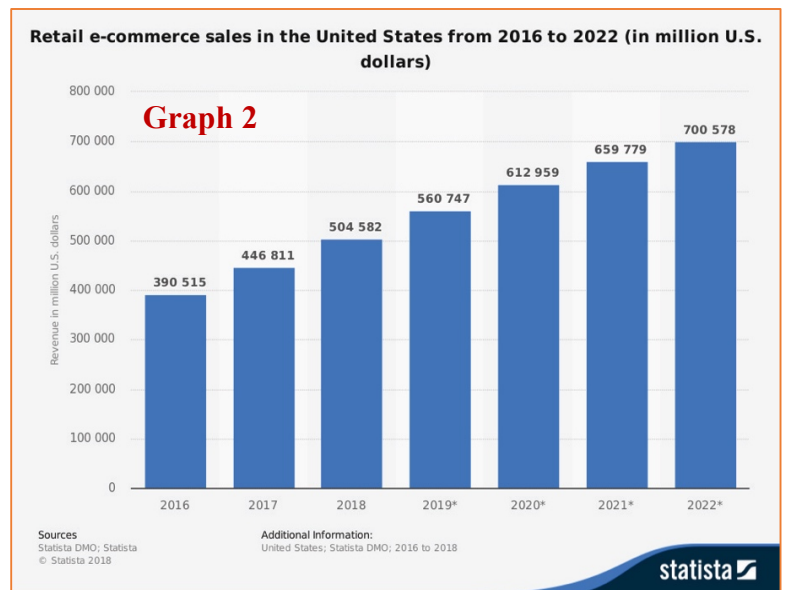




According to Statista in Graph 1, in the last reported year [2017], the multinational e-Commerce company [Amazon's] net revenue was almost \$178 billion, up from \$135.99 billion in 2016. In the past 13 years the net sales revenue has increased by 2,470%. This immense growth in revenue generated in just one year shows how expansive the e-Commerce industry is. This provides VEKO with the opportunity to become an industry leader in the VEI network.



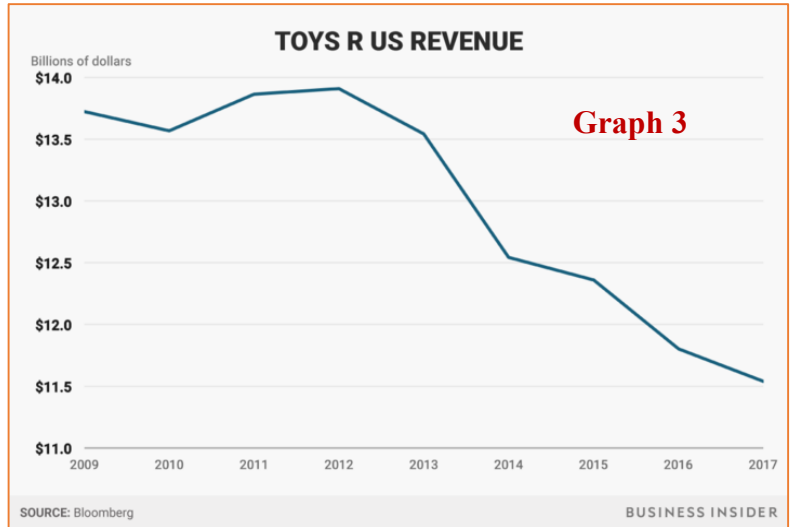
According to Graph 2, in 2017, online sales of physical goods amounted to \$446.8 billion and are projected to surpass \$700 billion in 2022<sup>5</sup>. This predicted increase in sales in the e-Commerce industry ensures VEKO the opportunity to reap profits



<sup>5</sup> <https://www.statista.com/statistics/266282/annual-net-revenue-of-amazoncom/>



As depicted in Graph 3, Toys ‘R’ Us shows major losses beginning in 2012 due to its failure to move with the trends of online shopping. According to *investopedia.com*, at its peak, Toys ‘R’ Us was the leading toy retailer in the US... the continued presence of online shopping from the likes of *amazon.com* have significantly hurt the toy store’s sales. By June 29th, 2018 Toys ‘R’ Us officially closed all its stores in the US. According to *Businessinsider.com*, this new generation of parents are strapped for time and leaning more toward shopping online than in brick-and-mortar-stores. This shows that businesses like Toys ‘R’ Us that don’t keep with the trends are more likely to fail, rather than companies like Amazon.



These graphs prove that the e-Commerce industry is on the rise which gives VEKO an advantage to succeed. In the past 13 years Amazon's net revenue has increased by 2,470%. With steady exponential growth, the e-Commerce industry is projected to surpass \$700 billion by 2022. This leaves VEKO the opportunity to grow into a powerful industry leader.

