



# SOLE MATES Business Plan

*The SOLEution*



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# Executive Summary

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**SoleMates** dedicates itself to providing an alternative to traditional high heel shoes. High heel shoes currently on the market are uncomfortable and sometimes painful to wear for long periods of time; many professionally dressed women end their days walking barefoot to their homes. **SoleMates** high heels, on the other hand, feature removable heels of varying lengths, providing a comfortable alternative to other shoes on the market. **SoleMates** offers a diverse product line with six different types of high heels along with removable stilettos and blocks of different lengths. These interchangeable heels constitute a unique selling point of **SoleMates** products, providing a distinct advantage over other Virtual Enterprise firms. **SoleMates** acts as a distributor for Mime et Moi and Mestrae, companies which manufacture high heels, stilettos, and blocks; Mestrae also provides leather and vegan options.



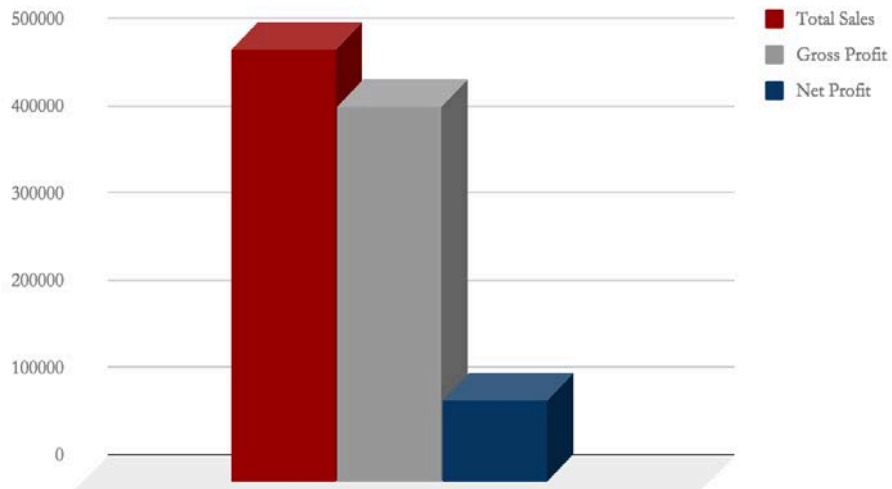
**SoleMates** virtual target market is Virtual Enterprise students. Their attraction to novelty and high discretionary income make them an ideal demographic for **SoleMates**. These target markets have demonstrated a particular interest in **SoleMates** products. **SoleMates** will use social media platforms, email newsletters, and celebrity endorsements to effectively appeal to this designated target market. In the Virtual Enterprise world, advertisements on the VE Portal and attendance at monthly trade shows will increase sales to Virtual Enterprise students.

**SoleMates** real world target market is women between the ages of 25 and 50. Professionals in this age range wear high heels and formal attire on a daily basis. With relatively high discretionary incomes, this demographic would be the ideal real world target market for **SoleMates**. The Company targets fashion-forward and independent women who crave a versatile product to fit their many needs. By promoting on LinkedIn, we can effectively reach this target audience and appeal to professional women.

Over the next year, **SoleMates** plans on contacting celebrities and gaining endorsements to appeal to its target market. Public figures that wear shoes from the company will greatly improve its brand image and attract the millennials that compose **SoleMates** target market. In the future, **SoleMates** open distribution outlets in shopping centers and physical stores, expanding beyond its current online presence.

**SoleMates** follows a traditional organizational structure in which subordinates report to their direct superiors. The department managers and executive officers make up **SoleMates** management team. Directed by the Chief Executive Officer, this team sets goals and creates deadlines, which are then communicated to the rest of the company.

Total Sales to February 28, 2018



The Company was financed using a \$295,000 investment, comprised of a VEI loan, an angel investor, and employee investments. Though currently a relatively small startup, *SoleMates* aims to become a prevalent force in the footwear industry. The Company broke even in December, just one month after opening for business. Current economic trends in the real and virtual world are very promising for *SoleMates* growth. The Company aims to increase sales to each

and every trade show; however, that may not always occur because of the different populations at the tradeshow. Furthermore, *SoleMates* aim to have a three month burn rate so if anything were to happen to the business, it would be sustainable for three months.

However, beyond product quality, *SoleMates* is committed to making a positive social impact. After breaking even in December, the Company plans on donating 3% of its monthly profits to the charity Dress for Success. *SoleMates* versatile high heels suggest that women can be both fashionable and functional in the 21st century.

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# About The Business

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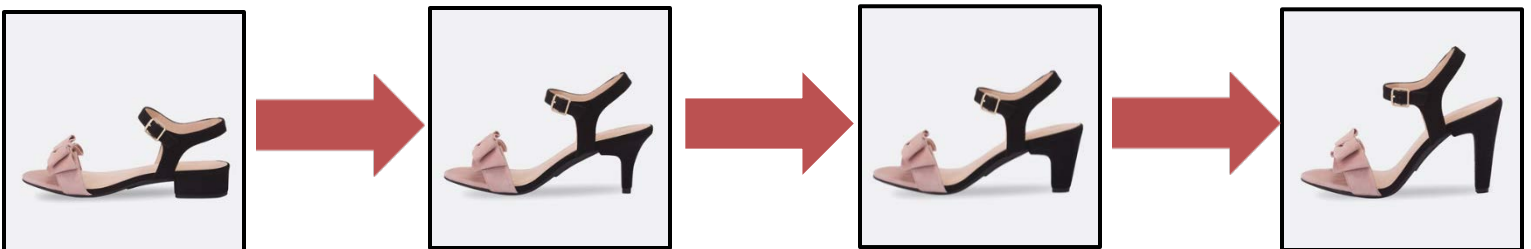
## Company Overview

**SoleMates** opened for business in Murrieta, California on November 1st, 2017 as an S-Corporation. The Company operates at 26442 Beckman Ct., Murrieta, CA 92562 at the Murrieta Innovation Center. This is a business incubator that allows young businesses to fill an office space at the low price of one dollar a month, in addition to providing mentorship opportunities to start-up companies.

**SoleMates** is a distributor that offers a variety of interchangeable women's fashion heels. **SoleMates** has distribution contracts with two companies which allow the company to exclusively distribute co-branded products. The two companies, Mestrae and Mime et Moi, are both located outside the United States. The products will be distributed directly to the consumer from **SoleMates'** warehouse located at 41340 Pear St., Murrieta, CA 92562.

To reach its target market, the Company distributes its products at trade shows, its online website, and social media outlets which involve selling not only to consumers but to businesses as well. Because **SoleMates** only offers high heels and focuses mainly on the female population, most of the Company's target market is fashion-forward, working women and Virtual Enterprise participants who strive for comfort and convenience.

**SoleMates** aims to promote a fashion-forward sense of self while also providing its consumers with comfort and convenience throughout the entire day. While other companies have emphasized new styles and designs for high heels, none offer a comfortable, versatile high heel like **SoleMates'**. The Company also strives to become an employer of choice by establishing and maintaining a unique organizational culture where associates feel safe, valued, motivated and challenged. The goal is to recruit and retain superior associates by providing innovative tools and training opportunities to stimulate personal and professional growth. This will support **SoleMates'** profitability through increased productivity and decreased turnover.



## Mission Statement

**SoleMates'** mission is to promote comfort and convenience by providing high-quality shoes with versatile, interchangeable heels. Our goal is to empower women throughout the world by combining fashion and comfort. The Company will make a healthy profit for its owners and provide a rewarding work environment for its employees.

# Management Functions

## Planning

### Short Term

- **SoleMates** first-year goal is to consistently grow sales by 5-10% each month. To achieve this, **SoleMates**' sales department will focus on increasing business-to-business sales.
- **SoleMates**' future marketing plans include attracting celebrity endorsements.

### Long Term

- **SoleMates** intends to expand its product line to include men by developing new types of shoes that could solve similarly faced problems.
- **SoleMates** plans on expanding its channels of distribution into well-known shopping stores such as Bloomingdales or high-end boutiques.