### Virtual Industry Analysis

There are a total of 509 VE firms in the United States. Each firm is categorized by industry based on the products or services they sell. Since VEKO is an online aggregator for selling products and services of VEI businesses, the Company addresses the needs of an online marketplace for businesses in every industry. The total sales income for the fiscal year 2017-18 of all VEI company totals \$299,683,162<sup>6</sup>. VEKO procures an average commission rate of 8% from all VEI sales through *shopveko.com*, therefore the Company has the potential of generating \$23,974,652 in total sales commissions. The VEI Business Service Industry total sales income for the fiscal year 2017-18 was \$66,703,899. This allows for VEKO to obtain mass amounts of revenue and become an industry leader.

### Competitive Analysis

VEKO is the only e-Commerce aggregator in all of VEI. Although the Company has no direct competition, it is still challenged by indirect competitors that appeal to the same target market. These indirect competitors consist of Vivid and NuApps.

<sup>6</sup> <https://insights.veinternational.org/regions/overview>


















## Vivid

Vivid is an advertising agency that works with clients to design advertisements and logos. Vivid is also a Certified VEI Ad Vendor that offers advertisement posting on *Veinternational.org*. VEKO does not create personalized logos or promotional advertisements however VEKO does offer posting on *Veinternational.org*, which links to business pages on *shopveko.com* where clients can sell their products and services directly to customers. Vivid provides only one package that includes one VEI advertisement for \$5,500. VEKO offers a variety of packages to cater to every business. VEKO's prices range from \$2,000 - \$7000, where clients can post up to two advertisements on *Veinternational.org* and utilize *shopveko.com* for online selling.

## NuApps

NuApps develops mobile applications and websites for VEI firms and aims to increase brand recognition and provide strategic marketing solutions. NuApps has developed their own mobile application called V+ that amalgamates the VEI Firm Directory in order to promote companies. VEKO not only promotes VEI firms but provides a platform for these firms to sell their products and services. VEKO furthers promotes its clients by posting advertisements on *Veinternational.org* that directly links to the clients' business pages on *shopveko.com*. Additionally, VEKO offers more reasonably priced packages than NuApps.

			
<b>Ad Postings</b>			
<b>Ads Link to Description Pages</b>			
<b>Description Pages</b>			
<b>Sells Products &amp; Services</b>			




## Marketing Plan

### Targeting Market

VEKO targets both **VEI businesses** and **consumers**. The Company will appeal to businesses that aspire to increase sales by having an efficient way to promote themselves **while selling their products and services**. VEKO targets VEI consumers who want an easier way to shop.

### Marketing Segmentation

	Businesses	Consumers
Geographics	VEKO geographically segments <b>VEI businesses and consumers</b> by New York and California <i>geographically</i> . This is a result of 54% out of the 509 U.S. firms being located in these states. By focusing on states that hold the majority of firms in the U.S., VEKO will be able to gain a substantial market share.	
Demographics	Established and startup companies whose consumers are a part of generation Z, since most VEI consumers are aged 14-19.	Consumers that are part of generation Z who use technology as part of their everyday life.
Psychographics	Companies looking for a way to boost sales through a user friendly online marketplace.	VEI consumers who value their time and are in need of an easier way to make purchases instead of searching the VEI Firm Directory and going through a multitude of websites.



## Marketing Mix

### Product

# PACKAGES



## Simple

**\$2,000 per month**  
Fee: 12% of sales

- Own business page
- List of products, services, and reviews



## Better

**\$6,500 per month**  
Fee: 7% of sales

- Everything in the Simple Package
- One advertisement on the VEI



## Smart

**\$7,000 per month**  
Fee: 5% of sales

- Everything in the Simple Package
- Two advertisements on the VEI

VEKO provides a central online marketplace for VEI businesses to sell their products and services, while also providing consumers a smarter way to shop.

VEKO is an online aggregator for selling products and services of VEI businesses. As a Certified VEI Ad Vendor, the Company promotes VEI businesses by posting advertisements on *Veinternational.org*, which directly links to a company's business page at *shopveko.com*. Through VEKO, consumers are provided with a simpler way to shop and learn about VEI firms.

### Pricing

VEKO charges its clients a fixed monthly listing fee as well as a commission percentage for each transaction based on the package they have chosen. The Simple, Better and Smart Package range from \$2000 - \$7000 per month with commission fees ranging from 12% - 5%. (See chart above).

The Company uses a combination of pricing strategies in order to maximize sales and gain a significant market share: value-added, cost-based, and psychological pricing.

#### **Cost-based Pricing:**

In order to ensure the Company's profitability, VEKO considered both fixed and variable costs to set its prices.