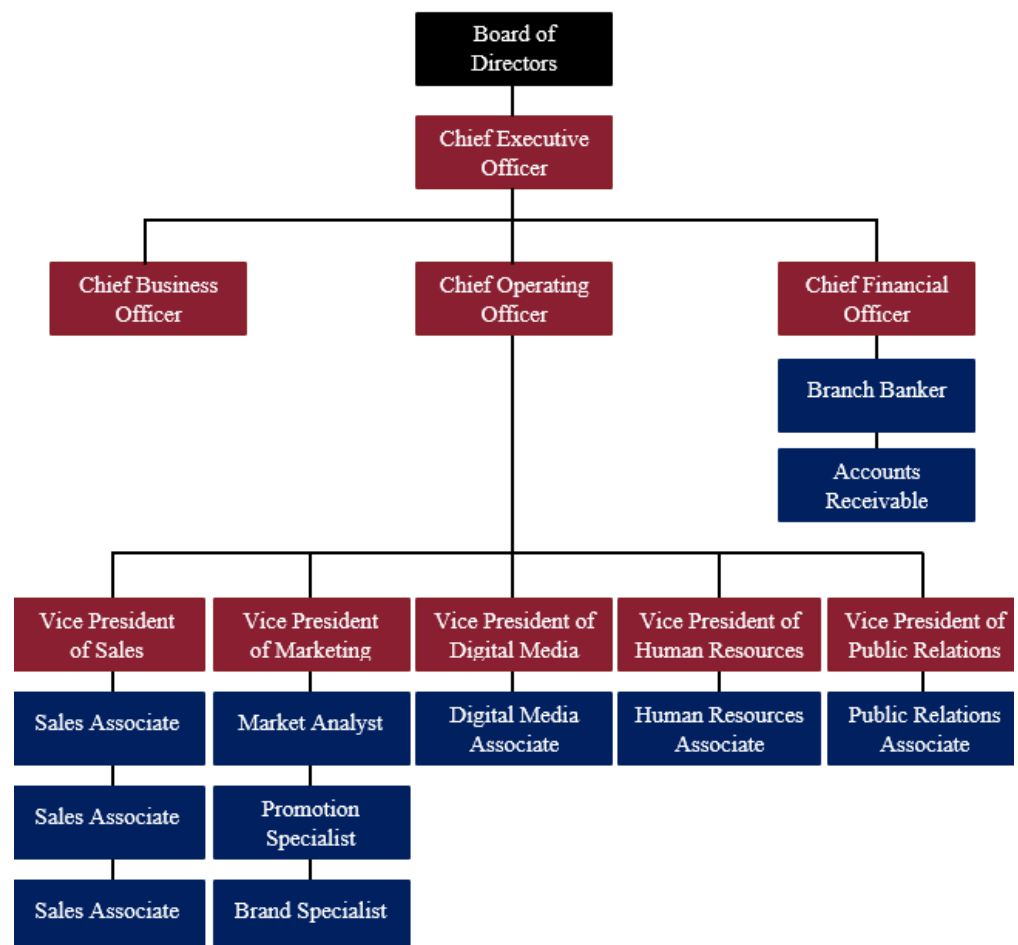
## Corporate Social Responsibility (CSR)

**SoleMates**' Corporate Social Responsibility initiative commenced one month after opening when we broke even at our trade show in December. It allows consumers to become a part of a growing movement for change by donating funds to Dress for Success<sup>1</sup>, a non-profit organization that empowers struggling women by introducing them into the world of independence and business. They provide the necessary skills to secure employment and be successful. After reaching profitability, **SoleMates** donates 3% of its gross monthly profit to Dress for Success.

## Organizing

**SoleMates** has implemented a linear organizational structure, with a defined hierarchy between executives and associates. The Chief Executive Officer and board of directors determine the direction of the company; the executive department and department managers supervise daily

<sup>1</sup> A non-profit organization that provides guidance and professional advice to women.



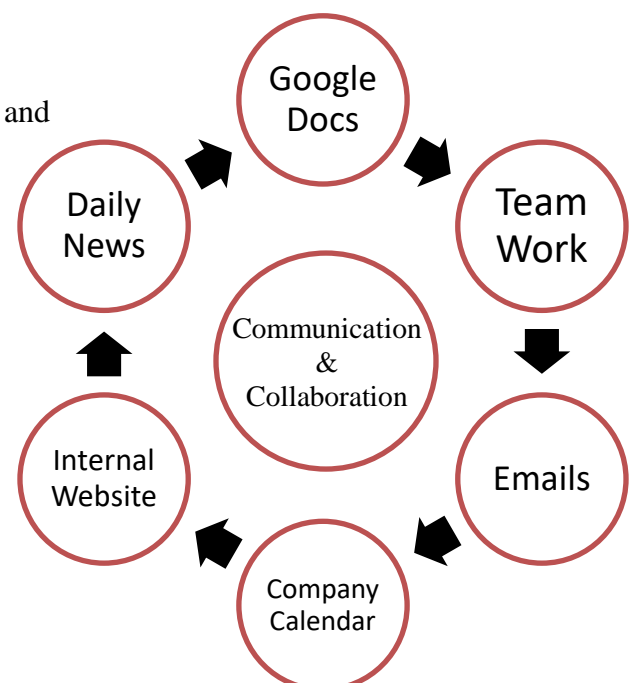
operations. The board consists of our coordinator, Joel Levin, and angel investors, Bill Demmin, Peter Thorwarth, and Mark Richart. The Chief Operating Officer and Chief Business Officer monitor Vice Presidents of the departments within the Company. Each Vice President assigns responsibilities and tasks to the associates in their department. The Chief Financial Officer heads the accounting department and oversees all financials for the business.

Managing the Company often requires the interaction with multiple departments. In order to effectively monitor progress, *SoleMates* has utilized the Matrix Management philosophy, which requires various employees to collaborate as well as fulfill their departmental responsibilities. This principle is also applied to the Business Plan; this team, led by the Chief Business Officer, draws employees from various departments within the company to address the requirements of the Business Plan Document.



## *Directing*

*SoleMates* conducts bi-weekly meetings to establish goals and deadlines for each department as well as evaluating their associates. The managers of each department also hold management meetings every two weeks with their associates and representatives to communicate tasks and goals. After discussing departmental goals with their associates, department managers create deadlines based on the task. Department managers present their department's progress and set new goals every two weeks





at management meetings. Further directions, assignments, and communications are provided through group messaging and email notifications.

**SoleMates'** board of directors, which includes its angel investors, monitors the Company's financials and gives advice regarding the strategic direction of the Company. The Human Resources department creates and enforces rules in the employee handbook, which details regulations, expectations, and responsibilities.

## ***Controlling***

The Company consistently monitors its progress toward its financial goals. Actual values are compared to projections in monthly variance reports, which allow the company to adjust financial projections. If projections are not being met, the executive department collaborates with the board of directors to discuss potential improvements. Sales revenue and expenses are analyzed monthly, and the budget is adjusted to maintain a positive cash flow.

Associates are evaluated on preparation and efficacy. As a company, bi-weekly evaluations are utilized to monitor progress towards goals on an individual level. Company performance reviews, conducted at the end of each two-week period, are also used to oversee the development of duties and projects. **SoleMates** also incentivizes completion of tasks by rewarding efficient associates. For example, employees can be recognized as "Employee of the Month," gaining recognition on the Company's social media pages and receiving special bonuses. The Employee Assistance Program offers advice and support to associates with any issues they may have.



- Different functionalities to support various lifestyles
- Empowers women to wear heels whenever they choose
- New advanced technology with 3-in-1 shoe



- Limited brand recognition
- Non-proprietary
- Necessary to keep large amounts of inventory
- Limited control over product quality



- New trend merging comfort with professionalism in heels
- Growing economy
- Ability to travel with carry on baggage more often due to space-saving feature



- New competitors entering the market
- Product manufacturers increase their distribution outlets in the US

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# External Environment

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## Current Economic Conditions

Last year, Americans spent a combined \$56.2 billion on footwear; women spent over \$30 billion. In addition, women's shoe sales grew 21% between 2011 and 2016 according to Euromonitor International<sup>2</sup>. Because **SoleMates'** products are targeted toward fashion-forward women, this group of Americans will purchase them to improve their personal wardrobes and daily experiences.

The growing Virtual Enterprise marketplace presents an opportunity for the Company because of the increasing number of potential customers. Because of the nature of the Virtual Enterprise program, students have high discretionary incomes and can afford **SoleMates'** products, providing a dependable source of income for the Company. Increases in the ability to sell products and a general emphasis on comfort and convenience will ensure **SoleMates'** success and growth.

## Key Data

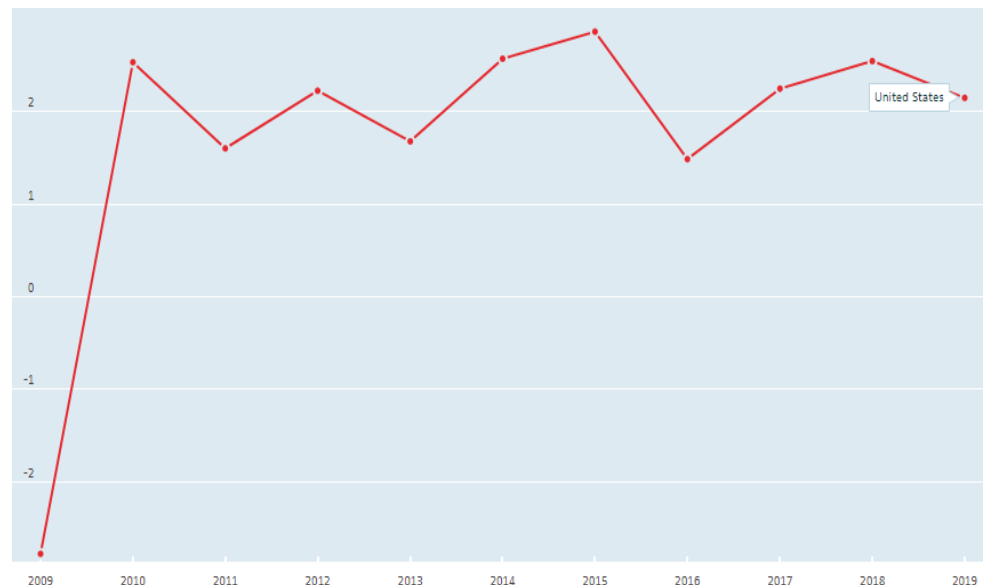
### Real World

Unemployment Levels – California (December 2017) 4.3%, United States (December 2017) 4.1%<sup>3</sup>

*The United States unemployment level is the lowest it's been for several decades. This lower than average unemployment rate will allow **SoleMates** to target more customers with a higher discretionary income.*

Rate of Change of GDP – The United States has experienced an increase in GDP of 2.6% (December 2017) and projected 3.3% (January 2018)<sup>4</sup>

*As GDP increases, Americans will have more money to spend. This indicates a boost in sales for all companies, including **SoleMates**.*



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<sup>2</sup> Statistics from Euromonitor International.