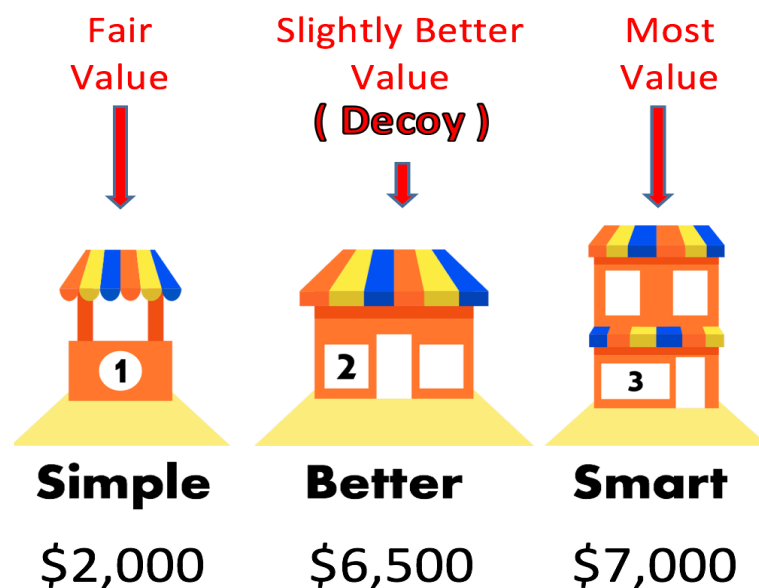
### Value-added Pricing:

VEKO implements value-added pricing by incorporating advertisement postings in its packages as an add-on service to entice users to purchase the more expensive packages.

### Psychological Pricing:

Consumers are often driven by their **cognitive bias** while making purchases, this can be described as a systematic error in thinking that affects the decisions and judgements that people make. When there are only two options for purchase, consumers tend to make decisions according to their personal preferences. When consumers are offered a third option, they will most likely choose the option that seems to have the best value. VEKO has taken this into consideration by utilizing **The Decoy Effect in its psychological pricing strategy**.

VEKO's **Simple** package depicts a fair value with a low price. The **Better** package illustrates a better value with a higher price which is regarded as the **Decoy**. Due to the **Smart** package having the best value with only a slightly higher price than the previous package, it signifies the most valuable option and the smart choice to purchase.



### Promotion

It is essential that VEKO gains recognition as a succinct and reliable online marketplace for all of VEI. The Company has become a Certified VEI Ad Vendor, which ensures consumer confidence. VEKO uses multiple strategies when promoting itself: outreach to potential clients, trade shows, and digital media advertisements.

Business outreach allows for VEKO to inform its potential clients about its services. The Company consistently emails, makes phone calls, and networks at trade shows in order to gain clients. Trade shows provide the Company with the opportunity to meet with other VEI firms to inform them about the benefits of partnering with VEKO, and attract customers who desire an easy VEI online shopping experience.

By utilizing digital media advertising, the Company gains brand credibility and exposure. The VEI network must access *Veinternational.org* for transactions. VEKO uses its power as a Certified VEI Ad Vendor to post advertisements for all to see on the site. The Company also



posts its client's advertisements on *Veinternational.org* that link directly to their VEKO business page. This indirectly grants VEKO more exposure while also advertising its clients. The Company additionally utilizes social media to promote itself.

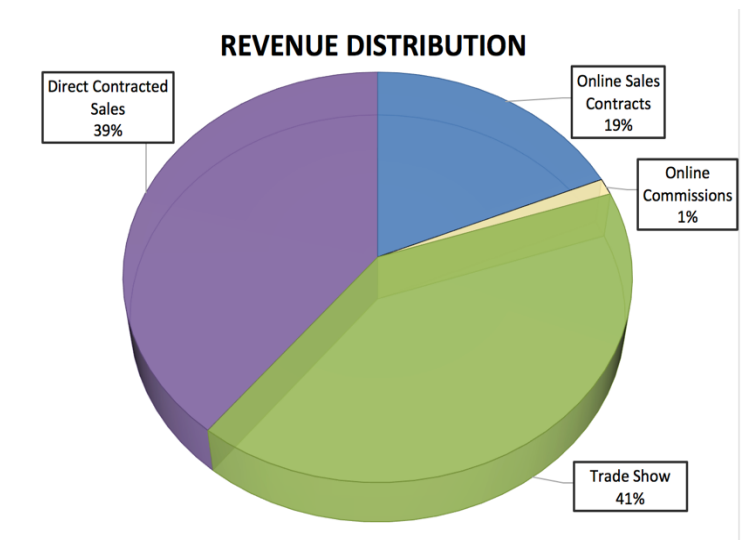
VEKO offers Smart Memberships to its customers for an annual fee which gives them special discounts and promotions.