<sup>3</sup> Bureau of Labor Statistics

<sup>4</sup> The Conference Board

Consumer Spending – The annual consumer spending rate for 2017 was 2.7% and is projected to increase to 3.0% by the end of 2018<sup>5</sup>

*As consumer spending increases, so does consumer confidence. The higher consumer confidence is, the more sales for **SoleMates**, as well as other companies.*

Rate of Inflation/Deflation – The rate of inflation (CPI) in the United States for January 2018 is 2.07%<sup>6</sup>

*The rate of inflation has decreased by 0.43% over the last year. With a falling inflation rate, consumers will have the opportunity to buy more with the money they have, indicating a boost in sales for **SoleMates**; however, if the inflation rate continues to fall, **SoleMates** will be sure to keep their debt in check.*

Balance of Trade – The balance of trade in the United States is projected to be -44126 USD Million in January 2018<sup>7</sup>

*The foreign trade deficit is rising which signals positive economic developments, specifically higher levels of income, investment, and consumer confidence. With all sales coming from the United States, **SoleMates** looks to profit off the growth in sales that accompany a trade deficit.*

Interest Rates - The U.S. Federal Interest Rate remained the same during January of 2018 at 1.25-1.5%<sup>8</sup>

*With a falling inflation rate, the Federal Reserve will most likely lower interest rates, creating a higher disposable income nationwide. With all of **SoleMates** sales coming from the United States, the high level of disposable income will boost sales.*

### Virtual World

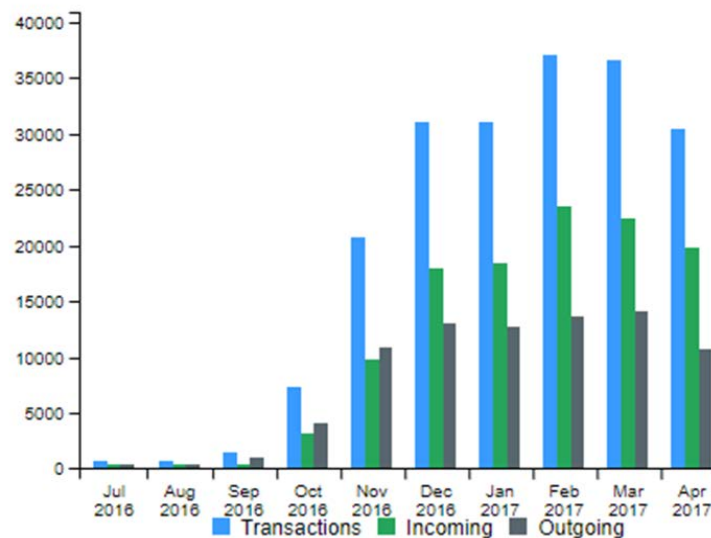
Consumer Confidence – The average transaction amount in the virtual marketplace last year was \$3195.18 (+25.21%)<sup>9</sup>

*An increasing average transaction amount indicates that Virtual Enterprise students are willing to spend more money during a transaction. With most sales coming from Virtual Enterprise students, **SoleMates** projects to have more sales at upcoming trade shows.*

Gross Domestic Product (GDP) - \$700,000 (2015-2016), \$800,000 (2016-2017)<sup>10</sup>

*As GDP increases, Americans will have more money to spend. This indicates a boost in sales for all companies, including **SoleMates**.*

TRANSACTIONS (JULY - JUNE)



<sup>5</sup> The Conference Board

<sup>6</sup> Inflation Data

<sup>7</sup> Trading Economics

<sup>8</sup> Trading Economics

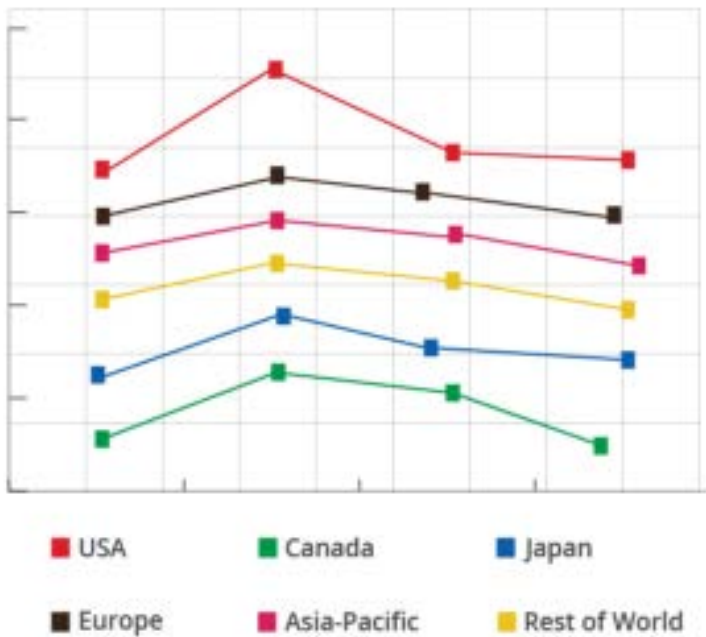
<sup>9</sup> Virtual Enterprise International

<sup>10</sup> Virtual Enterprise International

## Industry Analysis

**Real:** Current fashion trends and social norms stipulate high heels as a part of the formal dress. However, current high heels are uncomfortable and even painful after long periods of use. Many women tolerate these inconveniences in order to appear professional for short periods of time, after which many simply remove their high heels and walk barefoot. *SoleMates* aims to take advantage of this growing demand for trendy, yet comfortable high heel shoes.

**Annual Market Size Forecasts By Geographic Region (2016-2024)**



The global footwear market is expected to reach approximately \$370 billion by 2020, with a projected compound annual growth rate (CAGR) of 5.5%<sup>11</sup>. Interest in high fashion footwear has continued to climb throughout the past decade and market experts expect similar trends in the future. *SoleMates* struggles to reach demographics outside of its target market. Even though *SoleMates* facilitates gift purchases, men are less likely to purchase products for their spouses or significant others. However, according to Bridget Brennan, the CEO of Female Factor, women drive 70-80% of consumer purchases<sup>12</sup>, through a combination of their buying power and influence; even though *SoleMates* markets primarily to female demographics, women are responsible for a significant portion of consumer purchases.

**Virtual:** *SoleMates* is one of approximately 145 Virtual Enterprise firms in California. We plan on attending five trade shows within our first year of operation, where we can reach around 1,100 customers per trade show. At trade shows, we will indirectly compete with, on average, 70 other firms for the disposable income available to Virtual Enterprise students. Of these firms, approximately four are directly involved in the footwear industry. We expect to reach roughly 12% of the total market available at each trade show<sup>13</sup>.

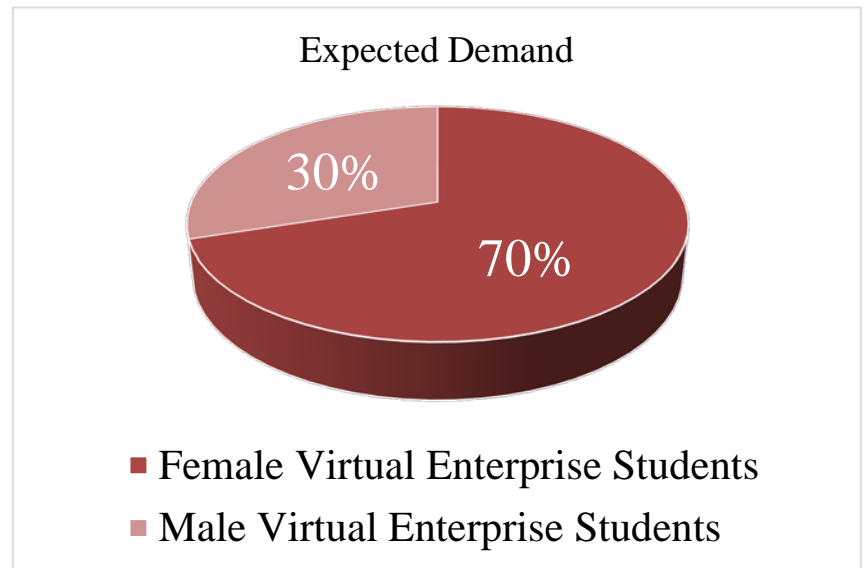
<sup>11</sup> The Allied Market Research of the global footwear market.

<sup>12</sup> Forbes article by Brigit Brennan, the CEO of consulting firm Female Factor, who researches women's purchasing patterns.

<sup>13</sup> Based on an average of various virtual companies and their sales from exhibitions and conferences (formally known as trade shows).



Virtual enterprise students tend to have relatively high discretionary incomes and extremely high levels of consumer confidence. Female virtual enterprise students fall within our target age demographic. As high school students, they appreciate the innovative new designs that *SoleMates* offers. High school dances in particular call for the flexibility provided by *SoleMates*' heels, as many female high school students end up removing their high heels or bringing replacement shoes. As a firm that primarily markets toward Virtual Enterprise students, these trends reflect favorably on *SoleMates*' sales projections and indicate a positive economic outlook for the future. Based off analysis of previous trade shows, *SoleMates* expects the majority of sales to come from female Virtual Enterprise students; however, males comprise a significant portion of the Company's sales.