### Positioning

VEKO positions itself as the central online marketplace for all of VEI. For its clients, VEKO is an aggregator that sells products and services to the entire VEI network. For consumers, the Company positions itself as a hassle free marketplace where users can easily make purchases. Consumers can access *shopveko.com* to gain insightful information about businesses through VEKO's business description pages and purchase from them using a simple buy now option. VEKO intends to become the central online marketplace by providing a high traffic and user friendly shopping platform.

### Placement

VEKO has four main channels of distribution: Online Sales Contracts, Online Commissions, Trade Shows, and Direct Contracted Sales. Online sales contracts are made when a business purchases a package. Online commissions are generated when a consumer purchases a product. Online sales contracts are projected to be 19%, Online commissions are projected to be 1%, Trade Show sales are projected to be 41%, and Directed Contracted sales are projected to be 39%. Direct Contracted sales are made with customers who seek real promotional services in exchange for virtual payment.



As an online marketplace VEKO must consider the shipping costs for its users. Since the Company holds no inventory, shipping is the responsibility of the client. VEKO includes a message under all products stating that the total price includes shipping expense.

### Discussion of Business Risks

In order for VEKO to achieve its goals, the Company must understand the risks it has assumed and devise plans in accordance to mitigate them.

The Company implements value-added pricing by incorporating advertisement postings in its packages as an add-on service to entice users to purchase the more expensive packages.





The assumption that clients will find these add-ons valuable poses a risk since value is not quantifiable. If this strategy is not successful, the Company may not meet its sales projections and ultimately be unable to cover its expenses. To mitigate this, VEKO carefully monitors its sales income. If the Company has not met 40% of projected sales by March 15th, then VEKO will primarily focus its sales efforts on the Basic package which does not include an advertisement posting add-on.

Another business risk that VEKO has assumed is not to offer a 401K plan in its first year of operations. This could decrease employee motivation and therefore lead to a decrease in employee retention. To prevent this, VEKO will put in place a retroactive 401K plan to be distributed in the following year.

By identifying business risks and providing possible solutions for them, the Company will be able to minimize any foreseeable risks, ensuring VEKO's success and profitability despite advertisements.

## Financial Planning

### Break-even Analysis

The company has performed a break-even analysis in order to determine when the company will meet all of its expenses and begin to generate profit.

VEKO breaks down its services into three packages; Simple, Better, and Smart. These packages are priced respectively: **\$2,000**, **\$6,500**, and **\$7,000**, all with an **average selling price** of **\$5,166.67**. A commission is generated for every sale made through *shopveko.com*. Depending on which package was purchased, the client will either be charged a 12%, 7%, or 5% commission fee, with an average commission fee rate of 8%. The Company projects its clients to subscribe to VEKO for an average of 6 months. To calculate the **average selling price per sale**, the Company took the **average package price (\$5,166.67)** and multiplied it by the average subscription time (6 months), totaling **\$31,000.02**. To accommodate for commission, the Company estimated that its clients would not continue their subscription unless their sales revenue is greater than the subscription fees. Therefore, VEKO took the average selling price and increased it by 8% to calculate the average income from commission making the **average selling price \$33,480**. VEKO's variable costs consist of its cost of goods sold (COGS) which varies per package. The *Simple Package* does not come with any VEI advertisement postings, making the COGS \$0. The *Better Package* offers one VEI advertisement posting which makes COGS \$6,000. The *Smart Package* offers two VEI advertisement postings which makes the COGS \$12,000.

After determining the average selling price per sale of \$33,480, the average COGS per sale of \$6,000 along with its projected annual fixed costs of \$787,363.42, The company has determined that it must sell **\$959,276.83** or **29 packages** in order to break-even and begin to generate profit by early January, with an **average profit rate of 82%**.





## Summary Profit & Loss Statement

For the fiscal year ending April 30th, 2019, the Company has projected a **total revenue** of **\$1,469,761.12** with a **COGS** projected to be **\$164,000** with a **total gross profit** of **\$1,305,761.12**, allowing for a gross profit margin of 89%. This exceeds the projected profit margin in the break-even analysis since it includes actual sales generated with packages excluding advertisement posting services, which are the only cost of goods sold for the Company. VEKO has projected its total operating expenses to be \$787,363.42, which results in a projected net income before taxes of **\$518,397.70**. This shows the company will be in an excellent financial position by the end of this fiscal year.

## Balance Sheet Summary

As of **February 28, 2019** VEKO has Total Current Assets of \$513,191.79 which is made up of \$508,207.14 in cash and \$4,984.65 in accounts receivables due to a cash advance for an employee. Total fixed assets amount to \$46,410.50, consisting of computers furniture and office equipment owned by the Company, thus leaving the total assets listed on the balance sheet as **\$559,602.29**. VEKO's Liabilities, which consists of operating expenses, totals **\$136,397.99**. Stockholders' equity was valued at **\$423,204.30**. These projections indicate a current ratio of **4:1**.

The projected balance sheet for **April 30, 2019** shows total assets listed at **\$889,606.10**, most of which are liquid assets. The Company plans to invest a large portion of this cash into triple tax exempt municipal bonds offered by New York State to offset the increased capital gains tax. The Company is projected to have **\$201,208.40** worth of liabilities, with stockholders' equity valued at **\$688,397.70**. This indicates a current ratio of **4:1** indicating the Company's ability to pay off all of its debt and still remain profitable.

## Sales Projection Summary

VEKO is projected to make sales through online sales contracts, online commissions, trade shows and direct contracted sales with a total sales projection of **\$1,469,761.12** in the 2018-2019 fiscal year. The Company conservatively projects online sales consisting of *online sales contracts* totaling \$272,000 and *online commissions* totaling \$18,891. VEKO's *trade show* sales projection totals \$599,870 due to the Company's plans to attend trade shows in the months of November, March and April. VEKO's projected *direct contracted sales* totals \$579,000. In order to ensure the Company's continued profitability, the Company will continue to attend trade shows and generate online sales throughout the fiscal year.