### ***Competitive Analysis***

*SoleMates*' innovative design and novelty concept separate them from ordinary shoe companies. Because of this, *SoleMates* faces no direct competitors in the virtual world. *SoleMates*' diverse heel height allows customers to customize the shoe to their own personal style and comfort level. In the virtual marketplace, there are many indirect competitors to *SoleMates* that include fashion clothing companies like 1st Class Clothing, Cloud9 Designs, and MatchWear New York. *SoleMates* indirectly competes with each Virtual Enterprise firm for the discretionary income possessed by Virtual Enterprise students.

In the real world, companies, such as Tanya Heath Paris that market convertible heels, pose as the main competitor. *SoleMates* differentiates itself from real-world competitors by offering several different heel heights to allow customers to adapt the shoes to their own personal style. Almost all interchangeable heel companies only offer two heel heights for consumers, whereas *SoleMates* offers three heel heights. *SoleMates* also emphasizes the product's innovative means of interchanging the heels of the shoes for comfort and convenience. *SoleMates* also differentiates itself from its competitors by offering and distributing its products within the United States.

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# Marketing Plan

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## *Target Market & Market Segmentation*

*SoleMates'* virtual target market is the virtual marketplace, which consists of all VE firms and students. Due to millennial interest in innovative technology, this target market is especially responsive to *SoleMates'* product. The Company will attend a total of five trade shows over the upcoming fiscal year, providing a strong opportunity to access the Virtual Enterprise market. Social media promotions and email newsletters also attract Virtual Enterprise students on a daily basis.

The Company's real world market is professional, young women between the ages of 25 and 50, due to the medium to high discretionary income these individuals have and their integral role in the business world. *SoleMates* separates itself from its competitors by having the unique ability to transform the shoe's heels in just a few seconds, offering great comfort and still retaining a great look. Furthermore, it provides customers with the ability to adapt the shoe to fit their own personal fashion style. Many people in larger cities rely on public transportation or walking to get to their destinations. *SoleMates* benefits from this due to the need for a comfortable, yet stylish shoe. The Company attracts consumers with a medium to high discretionary income that have a fashion-forward mindset. For example, professionals who live in the city would be greatly interested in *SoleMates'* Urban shoe due to the formal look and great comfort for walking. Other products are available for consumers who need a classy yet professional appearance.

## *Demographics*

*SoleMates'* consumers are typically professional business women between the ages of 25 and 50 because of their prominent role in the modern workplace. Overall, females drive 70-80% of all consumers purchasing through a combination of their buying power and influence<sup>14</sup>. *SoleMates* specifically targets women in the middle to high-income brackets because these women can afford to purchase *SoleMates'* products, as many have jobs that require professional attire.

Female Virtual Enterprise students, who tend to fall between the ages of 16-18, also require professional attire. Many of *SoleMates'* marketing strategies, such as trade shows, specifically target this demographic.

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<sup>14</sup> Forbes article by Brigit Brennan, the CEO of consulting firm Female Factor, who researches women's purchasing patterns.

## Geographics

*SoleMates* primarily targets larger cities across the United States that have many people who do not drive their own vehicle to work such as Los Angeles, San Diego, San Francisco, New York, Chicago, and Houston. There is a higher demand for professional attire and a large number of people that walk to and from destinations on a daily basis in these cities. For example, 55.6% of people in New York use



public transportation on a daily basis and have to walk significant distances to reach their destinations<sup>15</sup>. This is a common occurrence among major cities across the United States. Mirroring the patterns of infrastructure in New York, the major epicenters of the population across the United States serves as a catalyst for company growth and profit. Because *SoleMates*' website can be accessed by consumers nationwide, the Company has few geographic limitations and can reach consumers throughout the United States.

However, *SoleMates* specifically focuses on consumers in California. It plans on setting up its mobile demonstrations program called 'Heels on Wheels' in retail stores across the Southern California region. Consumers will be able to interact with the product at live demonstrations in these select stores. Finally, *SoleMates* focuses upon the Virtual Enterprise market in California; the four trade shows it attends in the state will allow the Company to effectively market towards Virtual Enterprise students.

## Psychographics

*SoleMates* appeals to fashion-forward women who want to remain stylish and comfortable. The fashionable design of the high heels and their brand image make the product particularly appealing to women. In addition, consumers make over 50% of their purchases online<sup>16</sup>, which is why *SoleMates* plans to focus heavily on online sales. Consumers will be more inclined to purchase *SoleMates*' products due to the unique ability to change the heel, a feature which few competitors offer.

Most of *SoleMates*' customers favor the great practicality the shoe offers. Women purchase between \$5 trillion - \$15 trillion of goods and services annually in the United States<sup>17</sup>, and \$30 billion on shoes alone<sup>18</sup>. The Company intends to reach the male demographic by promoting gift certificates during prime gift buying times

<sup>15</sup> United States Census Bureau of workers in New York City.

<sup>16</sup> A study published in Fortune, an American business magazine.

<sup>17</sup> Girl Power Marketing is a public relations and marketing agency.

<sup>18</sup> Article by the Boston Globe detailing market statistics on footwear.

of the year, such as Christmas, Valentine’s Day, and Mother’s Day. Men can purchase and redeem gift certificates for their significant others.

*Feature Benefits*

Whenever shoe shopping, women frequently ask themselves three questions. Is the shoe comfortable, is it fashionable, and is it convenient? When coming across a pair of shoes that don’t have at least two out of these three factors, women typically won’t buy them. Luckily, with *SoleMates*, all three of these features are included. Thanks to the innovative height adjustment function, *SoleMates* shoes are the perfect companion for the whole day. The heels, which vary in terms of height, shape, and color, can be swapped and fit easily into every handbag. Depending on how you feel, you can change the look, comfort, and style accordingly.

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# Marketing Mix

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*Product*

*SoleMates* offers a variety of shoe styles to choose from. All of *SoleMates*’ shoes come with a 3-inch stiletto and a flat. An additional 3-inch block heel is available for purchase as well. All three of these heels can quickly be swapped out for a different heel, and be snapped into place in a matter of seconds. This gives the consumer the ability to have 3 different looks and shoes for the price of one. All of *SoleMates*’ shoes are made with high-quality materials to ensure great durability and appearance. Leather and vegan shoes are available for purchase at an additional cost.

**Simple**

\$220.00



**Twirl**

\$240.00



**Bloom**

\$260.00



**Chic**

\$265.00



**Urban**

\$160.00



**Scorpio**

\$195.00





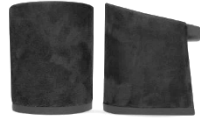
### Heel Pouch

\$15.00



### 3-inch Block Heel

\$55.00

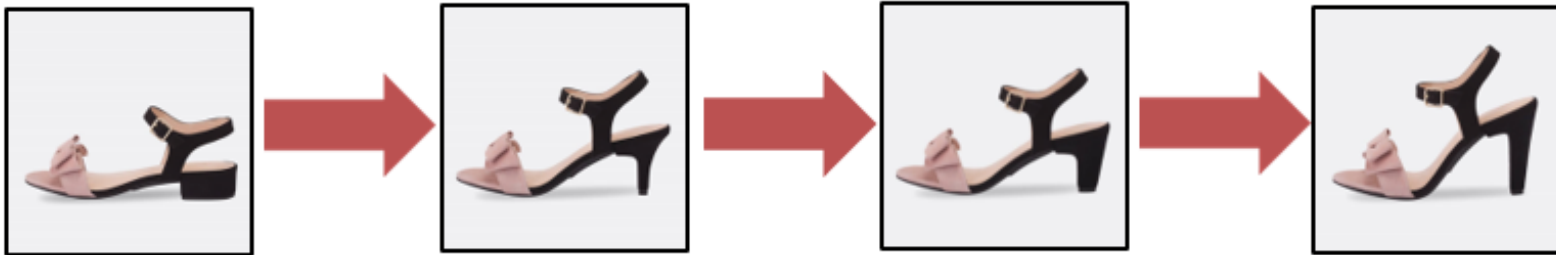


### Gift Certificate



## Product Function

All of *SoleMates*' shoes function the same way. The heel has the unique ability to detach from the sole of the shoe. From here, one of the other two heels can be put in its place. This is due to the flexibility the sole offers along with the locking mechanism embedded in the back of the sole. For the heels not being used, the heel pouch is a great place to store them, keeping them safe from scuffs and scratches.

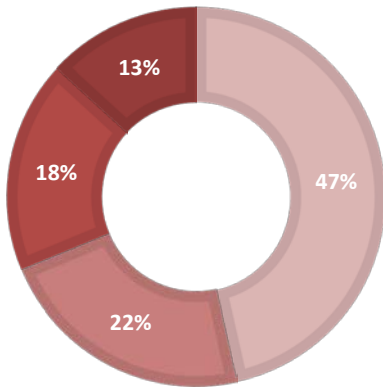


## Price

*SoleMates*' uses price skimming strategy for all of its products. Cost of goods vary by design, overall function and retail prices for the product line; they range from \$160 to \$265 with approximately 50% gross profit margin, a percentage that increases with volume. As of now, *SoleMates* has only one direct competitor in the real world, creating very little competition. For this reason, *SoleMates* can keep the prices high until the further competition is created in the interchangeable heel market. If market conditions change, *SoleMates* has the ability to lower its prices and still remain profitable.