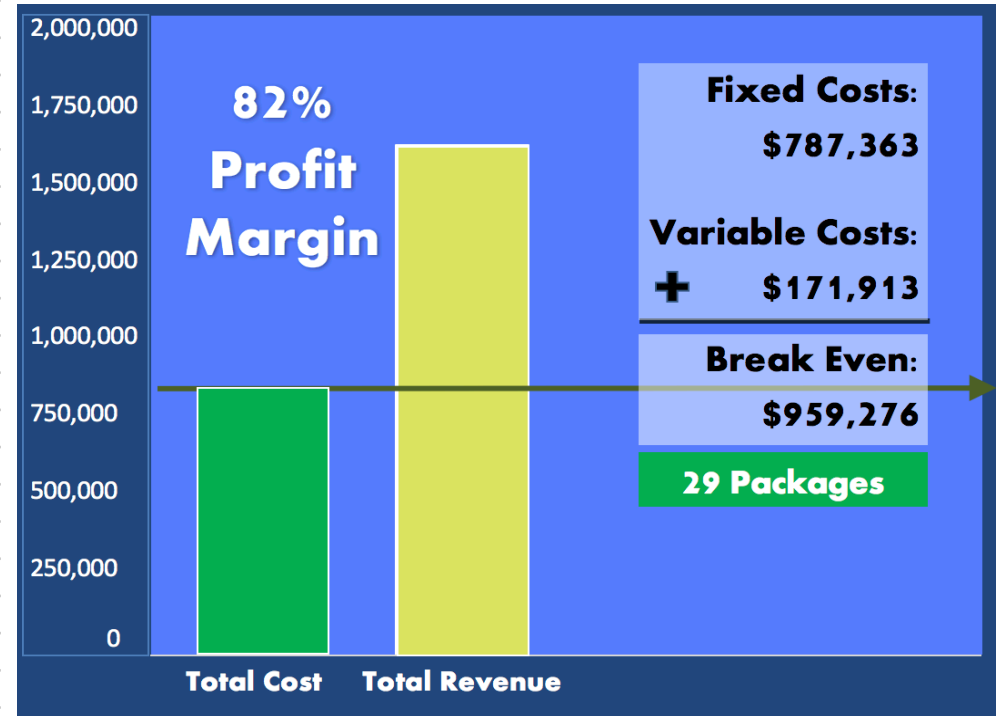
## Financial Statement + Charts

### Break-even Analysis

X	Y	Y	Y	Y
Units Sold	Revenue	Variable Cost	Fixed Cost	Total Cost
0	\$0.00	\$0.00	\$787,363.42	\$787,363.42
5	\$167,400.00	\$30,000.00	\$787,363.42	\$817,363.42
10	\$334,800.00	\$60,000.00	\$787,363.42	\$847,363.42
15	\$502,200.00	\$90,000.00	\$787,363.42	\$877,363.42
20	\$669,600.00	\$120,000.00	\$787,363.42	\$907,363.42
21	\$703,080.00	\$126,000.00	\$787,363.42	\$913,363.42
22	\$736,560.00	\$132,000.00	\$787,363.42	\$919,363.42
23	\$770,040.00	\$138,000.00	\$787,363.42	\$925,363.42
24	\$803,520.00	\$144,000.00	\$787,363.42	\$931,363.42
25	\$837,000.00	\$150,000.00	\$787,363.42	\$937,363.42
26	\$870,480.00	\$156,000.00	\$787,363.42	\$943,363.42
27	\$903,960.00	\$162,000.00	\$787,363.42	\$949,363.42
28	\$937,440.00	\$168,000.00	\$787,363.42	\$955,363.42
29	\$970,920.00	\$174,000.00	\$787,363.42	\$961,363.42
30	\$1,004,400.00	\$180,000.00	\$787,363.42	\$967,363.42
35	\$1,171,800.00	\$210,000.00	\$787,363.42	\$997,363.42
40	\$1,339,200.00	\$240,000.00	\$787,363.42	\$1,027,363.42
45	\$1,506,600.00	\$270,000.00	\$787,363.42	\$1,057,363.42
50	\$1,674,000.00	\$300,000.00	\$787,363.42	\$1,087,363.42
55	\$1,841,400.00	\$330,000.00	\$787,363.42	\$1,117,363.42
60	\$2,008,800.00	\$360,000.00	\$787,363.42	\$1,147,363.42
65	\$2,176,200.00	\$390,000.00	\$787,363.42	\$1,177,363.42
70	\$2,343,600.00	\$420,000.00	\$787,363.42	\$1,207,363.42

Average selling price per sale	\$33,480.00
Average cost of goods sold per sale	\$6,000.00
Average profit rate	82%
Annual Fixed Cost	\$787,363.42

### Break Even



<b>Break even point in sales dollars: =</b>	
Average selling price x Breakeven point in units	
Total sales at break even =	\$954,506.61
<b>Break even point in # of sales:</b>	
Breakeven point in units =	
Fixed costs/ (Average selling price per unit - average variable variable cost per unit)	
Breakeven point in units =	28.65



## Profit & Loss

### VEKO Detail Projected Profit & Loss For the Year Ending 04/30/2019

	October Actual	November Actual	December Actual	January Actual	February Actual	March Projected	April Projected	TOTAL Projected
<b>Gross Revenues</b>								
<b>Total Gross Revenues</b>	\$0.00	\$194,070.00	\$585,000.00	\$18,494.00	\$24,397.12	\$271,100.00	\$376,700.00	\$1,469,761.12
<b>Cost of Goods Sold or Services Provided</b>	0*	0*	0*	1,000.00	3,000.00	60,000.00	100,000.00	164,000.00
<b>Gross Profit</b>	0.00	0.00	0.00	17,494.00	21,397.12	211,100.00	276,700.00	1,305,761.12
<b>Gross Profit Margin %</b>								89%**

<b>Operating Expenses</b>								
Salaries	64,588.60	64,588.60	64,588.60	64,588.60	64,588.60	64,588.60	64,588.60	452,120.20
Payroll Taxes	39,293.65	39,293.65	39,293.65	39,293.65	39,293.65	39,293.65	39,293.65	275,055.55
Rent	3,003.00	3,053.00	3,003.00	3,003.00	3,003.00	3,003.00	3,003.00	21,071.00
Depreciation	844.90	844.90	844.90	844.90	844.90	844.90	844.90	5,914.30
Advertising/Promotion	0.00	0.00	0.00	0.00	1,000.00	1,000.00	1,000.00	3,000.00
Insurance	0.00	13,525.00	1,725.00	1,725.00	1,725.00	1,725.00	1,725.00	22,150.00
Trade Show and Travel Expense	0.00	0.00	0.00	0.00	0.00	0.00	500.00	500.00
Equipment	0.00	0.00	466.51	1,618.31	1,230.50	0.00	0.00	3,315.32
Utilities	598.15	648.15	598.15	598.15	598.15	598.15	598.15	4,237.05
<b>Total Operating Expenses</b>	108,328.30	121,953.30	110,519.81	111,671.61	112,283.80	111,053.30	111,553.30	787,363.42

<b>Income from Operations</b>	(108,328.30)	(121,953.30)	(110,519.81)	(94,177.61)	(90,886.68)	100,046.70	165,146.70	518,397.70
<b>Other Revenues/Gains and Expenses/Losses</b>								
<b>Net Income Before Taxes</b>	(\$108,328.30)	(\$121,953.30)	(\$110,519.81)	(\$94,177.61)	(\$90,886.68)	\$100,046.70	\$165,146.70	\$518,397.70

**Estimated Corporate Tax = \$108,863.52 based upon a corporate tax of 21% Payable in July 2019**

\*- Not all packages include a COGS

\*\* - Higher than projected because not all packages include advertisement postings on veinternational.org which is the only COGS