## TOTAL SALES

- Tradeshows
- Other Our of Network
- Business to Business
- Online



## Placement

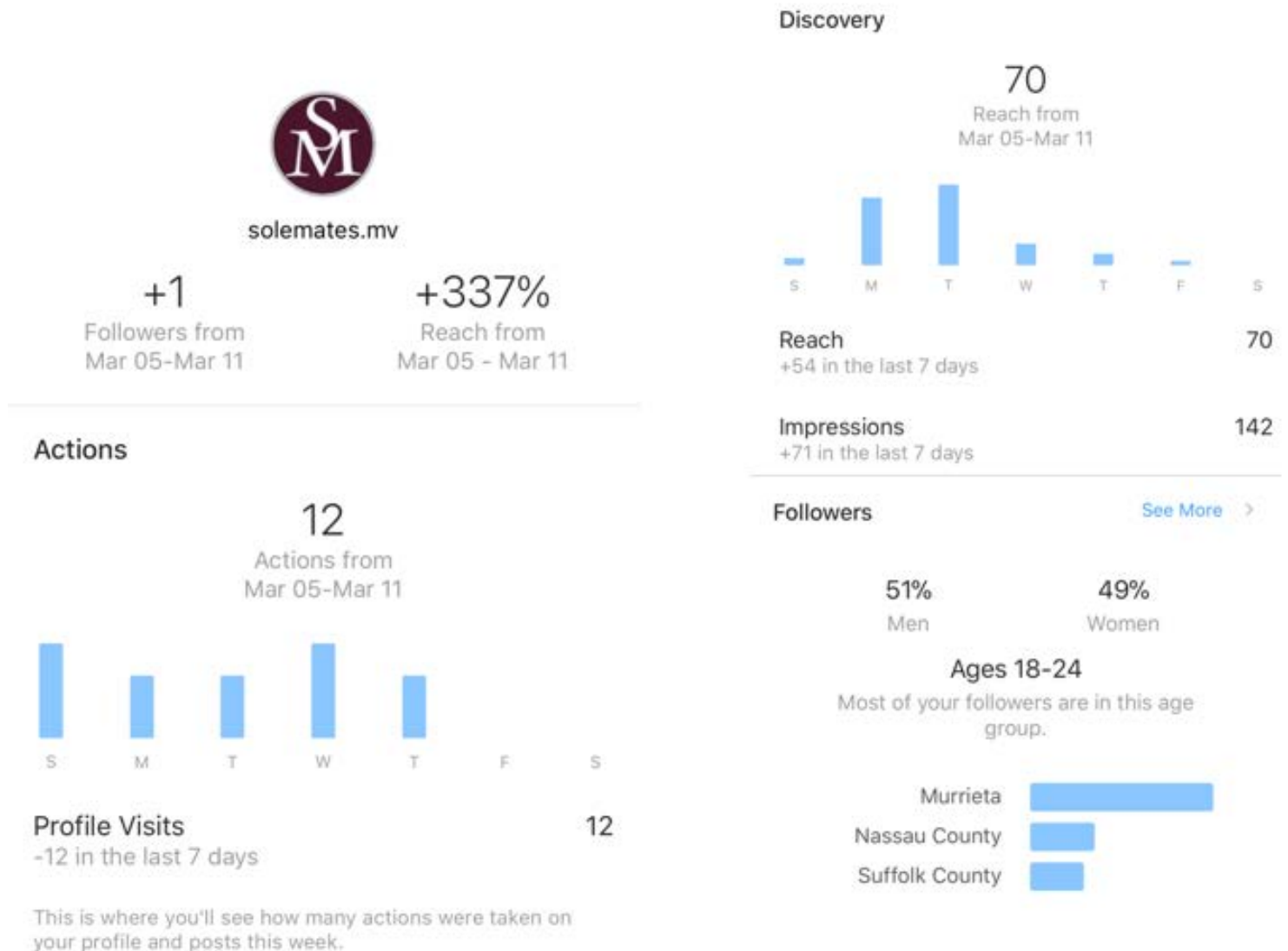
Most of *SoleMates*' sales are predicted to come from a business contract with Virtual Enterprise International (VEI) for the first six months of operation. After the six-month period, these sales will no longer occur. In, business to business contracts, other Virtual Enterprise firms agree to purchase a set amount of products from *SoleMates*. Also, 22.2% will come from out of network sales through *SoleMates*' mobile demonstration program called Heels on Wheels, and 46.5% from tradeshows with other Virtual Enterprise firms. The large percentage of sales from trade shows is due to the high population density of *SoleMates*' target market in one area.

## Promotion

*SoleMates*' \$6,000 monthly marketing budget is distributed among multiple advertising outlets and is focused heavily on driving customers to the Company's website. Because *SoleMates*' products target market is aimed primarily at women, promotional efforts are highly focused on specific psychographics. Fashion-forward, practical women comprise a significant portion of the Company's target market. Below are some of the promotional strategies the Company employs:

- ❖ **Heels on Wheels:** A live demonstration program in Southern California stores. Through this program, customers can physically interact with the product, essentially increasing sales and publicity.
- ❖ **Trade Shows:** *SoleMates* will attend four trade shows in California and one in New York over the next six months, selling directly to other Virtual Enterprise students.
- ❖ **Vivid:** A virtual enterprise advertising company. *SoleMates* spends \$3,000 a month to advertise on Vivid, attracting both female and male Virtual Enterprise students.
- ❖ **Celebrity Endorsements:** To appeal to Virtual Enterprise students and its target market, *SoleMates* employs social media icons with large platforms to utilize their large audience to *SoleMates*' benefit. Celebrities then share the Company's special events and promotions on their personal account.

- ❖ **Social Media:** In addition, *SoleMates* will use social media platforms such as Twitter, YouTube, Facebook, and Instagram. Regular updates regarding sales and promotional events, as well as upcoming trade shows, are posted to *SoleMates*' social media pages. To evaluate the effectiveness of promotional strategies, the *SoleMates* website utilizes Google Analytics to determine the success of referral sites and customer demographics.



- ❖ **Email Marketing:** *SoleMates* emails sales promotions and company updates to consumers who have previously purchased from *SoleMates* and those who purchase in the virtual marketplace on a regular basis.
- ❖ **Google AdWords:** Specific keywords help customers find our video and website easily on different search engines.

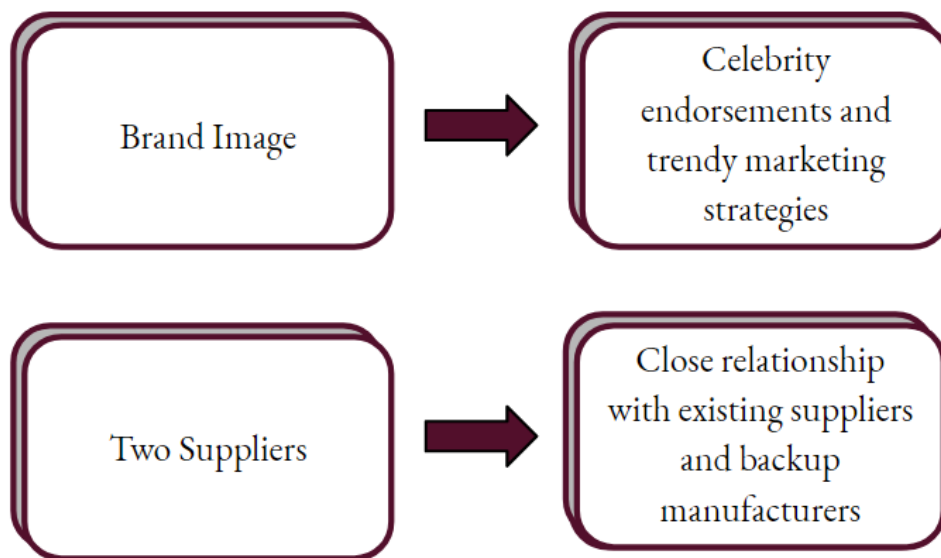
## ***Positioning***

***SoleMates*** is positioned in the market as a luxury shoe company. It aspires to utilize the advanced design of each shoe to appeal to customers. Celebrity endorsements contribute to the brand image of the Company; shoes from the Company are seen as fashionable and trendy. In addition, ***SoleMates*** heavily emphasizes the convertibility of a quick on-the-go shoe.

## ***Business Risks***

***SoleMates*** buys its products from two suppliers. In the event that these companies struggle to fulfill purchase orders, ***SoleMates*** would have to find other suppliers for its products. In order to mitigate this risk, ***SoleMates*** maintains a close relationship with its suppliers, so the Company will be able to plan for this possibility in advance. In addition, ***SoleMates*** researches other suppliers which could replace its existing ones.

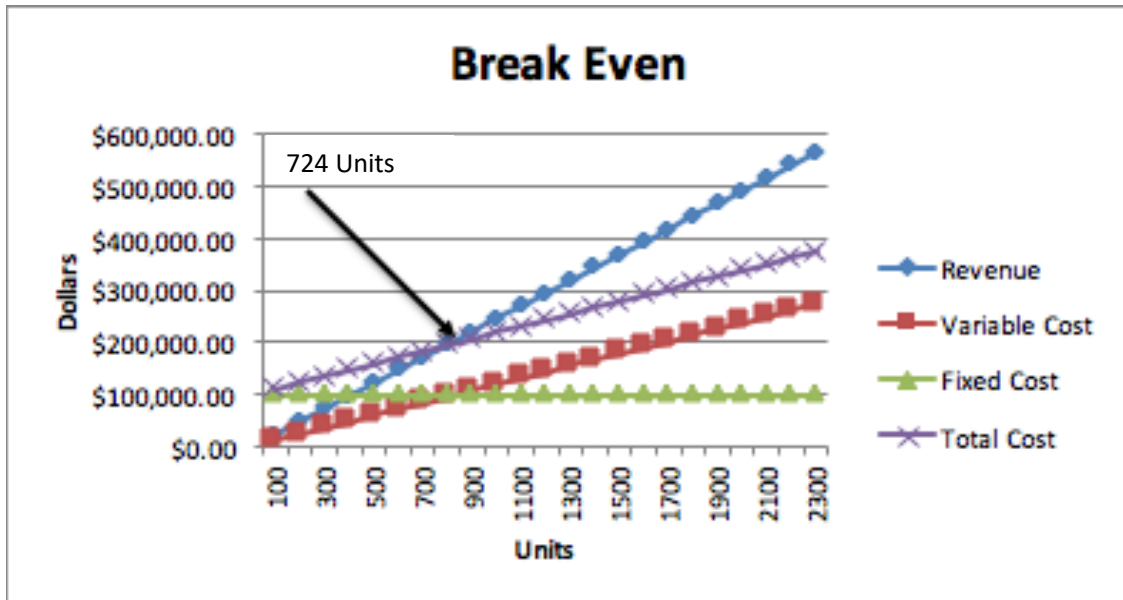
Another risk is that many fashion-based companies rely heavily on brand image. ***SoleMates*** attempts to create a strong brand image with its celebrity endorsements; however, this branding could have varied levels of success. If celebrity endorsements fail to create a strong brand image, ***SoleMates*** will focus on traditional marketing avenues in order to appeal to its market.





# Financial Planning

## *SoleMates* Break Even Projected



*SoleMates* sells six high-quality shoes. Because it has a mix of prices, the Company has an average selling price of \$245 from the six shoes sold. The Company has an average selling price of \$245 and the cost of goods sold is about 50% of our selling price. So, the Company approximates that it will break even at about 724 units sold, for a profit of \$194,444

Balance Sheet  
As of 2/28/18

Months	<u>31-Oct-17</u>	<u>30-Nov-17</u>	<u>31-Dec-17</u>	<u>31-Jan-18</u>	<u>28-Feb-18</u>
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash	\$20,000	\$111,275	\$183,861	\$218,597	\$237,001
Accounts Receivable	-	1,053	6,216	16,587	33,323
Less - Allowance for Bad Debt	-	(246)	(1,450)	(3,870)	(7,775)
Net Accounts Receivable	-	807	4,766	12,717	25,548
Inventory	-	<u>82,887</u>	<u>74,281</u>	<u>56,996</u>	<u>60,287</u>
Total Current Assets	20,000	194,969	262,907	288,310	322,836
<b>Fixed Assets:</b>					
Computers	-	31,843	31,843	31,843	31,843
Equipment	-	4,500	4,500	4,500	4,500
Furniture	-	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>
Total FF&E	-	44,743	44,743	44,743	44,743
Accumulated Depreciation	-	(746)	(1,491)	(2,237)	(2,983)
Total Fixed Assets Net	-	<u>43,997</u>	<u>43,252</u>	<u>42,506</u>	<u>41,760</u>
<b>Total Assets</b>	<b><u>\$20,000</u></b>	<b><u>\$238,966</u></b>	<b><u>\$306,159</u></b>	<b><u>\$330,816</u></b>	<b><u>\$364,596</u></b>
<b>Liabilities and Equity</b>					
<b>Current Liabilities:</b>					
Accounts Payable	<u>\$-</u>	<u>\$-</u>	<u>\$404</u>	<u>\$973</u>	<u>\$1,762</u>
Total Current Liabilities	-	-	404	973	1,762
<b>Long-Term Liabilities:</b>					
VE Loan:	-	<u>150,000</u>	<u>147,808</u>	<u>145,607</u>	<u>143,396</u>
Total Long-Term Liabilities	-	<u>150,000</u>	<u>147,808</u>	<u>145,607</u>	<u>143,396</u>
<b>Total Liabilities</b>	-	150,000	148,212	146,581	145,158
<b>Shareholder's Equity:</b>					
Paid in Capital	20,000	75,500	125,500	125,500	125,500
Retained Earnings	-	<u>13,466</u>	<u>32,446</u>	<u>58,735</u>	<u>93,937</u>
Total Equity	<u>20,000</u>	<u>88,966</u>	<u>157,946</u>	<u>184,235</u>	<u>219,437</u>
<b>Total Liabilities and Equity</b>	<b><u>\$20,000</u></b>	<b><u>\$238,966</u></b>	<b><u>\$306,159</u></b>	<b><u>\$330,816</u></b>	<b><u>\$364,596</u></b>

\*Our Costs of Good sold includes all shipping to the US and to the consumer

\*\* Our rent is \$1 because we are at the Murrieta Innovation Center that helps local start-up businesses

SoleMates

Pro Forma Income Statement

Year 1

Month	<u>30-Nov-17</u>	<u>31-Dec-17</u>	<u>31-Jan-18</u>	<u>28-Feb-18</u>	<u>31-Mar-18</u>	<u>30-Apr-18</u>	<u>FYE</u>
<b>Sales:</b>							
Trade Show	\$-	\$14,815	\$20,605	\$22,222	\$36,750	\$245,000	\$339,392
Web Sales	3,259	2,397	7,350	12,495	9,939	6,860	42,300
Out of Network Sales	-	-	6,615	7,350	7,350	7,350	28,665
B2B	250	-	-	13,720	8,330	16,415	38,715
Special Sales under Contract to VE District	<u>96,667</u>	<u>96,667</u>	<u>96,667</u>	<u>96,667</u>	<u>96,667</u>	<u>96,667</u>	<u>580,000</u>
<b>Total Sales</b>	<b>100,176</b>	<b>113,878</b>	<b>131,237</b>	<b>152,454</b>	<b>159,036</b>	<b>372,292</b>	1,029,071
 Material Cost	 <u>1,754</u>	 <u>8,606</u>	 <u>17,285</u>	 <u>27,893</u>	 <u>31,185</u>	 <u>137,813</u>	 <u>224,536</u>
<b>Cost of Goods Sold</b>	<b>1,754</b>	<b>8,606</b>	<b>17,285</b>	<b>27,893</b>	<b>31,185</b>	<b>137,813</b>	<b>224,536</b>
 <b>Gross Margin</b>	 <b>98,421</b>	 <b>105,272</b>	 <b>113,952</b>	 <b>124,560</b>	 <b>127,851</b>	 <b>234,479</b>	 <b>804,536</b>
<i>Non VE Contract</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>	<i>50%</i>
<b>Operating Expenses</b>							
Salaries	58,560	58,560	58,560	58,560	58,560	58,560	351,360
Payroll tax	15,661	15,661	15,661	15,661	15,661	15,661	93,965
Rent	1	1	1	1	1	1	6
Advertising	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Dress For Success	-	404	569	789	1,056	1,133	3,951
Insurance	683	-	-	-	-	-	683
Loan Interest Expense	-	656	647	637	627	618	3,185
Supplies	250	250	250	250	250	250	1,500
Utilities	1,810	1,810	1,810	1,810	1,810	1,810	10,857
Misc.	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Marketing	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Depreciation (schedule - not a cash item)	746	746	746	746	746	746	4,474
Bad Debt Allowance	<u>246</u>	<u>1,205</u>	<u>2,420</u>	<u>3,905</u>	<u>4,366</u>	<u>19,294</u>	<u>31,435</u>
<b>Total Operating Expenses</b>	<b>84,955</b>	<b>86,292</b>	<b>87,663</b>	<b>89,358</b>	<b>90,076</b>	<b>105,072</b>	<b>543,416</b>
 <b>Net Profit</b>	 <b><u>13,466</u></b>	 <b><u>18,980</u></b>	 <b><u>26,289</u></b>	 <b><u>35,202</u></b>	 <b><u>37,775</u></b>	 <b><u>129,408</u></b>	 <b><u>261,120</u></b>
 Income Tax	 -	 -	 -	 -	 -	 <u>3,517</u>	 <u>3,517</u>
 <b>Net Income</b>	 <b><u>\$13,466</u></b>	 <b><u>\$18,980</u></b>	 <b><u>\$26,289</u></b>	 <b><u>\$35,202</u></b>	 <b><u>\$37,775</u></b>	 <b><u>\$125,890</u></b>	 <b><u>\$257,603</u></b>