## Balance Sheet

### VEKO Actuals/Projected Balance Sheet Summary FY 2018-2019

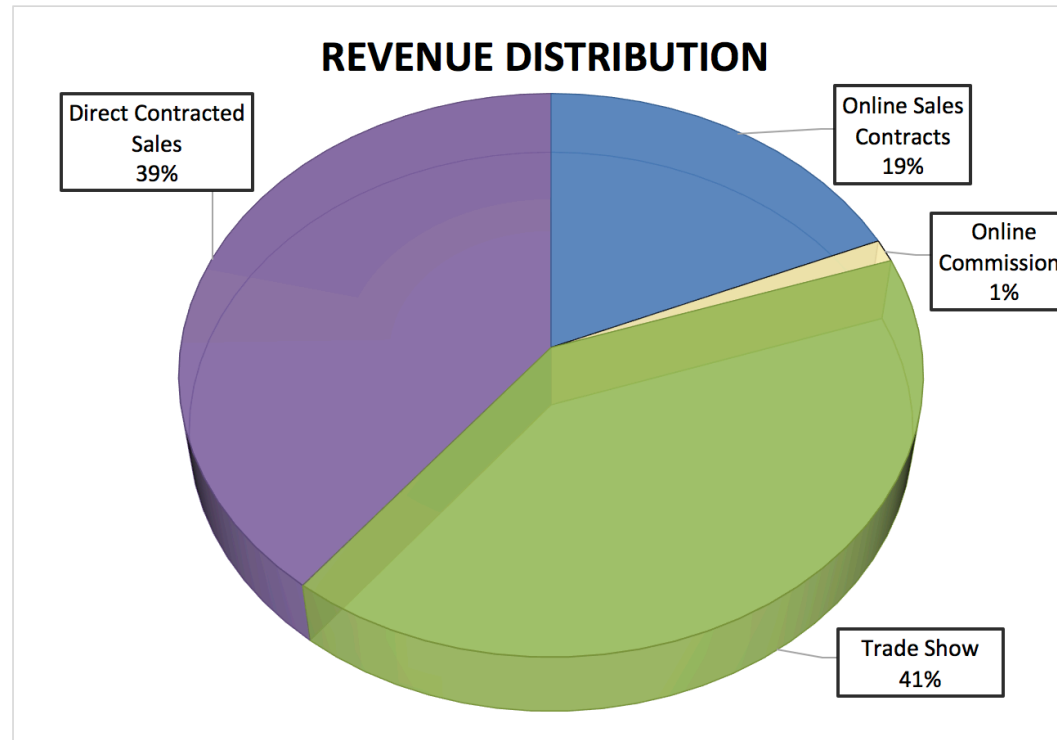
	February Actuals	March Projected	April Projected
<b>Assets:</b>			
Current Assets:			
Cash:	\$508,207.14	\$678,893.80	\$844,885.40
Accounts Recieveables:	4,984.65	0.00	0
<b>Total Current Assets:</b>	<b>\$513,191.79</b>	<b>\$678,893.80</b>	<b>\$844,885.40</b>
<b>Fixed Assets:</b>			
Computers:	\$29,185.00	\$29,185.00	\$29,185.00
Less: Accumulated Depreciation	(2,437.05)	(2,924.46)	(3,411.87)
Furnitures and Fixtures:	17,740.00	17,740.00	17,740.00
Less: Accumulated Depreciation	(1,478.30)	(1,773.96)	(2,069.62)
Office Equipment	3,710.00	3,710.00	3,710.00
Less: Accumulated Depreciation	(309.15)	(370.98)	(432.81)
<b>TOTAL Fixed Assets:</b>	<b>\$46,410.50</b>	<b>45,565.60</b>	<b>\$44,720.70</b>
<b>TOTAL Assets:</b>	<b><u>\$559,602.29</u></b>	<b><u>\$724,459.40</u></b>	<b><u>\$889,606.10</u></b>
<b>Liabilities and Stockholders' Equity:</b>			
Current Liabilities:			
Accounts Payable	\$3,112.00	\$0.00	\$0.00
Insurance Payable	1,725.00	1,725.00	1725
Utilities Payable:	598.15	598.15	598.15
Salaries Payable:	64,588.60	64,588.60	64588.6
Payroll Tax Payable:	39,293.65	39,293.65	39293.65
Rent Payable:	3,003.00	3,003.00	3003
Website Sales Payable	24,077.59	92,000.00	92000
<b>Total Liabilities:</b>	<b>\$136,397.99</b>	<b>\$201,208.40</b>	<b>\$201,208.40</b>
<b>Stockholders Equity:</b>			
Common Stock, \$10 par value, * # Shares Issued:	\$170,000.00	\$170,000.00	\$170,000.00
Additional Paid-in Capital:	0.00	0.00	0
In Excess Par Value:	0.00	0.00	0
Retained Earnings:	253,204.30	353,251.00	518,397.70
<b>Total Stockholders Equity:</b>	<b>\$423,204.30</b>	<b>\$523,251.00</b>	<b>\$688,397.70</b>
<b>Total Liabilities and Stockholders Equity:</b>	<b><u>\$559,602.29</u></b>	<b><u>\$724,459.40</u></b>	<b><u>\$889,606.10</u></b>