## Cash Budget

Actual through 2/28/18

Projected from 3/31/18-4/31/18

	<u>31-Oct-17</u>	<u>30-Nov-17</u>	<u>31-Dec-17</u>	<u>31-Jan-18</u>	<u>28-Feb-18</u>	<u>31-Mar-18</u>	<u>30-Apr-18</u>
<b>Cash Balance</b>	\$-	\$20,000	\$111,275	\$183,861	\$218,597	\$237,001	\$289,115
<b>Cash Receipts</b>							
VEI Contract	-	96,667	96,667	96,667	96,667	96,667	96,667
Cash Sales	-	2,456	12,048	24,199	39,051	43,658	192,938
Loans	-	150,000	-	-	-	-	-
Shareholder Investments	<u>20,000</u>	<u>55,500</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Cash Receipts</b>	<b>20,000</b>	<b>304,623</b>	<b>158,714</b>	<b>120,866</b>	<b>135,718</b>	<b>140,325</b>	<b>289,604</b>
<b>Cash Disbursements</b>							
Cost of Goods Sold	-	1,754	8,606	17,285	27,893	31,185	137,813
Salaries	-	58,560	58,560	58,560	58,560	58,560	58,560
Payroll tax	-	15,661	15,661	15,661	15,661	15,661	15,661
Rent	-	1	1	1	1	1	1
Purchase Fixed Assets	-	44,743	-	-	-	-	-
Advertising	-	3,000	3,000	3,000	3,000	3,000	3,000
Dress For Success	-	-	-	-	-	-	3,952
Insurance	-	683	-	-	-	-	-
Loan Interest Expense	-	-	656	647	637	627	618
Supplies	-	250	250	250	250	250	250
Utilities	-	1,810	1,810	1,810	1,810	1,810	1,810
Misc.	-	1,000	1,000	1,000	1,000	1,000	1,000
Marketing	-	3,000	3,000	3,000	3,000	3,000	3,000
Income Tax	-	-	-	-	-	-	3,517
Loan Prin. Pmt	-	-	2,192	2,201	2,211	2,221	2,230
Change in Inventory	<u>-</u>	<u>82,887</u>	<u>(8,606)</u>	<u>(17,285)</u>	<u>3,291</u>	<u>(29,102)</u>	<u>106,628</u>
<b>Total Cash Disbursements</b>	<b>-</b>	<b>213,348</b>	<b>86,129</b>	<b>86,129</b>	<b>117,314</b>	<b>88,211</b>	<b>338,039</b>
<b>Net Cash Flow</b>	<b><u>\$20,000</u></b>	<b><u>\$91,275</u></b>	<b><u>\$72,585</u></b>	<b><u>\$34,737</u></b>	<b><u>\$18,404</u></b>	<b><u>\$52,114</u></b>	<b><u>\$ (48,435)</u></b>
<b>Cumulative Cash Flow</b>	<b>\$20,000</b>	<b>\$111,275</b>	<b>\$183,861</b>	<b>\$218,597</b>	<b>\$237,001</b>	<b>\$289,115</b>	<b>\$240,680</b>

## *Financial Write-Up*

To open *SoleMates*, a loan of \$150,000 was received from Virtual Enterprise International (VEI) to cover all start-up costs for the first six months of business. The loan will be paid over sixty months, with a fixed interest rate of 5.25%. Start-up expenses include rent and material costs. *SoleMates* has a business contract with the VEI office for \$96,667 to cover the costs of goods sold and payroll for the first six months of being in business. After the six months, the Company will be equipped to do well on its own. The Company has three angel investors that have all invested \$50,000. They are given equity in the business and a position on the board of directors. *SoleMates* is also receiving capital through owner's investment: nine upper management members

contributed \$5,000 each while the remaining 12 associates put in \$2,500, totaling for \$75,000. The income statement projects monthly income beginning November 2017 through the end of April 2018.

Because *SoleMates* is a new company, all financial statements work with projections. These projections are based on market and cost research. *SoleMates*' management team will track these projections compared to actual results on a monthly basis, and consider making adjustments to the Company's operations based on actual revenue and expenses. This will allow management to make strategic decisions should material variances develop during startup months of the business.



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# Appendix

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## CONTRACT

This Agreement, established November 10, 2017, is entered into by *SoleMates* and the Murrieta Innovation center located at 26442 Beckman Ct, Murrieta, CA 92562.

### DEFINITIONS

- 1.1** *SoleMates* is a company that provides unique products which offer important new options in the retail marketplace.
- 1.2** Murrieta Innovation Center ("Innovation Center") is an incubation area dedicated to growing start-up companies. Supported by various organizations, it offers inexpensive office space, mentorship, and assistance for its partners.

### OBLIGATIONS OF *SOLEMATES*

- 2.1** *SoleMates* will make a payment of \$1 to the Murrieta Innovation Center on a monthly basis in exchange for a 15'x20' office space.
- 2.2** Payment will be made monthly with payment due by the 5th of each month.
- 2.3** *SoleMates* will provide quarterly updates regarding its operations, plans, and financials to the Innovation Center.
- 2.4** *SoleMates* agrees to attempt to limit utilities and resources consumed.

### OBLIGATIONS OF MURRIETA INNOVATION CENTER

- 3.1** The Innovation Center will provide an 15'x20' office space for the price of \$1 per month.
- 3.2** The Innovation Center will pay for utilities used such as electricity, gas, water, and other utilities within the office space.
- 3.3** The Innovation Center can provide advice, mentorship, or aid to *SoleMates*.

Name: Jeffrey Kim

Title: Chief Executive Officer (CEO)

Email: [jeffjohn3@gmail.com](mailto:jeffjohn3@gmail.com)

Phone: 1 (951) 473 - 9418

A handwritten signature in blue ink, appearing to read "Jeff Kim", with a stylized flourish at the end.

Name: Scott Agajanian

Title: Business Development Manager

Email: [sagajanian@murrietaca.gov](mailto:sagajanian@murrietaca.gov)

Phone: 1 (951) 461 – 6003

A handwritten signature in blue ink, appearing to read "Scott A.", with a long horizontal line extending to the right.

**\*THIS IS NOT A LEGALLY-BINDING CONTRACT AND WILL ONLY BE USED  
FOR VIRTUAL ENTERPRISE\***

# CONTRACT

**\*THIS IS NOT A LEGALLY-BINDING CONTRACT AND WILL ONLY BE USED FOR ACADEMIC PURPOSE \***

This Agreement, established November 1, 2017, is entered into by SoleMates located at 26442 Beckman Ct, Murrieta, CA 92562, and Mestrae, a company located at Lot 2-2, Level 2, Tower B, The Troika, 19 Persiaran KLCC, 50400 Kuala Lumpur, Malaysia

## DEFINITIONS

1.1 SoleMates is a company that distributes unique shoes which are interchangeable heels that provide comfort and versatility for the customers from day to night. SoleMates promotes not only comfort but convenience for women.

1.2 Mestrae is a company which has manufactured an interchangeable heel that can be used at anytime and anywhere to help combine comfort and beauty. .

1.3 The “Product” refers to the interchangeable heel created and designed by a select manufacturer in Malaysia.

1.4 The “Agreement” is valid for a period of one year beginning on November 1, 2017, ending on October 31, 2018.

## OBLIGATIONS OF SOLEMATES

2.1 Payment. For the duration of the Agreement, SoleMates shall purchase Product at 50% of the price point, restocking at the end of each month or as supplies are needed.

2.2 Marketing. SoleMates agrees to promote, advertise, and market the Product to the best of its abilities. SoleMates will display the product at its trade shows.

## OBLIGATIONS OF MESTRAE

3.1 Grant. Mestrae hereby grants to SoleMates a non-transferrable license to use the Product as necessary for effective marketing and sale.

3.2 Production. Mestrae will, at its sole expense, develop and manufacture the Product. The Product shall be branded by both parties. Vegan and leather shoe options will also be available.

3.3 Pricing. Mestrae will sell the Product to SoleMates at a discounted, wholesale price of 50% of the price point for each product.

3.4 Exclusivity. Mestrae will not partner with other Virtual Enterprise firms in the United States.

Name: Jeffrey Kim

Title: Chief Executive Officer (CEO)

Email: jeffjohn3@gmail.com

Phone: 1 (951)473-9418



x \_\_\_\_\_

Name: Christine Pamela Chandrakasan

Title: Chief Executive Officer (CEO) /Founder

Email: pamela@mestrae.com

Phone: +60122333112



X \_\_\_\_\_



42200 Nighthawk Way, Murrieta, CA 92562  
Business Phone  
Solemates.mvhs@gmail.com

## Business Contract

This agreement is effective as of **November 10, 2017**, between **VE-International** and **SoleMates** from **November 9-April 10th**. The parties hereby agree to the following terms and conditions:

### DESCRIPTION OF SERVICE/SUPPLIES: (For Example)

VE-International hereby agrees to purchase the items below, supplied by SoleMates.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
<i>Heels</i>			
Bloom	456	\$212	\$96,667.00
<hr/>			
Total (Items 001-004)			\$ 96,667.00

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

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



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

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

**CORPORATE COMMITMENT** – By signing this agreement, the **(Business Name)**, hereby agrees to offer the expertise of its officers as advisors to **SoleMates**. This mentoring will assist in the successful operations of **SoleMates**, thus protecting your valued investment in our product.

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

  
Signature of VE-International

11/13/17  
Date

Teri Jones, CA Regional Dir.  
Printed Name / Title

818 298-9803  
Phone Number

\_\_\_\_\_  
Signature of VE-International Representative

\_\_\_\_\_  
Printed Name / Title

\_\_\_\_\_  
Phone Number

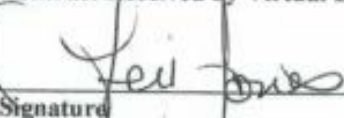
  
Signature of SoleMates

11/15/17  
Date

Jackie McBride  
Printed Name and Title Chief Business Officer

(951) 239-9256  
Phone Number

Contract Received by Virtual Enterprises International, ~~Mid-Atlantic~~ <sup>West</sup> Region

  
Signature

11/13/17  
Date



## *Bank Statement (as of 28 February 2018)*

Feb. 27, 2018	H Sherrill (US06405), Ooltewah, TN VEI Checkout transaction #253634 02/27/2018 09:08 AM CT	630540659	3499266	\$297.18	\$220,891.27
Feb. 26, 2018	Kaitlyn Gill (US06347), St. Charles, IL VEI Checkout transaction #252737 02/26/2018 10:32 AM CT	630531609	3495586	\$297.18	\$220,594.09
Feb. 24, 2018	Melia Amezcuita (US021801), South Pasadena, CA heel bag	630547432	3492712	\$15.00	\$220,296.91
Feb. 22, 2018	Ludvin Solares (US021710), Bloomington, CA VEI Checkout transaction #251207 02/22/2018 01:17 PM CT	630572712	3489334	\$222.28	\$220,281.91
Feb. 22, 2018	Haylee Duncan (US06405), Ooltewah, TN VEI Checkout transaction #250852 02/22/2018 08:36 AM CT	630564086	3488624	\$270.43	\$220,059.63
Feb. 21, 2018	VEI-WEST Wholesale Market, Bakersfield, CA Payroll Tax	610108387	3485935	-\$84,480.44	\$219,789.20
Feb. 21, 2018	VEI-WEST LOANS, Bakersfield, CA Here are our last three payments needed	610119222	3485933	-\$8,543.70	\$304,269.64
Feb. 21, 2018	VEI-WEST Wholesale Market, Bakersfield, CA Here is our payment for our inventory	610108387	3485903	-\$84,641.03	\$312,813.34
Feb. 21, 2018	585 Home & Office Supplies, Rochester, NY To pay for all of our needed supplies so far	630368910	3485897	-\$1,000.00	\$397,454.37
Feb. 21, 2018	VEI-MIDWEST RENT ACCOUNT We pay 1 dollar every month to the Innovation Cen.	610026674	3485893	-\$5.00	\$398,454.37
Feb. 21, 2018	VEI-WEST HEALTH INSURANCE, Bakersfield, CA This is for our employees safety	610186027	3485891	-\$683.00	\$398,459.37
Feb. 20, 2018	VIVID+, Chesterfield, MO Advertising	630525927	3483910	-\$13,050.00	\$399,142.37
Feb. 20, 2018	Paul, Pasadena, CA, USA - VEI Checkout transaction #249589 02/20/2018 01:05 AM CT - US Network		3483313	\$882.00	\$412,192.37

## Loan Amortization Table

			VEI Loan		
Loan Amount			\$150,000.00		
Length of Loan in Months			60		
Interest Rate			5.25%		
Month Payments Will Start On			-1		
Month	SBA Loan Payment Number	Total Payment	Interest Amount	Principal Amount	Loan Balance
1					\$150,000.00
2	1	\$2,847.90	\$656.25	\$2,191.65	\$147,808.35
3	2	\$2,847.90	\$646.66	\$2,201.24	\$145,607.11
4	3	\$2,847.90	\$637.03	\$2,210.87	\$143,396.25
5	4	\$2,847.90	\$627.36	\$2,220.54	\$141,175.71
6	5	\$2,847.90	\$617.64	\$2,230.25	\$138,945.45
7	6	\$2,847.90	\$607.89	\$2,240.01	\$136,705.44
8	7	\$2,847.90	\$598.09	\$2,249.81	\$134,455.63
9	8	\$2,847.90	\$588.24	\$2,259.65	\$132,195.98
10	9	\$2,847.90	\$578.36	\$2,269.54	\$129,926.44
11	10	\$2,847.90	\$568.43	\$2,279.47	\$127,646.97
12	11	\$2,847.90	\$558.46	\$2,289.44	\$125,357.53
13	12	\$2,847.90	\$548.44	\$2,299.46	\$123,058.07
14	13	\$2,847.90	\$538.38	\$2,309.52	\$120,748.55
15	14	\$2,847.90	\$528.27	\$2,319.62	\$118,428.93
16	15	\$2,847.90	\$518.13	\$2,329.77	\$116,099.16
17	16	\$2,847.90	\$507.93	\$2,339.96	\$113,759.19
18	17	\$2,847.90	\$497.70	\$2,350.20	\$111,408.99
19	18	\$2,847.90	\$487.41	\$2,360.48	\$109,048.51
20	19	\$2,847.90	\$477.09	\$2,370.81	\$106,677.70
21	20	\$2,847.90	\$466.71	\$2,381.18	\$104,296.51
22	21	\$2,847.90	\$456.30	\$2,391.60	\$101,904.91
23	22	\$2,847.90	\$445.83	\$2,402.06	\$99,502.85
24	23	\$2,847.90	\$435.32	\$2,412.57	\$97,090.28
25	24	\$2,847.90	\$424.77	\$2,423.13	\$94,667.15
26	25	\$2,847.90	\$414.17	\$2,433.73	\$92,233.42
27	26	\$2,847.90	\$403.52	\$2,444.38	\$89,789.05
28	27	\$2,847.90	\$392.83	\$2,455.07	\$87,333.97
29	28	\$2,847.90	\$382.09	\$2,465.81	\$84,868.16
30	29	\$2,847.90	\$371.30	\$2,476.60	\$82,391.56
31	30	\$2,847.90	\$360.46	\$2,487.43	\$79,904.13
32	31	\$2,847.90	\$349.58	\$2,498.32	\$77,405.81
33	32	\$2,847.90	\$338.65	\$2,509.25	\$74,896.57
34	33	\$2,847.90	\$327.67	\$2,520.23	\$72,376.34
35	34	\$2,847.90	\$316.65	\$2,531.25	\$69,845.09
36	35	\$2,847.90	\$305.57	\$2,542.33	\$67,302.76
37	36	\$2,847.90	\$294.45	\$2,553.45	\$64,749.32
38	37	\$2,847.90	\$283.28	\$2,564.62	\$62,184.70
39	38	\$2,847.90	\$272.06	\$2,575.84	\$59,608.86
40	39	\$2,847.90	\$260.79	\$2,587.11	\$57,021.75
41	40	\$2,847.90	\$249.47	\$2,598.43	\$54,423.32
42	41	\$2,847.90	\$238.10	\$2,609.80	\$51,813.53
43	42	\$2,847.90	\$226.68	\$2,621.21	\$49,192.31
44	43	\$2,847.90	\$215.22	\$2,632.68	\$46,559.63
45	44	\$2,847.90	\$203.70	\$2,644.20	\$43,915.43
46	45	\$2,847.90	\$192.13	\$2,655.77	\$41,259.66
47	46	\$2,847.90	\$180.51	\$2,667.39	\$38,592.28
48	47	\$2,847.90	\$168.84	\$2,679.06	\$35,913.22
49	48	\$2,847.90	\$157.12	\$2,690.78	\$33,222.44
50	49	\$2,847.90	\$145.35	\$2,702.55	\$30,519.89
51	50	\$2,847.90	\$133.52	\$2,714.37	\$27,805.52
52	51	\$2,847.90	\$121.65	\$2,726.25	\$25,079.27
53	52	\$2,847.90	\$109.72	\$2,738.18	\$22,341.10
54	53	\$2,847.90	\$97.74	\$2,750.16	\$19,590.94
55	54	\$2,847.90	\$85.71	\$2,762.19	\$16,828.75
56	55	\$2,847.90	\$73.63	\$2,774.27	\$14,054.48
57	56	\$2,847.90	\$61.49	\$2,786.41	\$11,268.07
58	57	\$2,847.90	\$49.30	\$2,798.60	\$8,469.47
59	58	\$2,847.90	\$37.05	\$2,810.84	\$5,658.63
60	59	\$2,847.90	\$24.76	\$2,823.14	\$2,835.49
61	60	\$2,847.90	\$12.41	\$2,835.49	\$0.00

## *Letter of Support from Angel Investors*



**November 20, 2017**

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 **SoleMates**. 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, **SoleMates** 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.

***To - Jeffrey Kim and Teri Jones,***

***I have spent time in class and consulted with SoleMates CFO on financial projections. I have also had an opportunity to read drafts of their business plan so I am familiar with both your plan and the overall Virtual Enterprise International program and the various competitions.***

***I support the VE program and am glad to be able to invest.***

Sincerely,

*Bill Demmin (signed electronically)*

**Bill Demmin**  
**Retired**  
**951 816 0196**  
**[b1demmin@gmail.com](mailto:b1demmin@gmail.com)**



**November 20, 2017**

VE Central Office  
122 Amsterdam Avenue  
New York, NY 10023

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

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I'm very excited to be a part of this opportunity!

Sincerely,

**Mark Ritchart**  
President, Avenu Medical, Inc.  
951/551-0162





November 20, 2017

VE Central Office  
122 Amsterdam Avenue  
New York, NY 10023

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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, SoleMates 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 Board of Directors.

I am very impressed with Jeffrey Kim, the SoleMates Business Plan team, and the dedication of the company's entire staff. I foresee great success for them.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Peter Thorwarth', is written over the typed name.

Peter Thorwarth  
President  
Better Group  
951 319 3179  
peter@bettergroup.us