## Sales Projections

### VEKO Actual / Projected Monthly Sales FY 2018-2019

	Actual	Actual	Actual	Actual	Projected	Projected	Total
Sources of Revenue	November	December	January	February	March	April	
Online Sales Contracts	\$26,000	\$6,000	\$17,500	\$22,500	\$100,000	\$100,000	\$272,000
Online Commissions	-	-	994	1,897	8,000	8,000	18,891
Trade Show	168,070	-	-	-	163,100	268,700	599,870
Direct Contracted Sales	-	579,000	-	-	-	-	579,000
<b>Total</b>	<b>\$194,070</b>	<b>\$585,000</b>	<b>\$18,494</b>	<b>\$24,397</b>	<b>\$271,100</b>	<b>\$376,700</b>	<b>\$1,469,761</b>



## Account Balance as of 02/28/19


**VIRTUAL ENTERPRISES INTERNATIONAL**

**US Network Bank**

Michelle Chiu (Veko - PF Code US01095) | [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: Veko (Budget Checking) - 610376233 [Download account details \(Excel\)](#)

Period: from 10/30/2017 until 11/02/2018 Show

Date	Name/Description/Acct#	Ref#	Amount	Balance
March 1, 2019	VEI-NYC REALTY, New York, NY Rent Acct #100002655	4249038	-\$3,003.03	\$505,204.11
Feb. 28, 2019	Max O'Neal (US012177), North Charleston, SC VEI Checkout transaction #368251 02/28/2019 05:53 PM CT Acct #630636265	4245937	\$60.00	\$508,207.14





1600 Avenue L suite 464  
Brooklyn, NY 11230

Tel: (718)377-2871  
Fax: (718)377-2861  
Email: veko.ny@veinternational.org

### Sales Contract

Date: 11/30/18

This contract records and acknowledges the purchase of the *VEKO Promotional Package* and the *VEKO Advertising Package* for Edward R. Murrow High School's programs and events. These packages include promoting all Murrow gear, as well as advertising up to fifteen shows and events that will take place from December 2018 to May 2019. At the signing of this contract the sale of the *Promotional Package* will be confirmed at **\$385,000 (virtual dollars)** for 6 months and **\$194,000 (virtual dollars)** for the *Advertising Package* for a total of **\$579,000 (virtual dollars)** for the fiscal year of 2018-2019.

By signing below, I hereby authorize my **virtual purchase** with VEKO.

Buyer:

Allen Borge  
(Signature)

Allen Borge, Principal  
(Name and Title)

Seller:

[Signature]  
(Signature)

Gyros Smith, CEO  
(Name and Title)





THE NEW YORK CITY DEPARTMENT OF EDUCATION  
***Edward R. Murrow High School***  
DESIGNATED A SCHOOL OF EXCELLENCE BY THE UNITED STATES DEPARTMENT OF EDUCATION  
ALLEN BARGE, PRINCIPAL

October 29, 2018

VE Central Office  
122 Amsterdam Avenue  
New York, NY 10023

Dear Paul Presti,

Please accept this letter of support as my intention to virtually invest \$50,000 into the VE company Veko. In exchange for my investment in the company, I understand that I will be receiving an equity stake in their business by acquiring 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 the company's projections and assumptions.
3. Engaged in Q&A and discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Veko will prepare and send 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.

I acknowledge that Veko is an online marketplace for promoting and selling products and services of Virtual Enterprise businesses.

Sincerely,



Ms. Spy Kontarinis  
Assistant Principal Fine Arts & Business  
Edward R. Murrow High School

1690 Avenue L, Brooklyn, New York 11230\*(718) 258-9283\*FAX (718) 252-2611  
[www.ermurrowhs.org](http://www.ermurrowhs.org)





E L E  
P H A  
N T

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Sincerely,



Patricia Alonzo, Resource Manager  
Elephant NY



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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, Sprout 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.

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Sincerely,



Mr. Allen Barge  
Principal  
Edward R. Murrow High School

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